

## 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 OR OUTSIDE THE UNITED STATES TO U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) UNLESS SUCH PERSONS ARE BOTH "QUALIFIED INSTITUTIONAL BUYERS" ("QIBs") (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**")) IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT AND "QUALIFIED PURCHASERS" ("QPs") FOR THE PURPOSES OF SECTION 3(c)(7) OF THE 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).

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 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 the document are confidential and 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 and (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. The document and any information contained herein shall remain our property and in sending the document to you, no rights (including any intellectual property rights) over the document and the information contained therein has been given to you. We specifically prohibit the redistribution of the 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 securities, investors must either be (a) U.S. Persons that are QIBs that are also QPs, or (b) non-U.S. Persons (in compliance with 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) both QIBs and QPs and a U.S. Person 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 and (3) that you consent to delivery of the document by electronic transmission.

The document has been sent to you in the belief that you are (a) a person 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 fall within an exemption set forth in such Order so that section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer and (b) 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 Barclays Bank PLC or Oaktree Capital Management (UK) LLP (or any person who controls it or any director, officer, employee or agent of it, or 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 on 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.

**This Offering Circular may not be used for and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or purchase Notes. This document is an advertisement and does not comprise a prospectus for the purposes of EU Directive 2003/71/EC or any legislation or rules in any jurisdiction implementing such Directive.**

## ARBOUR CLO LIMITED

(a private limited company incorporated under the laws of Ireland with registered number 536499 and having its registered office in Ireland)

**€208,750,000 Class A Senior Secured Floating Rate Notes due 2027**  
**€26,250,000 Class B-1 Senior Secured Fixed Rate Notes due 2027**  
**€19,950,000 Class B-2 Senior Secured Floating Rate Notes due 2027**  
**€11,250,000 Class C-1 Senior Secured Deferrable Fixed Rate Notes due 2027**  
**€10,750,000 Class C-2 Senior Secured Deferrable Floating Rate Notes due 2027**  
**€19,750,000 Class D Senior Secured Deferrable Floating Rate Notes due 2027**  
**€26,675,000 Class E Senior Secured Deferrable Floating Rate Notes due 2027**  
**€12,125,000 Class F Senior Secured Deferrable Floating Rate Notes due 2027**  
**€39,500,000 Subordinated Notes due 2027**

The assets securing the Notes will consist of a portfolio of Senior Loans, Secured Senior Bonds, Mezzanine Obligations and High Yield Bonds managed by Oaktree Capital Management (UK) LLP (the "**Collateral Manager**"), which term shall include its permitted successors and assigns pursuant to the terms of the Collateral Management Agreement.

Arbour CLO Limited (the "**Issuer**") will issue 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 (each as defined herein) on or about 16 June 2014 (the "**Issue Date**").

The €208,750,000 Class A Senior Secured Floating Rate Notes due 2027 (the "**Class A Notes**"), the €26,250,000 Class B-1 Senior Secured Fixed Rate Notes due 2027 (the "**Class B-1 Notes**"), the €19,950,000 Class B-2 Senior Secured Floating Rate Notes due 2027 (the "**Class B-2 Notes**" and together with the Class B-1 Notes, the "**Class B Notes**"), the €11,250,000 Class C-1 Senior Secured Deferrable Fixed Rate Notes due 2027 (the "**Class C-1 Notes**"), the €10,750,000 Class C-2 Senior Secured Deferrable Floating Rate Notes due 2027 (the "**Class C-2 Notes**" and together with the Class C-1 Notes, the "**Class C Notes**"), the €19,750,000 Class D Senior Secured Deferrable Floating Rate Notes due 2027 (the "**Class D Notes**"), the €26,675,000 Class E Senior Secured Deferrable Floating Rate Notes due 2027 (the "**Class E Notes**"), the €12,125,000 Class F Senior Secured Deferrable Floating Rate Notes due 2027 (the "**Class F Notes**" and, together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the "**Rated Notes**") and €39,500,000 Subordinated Notes due 2027 (the "**Subordinated Notes**" and, together with the Rated Notes, the "**Notes**"). The Notes will be issued and secured pursuant to a trust deed dated the Issue Date (the "**Trust Deed**"), 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 quarterly in arrear on 15 January, 15 April, 15 July and 15 October prior to the occurrence of a Frequency Switch Event (as defined herein) and semi-annually in arrear on 15 January and 15 July (where the Payment Date (as defined herein) immediately following the occurrence of a Frequency Switch Event falls in either January or July) or 15 April and 15 October (where the Payment Date immediately following the occurrence of a Frequency Switch Event falls in either April or October) 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 15 January 2015 and ending on the Maturity Date (as defined below) in accordance with the Priorities of Payments described herein.

The Notes will be subject to Optional Redemption, 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 does not constitute a prospectus for the purposes of Article 5 of Directive 2003/71/EC (as such directive may be amended from time to time, the "**Prospectus Directive**"). The Issuer is not offering the Notes in any jurisdiction in circumstances that would require a prospectus to be prepared pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the official list (the "**Official List**") and trading on the Global Exchange Market of the Irish Stock Exchange (the "**Global Exchange Market**"). There can be no assurance that any such approval will be granted or, if granted, that such listing will be maintained. This Offering Circular constitutes listing particulars for the purpose of this application. Application has been made to the Irish Stock Exchange for the approval of this document as listing particulars.

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 Irish Account and the rights of the Issuer under the Administration 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(c) (*Limited Recourse and Non-Petition*).

The Notes have not been 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 under the Securities Act) in reliance on Rule 144A under the Securities Act 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**"). The Issuer will not 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 (or, in the case of Definitive Certificates, will be required to make) certain acknowledgements, representations and agreements. See "*Plan of Distribution*" and "*Transfer Restrictions*".

The Notes are being offered by the Issuer through Barclays Bank PLC 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. It is expected that delivery of the Notes will be made on or about the Issue Date.

## **Barclays**

Sole Arranger and Initial Purchaser

The date of this Offering Circular is 12 June 2014

*The Issuer accepts responsibility for the information contained in this document (save for the information contained in the sections of this document headed "Risk Factors – Certain Conflicts of Interest - Collateral Manager", "The Collateral Manager", "Description of the Collateral Administrator" and "The Retention Holder and Retention Requirements – Description of the Retention Holder") 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 document headed "Risk Factors – Certain Conflicts of Interest – Collateral Manager" and "The Collateral Manager". 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. The Collateral Administrator accepts responsibility for the information contained in the section of this document headed "Description of the Collateral Administrator". To the best of the knowledge and belief of the Collateral Administrator (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 Retention Holder accepts responsibility for the information contained in the section of this document headed "The Retention Holder and Retention Requirements – Description of the Retention Holder". To the best of the knowledge and belief of the Retention Holder (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. Except for the sections of this document headed "Risk Factors – Certain Conflicts of Interest – Collateral Manager" and "The Collateral Manager", in the case of the Collateral Manager, "Description of the Collateral Administrator", in the case of the Collateral Administrator and "The Retention Holder and Retention Requirements – Description of the Retention Holder", in the case of the Retention Holder, none of the Collateral Manager, the Collateral Administrator nor 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 Initial Purchaser, the Trustee, the Collateral Manager (save in respect of the sections headed "Risk Factors – Certain Conflicts of Interest – Collateral Manager" and "The Collateral Manager"), the Collateral Administrator (save in respect of the section headed "Description of the Collateral Administrator"), any Agent, any Hedge Counterparty, the Retention Holder (save in respect of the section headed "The Retention Holder and Retention Requirements – Description of the Retention Holder") or any other party has separately verified the information contained in this Offering Circular and, accordingly, none of the Initial Purchaser, the Trustee, the Collateral Manager (save as specified above), the Collateral Administrator (save as specified above), any Agent, any Hedge Counterparty, the Retention Holder (save as specified above) 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 Initial Purchaser, the Trustee, the Collateral Manager, the Collateral Administrator, any Agent, any Hedge Counterparty, the Retention Holder 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 Initial Purchaser, the Trustee, the Collateral Manager (save as specified above), the Collateral Administrator (save as specified above), any Agent, any Hedge Counterparty, the Retention Holder (save as specified above) 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.*

*This Offering Circular does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the Initial Purchaser or any of their Affiliates, the Collateral Manager, the Collateral Administrator 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 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 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.*

*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 Initial Purchaser, the Trustee, the Collateral Manager 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.*

*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 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) 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 Barclays Bank PLC will not be acting as stabilising manager in respect of the Notes.*

#### **IRISH REGULATORY POSITION**

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.

## NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (THE "RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

### Retention requirements under Article 405 of Capital Requirements Regulation

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 are sufficient to comply with the Retention Requirements or any other regulatory requirement. None of the Issuer, the Collateral Manager, the Initial Purchaser, the Retention Holder, the Collateral Administrator, the Agents, the Trustee, their respective Affiliates 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 investor or any other Person with respect to the insufficiency of such information or any failure of the transactions described in this document to satisfy the Retention Requirements or any other applicable legal, regulatory or other requirements. Each prospective investor in the Notes which is subject to the Retention Requirements or any other regulatory requirement should consult with its own legal, accounting and other advisors and/or its national regulator to determine whether, and to what extent, such information is sufficient for such purposes and any other requirements of which it is uncertain. See *"Risk Factors - Regulatory Initiatives"*, *"Risk Factors – Risk Retention in Europe"*, *"Risk Factors – Restrictions on the Discretion of the Collateral Manager in Order to Comply with Risk Retention"* and *"The Retention Holder and Retention Requirements"* below.

### Information as to placement within the United States

Notes of each Class offered pursuant to an exemption from registration under Rule 144A under the Securities Act ("**Rule 144A**") (the "**Rule 144A Notes**") may only be sold within the United States to persons and outside the United States to U.S. Persons (as such term is defined in Regulation S), in each case, who are "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**"). Rule 144A Notes of each Class (other than, in certain circumstances as described below, 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 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 depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear system ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), Luxembourg or in the case of Rule 144A Definitive Certificates, the registered holder thereof. The Notes of each 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**") will each (other than, in certain circumstances as described below, the Class E Notes, the Class F Notes and the Subordinated Notes) 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 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 depositary 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. Except in the limited circumstances described herein, Notes in definitive, certificated, fully registered form will not be issued (other than, in certain circumstances as described below, with respect to the Class E Notes, the Class F Notes and the Subordinated Notes). Any Class E Notes, Class F Notes and Subordinated Notes sold to Plans will be issued in definitive, certificated, fully registered form, registered in the name of the holder (or a nominee thereof) pursuant to the Trust Deed, and will be offered (A) outside the United States to non-U.S. Persons in reliance on Regulation S and (B) within the United States to persons and outside the United States to U.S. Persons, in each case who are both QIBs and QPs and, in each case, will be registered in the name of the holder (or a nominee thereof). In each case, purchasers and transferees of notes will be deemed and in certain circumstances will be required to have made certain representations and agreements. See "*Form of the Notes*", "*Book Entry Clearance Procedures*", "*Plan of Distribution*" and "*Transfer Restrictions*" below.

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 United States) will be deemed (or, in the case of a Definitive Certificate, required) to have represented and agreed that it is both a QIB and a QP and will also be deemed or required 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.

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.



## **U.S. INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE**

PURSUANT TO U.S. INTERNAL REVENUE SERVICE CIRCULAR 230, WE HEREBY INFORM YOU THAT THE DESCRIPTION SET OUT HEREIN WITH RESPECT TO U.S. FEDERAL TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DESCRIPTION CANNOT BE USED BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE U.S. INTERNAL REVENUE CODE. SUCH DESCRIPTION WAS WRITTEN TO SUPPORT THE MARKETING OF THE NOTES. TAXPAYERS SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

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 Note sold in reliance on Rule 144A 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, 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 Principal Paying Agent.

### **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 OR THE INITIAL PURCHASER, THE COLLATERAL MANAGER (OR ANY OF THEIR AFFILIATES) OR THE COLLATERAL ADMINISTRATOR (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.

### **Commodity Pool Regulation**

IF TRADING IN HEDGE AGREEMENTS WOULD RESULT IN THE ISSUER'S ACTIVITIES FALLING WITHIN THE DEFINITION OF A "COMMODITY POOL" UNDER THE COMMODITY

EXCHANGE ACT, THE COLLATERAL MANAGER EXPECTS ON THE BASIS OF LEGAL ADVICE RECEIVED BY IT, TO BE EXEMPT FROM REGISTRATION WITH THE COMMODITY FUTURES TRADING COMMISSION (THE "**CFTC**") AS A COMMODITY POOL OPERATOR (A "**CPO**") PURSUANT TO CFTC RULE 4.13(a)(3), THEREFORE, UNLIKE A REGISTERED CPO, THE COLLATERAL MANAGER EXPECTS NOT TO BE REQUIRED TO DELIVER A CFTC DISCLOSURE DOCUMENT TO PROSPECTIVE INVESTORS, NOR TO BE REQUIRED TO PROVIDE INVESTORS WITH CERTIFIED ANNUAL REPORTS THAT SATISFY THE REQUIREMENTS OF CFTC RULES APPLICABLE TO REGISTERED CPOS.

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## 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 (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".*

<b>Issuer</b>	Arbour CLO Limited, a private limited company incorporated under the laws of Ireland with registered number 536499 and having its registered office at 53 Merrion Square, Dublin 2, Ireland.
<b>Collateral Manager</b>	Oaktree Capital Management (UK) LLP.
<b>Trustee</b>	BNY Mellon Corporate Trustee Services Limited.
<b>Initial Purchaser</b>	Barclays Bank PLC.
<b>Collateral Administrator</b>	The Bank of New York Mellon, London Branch.
<b>Information Agent</b>	The Bank of New York Mellon, London Branch.

<b>Class of Notes</b>	<b>Principal Amount</b>	<b>Initial Stated Interest Rate<sup>1</sup></b>	<b>Alternative Stated Interest Rate<sup>2</sup></b>	<b>Moody's Rating of at least<sup>3</sup></b>	<b>Fitch Rating of at least<sup>3</sup></b>	<b>Maturity Date</b>	<b>Initial Offer Price<sup>4</sup></b>
A	€208,750,000	3 month EURIBOR + 1.45%	6 month EURIBOR + 1.45%	"Aaa <sub>(sf)</sub> "	"AAAsf"	15 July 2027	100%
B-1	€26,250,000	3.10%	3.10%	"Aa2 <sub>(sf)</sub> "	"AAsf"	15 July 2027	100%
B-2	€19,950,000	3 month EURIBOR + 2.00%	6 month EURIBOR + 2.00%	"Aa2 <sub>(sf)</sub> "	"AAsf"	15 July 2027	100%
C-1	€11,250,000	3.60%	3.60%	"A2 <sub>(sf)</sub> "	"A+sf"	15 July 2027	100%
C-2	€10,750,000	3 month EURIBOR + 2.50%	6 month EURIBOR + 2.50%	"A2 <sub>(sf)</sub> "	"A+sf"	15 July 2027	100%
D	€19,750,000	3 month EURIBOR + 3.15%	6 month EURIBOR + 3.15%	"Baa2 <sub>(sf)</sub> "	"BBB+sf"	15 July 2027	98.47%
E	€26,675,000	3 month EURIBOR + 5.00%	6 month EURIBOR + 5.00%	"Ba2 <sub>(sf)</sub> "	"BB+sf"	15 July 2027	98.57%
F	€12,125,000	3 month EURIBOR + 5.75%	6 month EURIBOR + 5.75%	"B2 <sub>(sf)</sub> "	"B-sf"	15 July 2027	98.57%
Subordinated	€39,500,000	N/A	N/A	Not Rated	Not Rated	15 July 2027	100%

- 1 Applicable at all times prior to the occurrence of a Frequency Switch Event, provided that the rate of interest of the Floating Rate Notes of each Class for the period from, and including, the Issue Date to, but excluding, 15 January 2015, will be determined by reference to a straight line interpolation of 6 month EURIBOR and 9 month EURIBOR.
- 2 Applicable at all times following the occurrence of a Frequency Switch Event, provided that the rate of interest of the Floating Rate Notes 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 April, will be determined by reference to 3 month EURIBOR.
- 3 The ratings assigned to the Class A Notes and the Class B 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 security 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 the applicable Rating Agency.
- 4 The Initial Purchaser may offer the Notes at other prices as may be negotiated at the time of sale.

#### **Eligible Purchasers**

The Notes of each Class will be offered:

- (a) outside of the United States to non-U.S. Persons in "offshore transactions" in reliance on Regulation S; and
- (b) within the United States to persons and outside the United States to U.S. Persons, in each case, who are QIB/QPs.

#### **Distributions on the Notes**

##### ***Payment Dates***

15 January, 15 April, 15 July and 15 October prior to the occurrence of a Frequency Switch Event and on 15 January and 15 July (where the Payment Date immediately following the occurrence of a Frequency Switch Event falls in either January or July) or on 15 April and 15 October (where the Payment Date immediately following the occurrence of a Frequency Switch Event falls in either April or October) following the occurrence of a Frequency Switch Event, in each year commencing in 15 January 2015 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).

##### ***Interest***

Interest in respect of the Notes of each Class 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 in 15 January 2015) in accordance with the Interest Proceeds Priority of Payments.

##### ***Non-Payment and Deferral of Interest***

Failure on the part of the Issuer to pay the Interest Amounts due and payable on 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 in the case of administrative error or omission only, where such failure continues for a period of at least seven Business Days.

However, non-payment of any Interest Amount due and payable in respect of the Class C Notes, Class D Notes, Class E Notes, Class F Notes or Subordinated Notes on any Payment Date pursuant to Condition 6 (*Interest*) and the Priorities of Payments as a result of an insufficiency of Interest Proceeds will not constitute a Note Event of Default, even if such Class of Notes is the Controlling Class. To the extent that interest payments on the Class C Notes, the Class

D Notes, the Class E Notes or the Class F Notes are not made on the relevant Payment Date in such circumstances, an amount equal to such unpaid interest on such Classes of Notes will be added to the principal amount of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (as applicable), and from the date such unpaid interest is added to the applicable Principal Amount Outstanding of the relevant Class of Notes, such unpaid amount will accrue interest at the rate of interest applicable to the relevant Class of Notes. Condition 6(c) (*Deferral of Interest*).

Non-payment of interest amounts in respect of the Subordinated Notes as a result of the insufficiency of available Interest Proceeds will not constitute a Note Event of Default.

Failure on the part of the Issuer to pay Interest Amounts as the result of 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.

### **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 (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) (i) if the Reinvestment Overcollateralisation Test is not satisfied and the Collateral Manager determines that it is unable to identify such additional Collateral Debt Obligations that it considers appropriate for reinvestment; and (ii) following written notification by the Collateral Manager to the Trustee 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 Business Day following the expiry of the Non-Call Period from Sale Proceeds or Refinancing Proceeds (or any combination thereof) if directed in writing by the Subordinated Noteholders (acting by way of an Ordinary Resolution) (see Condition 7(b)(i)(A) (*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 Collateral Manager or 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 or Collateral Manager*));
- (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 15 per cent. of the Target Par Amount and if directed in writing by the Collateral Manager (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 Extraordinary Resolution or at the direction of the Collateral Manager 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 Payment Date in whole (with respect to all Classes of Rated Notes) at the option of the Controlling Class or the Subordinated Noteholders

in each case acting by way of Extraordinary Resolution, following the occurrence of a Note Tax Event, subject to (i) the Issuer having failed to change the territory in which it is resident for tax purposes and (ii) certain minimum time periods. See Condition 7(g) (*Redemption following Note Tax Event*); and

- (l) at the discretion of the Trustee, or at the request of the Controlling Class acting by Ordinary Resolution at any time following a Note Event of Default which occurs and is continuing and has not been cured (See Condition 10 (*Events of Default*)).

#### ***Non-Call Period***

During the period from the Issue Date up to, but excluding, the Business Day falling on or about 15 July 2016 (the "**Non-Call Period**"), the Notes are not subject to Optional Redemption (save for upon the occurrence of a Collateral Tax Event, a Note Tax Event or as a result of a Special Redemption). See Condition 7(b)(i) (*Optional Redemption in Whole - Subordinated Noteholders*), Condition 7(g) (*Redemption following Note Tax Event*) and Condition 7(d) (*Special Redemption*).

#### ***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 the 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 (CC) of the Interest Proceeds Priority of Payments, paragraph (S) of the Principal Proceeds Priority of Payments, paragraphs (B) and (C) of the Collateral Enhancement Obligation Proceeds Priority of Payments and/or paragraph (Z) 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.

#### ***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.

Collateral Enhancement Obligation Proceeds will be applied in accordance with the Collateral Enhancement Obligation Proceeds Priority of Payments both prior to and following an acceleration of the Notes. See Condition 3(c)(iii) (*Application of Collateral Enhancement Obligation Proceeds*).

## **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 Loans, Secured Senior Bonds, 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 but excluding its rights in respect of the Issuer Irish Account and the Administration Agreement. See Condition 4 (*Security*).

### ***Hedge Arrangements***

The Issuer 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 obtains legal advice from reputable legal counsel to the effect that the entry into such arrangements will 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 (a "**Commodity Pool**"). Notwithstanding the above, if, in the reasonable commercial opinion of the Collateral Manager, entry into a Hedge Agreement would require registration of the Collateral Manager as a Commodity Pool with respect to, and at the expense of, the Issuer, the Issuer 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 the Hedge Agreement relating to such hedging arrangement is in a form in respect of which the Issuer (or the Collateral Manager acting on behalf of the Issuer) has previously received approval from each Rating Agency. See "*Hedging Arrangements*".

### ***Non-Euro Obligations and Asset Swap Transactions***

Subject to the Eligibility Criteria, the Issuer or the Collateral Manager on its behalf may purchase Collateral Debt Obligations that are denominated in a currency other than Euro (each, a "**Non-Euro Obligation**") provided that (A) an Asset Swap Transaction is entered into in respect of each such Non-Euro Obligation with one or more Asset Swap

Counterparties satisfying the applicable Rating Requirement under which the currency risk is eliminated, either (a) if such Non-Euro Obligation was acquired in the Primary Market and is denominated in a Qualifying Unhedged Obligation Currency, within six months of the settlement date of acquisition thereof, or otherwise (b) no later than the settlement of the acquisition thereof; and (B) the Aggregate Principal Balance of all Unhedged Collateral Debt Obligations shall not exceed 2.5 per cent. of the Aggregate Collateral Balance at any time.

Each Asset Swap Transaction will hedge, the currency risk arising from the receipt of certain cash flows from the relevant Non-Euro Obligation, including interest and principal payments thereon. Each Asset Swap Transaction will terminate on the maturity date of the Non-Euro Obligation and in the other circumstances specified therein. See "*The Portfolio - Non-Euro Obligations*" and "*Hedging Arrangements*".

#### ***Interest Rate Hedging***

The Issuer (or the Collateral Manager on its behalf) may enter into 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 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 approval from each Rating Agency. In accordance with the Portfolio Profile Tests, no less than 5.0 per cent. of the Aggregate Collateral Balance and no more than 15 per cent. of the Aggregate Collateral Balance shall consist of Unhedged Fixed Rate Collateral Debt Obligations.

#### **Collateral Manager**

Pursuant to the Collateral Management Agreement, the Collateral Manager is required to act as the Issuer's collateral manager with respect to the Portfolio, to act in specific circumstances, as set out in the Collateral Management Agreement, in relation to the Portfolio as agent of the Issuer and to carry out the duties and functions described therein. Pursuant to the Collateral Management Agreement, the Issuer will delegate authority to the Collateral Manager to carry out certain functions in relation to the Portfolio and hedging arrangements without the requirement for specific approval by the Issuer, the Collateral Administrator or the Trustee. See "*Description of the Collateral Management Agreement*" and "*The Portfolio*".

#### **Collateral Management Fees**

<b><i>Senior Collateral Management Fee</i></b>		0.15 per cent. per annum of the Aggregate Collateral Balance (exclusive of value added tax). See " <i>Description of the Collateral Management Agreement — Fees</i> ".
<b><i>Subordinated Management Fee</i></b>	<b><i>Collateral</i></b>	0.35 per cent. per annum of the Aggregate Collateral Balance (exclusive of value added tax). See " <i>Description of the Collateral Management Agreement — Fees</i> ".
<b><i>Incentive</i></b>	<b><i>Collateral</i></b>	After having met or surpassed the Incentive Collateral Management Fee IRR Threshold of 12 per cent., 20 per cent.

***Management Fee***

of any Interest Proceeds, Principal Proceeds and Collateral Enhancement Obligation Proceeds that would otherwise have been available to distribute to the Subordinated Noteholders in accordance with the Priorities of Payments (exclusive of value added tax). See "*Description of the Collateral Management Agreement — Fees*".

**Collateral Manager Advances**

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 Obligations which the Collateral Manager determines on behalf of the Issuer should be purchased or exercised, the Collateral Manager may, at its discretion, pay amounts required in order to fund such purchase or exercise (such amount, a "**Collateral Manager Advance**") to such account pursuant to the terms of the Collateral Management Agreement. Each Collateral Manager Advance may bear interest 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, Principal Proceeds and Collateral Enhancement Obligation Proceeds on each Payment Date subject to and in accordance with the Priorities of Payments. The aggregate principal amount outstanding of all Collateral Manager Advances shall not, at any time, exceed €6,000,000, or such greater number as the Subordinated Noteholders may approve, acting by way of an Ordinary Resolution.

**Purchase of Collateral Debt Obligations**

***Initial Portfolio***

The Issuer has purchased a portfolio of Collateral Debt Obligations prior to the Issue Date pursuant to the Warehouse Arrangements.

***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 by prior written notice to the Trustee, the Issuer, the Collateral Administrator and the Rating Agencies, subject to the Effective Date Determination Requirements having been satisfied; and
- (b) 15 December 2014 (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***

Subject to and in accordance with the Collateral Management Agreement, the Collateral Manager will, on

### ***Debt Obligations***

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 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 end of 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, each obligation will 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 — Eligibility Criteria*".

### **Collateral Quality Tests**

The Collateral Quality Tests will comprise the following:

For so long as any of the Notes rated by Moody's are Outstanding:

- (a) the Moody's Minimum Diversity Test;
- (b) the Moody's Minimum Weighted Average Recovery Rate Test;
- (c) the Moody's Maximum Weighted Average Rating Factor Test;
- (d) the Moody's Minimum Weighted Average Floating Spread Test; and
- (e) the Moody's Minimum Weighted Average Coupon Test.

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

- (a) the Fitch Maximum Weighted Average Rating Factor Test;
- (b) the Fitch Minimum Weighted Average Recovery Rate Test;
- (c) the Fitch Minimum Weighted Average Spread Test; and
- (d) the Fitch Minimum Weighted Average Fixed Coupon Test.

For so long as any of the Rated Notes are Outstanding, the Weighted Average Life Test.

### 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):

		Minimum	Maximum
(a)	Secured Senior Loans and Secured Senior Bonds in aggregate (which shall include the Balance of the Principal Account and the Unused Proceeds Account and any Eligible Investments which represent Principal Proceeds).	90%	N/A
(b)	Collateral Debt Obligations other than Secured Senior Loans and Secured Senior Bonds in aggregate	N/A	10%
(c)	Secured Senior Bonds and High Yield Bonds in aggregate	N/A	35%
(d)	Secured Senior Loans or Secured Senior Bonds to a single Obligor	N/A	2.5% provided that up to 5 Obligors may represent up to 3% each
(e)	Collateral Debt Obligations other than Secured Senior Loans and Secured Senior Bonds to a single Obligor	N/A	1.5%
(f)	Participations	N/A	10%
(g)	Current Pay Obligations	N/A	5%
(h)	Revolving Obligations / Delayed Drawdown Collateral Debt Obligations	N/A	5%
(i)	Moody's Caa Obligations	N/A	5%
(j)	Fitch CCC Obligations	N/A	5%
(k)	Bridge Loans	N/A	2.5%
(l)	Corporate Rescue Loans	N/A	5%, provided that not more than 2% shall consist of Corporate Rescue Loans of a single Obligor
(m)	PIK Obligations	N/A	5%
(n)	Unhedged Collateral Debt Obligations	N/A	2.5%

(o)	Unhedged Fixed Rate Collateral Debt Obligations	5%	15%
(p)	Maximum Moody's industry classifications in any single Moody's industry	N/A	10% provided that (x) three Moody's industry classifications may each represent up to 12.0%; and (y) one Moody's industry classification may represent up to 15.0%
(q)	Maximum Fitch industry category in any single Fitch industry	N/A	20% provided that in respect of the three Fitch industry categories containing the most Collateral Debt Obligations, not more than 50% thereof may consist of Collateral Debt Obligations whose Obligor belongs to one of those Fitch industry categories
(r)	Domicile of Obligors 1	N/A	10% domiciled in countries with a Moody's local currency country risk ceiling below "Aa3"; 5% domiciled in countries with a Moody's local currency country risk ceiling below "A3"; and 0% domiciled in countries with a Moody's local currency country risk ceiling below "Baa3"
(s)	Domicile of Obligors 2	N/A	10% domiciled in countries or jurisdictions rated below "A-" by Fitch unless a Rating Agency Confirmation from Fitch is obtained
(t)	Asset Swap Obligations	N/A	20% in respect of any single Asset Swap Counterparty
(u)	Bivariate Risk Table	N/A	See limits set out in <i>"The Portfolio-Bivariate Risk Table"</i>
(v)	Obligations with a Moody's Rating which are derived from an S&P rating	N/A	10%
(w)	Non-Euro Obligations	N/A	50%
(x)	Obligations of an Obligor which is a Portfolio Company, for which purpose, loans that are syndicated to an initial lender group of greater than five lenders, shall not be counted as loans to an Obligor which is a Portfolio Company, provided that where the Collateral Manager or an Affiliate thereof manages funds holding 40% or more of a loan, such loan will in any event be counted as an obligation of an Obligor which is a Portfolio Company	N/A	20%
(y)	Cov-Lite Loans	N/A	30.0% provided that not more than 15.0% of the Aggregate Collateral

Balance shall consist of loans with Moody's Rating below "B1" and a Fitch Rating below "B+"

Obligations which are to constitute Collateral Debt Obligations in respect of which the Issuer or the Collateral Manager, on behalf of the Issuer, has entered into a binding commitment to purchase but which have not yet settled will be included as Collateral Debt Obligations in the calculation of the Portfolio Profile Tests 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 which have not yet settled shall be excluded as Collateral Debt Obligations in the calculation of the Portfolio Profile Tests as if such sale had been completed.

### Coverage Tests

Each of the Par Value Tests and Interest Coverage Tests shall apply on a Measurement 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, and shall be satisfied on a Measurement 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>Class</b>	<b>Required Par Value Ratio</b>
A/B	134.74%
C	125.38%
D	118.10%
E	109.44%

  

<b>Class</b>	<b>Required Interest Coverage Ratio</b>
A/B	125%
C	115%
D	105%
E	101%

### Reinvestment Overcollateralisation Test

If on any Payment Date during the Reinvestment Period, the Reinvestment Overcollateralisation Ratio is less than 105.58 per cent., after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (U) of the Interest Proceeds Priority of Payments, Interest Proceeds shall be paid to the Principal Account, for the acquisition of additional Collateral Debt Obligations (or, if the Collateral Manager determines that it is unable to identify such additional Collateral Debt Obligations that it considers appropriate for such reinvestment, in redemption by way of Special Redemption of the Notes in accordance with the Note Payment Sequence) 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 (V) 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 (U) (inclusive) of the Interest Proceeds Priority of Payments, would be sufficient to cause the Reinvestment Overcollateralisation Test to be met as of the relevant Determination Date after giving effect to any payments made pursuant to paragraph (W) of the Interest Proceeds Priority of Payments, such amounts to be applied or committed for application during the Reinvestment Period to purchase additional Collateral Debt Obligations.

#### **Authorised Denominations**

The Regulation S Notes of each Class will be issued in minimum denominations of €100,000 each 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 each 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 as described below, the Class E Notes, the Class F Notes and the Subordinated Notes) sold outside the United States to non-U.S. Persons in reliance on Regulation S 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 depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**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 as described below, the Class E Notes, the Class F Notes and the Subordinated Notes) sold in reliance on Rule 144A within the United States to persons and outside the United States to U.S. Persons, in each case, who are QIB/QPs 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 Regulation S Global Certificates and the Rule 144A Global Certificates will bear a legend and such Regulation S Global Certificates and 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 Transfer Agent 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 both a QIB and 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*".

Except in the limited circumstances described herein, Notes in definitive, certificated, fully registered form ("**Definitive Certificates**") will not be issued in exchange for beneficial interests in either the Regulation S Global Certificates or the Rule 144A Global Certificates (other than, in certain circumstances, as described below, with respect to the Class E Notes, the Class F Notes and the Subordinated Notes). See "*Form of the Notes – Exchange for Definitive Certificates*".

A transferee of a Class E Note, a Class F Note or a 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. If a transferee is unable to make such representation, such transferee may not acquire such Class E Note, Class F Note or Subordinated Note, as applicable, in the form of a Rule 144A Global Certificate or a Regulation S Global Certificate unless such transferee: (i) obtains the written consent of the Issuer; (ii) provides an ERISA certificate to a Transfer Agent and the Issuer as to its status as a Benefit Plan Investor or Controlling Person (substantially in the form of Annex A); and (iii) holds such Class E Note, Class F Note or Subordinated Note, as applicable, in the form of a Definitive Certificate other than in the case where the transferee is acquiring Subordinated Notes on the Issue Date, in which case the transferee may acquire such Subordinated Notes in the form of a Rule 144A Global Certificate or a Regulation S Global Certificate.

Transfers of interests in the Notes are subject to certain restrictions and must be made in accordance with the procedures set forth in the Trust Deed. See "*Form of the Notes*", "*Book Entry Clearance Procedures*" and "*Transfer Restrictions*". Each purchaser of Notes in making its purchase will be required to make, or will be deemed to have made, certain acknowledgements, representations and agreements. See "*Transfer Restrictions*". The transfer of Notes in breach of certain of such representations and agreements will result in affected Notes becoming subject to certain forced transfer provisions. See Condition 2(h)

*(Forced Transfer of Rule 144A Notes).*

**Governing Law**

The Notes, the Trust Deed, the Collateral Management Agreement, the Agency Agreement and all other Transaction Documents (save for the Administration Agreement (which is governed by the laws of Ireland) and the Euroclear Security Agreement (which is governed by the laws of Belgium)) will be governed by English law.

**Listing**

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its Global Exchange Market. There can be no assurance that any such approval will be granted or, if granted, that such listing will be maintained.

**Tax Status**

*See "Tax Considerations".*

**Certain ERISA Considerations**

*See "Certain ERISA Considerations".*

**Withholding Tax**

No gross up of any payments to the Noteholders will be required of the Issuer. See Condition 9 (*Taxation*).

**Forced sale and withholding pursuant to FATCA:**

Under FATCA, the Issuer may require each Noteholder (which may include a nominee or beneficial owner of a Note for these purposes) to provide certifications and identifying information about itself and certain of its owners. The Issuer may force the sale of a Noteholder's Notes in order to comply with FATCA, including Notes held by a Noteholder that fails to provide the required information (and such sale could be for less than its then fair market value). In addition, the failure to provide such information, or the failure of certain Noteholders to comply with FATCA or such other law, may compel the Issuer to withhold on payments to such holders (and the Issuer will not pay any additional amounts with respect to such withholding).

**Additional Issuances**

Subject to certain conditions being met, additional Notes of all existing Classes may be issued and sold. See Condition 17 (*Additional Issuances*).

Noteholders should be aware that additional Notes that are treated for non-tax purposes as a single series with the original Notes may be treated as a separate series for U.S. federal income tax purposes. In such case, the new Notes may be considered to have been issued with original issue discount, which may affect the market value of the original Notes since such additional Notes may not be distinguishable from the original Notes.

**Retention Holder and Retention Requirements**

The Retention Holder will represent and undertake to hold the Retention on the terms set out in the Risk Retention Letter.

*See further "Risk Factors – Risk Retention in Europe", "Risk Factors – Restrictions on the Discretion of the Collateral Manager in Order to comply with Risk Retention" and "The Retention Holder" and "The Retention Holder and Retention Requirements".*

## **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. 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 Collateral Debt Obligations 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 to 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 Payments. See Condition 3(c) (*Priorities of Payments*). In particular, payments in respect of the Class A Notes are generally higher in the Priorities of Payments than those 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. Neither the Initial Purchaser 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 Initial Purchaser or the Trustee which is not included in this Offering Circular.

#### **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, 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 Payments. 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.

#### **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 the regulation of the same 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 futures markets are subject to comprehensive statutes, regulations 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 derivatives 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

European financial markets have experienced volatility and have been adversely affected by concerns over economic contraction in certain 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. Several countries have experienced or are currently experiencing a "double-dip" recession and there remains a risk of a "double-dip" recession in countries which have experienced modest growth over previous quarters and continued recession in countries which have not yet experienced positive growth since the onset of the global recession.

As discussed further in 1.6 (*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 leaving the Euro is impossible to predict with certainty, 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.

There exist significant risks for the Issuer and investors as a result of the current economic conditions. These risks could 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. In addition, the primary market for a number of financial products including leveraged loans has stalled. 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, 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 funds may suffer as a result. It is also possible that the Collateral will experience higher default rates than anticipated and that performance will suffer.

Many financial institutions including banks continue to suffer from capitalisation issues. 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 swap or hedge involving the Issuer, or a counterparty to a buy or sell trade that has not settled with respect to an asset. 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.

One of the effects of the global credit crisis and the failure of financial institutions has been an introduction of a significantly more restrictive regulatory environment including the implementation of new accounting and capital adequacy rules in addition to further regulation of derivative or securitised instruments. 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.

While it is possible that current conditions may improve for certain sectors of the global economy, there can be no assurance that the CLO, leveraged finance or structured finance markets will recover at the same time or to the same degree as such other recovering sectors.

#### 1.6 **Euro and Eurozone Risk**

The deterioration of the sovereign debt of several countries together with the risk of contagion to other, more stable, countries, particularly France and Germany, has exacerbated the global economic crisis. This situation has also raised a number of 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 result of the credit crisis in Europe, in particular in Cyprus, Greece, Italy, Ireland, Portugal and Spain, 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. In March 2011, the European Council agreed on the need for Euro zone countries to establish a permanent stability mechanism, the European Stability Mechanism (the "**ESM**"), which will be activated by mutual agreement, to assume the role of the EFSF and the EFSM in providing external financial assistance to Euro zone countries after June 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, Ireland, Italy, Spain and Portugal, together with the risk that some countries could leave the Euro zone (either voluntarily or involuntarily), 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. It is difficult to predict the final outcome of the Euro zone crisis. Investors should carefully consider how changes to the Euro zone may affect their investment in the Notes.

#### 1.7 **Flip Clauses**

The validity and enforceability of certain provisions in contractual priorities of payment 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 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 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. In 2012, a new suit was filed in the U.S. Bankruptcy Court by claimants in the Belmont case asking, among other things, for the U.S. Bankruptcy Court to recognise and enforce the decision of the English Supreme Court and to declare that flip clauses are enforceable under U.S. bankruptcy law notwithstanding that court's earlier decision. Plaintiffs in that suit have also filed a companion motion alleging that the issues in their complaint are tangential to the bankruptcy before the U.S. Bankruptcy Court and that, therefore, the suit should be removed to a U.S. district court. Given the current state of U.S. and English law, 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.

## 1.8 **LIBOR and EURIBOR Reform**

The London Inter-Bank Offered Rate ("**LIBOR**") is currently being reformed, including (i) the replacement of the BBA as LIBOR administrator, (ii) a reduction in the number of currencies and tenors for which LIBOR is calculated, and (iii) changes in the way that LIBOR is calculated, by compelling more banks to provide LIBOR submissions and basing these submissions on actual transaction data. Investors should be aware that:

- (a) any of these changes or any other changes to LIBOR could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;
- (b) if the applicable rate of interest on any Collateral Debt Obligation is calculated with reference to a 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 to the Swap Counterparty under any applicable Hedge Agreement. This could lead to the Issuer receiving amounts from affected Collateral Debt Obligations which are insufficient to make the due payment under the Hedge Agreement, and potential termination of the Hedge Agreement; and
- (c) the administrator of LIBOR will not have any involvement in the Collateral Debt Obligations or the Notes and may take any actions in respect of LIBOR without regard to the effect of such actions on the Collateral Debt Obligations or the Notes.

Any of the above or any other significant change to the setting of LIBOR 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 LIBOR rate and (ii) the Notes.

The Euro Interbank Offered Rate ("**EURIBOR**") and other so-called "benchmarks" are the subject of proposals for reform by a number of international authorities and other bodies. In September 2013, the European Commission published a proposed regulation (the "**Proposed Benchmark Regulation**") on indices used as benchmarks in financial instruments and financial contracts. The Proposed Regulation is expected to come into force at some point in early 2015.

The Proposed Benchmark Regulation will, if enacted, make significant changes to the way in which EURIBOR is calculated, including detailed codes of conduct for contributors and transparency requirements applying to contributions of data. Benchmarks such as EURIBOR may be discontinued if they do not comply with these requirements, or if the administrator of the benchmark either fails to apply for authorisation or is refused authorisation by its home regulator.

Investors should be aware that:

- (a) any of these changes or any other changes to EURIBOR could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;
- (b) if the applicable rate of interest on any Collateral Debt Obligation is calculated with reference to a EURIBOR currency or tenor which is discontinued, 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
- (c) if the EURIBOR benchmarks referenced in Condition 6 (*Interest*) is discontinued, interest on the Notes will be calculated under Condition 6(e) (*Interest on the Floating Rate Notes*).
- (d) the administrator of EURIBOR will not have any involvement in the Collateral Debt Obligations or the Notes and may take any actions in respect of EURIBOR without regard to the effect of such actions on the Collateral Debt Obligations or the Notes.

Any of the above or any other significant changes to EURIBOR 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 rate or other benchmark (as applicable), and (ii) the Notes.

## 1.9 Investment Company Act

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) and certain transferees thereof identified in Rule 3c-6 under the Investment Company Act and (b) which do not make a public offering of their securities in the United States.

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 could be declared unenforceable 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. 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 the Transfer Agent makes the determination), send notice to such Non-Permitted Holder demanding that such Non-Permitted Holder transfer its interest outside the United States to a non-U.S. Person or to a person that is not a Non-Permitted Holder within 30 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 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.

#### 1.10 **FATCA**

FATCA imposes a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. The Issuer may be classified as a financial institution for these purposes.

The Issuer expects to require (and other intermediaries through which Notes are held to require) each Noteholder to provide certifications and identifying information about itself and its owners (or beneficial owners) in order to enable the Issuer (or an Intermediary) to identify and report on the Noteholder and certain of the Noteholder's direct and indirect U.S. beneficial owners to the IRS or the Irish tax authorities. The Issuer may also be required to withhold amounts from Noteholders of Notes (including Intermediaries through which such Notes are held) that do not provide the required information, or that are "foreign financial institutions" that are not compliant with, or exempt from withholding under, FATCA. Although certain exceptions to these disclosure requirements could apply, each Noteholder should assume that the failure to provide the required information generally will compel the Issuer (or an Intermediary) to force the sale of the Noteholder's Notes (and such sale could be for less than its then fair market value) – see Condition 2(i) (*Forced Transfer pursuant to FATCA*). Moreover, the Issuer is also permitted to make any amendments to the Trust Deed or any other Transaction Document (subject to the consent of the other parties thereto) (as applicable), and the Trustee shall consent to (without the consent of the Noteholders) such amendment, to



enable the Issuer to comply with FATCA (or any voluntary agreement entered into with a taxation authority pursuant thereto).

If an amount in respect of such withholding tax were to be deducted or withheld either from amounts due to the Issuer or from interest, principal or other payments made in respect of the Notes, neither the Issuer, the Principal Paying Agent nor any other person would, pursuant to the Conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected. Prospective investors should refer to the section "*Tax Considerations – Foreign Account Tax Compliance Act*".

#### 1.11 **EU Financial Transaction Tax**

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the "Commission's proposal") for a financial transaction tax ("**FTT**") to be adopted in certain participating EU member states (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). If the Commission's proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's proposal, the FTT would apply to persons both within and outside of the participating member states. Generally, it would apply where at least one party is a financial institution, and at least one party is established in a participating member state. A financial institution may be, or be deemed to be, "established" in a participating member state in a broad range of circumstances, including (a) by transacting with a person established in a participating member state or (b) where the financial instrument which is subject to the financial transaction is issued in a participating member state.

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions (including concluding swap transactions such as an Asset Swap Transactions and/or purchases or sales of securities (such as Eligible Investments and Senior Secured Bonds)) if it is adopted based on the Commission's proposal. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest or principal than expected. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Notes (including secondary market transactions) if the conditions for a charge to arise are satisfied.

Recent statements made by ten of the eleven participating member states indicate that a progressive implementation is being considered and that the FTT may initially extend to transactions involving shares and certain derivatives, with implementation occurring by 1 January 2016. However, full details are not available and further changes could be made prior to adoption.

The FTT proposal remains subject to negotiation between the participating member states. It may therefore be altered prior to any implementation. Additional EU member states may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## 2. **REGULATORY INITIATIVES**

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the banks, financial industry and 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 asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Initial Purchaser, the Collateral Manager, the Trustee nor any of their Affiliates makes any

representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the Issue Date or at any time in the future.

Without limitation to the above, such regulatory initiatives include the following:

## 2.1 **Risk Retention and Due Diligence**

Investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5.0 per cent. in respect of certain specified credit risk tranches or asset exposures. 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 penal 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 and this uncertainty is increased by certain legislative developments. In particular, in the context of the requirements which apply in respect of EU regulated credit institution investors, investment firms and authorised alternative investment fund managers, the corresponding interpretation materials (to be made in the form of technical standards) have not yet been finalised. No assurance can be provided that such final materials will not affect the compliance position of previously issued transactions and/or the requirements applying to relevant investors in general.

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes. Investors should therefore make themselves aware of such requirements (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. With respect to the commitment of the Investment Manager to retain a material net economic interest in the securitisation, please see the statements set out in "*The Retention Holder and Retention Requirements*" below. Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Initial Purchaser, the Arranger the Investment Manager, the Trustee nor any of their Affiliates makes any representation that the information described above is sufficient in all circumstances for such purposes.

The EU risk retention and due diligence requirements 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.

With respect to the fulfilment by the Collateral Manager of the requirements of the Retention Requirements, please refer to "*The Retention Holder and Retention Requirements* " below.

## 2.2 European Market Infrastructure Regulation

EMIR and the regulations made under it impose certain obligations on parties to OTC derivative contracts according to whether such parties are "financial counterparties", such as European investment firms, alternative investment funds (in respect of which, see 2.3 (*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 will, depending on the identity of their counterparty, be subject to a general obligation (the "**clearing obligation**") to clear all "eligible" OTC derivative contracts through a duly authorised or recognised central counterparty. They must also report the details of all derivative contracts to a trade repository (the "**reporting obligation**") and in general undertake certain risk-mitigation techniques in respect of OTC derivative contracts which are not cleared by a central counterparty, including complying with requirements related to timely confirmation of terms, portfolio reconciliation, dispute resolution, daily valuation and margin posting (together, the "**risk mitigation obligations**").

Non-financial counterparties are not subject to the clearing obligation unless the gross notional value of all derivative contracts entered into by the non-financial counterparty and other non-financial entities in its "group", excluding eligible hedging transactions, exceed certain thresholds and its counterparty is also subject to the clearing obligation. If the Issuer is considered to be a member of such 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 threshold, 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 posting requirement. Notwithstanding whether or not the clearing threshold is exceeded, a non-financial counterparty is subject to certain less onerous risk mitigation obligations and to the reporting obligation, in respect of which the Issuer may appoint one or more reporting delegates.

The clearing obligation does not yet apply but may apply from later in 2014 in respect of certain entities. The margin requirement does not yet apply but may apply from the end of 2015. The clearing obligation and the margin posting requirement are expected to apply in respect of new swap arrangements entered into from the relevant future effective dates. Key details with respect to the clearing obligation and the margin requirements are to be clarified via corresponding technical standards, which standards have not yet been made by the EU authorities.

Whilst the Hedge Transactions are expected to be treated as hedging transactions and deducted from the total in assessing whether the notional value of OTC derivative contracts entered by the Issuer and/or non-financial entities within its "group", there is currently no certainty as to whether the relevant regulators will share this view.

Therefore, 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 to hedge interest rate and currency risk, the amounts payable to Noteholders may be negatively affected. The Conditions of the Notes allow the Trustee and the Issuer, without the consent of any of the Noteholders, to amend the Transaction Documents and/or the Conditions of the Notes to comply with the requirements of EMIR which may become applicable in future.

## 2.3 **Alternative Investment Fund Managers Directive**

The AIFMD regulates alternative investment fund managers ("AIFMs") and provides in effect that each alternative investment fund (an "AIF") managed within the scope of the AIFMD must have a designated AIFM responsible for ensuring compliance with the AIFMD. Although there is an exemption in the AIFMD for "securitisation special purpose entities" (the "**SSPE Exemption**"), the European Securities and Markets Authority 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, so there can be no certainty as to whether the Issuer would benefit from the SSPE Exemption.

If the Issuer is an AIF (which at this stage is unclear), then it would be necessary to identify its AIFM, which would be the entity which manages it in general and is therefore most likely to be the Collateral Manager. In such a scenario, the Collateral Manager would be subject to the AIFMD and would need to be appropriately regulated and certain duties and responsibilities will 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, 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 its investment strategy and achieve its investment objective.

The Collateral Manager is not authorised under the AIFMD but is authorised under the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) ("**MiFID**"). As the Collateral Manager is not permitted to be authorised under the AIFMD and also to conduct certain regulated activities under MiFID, it will not be able to apply for an authorisation under the AIFMD unless it gives up its authorisation under MiFID, in which case it may not be able to satisfy the Retention Requirements (see 2.1 (*Risk Retention and Due Diligence*) above. If considered to be an AIF, the Issuer would also be classified as a "financial counterparty" under EMIR and may be required to comply with clearing obligations or margin posting requirements with respect to Hedge Transactions entered into after the relevant future effective dates. See also 2.2 (*European Market Infrastructure Regulation EU 648/2012*) above.

## 2.4 **U.S. Dodd-Frank 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 requires many lengthy rulemaking processes that will ultimately result in the adoption of a multitude of new regulations potentially applicable to entities which transact business in the U.S. or with U.S. persons outside the U.S. Once fully implemented, the Dodd-Frank Act will affect 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 certain regulations implementing various provisions of the Dodd-Frank Act have been finalised and adopted, many 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 businesses of the Collateral Manager and its subsidiaries and Affiliates and the Issuer, will be affected by the Dodd-Frank Act as implementing regulations are finalised over time and come into effect.

This uncertainty is further compounded by the numerous regulatory efforts underway outside the U.S. Certain of these efforts overlap with the substantive provisions of the Dodd-Frank Act, while others, such as proposals for financial transaction and/or bank taxes in particular countries or regions, do not. In addition, even where these U.S. and international regulatory efforts overlap, these efforts generally have not been undertaken on a coordinated basis. Areas where divergence between U.S. regulators and their international counterparts exists or has begun to develop (whether with respect to scope, interpretation, timing, approach or otherwise) includes trading, clearing and reporting requirements for derivatives transactions, higher U.S. capital and margin requirements relating to uncleared derivatives transactions, and capital and liquidity requirements that may result in mandatory "ring-fencing" of capital or liquidity in certain jurisdictions, among others.

Investors should be aware that those risks are material and that the Issuer and, consequently, an investment in the Notes could be materially and adversely affected thereby. 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.

## 2.5 **Commodity Pool Regulation**

In 2012, the U.S. Commodity Futures Trading Commission (the "**CFTC**") rescinded the rule which formerly provided an exemption from registration as a "Commodity Pool Operator" (a "**CPO**") and a "commodity trading advisor" (a "**CTA**") under the U.S. Commodity Exchange Act, as amended (the "**CEA**"), in respect of certain transactions. In addition, the Dodd-Frank Act expanded the definition of a "commodity pool" to include any form of enterprise operated for the purpose of trading in commodity interests, including swaps. Similarly, the term "commodity pool operator" was expanded to include any person engaged in a business that is of the nature of a commodity pool or similar enterprise and in connection therewith, solicits, accepts, or receives from others, funds, securities or property for the purpose of trading in commodity interests, including any swaps. The CFTC has taken an extremely expansive interpretation of these definitions, and has expressed the view that entering into a single swap (apparently without distinguishing between trading and holding a swap position) could make an entity a "commodity pool" subject to regulation under the CEA. It should also be noted that the definition of "swaps" under the Dodd-Frank Act is itself extremely broad, and expressly includes interest rate swaps, currency swaps and total return swaps. Although the CFTC has recently provided guidance that certain securitisation transactions, including CLOs, will be excluded from the definition of "commodity pool", it is unclear if such exclusion will apply to all CLOs and, in certain instances, the collateral manager of a CLO may be required to register as a CPO with the CFTC or apply for an exemption from registration. In addition, no assurance can be made that the United States federal government or any U.S. regulatory body (or other authority or regulatory body) will not continue to take further legislative or regulatory action, and the effect of such actions, if any, cannot be known or predicted.

If the Issuer were deemed to be a "commodity pool", then both the CPO and the CTA of the Issuer would be required to register as such with the CFTC and the National Futures Association (the "NFA") by the initial offering date of the Notes. Because there has previously been an exemption from such registration for most securitisation and investment fund transactions, there is little, if any, guidance as to which entity or entities would be regarded as the Issuer's CPO and CTA and thus be required to register. While there remain certain limited exemptions from registration, because the wording of these regulations applies to traditional commodity pools and was not drafted with transactions such as the Issuer and its investment activities in mind, it is unclear whether and to what extent any of these exemptions would be available to avoid registration with respect to the Issuer. In addition, if the Issuer were deemed to be a "commodity pool", it would have to comply with a number of reporting requirements that are geared to traded commodity pools, which may result in significant additional costs and expenses, which may in turn affect the amounts payable to Noteholders. It is presently unclear how an investment vehicle such as the Issuer could comply with certain of these reporting requirements on an on-going basis.

Furthermore, even if an exemption were available, the limits imposed by such exemption may prevent the Issuer from entering into Hedge Transactions, having the effect of limiting the Issuer's ability to invest in Non-Euro Obligations and put it in breach of its obligation to enter into Asset Swap Transactions with respect to any Non-Euro Obligations it has purchased. Any termination of a Hedge Agreement would expose the Issuer to costs and increased interest rate or currency exchange rate risk until the hedged assets can be sold (in respect of which, see 4.13 (*Interest Rate Risk*) and 4.14 (*Unhedged Collateral Debt Obligations*) below).

In light of the foregoing, the Collateral Manager will not permit the Issuer to enter into a Hedge Agreement or any other similar agreement that could fall within the definition of "swap" as set out in the CEA until such time as it shall have received legal advice from reputable counsel to the effect that none of the Issuer, its directors or officers, the Collateral Manager or any of its Affiliates or any other person should be required to register as a CPO with the CFTC with respect to the Issuer.

## 2.6 **Volcker Rule**

Under Section 619 of the U.S. Dodd-Frank Act and the corresponding implementing rules (the "**Volcker Rule**") relevant banking entities are generally prohibited from, among other things, (i) conducting proprietary trading activities in a wide variety of financial instruments unless the transaction is excluded from the scope of the rule and (ii) acquiring or retaining any ownership interest in, or acting as sponsor in respect of, certain investment entities referred to as covered funds. In addition, in certain circumstances, the Volcker Rule restricts relevant banking entities from entering into certain credit exposure related transactions with covered funds. Full conformance with the Volcker Rule is required by 21 July 2015, and relevant banking entities are required to engage in good faith efforts in this regard during the current conformance period. In general, there is limited interpretive guidance regarding the Volcker Rule.

Key terms are widely 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 and "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), which would extend to the Issuer given its intention to rely on section 3(c)(7). It should also be noted that an "Ownership Interest" is broadly defined and may arise through a holder's exposure to the profit and losses of a covered fund as well as through any right of the holders to participate in the selection of an investment advisor, manager or board of directors of the covered fund. The Subordinated Notes will be characterised as ownership interests in the Issuer for this purpose, and 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 replacement 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 Volcker Rule and any similar measures introduced in another relevant jurisdiction may restrict the ability of relevant individual prospective purchasers to invest in the Notes and, in addition, may have a negative impact on the price and liquidity of the Notes in the secondary market. Each purchaser is responsible for analysing its own position under the Volcker Rule and any similar measures and none of the Issuer, the Collateral Manager, the Initial Purchaser or the Arranger makes any representation regarding such position, including with respect to the ability of any purchaser to acquire or hold the Notes of any Class (including the Rated Notes), now or at any time in the future.

### **3. RELATING TO THE NOTES**

#### **3.1 Limited Liquidity and Restrictions on Transfer**

Although there is currently a limited market for notes representing collateralised debt obligations similar to the Notes (other than the Subordinated Notes), there is currently no market for the Notes themselves. The Initial Purchaser may make a market for the Notes (other than the Subordinated Notes), but is not obliged to do so, and any such market making may be discontinued at any time without notice. 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 that it will continue for the life of such Notes. Consequently, a purchaser must be prepared to hold such Notes for an indefinite period of time or until the Maturity Date. In addition, no sale, assignment, participation, pledge or transfer of the Notes may be effected if, among other things, it would require any of the Issuer or any of their officers or directors to register under, or otherwise be subject to the provisions of, the Investment Company Act or any other similar legislation or regulatory action. Furthermore, the Notes will not be registered under the Securities Act or any U.S. state securities laws, and the Issuer has no plans, and is under no obligation, to register the Notes under the Securities Act. The Notes are subject to certain transfer restrictions and can be transferred only to certain transferees. See the "*Plan of Distribution*" and "*Transfer Restrictions*" sections of this Offering Circular. Such restrictions on the transfer of the Notes may further 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 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 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 Business Day at the direction of the Subordinated Noteholders acting by way of Ordinary Resolution (in the case of a Refinancing) and otherwise Extraordinary Resolution or (B) following the occurrence of a Collateral Tax Event, on any Payment Date falling after such occurrence at the direction of the Subordinated Noteholders acting by Ordinary Resolution.

In addition, the Rated Notes may be redeemed in part by Class from Refinancing Proceeds at the applicable Redemption Prices, from any Refinancing Proceeds on any Business Day falling on or after expiry of the Non-Call Period at the written direction of the Subordinated Noteholders acting by 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*).

Following the expiry of the Non-Call Period, the Collateral Manager may also cause the Issuer to redeem the Rated Notes in whole from Sale Proceeds, if the Aggregate Collateral Balance is less than 15 per cent. of the Target Par Amount.

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. 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, Refinancing Proceeds, all Sale Proceeds 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 amount of Interest Proceeds standing to the credit of the Interest Account in excess of the aggregate amount of Interest Proceeds which would be applied in accordance with the Interest Proceeds Priority of Payments prior to paying any amount in respect of the Subordinated Notes will be at least sufficient to pay in full. See Condition 7(b)(v) (*Optional Redemption effected in whole or in part through 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 or the Trustee for any failure to obtain a Refinancing. If a Refinancing is obtained meeting the requirements of the Trust Deed, the Issuer and, at the direction of the Collateral Manager, the Trustee shall amend the Trust Deed to the extent necessary to reflect the terms of the Refinancing and no further consent for such amendments shall be required from the holders of the Subordinated Notes. No assurance can be given that any such amendments to the Trust Deed 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).

The Notes shall also be redeemed on any Payment Date in whole but not in part at the written direction of (x) the Controlling Class or (y) the Subordinated Noteholders, in each case acting by way of Extraordinary Resolution, following the occurrence of Note Tax Event. 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 Extraordinary Resolution) or (y) the Collateral Manager.

The Collateral Manager may also cause the Issuer to redeem the Rated Notes in whole from Sale Proceeds on any Business Day falling on or after the expiry of the Non-Call Period, if the Aggregate Collateral Balance is less than 15 per cent. of the Target Par Amount.

In the event of an early redemption, 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.

#### **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 notifies 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 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 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 Reinvestment Overcollateralisation Test is not met and 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 Mandatory Redemption of 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 and to the Class F Noteholders or the level of the 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 are not met 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 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 A Notes and the Class B Notes have been redeemed in full.

If either of the Class C Coverage Tests is not met 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 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 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 met 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 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 A Notes, the Class B Notes, the Class C Notes and the Class D Notes have been redeemed in full.

If either of the Class E Coverage Tests is not met on any Determination Date on and after the Effective Date (in the case of the Class E Par Value Test) or on and after the Determination Date immediately preceding the second Payment Date (in the case of the Class E Interest Coverage Test), 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 each such Coverage Test is satisfied if recalculated following such redemption, provided that the Class E Coverage Tests shall be deemed to be satisfied if 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.

### **3.6 The Reinvestment Period may Terminate Early**

The Reinvestment Period may terminate early if, among other things, any of the following occur: (a) acceleration of the Notes following a Note Event of Default or (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.

### **3.7 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 Issuances*));
- (b) the Collateral Manager may, pursuant to the Priorities of Payments, designate all or a portion of the Senior Collateral Management Fees and/or Subordinated Collateral Management Fees that would otherwise have been payable to it to be applied to a Permitted Use (see the Priorities of Payment); and/or
- (c) the Collateral Manager may accept a Contribution from a Subordinated Noteholder, either by way of a cash contribution by such Noteholder or a designated portion of Interest Proceeds or Principal Proceeds that would otherwise be distributed on the Subordinated Notes of a Subordinated Noteholder, in each case to be applied to a Permitted Use (see Condition 2(k)(*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).

### 3.8 **Additional Issuances of Notes**

At any time, subject to certain conditions, the Issuer may issue additional Notes, either proportionately across all Classes or just of Subordinated Notes. If the conditions for such additional issuance pursuant to Condition 17 (*Additional Issuances*) are met, such additional Notes may be issued without the consent of the Noteholders (save for the Subordinated Noteholders acting by way of Ordinary Resolution and the Retention Holder). There can be no assurance as to whether such additional issuance of Notes will affect the secondary market price or liquidity of the Notes.

In respect of an issuance of additional Notes, the holders of the relevant Class of Notes in respect of which further 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. However, neither this requirement nor the requirement for the consent of Subordinated Noteholders by Ordinary Resolution will apply to an additional issuance of Subordinated Notes if such issuance is required in order to prevent or cure a 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 Issuances*).

### 3.9 **Limited Recourse Obligations**

The Notes are limited recourse obligations of the Issuer and are payable solely from amounts received in respect of the Collateral securing the Notes. Payments on the Notes both prior to and following enforcement of the security over the Collateral are subordinated to the prior payment of certain fees and expenses of, or payable by, the Issuer and to payment of principal and interest on prior ranking Classes of Notes. See Condition 4(c) (*Limited Recourse and Non-Petition*). None of the Collateral Manager, the Noteholders of any Class, the Initial Purchaser, the Retention Holder, the Trustee, the Collateral Administrator, the Custodian, any Agent, any Hedge Counterparty or any Affiliates of any of the foregoing or the Issuer's Affiliates or any other person or entity (other than the Issuer) 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 other Collateral securing the Notes for the payment of principal, discount, interest and premium, if any, thereon. There can be no assurance that the distributions on the Collateral Debt Obligations and other Collateral securing the Notes will be sufficient to make payments on any Class of Notes after making payments on more senior Classes of Notes and certain other required amounts to other creditors ranking senior to or *pari passu* with such Class pursuant to the Priorities of Payments. If distributions on the Collateral are insufficient to make payments on the Notes, no other assets (and, in particular, no assets of the Collateral Manager, the Noteholders, the Initial Purchaser, the Retention Holder, the Trustee, the Collateral Administrator, the Custodian, any Agent, any Hedge Counterparty or any Affiliates of any of the foregoing) will be available for payment of the deficiency and following realisation of the Collateral and the application of the proceeds thereof in accordance with the Priorities of Payments, the obligations of the Issuer to pay such deficiency shall be extinguished. 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; (c) fourthly, the Class D Noteholders; (d) fifthly, the Class C Noteholders; (e) sixthly, the Class B Noteholders; and (f) lastly, 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, examinership, 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.

**3.10 Subordination 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**

Except as described below, the Class B Notes are fully subordinated to the Class A Notes, the Class C Notes are fully subordinated to the Class A Notes and the Class B Notes, the Class D Notes are fully subordinated to the Class A Notes, the Class B Notes and the Class C Notes, the Class E Notes are fully subordinated to 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 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 A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F 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 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 Reinvestment Overcollateralisation Test is not met during the Reinvestment Period.

Non-payment of any Interest Amount due and payable in respect of 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 in the case of an administrative error or omission). In such circumstances, the Controlling Class acting by Ordinary Resolution, may request the Trustee to accelerate the Notes pursuant to Condition 10 (*Events of Default*). However, non-payment of any Interest Amount due and payable in respect of the Class C Notes, Class D Notes, Class E Notes, Class F Notes or Subordinated Notes on any Payment Date will not constitute a Note Event of Default, even if such Class of Notes is the Controlling Class.

In the event of any redemption in full or acceleration of 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 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 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 Noteholder, 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 A Noteholders. Remedies pursued on behalf of 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 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 B Noteholders over the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders; (ii) the Class C Noteholders over the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders; (iii) the Class D Noteholders over the Class E Noteholders and the Subordinated Noteholders; (iv) the Class E Noteholders over the Class F Noteholders and the Subordinated Noteholders; and (v) 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*).

### **3.11 Amount and Timing of Payments on the Notes**

To the extent that interest payments on the Class C Notes, the Class D Notes, the Class E Notes or the Class F 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, the Class E Notes or the Class F 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 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.

### **3.12 Reports Provided by the Collateral Administrator Will Not Be Audited**

The monthly reports made available to Noteholders will be compiled by the Collateral Administrator, on behalf of the Issuer, in consultation with and based on certain information

provided to it by the Collateral Manager. Information in the reports will not be audited nor will reports include a review or opinion by a public accounting firm.

### 3.13 **Future Ratings of the Rated Notes Not Assured and Limited in Scope**

A security 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 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. In the event that a rating initially assigned to any of the 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 Notes and the market value of such 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 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 forth 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 Note is subsequently lowered or withdrawn for any reason, holders of the Notes 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 the Notes and may adversely affect the Issuer's ability to make certain changes to the composition of the Collateral.

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

Historically, many actions by issuers of collateralised loan obligation vehicles (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 holders of the Notes.

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 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 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.

Each Rating Agency must be able to reasonably rely on the arranger's certifications. If the arranger does not comply with its undertakings to any Rating Agency with respect to this transaction, such Rating Agency may withdraw its ratings of the Rated Notes. 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 an investment or the capital treatment of the Rated Notes.

The SEC may determine that one or both of the Rating Agencies no longer qualify as a nationally recognised statistical rating organisation (an "NRSRO") for 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.

### 3.14 **Average Life and Prepayment Considerations**

The Maturity Date of the Notes is 15 July 2027 (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 issuers of the underlying Collateral Debt Obligations and the characteristics of such loans, including the existence and frequency of exercise of any optional or mandatory redemption features, the prevailing level of interest rates, the redemption price, 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 Collateral Debt Obligations 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.

*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 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.

### **3.15 Volatility of the Subordinated Notes**

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 100 per cent. 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.

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 any particular Class of Notes will be higher because such expenses will be based on total assets of the Issuer.

### **3.16 Net Proceeds less than Aggregate Amount of the Notes**

It is anticipated that the net proceeds received by the Issuer on the Issue Date from the issuance of the Notes will be less than the aggregate Principal Amount Outstanding of the Notes. Consequently, it is anticipated that on the Issue Date the Collateral would be



insufficient to redeem the Notes upon the occurrence of a Note Event of Default on or about that date.

### 3.17 **Withholding Tax on the Notes**

Although no withholding tax is currently expected to be imposed on payments on the Notes by or on behalf of the Issuer, 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 or any relevant taxing authority or in connection with FATCA. In particular, the Issuer has the right to withhold at the required rate on all payments made to any beneficial owner of an interest in any of the Notes as required by FATCA.

In the event that any withholding tax or deduction for tax is imposed on payments on the Notes, the holders of the Notes will not be entitled to receive grossed-up amounts to compensate for such withholding tax and no Note Event of Default shall occur as a result of any such withholding or deduction.

In the event of the occurrence of a Note Tax Event pursuant to which any payment on the Notes of any Class becomes subject to any withholding tax or deduction for or on account of tax, the Notes may be redeemed in whole but not in part at the direction of the holders of each of the Controlling Class or the Subordinated Notes, 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 in accordance with the Priorities of Payments.

### 3.18 **Security**

**Clearing Systems:** Collateral Debt Obligations or other assets forming part of the Collateral which are in the form of securities (if any) will be held by the Custodian on behalf of the Issuer. The Custodian will hold such assets which can be cleared through Euroclear in an account with Euroclear (the "**Euroclear Account**") unless the Trustee otherwise consents 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 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 or its sub custodian, as the case may be. 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 on trust 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.

On the Issue Date the Issuer will grant a pledge pursuant to Belgian law over the Euroclear Account (the "**Euroclear Security Agreement**"). The effect of this security interest will be to enable the Custodian, on enforcement of the security created thereby, to sell the securities in the Euroclear Account on behalf of the Trustee. The Euroclear Security Agreement will not entitle the Trustee to require delivery of the relevant securities from the depository or depositaries that have physical custody of such securities or allow the Trustee to dispose of such securities directly.

In addition, custody and clearance risks may be associated with Collateral Debt Obligations or other 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 Collateral Debt Obligations.

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 Initial Purchaser, the Trustee, the Collateral Manager, the Collateral Administrator, the Custodian, 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.

### 3.19 **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 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.

In the event that 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  $66\frac{2}{3}$  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, in the event that 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 amendments and modifications may be made without the consent of Noteholders. See Condition 14(c) (*Modification and Waiver*). Such amendment or modification could be adverse to certain Noteholders.

Certain entrenched rights relating to the 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 Ordinary Resolution but require an Extraordinary Resolution. It should however be noted that 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 Conditions of the Notes and the provisions of the Trust Deed will be binding on all such dissenting Noteholders.

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 in a manner which may be beneficial to Noteholders.

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, subject to prior notice thereof being given to the Trustee but without the consent of the Trustee or the Noteholders as set out in Condition 14(c) (*Modification and Waiver*).

### **3.20 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 to 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 the definition thereof shall occur, such notice shall be deemed to have been given and all the Notes shall automatically become immediately due and payable.

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 Ordinary Resolution (subject to 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 Priorities of Payments; or (B) if such threshold is not met as described in paragraph (A), (a) in the case of a Note Event of Default specified in sub-paragraphs (i), (ii) or (iv) of Condition 10 (*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 (b) 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.

### 3.21 **Certain ERISA Considerations**

Under a regulation of the U.S. Department of Labor, if certain employee benefit plans or other retirement arrangements subject to 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 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 or Section 4975 of the Code. See the section entitled "*Certain ERISA Considerations*" below.

### 3.22 **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 deemed to represent at the time of purchase that, amongst other things, the purchaser is both a QIB and a QP. In addition each Noteholder will be deemed or in some cases required to make certain representations in respect of ERISA.

The Trust Deed provides that if, notwithstanding the restrictions on transfer contained therein, the Issuer determines at any time that any 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 both a QIB and a QP (any such person, a "**Non-Permitted Holder**") or a Noteholder is a Non-Permitted ERISA Holder, the Issuer shall, promptly after determination that such person is a Non-Permitted Holder or Non-Permitted ERISA Holder by the Issuer or the Transfer Agent (and notice by the Transfer Agent to the Issuer, if the Transfer Agent makes the determination), send notice to such Non-Permitted Holder or Non-Permitted ERISA Holder (as applicable) demanding that such Noteholder transfer its interest to a person that is not a Non-Permitted Holder or Non-Permitted ERISA Holder (as applicable) within 30 days (or 14 days in the case of a Non-Permitted ERISA Holder) of the date of such notice. If such Noteholder fails to effect the transfer required within such 30-day period (or 14-day period in the case of a Non-Permitted ERISA Holder), (a) upon direction from the Issuer or the Collateral Manager on its behalf, the Transfer Agent, on behalf of and at the expense of the Issuer, shall cause such beneficial interest 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) a QIB and a QP and (B) not a Non-Permitted ERISA Holder (b) pending such transfer, no further payments will be made in respect of such beneficial interest.

In addition under FATCA, the Issuer may be required to, among other things, provide certain information about the Noteholders to a taxing authority (see further 1.10 (*FATCA*) above). The Issuer expects to require each Noteholder to provide certifications and identifying information about itself and certain of its owners. The Issuer may force the sale of a Noteholder's Notes in order to comply with FATCA, including Notes held by a Noteholder that fails to provide the required information or if the Issuer otherwise reasonably determines that a Noteholder's acquisition or holding of an interest in such a Note would cause the Issuer to be unable to comply with FATCA (and such sale could be for less than its then fair market value). For these purposes, the Issuer shall have the right to sell a Noteholder's interest in its

Notes in its entirety notwithstanding that the sale of a portion of such an interest would permit the Issuer to comply with FATCA. If the Issuer is required to sell the Notes, the Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly transact in securities 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 from the Noteholder to the beneficial owner by its acceptance of an interest in the Notes agrees to co-operate with the Issuer and the Transfer Agent to effect such transfers. The terms and conditions of any such transfer shall be determined in the sole discretion of the Issuer subject to the transfer restrictions set out in this Offering Circular and the Trust Deed, and neither the Issuer nor the Transfer Agent shall 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.

### **3.23 U.S. Tax Characterisation of the Notes**

The Issuer has agreed and, by its acceptance of a Rated Note, each holder will be deemed to have agreed, to treat the Rated Notes as debt of the Issuer for U.S. federal income tax purposes, except as otherwise required by applicable law. Upon the issuance of the Notes, Allen & Overy LLP will deliver an opinion generally to the effect that, assuming compliance with the Transaction Documents, and based on certain factual representations made by the Issuer and/or the Collateral Manager, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will, and the Class E Notes should, be characterised as debt of the Issuer for U.S. federal income tax purposes. No opinion will be given in respect of the Class F Notes. The determination of whether a Note will be treated as debt for U.S. federal income tax purposes is based on the facts and circumstances existing at the time the Note is issued. The opinion of Allen & Overy LLP will be based on current law and certain representations and assumptions. Prospective investors should be aware that the classification of an instrument as debt or equity is highly factual, and there can be no assurance that the IRS will not seek to characterise as something other than indebtedness any particular Class or Classes of the Rated Notes. If any of the Notes were treated as equity for U.S. federal income tax purposes, adverse U.S. federal income tax consequences might apply. See "*Tax Considerations – United States Federal Income Taxation – Alternative Characterisation of the Rated Notes*".

The Issuer has agreed and, by its acceptance of a Subordinated Note, each holder thereof (and any beneficial owners of any interest therein) will be deemed to have agreed, to treat such Subordinated Note as equity in the Issuer for U.S. federal income tax purposes, except as otherwise required by applicable law.

### **3.24 The Issuer is Expected to be Treated as a Passive Foreign Investment Company: Treatment of Investments as Shares in 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 Class of Notes treated as equity for U.S. federal income tax purposes) may be subject to adverse tax consequences unless such U.S. Holder elects to treat the Issuer as a qualifying 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 more than 10 per cent. 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 U.S. Holder. The Issuer intends to supply, upon

request by such U.S. Holder and at the U.S. Holder's expense, U.S. Holders of the Subordinated Notes (and any Class of Notes treated as equity for U.S. federal income tax purposes) with the information needed for such U.S. Holders to comply with the requirements of the qualified electing fund election or the controlled foreign corporation rules. The cost charged to the U.S. Holder by the Issuer for providing such information may be significant. Accordingly, an investment in the Notes may not be an appropriate investment for U.S. Holders.

#### **4. RELATING TO THE COLLATERAL**

##### **4.1 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 which each Collateral Debt Obligation is required to satisfy, as disclosed in this Offering Circular, 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 (save as described herein) 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.

Neither the Issuer nor 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 Initial Purchaser, the Retention Holder, the Custodian, the Collateral Manager, the Collateral Administrator, 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 Custodian, the Collateral Manager, the Collateral Administrator, the Agents, any Hedge Counterparty, the Initial Purchaser, the Retention Holder 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.

##### **4.2 Nature of Collateral; Defaults**

The Issuer will invest in a portfolio of Collateral Debt Obligations consisting at the time of acquisition of predominantly Secured Senior Loans, Secured Senior Bonds, Corporate Rescue Loans, Unsecured Senior 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 borrower or 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.

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 Portfolio 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.

#### 4.3 **Acquisition of Collateral Debt Obligations prior to the Issue Date**

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 Warehousing Arrangements were provided by a senior noteholder and a junior noteholder (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 by the Issue Date from the proceeds of the issuance of the Notes.

The Issuer (or the Collateral Manager on behalf of the Issuer) has purchased or entered into certain agreements to purchase a substantial portion of the Portfolio on or prior to the Issue Date and will use the proceeds of the issuance of the Notes to settle any outstanding trades on the Issue Date and to repay the Warehouse Providers in respect of the Warehouse Arrangements which were used to finance the purchase of such Collateral Debt Obligations prior to the Issue Date.

The prices paid for such Collateral Debt Obligations will be the market value thereof on the date the Issuer entered into the commitment to purchase, 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 Obligors 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, 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 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 (or as they direct) 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 and may, if such amounts are paid into the Principal Account or the Interest Account on the Issue Date at the election of a Warehouse Provider in accordance with the Warehouse Arrangements, receive the benefit of interest earned on the Collateral Debt Obligations 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.

The existence of the Warehouse Arrangements may give the Warehouse Providers the incentive to close the transaction in non-optimal conditions.

For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the Collateral Debt Obligations in which the Issuer invests may decline substantially. 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.

#### **4.4 Considerations Relating to the Initial Investment Period**

During the Initial Investment Period, the Collateral Manager 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. 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 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 and therefore reduce 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 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.

#### **4.5 Characteristics and Risks Relating to the Portfolio**

The Collateral on which the Notes and the claims of the other Secured Parties are secured will be subject to credit, liquidity, interest rate and exchange rate risks. The Portfolio of Collateral Debt Obligations which will secure the Notes will be predominantly comprised of Secured Senior Loans, Secured Senior Bonds, Corporate Rescue Loans, Unsecured Senior Obligations, Second Lien Loans, High Yield Bonds and Mezzanine Obligations, lent to or issued by a variety of Obligors with a principal place of business in a Non-Emerging Market Country which are primarily rated below investment grade.



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 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.

The subordination levels of each of the Classes of Notes will be established to withstand certain assumed deficiencies in payment caused by defaults on the related Collateral Debt Obligations. If, however, actual payment deficiencies exceed such assumed levels, payments on the Notes could be adversely affected. Whether and by how much defaults on the Collateral Debt Obligations adversely affect each Class of Notes will be directly related to the level of subordination thereof pursuant to the Priorities of Payments. The risk that payments on the Notes could be adversely affected by defaults on the related Collateral Debt Obligations is likely to be increased to the extent that the Portfolio of Collateral Debt Obligations is concentrated in any one issuer, industry, region or country as a result of the increased potential for correlated defaults in respect of a single issuer or within a single industry, region or country as a result of downturns relating generally to such industry, region or country. Subject to any confidentiality obligations binding on the Issuer, Noteholders will receive information through the Reports from time to time of the identity of Collateral Debt Obligations which are "Defaulted Obligations".

To the extent that a default occurs with respect to any Collateral Debt Obligation and the Issuer or Trustee sells or otherwise disposes of such Collateral Debt Obligation, the proceeds of such sale or disposition are likely to be less than the unpaid principal and interest thereon. Even in the absence of a default with respect to any of the Collateral Debt Obligations, the potential volatility and illiquidity of the sub-investment grade high yield bond, secured senior bond and leveraged loan markets means that the market value of such Collateral Debt Obligations at any time will vary, and may vary substantially, from the price at which such Collateral Debt Obligations were initially purchased and from the principal amount of such Collateral Debt Obligations. 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.

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

The Portfolio Profile Tests provide that as of the Effective Date, at least 90 per cent. of the Aggregate Collateral Balance must consist of Secured Senior Loans and Secured Senior Bonds in aggregate (which shall comprise for this purpose the aggregate of the Aggregate Principal Balance of the Secured Senior Loans and Secured Senior 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). Senior Loans, Secured Senior Bonds and Mezzanine Obligations are of a type generally incurred by the Obligors thereunder in connection with highly leveraged transactions or capital structures in respect of an Obligor, 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 stock purchases. As a result of the additional debt incurred by the borrower in the course of such a transaction, the Obligor's creditworthiness is typically judged by the rating agencies to be below investment grade. Secured Senior Loans, Secured Senior Bonds and Unsecured Senior Obligations are typically at the most senior level of the capital structure with Second Lien Loans being subordinated thereto and Mezzanine Obligations being subordinated to any Senior Loans or to any other senior debt of the Obligor. Secured Senior Loans and Secured Senior 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 stock 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 assets. Unsecured Senior Obligations do not have the benefit of such security. Secured Senior Loans 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.

Secured Senior Bonds typically bear interest at a fixed rate. Risks associated with fixed rate obligations are discussed at paragraph 4.13 (*Interest Rate Risk*) below. Additionally, Secured Senior 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 Secured Senior 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 Secured Senior Bond may be varied without the consent of the Issuer.

Mezzanine Obligations generally take the form of medium term loans repayable shortly (perhaps six months or one year) after the senior loans 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), it will carry a higher rate of interest to reflect the greater risk of it 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.

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

Senior Loans, Secured Senior Bonds and Mezzanine 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 to receive timely payments of interest on, and repayment of, principal of the loans or bonds. 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 Loan, Secured Senior Bond or Mezzanine Obligation which is not waived by the lending syndicate or bondholders normally is an event of acceleration which allows the syndicate to demand immediate repayment in full of the outstanding loan. However, although any particular Senior Loan, Secured Senior Bond or Mezzanine Obligation may share many similar features with other loans or bonds and obligations of its type, the actual term of any Senior Loan, Secured Senior Bond or Mezzanine Obligation 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 in relation to Senior Loans, Secured Senior Bonds and Mezzanine Obligations*

In order to induce banks and institutional investors to invest in a Senior Loan or Mezzanine Obligation, 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 Loan or Mezzanine Obligation, and the private syndication of the loan, Senior Loans and Mezzanine Obligations 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 Loans and Mezzanine Obligations have been predominantly commercial banks and investment banks. The range of investors for such loans has broadened significantly to include money managers, insurance companies, arbitrageurs, bankruptcy investors and mutual funds seeking increased potential total returns and collateral 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 assets will be subject to greater disposal risk in the event that such assets are sold following enforcement of the security over the Collateral or otherwise. The European market for Mezzanine Obligations is also generally less liquid than that for Senior Loans, resulting in increased disposal risk for such obligations.

Secured Senior 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 Loans. Additionally, as a consequence of the disclosure and transparency requirements associated with such listing, the information supplied by the Obligors to its debtholders may typically be less than would be provided on a Senior Loan.

### *Increased Risks for Mezzanine Obligations*

The fact that Mezzanine Obligations are generally subordinated to any Senior Loan 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 situation.

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 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.

### *Prepayment Risk*

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. Secured Senior Bonds may include obligor call or prepayment features, with or without a premium or makewhole. Prepayments on loans and bonds may be caused by a variety of factors, which are difficult to predict. Accordingly, there exists a risk that loans or bonds 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. Any inability of the Issuer to reinvest payments or other proceeds in Collateral Debt Obligations with comparable interest

rates that satisfy the Reinvestment Criteria may adversely affect the timing and amount of payments and distributions received by the Noteholders 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 Reinvestment Criteria or (if it is able to make such reinvestments) as to the length of any delays before such investments are made.

#### *Defaults and Recoveries*

There is limited historical data available as to the levels of defaults and/or recoveries that may be experienced on Senior Loans, Secured Senior Bonds, Mezzanine Obligations and Second Lien Loans and no assurance can be given as to the levels of default and/or recoveries that may apply to any Senior Loans, Secured Senior Bonds and Mezzanine Obligations purchased by the Issuer. As referred to above, although any particular Senior Loan, Secured Senior Bond, Mezzanine Obligation or Second Lien Loan often will share many similar features with other loans and obligations of its type, the actual terms of any particular Senior Loan, Secured Senior Bond, Mezzanine Obligation or Second Lien Loan 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 Loans, Secured Senior Bonds, Mezzanine Obligations and Second Lien Loans 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 situation is uncertain. Furthermore, the holders of Senior Loans and Mezzanine Obligations are more diverse than ever before, including not only banks and specialist finance providers but also alternative collateral 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 Loans and/or Mezzanine Obligations 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 workout 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, 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 Loans, Secured Senior Bonds and Mezzanine Obligations will also be affected by the different bankruptcy regimes applicable in different European jurisdictions and the

enforceability of claims against the Obligor thereunder. See 4.18 (*Lender Liability Considerations; Equitable Subordination*) below.

*Investing in Cov-Lite Loans involves certain risks*

The Portfolio Profile Tests provide that not more than 30.0 per cent. of the Aggregate Collateral Balance can consist of Cov-Lite Loans, provided that not more than 15.0 per cent. of the Aggregate Collateral Balance shall consist of Cov-Lite Loans of with a Moody's Rating below "B1" and a Fitch Rating below "B+". Cov-Lite Loans typically do not have Maintenance Covenants. Ownership of Cov-Lite Loans may expose the Issuer to different or greater risks, including with respect to liquidity, price volatility and ability to restructure loans, than is the case with loans that have Maintenance Covenants. In addition, the lack of Maintenance Covenants may make it more difficult to trigger a default in respect of such obligations.

*Characteristics of High Yield Bonds*

High Yield Bonds are generally unsecured, may be subordinated to other obligations of the applicable obligor and generally involve greater credit and liquidity risks than those associated with investment grade corporate obligations. They 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 previously operated.

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 Notes.

The lower rating of securities in the high yield sector reflects a greater possibility that adverse changes in the financial condition of an issuer thereof, or in general economic conditions (including a sustained period of rising interest rates or an economic downturn), or both, may affect the ability of such issuer to make payments of principal and interest on its debt. 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 in the Portfolio.

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. See 4.18 (*Lender Liability Considerations; Equitable Subordination*) below. 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 Portfolio.

#### *Investing in Second Lien Loans involves certain risks*

The Collateral Debt Obligations may include Second Lien Loans, each of which will be secured by a pledge of collateral, but which is subordinated (with respect to liquidation preferences with respect to pledged collateral) to other secured obligations of the Obligor 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 impair the Issuer's recovery on a Collateral Debt Obligation if a default or foreclosure on that Collateral Debt Obligation occurs.

Liens on the collateral (if any) securing a Collateral Debt Obligation may arise at law that have priority over the Issuer's interest. 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 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.

#### 4.6 **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 sub-participation). Each institution from which such an interest is taken by way of participation or acquired by way of assignment or participation is referred to herein as a "**Selling Institution**". 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 sub-participation are referred to herein as "**Participations**".

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. 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 the loan typically results 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. 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. In the event of the insolvency of the Selling Institution selling a Participation, 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 of 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.

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.

#### **4.7 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 is secured, where the Obligor is subject to U.S. bankruptcy 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).

#### 4.8 **Bridge Loans**

The Portfolio Profile Tests provide that not more than 2.5 per cent. of the Aggregate Collateral Balance may be comprised of Bridge Loans. Bridge Loans are generally a temporary financing instrument and as such the interest rate may increase after a short period of time in order to encourage an Obligor to refinance the Bridge Loan with more long-term financing. If an Obligor is unable to refinance a Bridge Loan, the interest rate may be subject to an increase and as such Bridge Loans may have greater credit and liquidity risk than other types of loans.

#### 4.9 **Collateral Enhancement Obligations**

All funds required in respect of the purchase price of any Collateral Enhancement Obligations and all funds required in respect of the exercise price of any rights or options thereunder, may be paid out of the Balance standing to the credit of the Collateral Enhancement Account at the relevant time, or out of a Collateral Manager Advance or as a Permitted Use of certain other proceeds. Such Balance shall include 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.

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 Obligations which the Collateral Manager determines on behalf of the Issuer should be purchased or exercised, the Collateral Manager may, at its discretion, pay amounts required in order to fund such purchase or exercise (each such amount, an "**Collateral Manager Advance**") 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 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 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, 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 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.

#### **4.10 Counterparty Risk**

Participations 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. Each such counterparty is required to satisfy the applicable Rating Requirement, upon entry into the applicable contract or instrument.

In the event that a Hedge Counterparty is subject to a rating withdrawal or downgrade by the Rating Agencies to below the applicable Rating Requirement, there will be a termination event under the applicable Hedge Agreement unless, within the applicable remedy period following such rating withdrawal or downgrade such Hedge Counterparty 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 such strategy as may be approved by the Rating Agencies.

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. In the event that 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.

#### **4.11 Concentration Risk**

The Issuer will invest in Collateral Debt Obligations consisting primarily of Secured Senior Loans, Secured Senior Bonds, Corporate Rescue Loans, Unsecured Senior 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.

#### **4.12 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.

#### **4.13 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 Secured Senior 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 less than 5.0 per cent. of the Aggregate Collateral Balance and not more than 15 per cent. of the Aggregate Collateral Balance may comprise Unhedged 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 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 EURIBOR 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 mismatch 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 1.11 (*EMIR*) and 1.14 (*Commodity Pool Regulation*) above. 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.

Interest Amounts are due and payable in respect of the 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 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.

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 Notes or that any particular levels of return will be generated on the Subordinated Notes.

#### 4.14 **Unhedged Collateral Debt Obligations**

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 required that all Non-Euro Obligations must be Asset Swap Obligations, and some may be Unhedged Collateral Debt Obligations. Accordingly, fluctuations in the 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.

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 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.

#### **4.15 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 of the Adjusted Collateral Principal Amount. Any decrease in the yield on the Adjusted Collateral Principal Amount 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 distributions to the Subordinated Notes on the first Payment Date.

#### 4.16 **Ratings on 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 or 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 most 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. In most cases, the Moody's Rating and the Fitch Rating in respect of a Collateral Debt Obligation will be based on a confidential credit estimate determined separately by Moody's and Fitch. Such 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 Moody's Rating and/or Fitch Rating is derived from a rating assigned to such Collateral Debt Obligation by a different rating agency. 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*".

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 Obligors 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 most 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. In most cases, the Moody's Rating and the Fitch Rating in respect of a Collateral Debt Obligation will be based on a confidential credit estimate determined separately by Moody's and Fitch. Such 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 forth 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. See Condition 7(c) (*Mandatory Redemption upon Breach of Coverage Tests*).

#### 4.17 **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 Senior Loans, Secured Senior Bonds, Second Lien Loans, Mezzanine Obligations, Corporate Rescue Loans, Mezzanine Obligations and High Yield Bonds entered into by Obligors in such jurisdictions. No reliable historical data is available.

#### 4.18 **Lender Liability Considerations; Equitable Subordination**

In recent years, a number of judicial decisions in the United States and other jurisdictions have upheld the right of borrowers to sue lenders or bondholders on the basis of various evolving legal theories (collectively, termed "**lender liability**"). Generally, lender liability is founded upon the premise that an institutional lender or bondholder has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or issuer or has assumed a degree of control over the borrower or issuer resulting in the creation of a fiduciary duty owed to the borrower or issuer or its other creditors or shareholders. Although it would be a novel application of the lender liability theories, the Issuer may be subject to allegations of lender liability. However, the Issuer does not intend to engage in, and the Collateral Manager does not intend to advise the Issuer with respect to any, conduct that would form the basis for a successful cause of action based upon 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 under capitalisation 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 stockholder 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 Collateral Debt Obligations, the Issuer may be subject to claims from creditors of an Obligor that Collateral Debt Obligations issued by such Obligor that are held by the Issuer should be equitably subordinated. However, the Issuer does not intend to engage in, and the Collateral Manager does not intend to advise the Issuer with respect to, any conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine.

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.

#### 4.19 **Taxation**

##### *Collateral Debt Obligations*

At the time when they are acquired by the Issuer (or, in the case of the Issue Date Collateral Debt Obligations, on the Issue Date), the Eligibility Criteria require that payments of interest on the Collateral Debt Obligations to the Issuer will not be subject to withholding tax imposed by any jurisdiction unless either: (i) such withholding tax can, upon completion of the procedural formalities, be sheltered by application being made under the applicable double tax treaty; 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 any applicable law, rule or regulation or interpretation thereof, an unexpected refusal to grant treaty clearance, or as a result of Collateral Debt Obligation being restructured, the payments on the Collateral Debt Obligations might not in the future become subject to withholding tax or increased withholding rates in respect of which the relevant Obligor will not be obliged to gross up 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 borrower 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 if paid in the ordinary course of its business. In the event that 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 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, principal on the Maturity Date and other amounts payable in respect of the Notes of each Class. This may also result in a Collateral Tax Event pursuant to which the Notes may be subject to early redemption at the option of the Subordinated Noteholders in the manner described in Condition 7(b) (*Optional Redemption*). See 3.3 (*The Notes are subject to Optional Redemption in Whole or in Part by Class*) above.

##### *The Issuer*

The Issuer will be subject to UK corporation tax if and only 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 in Ireland. 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 will be regarded as having a permanent establishment in the UK if it has a place of business in the UK or it has a dependent 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 habitually exercise authority to do business on behalf of the Issuer in the UK.

The Issuer should not be subject to UK 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.

Even if the Issuer is regarded as carrying on a trade in the UK through the agency of the Collateral Manager for the purposes of UK taxation, it will not be subject to UK tax in respect of the agency of the Collateral Manager if the exemption in Article 5(6) of the UK-Ireland convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital gains ("**UK-Ireland Treaty**") applies. This exemption will apply if the Collateral Manager, in acting on behalf of the Issuer, is regarded as an independent agent acting in the ordinary course of its business for the purpose of the UK-Ireland Treaty. It should be noted that the specific domestic UK tax exemption for profits generated in the UK by a collateral manager on behalf of its non-resident clients (section 1146 of the Corporation Tax Act 2010) may not be available in the context of this transaction if the Collateral Manager (or certain connected entities) holds more than 20 per cent. of the Subordinated Notes, which will be the case as a result of its obligation (in its capacity as Retention Holder) to hold the Retention. However, the inapplicability of this domestic exemption should not have any effect on the UK tax position of the Issuer if the exemption in Article 5(6) of the UK-Ireland Treaty, as referred to above, applies.

Should the Collateral Manager be assessed to UK tax on behalf of the Issuer, it will be entitled to 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 (Y) of the Interest Proceeds Priority of Payments, paragraphs (A) and (R) of the Principal Proceeds Priority of Payments or paragraphs (C) and (X) 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, under item (A) of the Interest Proceeds Priority of Payments, the Principal Proceeds Priority of Payments or the Post-Acceleration Priority of Payments, as applicable, UK tax on its UK taxable profit attributable to its UK activities. The Issuer would also be liable to pay, under item (A) of the Interest Proceeds Priority of Payments, Principal Proceeds Priority of Payments or the Post-Acceleration Priority of Payments, as applicable, UK tax on its UK taxable profits in the unlikely event that it were treated as being tax resident in the UK.

#### 4.20 **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 "*Description of the Collateral Management Agreement*" 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. In addition, see 1.9 (*Restrictions on the Discretion of the Collateral Manager in Order to Comply with Risk Retention*).

The Issuer is a newly formed entity and has no operating history or performance record of its own. 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 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*".

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.

#### 4.21 **No Initial Purchaser Role Post-Closing**

The Initial Purchaser takes no responsibility for, and has 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 its Affiliates owns 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.

#### 4.22 **Acquisition and Disposition of Collateral Debt Obligations**

The estimated 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 €368,650,000. Such proceeds will be used by the Issuer for the repayment of any amounts borrowed by the Issuer under the Warehouse Arrangements (together with any interest thereon) 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. €503,000 of the proceeds shall be retained in the Principal Account and the remaining proceeds shall be retained in the Unused Proceeds Account and used to purchase additional Collateral Debt Obligations during the Initial Investment Period (as defined in the Conditions). The Collateral Manager's decisions concerning purchases of Collateral Debt Obligations will be influenced by a number of factors, including market conditions and the availability of securities and loans satisfying the Eligibility Criteria, the purchase of which satisfies the Reinvestment Criteria and the other requirements of the Collateral Management Agreement. The failure or inability of the Collateral Manager to acquire Collateral Debt Obligations with the proceeds of the offering or to reinvest Sale Proceeds or payments and prepayments of principal in Substitute Collateral Debt Obligations in a timely manner will adversely affect the returns on the Notes, in particular with respect to the most junior Class or Classes.

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 on behalf of the Issuer 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.

#### 4.23 **Adverse Effect of Determination of U.S. Trade or Business**

Upon the issuance of the Notes, Allen & Overy LLP will deliver an opinion generally to the effect that, although no activity closely comparable to that contemplated by the Issuer has been the subject of any U.S. Treasury regulations, administrative ruling or judicial decision under current law, assuming compliance with the Transaction Documents and based upon certain factual representations made by the Issuer and/or the Collateral Manager, and assuming the correctness of all opinions and advice of counsel that permit the Issuer to take or fail to take any action under the Transaction Documents based upon such opinions or advice, although the matter is not free from doubt due to the lack of direct authority on point, the Issuer will not be treated as engaged in the conduct of a trade or business within the United States for U.S. federal income tax purposes. The opinion of Allen & Overy LLP will be based on certain factual assumptions, covenants and representations as to the Issuer's contemplated activities. The Issuer intends to conduct its affairs in accordance with certain assumptions and representations, the remainder of this summary assumes that the Issuer will not be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes. In addition, you should be aware that the opinion referred to above will be predicated upon the Collateral Manager's and Collateral Administrator's compliance with certain U.S. tax restrictions set out in the Collateral Management Agreement (the "**U.S. Tax Procedures**"),

which are intended to prevent the Issuer from engaging in activities which could give rise to a trade or business within the United States. Although the Collateral Manager and the Collateral Administrator have generally undertaken to comply with the U.S. Tax Procedures, the U.S. Tax Procedures may be amended if the Issuer receives an opinion from internationally recognised U.S. tax counsel that the amendment will not cause the Issuer to be treated as engaged in a trade or business within the United States. There can be no assurance that any such opinion will be consistent with Allen & Overy LLP's views and opinion standards. Any such amendments would not be covered by the opinion of Allen & Overy LLP referred to above. Furthermore, neither the Collateral Manager nor the Collateral Administrator is obligated to monitor (and, in some cases, conform the Issuer's activities in order to comply with) changes in law, and accordingly, any such changes could adversely affect whether the Issuer is treated as engaged in a U.S. trade or business. The opinion of Allen & Overy LLP will be based on the documents as of the Issue Date, and accordingly, will not address any potential U.S. federal income tax effect of any supplemental indenture. In addition, the opinion of Allen & Overy LLP is not binding on the IRS or the courts, and no ruling will be sought from the IRS regarding this, or any other, aspect of the U.S. federal income tax treatment of the Issuer. Accordingly, in the absence of authority on point, the U.S. federal income tax treatment of the Issuer is not entirely free from doubt, and there can be no assurance that positions contrary to those stated in the opinion of Allen & Overy LLP may not be asserted successfully by the IRS. If the IRS were to successfully assert that the Issuer is engaged in a U.S. trade or business, there could be material adverse financial consequences to the Issuer and to persons who hold the Notes. There can be no assurance, that the Issuer's net income will not become subject to U.S. federal net income tax as a result of unanticipated activities by the Issuer, changes in law, contrary conclusions by U.S. tax authorities or other causes. In such a case, the Issuer would be potentially subject to substantial U.S. federal income tax and, in certain circumstances interest payments by the Issuer under the Notes could be subject to U.S. withholding tax. The imposition of any of the foregoing taxes would materially affect the Issuer's ability to pay principal, interest, and other amounts owing in respect of the Notes.

#### 4.24 **Regulatory Risk Related to Lending**

In many jurisdictions, especially in Continental Europe, engaging in lending activities "in" certain jurisdictions whether conducted via the granting of loans, purchases of receivables, discounting of invoices, guarantee transactions or otherwise (collectively, "**Lending Activities**") is generally considered a regulated financial activity and, accordingly, must be conducted in compliance with applicable local banking laws. 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 Lending Activities in such jurisdictions.

As such, Collateral Debt Obligations may be subject to these local law requirements. 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.

#### 4.25 **Valuation Information; Limited Information**

None of the Initial Purchaser, the Collateral Manager, the Retention Holder 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.

#### 4.26 **The Issuer is subject to Risks, including the Location of its Centre of Main Interest**

##### *Centre of main interest*

The Issuer has its registered office in Ireland. As a result there is a rebuttable presumption that its centre of main interest ("**COMI**") is in Ireland and consequently that any main insolvency proceedings applicable to it would be governed by Irish law. In the decision by the European Court of Justice ("**ECJ**") in relation to Eurofood IFSC Limited, the ECJ restated the presumption in Council Regulation (EC) No. 1346/2000 of 29 May 2000 on Insolvency Proceedings, that the place of a company's registered office is presumed to be the company's COMI and stated that the presumption can only be rebutted if "factors which are both objective and ascertainable by third parties enable it to be established that an actual situation exists which is different from that which locating it at the registered office is deemed to reflect". As the Issuer has its registered office in Ireland, currently has Irish directors, is registered for tax in Ireland and has an Irish corporate services provider, the Issuer does not believe that factors exist that would rebut this presumption, 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 is not located in Ireland, and is held to be in a different jurisdiction within the European Union, main insolvency proceedings may not be opened in Ireland.

##### *Preferred creditors under Irish law*

Under Irish law, upon an insolvency of an Irish company such as the Issuer, when applying the proceeds of assets subject to fixed security that 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 (that may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment) that have been approved by the Irish courts. See the section entitled "*Examinership*" below.

The holder of a fixed security over the book debts of an Irish incorporated company (that would include the Issuer) 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 that the holder received in payment of debts due to it by the company.

Where notice has been given to the Irish Revenue Commissioners of the creation of the security within 21 calendar days of its creation by the holder of the security, 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 that 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 chargor does not have liberty to deal with the assets that 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 moneys 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 purported to be created by the Trust Deed 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;
- (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.

#### *Examinership*

Examinership is a court procedure available under the Irish Companies (Amendment) Act 1990, as amended to facilitate the survival of Irish companies in financial difficulties.

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 Irish Circuit Court or High Court (as appropriate) (each an “**Irish 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 his appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to his appointment. Furthermore, he may sell assets which are the subject of a fixed charge. However, if such power is exercised he must account to the holders of the fixed charge for the amount realised and discharge the amount due to them out of the proceeds of 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 appropriate Irish Court when at least one class of creditors has voted in favour of the proposals and the appropriate 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 the 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 appropriate 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 include a writing down of the value of

amounts due by the Issuer to the Noteholders. The primary risks to the holders of Notes if an examiner were to be appointed in respect of the Issuer are as follows:

- (a) the potential for a scheme of arrangement to be approved involving the writing down of the debt owed by the Issuer to the Noteholders as secured by the Trust Deed;
- (b) 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
- (c) 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 moneys and liabilities which from time to time are or may become due, owing or payable by the Issuer to the Noteholders under the Notes.

## 5. CERTAIN CONFLICTS OF INTEREST

The Initial Purchaser and its Affiliates and the Collateral Manager and their Affiliates, are acting in a number of capacities in connection with the transaction described herein, which may give rise to certain conflicts of interest. The following briefly summarises some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

### *Collateral Manager*

Various potential and actual conflicts of interest may arise from the various activities (investment, advisory, administrative and other) of the Collateral Manager, its Affiliates and their respective clients and employees. The following briefly summarises some of these conflicts but is not intended to be an exhaustive list of all such conflicts.

In addition, conflicts of interest may arise in connection with the exercise by the Collateral Manager of its powers and discretions under the Collateral Management Agreement and its undertakings as Retention Holder under the Risk Retention Letter. See "*Restrictions on the discretion of the Collateral Manager in order to comply with Risk Retention*".

The Collateral Manager and its Affiliates currently manage and may in the future manage, and may be affiliated with other funds, accounts or entities (collectively, the "**Other Accounts**") that invest, and in some cases, have priority ahead of the issuer with respect to, securities or obligations similar to the Collateral Debt Obligations. This situation presents the potential for conflicts of interest. There may be situations in which the interests of the Issuer with respect to a particular investment or other matter conflict with the interests of one or more Other Accounts or one or more of their respective Affiliates. The Collateral Manager and/or its Affiliates will at certain times, due to differing investment objectives or a variety of other reasons, (i) be simultaneously seeking to purchase or sell investments for the Issuer and Other Accounts (or for their own accounts) and/or (ii) be shorting obligations (either directly or indirectly through derivative instruments) that will be the same as (or similar to) the investments held by the Issuer.

The Collateral Manager may have economic interests in, relationships with, or render services or engage in transactions with Obligors in whose obligations the Issuer may invest. As a result, officers and employees of the Collateral Manager and its Affiliates may possess (and will have no obligation to share) information relating to Obligors that is not known to the individuals responsible for monitoring the Portfolio or performing obligations under the Collateral Management Agreement.

In particular, the Collateral Manager Related Persons may invest in and/or hold obligations of an Obligor that may be *pari passu*, senior or junior in ranking to, or have interests different from or adverse to, another obligation of such Obligor that is included in the Portfolio, and/or Collateral Manager Related Persons may serve on boards of directors (or in a similar role) of or otherwise have on-going relationships with such Obligor. The purchase, holding and sale of

such obligations by the Issuer may enhance the profitability of the investments in such Obligors held by the Collateral Manager and other Collateral Manager Related Persons. Each of such ownership and other relationships may affect the ability of the Collateral Manager to advise the Issuer with respect to such obligations.

The Collateral Manager and its Affiliates are under no obligation to act with respect to their other business activities, investments or relationships in a manner that is consistent with the interests of the owners of the Notes or to refrain from acting in a manner than is inconsistent with such interests. Further, the recommendations made to others by the Collateral Manager or an Affiliate and transactions effected by the Collateral Manager or an Affiliate related to the Collateral Manager on behalf of themselves or others may be the same or different from those made or effected on behalf of the Issuer. Neither the Collateral Manager nor any of its Affiliates is under any obligation to offer investment opportunities of which they become aware to the Issuer or to share with the Issuer or to inform the Issuer of any such transaction or any benefit received by them from any such transaction or to inform the Issuer of any investments before offering any investments to other funds or accounts that the Collateral Manager and/or its Affiliates manage or advise.

Furthermore, Affiliates of the Collateral Manager may make an investment on their own behalf or on behalf of their clients without offering the opportunity to add such investment, or adding such investment, to the Portfolio.

Affirmative obligations may exist or may arise in the future, whereby Affiliates of the Collateral Manager may be obliged to offer certain investments to funds or accounts that such Affiliates manage or advise before or without the Collateral Manager offering those investments to the Issuer. The Collateral Manager may purchase or sell Collateral Debt Obligations that it or any of its clients has declined to invest in for its own account, the account of any of its Affiliates or the account of its other clients.

Although the professional staff of the Collateral Manager will devote as much time to the Issuer as the Collateral Manager deems appropriate to perform its duties in accordance with the Collateral Management Agreement, those staff may have conflicts in allocating their time and services among the Issuer and the Other Accounts.

As part of its business, the Collateral Manager provides investment advisory services and it may provide other services in the future. The Issuer will receive no benefit from the fees or profits derived from such services. The Collateral Manager may have relationships with, render services to or engage in transactions with Obligors of obligations that are, or are eligible to be, Collateral Debt Obligations. As a result, the Collateral Manager and its Affiliates, in connection with their other business activities, may acquire material non-public confidential information that may restrict the Collateral Manager's ability to advise the Issuer and may also restrict the Collateral Manager from effecting transactions in certain Collateral Debt Obligations that might have otherwise been consummated.

Additionally, there may be circumstances in which one or more of certain individuals associated with the Collateral Manager will be precluded from providing services to the Issuer because of certain confidential information available to those individuals or to other parts of Collateral Manager.

The Collateral Manager and its Affiliates may act as principal, agent or fiduciary for other clients (including any fund or account advised or managed by the Collateral Manager or any of its Affiliates), in connection with the transactions to which the Issuer is a party. Should a conflict of interest actually arise, the Collateral Manager will endeavour to resolve it in a manner that it deems to be fair to the extent possible under the prevailing facts and circumstances. The Collateral Manager will be required to refrain from purchasing (on behalf of the Issuer) Collateral Debt Obligations from, or selling (on behalf of the Issuer) Collateral Debt Obligations to, the Collateral Manager, any of its Affiliates or any account or portfolio for which the Collateral Manager or any of its Affiliates serve as investment advisor or purchasing or selling Collateral Debt Obligations in a transaction in which the Collateral Manager or any of its Affiliates acts as broker for the Issuer or for the other party to the

transaction, unless (1) the Issuer has received from the Collateral Manager such information relating to the transaction as the Issuer may reasonably request, (2) the Issuer has approved the transaction and (3) the transaction is otherwise conducted in accordance with any applicable law or regulation and on an arm's-length basis for fair market value and on terms as favourable to the Issuer as would be the case if a transaction were effected with persons not so affiliated with the Collateral Manager or any of its Affiliates.

The Collateral Manager will not be obligated to utilise any particular investment opportunity or strategy that may arise with respect to the Collateral Debt Obligations. In the course of managing the Collateral Debt Obligations, the Collateral Manager may consider its relationships with other clients (including issuers of Collateral Debt Obligations purchased by the Collateral Manager for the Issuer) and their Affiliates and may, in its sole discretion, determine to sell or refrain from purchasing a Collateral Debt Obligation in view of such relationships.

The Collateral Management Agreement places significant restrictions on the Collateral Manager's ability to buy or sell securities or loans for inclusion in the Portfolio on behalf of the Issuer, and the Collateral Manager is subject to compliance with such restrictions. Accordingly, during certain periods or in certain specified circumstances, the Issuer (or the Collateral Manager on its behalf) may be unable to buy or sell securities or loans or to take other actions that the Collateral Manager might consider in the best interest of the Issuer and the Noteholders.

The Collateral Manager shall act as Retention Holder and shall undertake to hold, on an on-going basis, Subordinated Notes having a Principal Amount Outstanding equal to no less than 5.0 per cent. of the Target Par Cap. There is no restriction on the ability of the Collateral Manager or any Collateral Manager Related Person to acquire additional Subordinated Notes or any Notes of any Class at any time. It is possible that one or more Collateral Manager Related Persons may acquire Subordinated Notes in addition to those held by the Retention Holder. The interests and incentives of a Collateral Manager Related Person that is a Subordinated Noteholder may conflict with or be adverse to the interests and incentives of the holders of other Classes of Notes or the other Subordinated Noteholders.

In addition, no termination or resignation of the Collateral Manager shall be effective unless and until the Issuer has appointed a replacement Collateral Manager who has agreed to assume all the duties and obligations arising out of the Collateral Management Agreement and the Trust Deed, in accordance with the terms and conditions of the Collateral Management Agreement (except in circumstances where it has become illegal for the Collateral Manager to carry on its duties under the Collateral Management Agreement) and, amongst other things, Rating Agency Confirmation has been received in respect thereof and such appointment has not been rejected by the Noteholders of the Controlling Class acting by Ordinary Resolution within 30 days of such appointment, see "Description of the Collateral Management Agreement". Any Notes held by (but not on behalf of) the Collateral Manager, or one or more of its Affiliates thereof, will have no voting rights with respect to any vote (or written direction or consent) in connection with the removal of the Collateral Manager or, for so long as the Retention Holder and the Collateral Manager are the same entity or Affiliates, with respect to the assignment or delegation by the Collateral Manager of its obligations under the Collateral Management Agreement 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 one or more of its Affiliates thereof, 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 (including the appointment of a successor collateral manager. See "Description of the Collateral Management Agreement".

Other than the Notes held in respect of the Retention Requirements, any other Notes purchased by the Collateral Manager and/or one or more of its Affiliates may be transferred to related or unrelated parties at any time after the Issue Date. It should not be assumed that the funds or accounts for which the Collateral Manager or its Affiliates act as an investment adviser and that purchase Notes on the Issue Date will continue to hold the Notes. In particular, if at any time any Subordinated Notes are owned by the Collateral Manager or an Affiliate of the

Collateral Manager, the Collateral Manager may face conflicts between the interests of the holders of the Rated Notes on the one hand and the interests of the holders of the Subordinated Notes on the other when making a decision to purchase or sell a Collateral Debt Obligation.

On the Issue Date, the Collateral Manager will be reimbursed by the Issuer for certain of its expenses incurred in connection with the issuance of the Notes and the transactions related thereto (including legal fees and expenses). In addition, the Collateral Manager will be entitled to be paid the Senior Collateral Management Fee, the Subordinated Collateral Management Fee and the Incentive Collateral Management Fee and will be entitled to be reimbursed by the Issuer for expenses incurred by it in its capacity as Collateral Manager on an on-going basis, in each case in accordance with the Priority of Payments.

These fees may create incentives for the Collateral Manager to make decisions that may conflict with the interests of the Rated Notes.

In the selection of brokers and dealers and in effecting transaction, the Collateral Manager's objective is to seek to obtain the best combination of price and execution on transactions effected for the Issuer. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental factors will be considered as they are deemed relevant. These factors include the Collateral Manager's knowledge of negotiated commission rates and spreads currently available; the nature of the security or instrument being traded; the size and type of transaction; the nature and character of the markets for the security or instrument to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security or instrument; confidentiality; the execution, clearance and settlement capabilities, as well as the reputation and perceived soundness of the broker or dealer selected and other brokers or dealers considered; the Collateral Manager's knowledge of actual or apparent operational problems of any broker or dealer; the broker or dealer's execution services rendered on a continuing basis and in other transactions; the reasonableness of spreads or commissions; and the research services and products furnished by the broker or dealer, if any.

Although the Collateral Manager generally seeks competitive commission rates and dealer spreads, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialised services on the part of the broker or dealer involved and would thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Subject to the objective of obtaining the best execution, the Collateral Manager may take into consideration research furnished to the Collateral Manager or its Affiliates by brokers and dealers that are not Affiliates of the Collateral Manager. Such research may be used by the Collateral Manager or its Affiliates in connection with its other advisory activities or investment operations. The Collateral Manager may aggregate sales and purchase orders of securities placed with respect to the Assets with similar orders being made simultaneously for other accounts managed by the Collateral Manager or with accounts of the Affiliates of the Collateral Manager if in the Collateral Manager's good faith judgment such aggregation is in the best interests of the various accounts. In the event that a sale or purchase of a Collateral Debt Obligation occurs as part of any aggregate sale or purchase order, the objective of the Collateral Manager (and any of its Affiliates involved in such transactions) shall be to allocate the executions among the relevant accounts in an equitable manner (taking into account the respective investment objectives, liquidity and other constraints imposed by the capacity and investment guidelines of each account). There is no certainty that allocation processes will in fact result in fair allocations, or that they will be allocated to all accounts or allocated equally among accounts participating in the aggregated transaction or according to any established standard.

Under the Collateral Management Agreement, the Collateral Manager will agree to exercise the degree of skill and attention required thereunder. However, the Collateral Manager will assume no responsibility under the Collateral Management Agreement other than to render the specific services called for from the Collateral Manager under the Collateral Management Agreement.



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

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 Retention Holder and Retention Requirements*" section of this Prospectus to be (or to be likely to be) insufficient to comply with the Retention 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) a Retention Deficiency, such 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. Such Trading Gains will then be distributed as Interest Proceeds if the reinvestment of such amount would, in the sole discretion of the Collateral Manager, cause (or would be likely to cause) a Retention Deficiency in accordance with the Priorities of Payment. In addition, the Collateral Manager is not permitted to reinvest in Substitute Collateral Debt Obligations where such reinvestment would cause a 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) a 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 subscribing for sufficient Subordinated Notes such that its holding of such Notes equals at least 5.0 per cent. of the Target Par Cap.

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 on-going compliance with the Retention Requirements.

### *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.

### *Conflicts of interest Involving or Relating to the Initial Purchaser and its Affiliates*

Barclays Bank PLC and its Affiliates (the "**Barclays Parties**") have acted as the structurer of the transaction and as Initial Purchaser, as described below.

The Barclays Parties have formulated and developed the Portfolio Profile Tests, Coverage Tests, Collateral Quality Tests, Priorities of Payments and other criteria in and provisions of the Trust Deed, Collateral Management Agreement and the Risk Retention Letter. These may be influenced by discussions that the Initial Purchaser may have or 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.

Barclays Bank PLC will purchase the Notes from the Issuer on the Issue Date and resell them in individually negotiated transactions at varying prices, which may result in a lower fee being paid to the Initial Purchaser in respect of those Notes. Barclays Bank PLC 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). Barclays Bank PLC expects to earn fees and other revenues from these transactions.

The Barclays 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 Barclays Parties are part of a global banking, 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 Barclays Parties may provide also include financing and, as such, the Barclays Parties may have and/or may provide financing to the Collateral Manager and/or any of its Affiliates and such financing may directly or indirectly involve financing the Retention. In the case of any such financing, the Barclays Parties may have received security over assets of the Collateral Manager and/or its Affiliates, including security over the Subordinated Notes held by the Collateral Manager pursuant to the Retention Requirements, resulting in the Barclays Parties having enforcement rights and remedies which may include the right to appropriate or sell such Subordinated Notes. The Barclays Parties may have positions in and will likely 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 Barclays 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 Barclays Parties will act in its own commercial interest in its various capacities without regard to whether its interests conflict with those of the holders of the Notes or any other party. Moreover, the Issuer may invest in loans of obligors affiliated with the Barclays Parties or in which one or more Barclays Parties hold an equity or participation interest. The purchase, holding or sale of such Collateral Debt Obligations by the Issuer may increase the profitability of the Barclays Party's own investments in such obligors.

From time to time the Collateral Manager may purchase from or sell Collateral Debt Obligations through or to the Barclays Parties and one or more Barclays Parties may act as the selling institution with respect to Participations and/or a counterparty under a Hedge Agreement. The Barclays Parties may act as placement agent and/or initial purchaser or collateral 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 Initial Purchaser or its Affiliates may have placed or underwritten certain of the Collateral Debt Obligations when such Collateral Debt Obligations were originally issued and may have provided or be providing investment banking services and other services to issuers of certain Collateral Debt Obligations. It is expected that from time to time the Collateral Manager may purchase or sell Collateral Debt Obligations through, from or to the Initial Purchaser or its Affiliates, subject to such procedures and restrictions as are appropriate to comply with applicable law with respect to transactions in which an Affiliate of the Collateral Manager is acting as principal.

The Barclays 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, Barclays Parties and employees or customers of the Barclays Parties may actively trade in and/or otherwise hold long or short positions in the Notes, Collateral Debt Obligations and Eligible Investments or enter into transactions similar to referencing the Notes, Collateral Debt Obligations and Eligible Investments or the obligors thereof for their own accounts and for the accounts of their customers. If a Barclays 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 Barclays 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 Barclays 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.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of each of 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, substantially in the form in which they will be endorsed on such Notes if issued in definitive certificated form, which will be incorporated by reference into the Global Certificates of each Class representing the Notes, subject to the provisions of such Global Certificates, some of which will modify the effect of these terms and conditions of the Notes.*

The issue of the €208,750,000 Class A Senior Secured Floating Rate Notes due 2027] (the "**Class A Notes**"), the €26,250,000 Class B-1 Senior Secured Fixed Rate Notes due 2027 (the "**Class B-1 Notes**"), the €19,950,000 Class B-2 Senior Secured Floating Rate Notes due 2027 (the "**Class B-2 Notes**" and together with the Class B-1 Notes, the "**Class B Notes**"), the €11,250,000 Class C-1 Senior Secured Deferrable Fixed Rate Notes due 2027 (the "**Class C-1 Notes**"), the €10,750,000 Class C-2 Senior Secured Deferrable Floating Rate Notes due 2027 (the "**Class C-2 Notes**" and together with the Class C-1 Notes, the "**Class C Notes**"), the €19,750,000 Class D Senior Secured Deferrable Floating Rate Notes due 2027 (the "**Class D Notes**"), the €26,675,000 Class E Senior Secured Deferrable Floating Rate Notes due 2027 (the "**Class E Notes**"), the €12,125,000 Class F Senior Secured Deferrable Floating Rate Notes due 2027 (the "**Class F Notes**" and together such Classes of Notes, the "**Rated Notes**") and €39,500,000 Subordinated Notes due 2027 (the "**Subordinated Notes**" and together with the Rated Notes, the "**Notes**") of Arbour CLO Limited (the "**Issuer**") was authorised by resolution of the board of Directors of the Issuer dated on or about 16 June 2014. The Notes are constituted and secured by a trust deed (together with any other security document entered into in respect of the Notes (including the Euroclear Security Agreement), the "**Trust Deed**") to be dated on or about 16 June 2014 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 16 June 2014 (the "**Agency Agreement**") between, amongst others, the Issuer, The Bank of New York Mellon (Luxembourg) S.A., as registrar and transfer agent (respectively, the "**Registrar**" and the "**Transfer Agent**" and the Transfer Agent together with the Registrar, the "**Transfer Agents**" and each a "**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, London Branch, as principal paying agent, account bank, calculation agent and custodian (respectively, "**Principal Paying Agent**", "**Account Bank**", "**Calculation Agent**" and "**Custodian**", 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) and the Trustee; (b) a collateral management agreement to be dated on or about 16 June 2014 (the "**Collateral Management Agreement**") between Oaktree Capital Management (UK) 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 Bank of New York Mellon, London Branch as collateral administrator and information agent (the "**Collateral Administrator**" and "**Information Agent**", which term shall include any successor collateral administrator and information agent appointed pursuant to the terms of the Collateral Management Agreement) and the Trustee; and (c) an administration agreement dated 13 January 2014 (the "**Administration Agreement**") between the Issuer and TMF Administration Services Limited as administrator (the "**Administrator**", which term shall include any successor administrator appointed pursuant to the terms of the Administration Agreement). Copies of the Trust Deed, the Agency Agreement and the Collateral Management Agreement are available for inspection during usual business hours at the registered office of the Issuer (presently at 53 Merrion Square, Dublin 2, Ireland) and at the specified offices of the Transfer Agents 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 and the Collateral Management Agreement applicable to them.

## 1. Definitions

**"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, the Interest Smoothing Account, each Hedge Termination Account, each Asset Swap Account, the Unfunded Revolver Reserve Account and the Collection Account, all of which shall be held and administered within the United Kingdom.

**"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 Payment Date 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.

**"Adjusted Collateral Principal Amount"** means, as of any date of determination:

- (a) the Aggregate Principal Balance of the Collateral Debt Obligations (other than Defaulted Obligations, Discount Obligations and Deferring Obligations); *plus*
- (b) 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*
- (c) in relation to a Defaulted Obligation or a Deferring Obligation, the lesser of (i) its Moody's Collateral Value and (ii) its Fitch Collateral Value, provided that the Adjusted Collateral Principal Amount of a Defaulted Obligation that has been a Defaulted Obligation for a continuous period of more than three years after the date on which it became a Defaulted Obligation and continues to be a Defaulted Obligation on such date of determination shall be zero; *plus*
- (d) 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*
- (e) the Excess CCC/Caa Adjustment Amount;

*provided further* that, with respect to any Collateral Debt Obligation that satisfies more than one of the definitions of Defaulted Obligation, Discount Obligation or Deferring Obligation and/or that Collateral Debt Obligation falls into the Excess CCC/Caa Adjustment Amount above, 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 Collateral Principal Amount on any date of determination.

**"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 value added tax thereon (whether payable to that party or the relevant tax authority):

- (a) on a *pro-rata* and *pari passu* basis, to (i) the Agents pursuant to the Agency Agreement and, in the case of the Information Agent and Collateral Administrator, the Collateral Management Agreement (including, by way of indemnity); and (ii) the Administrator pursuant to the Administration Agreement;
- (b) on a *pro-rata* and *pari passu* basis, to each Reporting Delegate pursuant to any Reporting Delegation Agreement (including, by way of indemnity);
- (c) on a *pro-rata* and *pari passu* basis:
  - (i) to any Rating Agency which may from time to time be requested to assign (A) a rating to each of the Rated Notes, or (B) 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 on-going 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;

- (ii) to the independent certified public auditors, agents and counsel of the Issuer;
  - (iii) to the Collateral Manager pursuant to the Collateral Management Agreement (including indemnities provided for therein), but excluding any Collateral Management Fees or any value added tax payable thereon and excluding any amounts in respect of Collateral Manager Advances;
  - (iv) to any other Person in respect of any governmental fee or charge (for the avoidance of doubt excluding any taxes) or any statutory indemnity;
  - (v) to the Irish Stock Exchange, or such other stock exchange or exchanges upon which any of the Notes are listed from time to time;
  - (vi) on a *pro rata* basis to any other Person in respect of any other fees or expenses contemplated in these Conditions and in the Transaction Documents (including but not limited to the costs of entering into any Hedge Agreements and associated legal costs) or any other documents delivered pursuant to or in connection with the issue and sale of the Notes, 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;
  - (vii) to the Initial Purchaser pursuant to the Subscription Agreement in respect of any indemnity payable to it thereunder;
  - (viii) 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; and
  - (ix) 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);
- (d) on a *pro rata* and *pari passu* basis:
- (i) on a *pro rata* basis to any other Person (including the Collateral Manager) in connection with satisfying the requirements of Rule 17g-5, EMIR, CRA, AIFMD or the Dodd-Frank Act;
  - (ii) on a *pro rata* basis to any other Person (including the Collateral Manager) in connection with satisfying the Retention Requirements and the requirements of Solvency II including any costs or fees related to additional due diligence or reporting requirements;
  - (iii) FATCA Compliance Costs; and
  - (iv) 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 United States Commodity Exchange Act of 1936, as amended (including rules and regulations promulgated thereunder);
- (e) any Refinancing Costs; and
- (f) on a *pro rata* basis payment of any indemnities (to the extent not already covered in paragraphs (a) to (d) above) 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 (c)(i) above other than in the order required by paragraph (c) above if the Collateral Manager, Trustee 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 (c) above is required to ensure the delivery of certain accounting services and reports.

"**Affiliate**" or "**Affiliated**" means with respect to a Person:

- (a) any other Person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such Person; or
- (b) any other Person who is a director, officer or employee:
  - (i) of such Person;
  - (ii) of any subsidiary or parent company of such Person; or
  - (iii) of any Person described in paragraph (a) above.

For the purposes of this definition (i) control of a Person shall mean the power, direct or indirect, (A) to vote more than 50 per cent. of the securities having ordinary voting power for the election of directors of such Person, or (B) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise; (ii) no entity shall be deemed an Affiliate of the Issuer solely because the Administrator of any of its Affiliates acts as administrator or share trustee for such entity; and (iii) no entity to which the Collateral Manager provides collateral management or advisory services shall be deemed an Affiliate of the Collateral Manager solely because the Collateral Manager acts in such capacity, unless either of the foregoing paragraphs (a) or (b) is satisfied as between such entity and the Collateral Manager.

"**Agent**" means each of the Registrar, the Principal Paying Agent, each Transfer Agent, each Paying Agent, the Calculation Agent, the Account Bank, the Custodian, the Collateral Administrator, the Information Agent, , and each of their permitted successors or assigns appointed as agents of the Issuer pursuant to the Agency Agreement or, as the case may be, the Collateral Management Agreement 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:

- (a) the Aggregate Principal Balance of all Collateral Debt Obligations, save that for the purpose of calculating the Aggregate Principal Balance for the purposes of:
  - (i) the Portfolio Profile Tests and the Collateral Quality Tests, the Principal Balance of Defaulted Obligations shall be excluded; and
  - (ii) 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;
- (b) the Balances standing to the credit of the Principal Account and the Unused Proceeds Account and (for the purposes only of calculating the Aggregate Collateral Balance in respect of the compliance by the Retention Holder with the Retention Requirements, the Contributions Account) and any Eligible Investments which represent Principal Proceeds (excluding, for the avoidance of doubt, any interest accrued on Eligible Investments); and
- (c) solely for the purposes of determining compliance with the Retention Requirements, the Principal Balance of any Exchanged Security and any other debt or equity obligation purchased and held by or on behalf of the Issuer that does not constitute a Collateral Debt Obligation (other than any Collateral Enhancement Obligations).

For the avoidance of doubt, for the purposes of calculating the Aggregate Collateral Balance for the purposes of determining compliance with the Retention Requirements or in determining whether a Retention Deficiency has occurred, the Principal Balance of any Collateral Debt Obligation shall not take into account any adjustments for purchase price or the application of haircuts.

**"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.

**"AIFMD"** means 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 implementing or delegated laws, regulation, technical standards and guidance related thereto, in each case as may be amended, replaced or supplemented from time to time.

**"AIFMD Retention Requirements"** means Article 17 of the AIFMD, as implemented by Section 5 of the European Union Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing the AIFMD (the **"AIFMD Level 2 Regulation"**), including any guidance published in relation thereto and any implementing laws or regulations in force in any Member State of the European Union, provide that references to AIFMD Retention Requirements shall be deemed to include any successor or replacement provisions of Section 5 included in any European Union directive or regulation subsequent to AIFMD or the European Union Delegated Regulation (EU) No 231/2013.

**"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 (other than, for the purposes of the Portfolio Profile Tests only, PIK Obligations).

**"Applicable Exchange Rate"** means, in relation to any Asset Swap Obligation, the exchange rate set forth in the relevant Asset Swap 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.

**"Asset Swap Account"** means each segregated currency account into which amounts due to the Issuer in respect of each Asset Swap Obligation and out of which amounts from the Issuer to each applicable Asset Swap Counterparty under each applicable Asset Swap Transaction are to be paid.

**"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 Transaction, or any permitted assignee or successor thereof, under the terms of the related Asset Swap Transaction 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) upon the date of entry into such agreement (or in respect of which Rating Agency Confirmation has been obtained on such date).

**"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 an 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 not denominated or drawn in EUR and which is, or will as soon as practicable after the entry into of a binding commitment to purchase such obligation become, the subject of an Asset Swap Transaction.

**"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.

**"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:

- (a) current balance of cash, demand deposits, time deposits, government guaranteed funds and other investment funds;
- (b) outstanding principal amount of interest bearing corporate and government obligations and money market accounts and repurchase obligations; and
- (c) 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,

save in the case of calculating the Aggregate Collateral Balance for the purposes of determining compliance with the Retention Requirements or in determining whether a Retention Deficiency has occurred, if 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 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 (i) its Moody's Collateral Value and (ii) its Fitch Collateral Value (determined as if such Eligible Investment were a Collateral Debt Obligation).

**"Benefit Plan Investor"** means:

- (a) 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;
- (b) a plan to which Section 4975 of the Code applies; or
- (c) any entity whose underlying assets include plan assets by reason of such an employee benefit plan or plan's investment in such entity, but only to the extent of the percentage of the equity interests in such entity that are held by Benefit Plan Investors.

**"Bivariate Risk Table"** has the meaning given to it in the Collateral Management Agreement.

**"Business Day"** means (save to the extent otherwise defined) a day:

- (a) on which TARGET2 is open for settlement of payments in Euro;
- (b) on which commercial banks and foreign exchange markets settle payments in London and New York (other than a Saturday or a Sunday); and
- (c) 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:

- (a) the Aggregate Principal Balance of all Moody's Caa Obligations over an amount equal to 7.5 per cent. of the Aggregate Collateral Balance as of the current Determination Date (for which purposes, the Principal Balance of each Defaulted Obligation shall be its Moody's Collateral Value); and
- (b) the Aggregate Principal Balance of all Fitch CCC Obligations over an amount equal to 7.5 per cent. of the Aggregate Collateral Balance as of the current Determination Date,

provided that, in determining which of the Moody's Caa Obligations or Fitch CCC Obligations shall be included in the CCC/Caa Excess, the Moody's Caa Obligations or Fitch CCC Obligations with the lowest Market Value (expressed as a percentage of the Principal Balance of such Collateral Debt Obligations as of such Determination Date) shall be included in the CCC/Caa Excess.

**"CFTC"** means the Commodity Futures Trading Commission and any replacement or successor thereto.

**"Class of Notes"** means each of the Classes of Notes being:

- (a) the Class A Notes;
- (b) the Class B-1 Notes;
- (c) the Class B-2 Notes;
- (d) the Class C-1 Notes;
- (e) the Class C-2 Notes;

- (f) the Class D Notes;
- (g) the Class E Notes;
- (h) the Class F Notes; and
- (i) the Subordinated Notes,

and "**Class of Noteholders**" and "**Class**" shall be construed accordingly, provided that:

- (a) 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; and
- (b) notwithstanding that the Class C-1 Notes and the Class C-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 C-1 Notes and Class C-2 Notes voting based on the aggregate Principal Amount Outstanding of Class C Notes held by such holder.

"**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 the scheduled Interest Amounts due on the Class A Notes and the Class B Notes. 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 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 125 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 Collateral Principal Amount 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 134.74 per cent.

"**Class B Noteholders**" means the holders of any Class B Notes from time to time.

"**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 the scheduled Interest Amounts due on the Class A Notes, the Class B Notes and the Class C Notes (excluding Deferred Interest but including any interest on Deferred Interest). 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 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 115 per cent.

**"Class C Noteholders"** means the holders of any Class C Notes from time to time.

**"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 Collateral Principal Amount 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 125.38 per cent.

**"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 the scheduled Interest Amounts due on 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). 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 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 per cent.

**"Class D Noteholders"** means the holders of any Class D Notes from time to time.

**"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 Collateral Principal Amount 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 118.10 per cent.

**"Class E Coverage Tests"** means the Class E Interest Coverage Test and the Class E Par Value Test.

**"Class E 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 the scheduled Interest Amounts due on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes (excluding Deferred Interest but including any interest on Deferred Interest). For the purposes of calculating the Class E 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 A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

**"Class E 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 E Interest Coverage Ratio is at least equal to 101 per cent.

**"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 Collateral Principal Amount 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 109.44 per cent.

**"Class F Noteholders"** means the holders of any Class F Notes from time to time.

**"Clearing System Business Day"** means a day on which Euroclear and Clearstream Luxembourg are open for business.

**"Clearstream, Luxembourg"** means Clearstream Banking, société anonyme.

**"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 has determined satisfies the Eligibility Criteria in accordance with the Collateral Management Agreement at the time that any commitment to purchase is entered into by or on behalf of the Issuer (or the Participation Agreement is entered into in respect of a Participation) 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 Obligations, Eligible Investments or Exchanged Security. 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 and the Reinvestment Overcollateralisation Test 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 which have not yet settled shall be excluded as Collateral Debt Obligations in the calculation of the Portfolio Profile Tests, the Collateral Quality Tests, the Coverage Tests and the Reinvestment Overcollateralisation Test 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 if it is a Restructured Obligation.

**"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 an account in the name of the Issuer, so named and held with the Account Bank.

**"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 €7,500,000.

**"Collateral Enhancement Obligation"** means any warrant or equity security, excluding Exchanged Security, 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 Obligation Proceeds"** means all Distributions and Sale Proceeds received in respect of any Collateral Enhancement Obligation.

**"Collateral Enhancement Obligation Proceeds Priority of Payments"** means the priority of payments in respect of Collateral Enhancement Obligation Proceeds set out in Condition 3(c)(iii) (*Application of Collateral Enhancement Obligation Proceeds*).

**"Collateral Management Fee"** means each of the Senior Collateral Management Fee, the Subordinated Collateral Management Fee and Incentive Collateral Management Fee.

**"Collateral Manager Advance"** means any amount advanced by the Collateral Manager for the purchase or exercise of a Collateral Enhancement Obligation, to the extent there are insufficient funds available in the Collateral Enhancement Account, in its sole discretion, which shall bear interest in accordance with the Collateral Management Agreement at a rate not exceeding EURIBOR plus 2.0 per cent. The aggregate amount outstanding of all Collateral Manager Advances shall not, at any time, exceed €6,000,000 or such greater number as the Subordinated Noteholders may approve, acting by an Ordinary Resolution.

**"Collateral Manager Event of Default"** means each of the events defined as such in Condition 10(f) (*Collateral Manager Events of Default*).

**"Collateral Manager Related Person"** means the Collateral Manager, each of its Affiliates, any director, officer or employee of the Collateral Manager or any of its Affiliates or any fund or account for which the Collateral Manager or any of its Affiliates exercises discretionary voting authority on behalf of such fund or account.

**"Collateral Quality Tests"** means the Collateral Quality Tests set out in the Collateral Management Agreement being each of the following:

- (a) for so long as any Notes rated by Moody's are Outstanding each of the following:
  - (i) the Moody's Minimum Diversity Test;
  - (ii) the Moody's Minimum Weighted Average Recovery Rate Test;
  - (iii) the Moody's Maximum Weighted Average Rating Factor Test;
  - (iv) the Moody's Minimum Weighted Average Floating Spread Test; and
  - (v) the Moody's Minimum Weighted Average Coupon Test; and
- (b) 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;

- (iii) the Fitch Minimum Weighted Average Spread Test;
  - (iv) the Fitch Minimum Weighted Average Fixed Coupon Test; and
  - (c) so long as any Rated Notes are Outstanding, the Weighted Average Life 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 Obligor of any Collateral Debt Obligations (or from Selling Institutions in the case of Participations) in relation to any Due Period becoming properly subject to the imposition of home jurisdiction or foreign 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 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 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 payment arising as a result of the operation of any gross up provision) on all Collateral Debt Obligations in relation to such Due Period.

**"Collection Account"** means the account described as such in the name of the Issuer with the Account Bank.

**"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 Condition 2(k) (*Contributions*).

**"Contributions Account"** means the account described as such in the name of the Issuer with the Account Bank.

**"Contributor"** has the meaning specified in Condition 2(k) (*Contributions*).

**"Controlling Class"** means, the Class A Notes or, following redemption and payment in full of the Class A Notes, the Class B Notes, or, following redemption and payment in full of the Class A Notes and the Class B Notes, the Class C Notes or, following redemption and payment in full of the Class A Notes, the Class B Notes and the Class C Notes, the Class D Notes or, following redemption in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the Class E Notes or, following redemption 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, following redemption in full of all of the Rated Notes, the Subordinated Notes.

**"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, other than with respect to paragraph (a) below, indirectly by way of sub-participation, which is paying interest and principal if applicable on a current basis and either:

- (a) 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 (w) 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 (x) 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 (y) 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 (z) 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

- (b) is a credit facility or other advance made available to a company or group in a restructuring or insolvency process (other than the processes described in paragraph (a) above) which (i) constitutes the most senior secured obligations of the entity which is the Obligor thereof and either (ii) ranks *pari passu* in all respects with the other senior unsecured debt of the Obligor, provided that such facility is entitled to recover proceeds of enforcement of security shared with the other senior secured indebtedness (e.g. bonds) of the Obligor and its subsidiaries in priority to all such other senior secured indebtedness, or (iii) 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.

**"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 with the Custodian into which all Counterparty Downgrade Collateral received from a Hedge Counterparty (other than cash) is to be deposited or (as the case may be) interest bearing account(s) of the Issuer with the Account Bank into which all Counterparty Downgrade Collateral (in the form of cash) 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)(3)(c) (*Counterparty Downgrade Collateral Account*).

**"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, the Class E Par Value Test and the Class E Interest Coverage Test.

**"Cov-Lite Loan"** means a loan that in the reasonable commercial judgement 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 a loan which either contains a cross-default provision to, or ranks *pari passu* with, another obligation of the relevant Obligor that requires the Obligor to comply with one or more Maintenance Covenants where such compliance is required either (i) at all times during the life of such other obligation or (ii) only while such other obligation is funded or upon the occurrence of a particular specified event, shall not constitute a Cov-Lite Loan. A loan shall not constitute a Cov-Lite Loan only for so long as the relevant *pari-passu* obligation, or the relevant obligation to which such cross-default provision relates, is outstanding or is capable of being drawn.

**"CRA"** means Regulation EC 1060/2009 on credit rating agencies as may be amended, supplemented or replaced including any implementing and/or delegated regulation, technical standards and guidance related thereto.

**"Credit Impaired Obligation"** means any Collateral Debt Obligation that, in the Collateral Manager's reasonable commercial 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 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 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:

- (a) 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 Secured Senior Loans or Secured Senior 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 Unsecured Senior 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;
- (b) 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;
- (c) 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;
- (d) 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; or
- (e) 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.

**"Credit Improved Obligation"** means any Collateral Debt Obligation which, in the Collateral Manager's reasonable commercial 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 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 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:

- (a) 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 101.00 per cent. of the purchase price paid by the Issuer at the time of its acquisition;
- (b) 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;
- (c) 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;
- (d) 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; or
- (e) 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.

**"CRR"** means Regulation 2013/575/EU 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.

**"CRR Retention Requirements"** means Part Five of the CRR as amended from time to time and including any guidance or any technical standards published in relation thereto, provided that any reference to the CRR Retention Requirements shall be deemed to include any successor or replacement provisions to Part Five of the CRR (or any part thereof).

**"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 with respect to which the Collateral Manager believes, in its reasonable business judgment, that:

- (a) 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;
- (b) 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; and

- (c) the Collateral Debt Obligation has any of:
  - (i) a Moody's Rating of "B3" or higher;
  - (ii) a Moody's Rating of at least "Caa1" and a Market Value of at least 80 per cent. of its current Principal Balance; or
  - (iii) a Moody's Rating of at least "Caa2" and a Market Value of at least 85 per cent. of its current Principal Balance.

**"Custody Account"** means the custody account or accounts held and administered within the United Kingdom 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).

**"Deed of Release"** means the deed of release dated the Issue Date relating to the termination of the Warehouse Arrangements.

**"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 in respect of which the Hedge Counterparty is a Defaulting Hedge Counterparty, including any due and unpaid scheduled amounts thereunder.

**"Defaulted Mezzanine Excess Amounts"** means the lesser of:

- (a) the greater of (i) zero and (ii) 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
- (b) 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:

- (a) 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 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;
- (b) 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 (b) if it is a Current Pay Obligation);
- (c) 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;

- (d) which (i) has 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 (ii) has a Fitch Rating of "D" or "RD" or had such Fitch Rating immediately prior to its withdrawal by Fitch;
- (e) which the Collateral Manager, acting on behalf of the Issuer, determines in its reasonable business judgment should be treated as a Defaulted Obligation;
- (f) 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 5.0 per cent. of the Aggregate Collateral Balance (which for the purpose of calculating the Aggregate Collateral Balance, the Principal Balance of each Defaulted Obligation shall be the lesser of its Moody's Collateral Value and its Fitch Collateral Value);
- (g) in respect of a Collateral Debt Obligation that is a Participation:
  - (i) the Selling Institution has defaulted in respect of any of its payment obligations under the terms of such Participation;
  - (ii) the obligation which is the subject of such Participation would constitute a Defaulted Obligation if the Issuer had a direct interest therein; or
  - (iii) the Selling Institution has (A) a Moody's rating of "Ca" or C or below or had such rating prior to its withdrawal or (B) a Fitch Rating of "D" or "RD" or in either case had such rating prior to its withdrawal; or
- (h) 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 business 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 (i) a Restructured Obligation; and (ii) such Restructured Obligation does not otherwise constitute a Defaulted Obligation pursuant to any other paragraph of the definition hereof,

provided that: (i) a Collateral Debt Obligation which is (or, in the case of a Participation, the underlying obligation is) a Corporate Rescue Loan shall constitute a Defaulted Obligation if such Corporate Rescue Loan satisfies this definition of "Defaulted Obligation" other than paragraphs (b) and (h) hereof and the Aggregate Collateral Balance of all Collateral Debt Obligations which constitute Corporate Rescue Loans exceeding 5.0 per cent. of the Aggregate Collateral Balance or, in the case of Corporate Rescue Loans of a single Obligor, the Aggregate Collateral Balance of such Corporate Rescue Loans exceeding 2.0 per cent. of the Aggregate Collateral Balance, in each case, shall also be treated as Defaulted Obligations); (ii) save in the case of (f) above, a Collateral Debt Obligation which is a Current Pay Obligation shall not constitute a Defaulted Obligation; and (iii) 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.

**"Defaulting Hedge Counterparty"** means a Hedge Counterparty which is either:

- (a) the "Defaulting Party" in respect of an "Event of Default" (each as such terms are defined in the applicable Hedge Agreement); or
- (b) the sole "Affected Party" in respect of either:
  - (i) a "Tax Event Upon Merger"; or

- (ii) an "Additional Termination Event" as a result of such Hedge Counterparty failing to comply with the requirements of the Rating Agencies in the event that it (or, as relevant, its guarantor) is subject to a rating withdrawal or downgrade by the Rating Agencies to below the applicable Rating Requirement,

each such term as defined in the applicable Hedge Agreement.

**"Deferred Interest"** has the meaning given thereto in Condition 6(c) (*Deferral of 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 Obligation"** 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:

- (a) 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
- (b) 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 capitalized 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.

**"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.

**"Directors"** means Atif Kamal and Ciaran Connolly or such person(s) who may be appointed as Director(s) of the Issuer from time to time.

**"Discount Obligation"** means any Collateral Debt Obligation that is not a Discount Obligation Exception and that the Collateral Manager determines:

- (a) in the case of any Floating Rate Collateral Debt Obligations, is acquired by the Issuer for a purchase price of less than 80 per cent. of the Principal Balance of such Collateral Debt Obligation; *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 90 per cent. of the Principal Balance of such Collateral Debt Obligation; or
- (b) in the case of any Fixed Rate Collateral Debt Obligation, is acquired by the Issuer for a purchase price of less than 75 per cent. of the Principal Balance of such Collateral Debt Obligation; *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 85 per cent. of the Principal Balance of such Collateral Debt Obligation,

provided that 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 (i) the discounted portion of such Collateral Debt Obligation and (ii) the non-discounted portion of such Collateral Debt Obligation.

**"Discount Obligation Exception"** 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 provided that such purchased Collateral Debt Obligation:

- (a) is purchased or committed to be purchased within 20 Business Days of the sale of the Original Obligation;
- (b) is purchased at a price not less than 65 per cent. of the Principal Balance thereof;
- (c) the Moody's Rating thereof is equal to or higher than the Moody's Rating of the Original Obligation; and
- (d) is purchased at a price (as a percentage of par) equal to or greater than the sale price of the sold Original Obligation,

*provided that:*

- (i) to the extent the Aggregate Principal Balance of Collateral Debt Obligations which constitute Discount Obligation Exceptions acquired by the Issuer on or after the Issue Date exceeds 10 per cent. of the Target Par Amount, such excess will not constitute Discount Obligation Exceptions (and for the avoidance of doubt, such excess will instead constitute Discount Obligations);
- (ii) to the extent the Aggregate Principal Balance of all Collateral Debt Obligations which constitute Discount Obligation Exceptions held by the Issuer as of the relevant date of determination exceeds 5.0 per cent. of the Aggregate Collateral Balance, such excess will not constitute Discount Obligation Exceptions (and for the avoidance of doubt, such excess will instead constitute Discount Obligations); and
- (iii) such Collateral Debt Obligation will cease to be a Discount Obligation Exception (and shall not constitute a Discount Obligation) at such time as the Market Value (expressed as a percentage of par) 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 (i) for a Floating Rate Collateral Debt Obligation, 90 per cent. or (ii) for all other Collateral Debt Obligations, 85 per cent.

**"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 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:

- (a) except as provided in clause (b) below, its country of organisation or incorporation; or
- (b) 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).

**"DTC"** means The Depository Trust Company, or any successor thereto or replacement thereof.

**"Due Period"** means (i) with respect to the first Payment Date, the period commencing on and including the Issue Date, to and including the last Business Day of the calendar month preceding the first Payment Date; and (ii) with respect to any other Payment Date, the period commencing on and including the day immediately following the last day of the previous Due Period and ending (a) in the case of the Due Period immediately preceding the Payment Date that is the Redemption Date of any Note, on and including the Business Day preceding such Payment Date and (b) in any other case, on and including the last Business Day of the calendar month preceding such Payment Date.

**"Effective Date"** means the earlier of:

- (a) the date designated for such purpose by the Collateral Manager by prior written notice to the Trustee, the Issuer, the Collateral Administrator and the Rating Agencies pursuant to the Collateral Management Agreement, subject to the Effective Date Determination Requirements being satisfied on that date; and
- (b) 15 December 2014 (or, if such day is not a Business Day, the next following Business Day).

**"Effective Date Determination Requirements"** means, as determined by the Collateral Administrator in consultation with the Collateral Manager as at the Effective Date, 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, and 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 which have not been reinvested may, at the election of the Collateral Manager, 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).

**"Effective Date Moody's Condition"** means a condition satisfied if: (a) the Trustee is provided with an accountants' certificate recalculating and comparing the Effective Date Determination Requirements of the Effective Date Report; and (b) Moody's is provided with the Effective Date Report.

**"Effective Date Rating Event"** means either:

- (a) both:
  - (i) 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 any of the Effective Date Determination Requirements; and
  - (ii) either (i) the failure by the Collateral Manager (acting on behalf of the Issuer) to present a Rating Confirmation Plan to the Rating Agencies or (ii) Rating Agency Confirmation has not been obtained for the Rating Confirmation Plan following a request therefor from the Collateral Manager; or
- (b) the Effective Date Moody's Condition not being satisfied and, following a request therefor from the Collateral Manager after the Effective Date, Rating Agency Confirmation from Moody's 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, the ratio (expressed as a percentage) obtained by dividing (a) an amount equal to the Reinvestment Target Par Amount 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, the Class E Notes and the Class F Notes.

**"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 Markit iBoxx EUR High Yield Index or any other index subject to Rating Agency Confirmation.

**"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) (i) that are acquired, and held in a manner that does not violate the U.S. Tax Procedures set out in the Collateral Management Agreement, and (ii) 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, are 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, the Trustee or the Collateral Manager or an Affiliate of any of them provides services:

- (a) direct obligations of, and obligations the timely payment of principal of and interest under which is fully and expressly guaranteed 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, which, in each case, have a rating of not less than the applicable Eligible Investment Minimum Rating;
- (b) 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;
- (c) subject to receipt of Rating Agency Confirmation related thereto, unleveraged repurchase obligations with respect to:
  - (i) any obligation described in paragraph (a) above; or
  - (ii) 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 (b) 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;
- (d) 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;
- (e) 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;

- (f) offshore funds investing in the money markets rated, at all times, "Aaa-mf" by Moody's and "AAAmF" by Fitch or if not rated "AAAmf" by Fitch, is rated "Aaa-mf" by Moody's and "AAAm" or "AAAm-G" by S&P, provided that any such fund issued shares, units or participations may lawfully be acquired in Ireland; and
- (g) any other investment similar to those described in paragraphs (a) to (f) (inclusive) above:
  - (i) in respect of which Rating Agency Confirmation has been received as to its inclusion in the Portfolio as an Eligible Investment; and
  - (ii) 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 Investments Minimum Rating,

and, in each case, such instrument or investment provides for payment of a pre-determined fixed amount of principal on maturity that is not subject to change 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 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 however that only assets which are "qualifying assets" within the meaning of Section 110 of the Taxes Consolidation Act 1997 as amended of Ireland and which do not give rise to Irish stamp duty (except to the extent that such stamp duty is taken into account in deciding whether to acquire the assets) may constitute Eligible Investments.

**"Eligible Investments Minimum Rating"** means:

- (a) for so long as any Notes rated by Moody's are Outstanding:
  - (i) 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
  - (ii) where such commercial paper or debt obligations have a short-term senior unsecured debt or issuer (as applicable) credit rating from Moody's, such short-term rating is at least "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;
- (b) for so long any Notes rated by Fitch are Outstanding:
  - (i) in the case of Eligible Investments with a Collateral Debt Obligation Stated Maturity of more than 30 days:
    - (A) a long-term senior unsecured debt or issuer (as applicable) credit rating of at least "AA-" from Fitch; or
    - (B) a short-term senior unsecured debt or issuer credit rating of at least "F1+" from Fitch; or
    - (C) such other ratings as confirmed by Fitch; and
  - (ii) in the case of Eligible Investments with a Collateral Debt Obligation Stated Maturity of 30 days or less:

- (A) a long-term senior unsecured debt or issuer (as applicable) credit rating of at least "A" from Fitch; or
- (B) a short-term senior unsecured debt or issuer credit rating of at least "F1" from Fitch; or
- (C) such other ratings as confirmed by Fitch.

**"Eligible Loan Index"** means Credit Suisse Western European Leveraged Loan Index or any other index subject to Rating Agency Confirmation.

**"EMIR"** means the European Market Infrastructure Regulation (Regulation (EU) No. 648 (2012)), including any implementing and/or delegated regulation, technical standards and guidance related thereto as may be amended, replaced or supplemented from time to time.

**"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended.

**"EURIBOR"** means the rate determined in accordance with Condition 6(e) (*Interest on the Floating Rate Notes*) as follows:

- (a) in the case of the initial Accrual Period, a straight line interpolation of the offered rate for 6 month and 9 month Euro deposits;
- (b) in the case of each subsequent Accrual Period:
  - (i) prior to the occurrence of a Frequency Switch Event, the offered rate for three month Euro deposits; and
  - (ii) following the occurrence of a Frequency Switch Event, the offered rate of six month Euro deposits.

**"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.

**"Euroclear Security Agreement"** means a Euroclear security agreement dated on or about the Issue Date between, *inter alios*, the Issuer and the Trustee.

**"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.

**"Excess CCC/Caa Adjustment Amount"** means, as of any date of determination, an amount equal to the greater of zero and:

- (a) the Aggregate Principal Balance of all Collateral Debt Obligations included in the CCC/Caa Excess; *minus*
- (b) the 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.

**"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 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 an account in the name of the Issuer so entitled and held by the Account Bank.

**"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:

- (a) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (the "**Code**") or any associated regulations or other official guidance;
- (b) 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 paragraph (a) above; or
- (c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the IRS, the U.S. government or any governmental or taxation authority in any other jurisdiction.

**"FATCA Compliance"** means compliance with FATCA and any related provisions of law, court decisions, or administrative guidance, including the Issuer entering into and complying with an agreement with the Internal Revenue Service contemplated by Section 1417(b) of the Code or any comparable requirements under the intergovernmental agreement between Ireland and the United States and any implementing legislation thereunder.

**"FATCA Compliance Costs"** means the aggregate cumulative costs of the Issuer of achieving FATCA Compliance, including the fees and expenses of the Collateral Manager and any other agent or appointee appointed by or on behalf of the Issuer in respect of the Issuer's FATCA Compliance.

**"First Lien Last Out Loan"** means a Collateral Debt Obligation that is an interest in a loan, the Underlying Instruments for which (i) may by its terms become subordinate in right of payment to any other obligation of the Obligor of such loan solely upon the occurrence of a default or event of default by the Obligor of such loan and (ii) is secured by a valid perfected first priority security interest or lien in, to or on specified collateral securing the Obligor's obligations under the loan. A First Lien Last Out Loan shall be treated in all cases (other than for the purposes of the Eligibility Criteria) as a Second Lien Loan.

**"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 and Deferring Obligation as at the applicable Measurement Date, the lower of:

- (a) its prevailing Market Value; and
- (b) 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 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 each of the Class B-1 Notes and the Class C-1 Notes.

**"Fixed Rate of Interest"** has the meaning given thereto in Condition 6(e)(iii) (*Calculation of Class B-1 Fixed Amounts and Class C-1 Fixed Amounts*).

**"Floating Rate Collateral Debt Obligation"** means any Collateral Debt Obligation that bears a floating rate of interest.

**"Floating Rate Notes"** means the Class A Notes, the Class B-2 Notes, the Class C-2 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*).

**"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 other related and/or immaterial changes) to a form approved by the Rating Agencies from time to time, provided that such approval shall be deemed to have been so received in respect of any such form approved by the Rating Agencies prior to the Issue Date unless otherwise notified to the Collateral Manager (acting on behalf of the Issuer) by a Rating Agency prior to entering into a new Asset Swap Transaction.

**"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 other related and/or immaterial changes) to a form approved by the Rating Agencies from time to time, provided that such approval shall be deemed to have been so received in respect of any such form approved by the Rating Agencies prior to the Issue Date unless otherwise notified to the Collateral Manager (acting on behalf of the Issuer) by a Rating Agency prior to entering into a new Interest Rate Hedge Transaction.

**"Frequency Switch Event"** means the occurrence of a Determination Date on which, either the Collateral Manager declares in its sole discretion that a Frequency Switch Event has occurred or:

- (a) the Aggregate Principal Balance of all Frequency Switch Obligations in respect of such Determination Date is greater than or equal to 20.0 per cent. of the Aggregate Collateral Balance;
- (b) for so long as any of the Class A Notes or Class B Notes remain Outstanding, the ratio (expressed as a percentage) obtained by dividing:
  - (i) the sum of:

- (A) the aggregate of scheduled and projected interest and principal payments (and any commitment fees in respect of any Revolving Obligations or Delayed Drawdown Collateral Debt Obligations) which will be due to be paid on each Collateral Debt Obligation during the immediately following Due Period (which, in the case of each Non-Euro Obligation, to the extent that an Asset Swap Agreement is in place, shall be converted into Euro at the Applicable Exchange Rate for the related Asset Swap Transaction and, to the extent that no Asset Swap Agreement is in place, shall be converted into Euro at the Spot Rate); and
  - (B) the Balance standing to the credit of the Interest Smoothing Account on such Determination Date; by
  - (ii) the scheduled Interest Amounts which will fall due on the Class A Notes and the Class B Notes on the second Payment Date following such Determination Date,
- is less than 120.0 per cent.; and
- (c) for so long as any of the Class A Notes or Class B Notes remain Outstanding, the sum of:
    - (i) the amount determined pursuant to paragraph (b)(i) above; and
    - (ii) the aggregate of scheduled and projected interest payments (and any commitment fees in respect of Revolving Obligations or Delayed Drawdown Collateral Debt Obligations) which will be accrued but not yet paid as at the Business Day being three months following such Determination Date in respect of each Frequency Switch Obligation (which, in the case of each Non-Euro Obligation, to the extent that an Asset Swap Agreement is in place, in the case of each Non-Euro Obligation shall be converted into Euro at the Applicable Exchange Rate for the related Asset Swap Transaction and, to the extent that no Asset Swap Agreement is in place, shall be converted into Euro at the Spot Rate),
- is equal to or greater than the amount determined pursuant to paragraph (b)(ii) above,
- with the projected interest amounts described above being calculated in respect of such Determination Date on the basis of the following assumptions:
- (X) in respect of each Floating Rate Collateral Debt Obligation, projected interest payable on such Floating Rate Collateral Debt Obligation on each future payment date thereunder during the immediately following Due Period shall be determined based on the applicable base rate and applicable margin pursuant to the relevant Underlying Instrument as determined as at such Determination Date;
  - (Y) the frequency of interest payments on each Collateral Debt Obligation shall not change following such Determination Date; and
  - (Z) EURIBOR for the purposes of calculating Interest Amounts in respect of the Class A Notes and the Class B-1 Notes at all times following such Determination Date shall be equal to EURIBOR as determined as at such Determination Date.

**"Frequency Switch Obligation"** mean, in respect of a Determination Date (1), a Collateral Debt Obligation which has become a Semi-Annual Obligation during the Due Period related to such Determination Date as a result of a switch in the frequency of interest payments on such Collateral Debt Obligation occurring during such Due Period in accordance with the applicable Underlying Instrument or (2) a Collateral Debt Obligation which is a Semi-Annual Obligation which the Issuer has entered into a binding commitment to purchase during the Due Period related to such Determination Date.

**"FTT"** means the financial transaction tax to be adopted in certain participating EU member states (including Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain) pursuant to the proposals, including a draft Directive, issued by the European Commission on 14 February 2013.

**"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 Exchange Market"** means the Global Exchange Market of the Irish Stock Exchange.

**"Hedge Agreement"** means any Interest Rate Hedge Agreement or any 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 interest bearing account (or accounts) of the Issuer with the Account Bank into which Hedge Termination Receipts and Hedge Replacement Receipts shall be paid, which account (or accounts) shall be maintained in each relevant currency in relation to the Asset Swap Transactions.

**"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.

**"Holder FATCA Information"** means information and documentation requested by the Issuer (or an Intermediary or agent of the Issuer) to be provided by the Noteholders that is in the reasonable determination of the Issuer (or Intermediary or agent of the Issuer) is required to be requested under FATCA.

**"High Yield Bond"** means a debt security other than a Secured Senior Bond which, on acquisition by the Issuer, is rated below BBB- by Fitch or equivalent 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 value added tax) pursuant to the Collateral Management Agreement in an amount, as determined by the Collateral Administrator, equal to the amount specified at paragraph (CC) of the Interest Proceeds Priority of Payments, paragraph (S) of the Principal Proceeds Priority of Payments, paragraph (C) of the Collateral Enhancement Obligation Proceeds Priority of Payments and paragraph (Z) 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 (determined as of such Payment Date after giving effect to all payments in respect of the Subordinated Notes to be made on such Payment Date) if the Subordinated Notes Outstanding have received an IRR of least 12 per cent. on the Principal Amount Outstanding of the Subordinated Notes on the Issue Date (or, in the case of Subordinated Notes issued pursuant to Condition 17 (*Further Issuances*), the date of issuance thereof), and assuming for such purpose that all Subordinated Notes were purchased at a price equal to 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, or events relating to, the Obligor, including but not limited to a debt issuance, dividend payment, share purchase, merger, acquisition or divestiture, unless, as of any date of determination, such action was taken or such event has occurred, in each case the effect of which causes such covenant to meet the criteria of a Maintenance Covenant.

**"Initial Investment Period"** means the period from, and including, the Issue Date to, but excluding, the Effective Date.

**"Initial Purchaser"** means Barclays Bank PLC.

**"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 an interest bearing account described as such in the name of the Issuer with the Account Bank into which Interest Proceeds are to be paid.

**"Interest Amount"** means in respect of a Class of Notes:

- (a) 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 Amounts*) and, 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-1 Fixed Amount and Class C-1 Fixed Amounts*); and
- (b) in the case of the Subordinated Notes, the amount calculated by the Collateral Administrator in accordance with Condition 6(f) (*Interest Proceed in Respect of Subordinated Notes*).

**"Interest Coverage Amount"** means, on any particular Measurement Date (without double counting), the sum of:

- (a) the Balance standing to the credit of the Interest Account;
- (b) *plus* the scheduled interest payments (and any commitment fees due but not yet received in respect of any Revolving Obligations or Delayed Drawdown Collateral Debt Obligations), all amendment and waiver fees, all late payment fees, all syndication fees, delayed compensation and all other fees and commissions due but not yet received in respect of Collateral Debt Obligations and Eligible Investments but only to the extent not representing Principal Proceeds (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 and *excluding*:
  - (i) accrued and unpaid interest on Defaulted Obligations (excluding all Current Pay Obligations, irrespective of the limitation in the Portfolio Profile Tests);
  - (ii) 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;

- (iii) any amounts, to the extent that such amounts if not paid, will not give rise to a default under the relevant Collateral Debt Obligation;
- (iv) any amounts expected to be withheld at source or otherwise deducted in respect of taxes (including for the avoidance of doubt as a result of FATCA);
- (v) any scheduled interest payments as to which the Issuer or the Collateral Manager has actual knowledge that such payment will not be made; and
- (vi) any Purchased Accrued Interest,

provided that, in respect of a Non-Euro Obligation (i) that is an Asset Swap Obligation, this paragraph (b) shall be deemed to refer to the related Scheduled Periodic Asset Swap Counterparty Payment, subject to the exclusions set out above and (ii) that is an Unhedged Collateral Debt Obligation, the amount taken into account for this paragraph (b) shall be an amount equal to (X) if such Unhedged Collateral Debt Obligation, has been an Unhedged Collateral Debt Obligation for less than six months since its acquisition date 85 per cent. of the scheduled payments referred to in (b) above (subject to the exclusions set out above), converted into Euro at the then prevailing Spot Rate, and (Y) otherwise zero;

- (c) *minus* the amounts payable pursuant to paragraphs (A) through to (F) of the Interest Priority of Payments on the following Payment Date;
- (d) *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;
- (e) *plus* any amounts that would be payable from the Expense Reserve Account, the Interest Smoothing Account and/or the Asset Swap Account to the Interest Account in the Due Period relating to such Measurement Date (without double counting any such amounts which have been already transferred to the Interest Account);
- (f) *plus* any Scheduled Periodic Hedge Counterparty Payments payable to the Issuer under any Hedge Transaction (as determined by the Issuer with the reasonable assistance of the Collateral Manager) to the extent not already included in accordance with (b) above; and
- (g) *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 (b)(ii) or (iii) above).

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, the Class D Interest Coverage Ratio or the Class E Interest Coverage Ratio (as applicable) and **Interest Coverage Ratios** means any two or more of them as the context so requires. 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, the Class D Interest Coverage Test or the Class E Interest Coverage Test (as applicable) and **Interest Coverage Tests** means any two or more of them as the context so requires.

**"Interest Determination Date"** means the second Business Day prior to the commencement of each Accrual Period.

**"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*).

**"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 Transaction or any permitted assignee or successor thereto under the terms of the related Interest Rate Hedge Transaction 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) upon the date of entry into such agreement (or in respect of which Rating Agency Confirmation has been obtained on such date).

**"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, in each case, entered into under an Interest Rate Hedge Agreement.

**"Interest Smoothing Account"** means the account described as such in the name of the Issuer with the Account Bank to which the Issuer will procure amounts are deposited in accordance with Condition 3(j)(xv) (*Interest Smoothing Account*).

**"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 product of:

- (a) 0.5; multiplied by
- (b) an amount equal to:

- (i) the sum of all payments of interest received during the related Due Period in respect of each Semi-Annual Obligation; *minus*
- (ii) the sum of all payments of interest scheduled to be received during the immediately following Due Period in respect of each Semi-Annual Obligation,

*provided that* (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 is less than or equal to 5.0 per cent. of the Aggregate Collateral Balance, such amount shall be deemed to be zero.

**"Intermediary"** means any financial institution through which payments on the Notes are made.

**"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 100 per cent. collateralised by such lenders.

**"Investment Company Act"** means the United States Investment Company Act of 1940, as amended.

**"Irish Stock Exchange"** means the Irish Stock Exchange plc.

**"IRR"** means, for purposes of the Incentive Collateral Management Fee, with respect to each Payment Date and the Subordinated Notes issued on the Issue Date, the rate of return that would result in a net present value of zero, assuming (i) an aggregate purchase price equal to the initial aggregate Principal Amount Outstanding of the Subordinated Notes issued on the Issue Date (or, in the case of Subordinated Notes issued pursuant to Condition 17 (*Further Issuances*), the date of issuance thereof) multiplied by the Subordinated Notes Initial Offer Price Percentage as the initial negative cash flow on the Issue Date and all payments on such Subordinated Notes on such and each prior Payment Date as positive cash flows, (ii) the initial date for calculation as of the Issue Date, and (iii) the number of days to each Payment Date from the Issue Date is calculated on the basis of the actual number of days in each such period and a 365-day year.

**"IRS"** means the United States Internal Revenue Service or any successor thereto.

**"ISDA"** means the International Swaps and Derivatives Association, Inc.

**"Issue Date"** means 16 June 2014 (or such other date as may shortly follow such date as may be agreed between the Issuer and the Initial Purchaser and is notified to the Trustee, the Collateral Administrator and the Noteholders in accordance with Condition 16 (*Notices*) and the Irish Stock Exchange).

**"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.

**"Issuer Fee"** means the payment on each Payment Date of EUR250, or, following the occurrence of a Frequency Switch Event, of EUR500, to the Issuer as a fee for entering into the transaction.

**"Issuer Irish Account"** means the account in the name of the Issuer in which the Issuer's shares capital and any Issuer Fees will be held.

**"Mandatory Redemption"** means a redemption of the Notes pursuant to and in accordance with Condition 7(c) (*Mandatory Redemption upon Breach of Coverage Tests*).

**"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.

**"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):

- (a) the bid price determined by an independent recognised pricing service; or
- (b) if such independent recognised pricing service is not available, the mean of the bid prices (in the case of any High Yield Bond or PIK Obligation, excluding accrued interest) determined by three independent broker-dealers active in the trading of such Collateral Debt Obligations; or
- (c) if three such broker-dealer prices are not available, the lower of the bid side prices (in the case of any High Yield Bond or PIK Obligation, excluding accrued interest) determined by two such broker-dealers; or
- (d) if two such broker-dealer prices are not available, the bid side price (in the case of any High Yield Bond or PIK Obligation, 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 (e)(ii) hereafter would be lower); or
- (e) if the determinations of such broker-dealers or independent recognised pricing service are not available, then the lower of:
  - (i) the higher of (x) the Moody's Recovery Rate of such Collateral Debt Obligation; (y) the Fitch Recovery Rate of such Collateral Debt Obligation and (z) 70 per cent. of such Collateral Debt Obligation's Principal Balance; and
  - (ii) the fair market value thereof determined by the Collateral Manager exercising reasonable commercial judgment consistent with the manner in which it would determine the market value of an asset for purposes of other funds or accounts managed by it, in each case, as notified to the Collateral Administrator on the date of determination thereof,

*provided however that:*

- (i) for 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
- (ii) if the Collateral Manager is not subject to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 (or other comparable regulation), where the Market Value is determined by the Collateral Manager in accordance with (e)(ii) above, such Market Value 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 Date"** means 15 July 2027 (or if such date is not a Business Day, the next following Business Day).

**"Measurement Date"** means:

- (a) the Effective Date;
- (b) 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, which 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;
- (c) for the purposes of determining whether a Retention Deficiency has occurred, any Business Day;

- (d) the date of acquisition of any additional Collateral Debt Obligation following the Effective Date;
- (e) each Determination Date;
- (f) the date as at which any Report is prepared; and
- (g) following the Effective Date, with reasonable (and not less than five Business Days') notice, any Business Day requested by any Rating Agency then rating any Class of Notes then 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 business judgment, or a Participation therein.

**"Minimum Denomination"** means:

- (a) in the case of the Regulation S Notes of each Class, €100,000; and
- (b) in the case of the Rule 144A Notes of each Class, €250,000.

**"Minimum Weighted Average Fixed Coupon 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 secured website currently located at <https://gctinvestorreporting.bnymellon.com> which shall be accessible to the Issuer, the Trustee, the Collateral Manager, the Hedge Counterparties and the Rating Agencies and to any Noteholder by way of a unique password which, in the case of each Noteholder may be obtained from the Collateral Administrator subject to receipt by the Collateral Administrator of certification that such holder is a holder of a beneficial interest in any Notes and which shall include information regarding the status of certain of the Collateral pursuant to the Collateral Management Agreement.

**"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:

- (a) for each Defaulted Obligation on or after the earlier to occur of (x) the date which falls 90 days after the Collateral Debt Obligation becomes a Defaulted Obligation 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, the lower of:
  - (i) its prevailing Market Value, multiplied by its Principal Balance; and
  - (ii) the relevant Moody's Recovery Rate, multiplied by its Principal Balance; or
- (b) in the case of any other applicable Collateral Debt Obligation, the relevant Moody's Recovery Rate multiplied by its Principal Balance,

provided that if the Market Value cannot be reasonably determined, the Market Value shall be deemed to be for this purpose the relevant Moody's Recovery Rate multiplied by its Principal Balance.

**"Moody's Rating"** has the meaning given to it in the Collateral Management Agreement.

"**Moody's Test Matrix**" has the meaning given to it in the Collateral Management and Administration Agreement.

"**Non-Call Period**" means the period from and including the Issue Date up to, but excluding, the Business Day falling on or around 15 July 2016 (or if such date is not a Business Day, the next following Business Day).

"**Non-Eligible Issue Date Collateral Debt Obligation**" has the meaning given thereto in the Collateral Management Agreement.

"**Non-Emerging Market Country**" means any of Austria, Belgium, Canada, the Channel Islands, Denmark, Finland, France, Germany, Iceland, Republic of Ireland, Italy, Liechtenstein, Luxembourg, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom or United States and any other country, the foreign currency issuer credit rating of which is rated, 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 Obligation**" means any Collateral Debt Obligation, or part thereof, as applicable, denominated in a currency other than Euro.

"**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.

"**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:

- (a) *firstly*, to the redemption of the Class A Notes (on a *pro rata* and *pari passu* basis) at the applicable Redemption Price in whole or in part until the Class A Notes have been fully redeemed;
- (b) *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;
- (c) *thirdly*, to the redemption of the Class C Notes including any Deferred Interest thereon (on a *pro rata* and *pari passu* basis) at the applicable Redemption Price in whole or in part until the Class C Notes have been fully redeemed;
- (d) *fourthly*, to the redemption of the Class D Notes including any Deferred Interest thereon (on a *pro rata* and *pari passu* basis) at the applicable Redemption Price in whole or in part until the Class D Notes have been fully redeemed;
- (e) *fifthly*, to the redemption of the Class E Notes including any Deferred Interest thereon (on a *pro rata* and *pari passu* basis) at the applicable Redemption Price in whole or in part until the Class E Notes have been fully redeemed; and
- (f) *sixthly*, to the redemption of the Class F Notes including any Deferred Interest thereon (on a *pro rata* and *pari passu* 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 Tax Event"** means, at any time:

- (a) 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 Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and/or the Subordinated Notes by or on behalf of the Issuer becoming properly subject to any withholding tax other than:
  - (i) a payment in respect of Deferred Interest becoming properly subject to any withholding tax;
  - (ii) withholding tax in respect of FATCA; and
  - (iii) by reason of the failure by the relevant Noteholder to comply with any 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; or
- (b) United Kingdom or U.S. state or federal tax authorities impose net income, profits or similar tax upon the Issuer in an amount in excess of €1,000 per annum.

**"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.

**"On-going Expense Excess Amount"** means, on any Payment Date, an amount equal to the excess, if any, of (i) the sum of the Senior Expenses Cap and the Balance of the Expense Reserve Account as of the immediately preceding Determination Date, over (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.

**"On-going Expense Reserve Amount"** means, an amount equal to the lesser of (i) the On-going Expense Reserve Ceiling and (ii) the On-going Expense Excess Amount.

**"On-going Expense Reserve Ceiling"** means, on any Payment Date, the excess, if any, of €500,000 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 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 and not redeemed or otherwise repaid or cancelled, 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).

**"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 non-interest bearing account described as such in the name of the Issuer held with the Account Bank to which amounts shall be transferred by the Account Bank on the instructions of the Collateral Administrator on the Business Day prior to each Payment Date out of certain of the other Accounts in accordance with Condition 3(i) (*Accounts*) out of which the amounts required to be paid on each Payment Date pursuant to the Priorities of Payments shall be paid.

**"Payment Date"** means:

- (a) 15 January, 15 April, 15 July and 15 October at any time prior to the occurrence of a Frequency Switch Event; and
- (b) 15 January and 15 July (where the Payment Date immediately following the occurrence of a Frequency Switch Event falls in either January or July) or 15 April and 15 October (where the Payment Date immediately following the occurrence of a Frequency Switch Event falls in either April or October), following the occurrence of a Frequency Switch Event,

in each year commencing on 15 January 2015, up to and including the Maturity Date and any Redemption Date 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 prepared by the Collateral Administrator (in consultation with the Collateral Manager) on behalf of the Issuer and made available via a secured website currently located at <https://gctinvestorreporting.bnymellon.com> which shall be accessible to the Issuer, the Trustee, the Collateral Manager, the Hedge Counterparties, any holder of a beneficial interest in any Note (upon written request of such holder) and the Rating Agencies by way of a unique password which, in the case of each Noteholder, may be obtained from the Collateral Administrator subject to receipt by the Collateral Administrator of certification that such holder is a holder of a beneficial interest in any Notes, not later than the Business Day preceding the related Payment Date.

**"Permitted Use"** means, with respect to: (a) any Contribution received into the Contributions Account or (b) the net proceeds of an additional issuance pursuant to which only additional Subordinated Notes were issued, 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 through a tender offer, in the open market, or in privately negotiated transaction(s)

in accordance with Condition 7(k) (*Purchase*) (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 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 which is a security, the terms of which permit the deferral of the payment of interest thereon (excluding (i) any Collateral Debt Obligation which permits such deferral only upon unavailability of proceeds for the obligor to make such payments or (ii) any Collateral Debt Obligation in respect of which less than 50 per cent. of the interest payable thereon may be so deferred), 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 Obligations, Exchanged Security, Eligible Investments and other similar obligations or securities held by or on behalf of the Issuer from time to time.

**"Portfolio Company"** means any company that is controlled by the Collateral Manager, an Affiliate thereof, or an account, fund, client or portfolio established and controlled by the Collateral Manager or an Affiliate thereof.

**"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*)):

- (a) is a Business Day;
- (b) 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
- (c) is a Business Day in which the account specified by the payee is open.

**"Primary Market"** means, in respect of a Collateral Debt Obligation, the Issuer (or the Collateral Manager on the Issuer's behalf) entered into a binding commitment to purchase such Collateral Debt Obligation within six months of the date of issue of such Collateral Debt Obligation and in the case of a Collateral Debt Obligation which is a Restructured Obligation, within six months of the relevant Restructuring Date.

**"Principal Account"** means the interest bearing account described as such in the name of the Issuer with the Account Bank.

**"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 and the Class F 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 and the Class F 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 (i) subject to paragraph (e) below, with respect to any Exchanged Security and any Collateral Enhancement Obligation, zero; (ii) with respect to cash, the amount of such cash, provided that if such cash amount is in a currency other than Euro it will be converted into Euro at the



Applicable Exchange Rate; and (iii) with respect to any Collateral Debt Obligation or Eligible Investment, 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:

- (a) 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;
- (b) the Principal Balance of any Non-Euro Obligation shall be:
  - (i) in the case of an Asset Swap Obligation, the Euro notional amount of the Asset Swap Transaction entered into in respect thereof; or
  - (ii) in the case of an Unhedged Collateral Debt Obligation:
    - (A) if such Unhedged Collateral Debt Obligation and has been an Unhedged Collateral Debt Obligation for less than six months since its acquisition date, the product of (i) 50 per cent. of the principal amount of such Unhedged Collateral Debt Obligation and (ii) the prevailing Spot Rate; and
    - (B) in respect of any other Unhedged Collateral Debt Obligation, zero;
- (c) 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 its Fitch Collateral Value unless and until a Fitch 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 its Moody's Collateral Value and its Fitch Collateral Value; and
- (d) the Principal Balance of Defaulted Obligations shall be excluded for the purposes of calculating the Collateral Quality Tests; and
- (e) for the purposes of calculating the Aggregate Collateral Balance for the purposes of determining compliance with the Retention Requirements, including whether a Retention Deficiency has occurred, the Principal Balance of any Exchanged Security or any other obligation which does not constitute a Collateral Debt Obligation (other than any Collateral Enhancement Obligation) shall be:
  - (i) in the case of a debt obligation or security, the principal amount outstanding of such obligation;
  - (ii) in the case of an equity security received upon a "debt for equity swap" in relation to a restructuring, the nominal value shall equal the principal amount outstanding of the debt which was swapped for the equity securities; and
  - (iii) in the case of any other equity securities, the nominal value thereof as reasonably determined by the Collateral Manager.

**"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 Principal Proceeds*).

**"Priorities of Payments"** means:

- (a) 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, 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;
- (b) 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, 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
- (c) in the case of Collateral Enhancement Obligation Proceeds, the Collateral Enhancement Obligation Proceeds Priority of Payments set out in Condition 3(c)(iii) (*Application of Collateral Enhancement Obligation Proceeds*).

**"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 purchased at the time of the acquisition thereof with Principal Proceeds and/or amounts paid out of the Unused Proceeds Account. Any accrued interest on Collateral Debt Obligations which the Issuer is paying to the Warehouse Providers on the Issue Date in accordance with the Warehouse Arrangements shall also constitute Purchased Accrued Interest when such interest amounts are received by the Issuer in respect of such Collateral Debt Obligations.

**"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, The Netherlands, 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 "Baa2" or "P-2" by Moody's and "AA-" 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, Norwegian Krone, Swedish Krona, Swiss Francs, or such other currency in respect of which Rating Agency Confirmation from Moody's is received.

**"Rated Notes"** means each of 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 or, if Fitch and/or Moody's cease to provide rating services, shall mean any other internationally recognised investment rating agency or rating agencies (as applicable) selected by the Issuer (subject to the approval of the Controlling Class, acting by Ordinary Resolution) (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 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:

- (a) in the case of the Account Bank, Principal Paying Agent and any Hedge Counterparty:
  - (i) a long-term issuer default rating of at least "A" by Fitch and a short-term issuer default rating of at least "F1" by Fitch; and
  - (ii) a long-term senior unsecured issuer credit rating of at least "A3" by Moody's and a short-term issuer default rating of at least "P-1" by Moody's;
- (b) in the case of the Custodian or any sub-custodian appointed thereby:
  - (i) a long-term issuer default rating of at least "A" by Fitch and a short-term issuer default rating of at least "F1" by Fitch; and

- (ii) a long-term senior unsecured issuer credit rating of at least "A3" by Moody's and a short-term issuer default rating of at least "P-1" by Moody's;
- (c) 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 set forth in the Collateral Management Agreement; or
- (d) in each case, if any of the requirements described in this definition 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.

"**Receiver**" has the meaning given thereto in Condition 10(a)(vi) (*Insolvency Proceedings*).

"**Record Date**" means:

- (a) in the case of Notes represented by Global Certificates, 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; and
- (b) in the case of Notes represented by Definitive Certificates, the fifteenth 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 (*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:

- (a) any Subordinated Note, such Subordinated Note's *pro rata* share (calculated in accordance with paragraph (CC) of Condition 3(c)(i) (*Application of Interest Proceeds*), paragraph (S) of Condition 3(c)(ii) (*Application of Principal Proceeds*), paragraphs (B) and (C) of Condition 3(c)(iii) (*Application of Collateral Enhancement Obligation Proceeds*) and paragraph (Z) 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; and
- (b) any Class A Note, Class B 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.

"**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 (2) of Condition 6(e)(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 are not Administrative Expenses and 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 which shall be maintained by the Registrar outside the United Kingdom and Ireland.

**"Regulation S"** means Regulation S under the Securities Act.

**"Regulation S Notes"** means the Notes offered for sale to non-U.S. Persons outside of the United States in reliance on Regulation S.

**"Reinvestment Criteria"** has the meaning given to it in the Collateral Management Agreement.

**"Reinvestment Overcollateralisation 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 Collateral Principal Amount 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, the Class E Notes and the Class F Notes.

**"Reinvestment Overcollateralisation Test"** means the test which will apply as of any Measurement Date on and after the Effective Date and during the Reinvestment Period which will be satisfied on such Measurement Date if the Reinvestment Overcollateralisation Ratio is at least equal to 105.58 per cent.

**"Reinvestment Period"** means the period from and including the Issue Date up to and including the earliest of: (i) 15 July 2018 (or if such date is not a Business Day, the next following 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, 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 notifies 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 minus: (i) the amount of any reduction in the Principal Amount Outstanding of the Notes (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.

**"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.

**"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 of 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 the Class A Notes is withdrawn (and not reinstated) or is one or more sub-categories below its rating on the Issue Date,

*provided* that in each case such period shall not constitute a Restricted Trading Period if:

- (i) the Class A Notes are no longer outstanding;
- (ii) the Controlling Class, acting by way of Ordinary Resolution has agreed to waive the Restricted Trading Period unless and until the earlier of: (A) a further downgrade or withdrawal of such Moody's Rating or Fitch Rating, as applicable, that, notwithstanding such waiver, would trigger a Restricted Trading Period under paragraph (a) or (b) above; and (B) the Controlling Class, acting by way of an Ordinary Resolution, has subsequently declared that such period shall be a Restricted Trading Period; or
- (iii) during such period: (A) the Aggregate Collateral Balance is equal to or greater than the Reinvestment Target Par Amount; (B) each Collateral Quality Test is satisfied; and (C) each of the applicable Coverage Tests is satisfied.

For the avoidance of doubt, 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 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"** means the Subordinated Notes held by the Retention Holder with a Principal Amount Outstanding equal to not less than five per cent. of the Target Par Cap.

**"Retention Deficiency"** means, as of any date of determination, an event which occurs when five per cent. of the Aggregate Collateral Balance is in excess of the Retention.

**"Retention Holder"** means Oaktree Capital Management (UK) LLP in its capacity as retention holder or any successor, assign or transferee to the extent permitted under the Risk Retention Letter and the Retention Requirements and notified in writing to the Trustee, the Collateral Administrator and the Issuer.

**"Retention Requirements"** means together, the CRR Retention Requirements and the AIFMD Retention Requirements.

**"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.

**"Risk Retention Letter"** means the letter to be entered into between the Issuer, the Retention Holder, the Collateral Administrator, the Trustee and Barclays Bank PLC in its capacity as Arranger dated on or about the Issue Date (as may be amended, supplemented or replaced in accordance with the Risk Retention Requirements).

**"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 Standard & Poor's Ratings Services, a division of the McGraw Hill Companies, Inc. and any successor or successors thereto.

**"Sale Proceeds"** means:

- (a) all proceeds received upon the sale of any Collateral Debt Obligation (save for any Asset Swap Obligation) 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: (i) Purchased Accrued Interest; or (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; or (iii) proceeds that represent deferred interest accrued in respect of any PIK Obligation; or (iv) 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 Obligation or Exchanged Security;
- (b) 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 (a) 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
- (c) in the case of any Collateral Enhancement Obligation, all proceeds and any fees received upon the sale of such Collateral Enhancement Obligation,

in each case net of any amounts expended by or payable by the Issuer 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:

- (a) in the case of any Collateral Debt Obligation, scheduled principal repayments received by the Issuer (including scheduled amortisation, instalment or sinking fund payments); and
- (b) 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 Secured Senior 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 Trustee, the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Subordinated Noteholders, the Initial Purchaser, the Collateral Manager, any Receiver or other Appointee, the Agents, each Hedge Counterparty, each Reporting Delegate and the Administrator and **"Secured Parties"** means any two or more of them as the context so requires.

**"Secured Senior 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 Secured Senior Loan) as determined by the Collateral Manager in its reasonable business judgment, or a Participation therein, provided that:

- (a) it is secured (i) by assets of the Obligor 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 (ii) by 80.00 per cent. of the equity interests in the shares of an entity owning, either directly or indirectly, such assets; and
- (b) no other obligation of the Obligor has any higher priority security interest in such assets or shares referred to in (a) 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 the borrower 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.

**"Secured Senior 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 business judgment or a Participation therein, provided that:

- (a) it is secured (i) by assets of the Obligor 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 (ii) by 80.00 per cent. of the equity interests in the shares of an entity owning, either directly or indirectly, such assets; and
- (b) no other obligation of the Obligor has any higher priority security interest in such assets or shares referred to in (a) 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 the borrower 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.

**"Secured Senior RCF Percentage"** means in relation to a Secured Senior Bond or a Secured Senior Loan, 15 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.

**"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 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, in respect of each Payment Date, 0.15 per cent. per annum of the Aggregate Collateral Balance as at the beginning of the Due Period immediately preceding such Payment Date (exclusive of any value added tax) (calculated on the basis of a 360 day year and the actual number of days elapsed in such Due Period).

**"Senior Expenses Cap"** means, in respect of each Payment Date and the Due Period in respect of each Payment Date the sum of:

- (a) €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
- (b) 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 the Payment Date in respect of such Due Period,

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 excess 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 Secured Senior Loan, an Unsecured Senior Obligation or a Second Lien Loan.

**"Similar Law"** means any federal, state, local or non-U.S. 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. law that is similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code.

**"Solvency II"** means 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.

**"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 on the date of calculation.

**"Step-Up Coupon Security"**, means a security 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 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, in respect of each Payment Date, 0.35 per cent. per annum of the Aggregate Collateral Balance as at the beginning of the Due Period immediately preceding such Payment Date as determined by the Collateral Administrator (exclusive of any value added tax) (calculated on the basis of a 360 day year and the actual number of days elapsed in such Due Period).

**"Subordinated Noteholders"** means the holders of any Subordinated Notes from time to time.

**"Subordinated Notes Initial Offer Price Percentage"** means 100 per cent.

**"Subscription Agreement"** means the subscription agreement between the Issuer and the Initial Purchaser dated as of 16 June 2014.

**"Substitute Collateral Debt Obligation"** means a Collateral Debt Obligation purchased in substitution for 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.

**"Target Par Amount"** means €365,312,190.

**"Target Par Cap"** means €375,000,000, provided that upon the issuance of any additional Notes pursuant to Condition 17 (*Additional Issuances*), such amount shall be increased by the Principal

Amount Outstanding of such additional Notes, or, if greater, the aggregate amount of the Principal Proceeds that result from the issuance of such additional Notes.

**"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).

**"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 thereof over the greater of (a) the purchase price (inclusive of transfer costs) paid by or on behalf of the Issuer for such Collateral Debt Obligation and (b) the principal balance of such Collateral Obligation as determined at the time of such repayment, prepayment, redemption or sale thereof, in each case net of (i) any expenses incurred in connection with any such repayment, prepayment, redemption or sale thereof and (ii) any accrued (but uncapitalised) interest included in any Sale Proceeds (if applicable).

**"Transaction Documents"** means the Trust Deed (including these Conditions), the Agency Agreement, the Subscription Agreement, the Euroclear Security Agreement, the Collateral Management Agreement, any Hedge Agreements, the Risk Retention Letter, the Collateral Acquisition Agreements, the Participation Agreements, the Administration Agreement, the Deed of 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 all other amounts payable to the Trustee or any Appointee pursuant to the Trust Deed or any other Transaction Document from time to time plus any applicable value added tax thereon payable under the Trust Deed or any other Transaction Document, including indemnity payments and any fees, costs, charges and expenses 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 of the Issuer established and maintained with the Account Bank pursuant to the Agency Agreement, amounts standing to the credit of which, subject to certain conditions, may be used to fund in full the amount of any unfunded commitments or unfunded liabilities from time to time, in relation to Delayed Drawdown Collateral Debt Obligations and Revolving Obligations.

**"Unhedged Collateral Debt Obligation"** means a Non-Euro Obligation which is not the subject, at the time of determination, of an Asset Swap Transaction.

**"Unhedged Fixed Rate Collateral Debt Obligation"** means Fixed Rate Collateral Debt Obligations, the Aggregate Principal Balance of which exceeds the notional amount of any Interest Rate Hedge Transactions that are interest rate swaps whereby the Issuer pays a series of fixed amounts in exchange for a series of payments determined on the basis of EURIBOR plus an applicable spread.

**"Unscheduled Principal Proceeds"** means (a) with respect to any Collateral Debt Obligation (other than an Asset Swap Obligation), principal proceeds 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.

**"Unsecured Senior Obligation"** means a Collateral Debt Obligation that:

- (a) is a loan obligation senior to any unsecured, subordinated obligation of the Obligor as determined by the Collateral Manager in its reasonable business judgment; and
- (b) is not secured (i) 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 (ii) by 80.00 per cent. of the equity interests in the shares of an entity owning such fixed assets.

**"Unused Proceeds Account"** means an interest bearing account described as such in the name of the Issuer with the Account Bank.

**"U.S. Dollars"**, or **"U.S.\$"**, means United States dollars, being the lawful currency of the United States of America.

**"U.S. Person"** means a "U.S. person" as such term is defined under Regulation S.

**"Warehouse Arrangements"** means the financing arrangement entered into by the Issuer prior to the Issue Date to finance the acquisition of Collateral Debt Obligations prior to the Issue Date.

**"Weighted Average Fixed Rate Coupon"** 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.

**"Weighted Average Spread"** 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 (i) global, certificated, fully registered form, without interest coupons, talons and principal receipts attached or (ii) definitive, 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. A Global Certificate or Definitive Certificate (as applicable) will be issued to each Noteholder in respect of its registered holding of Notes. Each Definitive 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.

### (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.

(c) ***Transfer***

In respect of Notes represented by a Definitive Certificate, one or more such Notes 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(s) 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. In the case of a transfer of part only of a holding of Notes represented by one 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.

Interests in a Global Certificate will be transferable 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, 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 Notes and Global Certificates or Definitive Certificates (as applicable) representing such Notes in accordance with these Conditions of the Notes on registration or transfer will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

(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 (after consultation with the Trustee and 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 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 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. 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 sale pursuant to FATCA***

The Issuer may force the sale of a Noteholder's Notes in order to comply with FATCA, including Notes held by a Noteholder (which may include a nominee or beneficial owner of a Note for these purposes) that fails to provide Holder FATCA Information or if the Issuer otherwise reasonably determines that a Noteholder's acquisition or holding of an interest in such a Note would cause the Issuer to be unable to comply with FATCA (such Noteholder a "**Non-Permitted FATCA Holder**") (and such sale could be for less than its then fair market value). For these purposes, the Issuer shall have the right to sell a Noteholder's interest in its Notes in its entirety notwithstanding that the sale of a portion of such an interest would permit the Issuer to comply with FATCA. If the Issuer is required to force such sale, the Issuer shall require the Noteholder to sell its Notes to a purchaser selected by the Issuer on such terms as the Issuer may choose, subject to the transfer restrictions set out herein. 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 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 from the Noteholder, by its acceptance of an interest in the Notes agrees to cooperate with the Issuer and the Trustee 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 (or any Intermediary) to provide any information required under 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 or Similar Law 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) ***Contributions***

At any time during or after the Reinvestment Period, any Subordinated Noteholder may (i) make a contribution of cash or (ii) 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 Notes in accordance with the Priorities of Payments, to the Issuer (each, a "**Contribution**" and each such Subordinated Noteholder, a "**Contributor**"). The Collateral Manager, on behalf of the Issuer, may accept or reject any Contribution in its reasonable discretion, provided that the Collateral Manager shall reject any Contribution or portion thereof which would result in a Retention Deficiency. 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) 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.

Notwithstanding the above, so long as any Class of Notes is represented by a Global Certificate, Contributions made by the Noteholders of that Class pursuant to Condition 2(k) (Contributions) may only be given in cash.

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 interest on the Class A Notes will rank senior to payments of interest on each Payment Date in respect of each other Class; payment of interest on the Class B Notes will be subordinated in right of payment to payments of interest in respect of 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 interest in respect of 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 interest in respect of 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 interest in respect of 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; and payment of interest on the Class F Notes will be subordinated in right of payment to payments of interest in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class F 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. Interest on the Subordinated Notes shall be paid *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 redemption and payment in full of the Class A Notes. No amount of principal in respect of the Class C Notes shall become due and payable until redemption and payment in full of 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 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 redemption and payment in full of 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 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. 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 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 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, 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 Condition 7(g) (*Redemption Following Note Tax Event*) (in which event the Post-Acceleration Priority of Payments shall apply to Interest Proceeds and Principal Proceeds, but not, for the avoidance of doubt, Collateral Enhancement Obligation Proceeds which shall be distributed in accordance with the Collateral Enhancement Obligations Proceeds Priority of Payments),



cause 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:

- (A) to the payment of: (i) firstly taxes owing by the Issuer accrued in respect of the related Due Period (other than Irish corporation tax in relation to the amounts equal to the Issuer Fee referred to in (ii) below), as certified by an Authorised Officer of the Issuer to the Trustee, if any; and (ii) secondly the Issuer Fee to be retained by the Issuer for Irish corporate and tax purposes, for deposit into the Issuer Irish Account from time to time;
- (B) to the payment of accrued and unpaid Trustee Fees and Expenses, up to an amount equal to the sum of the Senior Expenses Cap in respect of the related Due Period and the Balance of the Expense Reserve Account as of the immediately preceding Determination Date, provided that following the occurrence of a Note Event of Default which is continuing, payment of Trustee Fees and Expenses under this paragraph shall not be limited to an amount equal to the Senior Expenses Cap and the Balance of the Expense Reserve Account;
- (C) to the payment of Administrative Expenses in the priority stated in the definition thereof, up to an amount equal to the sum of the Senior Expenses Cap in respect of the related Due Period and the Balance of the Expense Reserve Account as of the immediately preceding Determination Date less any amounts paid pursuant to paragraph (B) above;
- (D) to the Expense Reserve Account, of an amount up to or equal to the On-going Expense Reserve Amount;
- (E) to the payment:
  - (1) *firstly*, to the Collateral Manager of the Senior Collateral Management Fee due and payable on such Payment Date and any value added tax 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 (E) (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 (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 (E) or paragraph (X) below or in the case of (y), shall be applied to the payment of amounts in accordance with paragraphs (F) through (W) and (Y) through (CC) 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 provided that interest shall not accrue on any Deferred Senior Collateral Management Amount so designated or deferred;

- (2) *secondly*, to the Collateral Manager, any previously due and unpaid Senior Collateral Management Fees and any value added tax in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority),
- (F) 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 Asset Swap Account) and Hedge Termination Payments (other than Defaulted Hedge Termination Payments) (to the extent not paid out of the Hedge Termination Account);
- (G) to the payment on a *pro rata* and *pari passu* basis of 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;
- (H) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class B 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;
- (I) 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;
- (J) 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);
- (K) 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*);
- (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;
- (M) 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);
- (N) 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*);

- (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;
- (P) 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);
- (Q) 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*);
- (R) if either of the Class E Coverage Tests is not satisfied on any Determination Date on and after the Effective Date, or in the case of the Class E 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 E Coverage Test (if applicable) to be met if recalculated following such redemption;
- (S) 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);
- (T) 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*);
- (U) 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;
- (V) if, on any Payment Date during the Reinvestment Period, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (U) (inclusive) above, the Reinvestment Overcollateralisation Test has not been met, to the payment to the Principal Account as Principal Proceeds, for the acquisition of additional Collateral Debt Obligations (or, if the Collateral Manager determines that it is unable to identify such additional Collateral Debt Obligations that it considers appropriate for such reinvestment, in redemption by way of Special Redemption of the Notes in accordance with the Note Payment Sequence) 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 (U) (inclusive) above, would be sufficient to cause the Reinvestment Overcollateralisation Test to be met;

- (W) to the payment:
- (1) *firstly*, to the Collateral Manager of the Subordinated Collateral Management Fee due and payable on such Payment Date and any value added tax 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) 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 (W) (any such amounts, being "**Deferred Subordinated Collateral Management Amounts**") 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*) 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*) and (b) not be treated as unpaid for the purposes of paragraph (E) above or this paragraph (W) or in the case of (y), shall be applied to the payment of amounts in accordance with paragraphs (Y) through (CC) 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 provided that interest shall not accrue on any Deferred Subordinated Collateral Management Amount so designated or deferred;
  - (2) *secondly*, to the Collateral Manager of any previously due and unpaid Subordinated Collateral Management Fee, plus any interest accrued and payable in respect thereof (other than Deferred Subordinated Collateral Management Amounts) and any interest due and accrued on any due and unpaid Senior Collateral Manager Amounts (other than Deferred Senior Collateral Management Amounts) and any value added tax in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority); 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 value added tax in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority);
- (X) to the payment of Trustee Fees and Expenses (if any) not paid by reason of the Senior Expenses Cap;
- (Y) to the payment of Administrative Expenses (if any) not paid by reason of the Senior Expenses Cap, in relation to each item thereof in the order of priority stated in the definition thereof;
- (Z) to the payment on a *pro rata* basis of any Defaulted Hedge Termination Payments due to any Hedge Counterparty;
- (AA) to the repayment of any Collateral Manager Advances and any interest thereon;

- (BB) 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;
- (CC)
  - (1) 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) 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, the Principal Proceeds Priority of Payments and the Collateral Enhancement Obligation Proceeds Priority of Payments, the Incentive Collateral Management Fee IRR Threshold has been reached (on or prior to such Payment Date):
    - (a) *firstly*, 20 per cent. of any remaining Interest Proceeds, to the payment to the Collateral Manager as an Incentive Collateral Management Fee;
    - (b) *secondly*, any value added tax 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:

- (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 that the Class A Notes and the Class B Notes have been redeemed in full;
- (C) 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;

- (D) 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;
- (E) 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, Class B Notes and Class C Notes have been redeemed in full;
- (F) 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, Class B Notes and Class C Notes have been redeemed in full;
- (G) 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 that are applicable on such Payment Date with respect to the Class D Notes to be met as of the related Determination Date;
- (H) 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, Class B Notes, Class C Notes and Class D Notes have been redeemed in full;
- (I) 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, Class B Notes, Class C Notes and Class D Notes have been redeemed in full;
- (J) 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 Coverage Tests that are applicable on such Payment Date with respect to the Class E Notes to be met as of the related Determination Date;
- (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, Class B Notes, Class C Notes, Class D Notes and Class E 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, Class B Notes, Class C Notes, Class D Notes and 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;
- (N) 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;

- (O) 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;
- (P) after the Reinvestment Period in the case of Principal Proceeds representing Unscheduled Principal Proceeds and Sale Proceeds from the sale of Credit Improved Obligations and Credit Impaired 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;
- (Q) after the Reinvestment Period, to redeem the Notes in accordance with the Note Payment Sequence;
- (R) to the payment on a sequential basis of the amounts referred to in paragraphs (W) through (AA) (inclusive) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder;
- (S)
  - (1) 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) 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, the Collateral Enhancement Obligation 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 per cent. of any remaining Principal Proceeds, to the payment to the Collateral Manager as an Incentive Collateral Management Fee;
    - (b) *secondly*, any value added tax 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).

(iii) *Application of Collateral Enhancement Obligation Proceeds*

Collateral Enhancement Obligation Proceeds in respect of a Due Period shall (if the Collateral Manager has determined in its discretion that such amounts shall be so applied and not retained in the Collateral Enhancement Account), be paid on the Payment Date immediately following such Due Period in the following order of priority:

- (A) to the payment of any Collateral Manager Advances and any interest thereon to the extent not paid in full pursuant to paragraph (AA) of the Interest Proceeds Priority of Payments or paragraph (R) of the Principal Proceeds Priority of Payments;
- (B) if the Incentive Collateral Management Fee IRR Threshold has not been reached, 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
- (C) 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, the Collateral Enhancement Obligation 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):
  - (1) *firstly*, 20 per cent. of any remaining Collateral Enhancement Obligation Proceeds, to the payment to the Collateral Manager as an Incentive Collateral Management Fee;
  - (2) *secondly*, any value added tax in respect thereof (whether payable to the Collateral Manager or directly to the relevant tax authority); and
  - (3) *thirdly*, any remaining Collateral Enhancement Obligation 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).

(iv) *Withholding Taxes*

If the Issuer is required to deduct or withhold for or on account of tax from any amounts payable in accordance with the Priorities of Payment, payment of any amount so deducted or withheld shall, to the extent permitted by law, be made by or on behalf of the Issuer to the relevant taxing authority *pari passu* with the payment in the relevant Priority of Payment from which the deduction or withholding was made.

(d) *Non-payment of Amounts*

Failure on the part of the Issuer to pay the Interest Amounts on the Class A Notes or the Class B Notes pursuant to Condition 6 (*Interest*) in accordance with the Priorities of Payments by reason solely that there are insufficient funds standing to the credit of the Payment Account 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 as described in Condition 10(a)(i)), save in each case as the result of any deduction therefrom or the imposition of withholding thereon as set forth in Condition 9 (*Taxation*).

Failure on the part of the Issuer to pay the Interest Amounts on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes in accordance with the Priorities of Payments by reason solely that there are insufficient funds standing to the credit of the Payment Account shall not constitute a Note Event of Default but instead will constitute Deferred Interest pursuant to 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. Failure on the part of the Issuer to pay any principal when the same becomes due and payable on any Rated Note on the Maturity Date or any Redemption Date shall be a Note Event of Default 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 notice is withdrawn in accordance with the Conditions or, in the case of an Optional Redemption with respect to which a Refinancing fails, 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 and the Class F Notes to Condition 6(c) (*Deferral of Interest*) and save as otherwise provided in respect of any unpaid Collateral Management Fees (and value added tax 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 (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, the Collateral Enhancement Obligation 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 the Irish Stock Exchange by no later than 11.00 a.m. (London time) on the Business Day following the applicable Payment Date 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 as referred to above) 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 a Counterparty Downgrade Collateral Account, on or about the date of entry by the Issuer into a Hedge Agreement with a new 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 Asset Swap Account(s);
- (xii) the Collection Account;
- (xiii) the Custody Account; and
- (xiv) the Interest Smoothing Account.

The Account Bank and the Custodian shall at all times be a financial institution satisfying the Rating Requirement applicable thereto, which is resident and which is acting through an office which is situated, in the United Kingdom and which has the necessary regulatory consents to perform the services required by it under the Agency Agreement. 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, the Payment Account and the Collection 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 Asset Swap Accounts, to the extent that any amounts required to be paid into any Account (other than the Asset Swap Account or the Hedge Termination 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 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 Account, (viii) the Interest Smoothing Account, and (ix) each Asset Swap 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 Interest Smoothing Account (to the extent necessary), the Contributions Account, the Expense Reserve 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; and amounts standing to the credit of the Collateral Enhancement Account shall be transferred to the Payment Account and shall constitute Collateral Enhancement Obligations 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 (save for those in respect of any Asset Swap Obligations) are paid into the Principal Account promptly upon receipt thereof (and, in the case of receipts on any Unhedged Collateral Debt Obligation, converted into Euro at the Applicable Exchange Rate), but in each case if applicable, excluding any Trading Gains which, if the conditions set out in Condition 3(j)(ii)(M)(1) are satisfied, the Collateral Manager elects to pay into the Interest Account in accordance with Condition 3(j)(ii)(M)(1) (*Interest Account*) or otherwise

are required to be paid into the Interest Account in accordance with Condition 3(j)(ii)(M)(2) (*Interest Account*) below:

- (A) all principal payments received in respect of any Collateral Debt Obligation including, without limitation, save to the extent that they relate to Asset Swap Obligations;
  - (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 Trading Gains which are paid or are payable into the Interest Account in accordance with Condition 3(j)(ii)(M) (*Interest Account*) below;

- (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 Asset Swap 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 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 (save for any Trading Gains which are paid or are payable into the Interest Account in accordance with Condition 3(j)(ii)(M) (*Interest Account*) below) in respect of a Collateral Debt Obligation;
- (I) all Distributions and Sale Proceeds received in respect of Exchanged Security;
- (J) all Purchased Accrued Interest;
- (K) amounts transferred to the Principal Account from any other Account as required below;
- (L) 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;
- (M) any other amounts received in respect of the Collateral which are not required to be paid into another Account;
- (N) all amounts required to be transferred from the relevant Counterparty Downgrade Collateral Account;
- (O) all amounts transferred from the Expense Reserve Account;
- (P) all amounts payable into the Principal Account pursuant to paragraph (U) of the Interest Proceeds Priority of Payments upon the failure to meet the Reinvestment Overcollateralisation Test during the Reinvestment Period;
- (Q) 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;
- (R) all net Refinancing Proceeds;
- (S) all amounts transferred from the Contributions Account;
- (T) all net proceeds of issuance of any Refinancing Obligations issued in accordance with Condition 7(b) (*Optional Redemption*);
- (U) all amounts payable into the Principal Account pursuant to the Warehouse Arrangements;
- (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) all amendment and waiver fees, late payment fees, commitment fees (other than scheduled commitment fees received by the Issuer in respect of Revolving Obligations and Delayed Drawdown Collateral Debt Obligations) syndication fees, delayed compensation and all other fees and commissions received in connection with any Collateral Debt Obligations and Eligible Investments, including, without limitation, upon purchase or sale thereof, in each case, to the extent not included in paragraph (G) above, provided that if at any time after the first anniversary of the Issue Date the Aggregate Collateral Balance (where for such purpose the Principal Balance of all Defaulted Obligations shall be deemed to be the lower of their Fitch

Collateral Value and their Moody's Collateral Value) equals or exceeds the Target Par Amount and the Collateral Quality Tests are satisfied, all or any part of such amounts may be paid into the Interest Account at the discretion of the Collateral Manager, save to the extent received in respect of any Defaulted Obligation or restructuring of any Collateral Debt Obligation (other than Defaulted Obligation Excess Amounts).

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 sub-paragraph (T) above, shall only be applied in accordance with sub-paragraph (4) below unless, after such application on the relevant Payment 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);
- (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*); and
- (4) on any Payment 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*).

(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 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 (save for the Counterparty Downgrade Collateral Account) (including interest on any Eligible Investments standing to the credit thereof);
- (C) at the Collateral Manager's discretion, if at any time after the first anniversary of the Issue Date the Aggregate Collateral Balance (and for such purpose the Principal Balance of all Defaulted Obligations shall be deemed to be the lower of their Fitch Collateral Value and their Moody's Collateral Value) is equal to or greater than the Reinvestment Target Par Amount and the Collateral Quality Tests are satisfied, all or any portion of amendment and waiver fees late payment fees, commitment fees (other than scheduled commitment fees received by the Issuer in respect of Revolving Obligations and Delayed Drawdown Collateral Debt Obligations), 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 including, without limitation, upon purchase or sale thereof, in each case, to the extent not included in paragraph (i)(G) above, which fees and commissions shall be payable into the Principal Account pursuant to paragraph (i)(G) above 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;
- (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 Trading Gains realised in respect of any Collateral Debt Obligation in accordance with the following provisions:

(1) if:

- (a) (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 its Moody's Collateral Value) is greater than or equal to the Reinvestment Target Par Amount;
- (b) (after giving effect to the transfer of such Trading Gains to the Interest Account) the Moody's Weighted Average Rating Factor Test is satisfied;
- (c) (after giving effect to the transfer of such Trading Gains to the Interest Account) each of the Moody's Minimum Weighted Average Coupon Test and the Moody's Minimum Weighted Average Spread Test is satisfied or, if any such test is not satisfied it shall be at least maintained or improved after giving effect to such transfer as it was immediately prior thereto;
- (d) (after giving effect to the transfer of such Trading Gains to the Interest Account) paragraph (i) of the Portfolio Profile Tests is maintained;
- (e) (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;
- (f) the rating of either the Class A Notes or the Class B Notes has not been downgraded by Moody's below their respective ratings on the Issue Date; and
- (g) the rating of either the Class E Notes or the Class F Notes has not been downgraded by Moody's by more than two rating subcategories below their respective ratings on the Issue Date,

then the Collateral Manager may, in its discretion, determine that Trading Gains shall be paid into the Interest Account upon receipt; and

- (2) to the extent that the deposit of such amounts into the Principal Account would, in the sole discretion of the Collateral Manager, cause (or would be likely to cause) a Retention Deficiency then



Trading Gains in an amount sufficient in order to ensure no Retention Deficiency occurs must be paid into the Interest Account upon receipt;

- (N) any Swap Tax Credit received by the Issuer;
- (O) any reimbursements received by the Issuer in respect of any withholding tax which has been previously withheld;
- (P) all amounts payable into the Interest Account pursuant to the Warehouse Arrangements; and
- (Q) any Interest Smoothing Amounts which are required to be transferred from the Interest Smoothing 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 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 Asset Swap 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)(B) (*Asset Swap 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; and
- (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.

(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 repaid pursuant to the Warehouse Arrangements; and (4) amounts payable into the Expense 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, such amounts equal to the aggregate of:
    - (a) the purchase price for certain Collateral Debt Obligations on or prior to the Issue Date, if any; and
    - (b) 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;
  - (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 or after the Effective 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 Principal Balance of which equals or exceeds the Target Par Amount; and (ii) no more than 1.0 per cent. of the Aggregate Collateral Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be its Moody's Collateral Value) may be transferred to the Interest Account, save to the extent (if any) required to reduce the Aggregate Collateral Balance determined for the purposes of compliance with the Retention Requirements to the Target Par Cap.
- (iv) *Payment Account*

The Issuer will procure that, on the Business Day prior to each Payment Date, 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, the Collateral Administrator shall cause the Account Bank (acting on the basis of the Payment Date Report), to disburse such amounts in accordance with the 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 Account*

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 Counterparty Downgrade Collateral Account and any interest or distributions thereon or liquidation proceeds thereof do not form part of Principal Proceeds, Interest Proceeds or of Collateral Enhancement 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 amounts standing to the credit of the applicable Counterparty Downgrade Collateral Account shall not be commingled with 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. 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):

- (1) 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 such Hedge Agreement are terminated early, solely in or towards payment or transfer of:
  - (a) any "Return Amounts" (as defined in the applicable "**Credit Support Annex**" of the applicable Hedge Agreement);
  - (b) any "Interest Amounts" and "Distributions" (each as defined in the applicable "**Credit Support Annex**" of the applicable Hedge Agreement) or such other equivalent amounts representing equivalent payments; and
  - (c) 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 Counterpartyin each case in accordance with the terms of the "Credit Support Annex" of the applicable Hedge Agreement;
- (2) following the designation of an "Early Termination Date" in respect of all "Transactions" under a Hedge Agreement pursuant to which all "Transactions" under such Hedge Agreement are terminated early where (A) the relevant Hedge Counterparty is a Defaulting Hedge Counterparty 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 on or around the "Early Termination Date" (as defined in such Hedge Agreement), in the following order of priority:
  - (a) first, in or towards payment of any Hedge Replacement Payment (to the extent not funded from the Hedge Termination Account);
  - (b) second, in or towards payment of any Hedge Termination Payment (to the extent not funded from the Hedge Termination Account); and

- (c) third, the surplus remaining (if any) (the "**Counterparty Downgrade Collateral Account Surplus**") be transferred to the Principal Account;
- (3) following the designation of an "Early Termination Date" in respect of all "Transactions" under a Hedge Agreement pursuant to which all "Transactions" under such Hedge Agreement are terminated early where (A) the relevant Hedge Counterparty is not a Defaulting Hedge Counterparty 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 on or around the "Early Termination Date" (as defined in such Hedge Agreement) of such Hedge Agreement, in the following order of priority:
  - (a) first, in or towards payment of any Hedge Termination Payment (to the extent not funded from the Hedge Termination Account);
  - (b) second, in or towards payment of any Hedge Replacement Payment (to the extent not funded from the Hedge Termination Account); and
  - (c) third, the Counterparty Downgrade Collateral Account Surplus to be transferred to the Principal Account, and
- (4) following the designation of an "Early Termination Date" (as defined in each Hedge Agreement) in respect of all "Transactions" under a Hedge Agreement pursuant to which all "Transactions" under 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 on or around the "Early Termination Date" (as defined in such Hedge Agreement), in the following order of priority:
  - (a) first, in or towards payment of any Hedge Termination Payment (to the extent not funded from the Hedge Termination Account); and
  - (b) second, the Counterparty Downgrade Collateral Account Surplus to be transferred to the Principal Account.
- (vi) *Collateral Enhancement Account*

The Issuer will procure that all Collateral Enhancement Obligation Proceeds are credited on receipt into the Collateral Enhancement Account, and 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.

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:

- (1) at any time, in the acquisition of, or in respect of any exercise of any option or warrant comprised in, Collateral Enhancement Obligations, in accordance with the terms of the Collateral Management Agreement;
- (2) 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*);

- (3) on 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; and
- (4) at any time, at the direction of the Collateral Manager (acting in its discretion), the Balance standing to the credit of the Collateral Enhancement Account to be transferred to the Principal Account or the Interest Account or, on the Business Day prior to each Payment Date, to the Payment Account to the extent required for the payment of disbursements on such Payment Date in accordance with the Collateral Enhancement Obligation Proceeds Priority of Payments.

For the avoidance of doubt, the Collateral Manager may, in its sole discretion, but shall not be obliged to, direct the Issuer to transfer all or any portion of the Balance standing to the credit of the Collateral Enhancement Account to the Payment Account to be applied in accordance with the Collateral Enhancement Obligation Proceeds Priority of Payments.

(vii) *The 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 amounts posted thereafter as collateral (which do not constitute Funded Amounts), in each case, pursuant to paragraph (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;
- (C) all repayments of collateral to the Issuer originally paid by the Issuer pursuant to paragraph (2) below; and
- (D) any Principal Proceeds required to be transferred to the Unfunded Revolver Reserve Account pursuant to the Principal Proceeds Priority of Payments.

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 of any such acceptance), provided that the Collateral Manager shall reject any Contribution or portion thereof which would result in a Retention Deficiency; 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 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*);
- (E) on 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; and
- (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*).

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 and Rating Agency Confirmation is received in respect of such determination; or

(2) termination of the Hedge Transaction 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,

in payment of such amounts (save for accrued interest thereon) to the Principal Account.

(x) *Asset Swap 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) shall, on receipt, be deposited in the Asset Swap Account maintained in the currency of such Asset Swap Obligation. Additional amounts may also be transferred to the relevant Asset Swap Account from the Interest Account at any time to the extent of any shortfall in the Balance standing to the credit of the relevant Asset Swap Account in respect of any payment required to be made by the Issuer pursuant to (B) 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 Asset Swap Account:

- (A) at any time, to the extent of any initial principal exchange amount deposited into the relevant Asset Swap Account in accordance with the terms of and to the extent permitted under the Collateral Management Agreement, in the acquisition of Asset Swap Obligations;
- (B) Scheduled Periodic Asset Swap Issuer Payments due to each Asset Swap Counterparty pursuant to each Asset Swap Transaction;
- (C) 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
- (D) cash amounts (representing any excess standing to the credit of the relevant Asset Swap 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) on the Issue Date, 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 paragraph (1) below;
- (B) any On-going Expense Reserve Amount applied in payment into the Expense Reserve Account pursuant to paragraph (D) of the Interest Proceeds Priority of Payments and paragraph (A) of the Principal Proceeds Priority of Payments; and



- (C) any amounts received by the Issuer by way of indemnity payments from third parties ("**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) 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; and
- (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.

(xii) *Collection Account*

The Issuer shall procure that all amounts received in respect of any Collateral (excluding any Counterparty Downgrade Collateral) are credited to the Collection Account. The Issuer shall procure that the Collateral Administrator and the Account Bank transfer all amounts standing to the credit of the Collection Account to the Accounts to which such funds are required to be credited to in accordance with Condition 3(i) (*Accounts*) on a daily basis such that the balance standing to the credit of the Collection Account at the end of each Business Day is zero.

(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.

#### 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 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 or on behalf of 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 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 or on behalf of 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 (other than the Counterparty Downgrade Collateral 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, 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 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 Risk 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; and
- (xiii) 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 (xiii) above, (A) any and all assets, property or rights which are pledged pursuant to the Euroclear Security Agreement; (B) the Issuer's rights under the Administration Agreement; and (C) all amounts standing to the credit of the Issuer Irish Account.

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 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:

- (1) 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,

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

- (2) 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) (*The 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 acceptable to the Trustee is appointed in accordance with the provisions of 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 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. 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. 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.

Pursuant to the Euroclear Security Agreement, the Issuer has also created in favour of the Trustee on behalf of the Secured Parties, a Belgian law pledge over the Collateral Debt Obligations from time to time held by the Custodian or any sub-custodian on behalf of the Issuer in Euroclear.

(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 and the Euroclear Security Agreement, 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 Irish Account and its rights under the Administration Agreement) of the Issuer will not be available for payment of such shortfall which shall be borne by the Class A Noteholders, 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, 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 and the Euroclear Security Agreement (including by appointing a receiver or an administrative receiver).

None of the Trustee, the Directors, the Initial Purchaser, the Collateral Manager and 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 to each Noteholder of each Class, the Trustee, the Collateral Manager and the Rating Agencies within two Business Days of publication thereof.

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 Administration Agreement;
  - (F) under the Collateral Acquisition Agreements;
  - (G) under the Risk Retention Letter;
  - (H) under any Hedge Agreements;
  - (I) under any Reporting Delegation Agreement; and
  - (J) under the Euroclear Security Agreement (if applicable).
- (ii) comply with its obligations under the Notes, the Trust Deed, the Agency Agreement, the Collateral Management Agreement, each Reporting Delegation 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 (save for the activities conducted by the Collateral Manager on its behalf) or register as a company in the United Kingdom or the United States;
- (v) pay its debts generally as they fall due;

- (vi) do all such things as are necessary to maintain its corporate existence;
- (vii) use its best endeavours to obtain and maintain the listing on the Global Exchange Market of the Irish Stock Exchange 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 recognised stock exchange for the purposes of Section 64 of the Taxes Consolidation Act 1997 of Ireland;
- (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 Council Regulation (EC) No. 1346/2000 on Insolvency Proceedings) and its tax residence is and remains at all times in Ireland; and
- (x) ensure an agent is appointed to assist in creating and maintaining the Issuer's website to enable the Rating Agencies to comply with Rule 17g-5.

(b) ***Restrictions on the Issuer***

As more fully described in the Trust Deed, 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 Taxes Consolidation Act 1997, as amended, of Ireland (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, any Reporting Delegation Agreement and each other Transaction Document to which it is a party, as applicable; or
  - (D) performing any act incidental to or necessary in connection with any of the above;

- (iv) amend any term or Condition of the Notes of any Class (save in accordance with these Conditions and the Trust Deed);
- (v) agree to any amendment to any provision of, or grant any waiver or consent under the Trust Deed, the Agency Agreement, the Collateral Management Agreement, any Reporting Delegation Agreement, the Administration Agreement or any other Transaction Document to which it is a party;
- (vi) 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 Issuances*)) 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;
- (vii) amend its constitutional documents (save where such amendment is made to reflect a change in the name of the Issuer);
- (viii) have any subsidiaries or establish any offices, branches or other "establishment" (as that term is used in article 2(h) of Council Regulation (EC) No. 1346/2000 on Insolvency Proceedings) outside of Ireland;
- (ix) have any employees (for the avoidance of doubt the Directors of the Issuer do not constitute employees);
- (x) enter into any reconstruction, amalgamation, merger or consolidation;
- (xi) 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;
- (xii) 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;
- (xiii) 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 two years 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;
- (xiv) 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;
- (xv) commingle its assets with those of any other Person or entity;
- (xvi) make any election within the meaning of Section 110(6) of the TCA;



- (xvii) take any action which would cause it to cease to be a "qualifying company" within the meaning of Section 110 of the TCA;
- (xviii) enter into any lease in respect of, or own, premises;
- (xix) acquire Collateral Debt Obligations, Collateral Enhancement Obligations or any other obligations or securities issued by its partners or shareholders (if any); or
- (xx) 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 (EC) No 24/2009 of the European Central Bank).

## 6. Interest

### (a) *Payment Dates*

#### (i) *Fixed Rate Notes and Floating Rate 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 15 January 2015); 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*

Interest shall be payable on the Subordinated Notes to the extent funds are available in accordance with paragraph (CC) of the Interest Proceeds Priority of Payments, paragraph (S) of the Principal Proceeds Priority of Payments, paragraph (C) of the Collateral Enhancement Obligation Proceeds Priority of Payments and paragraph (Z) 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 and 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***

Payments 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***

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 or the Class F 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 or the Class F 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 or the Class F Notes, as applicable, and thereafter will accrue interest at the rate of interest applicable to that Class of Notes, and the failure to pay such Deferred Interest to the holders of the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, as applicable, will not be a Note Event of Default until the Maturity Date or any earlier date when the Notes are redeemed in full. 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.

(d) ***Payment of Deferred Interest***

Deferred Interest in respect of any Class C Note, Class D Note, Class E Note or Class F Note shall only become payable by the Issuer in accordance with respectively, paragraph (K), (N), (Q) and (T) of the Interest Proceeds Priority of Payments, paragraph (C), (F), (I) and (L) of the Principal Proceeds Priority of Payments and paragraph (K), (N), (Q) and (T) 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, for

so long as any Class A Notes and/or Class B Notes remain Outstanding, 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, 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 the Class F 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, as applicable.

(e) ***Interest on the Floating Rate Notes***

(i) ***Floating Rate of Interest***

The rate of interest from time to time in respect of the Class A Notes (the "**Class A Floating Rate of Interest**"), in respect of the Class B-2 Notes (the "**Class B-2 Floating Rate of Interest**"), in respect of the Class C-2 Notes (the "**Class C-2 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:

(1) On each Interest Determination Date:

- (A) in the case of the initial Accrual Period, the Calculation Agent will determine a straight line interpolation of the offered rate for 6 month and 9 month Euro deposits;
- (B) prior to the occurrence of a Frequency Switch Event, the Calculation Agent will determine the offered rate for three month Euro deposits; and
- (C) following the occurrence of a Frequency Switch Event, the Calculation Agent will determine the offered rate for six month Euro deposits,

in each case, as at 11.00 am (Brussels time) on the Interest Determination Date in question and subject to a floor of zero ("**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 A Floating Rate of Interest, the Class B-2 Floating Rate of Interest, the Class C-2 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 the rate which so appears, all as determined by the Calculation Agent.

(2) 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 (the "**Reference Banks**") to provide the Calculation Agent with:

- (A) 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 6 months and 9 months;

- (B) 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 three months;
- (C) 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 six 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 six 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,

in each case, as at 11.00 am (Brussels time) on the Interest Determination Date in question and subject to a floor of zero. The Class A Floating Rate of Interest, the Class B-2 Floating Rate of Interest, the Class C-2 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.

- (3) If on any Interest Determination Date one only or none of the Reference Banks provides such quotation, the offered rate for three or six months Euro deposits used to calculate the Class A Floating Rate of Interest, the Class B-2 Floating Rate of Interest, the Class C-2 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 A Floating Rate of Interest, the Class B-2 Floating Rate of Interest, the Class C-2 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 A Floating Rate of Interest, the Class B-2 Floating Rate of Interest, the Class C-2 Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E 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.

- (4) Where:

**"Applicable Margin"** means:

- (i) in the case of the Class A Notes: 1.45 per cent. per annum (the **"Class A Margin"**);
- (ii) in the case of the Class B-2 Notes: 2.00 per cent. per annum (the **"Class B-2 Margin"**);

- (iii) in the case of the Class C-2 Notes: 2.50 per cent. per annum (the "**Class C-2 Margin**");
- (iv) in the case of the Class D Notes: 3.15 per cent. per annum (the "**Class D Margin**");
- (v) in the case of the Class E Notes: 5.00 per cent. per annum (the "**Class E Margin**"); and
- (vi) in the case of the Class F Notes: 5.75 per cent. per annum (the "**Class F Margin**").

(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 A Floating Rate of Interest, the Class B-2 Floating Rate of Interest, the Class C-2 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 A Notes, Class B-2 Notes, Class C-2 Notes, the Class D Floating Rate of Interest, the Class E Notes and the Class F Notes for the relevant Accrual Period. The amount of interest (the "**Interest Amount**") payable in respect of each Authorised Integral Amount applicable to any such Notes shall be calculated by applying the Class A Floating Rate of Interest in the case of the Class A Notes, the Class B-2 Floating Rate of Interest in the case of the Class B-2 Notes, the Class C-2 Floating Rate of Interest in the case of the Class C-2 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 the Class A Notes, Class B-2 Notes, Class C-2 Notes, the Class D Notes, the Class E Notes and the Class F Notes (as applicable), 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-1 Fixed Amounts and Class C-1 Fixed Amounts*

The Calculation Agent will calculate the amount of interest (the "**Interest Amount**") payable in respect of original principal amounts of the Class B-1 Notes and the Class C-1 Notes for the relevant Accrual Period by applying the Class B-1 Fixed Rate in the case of the Class B-1 Notes and the Class C-1 Fixed Rate in the case of the Class C-1 Notes, respectively to an amount equal to the Principal Amount Outstanding in respect of the Class B-1 Notes and the Class C-1 Notes (as applicable), 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),

where:

**"Class B-1 Fixed Rate"** means 3.10 per cent. per annum; and

**"Class C-1 Fixed Rate"** means 3.60 per cent. per annum, (the Class B-1 Fixed Rate and Class C-1 Fixed Rate, each a "Fixed Rate of Interest" and together, the "**Fixed Rates of Interest**")

(iv) *Reference Banks and Calculation Agent*

The Issuer will procure that, so long as any Class A Note, Class B Note, Class C Note, Class D Note, Class E Note or Class F Note remains Outstanding:

- (1) 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
- (2) in the event that the Class A Floating Rate of Interest, the Class B-2 Floating Rate of Interest, the Class C-2 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 (2) of Condition 6(e)(i) (*Floating Rate of Interest*), that the number of Reference Banks required pursuant to such paragraph (2) 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.

(f) ***Interest in respect of Subordinated Notes***

Solely in respect of Subordinated Notes, the Calculation Agent will on each Determination Date calculate the interest payable to the extent of available funds in respect of an original principal amount of Subordinated Notes for the relevant Accrual Period. The interest payable on each Payment Date in respect of an original principal amount of Subordinated Notes shall be calculated by multiplying the amount of Interest Proceeds, Principal Proceeds or Collateral Enhancement Proceeds to be applied on the Subordinated Notes on the applicable Payment Date pursuant to paragraph (CC) of the Interest Proceeds Priority of Payments, paragraph (S) of the Principal Proceeds Priority of Payments, paragraphs (B) and (C) of the Collateral Enhancement Obligation Proceeds Priority of Payments and paragraph (Z) of the Post-Acceleration Priority of Payment by fractions equal to the amount of the Subordinated Notes, as applicable, divided by the aggregate original principal amount of the Subordinated Notes.

(g) ***Publication of Floating Rates of Interest, Interest Amounts and Deferred Interest***

The Calculation Agent will cause the Class A Floating Rate of Interest, the Class B-2 Floating Rate of Interest, the Class C-2 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, the amount of any Deferred Interest due but not paid on any Class C Notes, Class D Notes, Class E Notes or Class F 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 the Irish Stock Exchange, the Irish Stock Exchange 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 A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F 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 (*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.

(h) ***Determination or Calculation by Trustee***

If the Calculation Agent does not at any time for any reason so calculate the Class A Floating Rate of Interest, the Class B-2 Floating Rate of Interest, the Class C-2 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) shall 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(h) (*Determination or Calculation by Trustee*).

(i) ***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 in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition 6(i) (*Notifications, etc. to be Final*).

**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 (S) of the Principal Proceeds Priority of Payments. 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 Business Day falling on or after expiry of the Non-Call Period at the direction of the Subordinated Noteholders acting by an Ordinary Resolution (in the case of a Refinancing) and otherwise an Extraordinary 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 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 or Collateral Manager*

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 Business Day falling on or after expiry of the Non-Call Period at the direction of the Subordinated Noteholders acting by Ordinary Resolution (as evidenced by duly completed Redemption Notices) or at the written direction of the Collateral Manager. 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)(iv) (*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 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 15 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' prior written notice of such Optional Redemption, including the applicable Redemption Date, and the relevant Redemption Price therefor, is given to the Trustee and the Noteholders in accordance with Condition 16 (*Notices*);
- (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, the Trustee and the Collateral Manager no later than 30 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 or Collateral Manager*) may be effected solely 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 Registrar of receipt of (i) a direction in writing from the requisite percentage of Subordinated Noteholders; or (ii) a direction in writing from the Collateral Manager, as the case may be, to exercise any right of optional redemption pursuant Condition 7(b)(i) (*Optional Redemption in Whole – Subordinated Noteholders*) or Condition 7(b)(ii) (*Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders or Collateral Manager*), 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 a Class of Rated Notes in accordance with Condition 7(b)(ii) (*Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders*), 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 and the identity of any financial institutions acting as lenders or purchasers thereunder are subject to the prior written consent of the Collateral Manager and the Subordinated Noteholders (acting by 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 or Collateral Manager*).

(A) **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;
- (2) 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; and
- (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 prior to the applicable Redemption Date,

in each case, as certified to the Issuer and the Trustee by the Collateral Manager (upon which certification the Trustee shall rely without further enquiry and without liability).

(B) 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 or Collateral Manager*), such Refinancing will be effective only if:

- (1) the Issuer provides prior written notice thereof to the Rating Agencies;
- (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 amount of Interest Proceeds standing to the credit of the Interest Account in excess of the aggregate amount of Interest Proceeds which would be applied in accordance with the Interest Proceeds Priority of Payments prior to paying any amount in respect of the Subordinated Notes 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 in connection with such Refinancing;
- (5) the Refinancing Proceeds are used (to the extent necessary) to make such redemption;
- (6) 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;

- (7) 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;
- (8) 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;
- (9) the interest rate of any Refinancing Obligations will not be greater than the interest rate of the Rated Notes subject to such Optional Redemption;
- (10) 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 than the relevant Class or Classes of Rated Notes being redeemed;
- (11) the voting rights, consent rights, redemption rights and all other rights of the Refinancing Obligations are the same as the rights of the corresponding Class of Rated Notes being redeemed; and
- (12) all Refinancing Proceeds are received by (or on behalf of) the Issuer prior to the applicable Redemption Date,

in each case, as certified to the Issuer and the Trustee by the Collateral Manager (upon which certification the Trustee shall rely without further 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 notice of such cancellation to the Trustee, the Collateral Manager and the Noteholders in accordance with Condition 16 (*Notices*).

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.

(C) Consequential Amendments

Following a Refinancing, the Trustee shall agree to the modification of the Trust Deed to the extent which the Issuer certifies is necessary (upon which certification the Trustee shall rely without further enquiry and without liability) to reflect the terms of the Refinancing, subject to as provided below. No further consent for such amendments shall be required from the holders of Notes, other than from the holders of the Subordinated Notes acting by way of an Ordinary Resolution.

The Trustee will not be obliged to enter into any modification that, in its sole opinion, adversely affects its rights, powers, duties, obligations, liabilities, indemnities or protections under the Trust Deed, 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 Registrar 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 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 that the Collateral Manager on behalf of the Issuer has entered into a binding agreement or agreements with a financial or other institution or institutions (which (a) either (x) has a short-term senior unsecured rating of at least "P-1" by Moody's or (y) in respect of which Rating Agency Confirmation from Moody's has been obtained (provided, for the purposes of this Condition (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 "F1" by Fitch, or (y) in respect of which a Rating Agency Confirmation from Fitch has been obtained) 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 putable to the issuer thereof at par on or prior to 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 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.

Prior to the scheduled Redemption Date, the Collateral Administrator shall give notice to the Trustee in writing of the amount of all expenses incurred by the Issuer up to and including the scheduled Redemption Date in effecting such liquidation.

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*) or Condition 7(g) (*Redemption following Note Tax Event*) (as applicable). The Trustee shall be entitled to 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 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 and the Registrar, whereupon the Registrar shall notify the Noteholders (in accordance with Condition 16 (*Notices*)) of such amounts.

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 a Transfer Agent, by the requisite amount of Subordinated Noteholders or the requisite amount of Noteholders of the Controlling Class (as applicable) of the Notes, as applicable, held thereby in respect of which such right is exercised and presenting such Definitive Certificate or Global Certificate for endorsement of exercise together with duly completed Redemption Notices not less than 30 days, or such shorter period of time as the Trustee and the Collateral Manager find reasonably acceptable prior to the proposed Redemption Date prior to the applicable Redemption Date. No Redemption Notice and Subordinated Note or Notes comprising the Controlling Class so delivered or any direction given by the Collateral Manager may be withdrawn without the prior consent of the Issuer. The Registrar shall copy each Redemption Notice or any direction given by the Collateral Manager received to each of the Issuer, the Trustee, the Collateral Administrator, each Hedge Counterparty and, if applicable, the Collateral Manager.

The Collateral Manager shall notify the Issuer, the Trustee, the Collateral Administrator, each Hedge Counterparty and the Registrar 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 Notes in accordance with this Condition 7(b) 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.

(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 Extraordinary 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 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 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 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 or if the Class E 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 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 each such Coverage Test is satisfied if recalculated following such redemption.

(d) ***Special Redemption***

A special redemption ("**Special Redemption**") of the Notes may occur in the circumstances described in (i) and (ii) 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.

- (i) During the Reinvestment Period, principal payments on the Notes shall be made in accordance with paragraph (V) of the Interest Proceeds Priority of Payments if (x) the Reinvestment Overcollateralisation Test is not met, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (U) thereof, and (y) the Collateral Manager determines in its discretion that it is unable to identify such additional Collateral Debt Obligations that it considers appropriate for such reinvestment. In such circumstances, an amount up to the applicable Required Diversion Amount (as determined by the Collateral Manager) shall be applied in redemption of the Notes in accordance with the Note Payment Sequence.
- (ii) 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 and without liability) that using reasonable endeavours it has been unable, for a period of 20 consecutive Business Days, to identify additional 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)(ii) (*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 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 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 in redemption of the Notes at their applicable Redemption Prices in accordance with the Priorities of Payment.

(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 change 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 and without liability) and notifies (or procures the notification of) and the Noteholders that it is not able to effect such change of residence 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 and the Noteholders that, based on advice received by it, it expects that it shall have changed its place of residence by the end of the latter 90 day period), the Controlling Class or the Subordinated Noteholders, in each case acting by way of Extraordinary Resolution, may elect that the Notes of each Class are redeemed, in whole but not in part, on any Payment Date 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(l) (*Purchase*) 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 to the Trustee and Noteholders in accordance with Condition 16 (*Notices*) and promptly in writing to the Rating Agencies.



(k) **Purchase**

On any Payment Date falling during the Reinvestment Period, 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 (a) Principal Proceeds (other than any amounts representing the Required Diversion Amount) standing to the credit of the Principal Account or amounts standing to the credit of the Collateral Enhancement Account, or (b) amounts standing to the credit of the Contributions Account.

No purchase of Rated Notes by the Issuer may occur unless each of the following conditions is satisfied:

- (i) (A) such purchase of Rated Notes shall occur in the following sequential order of priority: first, the Class A Notes, until the Class A Notes are redeemed or purchased in full and cancelled; second, the Class B Notes, until the Class B 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 sixth, the Class F Notes, until the Class F Notes are redeemed or purchased in full and cancelled;
- (B) (1) 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 Collateral Enhancement Account and 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;
- (2) 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
- (3) 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) any Rated Notes to be purchased shall be surrendered to the Registrar for cancellation and may not be reissued or resold;
- (I) each such purchase will otherwise be conducted in accordance with applicable law (including the laws of Ireland); and
- (J) 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. The cancellation (and/or decrease, as applicable) of any such surrendered Notes shall be taken into account for purposes of all relevant calculations.

## 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 drawn on a bank in Western Europe and posted on the Business Day immediately preceding the relevant due date to the holder (or to the first named of joint holders) of the Note appearing on the Register at the close of business on the Record Date at his address shown on the register on the Record Date. 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 against presentation and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Certificate to or to the order of the Principal Paying Agent or such other Transfer Agent as shall have been notified to the relevant Noteholders for such purpose. 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, if applicable, 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 (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 9 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA. No commission shall be charged to the Noteholders.

(c) ***Payments on Presentation Days***

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 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 (i) a Principal Paying Agent and (ii) a paying agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such directive, in each case, 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 by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, 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 anywhere else in the world 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 or any such relevant taxing authority or in connection with FATCA. 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 by the laws of Ireland to withhold or account for 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 (with the consent of the Trustee and save as provided below) shall use all reasonable endeavours to arrange for the substitution of a company incorporated in another jurisdiction approved in writing by the Trustee as the principal obligor under the Notes of such Class, or to change its tax residence to another jurisdiction approved by the Trustee, subject to receipt of Rating Agency Confirmation in relation to such change and in accordance with the Trust Deed.

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 Ireland (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 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 respect of a payment made or secured for the immediate benefit of an individual or a non-corporate entity which is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such directive or any arrangement entered into between the Member States and certain third countries and territories in connection with such directive;
- (iv) as a result of presentation for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Transfer Agent in a Member State of the European Union;
- (v) in connection with FATCA; or
- (vi) any combination of the preceding clauses (i) through (v) inclusive,

the requirement to substitute the Issuer as a principal obligor and/or change its residence for taxation purposes 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*

the Issuer fails to pay any Interest Amounts in respect of the Class A Notes or the Class B Notes when the same becomes due and payable, and, in each case, 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;

#### (ii) *Non-payment of principal*

the Issuer fails to pay any principal when the same becomes due and payable on any 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 notice is withdrawn in accordance with the Conditions or, in the case of an Optional Redemption with respect to which a Refinancing fails, 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 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 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 Reinvestment Overcollateralisation 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, 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 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. For the purposes of this paragraph, the materiality of such default, breach, covenant, representation or warranty shall be determined by the Trustee;

(vi) *Insolvency Proceedings*

proceedings are initiated against the Issuer under any applicable liquidation, insolvency, bankruptcy, examinership, composition, reorganisation or other similar laws (together, "**Insolvency Law**"), or a receiver, administrative receiver, examiner, trustee, administrator, 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, (subject, in each case, to 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 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)(i) (*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 Ordinary Resolution, (and subject, in each case, to the Trustee being 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 in the order of priority set out in the definition thereof (without regard to the Senior Expenses Cap);
  - (E) all amounts due and payable by the Issuer under any Hedge Transaction; and

- (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 the Trustee, the Collateral Manager, the Noteholders and each Hedge Counterparty in accordance with Condition 16 (*Notices*) 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 violates or wilfully breaches any provision of the Transaction Documents applicable to the Collateral Manager and any such violation or breach is, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders;
- (ii) the Collateral Manager breaches any covenant or agreement of the Transaction Documents, applicable to it (it being understood that the failure of any Coverage Test, any Collateral Quality Test or any Portfolio Profile Test is not such a breach) which breach, either individually or in aggregate, in the opinion of the Trustee, is materially prejudicial to the interests of the Noteholders (excluding for purposes of this clause (ii) any actions referred to in clause (i) above or clause (vi) below) and the Collateral Manager fails to cure such breach within 45 days after the earlier of (A) the date on which the Collateral Manager had actual knowledge of such breach or (B) the date on which the Collateral Manager received notice of such breach from the Trustee (it being understood that the Trustee will not provide such notice unless it receives a written direction from Noteholders representing at least 25 per cent. of the Principal Amount Outstanding of the Controlling Class); or, if such breach is not capable of cure within such 45 days, but the Collateral Manager, in good faith, believes it is capable of being cured in a longer period, within the period in which a reasonably prudent person could cure such breach, but in any case within 90 days after the date on which such 45-day period commenced;

- (iii) any representation, certificate or other statement made or given in writing by the Collateral Manager (or any of its directors or officers) pursuant to the Transaction Documents proves to have been incorrect in any material respect when made or given, which materially incorrect representation, certificate or statement, either individually or in the aggregate, in the opinion of the Trustee, is materially prejudicial to the interests of the Noteholders (excluding for purposes of this clause (iii) any actions referred to in clause (i) above or clause (vi) below) and the Collateral Manager fails to take action within 45 days after the earlier of (A) the date on which the Collateral Manager had actual knowledge of such materially incorrect representation, certificate or statement or (B) the date on which the Collateral Manager received notice of such materially incorrect representation, certificate or statement from the Trustee (it being understood that the Trustee will not provide such notice unless it receives a written direction from Noteholders representing at least 25 per cent. of the Principal Amount Outstanding of the Controlling Class); so that the relevant facts will materially conform to such representation, or, if such materially incorrect representation, certificate or statement is not capable of cure within 45 days, but the Collateral Manager, in good faith, believes it is capable of being cured in a longer period, within the period in which a reasonably prudent person could cure such materially incorrect representation, certificate or statement, but in any case within 90 days after the date on which such 45-day period commenced;
- (iv) the Collateral Manager is wound up or is dissolved or there is appointed over it or all or substantially all of its assets a receiver, administrator, administrative receiver, trustee or similar officer; or the Collateral Manager: (i) ceases to be able to, or admits in writing that it is unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986 as they become due and payable, or makes a general assignment for the benefit of, or seeks or enters into any composition or arrangement with, its creditors generally; (ii) applies for or consents (by admission of material allegations of a petition or otherwise) to the appointment of a receiver, administrative receiver, trustee, assignee, custodian, liquidator or sequestrator (or other similar official) of the Collateral Manager or of any substantial part of its properties or assets, or authorises such an application or consent, or proceedings seeking such appointment are commenced against the Collateral Manager without such authorisation, consent or application and either continue undismissed for 60 consecutive days or any such appointment is ordered by a court or regulatory body having jurisdiction; (iii) authorises or files a voluntary petition in bankruptcy, or applies for or consents (by admission of material allegations of a petition or otherwise) to the application of any bankruptcy, reorganisation, arrangement, readjustment of debt, insolvency, dissolution, or similar law, or authorises such application or consent, or proceedings to such end are instituted against the Collateral Manager without such authorisation, application or consent and remain undismissed for 60 consecutive days or result in adjudication of bankruptcy or insolvency or the issuance of an order for relief or equivalent procedure; or (iv) permits or suffers all or any substantial part of its properties or assets to be sequestered, subject to execution of distress or attached by court order and the order (if contested in good faith) remains undismissed for 60 consecutive days;
- (v) the occurrence and continuation of a Note Event of Default specified in paragraph (a)(i) or (a)(ii) of Condition 10 (*Events of Default*) which default is the direct result of any act or omission of the Collateral Manager constituting a breach of its duties under the Transaction Documents; or
- (vi) the Collateral Manager ceasing to be authorised either internally or by any applicable law or regulation such that, as a result of such change, the Collateral Manager no longer has the capacity or the competence to perform its obligations as Collateral Manager under the Collateral Management Agreement;
- (vii) the occurrence of any act by the Collateral Manager or any of its senior executive officers involved in the management of the Portfolio that constitutes fraud or criminal



activity in the performance of the Collateral Manager's obligations specified in the Collateral Management Agreement;

- (viii) it becomes unlawful for the Collateral Manager to perform any of its material obligations under the Collateral Management Agreement; or
- (ix) the Collateral Manager resigning pursuant to the terms of the Collateral Management Agreement.

Pursuant to the terms of the Collateral Management Agreement, the Collateral Manager may upon the occurrence of a Collateral Manager Event of Default pursuant to paragraphs (i) to (viii) of the definition thereof, subject to the appointment of a successor Collateral Manager, be removed upon at least 30 days' prior written notice by (i) the Issuer at its discretion; or (ii) the Trustee at the direction of the holders of (A) the Subordinated Notes, acting by Extraordinary Resolution or (B) the Controlling Class, acting by Extraordinary Resolution, (for the avoidance of doubt, in each case any Notes held by the Collateral Manager or a Collateral Manager Related Person shall not be deemed to be Outstanding for the purposes of determining the quorum for any meeting held for the purposes of passing such a resolution), provided that notice of such removal shall have been given to the holders of each Class of the Notes by the Issuer or the Trustee, as the case may be, in accordance with 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 (and if applicable, the security constituted by the Euroclear Security Agreement over the Collateral) shall become enforceable upon an acceleration of the maturity of the Notes pursuant to 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 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 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 however that:

- (i) no such Enforcement Action may be taken by the Trustee unless:
  - (A) 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) 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), each Class of Rated Notes as applicable, acting by 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 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 Extraordinary Resolution; and
- (iii) the Trustee shall determine or shall request that an Enforcement Agent determines the aggregate proceeds that can be realised pursuant to any Enforcement Action by using reasonable efforts to obtain (with the cooperation of the Collateral Manager if requested by the Trustee and in each case to the extent the Collateral Manager is not the Enforcement Agent), bid prices with respect to each asset comprising the Portfolio from two recognised dealers at the time making a market therein and shall compute the anticipated proceeds of sale or liquidation on the basis of the lower of such bid prices for each such asset. In the event that the Enforcement Agent (with the cooperation of the Collateral Manager if requested by the Trustee and in each case to the extent the Collateral Manager is not the Enforcement Agent), is only able to obtain bid prices with respect to an asset from one recognised dealer at the time making a market therein, the Enforcement Agent shall compute the anticipated proceeds of sale or liquidation on the basis of such one bid price. Provided that the Trustee exercises reasonable care in selecting an Enforcement Agent (if the Enforcement Agent is not the Collateral Manager), the Trustee may rely on the determination of such Enforcement Agent without liability. In addition, for the purposes of determining issues relating to the execution of a sale or liquidation of the Portfolio, the Trustee may obtain and rely on (without liability) an opinion and/or advice of an independent investment banking firm, or other appropriate financial or legal advisor (the cost of which shall be payable to the Trustee as Trustee Fees and Expenses).

The Trustee shall notify the Noteholders (in accordance with Condition 16), 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 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 (i) 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) and (ii) any Collateral Enhancement Obligation Proceeds (which are required to be applied in accordance with the Collateral Enhancement Obligation Proceeds Priority 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) other than following an enforcement of the Notes in accordance with Condition 11 (*Enforcement*), to the payment of taxes owing by the Issuer accrued in respect of the related Due Period (other than Irish corporation tax in relation to the amounts equal to the Issuer Fee referred to below), as certified by an Authorised Officer of the Issuer to the Trustee, if any, (save for any value added tax payable in respect of any Collateral Management Fee or any other tax payable in relation to any amount payable to the Secured Parties); and to the payment of the Issuer Fee to be retained by the Issuer for Irish corporate and tax purposes, for deposit into the Issuer Irish 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, provided that following the occurrence of a Note Event of Default which is continuing, payment of the Trustee Fees and Expenses under this paragraph shall not be limited to an amount equal to the Senior Expenses Cap and the Balance of the Expense Reserve Account;
- (C) to the payment of Administrative Expenses, provided that following an enforcement of the Notes in accordance with Condition 11 (*Enforcement*) such payment shall only be made to any recipients thereof that are Secured Parties, in relation to each item thereof in the order of priority specified in the definition thereof, up to an amount equal to the Senior Expenses Cap in respect of the related Due Period less any amounts paid pursuant to paragraph (B) above, provided that following the occurrence of a Note Event of Default which is continuing, payment of the Administrative Expenses under this paragraph shall not be limited to an amount equal to the Senior Expenses Cap and the Balance of the Expense Reserve Account;
- (D) 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 Asset Swap Account) and Hedge Termination Payments (other than Defaulted Hedge Termination Payments);
- (E) to the payment:
  - (1) *firstly*, on a *pro rata* and *pari passu* basis (x) on a *pro rata* basis to the Collateral Manager of the Senior Collateral Management Fee due and payable on such Payment Date and any value added tax 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

- (2) *secondly*, to the Collateral Manager, any previously due and unpaid Senior Collateral Management Fees (other than Deferred Senior Collateral Management Amounts) and any value added tax 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),
- (F) to the payment, on a *pro rata* and *pari passu* basis of all Interest Amounts due and payable on the Class A Notes;
- (G) to the redemption on a *pro rata* and *pari passu* basis of the Class A Notes in accordance, until the Class A Notes have been redeemed in full;
- (H) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class B Notes;
- (I) to the redemption on a *pro rata* and *pari passu* basis of the Class B Notes, until the Class B Notes have been redeemed in full;
- (J) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class C Notes;
- (K) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class C Notes;
- (L) to the redemption on a *pro rata* and *pari passu* basis of the Class C Notes, until the Class C Notes have been redeemed in full;
- (M) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class D Notes;
- (N) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class D Notes;
- (O) to the redemption on a *pro rata* and *pari passu* basis of the Class D Notes, until the Class D Notes have been redeemed in full;
- (P) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class E Notes;
- (Q) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class E Notes;
- (R) to the redemption on a *pro rata* and *pari passu* basis of the Class E Notes, until the Class E Notes have been redeemed in full;
- (S) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class F Notes;
- (T) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class F Notes;
- (U) to the redemption on a *pro rata* and *pari passu* basis of the Class F Notes, until the Class F Notes have been redeemed in full;
- (V) to the payment:

- (1) *firstly*, to the Collateral Manager of the Subordinated Collateral Management Fee due and payable on such Payment Date and any value added tax 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);
  - (2) *secondly*, to 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 value added tax 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);
  - (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 any value added tax 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
  - (4) *fourthly*, to the repayment of any Collateral Manager Advances and any interest thereon.
- (W) to the payment of Trustee Fees and Expenses not paid by reason of the Senior Expenses Cap (if any);
- (X) to the payment of Administrative Expenses not paid by reason of the Senior Expenses Cap (if any), in relation to each item thereof, in the order of priority specified therein;
- (Y) to the payment on a *pro rata* basis of any Defaulted Hedge Termination Payments due to any Hedge Counterparty; and
- (Z) (1) 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) 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, paragraph (S) of the Principal Proceeds Priority of Payments and the Collateral Enhancement Obligation Proceeds Priority of Payments, the Incentive Collateral Management Fee IRR Threshold has been reached (on or prior to such Payment Date):
- (a) *firstly*, 20 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 value added tax in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing 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),

provided however that when the Post-Acceleration Priority of Payments are applied as a result of the enforcement of the security pursuant to Condition 11(b) (*Enforcement*), payments contemplated in paragraphs (A), (C), (E), (V), (X) and (Z) will only be made to such parties if they are Secured Parties.

For the avoidance of doubt, at such time that the Post-Acceleration Priority of Payments becomes applicable, (i) any amounts standing to the credit of the Collateral Enhancement Account, and (ii) any Collateral Enhancement Obligation Proceeds shall not be subject to the Post-Acceleration Priority of Payments but shall be distributed in accordance with and subject to the Collateral Enhancement Obligation Proceeds Priority of Payments.

If the Issuer is required to deduct or withhold for or on account of tax from any amounts payable in accordance with the Post-Acceleration Priority of Payments, payment of any amount so deducted or withheld shall, to the extent permitted by law, be made by or on behalf of the Issuer to the relevant taxing authority *pari passu* with the payment in the Post-Acceleration Priority of Payments from which the deduction or withholding was made.

(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 written 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 10 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 Irish Stock Exchange 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 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.

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.

Notice of any Resolution passed by the Noteholders will be given by the Issuer to the Rating Agencies in writing.

(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 25 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 25 per cent. of the aggregate Principal Amount Outstanding of the Notes (or the Notes of the relevant Class or Classes only, if applicable)

The Trust Deed does not contain any provision for higher quorums in any circumstances.

(iii) *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 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

Type of Resolution	Per cent.
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.

(iv) *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.

(v) *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).

(vi) *Extraordinary Resolution*

Any Resolution to sanction any of the following items 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 (other than in the case of a Refinancing);
- (B) the modification of any provision relating to the timing and/or circumstances of the payment of interest or redemption of the Notes of a Class at maturity or otherwise (including the circumstances in which the maturity of such Notes may be accelerated (other than in the case of a Refinancing));
- (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 Issuances*);
- (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 or the minimum percentage required to pass a Resolution or any other provision of the Trust Deed or these Conditions

which requires the written consent of the holders of a requisite principal amount of the Notes of any Class Outstanding;

- (H) any modification of any Transaction Document having a material adverse effect on the security over the Collateral constituted by the Trust Deed;
- (I) 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*).

(vii) *Ordinary Resolution*

Any meeting of the Noteholders shall, subject to these Conditions and the Trust Deed, have the power by Ordinary Resolution to approve any other matter relating to the Notes not referred to in paragraph (vi) (*Extraordinary Resolution*) above.

(viii) *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 consent to such amendment, modification, supplement or waiver, subject as provided below (other than an amendment, modification, supplement or waiver, pursuant to paragraphs (x), (xi) and (xii) 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:

- (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 on the Global Exchange Market of the Irish Stock Exchange or any other exchange;
- (vi) save as contemplated in paragraph (d) (*Substitution*) 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 in the UK for UK tax purposes, as trading in the UK for UK tax purposes or as subject to value added tax in respect of any Collateral Management Fees;
- (viii) 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 United States federal, state or local income tax on a net income basis;
- (ix) 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;
- (x) 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;
- (xi) 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;
- (xii) 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;
- (xiii) to amend the name of the Issuer;
- (xiv) to make any amendments to the Trust Deed or any other Transaction Document to enable the Issuer to comply with FATCA;
- (xv) to modify or amend any components of (i) the Moody's Test Matrix; or (ii) the Fitch Tests Matrix, subject to receipt of Rating Agency Confirmation from the applicable Rating Agency;
- (xvi) 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*);
- (xvii) 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;
- (xviii) to modify the Transaction Documents in order to comply with Rule 17g-5 of the Exchange Act;
- (xix) 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*);

- (xx) 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 changes in the Retention Requirements or the requirements of Solvency II or which result from the implementation of the implementing technical standards relating thereto or any subsequent risk retention legislation or official guidance;
- (xxi) 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 CRA or which result from the implementation of the implementing technical standards relating thereto;
- (xxii) 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 (upon which certification the Trustee shall be entitled to rely on without further enquiry and without liability) 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;
- (xxiii) 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 (upon which certification the Trustee shall be entitled to rely on without further enquiry and without liability) that the requested amendments are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under EMIR;
- (xxiv) 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 (upon which certification the Trustee shall be entitled to rely on without further enquiry and without liability) that the requested amendments are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under AIFMD; and
- (xxv) 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.

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 shall have a material adverse effect on the rights or obligations of a Hedge Counterparty without the Hedge Counterparty's prior written consent.

The Issuer shall notify each Hedge Counterparty of any proposed amendment to any provisions of the Transaction Documents and seek the consent of such Hedge Counterparty in respect thereof, in each case to the extent required in accordance with and subject to 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 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 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 (x), (xi) and (xii) above) to the Transaction Documents which the Issuer or the Collateral Manager certifies to the Trustee is required pursuant to the paragraphs above (other than paragraphs (x), (xi) and (xii)) (upon which certification the Trustee shall be entitled to rely on 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, of the Trustee in respect of the Transaction Documents.

In the case of a modification, amendment, waiver or supplement pursuant to paragraph (x), (xi) and (xii) 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 (x), (xi) and (xii) 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 of the Irish Stock Exchange 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 the Irish Stock Exchange.

(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 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 B Noteholders over the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders, (ii) the Class C Noteholders over the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders; and (iii) the Class D Noteholders over the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders; and (iv) the Class E Noteholders over the Class F Noteholders and the Subordinated Noteholders; and (v) 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 of the Irish Stock Exchange and the rules of the Irish Stock Exchange so require) shall be sent to the Company Announcements Office of the Irish Stock Exchange. 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 shall 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 the Irish Stock Exchange for so long as such Notes are listed on the Global Exchange Market of the Irish Stock Exchange and the rules of the Irish Stock Exchange 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 Issuances**

- (a) The Issuer may from time to time, subject to the approval of the Subordinated Noteholders acting by Ordinary Resolution and subject to the separate approval of the Retention Holder create and issue further 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 (save with respect to Subordinated Notes as described in paragraph (b) below);

- (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 notify the Rating Agencies then rating any Notes of such additional issuance;
- (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;
- (vii) the holders of the relevant Class of Notes in respect of which further Notes are issued shall have been notified in writing by the Issuer 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 to any additional issuance of Subordinated Notes if such issuance is required in order to prevent or cure a Retention Deficiency for any reason including but not limited to, where such Retention Deficiency will occur due to an additional issuance of any Class of Notes;
- (viii) (so long as the existing Notes of the Class of Notes to be issued are listed on the Global Exchange Market of the Irish Stock Exchange) the additional Notes of such Class to be issued are in accordance with the requirements of the Irish Stock Exchange and are listed on the Global Exchange Market of the Irish Stock Exchange (for so long as the rules of the Irish Stock Exchange so requires);
- (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) any issuance of additional Notes shall be accomplished in a manner that will allow the Issuer to provide the information described in United States Treasury Regulation Section 1.1275-3(b)(1) to the holders of such additional Notes; and
- (xi) to the extent such additional issuance would otherwise cause a Retention Deficiency, the Issuer shall concurrently issue, and the Retention Holder shall purchase and hold on the same terms of the Risk Retention Letter, sufficient additional Subordinated Notes such that, after giving effect to the additional issuance and after the receipt by the Issuer of the proceeds thereof into the Unused Proceeds Account or the Principal Account (as applicable), the Retention Holder shall hold Subordinated Notes with a Principal Amount Outstanding sufficient to ensure that a Retention Deficiency shall not occur following such additional issuance.

Noteholders should be aware that additional Notes that are treated for non-tax purposes as a single series with the original Notes may be treated as a separate series for U.S. federal income tax purposes. In such case, the new Notes may be considered to have been issued with "original issue discount" under U.S. tax law or greater amounts of original issue discount which may affect the market value of the original Notes since such additional Notes may not be distinguishable from the original Notes.

- (b) In addition to the requirements in (a) above, the Issuer may issue and sell additional Subordinated Notes, subject to the approval of the Subordinated Noteholders acting by Ordinary Resolution (other than in the case of an issuance of Subordinated Notes required in order to cure or prevent a Retention Deficiency) and subject to the separate approval of the Retention Holder but without issuing Notes of any other Class, provided that:
  - (i) the subordination terms of such 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 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 and 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 30 days prior to such 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 if such issuance is required in order to prevent or cure a Retention Deficiency for any reason including, but not limited to where such Retention Deficiency will occur due to an additional issuance of any Class of Notes;
- (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) to the extent such additional issuance would otherwise cause a Retention Deficiency, the Issuer shall concurrently issue, and the Retention Holder shall purchase and hold on the same terms of the Risk Retention Letter, sufficient additional Subordinated Notes such that, after giving effect to the additional issuance and after the receipt by the Issuer of the proceeds thereof into the Unused Proceeds Account or the Principal Account (as applicable), the Retention Holder shall hold Subordinated Notes with a Principal Amount Outstanding sufficient to ensure that a Retention Deficiency shall not occur following such additional issuance.

References in these Conditions to the "Notes" include (unless the context requires otherwise) any other notes issued pursuant to this Condition 17 (*Additional Issuances*) 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. The Administration Agreement is governed by and shall be construed in accordance with Irish law.

### (b) ***Jurisdiction***

The courts of England are to have 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 TMF Corporate Services Limited (having an office, at the date hereof, at 5<sup>th</sup> Floor, 6 St. Andrew Street, London, EC4A 3AE, United Kingdom) 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 €368,650,000. Such proceeds will be used by the Issuer for the repayment of any amounts borrowed by the Issuer (together with any interest thereon) 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 pursuant to the Warehouse Arrangements (including certain expenses relating thereto). €503,000 of the proceeds shall be retained in the Principal Account and the remaining proceeds shall be retained in the Unused Proceeds Account.

## FORM OF THE NOTES

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 described below, the Class E Notes, the Class F Notes and the Subordinated Notes) 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, the Class F Notes and the Subordinated Notes) 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 a Transfer Agent 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 a Transfer Agent 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 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 Trustee 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.

A transferee of a Class E Notes, a Class F Note or a 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. If a transferee is unable to make such deemed representation, such transferee may not acquire such Class E Notes, Class F Note or Subordinated Note in the form of a Rule 144A Global Certificate or a Regulation S Global Certificate unless such transferee: (i) obtains the written consent of the Issuer; (ii) provides an ERISA certificate to the Issuer and the Transfer Agent as to its status as a Benefit Plan Investor or Controlling Person (substantially in the form of Annex A); and (iii) holds such Class E Note, Class F Note or Subordinated Note in the form of a Definitive Certificate other than in the case where the transferee is acquiring Subordinated Notes on the Issue Date, in which case the transferee may acquire such Subordinated Notes in the form of a Rule 144A Global Certificate or a Regulation S Global Certificate. 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.

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 the Class E Note, the Class F Note or Subordinated Note 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 consent of the Issuer 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 Schedule 8 to the Trust Deed (*Form of ERISA Certificate*).

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 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, consent of the Issuer and a duly completed ERISA certificate substantially in the form of Annex B 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 and the Registrar 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 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 A Notes: "Aaa(sf)" from Moody's and "AAAsf" from Fitch; the Class B-1 Notes and the Class B-2 Notes: "Aa2<sub>(sf)</sub>" from Moody's and "AAsf" from Fitch; the Class C-1 Notes and the Class C-2 Notes: "A2<sub>(sf)</sub>" from Moody's and "A+sf" from Fitch; the Class D Notes: "Baa2<sub>(sf)</sub>" from Moody's and "BBB+sf" from Fitch; the Class E Notes: "Ba2<sub>(sf)</sub>" from Moody's and "BB+sf" from Fitch and the Class F Notes: "B2<sub>(sf)</sub>" from Moody's and "B-sf" from Fitch. The Subordinated Notes being offered hereby will not be rated.

The ratings assigned to the Class A Notes and the Class B 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 security 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 A Notes and Class B 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 differ 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

### General

The Issuer is a special purpose vehicle established for the purpose of issuing asset backed securities and was incorporated in Ireland as a private limited company on 9 December 2013 under the Companies Act 1963 to 2013 (as amended) (the "**Companies Act**") with the name of Arbour CLO Limited and with company registration number 536499 and having its registered office at 53 Merrion Square, Dublin 2, Ireland. The telephone number of the registered office of the Issuer is +353 1 614 6240 and the facsimile number is +353 1 614 6250.

The authorised share capital of the Issuer is EUR1,000 divided into 1,000 ordinary shares of EUR1.00 each (the "**Shares**"). The Issuer has issued one Share, which is fully paid up and is held on trust by TMF Management (Ireland) Limited (as "**Share Trustee**") under the terms of a declaration of trust (the "**Declaration of Trust**") dated 13 January 2014, 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.

TMF Administration Services Limited (the "**Administrator**"), an Irish company, acts as the corporate administrator for the Issuer. The office of the Administrator serves as the general business office of the Issuer. Through the office and pursuant to the terms of the corporate administration agreement entered into on 13 January 2014 between the Issuer and the Administrator (the "**Administration Agreement**"), the Administrator performs various management functions on behalf of the Issuer, including the provision of certain clerical, reporting, accounting, administrative and other services until termination of the Administration Agreement. In consideration of the foregoing, the Administrator receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses. The terms of the Administration Agreement provide that either party may terminate the Administration Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Administration Agreement which is either incapable of remedy or which is not cured within 30 days from the date on which it was notified of such breach. In addition, either party may terminate the Administration Agreement at any time by giving at least two months' written notice to the other party.

The Administrator's principal office is at 53 Merrion Square, Dublin 2, Ireland.

### Business

The principal objects of the Issuer are set forth in Article 2 of its Memorandum of Association and include, inter alia, the power to issue securities and to raise or borrow money, to grant security over its assets for such purposes, to lend with or without security and to enter into derivative transactions. Cash flow derived from the Collateral securing the Notes will be the Issuer's only source of funds to fund payments in respect of such Notes.

So long as any of the Notes remain outstanding, the Issuer will be subject to the restrictions set out in the Conditions and in the Trust Deed. In particular, the Issuer has undertaken not to carry out any business other than the issue of the Notes and acquiring, holding and disposing of the Portfolio in accordance with the Conditions and the Collateral Management and Administration Agreement, entering into the Trust Deed, the Agency and Account Agreement, the Collateral Management and Administration Agreement, the Administration Agreement, the Deed of Release, any Collateral Acquisition Agreements, the Subscription Agreement, any Hedge Agreements and any Reporting Delegation Agreement and exercising the rights and performing the obligations under each such agreement and all other transactions incidental thereto. The Issuer will not have any substantial liabilities other than in connection with the Notes and any secured obligations. The Issuer will not have any subsidiaries and, the Issuer will not accumulate any surpluses save in respect of the fees and expenses generated in connection with the issue of the Notes (referred to below), any related profits and the proceeds of any deposits and investments made from such fees or from amounts representing the proceeds of the Issuer's issued share capital.

The Issuer has, and will have, no material assets other than the Portfolio held from time to time, the Balances standing to the credit of the Accounts and the benefit of the Agency and Account Bank Agreement, the Collateral Management and Administration Agreement, the Collateral Acquisition Agreements, any Hedge Agreements and any Reporting Delegation Agreement and any other Transaction Documents entered into by or on behalf of the Issuer from time to time, such fees (as agreed) payable to it in connection with the issue of the Notes, the sum of EUR1.00 representing the proceeds of its issued and paid up share capital, any Issuer Fees and the remainder of the amounts standing to the credit of the Issuer Irish Account. The only assets of the Issuer available to meet claims of the holders of the Notes and the other Secured Parties are the assets comprised in the Collateral.

The Notes are obligations of the Issuer alone and are not the obligation of, or guaranteed in any way by, the Directors, the Company Secretary, the Trustee, the Agents, the Collateral Manager, any Hedge Counterparty or any Obligor under any part of the Portfolio.

### **Directors and Company Secretary**

The Issuer's Articles of Association provide that the Board of Directors of the Issuer will consist of at least two Directors.

The Directors of the Issuer as at the date of this Offering Circular are Ciaran Connolly and Atif Kamal. The business address of the Directors is 53 Merrion Square, Dublin 2, Ireland.

The Company Secretary is TMF Administration Services Limited of 53 Merrion Square, Dublin 2, Ireland.

### **Business Activity**

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 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 Administration Agreement, the Deed of Release, 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**

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.

### **Subsidiaries**

The Issuer has no subsidiaries.

### **Administrative Expenses of the Issuer**

The Issuer is expected to incur certain Administrative Expenses (as defined in Condition 1 (*Definitions*) of the Conditions of the Notes).

### **Financial Statements**

Since its date of incorporation, save as disclosed herein, the Issuer has not commenced operations and no financial statements of the Issuer have been prepared as at the date of this Offering Circular. The Issuer intends to publish its first financial statements in respect of the period ending on 31 December 2014. The Issuer will not prepare interim financial statements. The financial year of the Issuer ends on 31 December in each year.

The auditors of the Issuer are PricewaterhouseCooper of One Spencer Dock, North Wall Quay, Dublin 1, Ireland. PricewaterhouseCooper are chartered accountants and are members of the Institute of Chartered Accountants of Ireland and registered auditors qualified in practice in Ireland.

### **Directors Experience**

#### **Atif Kamal**

##### **Head of Accounting – TMF Management Ireland**

As Head of Accounting in TMF Management (Ireland) Limited ("**TMF**"), Atif reports to the Director and is responsible for overall management of the Accounting Department which has a team of 14 accounting professionals. Atif was previously a manager in the Accounting Department of TMF.

Atif has more than 10 years of experience in finance and accounting roles. Prior to joining TMF in September 2008, he worked for Deloitte in Cork and KPMG in Pakistan and the Middle East. Atif's experience ranges from audit, corporate finance, financial modelling and restructuring to business process review covering banks and financial institution, telecommunications companies, funds and manufacturing companies.

Atif is an Associate Member of ICAP.

#### **Ciarán Connolly**

##### **Senior Accountant – TMF Management Ireland**

Ciarán's key responsibilities include managing a large portfolio of clients across a range of industries simultaneously and, in particular, TMF's Irish resident special purpose vehicles investing in mortgage backed securities, asset backed securities, collateralised loan obligations, collateralised debt obligations, derivatives, the life settlement industry and various receivables structures.

Prior to joining TMF in 2013, Ciarán was a Senior Administrator at Maples Fiduciary Services (Ireland) Limited ("**Maples**") where he managed a diverse portfolio of clients across multiple jurisdictions and special purpose vehicles. Prior to joining Maples, Ciarán worked in the finance and compliance department of Dolmen Securities Limited.

Ciarán has been a member of the Association of Chartered Certified Accountants since 2013. He holds a Bachelor of Arts in Accounting and Finance from Dublin Business School.

## THE COLLATERAL MANAGER

### General

Oaktree Capital Management, L.P., a Delaware limited partnership (including its Affiliates, individually or collectively, as the context requires, “**Oaktree**”) is a leading global investment management firm headquartered in Los Angeles, California, focused on less efficient markets and alternative investments

A number of Oaktree’s Principals and investment professionals have been investing together for the past 29 years and have generated impressive investment performance through multiple market cycles. As of March 31, 2014, Oaktree (together with its affiliates) managed U.S.\$86.2 billion in assets in a wide range of investment strategies, including real estate, distressed debt, corporate debt (including high yield debt and senior loans), control investing, convertible securities and listed equities. Oaktree is registered with the SEC as an investment adviser under the Advisers Act.

### Collateral Manager

Oaktree Capital Management (UK) LLP acts as Collateral Manager. The Collateral Manager is an Affiliate of Oaktree. The Collateral Manager was incorporated as a limited liability partnership under the laws of England and Wales on 15 April 2011 and is authorised and regulated by the Financial Conduct Authority in the United Kingdom. The Collateral Manager’s registered office is located at 27 Knightsbridge, London SW1X 7LY, United Kingdom (telephone: (44) 207 201 4600).

### The Principals

The current Principals of Oaktree are Howard Marks, Bruce Karsh, Sheldon Stone, Larry Keele, Stephen Kaplan, Kevin Clayton, David Kirchheimer and John Frank. The original Principals formed Oaktree in April 1995 after having managed funds in the high yield bond, distressed debt, private equity and convertible securities areas of TCW for approximately ten years. The Principals have led the investment of clients’ funds in the consistent, risk controlled manner called for by Oaktree’s philosophy, generally resulting in an impressive track record, reduced risk and highly satisfied clients.

### Oaktree’s Ownership

Oaktree is indirectly controlled by Oaktree Capital Group, LLC (“**OCG**”), a publicly traded company listed on the New York Stock Exchange under the ticker symbol “OAK.” OCG is indirectly controlled by the Principals, who hold over 96% of OCG’s voting power. Approximately 63% of Oaktree’s equity interests are owned by over 190 senior professionals. The remainder of Oaktree’s equity interests are held by a handful of long-time clients and by investors in OCG’s publicly traded Class A units.

### Global Presence

As a global investment management firm, Oaktree has an international presence. Since opening its first international office in Singapore in July 1998, Oaktree and its affiliates have expanded their presence to 17 offices in 12 different countries, as of March 31, 2014.

### The Professionals

Oaktree is dedicated to highly professional management in a limited number of specialized investment niches. Its strength is its staff of over 800 people, including approximately 300 investment, legal and compliance professionals and 350 administrative and marketing professionals as of March 31, 2014; these people are the core of Oaktree. The professionals are active in portfolio management, investment analysis, trading, legal, client service and administration.

The biographies of the professionals in the Collateral Manager with primary responsibility for the Issuer and certain members of Oaktree’s senior management are set forth below.

## **Oaktree Senior Management**

### **Howard Marks, CFA, CIC Chairman**

Since the formation of Oaktree in 1995, Mr. Marks has been responsible for ensuring the firm's adherence to its core investment philosophy; communicating closely with clients concerning products and strategies; and contributing his experience to big-picture decisions relating to investments and corporate direction. From 1985 until 1995, Mr. Marks led the groups at The TCW Group, Inc. that were responsible for investments in distressed debt, high yield bonds, and convertible securities. He was also Chief Investment Officer for Domestic Fixed Income at TCW. Previously, Mr. Marks was with Citicorp Investment Management for 16 years, where from 1978 to 1985 he was Vice President and senior portfolio manager in charge of convertible and high yield securities. Between 1969 and 1978, he was an equity research analyst and, subsequently, Citicorp's Director of Research. Mr. Marks holds a B.S.Ec. degree *cum laude* from the Wharton School of the University of Pennsylvania with a major in Finance and an M.B.A. in Accounting and Marketing from the Booth School of Business of the University of Chicago, where he received the George Hay Brown Prize. He is a CFA® charterholder and a Chartered Investment Counselor. Mr. Marks serves on the Board of Trustees of the University of Pennsylvania and from 2000 to 2010 was Chairman of the university's Investment Board.

### **Bruce Karsh President and Chief Investment Officer**

Mr. Karsh is Oaktree's President and one of the firm's co-founders. He also is Chief Investment Officer and serves as portfolio manager for Oaktree's Distressed Debt and Value Opportunities strategies. Prior to co-founding Oaktree, Mr. Karsh was a Managing Director of TCW Asset Management Company, and the portfolio manager of the Special Credits Funds from 1988 until 1995. Prior to joining TCW, Mr. Karsh worked as Assistant to the Chairman of SunAmerica, Inc. Prior to that, he was an attorney with the law firm of O'Melveny & Myers. Before working at O'Melveny & Myers, Mr. Karsh clerked for the Honorable Anthony M. Kennedy, then of the U.S. Court of Appeals for the Ninth Circuit and presently Associate Justice of the U.S. Supreme Court. Mr. Karsh holds an A.B. degree in Economics *summa cum laude* from Duke University, where he was elected to Phi Beta Kappa. He went on to earn a J.D. from the University of Virginia School of Law, where he served as Notes Editor of the *Virginia Law Review* and was a member of the Order of the Coif. Mr. Karsh currently serves on the Board of Trustees of Duke University and is Chairman of the Board of Directors for Duke University's investment management subsidiary, DUMAC, LLC. In addition, he serves on the boards of Tribune Company and a number of privately held companies. He previously served on the boards of Charter Communications, Inc; Furniture Brands International; KinderCare Learning Centers, Inc.; and Littelfuse Inc.

### **John Frank Managing Principal**

Mr. Frank is Oaktree's principal executive officer and works closely with Messrs. Marks and Karsh in managing the firm. From 2001 until early 2006, Mr. Frank served as the firm's General Counsel. Prior to joining Oaktree in July 2001, Mr. Frank was a partner of the Los Angeles law firm of Munger, Tolles & Olson LLP. While at that firm, Mr. Frank acted as principal lawyer in a number of notable merger and acquisition transactions; as primary outside counsel to a number of public and privately held corporations; and as special counsel to various boards of directors and special board committees. Prior to joining Munger Tolles in 1984, Mr. Frank served as a law clerk to the Honorable Frank M. Coffin of the United States Court of Appeals for the First Circuit. Prior to attending law school, Mr. Frank served as a Legislative Assistant to the Honorable Robert F. Drinan, Member of Congress. Mr. Frank holds a B.A. degree with honors in History from Wesleyan University and a J.D. *magna cum laude* from the University of Michigan Law School, where he was Managing Editor of the *Michigan Law Review* and a member of the Order of the Coif. He is a member of the State Bar of California and, while in private practice, was listed in Woodward & White's *Best Lawyers in America*. Mr. Frank is a trustee of Wesleyan University, Polytechnic School and Good Samaritan Hospital of Los Angeles.

**David Kirchheimer**  
**Principal and Chief Financial and Administrative Officer**

Mr. Kirchheimer joined Oaktree in 1995. Prior to joining Oaktree, Mr. Kirchheimer was a Vice President and the Chief Administrative Officer of Ticketmaster Corporation, the world's largest ticket processing and distribution company. Previously, he was Executive Vice President and Chief Financial Officer of Republic Pictures Corporation, a publicly-held entertainment company. From 1979 to 1986, Mr. Kirchheimer was with Price Waterhouse in Los Angeles, most recently serving as a Senior Audit Manager. Mr. Kirchheimer graduated Phi Beta Kappa and *summa cum laude* with a B.A. degree in Economics from Colorado College and an M.B.A. in Accounting and Finance from the Graduate School of Business of the University of Chicago. He is a Certified Public Accountant (inactive).

**Todd Molz**  
**Managing Director and General Counsel**

Mr. Molz serves as Oaktree's General Counsel managing all aspects of our legal activities, including fund formation, acquisitions and other special projects. Prior to joining the firm in 2006, Mr. Molz was a partner of the Los Angeles law firm of Munger, Tolles & Olson LLP, where his practice focused on tax and structuring aspects of complex and novel business transactions. Prior to joining Munger Tolles, Mr. Molz served as a law clerk to the Honorable Alfred T. Goodwin of the United States Court of Appeals for the Ninth Circuit. Mr. Molz received a B.A. degree in Political Science *cum laude* from Middlebury College and a J.D. degree with honors from the University of Chicago. While at Chicago, Mr. Molz served on the Law Review, received the John M. Olin Student Fellowship and was a member of the Order of the Coif. Mr. Molz serves on the Board of Trustees of the Children's Hospital of Los Angeles.

**Thomas Smith**  
**Managing Director and Chief Compliance Officer**

Mr. Smith joined Oaktree in 2010 after having spent twenty-five years with JP Morgan Chase & Co., most recently as a Managing Director and Head of Compliance for the Americas Asset Management business. Prior to JP Morgan Chase, Mr. Smith held various financial and audit management positions in the pharmaceutical and rental car industries. Mr. Smith received a B.S. degree in Accounting and Economics from St. John's University. He is a Certified Public Accountant (inactive).

**Sheldon Stone**  
**Principal**

Mr. Stone serves as the portfolio manager of Oaktree's U.S. High Yield Bond strategy and co-portfolio manager of its Global High Yield Bond strategy. In addition, he has supervisory responsibility for Oaktree's European High Yield Bond strategy. Mr. Stone, a co-founding member of Oaktree in 1995, established TCW's High Yield Bond Department with Mr. Marks in 1985 and ran the department for ten years. Prior to joining TCW, Mr. Stone worked with Mr. Marks at Citibank for two years where he performed credit analysis and managed high yield bond portfolios. From 1978 to 1983, Mr. Stone worked at The Prudential Insurance Company where he was a Director of Corporate Finance, managing a fixed income portfolio exceeding \$1 billion. Mr. Stone holds a B.A. degree from Bowdoin College and an M.B.A. in Accounting and Finance from Columbia University. Mr. Stone serves as a Trustee of Colonial Williamsburg Foundation and Bowdoin College.

**Scott Graves**  
**Managing Director and Head of Credit Strategies**

Mr. Graves serves as Head of Credit Strategies for Oaktree with responsibility for overseeing the Multi-Strategy Credit, U.S. Senior Loan, European Senior Loan, Mezzanine Finance and Strategic Credit strategies. He is also active in corporate management matters for the firm and is responsible for Oaktree's corporate and strategic development efforts. Since joining the firm in 2001 and through to 2013, Mr. Graves served as an investment professional in the Distressed Opportunities, Value Opportunities and Strategic Credit strategies, where he was most recently a co-portfolio manager and



contributed to the analysis, portfolio construction and management of the investment funds. Prior to joining Oaktree, Mr. Graves served as a Principal in William E. Simon & Sons' Private Equity Group where he was responsible for sourcing, structuring, executing and managing corporate leveraged buy-outs and growth capital investments. Before joining William E. Simon & Sons in 1998, Mr. Graves worked at Merrill Lynch & Company in the Mergers and Acquisitions Group, where he focused on leveraged buy-out situations and the valuation of public and private companies. Prior thereto, Mr. Graves worked at Price Waterhouse LLP in the Audit Business Services division. Mr. Graves received a B.A. degree in History from the University of California at Los Angeles and an M.B.A. in Entrepreneurial Finance from the Wharton School at the University of Pennsylvania. He is a Certified Public Accountant (inactive).

### **Portfolio Management Team**

#### **Shannon Ward**

##### **Managing Director and Portfolio Manager**

Ms. Ward serves as portfolio manager of Oaktree's European High Yield Bond and European Senior Loan strategies, and co-portfolio manager of the Global High Yield Bond strategy. She has over 21 years of corporate finance and investing experience. Ms. Ward joined Oaktree in 2006 from AIG Global Investment Group, where she spent five years as a Vice President for High Yield Investments. Before that, she spent over five years at Banc of America Securities, most recently as a Managing Director in the Entertainment/Media Group, and after her M.B.A., joined Union Bank of California as an Assistant Vice President in the Communications and Media Group. Ms. Ward received a B.A. degree in Psychology from the University of California, Santa Barbara and an M.B.A. with a concentration in Finance from the University of Southern California.

#### **Dan Robinson, ACA**

##### **Managing Director**

Mr. Robinson serves as a senior member of the European High Yield Bond and European Senior Loan team and has over fourteen years corporate restructuring and investing experience. He joined Oaktree's London office in 2003 and spent more than ten years as an investment analyst covering a wide range of sectors through a number of cycles. More recently his duties have expanded to include CLO product development and loan and bond trading and origination. Before joining Oaktree, he was employed by KPMG LLP in London, where he worked in the Restructuring Group, during which time he qualified as a Chartered Accountant. Mr. Robinson is an honours graduate of the University of Edinburgh and attended the London Business School Corporate Finance program.

### **Research Analysts**

#### **Madelaine Jones, CFA**

##### **Managing Director**

Ms. Jones joined Oaktree's London office in 2003 where she serves as a senior analyst, working closely with the European High Yield Bond and European Senior Loan portfolio manager. Before joining Oaktree, Ms. Jones spent more than three years at Deutsche Bank AG in London as a Senior Associate in the Leveraged Debt Origination Group specializing in loan, mezzanine and high yield bond financings to support European leveraged buyouts. Prior thereto, she spent two years in the Acquisition Finance Group at Natwest Group plc. Ms. Jones received a B.A. degree in Economics from the University of Durham, England. She is a CFA charterholder.

#### **Anthony Shackleton, ACA**

##### **Managing Director**

Mr. Shackleton joined Oaktree's London office in 2004. He previously worked at PricewaterhouseCoopers LLP in the UK where he qualified as a Chartered Accountant. Mr. Shackleton is a graduate of the University of Oxford.

**James Turner, ACA**  
**Managing Director**

Mr. Turner joined Oaktree in 2001 and serves as Assistant Portfolio Manager for the European High Yield Bond strategy and a senior analyst in European Senior Loans. Over the years he has covered a wide range of sectors and invested through a number of financial cycles. Previously, he was employed by Schroder Salomon Smith Barney as an associate in both the Mergers & Acquisitions and Financial Sponsors divisions, working on a number of high profile public transactions. He qualified as a Chartered Accountant with Deloitte & Touche and is an honours graduate of the University of Nottingham, England.

**Jay Daryanani, ACA**  
**Senior Vice President**

Mr. Daryanani joined Oaktree's London office in 2006. Prior to that, Mr. Daryanani spent five years at Deloitte & Touche LLP in London where he qualified as a Chartered Accountant and latterly worked in the Private Equity Transaction Services Group. Mr. Daryanani graduated with a BSc (Hons) degree in Economics from the University of London, England. He is a qualified Chartered Accountant.

**Savan Shah, ACA**  
**Senior Vice President**

Mr. Shah joined Oaktree's London office in 2006. Prior to that, Mr. Shah spent five and a half years at Deloitte & Touche LLP in London, where he worked most recently in the Private Equity Transaction Services Group. Mr. Shah received a B.Sc. degree (Honours) in Management Sciences from the University of Warwick in 2000. He is a qualified Chartered Accountant.

**Michael Phillips**  
**Vice President**

Prior to joining Oaktree in 2012, Mr. Phillips spent two years as an Investment Manager at Nordic Capital, where he was responsible for arranging debt financing for LBO transactions. Before that, he spent three years at Barclays Capital, most recently as an Assistant Vice President in the Leveraged Finance group. Prior experience includes a summer internship at Ernst & Young. Mr. Phillips received an M.A. degree in Music from the University of Cambridge, specializing in quantitative analysis and experimental psychology.

**Olivier Eisenzimmer**  
**Associate**

Prior to joining Oaktree in 2013, Mr. Eisenzimmer spent three years with Société Générale Corporate and Investment Banking in London. While with Société Générale, he served as an analyst in the Telecoms, Media & Technology (TMT) Finance team, working on the financing of private equity-backed transactions and non-investment grade corporate acquisitions. Prior experience includes internships in private equity with Fonds Stratégique d'Investissement (FSI), a French state-owned investment fund, as well as in mergers and acquisitions with BNP Paribas Corporate Finance. Mr. Eisenzimmer received an M.Sc. degree in Business and Management from ESSEC Business School in Paris.

**Michael Oliver**  
**Associate**

Mr. Oliver joined Oaktree's London office in 2014. Prior to that, he spent six years at U.S. Bank in London, where he worked most recently as a Senior Transaction Manager in the CLO Investor Reporting department. Mr. Oliver received a B.A. (Hons) degree in Accounting and Finance from Nottingham Trent University.

**Dhaval Patel**  
**Analyst**

Prior to joining Oaktree in 2013, Mr. Patel spent two years as a Senior Analyst in the Leveraged Finance group at BNP Paribas CIB in London, where he focused on the origination of leveraged loans and high yield bonds for financial sponsor-owned companies. Prior experience includes work as a Summer Analyst in the Restructuring Group at Lloyds Banking Group. Mr. Patel received a B.Sc. (Hons) degree in Economics and Finance with first class honors from the University of Bristol.

## THE RETENTION HOLDER AND RETENTION REQUIREMENTS

### Description of the Retention Holder

The Collateral Manager shall act as Retention Holder for the purposes of the Retention Requirements. The Collateral Manager anticipates that it will fall within the definition of a "sponsor" for the purpose of the Retention Requirements.

### The Retention

On the Issue Date, the Retention Holder will sign the Risk Retention Letter addressed to the Issuer, the Trustee (for the benefit of the Noteholders), the Collateral Administrator and Barclays Bank PLC in its capacity as sole arranger ("**Barclays**").

Under the Risk Retention Letter, the Retention Holder will:

- (a) undertake to subscribe for (at the initial issuance and each subsequent date of additional issuance of Notes) a net economic interest in the transaction which will be comprised of a first loss tranche within the meaning of paragraph 1(d) of Article 405 of the CRR and Article 51(1)(d) of the AIFMD Level 2 Regulation by holding in its own name and for its own account on an on-going basis for so long as any Class of Notes remains Outstanding, Subordinated Notes with a Principal Amount Outstanding representing no less than 5.0 per cent. of the Target Par Cap (the "**Retention**"), subject to the proviso below;
- (b) agree that neither it nor any of its Affiliates will sell, hedge or otherwise mitigate its credit risk under or associated with the Retention or the underlying Portfolio of Collateral Debt Obligations, except to the extent permitted in accordance with the Retention Requirements;
- (c) take such further action, provide such information and enter into such other agreements as may reasonably be required to satisfy the Retention Requirements as of: (a) the Issue Date and (b) solely as regards the provision of information in the possession of the Retention Holder and to the extent the same is not subject to a duty of confidentiality, any time prior to maturity of the Notes;
- (d) agree to confirm its continued compliance with the covenants set out at paragraphs (a) and (b) above on a monthly basis to the Issuer, the Collateral Manager, the Trustee, the Collateral Administrator and Barclays in writing (which may be by way of email);
- (e) represent and covenant that it is, and will remain so for so long as it is required to hold the Retention, a CRR Investment Firm;
- (f) represent that it is an investment firm subject to regulation under the United Kingdom implementation of Directive 2004/39/EC and authorised by the United Kingdom Financial Conduct Authority;
- (g) agree that it shall immediately notify the Issuer, the Trustee, the Collateral Administrator and Barclays if for any reason it: (i) ceases to hold the Retention in accordance with (a) above; (ii) fails to comply with the covenants set out in (b), in any way; or (iii) any of the representations contained in the Risk Retention Letter fail to be true on any date; and
- (h) notify the Collateral Administrator in writing of any sale, disposal or acquisition of an interest in the Subordinated Notes by the Retention Holder promptly following such sale, disposal or acquisition,

provided, however, that the Retention Holder may transfer the Retention to the extent such transfer would not cause the transaction described in this Offering Circular to cease to be compliant with the Retention Requirements.

"**CRR Investment Firm**" means an "investment firm" as defined in Article 4(1) point (2) of Regulation 2013/575/EU as published in the Official Journal of the European Union on 27 June 2013.

## 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) of the Conditions of the Notes.*

### 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. 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

#### *Acquisition of Collateral Debt Obligations prior to the Issue Date*

The Issuer anticipates that, by the Issue Date, it (or the Collateral Manager on its behalf) will have purchased or committed to purchase Collateral Debt Obligations, the Aggregate Principal Balance of which is equal to at least €255,718,533 which is approximately 70 per cent. of the Target Par Amount. Such Collateral Debt Obligations have been selected on behalf of the Issuer prior to the Issue Date by Oaktree Capital Management (UK) LLP, acting pursuant to an interim collateral management agreement, and their acquisition prior to the Issue Date has been funded pursuant to certain Warehouse Arrangements. The proceeds of issue of the Notes 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 Issuer's warehouse funding pursuant to 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, may be deposited in, the Interest Account, the Principal Account, the Expense Reserve Account and the Unused Proceeds Account on the Issue Date.

#### *Acquisition of Collateral Debt Obligations generally*

The Collateral Manager will determine and will use reasonable endeavours to cause to be acquired by the Issuer a portfolio of Secured Senior Loans, Unsecured Senior Obligations, Secured Senior Bonds, Second Lien Loans, Mezzanine Obligations, Corporate Rescue Loans, PIK Obligations, Bridge Loans and High Yield Bonds during the Initial Investment Period, the Reinvestment Period and thereafter. The Collateral Manager acting on behalf of the Issuer, shall use all commercially 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 15 December 2014, 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; and (ii) no more than 1.0 per cent. of the Aggregate Collateral Balance may be transferred to the Interest Account, save to the extent (if any) required to reduce the Aggregate Collateral Balance determined for the purposes of compliance with the Retention Requirements to the Target Par Cap.

Within 10 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 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, the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be the lower of its Moody's Collateral Value and its 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 recalculating and comparing the Aggregate Principal Balance of all Collateral Debt Obligations purchased or committed to be purchased as at such date and the computations and results of the Portfolio Profile Tests, the Collateral Quality Tests and the Coverage Tests (other than the Interest Coverage Tests) by reference to such Collateral Debt Obligations. For the avoidance of doubt, no accountants' certificate shall be provided to any of the Rating Agencies.

The Collateral Manager (acting on behalf of the Issuer) shall promptly, following receipt of the Effective Date Report request that the Rating Agencies confirm their Initial Ratings of the Rated Notes, provided that if the Effective Date Moody's Condition is satisfied then such rating confirmation shall be deemed to have been received from Moody's. If the Effective Date Moody's Condition is not satisfied within 20 Business Days following the Effective Date the Collateral Manager shall promptly notify Moody's. If (i)(a) the Effective Date Determination Requirements have not been satisfied as at the Effective Date (unless Rating Agency Confirmation is received in respect of such failure to satisfy any of the Effective Date Determination Requirements) and (b) either the Collateral Manager (acting on behalf of the Issuer) fails to present a Rating Confirmation Plan to the Rating Agencies or Rating Agency Confirmation has not been obtained for the Rating Confirmation Plan or Rating Agency Confirmation has not been received following a request therefor by the Collateral Manager; or (ii) the Effective Date Moody's Condition is not satisfied and following a request therefor from the Collateral Manager following the Effective Date, Rating Agency Confirmation from Moody's is not received, then an Effective Date Rating Event shall have occurred, provided that any downgrade or withdrawal of any of the Initial Ratings of the Notes which is not directly related to a request for confirmation thereof or which occurs after confirmation thereof by the Rating Agency shall not constitute an Effective Date Rating Event. 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**

Subject as provided below, each Collateral Debt Obligation must, at the time of entering into a binding commitment to purchase 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 read and construed as if such obligation were a Collateral Debt Obligation):

- (a) it is a Secured Senior Loan, a Secured Senior Bond, a Corporate Rescue Loan, an Unsecured Senior Obligation, a Mezzanine Obligation, a Second Lien Loan, 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 was acquired in the Primary Market and is denominated in a Qualifying Unhedged Obligation Currency within six months 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 Collateral Debt Obligation which has a Collateral Debt Obligation Stated Maturity which is later than the Maturity Date;
- (d) it is not a Defaulted Obligation or a Credit Impaired Obligation;
- (e) it is not a lease (including, for the avoidance of doubt, a financial lease);
- (f) it is not a Structured Finance Security, a Project Finance Loan, a pre-funded letter of credit or a Synthetic Security;
- (g) 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;
- (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 of interest to the Issuer will not be subject to withholding tax imposed by any jurisdiction unless either: (i) such withholding tax can, upon completion of the procedural formalities, be sheltered by application being made under the applicable double tax treaty; 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;
- (j) either (i), if the Aggregate Collateral Balance of all Collateral Debt Obligations (as at the date of determination) with a Moody's Rating of "Caa1" or lower and/or with a Fitch Rating of "CCC+" or lower is less than or equal to five per cent. of the Aggregate Collateral Balance as at that date, it has a Moody's Rating of not lower than "Caa3", or (ii) at all other times, it has a Moody's Rating of not lower than "Caa1";
- (k) either (i), if the Aggregate Collateral Balance of all Collateral Debt Obligations (as at the date of determination) with a Moody's Rating of "Caa1" or lower and/or with a Fitch Rating of "CCC+" or lower is less than or equal to five per cent. of the Aggregate Collateral Balance as at that date, it has a Fitch Rating of not lower than "CCC-", or (ii) at all other times, it has a Fitch Rating of not lower than "CCC+";
- (l) it is not a debt obligation whose repayment is subject to substantial non-credit related risk;
- (m) 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 arise out of future drawing obligations in respect of a Revolving Obligation or a Delayed Draw Collateral Debt Obligation and which are fully collateralised by way of amounts deposited in the Unfunded Revolver Reserve Account; (ii) which may arise at its option; (iii) which are fully collateralised; (iv) which are subject to limited recourse provisions similar to those set out in the Trust Deed; (v) which are owed to the agent bank in relation to the performance of its duties under a Collateral Debt Obligation; or (vi) which may arise as a result of an undertaking to participate in a financial restructuring whereby the Collateral Debt Obligation is redeemed in full and the Issuer enters into a restructured Collateral Debt Obligation in respect of which the Obligor of such Collateral Debt Obligation prior to such restructuring is an affiliate of the Obligor of the restructured obligation and where the restructured Collateral Debt Obligation satisfies the Eligibility Criteria and 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 Collateral Debt Obligation;

- (n) it will not require the Issuer or the pool of collateral to be registered as an investment company under the Investment Company Act;
- (o) it is not a debt obligation that pays scheduled interest less frequently than annually (other than, for the avoidance of doubt, PIK Obligations);
- (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) its acquisition by the Issuer will not result in the imposition of stamp duty, stamp duty reserve tax or similar tax or duty payable by the Issuer or by any other person entitled to recover the same from the Issuer, unless such tax or duty has been included in the purchase price of such Collateral Debt Obligation;
- (r) upon acquisition, both (i) 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 and (ii) (subject to (i) above) the Issuer (or the Collateral Manager on behalf of the Issuer) has notified the Trustee in the event that any Collateral Debt Obligation that is a bond is held through the Custodian but not held through Euroclear or does not satisfy the requirements relating to Euroclear collateral specified in the Trust Deed and has taken such action as the Trustee may require to effect such security interest;
- (s) it is a "qualifying asset" for the purposes of section 110 of the Taxes Consolidation Act 1997 of Ireland;
- (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) it has not been called for, and is not subject to a pending redemption;
- (v) 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;
- (w) 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);
- (x) it must require the consent of at least 66⅔ per cent. of the lenders to the Obligor thereunder for any change that is adverse to the interests of holders thereof to 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;
- (y) it is not, and is not convertible into, an equity security;
- (z) 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, it is in registered form for U.S. federal income tax purposes, unless it is not a "registration-required obligation" as defined in Section 163(f) of the Code;
- (aa) if it is a Revolving Collateral Obligation, it can only be drawn in Euro; and
- (bb) it is not a Zero Coupon Obligation or a Current Pay 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 (including but not limited to an extension of its maturity) 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.

**"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 (provided, however, that any additional borrowing or refinancing having a term of more than one year may be included as a Bridge Loan if one or more financial institutions shall have provided the Obligor with a binding written commitment to provide the same); and (iii) prior to its purchase by the Issuer, has a Moody's Rating and a Fitch Rating or, if the Bridge Loan is not rated by Moody's and Fitch, Rating Agency Confirmation has been obtained.

**"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:

- (a) 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
- (b) 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.

**"Synthetic Security"** means a security or swap transaction (other than a letter of credit or a Participation) that has payments of interest or principal on a reference obligation or the credit performance of a reference obligation.

### **Restructured Obligations**

If 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 each of the criteria (a), (b), (e), (f), (g), (h), (l), (m), (n), (o), (p), (q), (r), (s), (t), (u) (notwithstanding the fact that a Collateral Obligation is subject to a pending redemption, provided that if the redemption price of such Collateral Obligation is expected to be 100 per cent. of the Principal Balance of such Collateral Obligation, such Collateral Obligation will be considered to satisfy paragraph (u) the Restructured Obligation Criteria (as defined below)), (v), (w), (x), (y), (z), (aa) and (bb) of the Eligibility Criteria thereof (such criteria, the **"Restructured Obligation Criteria"**) on the related Restructuring Date.

If the Collateral Manager determines in its reasonable discretion that a Collateral Debt Obligation satisfies the Restructured Obligation Criteria it will provide an Issuer Order to the Trustee, which certifies the same.

## 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 Security 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 notify the Collateral Administrator of all necessary details of the Collateral Debt Obligation or Exchanged Security to be sold and the proposed Substitute Collateral Debt Obligation to be purchased and the Collateral Administrator (on behalf of the Issuer) shall determine and shall provide confirmation of whether the Portfolio Profile Tests and Reinvestment Criteria which are required to be satisfied, maintained or improved (as applicable) in connection with any such sale or reinvestment are satisfied, maintained or improved (as applicable) or, if any such criteria are not satisfied, maintained or improved (as applicable), shall notify the Issuer and the Collateral Manager of the reasons and the extent to which such criteria are not so satisfied, maintained or improved (as applicable).

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 the guidelines contained in the Collateral Management Agreement and will monitor the performance of the Collateral Debt Obligations on an on-going 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 Non-Eligible 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.

#### *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:

- (a) the Collateral Manager's knowledge, no Note Event of Default having occurred which is continuing; and
- (b) the Collateral Manager believes, in its reasonable business judgment, that such security constitutes a Credit Impaired Obligation, a Credit Improved Obligation or a Defaulted Obligation as the case may be.

#### *Sale of Exchanged Securities and Collateral Enhancement Obligations*

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 Security as provided above, the Collateral Manager shall be required by the Issuer to use its commercially 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).

Collateral Enhancement Obligations may be sold at any time.

*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 commercially 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.

***Discretionary Sales***

The Issuer or the Collateral Manager (acting on behalf of the Issuer) may dispose of any Collateral Debt Obligation (other than a Non-Eligible Issue Date Collateral Debt Obligation, an obligation which did not satisfy the Eligibility Criteria on the date on which the Collateral Manager on behalf of the Issuer entered into a binding commitment to acquire it, a Credit Improved Obligation, a Credit Impaired Obligation, a Defaulted Obligation, an Exchanged Security or a Collateral Enhancement Obligation, each of which may only be sold in the circumstances provided above) at any time provided:

- (a) to the Collateral Manager's knowledge, no Note Event of Default having occurred which is continuing;
- (b) 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 25 per cent. of the Aggregate Collateral Balance (excluding, any Non-Eligible Issue Date Collateral Debt Obligation, an obligation which did not satisfy the Eligibility Criteria on the date on which the Collateral Manager on behalf of the Issuer entered into a binding commitment to acquire it, any Credit Improved Obligation, any Credit Impaired Obligation, any Defaulted Obligation, any Exchanged Security and any Collateral Enhancement Obligation) as of the first day of such 12 calendar month period (or as of the Issue Date, as the case may be); and
- (c) either:
  - (i) during the Reinvestment Period, the Collateral Manager reasonably believes prior to such sale that it will be able to enter into 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 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 Investment Criteria Adjusted Balance of such Collateral Debt Obligation; or (2) after giving effect to such sale, the Aggregate Principal Balance of all Collateral Debt Obligations (excluding the Collateral Debt Obligations being sold but including, without duplication, the expected Sale Proceeds of such sale) plus, without duplication, the amounts on deposit in the Principal Account and the Unused Proceeds 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) will be greater than (or equal to) the Reinvestment Target Par Amount.

**"Investment Criteria Adjusted Balance"** means with respect to a Collateral Debt Obligation, the Principal Balance of such Collateral Debt Obligation, provided that the Investment Criteria Adjusted Balance of:

- (a) a Deferring Obligation shall be the lesser of:
  - (i) its Fitch Collateral Value; and

- (ii) its Moody's Collateral Value;
- (b) a Discount Obligation shall be the product of such obligation's:
  - (i) purchase price (expressed as a percentage of par); and
  - (ii) Principal Balance; and
- (c) a Collateral Debt Obligation which has been included in the calculation of the CCC/Caa Excess shall be the product of its Market Value and its Principal Balance,

provided that if a Collateral Debt Obligation satisfies two or more of (a) through (c) above, the Investment Criteria Adjusted Balance of such Collateral Debt Obligation shall be calculated using the category which results in the lowest value.

#### *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 or date of purchase and sell all or part of the Portfolio, as applicable, in accordance with Condition 7(b)(vi) (*Optional redemption in whole of all Classes of Notes effected through Liquidation only*) and clause 5 (*Realisation of Collateral*) of the Collateral Management Agreement but without regard to the limitations set out in clause 4 (*Sale and Reinvestment of Portfolio Assets*) 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).

#### ***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 (whether or not such obligation would constitute a Restructured Obligation).

#### *During the Reinvestment Period*

During the Reinvestment Period, the Collateral Manager (acting on behalf of the Issuer) may, at its discretion, reinvest any Principal Proceeds in the purchase of additional or 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) to the Collateral Manager's knowledge (without the need for enquiry or investigation), 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 Determination Date immediately prior to 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, 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; or
  - (ii) the sum of: (A) the Aggregate Principal Balance of all Collateral Debt Obligations (for which purposes, the Principal Balance of each Defaulted Obligation shall be its Market Value) (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 greater than the Reinvestment Target Par Amount;
- (d) after the Effective 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 than it was immediately prior to sale or prepayment (in whole or in part) of the relevant Collateral Debt Obligation;
- (e) 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;
- (f) with respect to the reinvestment of Sale Proceeds (other than Sale Proceeds from Credit Impaired Obligations, Defaulted Obligations and Exchanged Security) either:
  - (i) the Aggregate Principal Balance of all Collateral Debt Obligations (calculated for this purpose on the basis that the Principal Balance of each Defaulted Obligation is its Market Value) shall be maintained or improved after giving effect to such reinvestment when compared with the Aggregate Principal Balance (calculated for this purpose on the basis that the Principal Balance of each Defaulted Obligation is its Market Value) immediately prior to the sale that generates such Sale Proceeds; or
  - (ii) after giving effect to such sale, the sum of: (A) the Aggregate Principal Balance of all Collateral Debt Obligations (for which purposes, the Principal Balance of each Defaulted Obligation is its Market Value) (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 greater than the Reinvestment Target Par Amount;
- (g) no Retention Deficiency occurs as a direct result of, and immediately after giving effect to, such reinvestment.

***Following the Expiry of the Reinvestment Period***

Following the expiry of the Reinvestment Period, Unscheduled Principal Proceeds and Sale Proceeds from the sale of Credit Impaired Obligations or Credit Improved Obligations only, 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) to the Collateral Manager's knowledge (without the need for enquiry or investigation) no Note Event of Default has occurred that is continuing at the time of such purchase;

- (b) 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 Obligations or Credit Improved Obligations, as the case may be;
- (c) sub-paragraphs (i) and (j) of the Portfolio Profile Tests are satisfied immediately after giving effect to such reinvestment;
- (d) each Coverage Test is satisfied immediately prior to and will be satisfied immediately after giving effect to such purchase;
- (e) either: (I) the Portfolio Profile Tests and the Collateral Quality Tests (except the Weighted Average Life Test, the Moody's Maximum Weighted Average Rating Factor Test, the Moody's Minimum Diversity Test and the Fitch Maximum Weighted Average Rating Factor Test) are satisfied after giving effect to such reinvestment; or (II) if any such test was not satisfied immediately prior to such investment, such test will be satisfied after giving effect to such reinvestment or will be maintained or improved after giving effect to such reinvestment;
- (f) each of the Weighted Average Life Test, the Moody's Maximum Weighted Average Rating Factor Test and the Fitch Maximum Weighted Average Rating Factor Test are satisfied immediately after giving effect to such reinvestment;
- (g) 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; and
- (h) no Retention Deficiency occurs as a direct result of, and immediately after giving effect to, such reinvestment.

Following the expiry of the Reinvestment Period, any Unscheduled Principal Proceeds and any Sale Proceeds from the sale of Credit Impaired Obligations or 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 Payments 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 or 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 the later of (i) 90 calendar days following receipt by the Issuer and (ii) the end of the following Due Period; 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)(ii) (*Application of Principal Proceeds*) and such funds shall be applied only in redemption of the Notes in accordance with the Priorities of Payments.

On the last day of the Reinvestment Period, with respect of any Collateral Debt Obligation in respect of which the Issuer has entered into a binding commitment to purchase on or prior to the last day of the Reinvestment Period but which has not yet settled on such date, an amount equal to the purchase price of any such Collateral Debt Obligations shall be deposited in the Principal Account.

#### ***Amendments to the maturity of Collateral Debt Obligations following the Reinvestment Period***

The Issuer (or the Collateral Manager on its behalf) will not be permitted to execute, enter into, agree to or vote in favour of any amendment or modification extending or having the effect of extending the maturity of a Collateral Debt Obligation (a "**Maturity Amendment**") unless (x) after giving effect to such Maturity Amendment, 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 (y) either (i) the Weighted Average Life Test will be satisfied after giving effect to

such amendment or (ii) if the Weighted Average Life Test was not satisfied prior to the amendment, the Weighted Average Life will be reduced after giving effect to such amendment.

If the Issuer or the Collateral Manager has not voted in favour of a Maturity Amendment which would contravene the requirements of this paragraph but the Collateral Debt Obligation Stated Maturity has been extended, by way of scheme of arrangement or otherwise, the Issuer or the Collateral Manager acting on its behalf may but shall not be required to sell such Collateral Debt Obligation provided that in any event the Collateral Manager shall dispose of such Collateral Debt 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.

#### ***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 the 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.

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 20 Business Days following the date of determination of such compliance (such period, the "**Trading Plan Period**"); *provided* that: (i) 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; (ii) no Trading Plan Period may include a Payment Date; (iii) no more than one Trading Plan may be in effect at any time during a Trading Plan Period; and (iv) if the Reinvestment Criteria are satisfied prospectively after giving effect to a Trading Plan but are not satisfied upon the expiry of the related Trading Plan Period, the Reinvestment Criteria shall not at any time thereafter be evaluated by giving effect to a Trading Plan unless Rating Agency Confirmation with respect to any subsequent Trading Plan is received; *provided* that no further Rating Agency Confirmation shall be required after receiving Rating Agency Confirmation unless a Trading Plan fails, in which case Rating Agency Confirmation will be required with respect to the immediately subsequent 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 purchased at separate times for purposes of determining whether any particular Collateral Debt Obligation is a Discount Obligation. For the avoidance of doubt, compliance with the Reinvestment Criteria upon completion of a Trading Plan pursuant to (iv) above, shall be calculated with respect to those Collateral Debt Obligations that were actually sold and/or purchased as part of the relevant Trading Plan on the basis of data used as at the Initial Trading Plan Calculation Date.

### ***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, the Collection Account, the Unfunded Revolver Reserve Account, each Asset Swap Account, the Hedge Termination 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 Obligations***

The Collateral Manager (acting on behalf of the Issuer) may, from time to time purchase Collateral Enhancement 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 Obligations, and all funds required in respect of the exercise price of any rights or options thereunder, may be paid out of the balance standing to the credit of the Collateral Enhancement Account at the relevant time, by means of a Collateral Manager Advance or as a Permitted Use of certain other proceeds. 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 include interest and/or principal 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 Obligations may be sold at any time by the Issuer, or the Collateral Manager on behalf of the Issuer, and all Collateral Enhancement Obligation Proceeds received by the Issuer shall be deposited into the Collateral Enhancement Account.



Collateral Enhancement 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.

### ***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 commercially 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).

### ***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 Obligation and shall on behalf of the Issuer instruct the Account Bank to make any necessary payment pursuant to a duly completed form of instruction.

### ***Margin Stock***

The Collateral Management Agreement requires that the Collateral Manager, on behalf of the Issuer, shall use reasonable endeavours to sell any Collateral Debt Obligation, Exchanged Security or Collateral Enhancement Obligation which is or at any time becomes Margin Stock as soon as practicable following such event.

**"Margin Stock"** means margin stock as defined under Regulation U issued by the Federal Reserve Board, including any debt security which is by its terms convertible into Margin Stock.

### ***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 (i) for any Non-Euro Obligation denominated in a Qualifying Unhedged Obligation Currency and acquired in the Primary Market, within six months of the settlement date of acquisition thereof or otherwise (ii) 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 and provided that the Aggregate Principal Balance of all Unhedged Collateral Debt Obligations which are not at the time of determination subject to an Asset Swap Transaction shall not exceed 2.5 per cent. of the Aggregate Collateral Balance at any time. Notwithstanding the foregoing, the Collateral Manager shall only be authorised to purchase, on behalf of the Issuer, Non-Euro Obligations for which an Asset Swap Transaction has not been entered into if, before and immediately after such purchase (after calculating the principal balance thereof in accordance with the provisions of the Principal Balance for Unhedged Collateral Debt Obligations), 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 its Fitch Collateral Value) is greater than or equal to the Reinvestment Target Par Amount. 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 or the purchase of any Unhedged Collateral Debt Obligations. 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. See the "Hedging Arrangements" section of this Offering Circular.

### ***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.

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, 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 payment obligations of the Issuer in relation to a Revolving Obligation or a Delayed Drawdown Collateral Debt Obligation including but not limited to 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 release 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 (including, for the avoidance of doubt each participation and sub-participation from which the Issuer, directly or indirectly derives its interest in the relevant Collateral Debt Obligation) entered into by the Issuer with a single Selling Institution 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 (including, for the avoidance of doubt each participation and sub-participation from which the Issuer, directly or indirectly derives its interest in the relevant Collateral Debt Obligation) entered into by the Issuer with Selling Institutions (or any guarantor thereof) each 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.

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); or
- (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 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).

"**Assignment**" means an interest in a loan acquired directly by way of novation or assignment.

## Bivariate Risk Table

The following is the bivariate risk table (the "**Bivariate Risk Table**") and as referred to in "*Portfolio Profile 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 all 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

<b>Long-Term /Short Term Senior Unsecured Debt Rating of Selling Institution</b>	<b>Individual Third Party Credit Exposure Limit*</b>	<b>Aggregate Third Party Credit Exposure Limit*</b>
<b>Moody's</b>		
Aaa	10%	10%
Aa1	10%	10%
Aa2	10%	10%
Aa3	10%	10%
A1	5%	10%
A2 (without a Moody's short- term rating of at least P1)	5%	5%
A3 or below	0%	0%
<b>Long-Term Issuer Credit Rating of Selling Institution</b>	<b>Individual Third Party Credit Exposure Limit*</b>	<b>Aggregate Third Party Credit Exposure Limit*</b>
<b>Fitch</b>		
AAA	10%	10%
AA+	10%	10%
AA	10%	10%
AA-	10%	10%
A+	5%	10%
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 Measurement Date (save as otherwise provided herein).

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, the Coverage Tests and the Collateral Quality Tests. Collateral Debt Obligations in respect of which a binding commitment has been made to sell such Collateral Debt Obligations but such sale has not been settled shall nonetheless be deemed to have been sold for the purposes of the Portfolio Profile Tests, the Coverage 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 90.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Secured Senior Loans and Secured Senior Bonds (which term, for the purposes of this paragraph (a), shall comprise the aggregate of the Aggregate Principal Balance of the Secured Senior Loans and Secured Senior 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 and shall exclude any First Lien Last Out Loans);
- (b) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of Collateral Debt Obligations other than Secured Senior Loans and Secured Senior Bonds;
- (c) not more than 35.0 per cent. of the Aggregate Collateral Balance shall consist of Secured Senior Bonds and High Yield Bonds;
- (d) with respect to Secured Senior Loans and Secured Senior 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 obligations of 5 Obligors may each represent up to 3.0 per cent. of the Aggregate Collateral Balance.
- (e) with respect to Collateral Debt Obligations other than Secured Senior Loans and Secured Senior Bonds, in aggregate, not more than 1.5 per cent. of the Aggregate Collateral Balance shall be the obligation of any single Obligor;
- (f) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of Participations;
- (g) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of Current Pay Obligations;
- (h) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Revolving Obligations or Delayed Drawdown Collateral Debt Obligations;
- (i) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Moody's Caa Obligations;

- (j) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Fitch CCC Obligations;
- (k) not more than 2.5 per cent. of the Aggregate Collateral Balance shall consist of Bridge Loans;
- (l) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of Corporate Rescue Loans and not more than 2.0 per cent. of the Aggregate Collateral Balance shall consist of Corporate Rescue Loans issued by a single Obligor;
- (m) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are PIK Obligations;
- (n) not more than 2.5 per cent of the Aggregate Collateral Balance shall consist of Unhedged Collateral Debt Obligations;
- (o) not less than 5.0 per cent. of the Aggregate Collateral Balance and not more than 15.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Unhedged Fixed Rate Collateral Debt Obligations;
- (p) not more than 10.0 per cent. of the Aggregate Collateral Balance shall be obligations comprising any one Moody's industry classification provided that any three Moody's industry classifications may comprise up to 12.0 per cent. of the Aggregate Collateral Balance and an additional Moody's industry classification may comprise up to 15.0 per cent. of the Aggregate Collateral Balance;
- (q) not more than 20.0 per cent. of the Aggregate Collateral Balance shall be obligations comprising any one Fitch industry category provided that in respect of the three Fitch industry categories containing the most Collateral Debt Obligations, measured according to the Principal Balance thereof, not more than 50.0 per cent. thereof may consist of Collateral Debt Obligations whose Obligor belongs to one of those Fitch industry categories;
- (r) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of Obligors who are domiciled in countries with a Moody's local currency country risk ceiling below "Aa3"; not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of Obligors who are domiciled in countries with a Moody's local currency country risk ceiling below "A3"; and not more than 0 per cent. of the Aggregate Collateral Balance shall consist of Obligors who are domiciled in countries with a Moody's local currency country risk ceiling below "Baa3";
- (s) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of Obligors who are domiciled in countries or jurisdictions rated below "A-" by Fitch unless a Rating Agency Confirmation from Fitch is obtained;
- (t) with respect to Asset Swap Obligations, not more than 20.0 per cent. of the Aggregate Collateral Balance shall consist of Asset Swap Obligations which are entered into with any single Asset Swap Counterparty;
- (u) the limits set forth in the Bivariate Risk Table determined by reference to the ratings of Selling Institutions shall be satisfied;
- (v) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of obligations with a Moody's Rating which is derived from an S&P rating;
- (w) not more than 50.0 per cent. of the Aggregate Collateral Balance shall consist of Non-Euro Obligations;
- (x) not more than 20.0 per cent. of the Aggregate Collateral Balance shall consist of obligations of an Obligor which is a Portfolio Company, for which purpose, loans that are syndicated to an initial lender group of greater than five, shall not be counted as loans to an Obligor which is a Portfolio Company, provided that for the purposes of this calculation where the Collateral Manager or an Affiliate thereof manages funds holding 40.0 per cent. or more of a loan, such

loan will in any event be counted as an obligation of an Obligor which is a Portfolio Company;

- (y) not more than 30.0 per cent. of the Aggregate Collateral Balance shall consist of Cov-Lite Loans provided that not more than 15.0 per cent. of the Aggregate Collateral Balance may consist of Cov-lite Loans with a Moody's Rating below "B1" and a Fitch Rating below "B+";

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 Moody's are Outstanding:
  - (i) the Moody's Minimum Diversity Test;
  - (ii) the Moody's Minimum Weighted Average Recovery Rate Test;
  - (iii) the Moody's Maximum Weighted Average Rating Factor Test;
  - (iv) the Moody's Minimum Weighted Average Floating Spread Test; and
  - (v) the Moody's Minimum Weighted Average Coupon Test;
- (b) 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;
  - (iii) the Fitch Minimum Weighted Average Spread Test; and
  - (iv) the Fitch Minimum Weighted Average Fixed Coupon Test; and
- (c) so long as any Rated Notes are Outstanding, the Weighted Average Life 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.

### ***The 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 (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 Moody's Minimum Weighted Average Floating 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;
- (c) the applicable row for performing the Moody's Minimum Weighted Average Floating Spread Test will be the row (or linear interpolation between two adjacent rows, as applicable) in which the elected test is set out; and
- (d) the Weighted Average Life of the current Portfolio as of such Measurement Date is less than the number of years (rounded to the nearest one hundredth thereof) during the period from such Measurement Date to the date specified in the elected matrix.

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 Moody's Minimum Weighted Average Floating Spread Test applicable to the case to which the Collateral Manager desires to change are satisfied (and, in relation to the Moody's Minimum Weighted Average Floating 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.

#### ***The Fitch Tests Matrix***

Subject to the provisions provided below, on and after the Effective Date, the Collateral Manager will have the option to elect which of the cases set forth in the below matrix (the "**Fitch Tests Matrix**") shall be applicable for the purposes of the Fitch Maximum Weighted Average Rating Factor Test, the Fitch Minimum Weighted Average Recovery Rate Test, the Fitch Minimum Weighted Average Spread Test and the Fitch Minimum Weighted Average Fixed Coupon 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, as applicable) in which the elected case is set out;
- (b) the applicable row for performing the Fitch Minimum Weighted Average Spread Test and the Minimum Weighted Average Fixed Coupon 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 column and row for performing the Fitch Minimum Weighted Average Recovery Rate 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.

The Collateral Manager will be required to elect which case shall apply on the Effective Date. Thereafter, on two Business Days' notice to the Trustee, 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 Fitch Minimum Weighted Average Spread Test and the Fitch Minimum Weighted Average Fixed Coupon Test 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. The Fitch Tests Matrix may be amended and/or supplemented and/or replaced by the Collateral Manager subject to Rating Agency Confirmation from Fitch.

Notwithstanding the foregoing, where there are no Fixed Rate Collateral Debt Obligations contained in the Portfolio at the relevant time, the Collateral Manager shall apply a "Minimum Weighted Average Fixed Coupon" of 5.6 per cent. when using the Fitch Tests Matrix for all purposes.

### Fitch Tests Matrix

Variance From Covenants	Weighted Average Spread	Weighted Average Coupon	WARF								
			31	32	33	33.5	34	34.5	35	36	37
WAS - 0.30%, WAC - 0.20%	3.50%	5.40%	69.85%	70.85%	72.00%	72.85%	73.65%	74.35%	75.65%	77.35%	78.35%
WAS - 0.30%, WAC - 0.10%	3.50%	5.50%	69.80%	70.80%	71.95%	72.80%	73.60%	74.30%	75.00%	77.30%	78.30%
WAS - 0.30%, WAC + 0.00%	3.50%	5.60%	69.70%	70.70%	71.85%	72.70%	73.50%	74.20%	74.90%	77.20%	78.20%
WAS - 0.30%, WAC + 0.10%	3.50%	5.70%	69.60%	70.60%	71.75%	72.60%	73.40%	74.10%	74.80%	77.10%	78.10%
WAS - 0.30%, WAC + 0.20%	3.50%	5.80%	69.55%	70.55%	71.70%	72.55%	73.35%	74.05%	74.75%	77.05%	78.05%
WAS - 0.30%, WAC + 0.40%	3.50%	6.00%	69.45%	70.45%	71.60%	72.45%	73.25%	73.95%	74.65%	76.95%	77.95%
WAS - 0.30%, WAC + 0.60%	3.50%	6.20%	69.35%	70.35%	71.50%	72.35%	73.15%	73.85%	74.55%	76.85%	77.85%
WAS - 0.20%, WAC - 0.20%	3.60%	5.40%	66.85%	67.85%	69.00%	69.85%	70.65%	72.85%	73.55%	75.85%	76.85%
WAS - 0.20%, WAC - 0.10%	3.60%	5.50%	66.80%	67.80%	68.95%	69.80%	70.60%	72.80%	73.50%	75.80%	76.80%
WAS - 0.20%, WAC + 0.00%	3.60%	5.60%	66.70%	67.70%	68.85%	69.70%	70.50%	72.70%	73.40%	75.70%	76.70%
WAS - 0.20%, WAC + 0.10%	3.60%	5.70%	66.60%	67.60%	68.75%	69.60%	70.40%	72.60%	73.30%	75.60%	76.60%
WAS - 0.20%, WAC + 0.20%	3.60%	5.80%	66.55%	67.55%	68.70%	69.55%	70.35%	72.55%	73.25%	75.55%	76.55%
WAS - 0.20%, WAC + 0.40%	3.60%	6.00%	66.45%	67.45%	68.60%	69.45%	70.25%	72.45%	73.15%	75.45%	76.45%
WAS - 0.20%, WAC + 0.60%	3.60%	6.20%	66.35%	67.35%	68.50%	69.35%	70.15%	72.35%	73.05%	75.35%	76.35%
WAS - 0.10%, WAC - 0.20%	3.70%	5.40%	65.85%	66.85%	68.00%	68.85%	69.65%	70.35%	72.65%	73.35%	74.95%
WAS - 0.10%, WAC - 0.10%	3.70%	5.50%	65.80%	66.80%	67.95%	68.80%	69.60%	70.30%	71.00%	73.30%	74.90%
WAS - 0.10%, WAC + 0.00%	3.70%	5.60%	65.70%	66.70%	67.85%	68.70%	69.50%	70.20%	70.90%	73.20%	74.80%
WAS - 0.10%, WAC + 0.10%	3.70%	5.70%	65.60%	66.60%	67.75%	68.60%	69.40%	70.10%	70.80%	73.10%	74.70%
WAS - 0.10%, WAC + 0.20%	3.70%	5.80%	65.55%	66.55%	67.70%	68.55%	69.35%	70.05%	70.75%	73.05%	74.65%
WAS - 0.10%, WAC + 0.40%	3.70%	6.00%	65.45%	66.45%	67.60%	68.45%	69.25%	69.95%	70.65%	72.95%	74.55%
WAS - 0.10%, WAC + 0.60%	3.70%	6.20%	65.35%	66.35%	67.50%	68.35%	69.15%	69.85%	70.55%	72.85%	74.45%
WAS + 0.00%, WAC - 0.20%	3.80%	5.40%	65.35%	66.35%	67.50%	68.35%	69.15%	69.85%	70.55%	72.85%	73.85%
WAS + 0.00%, WAC - 0.10%	3.80%	5.50%	65.30%	66.30%	67.45%	68.30%	69.10%	69.80%	70.50%	72.80%	73.80%
WAS + 0.00%, WAC + 0.00%	3.80%	5.60%	65.20%	66.20%	67.35%	68.20%	69.00%	69.70%	70.40%	72.70%	73.70%
WAS + 0.00%, WAC + 0.10%	3.80%	5.70%	65.10%	66.10%	67.25%	68.10%	68.90%	69.60%	70.30%	72.60%	73.60%
WAS + 0.00%, WAC + 0.20%	3.80%	5.80%	65.05%	66.05%	67.20%	68.05%	68.85%	69.55%	70.25%	72.55%	73.55%
WAS + 0.00%, WAC + 0.40%	3.80%	6.00%	64.95%	65.95%	67.10%	67.95%	68.75%	69.45%	70.15%	72.45%	73.45%
WAS + 0.00%, WAC + 0.60%	3.80%	6.20%	64.85%	65.85%	67.00%	67.85%	68.65%	69.35%	70.05%	72.35%	73.35%



WAS + 0.10%, WAC - 0.20%	3.90%	5.40%	64.65%	65.65%	66.80%	67.65%	68.45%	69.15%	69.85%	72.15%	73.15%
WAS + 0.10%, WAC - 0.10%	3.90%	5.50%	64.60%	65.60%	66.75%	67.60%	68.40%	69.10%	69.80%	72.10%	73.10%
WAS + 0.10%, WAC + 0.00%	3.90%	5.60%	64.50%	65.50%	66.65%	67.50%	68.30%	69.00%	69.70%	72.00%	73.00%
WAS + 0.10%, WAC + 0.10%	3.90%	5.70%	64.40%	65.40%	66.55%	67.40%	68.20%	68.90%	69.60%	71.90%	72.90%
WAS + 0.10%, WAC + 0.20%	3.90%	5.80%	64.35%	65.35%	66.50%	67.35%	68.15%	68.85%	69.55%	71.85%	72.85%
WAS + 0.10%, WAC + 0.40%	3.90%	6.00%	63.95%	64.95%	66.10%	66.95%	67.75%	68.45%	69.15%	71.45%	72.45%
WAS + 0.10%, WAC + 0.60%	3.90%	6.20%	63.85%	64.85%	66.00%	66.85%	67.65%	68.35%	69.05%	71.35%	72.35%

WAS + 0.20%, WAC - 0.20%	4.00%	5.40%	63.35%	64.35%	65.50%	66.35%	67.15%	67.85%	68.55%	70.85%	71.85%
WAS + 0.20%, WAC - 0.10%	4.00%	5.50%	63.30%	64.30%	65.45%	66.30%	67.10%	67.80%	68.50%	70.80%	71.80%
WAS + 0.20%, WAC + 0.00%	4.00%	5.60%	63.20%	64.20%	65.35%	66.20%	67.00%	67.70%	68.40%	70.70%	71.70%
WAS + 0.20%, WAC + 0.10%	4.00%	5.70%	63.10%	64.10%	65.25%	66.10%	66.90%	67.60%	68.30%	70.60%	71.60%
WAS + 0.20%, WAC + 0.20%	4.00%	5.80%	63.05%	64.05%	65.20%	66.05%	66.85%	67.55%	68.25%	70.55%	71.55%
WAS + 0.20%, WAC + 0.40%	4.00%	6.00%	62.95%	63.95%	65.10%	65.95%	66.75%	67.45%	68.15%	70.45%	71.45%
WAS + 0.20%, WAC + 0.60%	4.00%	6.20%	62.85%	63.85%	65.00%	65.85%	66.65%	67.35%	68.05%	70.35%	71.35%

WAS + 0.30%, WAC - 0.20%	4.10%	5.40%	62.35%	63.35%	64.50%	65.35%	66.15%	66.85%	67.55%	69.85%	70.85%
WAS + 0.30%, WAC - 0.10%	4.10%	5.50%	62.30%	63.30%	64.45%	65.30%	66.10%	66.80%	67.50%	69.80%	70.80%
WAS + 0.30%, WAC + 0.00%	4.10%	5.60%	62.20%	63.20%	64.35%	65.20%	66.00%	66.70%	67.40%	69.70%	70.70%
WAS + 0.30%, WAC + 0.10%	4.10%	5.70%	62.10%	63.10%	64.25%	65.10%	65.90%	66.60%	67.30%	69.60%	70.60%
WAS + 0.30%, WAC + 0.20%	4.10%	5.80%	62.05%	63.05%	64.20%	65.05%	65.85%	66.55%	67.25%	69.55%	70.55%
WAS + 0.30%, WAC + 0.40%	4.10%	6.00%	61.95%	62.95%	64.10%	64.95%	65.75%	66.45%	67.15%	69.45%	70.45%
WAS + 0.30%, WAC + 0.60%	4.10%	6.20%	61.85%	62.85%	64.00%	64.85%	65.65%	66.35%	67.05%	69.35%	70.35%

WAS + 0.40%, WAC - 0.20%	4.20%	5.40%	61.35%	62.35%	63.50%	64.35%	65.15%	65.85%	66.55%	68.85%	69.85%
WAS + 0.40%, WAC - 0.10%	4.20%	5.50%	61.30%	62.30%	63.45%	64.30%	65.10%	65.80%	66.50%	68.80%	69.80%
WAS + 0.40%, WAC + 0.00%	4.20%	5.60%	61.20%	62.20%	63.35%	64.20%	65.00%	65.70%	66.40%	68.70%	69.70%
WAS + 0.40%, WAC + 0.10%	4.20%	5.70%	61.10%	62.10%	63.25%	64.10%	64.90%	65.60%	66.30%	68.60%	69.60%
WAS + 0.40%, WAC + 0.20%	4.20%	5.80%	61.05%	62.05%	63.20%	64.05%	64.85%	65.55%	66.25%	68.55%	69.55%
WAS + 0.40%, WAC + 0.40%	4.20%	6.00%	60.95%	61.95%	63.10%	63.95%	64.75%	65.45%	66.15%	68.45%	69.45%
WAS + 0.40%, WAC + 0.60%	4.20%	6.20%	60.85%	61.85%	63.00%	63.85%	64.65%	65.35%	66.05%	68.35%	69.35%

### ***The Moody's Minimum Diversity Test***

The "**Moody's Minimum Diversity Test**" will be satisfied as at any Measurement 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 Holders 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 35 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**

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
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

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
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
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 Measurement Date from (and including) the Effective Date, if the Adjusted Weighted Average Moody's Rating Factor of the Collateral Debt Obligations as at such Measurement 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 Measurement Date plus (ii) the Moody's Weighted Average Recovery Adjustment, plus (iii) the Moody's Weighted Average Spread Adjustment.

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, 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.

Moody's Default Probability Rating	Moody's Rating Factor	Moody's Default Probability Rating	Moody's Rating Factor
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 Measurement Date, the greater of:

- (a) zero; and
- (b) the product of:
  - (i) (A) the Weighted Average Moody's Recovery Rate as of such Measurement Date multiplied by 100 minus (B) 42; and
  - (ii) (A) with respect to the adjustment of the Moody's Maximum Weighted Average Rating Factor Test, such figure specified in the Collateral Management Agreement and (B) with respect to the adjustment of the Moody's Minimum Weighted Average Floating Spread Test, if the Weighted Average Floating Spread is equal to or greater than such percentage specified in the Collateral Management Agreement, 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 is obtained;

provided further that the amount specified in clause (b)(i) above may only be allocated once on any Measurement 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 Measurement Date, a number equal to the Weighted Average Moody's 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.

"**Moody's Weighted Average Spread Adjustment**" means, as of any date of determination, the greater of (a) zero and (b) an amount equal to the product of (i) 1.45 per cent. minus the weighted average Applicable Margin of the Class A Notes and (ii) such figure specified in the Collateral Management Agreement.

*The Moody's Minimum Weighted Average Recovery Rate Test*

The "**Moody's Minimum Weighted Average Recovery Rate Test**" will be satisfied, as at any Measurement Date from (and including) the Effective Date, if the Weighted Average Moody's Recovery Rate is greater than or equal to 42 per cent.

The "**Weighted Average Moody's Recovery Rate**" means, as of any Measurement 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 of all such Collateral Debt Obligations and rounding up to the nearest 0.1 per cent.

The "**Moody's Recovery Rate**" is, except as otherwise advised by Moody's, with respect to any Collateral Debt Obligation, as of any Measurement Date, the recovery rate determined in accordance with the following, in the following order of priority:

- (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 Secured Senior Loans	Secured Senior Loans; Second Lien Loans; Mezzanine Obligations*	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%

- (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%.

\*If such Collateral Debt Obligation is publicly rated by Moody's and does not have both a CF Rand an Assigned Moody's Rating, such Collateral Debt Obligation will be deemed to be an Unsecured Senior Loan or High Yield Bond for purposes of this table.

#### ***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 from (and including) the Effective 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, excluding Defaulted Obligations, by its Fitch Rating Factor, dividing such sum by the Aggregate Principal Balance of all such Collateral Debt Obligations, excluding Defaulted Obligations, and rounding the result to the nearest two decimal places.

"**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 Fitch Rating Factors. The information is subject to change and any probabilities of default in respect of Fitch Rating Factors 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 from (and including) the Effective 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, excluding Defaulted Obligations, by the Fitch Recovery Rate in relation thereto and dividing such sum by the Aggregate Principal Balance of all Collateral Debt Obligations, excluding Defaulted Obligations, and rounding to the nearest 0.1 per cent.

**"Fitch Recovery Rate"** means, with respect to a Collateral Debt Obligation, the recovery rate determined in accordance with paragraphs (i) to (iv) below or (in any case) such other recovery rate as Fitch may notify the Collateral Manager from time to time:

- (i) 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):

<b>Fitch recovery rating</b>	<b>Fitch recovery rate (%)</b>
RR1	95%
RR2	80%
RR3	60%
RR4	40%
RR5	20%
RR6	5%

- (ii) 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;
- (iii) if such Collateral Debt Obligation has no public Fitch recovery rating, no recovery rating is assigned by Fitch in the context of provision by Fitch of a credit opinion to the Collateral Manager, is not a Corporate Rescue Loan and has a public S&P recovery rating, the recovery rate corresponding to such recovery rating in the table below:

<b>S&amp;P recovery rating</b>	<b>Fitch recovery rate (%)</b>
1+	95%
1	95%
2	80%
3	60%
4	40%
5	20%
6	5%

and

- (iv) if such Collateral Debt Obligation has no public Fitch recovery rating, no recovery rating is assigned by Fitch in the context of provision by Fitch of a credit opinion to the Collateral Manager, is not a Corporate Rescue Loan and has no public S&P recovery rating, (x) if such Collateral Debt Obligation is a Senior Secured Loan or Senior Secured Bond, the recovery rate

applicable to such Senior Secured Loan or 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 determined in accordance with the table below, where the Collateral Debt Obligation shall be categorised as "Moderate Recovery" if it is an Unsecured Senior 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 A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Moderate Recovery	40% (25% for Japan)	35%	30%	25%
Weak Recovery	15%	5%	5%	5%

The country group of a Collateral Debt Obligation shall be determined, by reference to the country where it is Domiciled, in accordance with the below:

**Group A:** Australia, Austria, Bahamas, Bermuda, Canada, Cayman Islands, Denmark, Finland, Germany, Gibraltar, Hong Kong, Iceland, Ireland, Japan, Jersey, Liechtenstein, Netherlands, New Zealand, Norway, Singapore, South Korea, Sweden, Switzerland, Taiwan, the UK, the US.

**Group B:** Belgium, France, Italy, Luxembourg, Portugal, Spain.

**Group C:** Bulgaria, Costa Rica, Chile, Croatia, Czech Republic, Estonia, Hungary, Israel, Latvia, Lithuania, Malaysia, Malta, Mauritius, Mexico, Poland, Slovakia, Slovenia, South Africa, Thailand, Tunisia, Uruguay.

**Group D:** Albania, Argentina, Asia Others, Barbados, Bosnia and Herzegovina, Brazil, China, Colombia, Cyprus, Dominican Republic, Eastern Europe Others, Ecuador, Egypt, El Salvador, Greece, Guatemala, India, Indonesia, Iran, Jamaica, Kazakhstan, Liberia, Macedonia, Marshall Islands, Middle East and North Africa Others, Moldova, Morocco, Other Central America, Other South America, Other Sub-Saharan Africa, Pakistan, Panama, Peru, Philippines, Puerto Rico, Qatar, Romania, Russia, Saudi Arabia, Serbia and Montenegro, Turkey, Ukraine, Venezuela, Vietnam.

***The Fitch Minimum Weighted Average Spread Test***

The "Fitch Minimum Weighted Average Spread Test" means the test which will be satisfied if, as at any Measurement Date from (and including) the Effective Date, the Weighted Average Floating Spread as at such Measurement Date equals or exceeds the Fitch Minimum Weighted Average Spread as at such Measurement Date.

"Fitch Minimum Weighted Average Spread" means the weighted average spread (expressed as a percentage) applicable to the current Fitch Tests Matrix selected by the Collateral Manager.

***The Fitch Minimum Weighted Average Fixed Coupon Test***

The "Fitch Minimum Weighted Average Fixed Coupon Test" means the test which will be satisfied if, as at any Measurement Date from (and including) the Effective Date, the Weighted Average Coupon as at such Measurement Date equals or exceeds the Fitch Minimum Weighted Average Fixed Coupon as at such Measurement Date.

"Fitch Minimum Weighted Average Fixed Coupon" means the weighted average fixed coupon applicable to the Fitch Tests Matrix selected by the Collateral Manager.

***The Moody's Minimum Weighted Average Floating Spread Test***

The "Moody's Minimum Weighted Average Floating Spread Test" will be satisfied if, as at any Measurement Date from (and including) the Effective Date, the Weighted Average Floating Spread as at such Measurement Date plus the Excess Weighted Average Coupon as at such Measurement Date



equals or exceeds the Moody's Minimum Weighted Average Floating Spread as at such Measurement Date.

The "**Moody's Minimum Weighted Average Floating Spread**", as of any Measurement Date, will equal the percentage set forth in the Moody's Test Matrix based upon the option chosen by the Collateral Manager (interpolating between two adjacent rows and/or two adjacent columns (as applicable)) as currently applicable to the Portfolio reduced by the Moody's Weighted Average Recovery Adjustment, provided such reduction may not reduce the Moody's Minimum Weighted Average Floating Spread below such figure specified in the Collateral Management Agreement.

The "**Weighted Average Floating Spread**" as of any Measurement 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 Measurement Date (in each case, excluding Defaulted Obligations and, for any Deferring Obligation, any interest that has been deferred and capitalised thereon),

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 Measurement 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 Obligations and the unfunded portion of any Delayed Drawdown Collateral Debt Obligation and Revolving 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);
- (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 Obligations 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 Obligations 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 Asset Swap 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 Obligations and the unfunded portion of any Delayed Drawdown Collateral Debt Obligation and

Revolving Obligation) which is not subject to an Asset Swap Transaction (i) 85 per cent of the stated interest rate spread over such floating rate index upon which the Unhedged Collateral Debt Obligation pays interest *multiplied* by (y) the Principal Balance of such Non-Euro Obligation,

*provided however that* for purposes of this definition:

- (i) with respect to any Floating Rate Collateral Debt Obligation with a EURIBOR floor the interest rate spread will be deemed to be, (A) the stated interest rate spread plus, (B) if positive, (x) the EURIBOR floor value minus (y) EURIBOR as in effect for the current accrual period (for the purposes of paragraph (a) above, 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);
- (ii) with respect to a Step-Up Coupon Security that is a Floating Rate Collateral Debt Obligation, the relevant spread shall be deemed to be the margin applicable as at the relevant Measurement Date;
- (iii) a Fixed Rate Collateral Debt Obligation which is subject to an Interest Rate Hedge Transaction which swaps the fixed rate on such Collateral Debt Obligation for a floating rate shall be treated as a Floating Rate Collateral Debt Obligation with a stated spread and index equal to the stated floating rate payable by the applicable Interest Rate Hedge Counterparty to the Issuer under such Interest Rate Hedge Transaction; and
- (iv) a Floating Rate Collateral Debt Obligation which is subject to an Interest Rate Hedge Transaction which swaps the floating rate on such Collateral Debt Obligation for a fixed rate shall be disregarded.

The "**Aggregate Unfunded Spread**" is, as of any Measurement Date, the sum of the products obtained by multiplying (i) for each Delayed Drawdown Collateral Debt Obligation and Revolving Obligation (other than Defaulted Obligations and Deferring Obligations), 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 Measurement Date, the amount obtained by multiplying:

- (a) EURIBOR applicable to the Rated Notes during the Accrual Period in which such Measurement 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 Obligation, 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 Measurement 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 "**Excess Weighted Average Coupon**" means a percentage equal as of any Measurement Date to a number obtained by multiplying (a) the excess, if any, of the Weighted Average Coupon over the Minimum Weighted Average 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.

#### ***Moody's Minimum Weighted Average Coupon Test***

The "**Moody's Minimum Weighted Average Coupon Test**" will be satisfied on any Measurement Date if the Weighted Average Coupon plus the Excess Weighted Average Floating Spread equals or exceeds the Moody's Minimum Weighted Average Coupon.

The "**Moody's Minimum Weighted Average Coupon**" means as of any Measurement Date, will equal the percentage set forth in the Moody's Test Matrix based upon the option chosen by the Collateral Manager (interpolating between two adjacent rows and/or two adjacent columns (as applicable)) as currently applicable to the Portfolio.

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 Measurement Date,

(A) in each case, excluding (i) Defaulted Obligations; (ii) for any Mezzanine Obligation and for any Deferring Obligation, any interest that has been deferred and capitalised thereon; and (iii) the unfunded portion of any Delayed Drawdown Collateral Debt Obligations and Revolving Obligations and (B) in each case, adjusted for any withholding tax deducted in respect of any relevant Collateral Debt Obligation which is neither grossed up nor recoverable under any applicable double tax treaty.

The "**Aggregate Coupon**" is, as of any Measurement Date, the sum of:

- (a) with respect to any Fixed Rate Collateral Debt Obligation which is a Non-Euro Obligation and subject to an Asset Swap Transaction (including only the required non-deferrable, current cash pay interest required by the Underlying Instruments thereon and excluding Defaulted Obligations, Deferring Obligations and the unfunded portion of any Delayed Drawdown Collateral Debt Obligations and Revolving Obligations), the product of (x) stated coupon on such Non-Euro Obligation expressed as a percentage and (y) the Principal Balance of such Non-Euro Obligation;
- (b) with respect to any Fixed Rate Collateral Debt Obligation which is a Non-Euro Obligation which is not subject to an Asset Swap Transaction (including only the required non-deferrable, current cash pay interest required by the Underlying Instruments thereon and excluding Defaulted Obligations, Deferring Obligations and the unfunded portion of any Delayed Drawdown Collateral Debt Obligations and Revolving Obligations), an amount equal to the Euro equivalent of, the product of (x) 85 per cent. of the stated per annum coupon on such Collateral Debt Obligation expressed as a percentage and (y) the Principal Balance of such Non-Euro Obligation converted into Euro at the applicable Spot Rate; and
- (c) with respect to all other Fixed Rate Collateral Debt Obligations (and excluding Defaulted Obligations, Deferring Obligations 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,

provided that:

- (i) with respect to any Step-Up Coupon Security that is a Fixed Rate Collateral Debt Obligation, the relevant coupon shall be deemed to be the margin applicable as at the relevant Measurement Date;
- (ii) a Floating Rate Collateral Debt Obligation which is subject to an Interest Rate Hedge Transaction which swaps the floating rate on such Collateral Obligation for a fixed rate shall be treated as a Fixed Rate Collateral Debt Obligation with a stated coupon equal to the stated fixed rate payable by the applicable Interest Rate Hedge Counterparty to the Issuer under such Interest Rate Hedge Transaction; and
- (iii) a Fixed Rate Collateral Debt Obligation which is subject to an Interest Rate Hedge Transaction which swaps the fixed rate on such Collateral Debt Obligation for a floating rate shall be disregarded.

**"Excess Weighted Average Floating Spread"** means a percentage equal as of any Measurement Date to a number obtained by multiplying (a) the excess, if any, of the Weighted Average Floating Spread over the Minimum Weighted Average Floating Spread by (b) the number obtained by dividing the Aggregate Principal Balance of all Floating Rate Collateral Debt Obligations by the Aggregate Principal Balance of all Fixed Rate Obligations.

#### ***The 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 the number of years (rounded to the nearest one hundredth thereof) during the period from such Measurement Date to 15 July 2022.

**"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 Measurement 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.

**"Weighted Average Life"** is, as of any Measurement Date with respect to all Collateral Debt Obligations other than Defaulted Obligations, the number of years following such date obtained by summing the products obtained by multiplying:

- (a) the Average Life at such time of each such Collateral Debt Obligation by (b) the Principal Balance of such Collateral Debt Obligation,

and dividing such sum by:

- (b) the Aggregate Principal Balance at such time of all Collateral Debt Obligations other than Defaulted Obligations.

#### **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.

**"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 clauses (a) or (b) above, or 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 clauses (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 or an Affiliate of the Collateral Manager, then the Moody's Default Probability Rating is such credit estimate;

- (e) if not determined pursuant to clauses (a), (b), (c) or (d) above, the Moody's Derived Rating; and
- (f) if not determined pursuant to clauses (a), (b), (c), (d) or (e) above, the Collateral Debt Obligation will be deemed to have a Moody's Default Probability Rating of "Caa3".

"**Moody's Derived Rating**" means, with respect to a Collateral Debt Obligation whose Moody's Rating or Moody's Default Probability Rating cannot be determined pursuant to clause (a), (b) or (c) of the respective definitions thereof, 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) shall be determined as set forth below:

- (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 Collateral Principal Amount of all Collateral Debt Obligations or (y) otherwise, "Caa2".

**"Moody's Rating"** means:

- (a) with respect to a Collateral Debt Obligation that is a Secured Senior Loan or a Secured Senior 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 subcategory 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 subcategories 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"; and
- (b) with respect to a Collateral Debt Obligation other than a Secured Senior Loan or a Secured Senior 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 subcategory 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 subcategory 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".

**"Moody's Secured Senior 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 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 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 Secured Senior Loan but for clause (y) above shall be considered a Moody's Secured Senior 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 commercially 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, 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; 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 (x) if the applicable Collateral Debt Obligation has been put on rating watch negative 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, and (y) if such 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 (z) 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 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, the Class D Interest Coverage Test and the Class E Interest Coverage Test. The Coverage Tests will be used primarily to determine whether Principal Proceeds may be reinvested in Substitute Collateral Debt Obligations, whether Interest Proceeds which would otherwise be used to pay interest on the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes must instead be used to pay principal of the Class A Notes and the Class B Notes in the event of failure to satisfy the Class A/B Coverage Tests and to pay principal of the Class A Notes, the Class B Notes and the Class C Notes in the event of failure to satisfy the Class C Par Value Test; to pay principal of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes in the event of failure to satisfy the Class D Coverage Tests, or to pay the principal of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and Class E Notes in the event of failure to satisfy the Class E Coverage Tests, in each case to the extent necessary to cause the Coverage Tests relating to the relevant Class of Notes to be met.

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, the Class E Par Value Test and the Class E Interest Coverage Test shall apply on a Measurement 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 Test and shall be satisfied on a Measurement 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	134.74%
Class A/B Interest Coverage	125%
Class C Par Value	125.38%
Class C Interest Coverage	115%
Class D Par Value	118.10%
Class D Interest Coverage	105%
Class E Par Value	109.44%
Class E Interest Coverage	101%

### **The Reinvestment Overcollateralisation Test**

If, on any Payment Date during the Reinvestment Period, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (U) (inclusive) of the Interest Proceeds Priority of Payments, the Reinvestment Overcollateralisation Test has not been met, Interest Proceeds shall be paid to the Principal Account as Principal Proceeds, for the acquisition of additional Collateral Debt Obligations (or, if the Collateral Manager determines that it is unable to identify such additional Collateral Debt Obligations that it considers appropriate for such reinvestment, in redemption by way of Special Redemption of the Notes in accordance with the Note Payment Sequence) in an 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 (U) (inclusive) of the Interest Proceeds Priority of Payments, would be sufficient to cause the Reinvestment Overcollateralisation Test to be met

## 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. Capitalised terms used in this section and not defined in this Offering Circular shall have the meaning given to them in the Collateral Management Agreement.*

### Fees

As compensation for the performance of its collateral management services under the Collateral Management Agreement, the Collateral Manager (and/or, at its direction, an Affiliate of the Collateral Manager) will receive from the Issuer a collateral management fee, on each Payment Date, (exclusive of value added tax) equal to 0.15 per cent. per annum of the Aggregate Collateral Balance measured as of the beginning of the Due Period relating to the applicable Payment Date, which collateral management fee will be payable senior to the Notes, but subordinated to certain fees and expenses of the Issuer (such fee, the "**Senior Collateral Management Fee**").

The Collateral Management Agreement also provides that the Collateral Manager (and/or, at its direction, an Affiliate of the Collateral Manager) will receive from the Issuer a collateral management fee (exclusive of value added tax) equal to 0.35 per cent. per annum of the Aggregate Collateral Balance measured as of the beginning of the Due Period relating to the applicable Payment Date (such fee, the "**Subordinated Collateral Management Fee**"). Each of the Senior Collateral Management Fee and the Subordinated Collateral Management Fee shall be calculated based upon the actual number of days elapsed in the applicable Due Period divided by 360.

In addition to the Senior Collateral Management Fee and the Subordinated Collateral Management Fee, the Collateral Manager (and/or, at its direction, an Affiliate of the Collateral Manager) will receive an incentive collateral management fee (exclusive of value added tax), payable on each Payment Date as provided below and subject to the Priorities of Payments, if the Incentive Collateral Management Fee IRR Threshold has met or exceeded 12 per cent., in an amount equal to 20 per cent. of any Interest Proceeds, Principal Proceeds and Collateral Enhancement Obligation Proceeds that would otherwise be available to distribute to the Subordinated Noteholders in accordance with the Priorities of Payments (the "**Incentive Collateral Management Fee**").

If amounts distributable on any Payment Date in accordance with the Priorities of Payments are insufficient to pay the Senior Collateral Management Fee in full, then a portion of the Senior Collateral Management Fee equal to the shortfall will be deferred and will be payable on subsequent Payment Dates on which funds are available therefor according to the Priorities of Payments.

If amounts distributable on any Payment Date in accordance with the Priorities of Payments are insufficient to pay the Subordinated Collateral Management Fee in full, then a portion of the Subordinated Collateral Management Fee equal to the shortfall will be deferred and will be payable on subsequent Payment Dates on which funds are available therefor according to the Priorities of Payments.

The Collateral Manager may elect to defer any Senior Collateral Management Fees and 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 remain due and payable and other than any Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts shall accrue interest at a rate of three month EURIBOR or, if a Frequency Switch Event has occurred, six month EURIBOR, plus two per cent. per annum from (and including) the Payment Date on which such fee is due to (but excluding) the date on which such fee is actually paid in accordance with the Priorities of Payments.

### Affiliate Transactions

The Collateral Manager may conduct transactions for its own account, for the account of its Affiliates, for the account of the Issuer or for the accounts of third parties and will endeavour to resolve conflicts arising therefrom in a manner that it deems equitable to the extent possible under the prevailing facts

and circumstances and applicable law as disclosed under "*Risk Factors – Certain Conflicts of Interest – Collateral Manager*". Without limiting the foregoing but subject to compliance with the Collateral Manager's best execution policy and acquisition standards, the Collateral Manager, on behalf of and for the account of the Issuer, may sell Collateral Debt Obligations to, or buy Collateral Debt Obligations from, the Collateral Manager, any Affiliate of the Collateral Manager, or any fund managed by the Collateral Manager (some or all of which Affiliates or funds may be owned in part by principals, partners, members, directors, managers, managing directors, officers, employees, agents or Affiliates of the Collateral Manager) in transactions in which the Collateral Manager, an Affiliate or such fund acts as principal on the other side of the transaction from the Issuer and buys or sells the Collateral Debt Obligations for its own account, provided that such affiliate transactions shall be made in accordance with the affiliate transaction procedures set forth in the Collateral Management Agreement.

### **Standard of Care of the Collateral Manager**

Pursuant to the Collateral Management Agreement, the Collateral Manager will agree with the Issuer that it will perform its obligations, duties and discretions under the Collateral Management Agreement, with reasonable care, using a degree of skill and attention no less than that which the Collateral Manager exercises with respect to comparable assets that it manages for others (including its Affiliates) having similar investments, objectives and restrictions and in a manner consistent with practices and procedures followed by prudent collateral managers of international recognition relating to assets of the nature and character of the Collateral (the "**Standard of Care**"). To the extent not inconsistent with the foregoing, the Collateral Manager will follow its customary and usual administrative policies and procedures in performing its duties under the Collateral Management Agreement.

### **Responsibilities of the Collateral Manager, Indemnities**

The Collateral Manager will not be liable in contract or tort to the Issuer, the Trustee or the holders of the Notes or to any other person for any loss incurred as a result of the actions taken by the Collateral Manager under the Collateral Management Agreement, except by reason of acts or omissions constituting bad faith, wilful misconduct or negligence in the performance of its obligations under the express terms of the Collateral Management Agreement or by reason of any information provided by the Collateral Manager for inclusion in this Offering Circular containing any untrue statement of material fact or omitting to state a material fact necessary in order to make such statements, in the light of the circumstances under which they were made, not misleading (together, "**Collateral Manager Breaches**"). Subject to the standard of care specified above, the Collateral Manager (any Affiliates of the Collateral Manager, and their shareholders, managers, directors, officers, members, attorneys, advisors, agents, partners and employees) will be entitled to indemnification by the Issuer in relation, *inter alia*, to the performance of the Collateral Manager's obligations under the Collateral Management Agreement, which will be payable in accordance with the Priorities of Payments.

The Collateral Manager shall indemnify the Issuer in respect of any Collateral Manager Breaches.

### **Resignation of the Collateral Manager**

The Collateral Manager may resign, subject to the appointment of a successor collateral manager in accordance with the Collateral Management Agreement, with or without cause upon at least 90 days' prior written notice to the Issuer, the Trustee, the Collateral Administrator, the Noteholders in accordance with the Conditions and the Rating Agencies. The Collateral Manager may resign its appointment hereunder upon shorter notice whether or not a replacement Collateral Manager has been appointed where there is a change in law or the application of any applicable law which makes it illegal for the Collateral Manager to carry on its duties under the Collateral Management Agreement.

### **Collateral Manager Event of Default**

The Collateral Manager may, subject to the appointment of a successor collateral manager in accordance with the Collateral Management Agreement, be removed following the occurrence of a Collateral Manager Event of Default (other than pursuant to paragraph 10(f)(ix) of the definition thereof) upon at least 30 days prior written notice by (i) the Issuer at its discretion; or (ii) the Trustee at the direction of the holders of (A) the Subordinated Notes, acting by Extraordinary Resolution or (B) the Controlling Class, acting by Extraordinary Resolution (for the avoidance of doubt, in each case

excluding any Notes held by the Collateral Manager or a Collateral Manager Related Person), provided that notice of such removal shall have been given to the holders of each Class of the Notes by the Issuer or the Trustee, as the case may be, in accordance with the Conditions.

If any Collateral Manager Event of Default shall occur, the Collateral Manager shall give prompt written notice thereof to the Issuer, the Trustee, the Rating Agencies and the holders of the Outstanding Notes in accordance with the Conditions upon the Collateral Manager becoming aware of the occurrence of such event.

### **No Voting Rights**

Any Notes held by or on behalf of the Collateral Manager or any Collateral Manager Related Person will have no voting rights with respect to any vote (or written direction or consent) in connection with the removal of the Collateral Manager or, for so long as the Retention Holder and the Collateral Manager are the same entity or Affiliates, with respect to the assignment or delegation by the Collateral Manager of its obligations hereunder and will be deemed not to be Outstanding in connection with any such vote, provided, however, that any Notes held by the Collateral Manager and/or its Affiliates will have voting rights (including in respect of written directions and consents and appointment of a successor collateral manager) with respect to all other matters as to which Noteholders are entitled to vote.

### **Delegation and Transfers**

The Collateral Manager may not assign its material rights or delegate material responsibilities under the Collateral Management Agreement unless (a) it obtains the written consent of: (i) the Issuer; (ii) the holders of the Controlling Class acting by Ordinary Resolution; and (iii) the holders of the Subordinated Notes acting by Ordinary Resolution, in each case excluding the Notes held by the Collateral Manager or any Collateral Manager Related Person, and subject to Rating Agency Confirmation; (b) such assignee or delegate has the requisite Irish regulatory capacity; (c) such assignment or delegation does not cause the Issuer to become chargeable to taxation in any jurisdiction other than Ireland; (d) such assignment or delegation does not cause the transaction described in this Offering Circular to cease to be compliant with the Retention Requirements; and (e) such arrangement does not cause additional value added tax to become payable by the Issuer (whether to a tax authority or any counterparty); provided, that, to the extent permitted by the Collateral Management Agreement, such consent and Rating Agency Confirmation under (a) above shall not be required in (i) the case of a Permitted Assignee or (ii) to enter into (or have its direct or indirect parent enter into) any consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all of its CLO management business to another entity (such action a "**CM Merger**") and, at the time of such CM Merger the resulting, surviving or transferee entity assumes (or continues with) all the obligations of the Collateral Manager under the Collateral Management Agreement generally provided that the resulting, surviving or transferee entity has the Irish regulatory capacity to act as Collateral Manager under the Collateral Management Agreement. A "**Permitted Assignee**", for the purposes of the Collateral Management Agreement, means an Affiliate of the Collateral Manager that certifies in writing to the Issuer that it (i) is legally qualified and has the Irish regulatory capacity to act as Collateral Manager under the Collateral Management Agreement; and (ii) employs the principal personnel performing the duties required under the Collateral Management Agreement prior to such assignment.

Notwithstanding the above, the Collateral Manager may delegate to an agent selected with reasonable care any or all of its nonmaterial administrative duties under the Collateral Management Agreement including its duties in respect of the Issuer's obligations under EMIR without the consent of the Issuer or any Noteholder and without receiving any Rating Agency Confirmation; provided that no such delegation of obligations or duties by the Collateral Manager will relieve the Collateral Manager from any liability under the Collateral Management Agreement.

The Issuer may not assign its rights under the Collateral Management Agreement without the prior written consent of the Collateral Manager, the Trustee, the holders of each Class of Notes acting by Ordinary Resolution, each voting as a separate class, and subject to Rating Agency Confirmation, except in the case of an assignment by the Issuer (i) to an entity that is a successor to the Issuer permitted under the Trust Deed or (ii) to the Trustee.

### **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 a successor collateral manager has been appointed in accordance with the terms of the Collateral Management Agreement, including receipt of Rating Agency Confirmation in respect thereof and provided it is legally qualified and has the capacity (including Irish regulatory capacity to provide Collateral Management services to Irish counterparties as a matter of the laws of Ireland) to act as Collateral Manager under the Collateral Management Agreement. The successor collateral manager will be selected by the Issuer as proposed by the holders of the Controlling Class acting by Ordinary Resolution, provided that the holders of the Subordinated Notes do not object within 30 days after the giving of notice thereof in accordance with the Conditions of such proposed selection by the Issuer. If the Subordinated Noteholders do object as described in the previous sentence, then they must also propose an alternative replacement collateral manager, which shall be appointed as successor provided that the holders of the Controlling Class acting by Ordinary Resolution do not object within 30 days after the giving of notice thereof in accordance with the Conditions of such proposed selection. If the holders of the Controlling Class do object as described in the previous sentence, then they must also propose an alternative replacement collateral manager, which shall be appointed as successor provided that the Subordinated Noteholders acting by Ordinary Resolution do not object within 30 days after the giving of notice thereof in accordance with the Conditions of such proposed selection. If the Subordinated Noteholders do object as described in the previous sentence, then the Issuer shall appoint a successor collateral manager proposed by the holders of the Controlling Class acting by Ordinary Resolution that (i) has not previously been objected to by the Subordinated Noteholders (ii) is not an Affiliate of any such holder voting in favour of such Ordinary Resolution and (iii) otherwise meets the criteria for a successor collateral manager under the Collateral Management Agreement. If no successor collateral manager has been appointed within 180 days or if the Collateral Manager is required to resign as a result of illegality, the Issuer (subject to the approval of the Controlling Class, acting by Ordinary Resolution) shall appoint a successor collateral manager which satisfies the criteria specified in the Collateral Management Agreement subject to receipt of Rating Agency Confirmation.

### **Upon notice of removal or resignation of the Collateral Manager**

In the event that the Collateral Manager has received notice that it will be removed or has given notice of its resignation, until a successor collateral manager has been appointed and has accepted such appointment in accordance with the terms specified in the Collateral Management Agreement, purchases and sales of Collateral Debt Obligations shall be only be made in relation to sale of Margin Stock, Credit Impaired Obligations and Defaulted Obligations.

## DESCRIPTION OF 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 Initial Purchaser or any other party. None of the Initial Purchaser or any other party other than the Collateral Administrator assumes any responsibility for the accuracy or completeness of such information.*

### **The Bank Of New York Mellon** (formerly The Bank of New York)

The Bank of New York Mellon, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situate at One Wall Street, New York, NY 10286, USA and having a branch registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at One Canada Square, London E14 5AL.

The Bank of New York Mellon's corporate trust business services \$12 trillion in outstanding debt from 55 locations around the world. It services all major debt categories, including corporate and municipal debt, mortgage-backed and asset-backed securities, collateralized debt obligations, derivative securities and international debt offerings. The Bank of New York Mellon's corporate trust and agency services are delivered through The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 35 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than \$26 trillion in assets under custody and administration and more than \$1.4 trillion in assets under management. Additional information is available at [bnymellon.com](http://bnymellon.com).

### **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 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 Ordinary 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 its appointment without cause on 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.

## HEDGING ARRANGEMENTS

*The following section consists of a summary of certain provisions which, pursuant to the Collateral Management Agreement, are required to be contained in each Hedge Agreement and Hedge Transaction. Such summary does not purport to be complete and is qualified by reference to the detailed provisions of each Hedge Agreement and Hedge Transaction. The terms of a Hedge Agreement or Hedge Transaction may differ from the description provided herein, subject to receipt of Rating Agency Confirmation in respect thereof or without Rating Agency Confirmation if such Hedge Transaction constitutes a Form Approved Hedge.*

### 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 United States Commodity Exchange Act of 1936, as amended, 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**").

### 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 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 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 (i) it satisfies the definition of Unhedged Collateral Debt Obligation and, after taking into account such acquisition the Collateral Debt Obligations are in compliance with the Portfolio Profile Tests related to Unhedged Collateral Debt Obligations; or (ii) the Collateral Manager, on behalf of the Issuer, enters, as soon as practicable (but not more than five Business Days) after entering into a binding commitment to purchase such Collateral Debt Obligation, into an Asset Swap Transaction (to become effective on or before the settlement date of such Collateral Debt Obligation) with such an Asset Swap Counterparty 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.

Further, each Asset Swap Counterparty will be required to satisfy the applicable Rating Requirement (taking into account any guarantor thereof) and must have the Irish regulatory capacity to enter into derivatives transactions with Irish residents.

Upon the sale of an Asset Swap Obligation, the Asset Swap Transaction relating thereto shall be terminated on or around 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 Asset Swap Account) and returning the Sale Proceeds (in accordance with paragraph (b) 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).

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 (b) 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 which has the regulatory capacity as a matter of Irish law, to enter into derivatives transactions with Irish residents.

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 (*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 and has the regulatory capacity, as a matter of Irish law, to enter into derivatives transactions with Irish residents.

### ***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 satisfies the applicable Ratings Requirement and which has the regulatory capacity, as a matter of Irish law, to enter into derivatives transactions with Irish residents.

### **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, satisfy 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 commercial opinion of the Collateral Manager, entry into a Hedge Agreement would require registration of the Collateral Manager as a Commodity Pool, 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.

### ***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 agreed by the Issuer and the applicable Hedge Counterparty and subject to receipt of Rating Agency Confirmation in respect thereof.

#### ***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 relevant Affected Party (as defined therein) to use reasonable endeavours to (i) (in the case of the Hedge Counterparty) 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 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*). The Issuer will have the benefit of 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 perform its obligations under, the 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 and, in some cases, the Trustee has started to sell all or part of the Collateral as a consequence thereof;
- (e) failure by a Hedge Counterparty to comply with the requirements of the Rating Agencies in the event that it (or, as relevant, 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) representations related to certain regulatory matters prove to be incorrect when made, if the Issuer becomes subject to 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 United States Commodity Exchange Act of 1936, as amended and certain representations relating to EMIR;
- (i) other regulatory changes occur which have a material adverse effect on a Hedge Counterparty;
- (j) material changes are made to the Transaction Documents without the consent of a Hedge Counterparty which could have a material adverse effect on the Hedge Counterparty; and
- (k) any other event as specified in the relevant Hedge Agreement.

A termination of a Hedge Agreement 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 Note 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*. Such Termination Payment will 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 of the Hedge Counterparty. 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 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 and provided that such institution satisfies any applicable regulatory requirements.

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**").

## DESCRIPTION OF THE REPORTS

### Monthly Reports

The Collateral Administrator, not later than the eleventh 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 October 2014, in respect of the last Business Day of September 2014, on behalf, and at the expense, of the Issuer and in consultation with the Collateral Manager, shall compile and make available a monthly report via a secured website currently located at <https://gctinvestorreporting.bnymellon.com> which shall be accessible to the Issuer, the Trustee, the Collateral Manager, each Hedge Counterparty and the Rating Agencies by way of a unique password (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.

### *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 Collateral Principal Amount 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, LoanX ID, CUSIP number, ISIN or identification thereof, annual interest rate or spread (and EURIBOR floor if any), facility, Collateral Debt Obligation Stated Maturity, Obligor, the Domicile of the Obligor, location of assets, location of security, Fitch Recovery Rate, Moody's Recovery Rate, Moody's Rating, Fitch Rating and any other public rating (other than any confidential credit estimate), its Moody's industry category and Fitch Industry Category;
- (e) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Debt Obligation, whether such Collateral Debt Obligation is a Secured Senior Loan, Secured Senior Bond, Unsecured Senior Obligation, Second Lien Loan, Mezzanine Loan or High Yield Bond, Fixed Rate Collateral Debt Obligation, Corporate Rescue Loan, PIK Obligation, Current Pay Obligation, Annual Obligation, Revolving Obligation, Delayed Drawdown Collateral Debt Obligation, Bridge Loan, Discount Obligation or Discount Obligation Exception;
- (f) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Enhancement Obligation and Exchanged Security (to the extent applicable), its principal amount, 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 Obligations or Exchanged Security 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 Collateral Principal Amount and measured at the date of determination of the last Monthly Report), the sale price thereof and identity of any of the purchasers thereof (if any) that are Affiliated with the Collateral Manager, and the amount of any Trading Gains resulting from such sale paid into the Interest Account;
- (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 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 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 Obligation or in respect of which an Exchanged Security has been received since the date of determination of the last Monthly Report, the approximate Market Value of each Collateral Debt Obligation which became a Defaulted Obligation 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 Obligations;
- (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) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Debt Obligation which is a Cov-lite Loan, its Principal Balance, Obligor, Fitch Recovery Rate, Moody's Recovery Rate, Moody's Rating, Fitch Rating and any other public rating (other than any confidential credit estimate), its Moody's industry category and Fitch Industry Category;
- (p) the applicable row and column in the Moody's Test Matrix and Fitch Tests Matrix which are being applied for the purposes of the Collateral Quality Tests; and
- (q) a commentary provided by the Collateral Manager with respect to the Portfolio (provided that the Collateral Manager may provide such commentary via its own secure website and not the Reports).

#### ***Accounts***

- (a) the identity of the Account Bank;
- (b) the Balances standing to the credit of each of the Accounts other than the Collection Account;
- (c) the purchase price, principal amount, redemption price, annual interest rate, maturity date and Obligor under each Eligible Investment purchased from funds in the Accounts; and
- (d) the rating by Moody's and Fitch in respect of each Eligible Investment.

#### ***Hedge Transactions***

- (a) the outstanding notional amount (as defined therein) of each Hedge Transaction, distinguishing between (i) Asset Swap Transactions, and (ii) Interest Rate Hedge Transactions 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 name of each Hedge Counterparty, the then current Moody's rating and Fitch rating in respect of each Hedge Counterparty and whether such Hedge Counterparty satisfies the Rating Requirements; and
- (d) 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.

***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, the Class D Interest Coverage Test and the Class E Interest Coverage Test is satisfied and details of the relevant Interest Coverage Ratios;
- (c) from and after the Effective Date and during the Reinvestment Period, a statement as to whether the Reinvestment Overcollateralisation 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 including and excluding the Aggregate Excess Funded Spread), a statement as to whether the Moody's Minimum Weighted Average Floating Spread Test is satisfied and the amount of the Aggregate Excess Funded Spread;
- (f) the Moody's Minimum Weighted Average Coupon, the Weighted Average Coupon, the Excess Weighted Average Coupon, the Excess Weighted Average Floating Spread and a statement as to whether the Minimum Average Coupon Test is satisfied;
- (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) so long as any Notes rated by Fitch are Outstanding, whether or not the Fitch Maximum Weighted Average Rating Factor Test is satisfied;
- (k) so long as any Notes rated by Fitch are Outstanding, whether or not 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 Minimum Weighted Average Spread Test is satisfied;
- (m) so long as any Notes rated by Fitch are Outstanding, whether or not the Fitch Minimum Weighted Average Fixed Coupon Test is satisfied; and
- (n) 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, together with details of the result of the calculations required to be made in order to make such determination which details shall include the applicable numbers, levels and/or percentages resulting from such calculations;
- (b) the identity and Moody's rating and Fitch 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 Moody's ratings and Fitch ratings of Selling Institutions and, if such limits are not met, a statement as to the nature of the non-compliance.

***Risk Retention***

- (a) confirmation that the Collateral Administrator has received written confirmation from the Retention Holder that:
  - (i) it continues to hold Subordinated Notes with a Principal Amount Outstanding representing no less than 5.0 per cent. of the Target Par Cap (the "**Retention**"); and
  - (ii) it has not sold, hedged or otherwise mitigated its credit risk under or associated with the Retention or the underlying portfolio of Collateral Debt Obligations, except to the extent permitted in accordance with the Retention Requirements;
- (b) confirmation of any other information or agreements supplied by the Retention Holder as reasonably required to satisfy the Retention Requirements from time to time, subject to and in accordance with the Risk Retention Letter;
- (c) the calculation of 5.0 per cent. of the Aggregate Collateral Balance and 5.0 per cent. of the Target Par Cap for the purposes of determining the Retention and whether a Retention Deficiency has occurred; and
- (d) the amount of any Trading Gains paid into the Interest Account since the previous Payment Date.

***Payment Date Report***

The Collateral Administrator, on behalf, and at the expense, of the Issuer and in consultation with the Collateral Manager, shall render a report (the "**Payment Date Report**"), prepared and determined as of each Determination Date, and made available via a secured website currently located at <https://gctinvestorreporting.bnymellon.com> which shall be accessible to the Collateral Manager, the

Issuer, the Trustee, the Initial Purchaser, the Registrar, each Hedge Counterparty, the Rating Agencies and any Noteholder by way of a unique password (which, in the case of each Noteholder may be obtained from the Collateral Administrator subject to receipt by the Collateral Administrator of certification that such holder is a holder of a beneficial interest in any Notes) 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 the Irish Stock Exchange 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 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 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.

***Payment Date Payments***

- (a) the amounts payable pursuant to the Interest Proceeds Priority of Payments, the Principal Proceeds Priority of Payments, the Collateral Enhancement Obligation 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 purchase price, principal amount, redemption price, annual interest rate, maturity date of and Obligor of each Eligible Investment purchased from funds in the Accounts;
- (j) the Principal Proceeds received during the related Due Period;
- (k) the Interest Proceeds received during the related Due Period; and
- (l) the Collateral Enhancement 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***

The information required pursuant to "*Monthly Reports — Hedge Transactions*" above.

***Risk Retention***

The information required pursuant to "*Monthly Reports — Risk Retention*" 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.

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 Irish Central Bank and in respect of the preparation of its financial statements and tax returns.

## 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. Prospective investors should refer in particular to the section "Foreign Account Tax Compliance Act" below. 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.

**ALL PROSPECTIVE INVESTORS SHOULD READ "UNITED STATES FEDERAL INCOME TAXATION - INFORMATION REPORTING AND BACKUP WITHHOLDING TAX" AND "APPLICATION OF NEW U.S. TAX REPORTING AND WITHHOLDING LAW" BELOW FOR A DISCUSSION OF POTENTIAL REPORTING OBLIGATIONS AND MATERIAL CONSEQUENCES OF FAILING TO COMPLY WITH SUCH OBLIGATIONS.**

### Irish Taxation

**The following is a summary based on the laws and practices currently in force in Ireland regarding the tax position of investors beneficially owning their Notes and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only. 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.**

### 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. However, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act, 1997 (the **1997 Act**) for certain interest bearing securities issued by a body corporate (such as the Issuer) which are quoted on a recognised stock exchange (which would include the Irish Stock Exchange) (**quoted Eurobonds**).

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

- (a) the person by or through whom the payment is made is not in Ireland; or
- (b) the payment is made by or through a person in Ireland, and either:
  - (i) the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (e.g. Euroclear, Clearstream Banking SA and Clearstream Banking AG), or
  - (ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to the person by or through whom the payment is made in the prescribed form.

So long as the Notes are quoted on a recognised stock exchange and are held in a recognised clearing system such as Euroclear, Clearstream Banking SA or Clearstream Banking AG (or, if not so held, payments on the Notes are made through a paying agent not in Ireland), interest on the Notes can be paid by the Issuer and any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

If, for any reason, the quoted Eurobond exemption referred to above does not or ceases to apply, the Issuer can still pay interest on the Notes free of withholding tax provided it is a qualifying company within the meaning of Section 110 of the 1997 Act (a **Qualifying Company**) and provided the interest is paid to a person resident in either (i) a member state of the European Union (other than Ireland) or (ii) a country with which Ireland has signed a comprehensive double taxation agreement (such a country mentioned in either (i) or (ii) being a **Relevant Territory**). For this purpose, residence is determined by reference to the law of the country in which the recipient claims to be resident. This exemption from withholding tax will not apply, however, if the interest is paid to a company in connection with a trade or business carried on by it through a branch or agency located in Ireland.

In certain limited circumstances a payment of interest by the Issuer which is considered dependent on the results of the Issuer's business or which represents more than a reasonable commercial return can be re-characterised as a distribution subject to dividend withholding tax.

A payment of profit dependent or excessive interest on the Notes will not be re-characterised as a distribution to which dividend withholding tax could apply where, broadly, the Noteholder is either

- (i) an Irish tax resident person;
- (ii) a person subject to tax in a Relevant Territory which generally applies to profits, income or gains received from sources outside that territory without any reduction computed by reference to the amount of the payment;
- (iii) neither a person which is a company which directly or indirectly controls the Issuer or which is controlled by a third company which directly or indirectly controls the Issuer nor is a person (including any connected person) (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 return agreement (as defined in section 110(1) of the 1997 Act) where the aggregate value of such assets, loans, advances or agreements represents 75% or more of the assets of the Issuer (such a person falling within this category of person being a **Specified Person**); or
- (iv) an exempt pension fund, government body or other resident in a Relevant Territory person (which is not a Specified Person).

In certain circumstances, Irish tax will be required to be withheld at the standard rate from interest on any quoted Eurobond, where such interest is collected by a bank or other agent in Ireland on behalf of any Noteholder.

### **Taxation of Noteholders**

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish income tax. Interest paid on the Notes may have an Irish source and therefore be within the charge to Irish income tax and the universal social charge. Ireland operates a self-assessment system in respect of income tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

However, interest on the Notes will be exempt from Irish income tax if the recipient of the interest is resident in a Relevant Territory provided either (i) the Notes are quoted Eurobonds and are exempt from withholding tax as set out above and the recipient is not a resident of Ireland (ii) in the event of the Notes not being or ceasing to be quoted Eurobonds exempt from withholding tax, if the Issuer is a Qualifying Company, or (iii) if the Issuer has ceased to be a Qualifying Company, the recipient of the interest is a company and the jurisdiction concerned imposes a tax that generally applies to interest receivable in that jurisdiction by companies from sources outside that jurisdiction.

In addition, provided that the Notes are quoted Eurobonds and are exempt from withholding tax as set out above, the interest on the Notes will be exempt from Irish income tax if the recipient of the interest is (i) a company under the control, directly or indirectly, of persons who by virtue of the law of a relevant territory are resident in that country and that person or persons are not themselves under the control whether directly or indirectly of a person who is not resident in such a country, or (ii) a

company, the principal class of shares of such company, or another company of which the recipient company is a 75% subsidiary, is substantially and regularly traded on one or more recognised stock exchanges in Ireland or a relevant territory or a stock exchange approved by the Irish Minister for Finance.

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.

Noteholders receiving interest on the Notes which does not fall within any of the above exemptions may be liable to Irish income tax and the universal social charge on such interest.

### **Capital Gains Tax**

A holder of Notes will not be subject to Irish tax on capital gains on a disposal of Notes unless such holder is resident or ordinarily resident in Ireland or carries on a trade in Ireland through a branch or agency in respect of which the Notes are used or held.

### **Capital Acquisitions Tax**

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax if either (i) the disponent or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponent is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Notes are regarded as property situate in Ireland.

Bearer Notes are generally regarded as situated where they are physically located at any particular time. Registered Notes are generally regarded as situated where the principal register of Noteholders is maintained or is required to be maintained, but the Notes may be regarded as situated in Ireland regardless of their physical location or the location of the register as they secure a debt due by an Irish resident debtor and they may be secured over Irish property. Accordingly, if such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the disponent or the donee/successor.

### **Stamp Duty**

Provided the Issuer remains a Qualifying Company no stamp duty or similar tax is imposed in Ireland on the issue, transfer or redemption of the Notes provided the money raised on the issue of the Notes is used in the course of the Issuer's business.

### **United States Federal Income Taxation**

#### **(a) General**

This is a discussion of the principal U.S. federal income tax consequences of the acquisition, ownership, disposition, and retirement of the Notes.

Except as expressly set out below, this discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular holder based on such holder's particular circumstances, nor does it address any aspect of state, local, or non-U.S. tax laws or the possible application of the alternative minimum tax or U.S. federal gift or estate taxes. In particular, except as expressly set out below, this discussion does not address aspects of U.S. federal income taxation that may be applicable to holders that are subject to special treatment, including holders that:

- (i) are broker-dealers, securities traders, insurance companies, tax-exempt organisations, financial institutions, real estate investment trusts, regulated investment companies, partnerships or other pass-through entities or grantor trusts;
- (ii) certain former citizens or long-term residents of the United States;

- (iii) hold Notes as part of a "straddle," "hedge," "conversion," "integrated transaction" or "constructive sale" with other investments; or
- (iv) own or are deemed to own 10 per cent. or more, by voting power or value, of the equity of the Issuer (including Subordinated Notes and any Notes treated as equity for U.S. federal income tax purposes).

This discussion considers only holders that will hold Notes as capital assets and does not address tax consequences that apply to U.S. Holders (as defined below) whose functional currency is not the U.S. dollar. This discussion is generally limited to the tax consequences to initial holders that purchase Notes upon their initial issue at their issue price (as defined below).

For purposes of this discussion, "**U.S. Holder**," is defined as the beneficial owner of a Note that is:

- (i) a citizen or resident of the United States;
- (ii) a corporation created or organised under the laws of the United States or any political subdivision thereof or therein;
- (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source; or
- (iv) a trust, (i) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes; or (ii)(A) if a court within the U.S. is able to exercise primary supervision over the administration of the trust; and (B) one or more U.S. persons have the authority to control all substantial decisions of the trust.

The term "**non-U.S. Holder**" means, for purposes of this discussion, a beneficial owner of the Notes that is neither a U.S. Holder nor a partnership (or an entity treated as a partnership for U.S. federal income tax purposes).

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds the Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its own tax advisor as to the consequences of the acquisition, ownership, disposition and retirement of the Notes.

This discussion is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), existing and proposed regulations thereunder, and current administrative rulings and court decisions, each as available and in effect as of the date hereof. All of the foregoing are subject to change, possibly on a retroactive basis, and any such change could affect the continuing validity of this discussion. Furthermore, there are no cases or rulings by the IRS addressing entities similar to the Issuer or securities similar to the Notes. As a result, the IRS might disagree with all or part of the discussion below. No rulings will be requested of the IRS regarding the issues discussed below or the U.S. federal income tax characterisation of the Notes.

Prospective Noteholders should consult their tax advisor concerning the application of U.S. federal income tax laws, as well as the laws of any state or local taxing jurisdiction, to their particular situation.

(b) **United States Taxation of the Issuer**

*General*

The Issuer will be treated as a corporation for U.S. federal income tax purposes.

*United States Federal Income Taxes*

It is intended that the Issuer will not operate so as to be engaged in a trade or business in the United States for U.S. federal income tax purposes and, accordingly, will not be subject to U.S. federal income taxes on its net income. This summary assumes that the Issuer will not be so engaged. On the Issue Date, Allen & Overy LLP, special U.S. tax counsel to the Issuer, will deliver an opinion generally to the effect that, although no activity closely comparable to that contemplated by the Issuer has been the subject of any U.S. Treasury regulations, administrative ruling or judicial decision, under current law, assuming compliance with the Transaction Documents and based upon certain factual representations made by the Issuer and/or the Collateral Manager, and assuming the correctness of all opinions and advice of counsel that permit the Issuer to take or fail to take any action under the Transaction Documents based upon such opinions or advice, although the matter is not free from doubt, the Issuer's contemplated activities will not cause it to be treated as engaged in the conduct of a trade or business within the United States for U.S. federal income tax purposes. The opinion of Allen & Overy LLP will be based on certain factual assumptions, covenants and representations as to the Issuer's contemplated activities. The Issuer intends to conduct its affairs in accordance with such assumptions and representations, and the remainder of this summary assumes that the Issuer will not be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes. In addition, you should be aware that the opinion referred to above will be predicated upon the Collateral Manager's and Collateral Administrator's compliance with certain U.S. tax restrictions set out in the Collateral Management Agreement (the "**U.S. Tax Procedures**"), which are intended to prevent the Issuer from engaging in activities which could give rise to a trade or business within the United States. Although the Collateral Manager and the Collateral Administrator have generally undertaken to comply with the U.S. Tax Procedures, the U.S. Tax Procedures may be amended if the Issuer receives an opinion from internationally recognized U.S. tax counsel that the amendment will not cause the Issuer to be treated as engaged in a trade or business within the United States. There can be no assurance that any such opinion will be consistent with Allen & Overy LLP's views and opinion standards. Any such amendments would not be covered by the opinion of Allen & Overy LLP referred to above. Furthermore, neither the Collateral Manager nor the Collateral Administrator is obligated to monitor (and, in some cases, conform the Issuer's activities in order to comply with) changes in law, and accordingly, any such changes could adversely affect whether the Issuer is treated as engaged in a U.S. trade or business.

The opinion of Allen & Overy LLP is not binding on the IRS or the courts, and no ruling will be sought from the IRS regarding this, or any other, aspect of the U.S. federal income tax treatment of the Issuer. Accordingly, in the absence of authority on point, the U.S. federal income tax treatment of the Issuer is not entirely free from doubt, and there can be no assurance that positions contrary to those stated in the opinion of Allen & Overy LLP may not be asserted successfully by the IRS. If the IRS were to successfully assert that the Issuer is engaged in a U.S. trade or business, however, there could be material adverse financial consequences to the Issuer and to persons who hold the Notes. There can be no assurance, that the Issuer's net income will not become subject to U.S. federal net income tax as a result of unanticipated activities by the Issuer, changes in law, contrary conclusions by U.S. tax authorities or other causes. In such a case, the Issuer would be potentially subject to substantial U.S. federal income tax and, in certain circumstances interest payments by the Issuer under the Notes could be subject to U.S. withholding tax. The imposition of any of the foregoing taxes would materially affect the Issuer's ability to pay principal, interest, and other amounts owing in respect of the Notes.



### *Withholding and Gross Income Taxes*

Although the Issuer does not intend to 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 gross income 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. In this regard and subject to certain exceptions, the Issuer may generally only acquire a particular Collateral Debt Obligation 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. The Issuer may, however, be subject to withholding or gross income taxes in respect of interest and disposition proceeds in respect of Collateral Debt Obligations giving rise to U.S. source income if such Obligations are issued or materially modified after 1 July, 2014 (as discussed in more detail under "*Tax Considerations – Foreign Account Tax Compliance Act*"), and such withholding or gross income taxes may not be grossed up.

Notwithstanding the foregoing, there can be no assurance that payments on any U.S. obligations or assets held by the Issuer will not become subject to U.S. withholding tax as a result of a change in any applicable law, treaty, rule or regulation or interpretation thereof or other causes, possibly with retroactive effect. If any withholding tax is or becomes applicable to payments on any U.S. obligations or assets held by the Issuer and such tax is not fully offset by "gross-up payments," such withholding tax will reduce the amounts available to make payments on the Notes. There can be no assurance that the remaining payments on the Issuer's other assets will be sufficient to make payments on the Notes.

#### **(c) Characterisation of the Notes**

The Issuer has agreed and, by its acceptance of a Class A Note, a Class B Note, a Class C Note, a Class D Note, a Class E Note or a Class F Note (together the "**Rated Notes**"), each holder will be deemed to have agreed, to treat the Rated Notes as debt of the Issuer for U.S. federal income tax purposes, except as otherwise required by applicable law. Upon the issuance of the Notes, Allen & Overy LLP will deliver an opinion generally to the effect that, assuming compliance with the Transaction Documents, and based on certain factual representations made by the Issuer and/or the Collateral Manager, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will and the Class E Notes should, be characterised as debt of the Issuer for U.S. federal income tax purposes. Such opinion will assume compliance with the Transaction Documents and the validity of certain assumptions and representations made by the Issuer and/or the Investment Manager regarding the Notes. No opinion will be given in respect of the Class F Notes, although the Issuer intends to treat the Class F Notes as debt of the Issuer for U.S. federal income tax purposes.

The Issuer intends to treat the Subordinated Notes as equity in the Issuer for U.S. federal income tax purposes. By acquiring an interest in a Subordinated Note, the holder will agree to treat such Subordinated Note as equity for U.S. federal income tax purposes. This summary assumes such treatment.

Prospective investors should note, however, that the classification of an instrument as debt or equity is highly factual, the opinions of counsel are not binding on the IRS, and there can be no assurance that the IRS will not contend, and that a court will not ultimately hold, that one or more Classes of Notes, particularly the more junior Classes of Notes, are equity. If the IRS were to challenge the treatment of the Rated Notes and such challenge succeeded, the affected Notes would be treated as equity interests and the U.S. federal income tax consequences of investing in those Notes would be the same as those described below with respect to investments in the Subordinated Notes. Under U.S. federal income tax principles, a strong likelihood exists that the Subordinated Notes will be treated as equity. By acquiring an interest in a Subordinated Note, the holder will agree to treat such Subordinated Note as equity for U.S. federal income tax purposes. This summary assumes such treatment. Holders of the Notes should note that no rulings have been or will be sought from the IRS with respect to the classification of the Notes or the U.S. federal income tax consequences discussed below, and

no assurance can be given that the IRS or the courts will not take a contrary position to any of the views expressed herein.

(d) **Interest on the Rated Notes**

A U.S. Holder of a Rated Note that uses the cash method of accounting must include in income the U.S. dollar value of Euro interest paid when received. Euro interest received is translated at the U.S. dollar spot rate of Euro on the date of receipt, regardless of whether the payment is converted into U.S. dollars on the date of receipt. A cash method U.S. Holder therefore generally will not have foreign currency gain or loss on receipt of a Euro interest payment but may have foreign currency gain or loss upon disposing of the Euro received.

A U.S. Holder of a Rated Note that uses the accrual method of accounting or any U.S. Holder required to accrue original issue discount (as defined below) will be required to include in income the U.S. dollar value of Euro interest accrued during the accrual period. An accrual basis U.S. Holder may determine the amount of income recognised with respect to such interest using either of two methods, in either case regardless of whether the payments are in fact converted into U.S. dollars on the date of receipt. Under the first method, the U.S. dollar value of accrued interest is translated at the average Euro rate for the interest accrual period (or, with respect to an accrual period that spans two taxable years, the partial period within the taxable year). Under the second method, the U.S. Holder can elect to accrue interest at the Euro spot rate on the last day of an interest accrual period (or, in the case of an accrual period that spans two taxable years, at the exchange rate in effect on the last day of the partial period within the taxable year) or, if the last day of an interest accrual period is within five business days of the receipt of such interest, the spot rate on the date of receipt. An election to accrue interest at the spot rate generally will apply to all foreign currency denominated debt instruments held by the U.S. Holder, and is irrevocable without the consent of the IRS. U.S. Holders should consult their own tax advisors prior to making such an election. An accrual method U.S. Holder of a Rated Note may recognise foreign currency gain or loss, as the case may be, on interest paid to the extent that the U.S. dollar/Euro exchange rate on the date the interest is received differs from the rate at which the interest income was accrued. Any exchange gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income, and will generally be treated as U.S. source income or loss. Regardless of the method used to accrue interest, a U.S. Holder may have additional foreign currency gain or loss upon a subsequent disposition of the Euro received.

For U.S. federal income tax purposes, “**OID**” is the excess of the “stated redemption price at maturity” of a debt instrument over its “issue price”, if that excess equals or exceeds  $\frac{1}{4}$  of 1.0 per cent. of the debt instrument's stated redemption price at maturity multiplied by the number of complete years from its issue date to its maturity or weighted average maturity in the case of instalment obligations (the “**OID de minimis amount**”). The “stated redemption price at maturity” of a debt instrument such as the Rated Notes is the sum of all payments required to be made on the Rated Note other than “qualified stated interest” payments. The “issue price” of a Rated Note generally is the first offering price to the public at which a substantial amount of the debt instrument is sold. The term “qualified stated interest” generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer), or that is treated as constructively received, at least annually at a single fixed rate or, under certain conditions discussed below, at a variable rate.

Prospective U.S. Holders should note that interest on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (together the “**Deferrable Notes**”) may be added to the aggregate principal amount of such Notes where non-payment of such interest results from a shortfall of Interest Proceeds and Principal Proceeds. Consequently, the Issuer intends to take the position that such interest is not unconditionally payable in cash or property at least annually and will not be treated as “qualified stated interest”. Therefore, all of the stated interest payments on each of the Deferrable Notes will be included in the stated redemption price at maturity of such Notes, and as a result each of the Deferrable Notes will be treated as issued with OID.

If a U.S. Holder holds a Rated Note with OID (an "**OID Note**") such U.S. Holder may be required to include OID in income before receipt of the associated cash payment, regardless of the U.S. Holder's accounting method for tax purposes. If the U.S. Holder is an initial purchaser of an OID Note, the amount of the OID includible in income is the sum of the daily accruals of the OID for the Note for each day during the taxable year (or portion of the taxable year) in which such U.S. Holder held the OID Note. The daily portion is determined by allocating the OID for each day of the accrual period. An accrual period may be of any length and the accrual periods may even vary in length over the term of the OID Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first day of an accrual period or on the final day of an accrual period. The amount of OID allocable to an accrual period is equal to the difference between: (a) the product of the "adjusted issue price" of the OID Note at the beginning of the accrual period and its yield to maturity (computed generally on a constant yield method and compounded at the end of each accrual period, taking into account the length of the particular accrual period); and (b) the amount of any qualified stated interest allocable to the accrual period. The "adjusted issue price" of an OID Note at the beginning of any accrual period is the sum of the issue price of the OID Note plus the amount of OID allocable to all prior accrual periods reduced by any payments the U.S. Holder received on the OID Note that were not qualified stated interest. Under these rules, the U.S. Holder generally will have to include in income increasingly greater amounts of OID in successive accrual periods.

Each class of Rated Notes will be "variable rate debt instruments" if such class of Notes (a) has an issue price that does not exceed the total non-contingent principal payments on such Class of Notes by more than an amount equal to the lesser of: (i) 0.015 multiplied by the product of such total non-contingent principal payments and the number of complete years to maturity of such Class of Notes; and (ii) 15 per cent. of the total non-contingent principal payments on such Class of Notes; (b) provide for stated interest (compounded or paid at least annually) at the current value of one or more qualified floating rates, including the EURIBOR rate on such Class of Notes; and (c) does not provide for any principal payments that are contingent. The Rated Notes will qualify as variable rate debt instruments, provided the issue price is not more than 115,000 Euros per 100,000 Euro principal amount. Interest payments on certain "variable rate debt instruments" may be considered qualified stated interest.

If a debt instrument that provides for a variable rate of interest does not qualify as a variable rate debt instrument, the debt instrument will be treated as a contingent payment debt instrument. Thus, if any class of the Rated Notes does not qualify as a variable rate debt instrument, a U.S. Holder would be required to report income in respect of such Notes in accordance with U.S. Treasury regulations relating to contingent payment debt instruments, which generally require a gain to be ordinary income and U.S. Holder to accrue interest on a constant-yield basis based on a projected payment schedule determined by the Issuer. The contingent payment debt instrument rules are complex and investors should consult with their own tax advisors with respect to the potential taxation of the Notes under the contingent payment debt instrument rules.

The Rated Notes may be debt instruments described in Section 1272(a)(6) of the Code (debt instruments that may be accelerated by reason of the prepayment of other debt obligations securing such debt instruments). Special tax rules principally relating to the accrual of OID, market discount, and bond premium apply to debt instruments described in Section 1272(a)(6). Further, those debt instruments may not be treated for U.S. federal income tax purposes as part of an integrated transaction with a related hedge under Treasury Regulation Section 1.1275-6. Prospective investors should consult with their own tax advisors regarding the effects of Section 1272(a)(6).

Because the OID rules are complex, each U.S. Holder of an OID Note should consult with its own tax advisor regarding the acquisition, ownership, and disposition of such Note.

Interest on the Notes received by a U.S. Holder will generally be treated as foreign source "passive income" for U.S. foreign tax credit purposes, or, in certain cases, "general category income".

(e) **Sale, Exchange, Redemption or Repayment of the Rated Notes**

Unless a non-recognition provision applies (and subject to the "Investment in a Passive Foreign Investment Company", "Investment in a Controlled Foreign Corporation" and "Disposition of the Subordinated Notes" discussions below which are relevant for holders of any Class of Notes treated as equity for U.S. Federal income tax purposes), a U.S. Holder generally will recognise gain or loss on the sale, exchange, repayment or other disposition of a Rated Note equal to the difference between the amount realised plus the fair market value of any property received on the disposition (other than amounts attributable to accrued but unpaid interest) and the U.S. Holder's adjusted tax basis in such Note.

The amount realised on the sale, exchange, redemption or repayment of a Rated Note generally is determined by translating the Euro proceeds into U.S. dollars at the spot rate on the date the Rated Note is disposed of, while a U.S. Holder's adjusted tax basis in a Rated Note generally will be the cost of the Rated Note to the U.S. Holder, determined by translating the Euro purchase price into U.S. dollars at the spot rate on the date the Rated Note was purchased, and increased by the amount of any OID accrued and reduced by any payments other than payments of qualified stated interest of such Note. If, however, the Rated Notes are traded on an established securities market, a cash basis U.S. Holder or electing accrual basis U.S. Holder will determine the amount realised on the settlement date. An election by an accrual basis U.S. Holder to apply the spot exchange rate on the settlement date will be subject to the rules regarding currency translation elections described above, and cannot be changed without the consent of the IRS. The amount of foreign currency gain or loss realised with respect to accrued but unpaid interest is the difference between the U.S. Dollar value of the interest based on the spot exchange rate on the date the Rated Notes are disposed of and the U.S. Dollar value at which the interest was previously accrued. A U.S. Holder will have a tax basis in Euro received on the sale, exchange or retirement of a Rated Note equal to the U.S. dollar value of the Euro on the relevant date. Foreign currency gain or loss on a sale, exchange, redemption or repayment of a Rated Note is recognised only to the extent of total gain or loss on the transaction.

Foreign currency gain or loss recognised by a U.S. Holder on the sale, exchange or other disposition of a Rated Note (including repayment at maturity) generally will be treated as ordinary income or loss. Gain or loss in excess of foreign currency gain or loss on a Rated Note generally will be treated as capital gain or loss. The deductibility of capital losses is subject to limitations. In the case of a non-corporate U.S. Holder, preferential rates may apply to any capital gain if such U.S. Holder's holding period for such Rated Notes exceeds one year.

(f) **Alternative Characterisation of the Rated Notes**

It is possible that the IRS may contend that any Class of Rated Notes should be treated in whole or in part as equity interests in the Issuer. Such a recharacterisation might result in material adverse U.S. federal income tax consequences to U.S. Holders. If U.S. Holders of one or more Classes of the Rated Notes were treated as owning equity interests in the Issuer, the U.S. federal income tax consequences to those U.S. Holders would be as described under "*Tax Treatment of the Subordinated Notes*" and "*Transfer and Other Reporting Requirements*".

(g) **Tax Treatment of U.S. Holders of Subordinated Notes**

The Issuer has agreed and, by its acceptance of a Subordinated Note, each holder of a Subordinated Note will be deemed to have agreed, to treat all Subordinated Notes as equity in the Issuer for U.S. federal income tax purposes, except as otherwise required by any governmental authority. If U.S. Holders of the Subordinated Notes were treated as owning debt of the Issuer, the U.S. federal income tax consequences to those U.S. Noteholders would be as described under "*U.S. Tax Treatment of the Rated Notes*". This summary assumes that the Subordinated Notes will be treated as equity rather than debt for U.S. federal income tax purposes. Prospective investors should consult their own tax advisors regarding the consequences of acquiring, holding or disposing of the Subordinated Notes.

Prospective U.S. Holders should note that the Issuer will only provide QEF and subpart F information (as each is discussed below) to holders at their own expense. Since such expense may be substantial, an investment in the Notes may not be an appropriate investment for U.S. Holders.

Amounts contributed to the Issuer as a Contribution that otherwise would have been distributed on the Notes will be deemed (for federal income tax purposes) paid to the contributing Noteholder and then contributed to the Issuer.

(h) **Investment in a Passive Foreign Investment Company**

A non-U.S. corporation will be classified as a passive foreign investment company (a "**PFIC**") for U.S. federal income tax purposes if 75 per cent. or more of its gross income (including the *pro rata* share of the gross income of any corporation in which the Issuer is considered to own 25 per cent. or more of the shares by value) in a taxable year is passive income. Alternatively, a foreign corporation will be classified as a PFIC if at least 50 per cent. of its assets, averaged over the year and generally determined based on fair market value (including the *pro rata* share of the assets of any corporation in which the Issuer is considered to own 25 per cent. or more of the shares by value) are held for the production of, or produce, passive income.

Based on the assets that the Issuer expects to hold and the income anticipated thereon, it is highly likely that the Issuer will be classified as a PFIC for U.S. federal income tax purposes. Accordingly, the following discussion assumes that the Issuer will be a PFIC throughout the term of the Subordinated Notes, and U.S. Holders of Subordinated Notes should assume that they will be subject to the U.S. federal income tax consequences described below that result from owning stock in a PFIC (subject to the discussion below under "*Investment in a Controlled Foreign Corporation.*")

Unless a U.S. Holder elects to treat the Issuer as a "qualified electing fund" (as described in the next paragraph), upon certain distributions ("excess distributions") by the Issuer and upon a disposition of the Subordinated Notes at a gain, the U.S. Holder will be liable to pay tax at the highest tax rate on ordinary income in effect for each period to which the income is allocated plus interest on the tax, as if such distributions and gain had been recognised rateably over the U.S. Holder's holding period for the Subordinated Notes. An interest charge is also applied to the deferred tax amount resulting from the deemed rateable distribution.

Assuming the discussion below under "Investment in a Controlled Foreign Corporation" does not apply, if a U.S. Holder elects to treat the Issuer as a "qualified electing fund" (a "**QEF**"), distributions and gain will not be taxed as if recognised rateably over the U.S. Holder's holding period or subject to an interest charge. Instead, a U.S. Holder that makes a QEF election is required for each taxable year to include in income the U.S. Holder's *pro rata* share of the ordinary earnings of the qualified electing fund as ordinary income and a *pro rata* share of the net capital gain of the qualified electing fund as capital gain, regardless of whether such earnings or gain have in fact been distributed, and subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge. Consequently, in order to comply with the requirements of a QEF election, a U.S. Holder must receive from the Issuer certain information ("**QEF Information**"). The Issuer will, at the expense of the requesting U.S. Holder, cause its independent accountants to provide U.S. Holders of the Subordinated Notes, upon request by such U.S. Holder and at the U.S. Holder's expense, with the information reasonably available to the Issuer that a U.S. Holder would need to make a QEF election. Except as expressly noted, discussion below assumes that a QEF election will not be made. The cost charged to the U.S. Holder by the Issuer for providing the information may be significant.

As a result of the nature of the Collateral Debt Obligations that the Issuer intends to hold, the Issuer may hold investments treated as equity of non-United States corporations that are PFICs. In such a case, assuming that the Issuer is a PFIC, a U.S. Holder would be treated as owning its *pro rata* share of the stock of the PFIC owned by the Issuer. Such a U.S. Holder would be subject to the rules generally applicable to shareholders of PFICs discussed above with respect to distributions received by the Issuer from such a PFIC and dispositions by the

Issuer of the stock of such a PFIC (even though the U.S. Holder may not have received the proceeds of such distribution or disposition). Assuming the Issuer receives the necessary information from the PFIC in which it owns stock, certain U.S. Holders may make the QEF election discussed above with respect to the stock of the PFIC owned by the Issuer. However, no assurance can be given that the Issuer will be able to provide U.S. Holders with such information. If the Issuer is a PFIC, each U.S. Holder of a Subordinated Note must make an annual return on IRS Form 8621, reporting distributions received and gains realised with respect to each PFIC in which the U.S. Holder holds a direct or indirect interest. Prospective purchasers should consult their tax advisors regarding the potential application of the PFIC rules and any applicable annual filing requirements.

(i) **Investment in a Controlled Foreign Corporation**

Depending on the degree of ownership of the Subordinated Notes and other equity interests in the Issuer by U.S. Holders and whether the Subordinated Notes are treated as voting securities, the Issuer may constitute a controlled foreign corporation ("**CFC**"). In general, a foreign corporation will constitute a CFC if more than 50 per cent. of the shares of the corporation, measured by reference to combined voting power or value, are owned, directly or indirectly, by "**U.S. 10 per cent. Shareholders**". A "**U.S. 10 per cent. Shareholder**", for this purpose, is any U.S. person that possesses 10 per cent. or more of the combined voting power of all classes of shares of a corporation. It is possible that the IRS may assert that the Subordinated Notes should be treated as voting securities, and consequently that the U.S. Holders owning Subordinated Notes so treated, or any combination of such Subordinated Notes and other voting securities of the Issuer, that constitute 10 per cent. or more of the combined voting power of all classes of shares of the Issuer are "U.S. 10 per cent. Shareholders" and that, assuming more than 50 per cent. of the Subordinated Notes and other voting securities of the Issuer are held by such U.S. 10 per cent. Shareholders, the Issuer is a CFC.

If the Issuer were treated as a CFC, a U.S. 10 per cent. Shareholder of the Issuer would be treated, subject to certain exceptions, as receiving a dividend at the end of the taxable year of the Issuer in an amount equal to that person's *pro rata* share of the "subpart F income" and investments in U.S. property of the Issuer. 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 to constitute a CFC, predominantly all of its income would be subpart F income. In addition, special rules apply to determine the appropriate exchange rate to be used to translate such amounts treated as a dividend and the amount of any foreign currency gain or loss with respect to distributions of previously taxed amounts attributable to movements in exchange rates between the times of deemed and actual distributions and certain "dividends" from such CFC could be recharacterised as U.S. source income for U.S. foreign tax credit purposes. Unless otherwise noted, the discussion below assumes that the Issuer is not a CFC. U.S. Holders should consult their tax advisors regarding these special rules.

If the Issuer were to constitute a CFC, for the period during which a U.S. Holder of Subordinated Notes is a U.S. 10 per cent. Shareholder of the Issuer, such Noteholder generally would be taxable on the subpart F income and investments in U.S. property of the Issuer under rules described in the preceding paragraph and not under the PFIC rules previously described. A U.S. Holder that is a U.S. 10 per cent. Shareholder of the Issuer subject to the CFC rules for only a portion of the time during which it holds Subordinated Notes should consult its own tax advisor regarding the interaction of the PFIC and CFC rules.

The Issuer intends to supply, at the U.S. Holder's expense, U.S. Holders of the Subordinated Notes with the information needed for such U.S. Holders to comply with the controlled foreign corporation rules. However, the cost charged to the U.S. Holder by the Issuer for providing the information may be significant.

(j) **Distributions on the Subordinated Notes**

Except to the extent that distributions are attributable to amounts previously taxed pursuant to the CFC rules or a QEF election is made, some or all of any distributions with respect to the Subordinated Notes may constitute excess distributions, taxable as previously described. Distributions of current or accumulated earnings and profits of the Issuer which are not excess distributions and which have not been previously taxed pursuant to the CFC rules or QEF rules will be taxed as dividends when received. The amount of such income is determined by translating Euro received into U.S. dollars at the spot rate on the date of receipt. A U.S. Holder may realise foreign currency gain or loss on a subsequent disposition of the Euro received. Dividends on the Subordinated Notes received by a U.S. Holder generally will be treated as foreign source income for foreign tax credit limitation purposes. For this purpose, dividends on the Subordinated Notes should generally constitute “passive category income”, or in the case of certain U.S. Holders, “general category income”.

It is not expected that dividends received on the Subordinated Notes will be eligible for taxation at the lower rates applicable to long-term capital gains that are available on certain dividends paid to non-corporate U.S. Holders of shares of U.S. corporations and certain non-U.S. corporations.

**(k) Disposition of the Subordinated Notes**

In general, a U.S. Holder of a Subordinated Note will recognise gain or loss upon the sale or exchange of the Subordinated Note equal to the difference between the amount realised and such Noteholder's adjusted tax basis in such Subordinated Note. Initially, the tax basis of a U.S. Holder should equal the amount paid for a Subordinated Note. Such basis will be increased by amounts taxable to such Noteholder by virtue of the QEF or CFC rules (if applicable), and decreased by actual distributions from the Issuer that are deemed to consist of such previously taxed amounts or are treated as a non-taxable return of capital. A U.S. Holder that receives foreign currency upon the sale or other disposition of the Subordinated Notes generally will realise an amount equal to the U.S. Dollar value of the foreign currency on the date of sale. A U.S. Holder will have a tax basis in the foreign currency received equal to the U.S. Dollar amount realised. Any gain or loss realised by a U.S. Holder on a subsequent conversion of the foreign currency for a different amount will be foreign currency gain or loss. If, however, the Subordinated Notes are traded on an established securities market, a cash basis U.S. Holder or electing accrual basis U.S. Holder will determine the amount realised on the settlement date.

Unless a QEF election is made, it is highly likely that any gain realised on the sale or exchange of a Subordinated Note will be treated as an excess distribution and taxed as ordinary income under the special tax rules described above (assuming that the PFIC rules apply and not the CFC rules).

In general, if the Issuer were treated as a CFC and a U.S. Holder were treated as a U.S. 10 per cent. Shareholder therein, then any gain realised by such Noteholder upon the disposition of Subordinated Notes would be treated as ordinary income to the extent of the U.S. Holder's pro rata share of current and accumulated earnings and profits of the Issuer and any of its subsidiaries. In this respect, earnings and profits would not include any amounts previously taxed pursuant to the CFC rules. U.S. individuals that have held their stock for more than one year may be entitled to reduce the amount otherwise characterised as ordinary income.

**(l) Foreign Currency Gain or Loss**

A U.S. Holder that purchases the Subordinated Notes with Euro generally will recognise U.S. source ordinary income or loss in an amount equal to the difference (if any) between the U.S. Dollar fair market value of the Euro used to purchase the Subordinated Notes determined at the spot rate of exchange in effect on the date of purchase of the Subordinated Notes and such U.S. Holder's tax basis in the Euro.

In general, a U.S. Holder of a Subordinated Note will recognise U.S. source gain or loss upon the sale or exchange of the Subordinated Note equal to the difference between the amount realised and such Holder's adjusted tax basis in such Subordinated Note. Initially, the tax

basis of a U.S. Holder should equal the amount paid for a Subordinated Note. Such basis will be increased by amounts taxable to such U.S. Holder by virtue of the QEF or CFC rules, if applicable, and decreased by actual distributions from the Issuer that are deemed to consist of such previously taxed amounts or are treated as a non-taxable return of capital.

Unless a QEF election is in effect for the U.S. Holder's entire holding period, it is highly likely that any gain realised on the sale or exchange of a Subordinated Note will be treated as an excess distribution and taxed as ordinary income under the special tax rules described above, assuming that the PFIC rules apply and not the CFC rules. If a QEF election is in effect, any gain or loss recognised generally will be capital gain or loss and will be long-term capital gain or loss if the Subordinated Note has been held for more than one year. Non-corporate U.S. Holders may be entitled to reduced tax rates in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

Subject to a special limitation for individual U.S. Holders that have held the Subordinated Notes for more than one year, if the Issuer were treated as a CFC and a U.S. Holder were treated as a U.S. 10% Shareholder therein, then any gain realised by such holder upon the disposition of Subordinated Notes would be treated as ordinary income to the extent that the Issuer has accumulated earnings and profits attributable to the Subordinated Notes while it was a CFC and the holder held the Subordinated Notes. In this respect, earnings and profits would not include any amounts previously taxed pursuant to the CFC rules.

**(m) Transfer and Other Reporting Requirements**

A U.S. Holder (including a U.S. tax-exempt entity) that transfers property (including cash) to the Issuer in exchange for Subordinated Notes (or any Class of Notes that is recharacterised as equity in the Issuer) may be required to file an IRS Form 926 or similar form with the IRS. In the event a U.S. Holder fails to file any required form, it could be subject to a penalty equal to 10 per cent. of the fair market value of the Subordinated Notes purchased by such U.S. Holder (generally up to a maximum of U.S.\$100,000). In addition, 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 may be required to file an information return on IRS Form 5471, and 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 the event a U.S. Noteholder that is required to file such form fails to file such form, the U.S. Noteholder could be subject to a penalty of U.S.\$10,000 for each such failure to file (in addition to other consequences).

Under certain U.S. Treasury Regulations, U.S. Holders that participate in "reportable transactions" (as defined in the regulations) must attach to their U.S. federal income tax returns a disclosure statement on Form 8886. U.S. Holders should consult their own tax advisors as to the possible obligation to file Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction.

Certain U.S. Holders will be subject to reporting obligations with respect to their Notes if they do not hold them in an account maintained by a financial institution and the aggregate value of their Notes and certain other "specified foreign financial assets" exceeds \$50,000 on the last day of the taxable year (or \$75,000 on any day during the taxable year). Significant penalties can apply if a U.S. Noteholder is required to disclose its Notes and fails to do so.

**(n) Tax Treatment of Non-U.S. Holders of Notes**

Subject to the discussions below under "*Information Reporting and Backup Withholding Tax*", "*Foreign Account Tax Compliance Act*" and "*Application of U.S. Tax Reporting and Withholding Law*", payments, including interest, OID and any amounts treated as dividends, on a Note to a non-U.S. Holder and gain realised on the sale, exchange or retirement of a Note by a non-U.S. Holder, will not be subject to U.S. federal income or withholding tax, unless (a) such income is effectively connected with a trade or business conducted by such non-U.S. Holder in the United States; or (b) in the case of federal income tax imposed on gain, such



non-U.S. Holder is a non-resident alien individual who holds a Note as a capital asset and is present in the United States for 183 days or more in the taxable year of sale and certain other conditions are satisfied.

(o) **Information Reporting and Backup Withholding Tax**

The amount of interest (including OID) and principal paid or accrued on the Notes, and the proceeds from the sale of a Note, in each case, paid within the United States or by a U.S. payer or U.S. middleman to a U.S. person (other than a corporation or other exempt recipient) will be reported to the IRS. Under the Code, a U.S. person may be subject, under certain circumstances, to "backup withholding tax" with respect to interest and principal on a Note or the gross proceeds from the sale of a Note paid within the United States or by a U.S. payer or U.S. middleman to a U.S. person. Backup withholding tax generally applies only if the U.S. person: (a) fails to furnish its social security or other taxpayer identification number within a reasonable time after the request therefor; (b) furnishes an incorrect taxpayer identification number; (c) is notified by the IRS that it has failed to properly report interest or dividends; or (d) fails, under certain circumstances, to provide a certified statement, signed under penalty of perjury, that it has furnished a correct taxpayer identification number and has not been notified by the IRS that it is subject to backup withholding tax for failure to report interest and dividend payments.

Non-U.S. persons, or in certain cases their beneficial owners, may be required to comply with certification procedures to establish that they are not U.S. Holders in order to avoid information reporting and backup withholding tax.

Backup withholding is not an additional tax and may be refunded (or credited against the U.S. Holder's or non-U.S. Holder's U.S. federal income tax liability, if any), provided that certain required information is furnished to the IRS. The information reporting requirements may apply regardless of whether withholding is required. Noteholders should consult their own tax advisers about any additional reporting requirements that may arise as a result of their purchasing, holding or disposing of 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 NOTEHOLDERS OWN CIRCUMSTANCES.

(p) **Foreign Account Tax Compliance Act**

FATCA imposes a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or "FFI" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the IRS to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the relevant FFI (a "**Recalcitrant Noteholder**"). The Issuer will likely be classified as an FFI.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt for U.S. federal tax purposes that are issued on or after the "grandfathering date", which will be the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity for U.S. federal tax purposes, whenever issued.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **"IGA"**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **"Reporting FI"** not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **"FATCA Withholding"**) from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Noteholders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home tax authorities or to the IRS. The United States and Ireland have entered into an agreement (a **"US-Ireland IGA"**) based largely on the Model 1 IGA on 21 December 2012.

If the Issuer is treated as a Reporting FI pursuant to the US-Ireland IGA, the Issuer would not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer where treated as a Reporting FI would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and any financial institutions through which payments on the Notes are made (**"Intermediaries"** and each an **"Intermediary"**) may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) a Noteholder is a Recalcitrant Noteholder.

Whether as a Reporting FI or Participating FFI, the Issuer expects to require (and that an Intermediary will require) each Noteholder to provide certifications and identifying information about itself and its owners (or beneficial owners) in order to enable the Issuer (or an Intermediary) to identify and report on the Noteholder and certain of the Noteholder's direct and indirect U.S. beneficial owners to the IRS or the Irish tax authorities. Further, the Noteholder will be required to permit the Issuer to share such information with the relevant taxing authority. Although certain exceptions to these disclosure requirements could apply, each Noteholder should assume that the failure to provide the required information generally will compel the Issuer (or an Intermediary) to force the sale of the Noteholder's Notes (and such sale could be for less than its then fair market value).

Whilst the Notes are held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depositary, given that each of the entities in the payment chain between the Issuer and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive certificated form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form.

Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

## **EU Directive on the Taxation of Savings Income**

Under Council Directive 2003/48/EC on the taxation of savings income (the **"EU Savings Directive"**), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

## **RULE 17G-5 COMPLIANCE**

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 Trustee and 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, the Trustee 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, London 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.

## 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 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 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**")) 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 certain non-U.S. plans (as defined 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, the "**Plan Asset Regulation**"), as modified by Section 3(42) of ERISA, 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 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 A Notes, Class B Notes, Class C Notes and the Class D Notes offered hereby will, and the Class E Notes should, be treated by the Issuer as indebtedness with no substantial equity features for purposes of ERISA. The treatment of the Class A

Notes, Class B Notes, Class C Notes, the Class D Notes and the Class E Notes as not being equity interests in the Issuer could, however, be affected, subsequent to their issuance, by certain changes in the structure or financial condition of the Issuer. However, the characteristics of the Class F Notes and the Subordinated Notes for purposes of the Plan Asset Regulation are less certain. The Class F Notes and the Subordinated Notes may be considered "equity interests" for purposes of the Plan Asset Regulation. Accordingly, the Issuer intends to limit investments by Benefit Plan Investors in Class E Notes (since the tax characterisation of the Class E Notes are also less certain), Class F Notes and Subordinated Notes. In reliance on representations made by investors in the Class E Notes, Class F Notes and the Subordinated Notes, the Issuer intends to limit investment by Benefit Plan Investors in Class E Notes, Class F Notes and Subordinated Notes to less than 25 per cent. of the Class E Notes, the Class F Notes and the Subordinated Notes at all times (excluding for purposes of such calculation Class E Notes, Class F Notes and Subordinated Notes (determined separately by Class) 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 or Controlling Person and other ERISA matters as described under "Transfer Restrictions" below. No Class E Note, Class F Note or Subordinated Note 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 Class E Notes, the Class F Notes or the Subordinated Notes (determined 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, each Class F Note and each 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.

Even if the Class A Notes, Class B Notes, Class C Notes, Class D Notes and the Class E Notes would not be treated as equity interests in the Issuer for purposes of ERISA, it is possible that an investment in such 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 Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E 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).

It should be noted that an insurance company's general account may be deemed to include assets of Plans under certain circumstances, e.g., 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.

Each purchaser and transferee of a Class A Note, Class B Note, Class C Note or Class D Note or any interest in such Note will be deemed to have represented, warranted and agreed that (i) either (A) it 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 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 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) its acquisition, holding and disposition of such Notes (or interests therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA 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 Notes (or interests 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, a Class F Note or a 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 (i) you are not, and are not acting on behalf of, a Benefit Plan Investor or Controlling Person unless you receive the written consent of the Issuer, provide an ERISA certificate to the Issuer and the Transfer Agent as to your status as a Benefit Plan Investor or Controlling Person and hold such Note in the form of a Definitive Certificate other than in the case where the purchaser or transferee is acquiring Subordinated Notes on the Issue Date, in which case the purchaser or transferee may acquire such Subordinated Notes in the form of a Rule 144A Global Certificate or a Regulation S Global Certificate; and (ii) (A) if you are, or are acting on behalf of, a Benefit Plan Investor, your acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, and (B) if you are a governmental, church, non-U.S. or other plan, (1) you are not, and for so long as you hold such Notes 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 Notes will not constitute or result in a non-exempt violation of any Other Plan Law and (3) you will agree to certain transfer restrictions regarding your interest in such Notes.

If you are a purchaser or transferee of a Class E Note, a Class F Note or a Subordinated Note in the form of a Definitive Certificate, you will be required to (i) represent and warrant in writing to the Issuer (1) whether or not, for so long as you hold such Notes or interest herein, you are, or are acting on behalf of, a Benefit Plan Investor, (2) whether or not, for so long as you hold such Notes or interest therein, you are a Controlling Person and (3) that (a) if you are, or are acting on behalf of, a Benefit Plan Investor, your acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code and (b) if you are a governmental, church or non-U.S. plan, (x) you are not, and for so long as you hold such Notes or interest therein will not be, subject to Similar Law and (y) your acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt violation of any Other Plan Law, and (ii) agree to certain transfer restrictions regarding your interest in such Notes.

No transfer of an interest in Class E Notes, Class F Notes or 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 or the Subordinated Notes (determined separately by Class).

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 and/or similar provisions of 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.

## PLAN OF DISTRIBUTION

Barclays Bank PLC (in its capacity as initial purchaser, the "**Initial Purchaser**") has agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for each Class of the Notes pursuant to the Subscription Agreement, at their respective initial offer prices. The Subscription Agreement entitles the Initial Purchaser to terminate it in certain circumstances prior to payment being made to the Issuer.

It is a condition of the issue of the Notes of each Class that the Notes of each other Class be issued in the following principal amounts: Class A Notes: €208,750,000, Class B-1 Notes: €26,250,000, Class B-2 Notes: €19,950,000, Class C-1 Notes: €11,250,000, Class C-2 Notes: €10,750,000, Class D Notes: €19,750,000, Class E Notes: €26,675,000, Class F Notes: €12,125,000 and Subordinated Notes: €39,500,000.

The Collateral Manager has agreed with the Initial Purchaser, subject to the satisfaction of certain conditions, to acquire the Retention Notes from the Initial Purchaser on the Issue Date at their respective issue prices.

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.

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 €1,000 in 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.

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 and that it will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Regulation S Notes a confirmation or other notice setting forth the prohibition on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, any U.S. Person or U.S. Resident.

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 of the Irish Stock Exchange. 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.

## General

The Initial Purchaser has also agreed to comply with the following selling restrictions:

- (a) **State of Florida:** The securities offered hereby will be sold to, and acquired by, the holder in a transaction exempt under Section 517.061 of the Florida Securities Act. The securities have not been registered under the Florida Securities Act in the state of Florida. In addition, if sales are made to five or more persons in Florida, all Florida purchasers other than exempt institutions specified in Section 517.061(7) of the Florida Securities Act shall have the privilege of voiding the purchase within three (3) days after the first tender of consideration is made by such purchaser to the Issuer, an agent of the Issuer, or an escrow agent.
- (b) **State of Georgia:** The Notes have been issued or sold in reliance on paragraph (13) of Code Section 10-5-9 of the Georgia Securities Act of 1973, and will therefore not be sold or transferred except in a transaction which is exempt under such Act or pursuant to an effective registration under such Act.
- (c) **European Economic Area:** In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") the Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in that Relevant Member State at any time:
  - (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
  - (ii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Issuer for any such offer; or
  - (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes shall require the publication by the Issuer or any other entity of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of the Notes to the public**" in relation to any Notes in any Relevant Member State means 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, as the same may be varied in that EU member state by any measure implementing the Prospectus Directive in that EU member state and the expression "**Prospectus Directive**" means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (and amendments thereto, including the 2010 PD Amending Directive, to the extent

implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

- (d) **Australia:** Neither this Offering Circular nor any other prospectus or other disclosure document (as defined in the Corporations Act 2001 (the "**Corporations Act**")) in relation to the Notes has been or will be lodged with the Australian Securities and Investments Commission ("**ASIC**"). The Initial Purchaser has therefore further represented and agreed that:
- (i) the Notes may not be offered or sold, directly or indirectly, in Australia, its territories or possessions, or to any resident of Australia, except by way of an offer or sale not required to be disclosed pursuant to Part 6D.2 or Part 7.9 of the Corporations Act; and
  - (ii) this Offering Circular does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a 'retail client' (as defined in section 761G of the Corporations Act and applicable regulations) in Australia. This Offering Circular is provided only to 'professional investors' as defined in the Corporations Act.
- (e) **Austria:** No offering circular or prospectus has been or will be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*– KMG) (the "**KMG**") as amended. Neither this Offering Circular nor any other document connected therewith constitutes a prospectus according to the KMG and neither this Offering Circular nor any other document connected therewith may be distributed, passed on or disclosed to any other person in Austria, save as specifically agreed with the Initial Purchaser. No document pursuant to Directive 2003/71/EC has been or will be drawn up and approved in Austria and no document pursuant to Directive 2003/71/EC has been or will be passported into Austria as the Notes will be offered in Austria in reliance on an exemption from the document publication requirement under the KMG. The Initial Purchaser has represented and agreed that it will offer the Notes in Austria only in compliance with the provisions of the KMG, and Notes will therefore not be publicly offered or (re)sold in Austria without a document being published or an applicable exemption from such requirement being relied upon.
- (f) **Bahrain:** This Offering Circular has not been approved by the Central Bank of Bahrain which takes no responsibility for its contents. The Initial Purchaser has represented and agreed that no offer to the public to purchase the Notes will be made in the Kingdom of Bahrain and this Offering Circular is intended to be read by the addressee only and will not be passed to, issued to, or shown to the public generally.
- (g) **Belgium:** The Initial Purchaser has acknowledged and agreed that the offering of Notes has not been and will not be notified to the Belgian Financial Services and Markets Authority (*autoriteit voor financiële diensten en markten/autorité des services et marchés financiers*) nor has this Offering Circular been, nor will it be, approved by the Belgian Financial Services and Markets Authority. The Notes may not be distributed in Belgium by way of an offer of the Notes to the public, as defined in Article 3, §1 of the Act of 16 June 2006 relating to Public Offers of Investment Instruments, as amended or replaced from time to time and taking into account the provisions of Directive 2010/73/EU that are sufficiently clear, precise and unconditional to be capable of vertical direct effect, save in those circumstances (commonly called "**private placement**") set out in Article 3 §2 of the Act of 16 June 2006 relating to public offers of investment instruments, as amended or replaced from time to time and taking into account the provisions of Directive 2010/73/EU that are sufficiently clear, precise and unconditional to be capable of vertical direct effect. This Offering Circular may be distributed in Belgium only to such investors for their personal use and exclusively for the purposes of this offering of Notes. Accordingly, this Offering Circular may not be used for any other purpose nor passed on to any other investor in Belgium. The Initial Purchaser has represented and agreed that it will not:
- (i) offer for sale, sell or market the Notes in Belgium otherwise than in conformity with the Act of 16 June 2006 taking into account the provisions of Directive 2010/73/EU

that are sufficiently clear, precise and unconditional to be capable of vertical direct effect; and

- (ii) offer for sale, sell or market the Notes to any person qualifying as a consumer within the meaning of Article 1.3 of the Law of 6 April 2010 on trade practices and consumer protection, as modified, otherwise than in conformity with such law and its implementing regulations.
- (h) **Cayman Islands:** The Initial Purchaser has represented and agreed that it will not make any invitation to the public in the Cayman Islands to subscribe for the Notes.
- (i) **Denmark:** The Initial Purchaser has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any of the Notes to the public in Denmark unless in accordance with the Danish Securities Trading Act, Consolidation Act No. 855 of 25 August 2012 as amended from time to time and any Orders issued thereunder.

For the purposes of this provision, an offer of the Notes in Denmark means 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.

- (j) **France:** Any person who is in possession of this Offering Circular is hereby notified that no action has or will be taken that would allow an offering of the Notes in France and neither the Offering Circular nor any offering material relating to the Notes have been submitted to the Autorité des Marchés Financiers ("**AMF**") for prior review or approval. Accordingly, the Notes may not be offered, sold, transferred or delivered and neither this Offering Circular nor any offering material relating to the Notes may be distributed or made available (in whole or in part) in France, directly or indirectly, except as permitted by French law and regulation.

The Initial Purchaser has represented and agreed that:

- (i) the Notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.
- (ii) neither this Offering Circular nor any other offering material relating to the Notes has been or will be:
  - (A) released, issued, distributed or caused to be released, issued or distributed to the public in France; or
  - (B) used in connection with any offer for subscription or sale of the Notes to the public in France.
- (iii) such offers, sales and distributions will be made in France only:
  - (A) to qualified investors (investisseurs qualifiés) and/or to a restricted circle of investors (cercle restreint d'investisseurs), all other than individuals, in each case investing for their own account, all as defined in, and in accordance with, Articles L.411-2, D.411-1, and L.533-20 of the French Code Monétaire et Financier ("**CMF**");
  - (B) to investment services providers authorised to engage in portfolio management on behalf of third parties; or
  - (C) in a transaction that, in accordance with Article L.411-2 of the CMF and Article 211-2 of the Règlement Général of the AMF, does not constitute a public offer.
- (k) **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.

- (l) **Hong Kong:** The contents of this Offering Circular have not been reviewed by any regulatory authority in Hong Kong. The Initial Purchaser has therefore represented and agreed that:
- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a 'structured product' as defined in the Notes and Futures Ordinance (cap. 571) of Hong Kong) other than (a) to 'professional investors' as defined in the Securities and Futures Ordinance and any rules made under that ordinance ("**professional investors**"); or (b) in other circumstances which do not result in the document being a 'prospectus' as defined in the Companies Ordinance (cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
  - (ii) It has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the Securities Laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.
- (m) **Ireland:** The Initial Purchaser has represented to and agreed with the Issuer that:
- (i) to the extent applicable, it will not underwrite the issue or placement of the Notes otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) including, without limitation, Regulations 7 and 152 thereof or any codes of conduct issued in connection therewith, and the provisions of the Investor Compensation Act 1998;
  - (ii) it will not underwrite the issue or placement of the Notes, otherwise than in conformity with the provisions of the Central Banks Acts 1942 to 2013 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989;
  - (iii) it will not underwrite the issue or placement of, or otherwise act in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Central Bank; and
  - (iv) it will not underwrite the issue or placement of, or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank.
- (n) **Israel:** The Initial Purchaser has acknowledged and agreed that this Offering Circular has not been approved by the Israeli Securities Authority and will only be distributed to Israeli residents in a manner that will not constitute "an offer to the public" under sections 15 and 15a of the Israel Securities Law, 5728-1968 (the "**Securities Law**").

The Initial Purchaser has represented and agreed that the Notes are being offered to a limited number of investors (35 investors or fewer during any given 12 month period) and/or those categories of investors listed in the First Addendum (the "**Addendum**") to the Securities Law, ("**Sophisticated Investors**") namely joint investment funds or mutual trust funds, provident funds, insurance companies, banking corporations (purchasing the Notes for themselves or for clients who are Sophisticated Investors), portfolio managers (purchasing the Notes for themselves or for clients who are Sophisticated Investors), investment advisors or investment

marketers (purchasing the Notes for themselves), members of the Tel-Aviv Stock Exchange (purchasing the Notes for themselves or for clients who are Sophisticated Investors), underwriters (purchasing the Notes for themselves), venture capital funds engaging mainly in the capital market, an entity which is wholly-owned by Sophisticated Investors, corporations, other than formed for the specific purpose of an acquisition pursuant to an offer, with a shareholder's equity in excess of NIS 50 million, and individuals in respect of whom the terms of item 9 in the Schedule to the Investment Advice Law hold true, investing for their own account, each as defined in the said Addendum, as amended from time to time, and who in each case have provided written confirmation that they qualify as Sophisticated Investors, and that they are aware of the consequences of such designation and agree thereto; in all cases under circumstances that will fall within the private placement or other exemptions of the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israeli Securities Authority.

This Offering Circular may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Any offeree who purchases the Notes will purchase such Notes for its own benefit and account and not with the aim or intention of distributing or offering such Notes to other parties (other than, in the case of an offeree which is an Sophisticated Investor by virtue of it being a banking corporation, portfolio manager or member of the Tel-Aviv Stock Exchange, as defined in the Addendum, where such offeree is purchasing the Notes for another party which is an Sophisticated Investor). Nothing in this Offering Circular should be considered investment advice or investment marketing defined in the Regulation of Investment Counselling, Investment Marketing and Portfolio Management Law, 5755-1995.

Investors are encouraged to seek competent investment counselling from a locally licensed investment counsel prior to making the investment. As a prerequisite to the receipt of a copy of this Offering Circular, a recipient shall be required by the Issuer to provide confirmation that it is a Sophisticated Investor purchasing the Notes for its own account or, where applicable, for other Sophisticated Investors.

This Offering Circular does not constitute an offer to sell or solicitation of an offer to buy any securities other than the Notes referred to herein, nor does it constitute an offer to sell to, or solicitation of an offer to buy from, any person or persons in any state or other jurisdiction in which such offer or solicitation would be unlawful, or in which the person making such offer or solicitation is not qualified to do so, or to a person or persons to whom it is unlawful to make such offer or solicitation.

(o) **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 (i) or (ii) above must be:

- (A) 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

- (B) 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
  - (C) in compliance with any other applicable laws and regulations or requirements imposed by CONSOB or another Italian authority.
- (p) **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.
- (q) **Monaco:** The Notes may not be offered or sold, directly or indirectly, to the public in Monaco other than by a Monaco bank or a duly authorized Monegasque intermediary acting as a professional institutional investor which has such knowledge and experience in financial and business matters as to be capable of evaluating the risks and merits of an investment in the fund. Consequently, this Offering Circular may only be communicated to banks duly licensed by the Autorité de Contrôle Prudentiel and fully licensed portfolio management companies by virtue of Law No. 1.144 of July 26, 1991 and Law 1.338 of September 7, 2007, duly licensed by the Commission de Contrôle des Activités Financières. Such regulated intermediaries may in turn communicate this Offering Circular to potential investors.
- (r) **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 3(2) of the Prospectus Directive, unless such offer is made exclusively to legal entities which are qualified investors (as defined in the Financial Markets Supervisions 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 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.
- 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 Directive", have the meaning given to them above in the section entitled "European Economic Area".
- (s) **New Zealand:** This offer of Notes does not constitute an 'offer of securities to the public' for the purposes of the Securities Act 1978 and, accordingly, there is neither a registered prospectus nor an investment statement available in respect of the offer. The Initial Purchaser has therefore represented and agreed that the Notes will only be offered to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money in accordance with the Securities Act 1978 and the Securities Regulations 2009.
- (t) **Norway:** The Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in Norway (the "**Norway Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in Norway except that it may, with effect from and including the Norway Relevant Implementation Date, make an offer of the Notes to the public in Norway at any time:

- (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) to fewer than 100 or, if Norway has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Issuer for any such offer; or
- (iii) in any other circumstances which do not require the publication by the Issuer or any other entity of a document pursuant to Article 3(2) of the Prospectus Directive.

For the purposes of the provision above, the expression an 'offer of notes to the public' in relation to any Notes in Norway means 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, as the same may be varied in Norway by any measure implementing the Prospectus Directive in Norway and the expression 'Prospectus Directive' means Directive 2003/71/EC (as amended) and includes any relevant implementing measure in Norway.

- (u) ***Qatar:*** The Initial Purchaser has represented and agreed that the Notes will only be offered to a limited number of investors who are willing and able to conduct an independent investigation of the risks involved in an investment in such Notes.
- (v) ***Saudi Arabia:*** This Offering Circular may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Saudi Arabian Capital Market Authority.
- (w) ***Singapore:*** This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") nor have any arrangements described in the Offering Circular, which constitute a collective investment scheme for the purposes of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"), been approved or registered with the AMS as an authorised or recognised CIS under the SFA (whether as a restricted scheme or otherwise). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Offering Circular or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Sections 274 and 304 of the SFA, (b) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.
- (x) ***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.
- (y) ***Spain:*** Neither the Notes nor the Offering Circular have been approved or registered with the Spanish Notes Markets Commission (*Comision Nacional Del Mercado De Valores*). Accordingly, the Initial Purchaser stances 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.
- (z) ***Switzerland:*** This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the

Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland

- (aa) **Taiwan:** The Initial Purchaser has acknowledged and agreed that the Notes may be made available outside Taiwan for purchase by investors residing in Taiwan (either directly or through properly licensed Taiwan intermediaries acting on behalf of such investors) but may not be offered or sold in Taiwan.

The Notes are being made available to professional investors in the R.O.C. through bank trust departments, licensed securities brokers and/or insurance company investment linked insurance policies pursuant to the R.O.C. rules governing offshore structured products. No other offer or sale in the R.O.C. is permitted.

- (bb) **Turkey:** The offered Notes have not been and will not be registered with the Turkish Capital Market Board (the "**CMB**") under the provisions of the Capital Market Law (Law No. 2499). Accordingly neither this Offering Circular nor any other offering material related to the offering may be utilized in connection with any offering to the public within the Republic of Turkey without the prior approval of the CMB. However, according to Article 15(d)(ii) of the Decree No.32 there is no restriction on the purchase or sale of the offered Notes by residents of the Republic of Turkey, provided that: they purchase or sell such offered Notes in the financial markets outside of the Republic of Turkey; and such sale and purchase is made through banks and/or licensed brokerage institutions in the Republic of Turkey.

- (cc) **United Arab Emirates:** This Offering Circular, and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates. The Initial Purchaser has therefore represented and agreed that the Notes are only being offered to a limited number of sophisticated investors in the UAE (a) who are willing and able to conduct an independent investigation of the risks involved in an investment in such Notes and (b) upon their specific request. The Notes have not been approved by or licensed or registered with the UAE Central Bank, the Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE. The Offering Circular is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

- (dd) **United Kingdom:** The Initial Purchaser, which is authorised and regulated by the Financial Conduct Authority, 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 ("**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.



## 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 be deemed to have represented and agreed (or in certain circumstances shall be required to represent and agree) that such person acknowledges that this Offering Circular is personal to it and does not constitute an offer to any other 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 or transferee of (i) Notes represented by a Rule 144A Global Certificate will be deemed to have represented and agreed and (ii) Notes represented by Rule 144A Definitive Certificates will be required to represent and agree, as follows:

- (1) The purchaser (a) is a QIB, (b) is aware that the sale of such Rule 144A Notes to it is being made in reliance on Rule 144A, (c) is acquiring such Notes for its own account or for the account of a QIB 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 (d) will provide notice of the transfer restrictions described in the "*Transfer Restrictions*" to any subsequent transferees.
- (2) 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 (a)(i) to a person whom the purchaser reasonably believes is a QIB purchasing for its own account or for the account of a QIB as to which the purchaser exercises sole investment discretion in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S and (b) 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 Registrar 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 (2) shall be null and void *ab initio*.
- (3) 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.
- (4) In connection with the purchase of the Rule 144A Notes: (a) none of the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager or the Collateral Administrator is acting as a fiduciary or financial or collateral manager for the purchaser; (b) 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 the Collateral Administrator other than in this Offering Circular for such Notes and any representations expressly set forth in a written agreement with such party; (c) none of the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager or the

Collateral Administrator 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; (d) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors 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 advisors as it has deemed necessary and not upon any view expressed by the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager or the Collateral Administrator; (e) 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 (f) the purchaser is a sophisticated investor.

- (5) 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: (a) 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); (b) to the extent the purchaser is a private investment company formed before April 30, 1996, the purchaser has received the necessary consent from its beneficial owners; (c) 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 (d) 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: (x) that 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) that 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) that 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 (5) 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.
- (6) (a) With respect to the purchase, holding and disposition of any 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 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 Other Plan Law, and no part of the assets to be used by it 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) its acquisition, holding and disposition of such Notes (or interests therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA 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 Notes (or interests therein) to an acquiror acquiring such Notes (or interests therein) unless the acquiror makes the foregoing representations, warranties and agreements described in clause (i) hereof. Any purported transfer of the Notes 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 such Notes to another acquiror that complies with the requirements of this paragraph in accordance with the terms of the Trust Deed.

- (b)
    - (i) With respect to any Class E Notes, Class F Notes or Subordinated Notes in the form of a Rule 144A Global Certificate: (i) it is not, and is not acting on behalf of, a Benefit Plan Investor or Controlling Person unless it receives the written consent of the Issuer, provides an ERISA certificate to a Transfer Agent and the Issuer as to its status as a Benefit Plan Investor or Controlling Person and hold such Note in the form of a Definitive Certificate other than in the case where the transferee is acquiring Subordinated Notes on the Issue Date, in which case the transferee may acquire such Subordinated Notes in the form of a Rule 144A Global Certificate or a Regulation S Global Certificate and (ii) (A) if it is, or is acting on behalf of, a Benefit Plan Investor, its acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, and (B) if it is a governmental, church, non-U.S. or other plan, (1) it is not, and for so long as it holds such Notes or interest therein will not be, subject to any Similar Law and (2) its acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt violation of any Other Plan Law.
    - (ii) With respect to acquiring or holding a Class E Note, a Class F Note or a Subordinated Note in the form of a Definitive Certificate (i) (A) whether or not, for so long as it holds such Note or interest therein, it is, or is acting on behalf of, a Benefit Plan Investor, (B) whether or not, for so long as it holds such Note or interest therein, it is a Controlling Person and (C) that (1) if it is, or is acting on behalf of, a Benefit Plan Investor, its acquisition, holding and disposition of such Class E Note, Class F Note or Subordinated Note will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code and (2) if it is a governmental, church or non-U.S. plan, (x) it is not, and for so long as it holds such Class E Note, Class F Note or Subordinated Note or interest therein will not be, subject to any Similar Law and (y) 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) that it will agree to certain transfer restrictions regarding its interest in such Class E Note, Class F Note or Subordinated Note. Any purported transfer of the Class E Notes, the Class F Notes or the Subordinated Notes 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 such Class E Notes, Class F Notes or Subordinated Notes to another acquiror that complies with the requirements of this paragraph in accordance with the terms of the Trust Deed.
  - (c) The purchaser acknowledges that the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager and the Collateral Administrator and their Affiliates, and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
- (7) The purchaser understands that pursuant to the terms of the Trust Deed, the Issuer has agreed that the Rule 144A Notes will bear the legend set forth below, and will be represented by one or more Rule 144A Global Certificates or Rule 144A Definitive Certificates, as applicable. 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 Note may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Note, the transferor will be required to provide the Issuer and a Transfer Agent 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**"), AND THE ISSUER HAS NOT BEEN 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-U.S. PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND, IN THE CASE OF CLAUSES (1) AND (2), 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 APRIL 30, 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 (3), €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 NOTE. 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, THE TRANSFER AGENT 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 REGISTRAR.

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES AND 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 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 WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) ("**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 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 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) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTES (OR INTERESTS THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA 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 NOTES (OR INTERESTS THEREIN) TO AN ACQUIROR ACQUIRING SUCH NOTES (OR INTERESTS THEREIN) UNLESS THE ACQUIROR MAKES THE FOREGOING REPRESENTATIONS, WARRANTIES AND AGREEMENTS DESCRIBED IN CLAUSE (I) HEREOF. ANY PURPORTED TRANSFER OF THE NOTES 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 SUCH NOTES 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, THE CLASS F NOTES AND SUBORDINATED NOTES IN THE FORM OF RULE 144A GLOBAL 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, A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON UNLESS SUCH PURCHASER OR TRANSFEREE RECEIVES THE WRITTEN CONSENT OF THE ISSUER, PROVIDES AN ERISA CERTIFICATE TO THE ISSUER AND THE TRANSFER AGENT AS TO ITS STATUS AS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND HOLDS SUCH NOTE IN THE FORM OF A DEFINITIVE CERTIFICATE OTHER THAN IN THE CASE WHERE THE PURCHASER OR TRANSFEREE IS ACQUIRING SUBORDINATED NOTES ON THE ISSUE DATE, IN WHICH CASE THE PURCHASER OR TRANSFEREE MAY ACQUIRE SUCH SUBORDINATED NOTES IN THE FORM OF A RULE 144A GLOBAL CERTIFICATE OR A REGULATION S GLOBAL CERTIFICATE AND (2) (A) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTES 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 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 AND 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 OR SECTION

4975 OF THE CODE ("**SIMILAR LAW**"), AND (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE 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 SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA 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 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 SUCH SUBORDINATED NOTES 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 AND THE TRANSFER AGENT WILL NOT RECOGNIZE ANY SUCH TRANSFER, IF IT WOULD CAUSE 25 PER CENT. OR MORE OF THE TOTAL VALUE OF THE [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTES] TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING [CLASS E NOTES] [CLASS F NOTES] [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] [SUBORDINATED NOTE] WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION, BENEFIT PLAN INVESTOR, CONTROLLING PERSON, SIMILAR LAW OR OTHER PLAN LAW 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] [SUBORDINATED NOTE], AS APPLICABLE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.]

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES, THE CLASS F NOTES AND THE SUBORDINATED NOTES IN THE FORM OF RULE 144A DEFINITIVE CERTIFICATES ONLY*] [EACH PURCHASER OR TRANSFEREE OF THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] WILL BE REQUIRED TO REPRESENT AND WARRANT IN WRITING TO THE ISSUER AND THE TRANSFER AGENT (A) WHETHER OR NOT, FOR SO LONG AS IT HOLDS THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] OR AN INTEREST HEREIN, IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, (B) WHETHER OR NOT, FOR SO LONG AS IT HOLDS THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] OR AN INTEREST HEREIN, IT IS A CONTROLLING

PERSON AND (C) THAT (1) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] 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 INTERNAL REVENUE CODE OF 1986, AS AMENDED (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 THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED 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 AND 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 OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), AND (b) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] 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 SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("OTHER PLAN LAW"). EACH PURCHASER OR SUBSEQUENT TRANSFEREE, AS APPLICABLE, OF [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] WILL BE REQUIRED TO COMPLETE AN ERISA CERTIFICATE IDENTIFYING ITS STATUS AS A BENEFIT PLAN INVESTOR OR A CONTROLLING PERSON. "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 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 SUCH 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 AND THE TRANSFER AGENT WILL NOT RECOGNIZE ANY SUCH TRANSFER, IF IT WOULD CAUSE 25 PER CENT. OR MORE OF THE TOTAL VALUE OF THE [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING [CLASS E NOTES] [CLASS F NOTES] [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] [SUBORDINATED NOTE] WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION, BENEFIT PLAN INVESTOR, CONTROLLING PERSON, SIMILAR LAW OR OTHER PLAN LAW 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] [SUBORDINATED NOTE], AS APPLICABLE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.]

THE FAILURE TO PROVIDE THE ISSUER, THE TRUSTEE AND ANY PAYING AGENT WITH THE APPLICABLE U.S. FEDERAL INCOME TAX CERTIFICATIONS (GENERALLY, A U.S. INTERNAL REVENUE SERVICE FORM W 9 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(a)(30) OF THE CODE OR AN APPLICABLE U.S. INTERNAL REVENUE SERVICE FORM W 8 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS NOT A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(a)(30) OF THE CODE) MAY RESULT IN U.S. FEDERAL BACK UP WITHHOLDING FROM PAYMENTS TO THE HOLDER IN RESPECT OF THIS NOTE.

*[LEGEND TO BE INCLUDED IN RELATION TO 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, IN THE FORM OF 144A GLOBAL OR RULE 144A DEFINITIVE CERTIFICATES.]* [EACH HOLDER AND BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST IN THIS NOTE WILL MAKE, OR BY ACQUIRING THIS NOTE OR ANY INTEREST IN THIS NOTE WILL BE DEEMED TO MAKE, REPRESENTATIONS TO THE EFFECT THAT IT WILL PROVIDE TO THE ISSUER (X) ANY INFORMATION AS IS NECESSARY (IN THE SOLE DETERMINATION OF THE ISSUER) FOR THE ISSUER TO DETERMINE WHETHER SUCH HOLDER OR BENEFICIAL OWNER IS A UNITED STATES PERSON OR A UNITED STATES OWNED FOREIGN ENTITY, AND (Y) ANY ADDITIONAL INFORMATION THAT THE ISSUER OR ITS AGENT REQUESTS IN CONNECTION WITH SECTIONS 1471–1474 OF THE U.S. INTERNAL REVENUE CODE (INCLUDING ANY VOLUNTARY AGREEMENT ENTERED INTO WITH A TAXING AUTHORITY THEREUNDER OR ANY LAW IMPLEMENTING AN INTERGOVERNMENTAL APPROACH THERETO). EACH SUCH HOLDER AND BENEFICIAL OWNER WILL AGREE, OR BY ACQUIRING THIS NOTE OR AN INTEREST IN THIS NOTE BE DEEMED TO AGREE THAT THE ISSUER MAY PROVIDE SUCH INFORMATION, AND ANY OTHER INFORMATION REGARDING ITS INVESTMENT IN THE NOTES TO THE U.S. INTERNAL REVENUE SERVICE AND ANY OTHER APPLICABLE NON-U.S. TAXING AUTHORITY. THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN A NOTE THAT FAILS TO COMPLY WITH THE FOREGOING REQUIREMENTS OR WHOSE HOLDING OTHERWISE PREVENTS THE ISSUER FROM COMPLYING WITH FATCA TO SELL OR TRANSFER ITS INTEREST IN SUCH NOTE, OR MAY SELL OR TRANSFER SUCH INTEREST ON BEHALF OF SUCH OWNER, IF SUCH OWNER DOES NOT SELL OR TRANSFER SUCH INTEREST WITHIN 30 BUSINESS DAYS AFTER NOTICE FROM THE ISSUER OR AN AUTHORISED DELEGATE ACTING ON THE ISSUER'S BEHALF OR THE ISSUER MAY TAKE SUCH OTHER ACTIONS AND STEPS AS ARE NECESSARY TO EFFECT SUCH SALE OR TRANSFER. FOR THESE PURPOSES, THE ISSUER SHALL HAVE THE RIGHT TO SELL A NOTEHOLDER'S INTEREST IN ITS NOTES IN ITS ENTIRETY NOTWITHSTANDING THAT THE SALE OF A PORTION OF SUCH AN INTEREST WOULD PERMIT THE ISSUER TO COMPLY WITH FATCA.]

*[LEGEND TO BE INCLUDED IN RELATION TO THE RATED NOTES ONLY]* EACH HOLDER AND EACH BENEFICIAL OWNER OF A RATED NOTE, BY ACCEPTANCE OF SUCH RATED NOTE, OR ITS INTEREST IN A RATED NOTE, AS THE CASE MAY



BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, SUCH RATED NOTE AS DEBT FOR U.S. FEDERAL INCOME TAX PURPOSES.

*[LEGEND TO BE INCLUDED IN RELATION TO THE SUBORDINATED NOTES ONLY]* EACH HOLDER AND EACH BENEFICIAL OWNER OF A SUBORDINATED NOTE REPRESENTED BY THIS CERTIFICATE, BY ACCEPTANCE OF SUCH NOTE, OR ITS INTEREST IN SUCH NOTE, AS THE CASE MAY BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, SUCH NOTE AS EQUITY FOR U.S. FEDERAL INCOME TAX PURPOSES.

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS C NOTES, CLASS D NOTES, CLASS E NOTES AND CLASS F NOTES ONLY]* [THE CLASS C NOTES, CLASS D NOTES, CLASS E NOTES, CLASS F NOTES MAY BE ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, TOTAL AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY MAY BE OBTAINED BY CONTACTING THE COLLATERAL ADMINISTRATOR [AT ONE CANADA SQUARE, 40TH FLOOR, LONDON E14 5AL, UNITED KINGDOM].]

- (8) The purchaser will not, at any time, offer to buy or offer to sell the Notes by any form of general solicitation or advertising, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio or seminar or meeting whose attendees have been invited by general solicitations or advertising.
- (9) 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.
- (10) Each holder and beneficial owner of a Rule 144A Note, by acceptance of its Rule 144A Note or its interest in a Note, shall be deemed to understand and acknowledge that failure to provide the Issuer, the Trustee or any Paying Agent with the applicable U.S. federal income tax certifications (generally, a U.S. Internal Revenue Service Form W 9 (or successor applicable form) in the case of a person that is a "United States person" within the meaning of Section 7701(a)(30) of the Code or an appropriate U.S. Internal Revenue Service Form W 8 (or successor applicable form) in the case of a person that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code) may result in U.S. federal back up withholding from payments in respect of such Note.
- (11) The purchaser agrees to provide the Issuer and Trustee any information reasonably requested and necessary (in the sole determination of the Issuer or the Trustee, as applicable) for the Issuer and the Trustee (or its agent) in order to permit the Issuer and Trustee to comply with Sections 1471-1474 of the Code (including any voluntary agreement entered into with a taxing authority thereunder or any law implementing an intergovernmental approach thereto) and any analogous non-U.S. law. It understands and acknowledges that the Issuer, Trustee or an agent may provide such information and any other information concerning its investment in the Notes to the U.S. Internal Revenue Service and any other applicable non-U.S. taxing authority.
- (12) The purchaser understands and acknowledges that the Issuer has the right, under the Trust Deed, (1) to compel any beneficial owner of an interest in the Notes that fails to comply with the requirements of clause (11) above or whose ownership otherwise prevents the Issuer from complying with FATCA, to sell its interest in such Notes, or may sell such interest on behalf of such owner and (2) to make any amendments to the Trust Deed to enable the Issuer to comply with FATCA (or any voluntary agreement entered into with a taxing authority pursuant thereto). For these purposes, the Issuer may 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 applicable law described in clause (11) above.
- (13) The purchaser understands and acknowledges that the Issuer has the right, under the Conditions, to withhold up to 30 per cent. on all payments made to any beneficial owner of an interest in the Notes that fails to comply with the requirements of clause (11) above.

- (14) No purchase or transfer of a Subordinated Note in the form of a Definitive Certificate will be recorded or otherwise recognised unless the purchaser or transferee has provided the Issuer and the Trustee with certificates substantially in the form of Annex B hereto.
- (15) The purchaser understands and acknowledges that the Issuer has the right under the Trust Deed to compel any Non-Permitted Holder, Non-Permitted FATCA 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, Non-Permitted FATCA Holder or Non-Permitted ERISA Holder.

### **Regulation S Notes**

Each purchaser or transferee of Regulation S Notes will be deemed (or in certain circumstances shall be required) to have made the representations set forth in clauses (4), (6), (8) and (10) through (15) (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:

- (1) The purchaser is located outside the United States and is not a U.S. Person.
- (2) 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 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 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.
- (3) 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**"), AND THE ISSUER HAS NOT BEEN 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-U.S. PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND, IN THE CASE OF CLAUSES (1) AND (2), 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 APRIL 30, 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 (3), €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 NOTE. 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, THE TRANSFER AGENT 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 REGISTRAR.

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES AND 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 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 WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) ("**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 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 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) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTES (OR INTERESTS THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA 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 NOTES (OR INTERESTS THEREIN) TO AN ACQUIROR ACQUIRING SUCH NOTES (OR INTERESTS THEREIN) UNLESS THE

ACQUIROR MAKES THE FOREGOING REPRESENTATIONS, WARRANTIES AND AGREEMENTS DESCRIBED IN CLAUSE (I) HEREOF. ANY PURPORTED TRANSFER OF THE NOTES 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 SUCH NOTES 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, THE CLASS F NOTES AND THE SUBORDINATED NOTES IN THE FORM OF REGULATION S GLOBAL 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, A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON UNLESS SUCH PURCHASER OR TRANSFEREE RECEIVES THE WRITTEN CONSENT OF THE ISSUER, PROVIDES AN ERISA CERTIFICATE TO THE ISSUER AND THE TRANSFER AGENT AS TO ITS STATUS AS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND HOLDS SUCH NOTE IN THE FORM OF A DEFINITIVE CERTIFICATE OTHER THAN IN THE CASE WHERE THE PURCHASER OR TRANSFEREE IS ACQUIRING SUBORDINATED NOTES ON THE ISSUE DATE, IN WHICH CASE THE PURCHASER OR TRANSFEREE MAY ACQUIRE SUCH SUBORDINATED NOTES IN THE FORM OF A RULE 144A GLOBAL CERTIFICATE OR A REGULATION S GLOBAL CERTIFICATE AND (2) (A) IF YOU ARE, OR ARE ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, YOUR ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTES 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 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 AND 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 OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), AND (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE 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 SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA 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 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 SUCH NOTES 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 AND THE TRANSFER AGENT WILL NOT RECOGNIZE ANY SUCH TRANSFER, IF IT WOULD CAUSE 25 PER CENT. OR MORE OF THE TOTAL VALUE OF THE [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING [CLASS E NOTES] [CLASS F NOTES] [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] [SUBORDINATED NOTE] WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION, BENEFIT PLAN INVESTOR, CONTROLLING PERSON, SIMILAR LAW OR OTHER PLAN LAW 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] [SUBORDINATED NOTE], AS APPLICABLE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.]

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES, THE CLASS F NOTES AND THE SUBORDINATED NOTES IN THE FORM OF REGULATION S DEFINITIVE CERTIFICATES ONLY]* [EACH PURCHASER OR TRANSFEREE OF THIS NOTE WILL BE REQUIRED TO REPRESENT AND WARRANT IN WRITING TO THE ISSUER AND THE TRANSFER AGENT (A) WHETHER OR NOT, FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN, IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, (B) WHETHER OR NOT, FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN, IT IS A CONTROLLING PERSON AND (C) THAT (1) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE 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 INTERNAL REVENUE CODE OF 1986, AS AMENDED (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 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 AND 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 OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), AND (b) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] NOTE 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 SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**OTHER PLAN LAW**"). EACH

PURCHASER OR SUBSEQUENT TRANSFEREE, AS APPLICABLE, OF [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] WILL BE REQUIRED TO COMPLETE AN ERISA CERTIFICATE IDENTIFYING ITS STATUS AS A BENEFIT PLAN INVESTOR OR A CONTROLLING PERSON. "**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 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 [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTES] 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 SUCH [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO TRANSFER OF [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER AND THE TRANSFER AGENT WILL NOT RECOGNIZE ANY SUCH TRANSFER, IF IT WOULD CAUSE 25 PER CENT. OR MORE OF THE TOTAL VALUE OF THE [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING [CLASS E NOTES] [CLASS F NOTES] [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 [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION, BENEFIT PLAN INVESTOR, CONTROLLING PERSON, SIMILAR LAW OR OTHER PLAN LAW 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] [SUBORDINATED NOTE] OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

THE FAILURE TO PROVIDE THE ISSUER, THE TRUSTEE AND ANY PAYING AGENT WITH THE APPLICABLE U.S. FEDERAL INCOME TAX CERTIFICATIONS (GENERALLY, A U.S. INTERNAL REVENUE SERVICE FORM W 9 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS A "**UNITED STATES PERSON**" WITHIN THE MEANING OF SECTION 7701(a)(30) OF THE CODE OR AN APPLICABLE U.S. INTERNAL REVENUE SERVICE FORM W 8 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS NOT A "**UNITED STATES PERSON**" WITHIN THE MEANING OF SECTION 7701(a)(30) OF THE CODE) MAY RESULT IN U.S. FEDERAL BACK UP WITHHOLDING FROM PAYMENTS TO THE HOLDER IN RESPECT OF THIS NOTE.

[*LEGEND TO BE INCLUDED IN RELATION TO 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, AND IN THE FORM OF REGULATION S GLOBAL OR REGULATION S DEFINITIVE CERTIFICATES.*] [EACH HOLDER AND BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST IN THIS NOTE WILL MAKE, OR BY ACQUIRING THIS NOTE OR ANY INTEREST IN THIS NOTE WILL BE DEEMED TO MAKE, REPRESENTATIONS TO THE EFFECT THAT IT WILL PROVIDE TO THE ISSUER (X) ANY INFORMATION AS IS NECESSARY (IN THE SOLE DETERMINATION OF THE ISSUER) FOR THE ISSUER TO DETERMINE WHETHER SUCH HOLDER OR BENEFICIAL OWNER IS A UNITED STATES PERSON OR A UNITED STATES OWNED FOREIGN ENTITY, AND (Y) ANY ADDITIONAL INFORMATION THAT THE ISSUER OR ITS AGENT REQUESTS IN CONNECTION WITH SECTIONS 1471–1474 OF THE U.S. INTERNAL REVENUE CODE (INCLUDING ANY VOLUNTARY AGREEMENT ENTERED INTO WITH A TAXING AUTHORITY THEREUNDER OR ANY LAW IMPLEMENTING AN INTERGOVERNMENTAL APPROACH THERETO). EACH SUCH HOLDER AND BENEFICIAL OWNER WILL AGREE, OR BY ACQUIRING THIS NOTE OR AN INTEREST IN THIS NOTE BE DEEMED TO AGREE THAT THE ISSUER MAY PROVIDE SUCH INFORMATION, AND ANY OTHER INFORMATION REGARDING ITS INVESTMENT IN THE NOTES TO THE U.S. INTERNAL REVENUE SERVICE AND ANY OTHER APPLICABLE NON-U.S. TAXING AUTHORITY. THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN A NOTE THAT FAILS TO COMPLY WITH THE FOREGOING REQUIREMENTS OR WHOSE HOLDING OTHERWISE PREVENTS THE ISSUER FROM COMPLYING WITH FATCA TO SELL OR TRANSFER ITS INTEREST IN SUCH NOTE, OR MAY SELL OR TRANSFER SUCH INTEREST ON BEHALF OF SUCH OWNER, IF SUCH OWNER DOES NOT SELL OR TRANSFER SUCH INTEREST WITHIN 30 BUSINESS DAYS AFTER NOTICE FROM THE ISSUER OR AN AUTHORISED DELEGATE ACTING ON THE ISSUER'S BEHALF OR THE ISSUER MAY TAKE SUCH OTHER ACTIONS AND STEPS AS ARE NECESSARY TO EFFECT SUCH SALE OR TRANSFER.]

[*LEGEND TO BE INCLUDED IN RELATION TO THE RATED NOTES ONLY*] [EACH HOLDER AND EACH BENEFICIAL OWNER OF A RATED NOTE, BY ACCEPTANCE OF SUCH RATED NOTE, OR ITS INTEREST IN A RATED NOTE, AS THE CASE MAY BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, SUCH RATED NOTE AS DEBT FOR U.S. FEDERAL INCOME TAX PURPOSES.]

[*LEGEND TO BE INCLUDED IN RELATION TO THE SUBORDINATED NOTES ONLY*] EACH HOLDER AND EACH BENEFICIAL OWNER OF A SUBORDINATED NOTE REPRESENTED BY THIS CERTIFICATE, BY ACCEPTANCE OF SUCH NOTE, OR ITS INTEREST IN SUCH NOTE, AS THE CASE MAY BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, SUCH NOTE AS EQUITY FOR U.S. FEDERAL INCOME TAX PURPOSES.

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS C NOTES, CLASS D NOTES, CLASS E NOTES AND CLASS F NOTES ONLY*] [THE CLASS C NOTES, CLASS D NOTES, CLASS E NOTES AND CLASS F NOTES MAY BE ISSUED WITH ORIGINAL ISSUE DISCOUNT ("**OID**"). THE ISSUE PRICE, TOTAL AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY MAY BE OBTAINED BY CONTACTING THE COLLATERAL ADMINISTRATOR AT ONE CANADA SQUARE, 40TH FLOOR, LONDON E14 5AL, UNITED KINGDOM.]

- (4) The purchaser acknowledges that the Issuer, the Initial Purchaser, the Retention Holder, the Trustee, the Collateral Manager or the Collateral Administrator and their Affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
- (5) 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.

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.



## GENERAL INFORMATION

### Clearing Systems

The Notes of each Class (other than, in certain circumstances, the Class E Notes, the Class F Notes and the Subordinated 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 set out below:

	Regulation S Notes		Rule 144A Global Notes	
	ISIN	Common Code	ISIN	Common Code
Class A Notes	XS1070994097	107099409	XS1070998247	107099824
Class B-1 Notes	XS1070994253	107099425	XS1070998676	107099867
Class B-2 Notes	XS1070994840	107099484	XS1070998916	107099891
Class C-1 Notes	XS1070996118	107099611	XS1070999484	107099948
Class C-2 Notes	XS1070996381	107099638	XS1070999641	107099964
Class D Notes	XS1070996894	107099689	XS1071000241	107100024
Class E Notes	XS1070997355	107099735	XS1071000597	107100059
Class F Notes	XS1070997439	107099743	XS1071001058	107100105
Subordinated Notes	XS1070997868	107099786	XS1071001645	107100164

### Listing

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on its Global Exchange Market. There can be no assurance that any such approval will be granted or, if granted that such listing will be maintained. It is expected that the total expenses related to admission to trading will be approximately €7,200.

### Consents and Authorisations

The Issuer has obtained 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 was authorised by a resolution of the board of Directors of the Issuer passed on 11 June 2014.

### 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 9 December 2013 and there has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 9 December 2013.

### 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.

### Accounts

Since the date of its incorporation, other than entering into certain documentation which has now been terminated, without any net assets or liabilities for the Issuer relating to a transaction which did not proceed, the Issuer has not commenced operations other than in respect of entering into the warehouse agreements 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 offices of the Transfer Agents during normal business hours. The first financial statements of the Issuer will be in respect of the period from incorporation to 31 December 2014. 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 (f) and (g) below, will be available for collection free of charge) at the registered offices of Issuer during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the term of the Notes:

- (a) the Articles of Association of the Issuer;
- (b) the Subscription Agreement;
- (c) the Trust Deed (which includes the form of each Note of each Class);
- (d) the Agency Agreement;
- (e) the Collateral Management Agreement;
- (f) each Monthly Report;
- (g) each Payment Date Report;
- (h) the Risk Retention Letter; and
- (i) the Euroclear Security Agreement.

#### **Enforceability of Judgments**

The Issuer is a private limited company incorporated under the laws of Ireland. None of the Directors 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:

- (i) 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
- (ii) 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; or
- (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.

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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 value of the Class E Notes, the Class F Notes and the Subordinated Notes (determined separately by Class) issued by Arbour CLO Limited (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 (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 (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 or disposition of [Class E Notes] [Class F Notes] [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. Capitalized 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 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 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 value of the [Class E Notes] [Class F Notes] [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] [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 and the Transfer Agent 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 give rise to a non-exempt prohibited transaction under Section 406 of ERISA 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 and 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 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 give rise to a non-exempt violation of any law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code.
7. ☐ **Controlling Person.** We are, or we are acting on behalf of any of: (i) the Trustee, (ii) the Collateral Manager, (iii) any person that has discretionary authority or control with respect to the assets of the Issuer, (iv) any person who provides investment advice for a fee (direct or indirect) with respect to such assets or (v) 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 value of the Class E Notes, the Class F Notes and the Subordinated Notes (determined separately by Class), the Class E Notes, the Class F Notes and the Subordinated Notes held by Controlling Persons (other than Benefit Plan Investors) are required to be disregarded.

**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 shall, promptly after such determination, send notice to us demanding that we transfer our interest to a person that is not a Non-Permitted ERISA Holder within 14 days after the date of such notice;
- (ii) if we fail to transfer our [Class E Notes] [Class F Notes] [Subordinated Notes], the Issuer shall have the right, without further notice to us, to sell our [Class E Notes] [Class F Notes] [Subordinated Notes] or our interest in the [Class E Notes] [Class F Notes] [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] [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] [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.

**Required Notification and Agreement.** We hereby agree that we (a) will inform the Issuer and a Transfer Agent of any proposed transfer by us of all or a specified portion of the [Class E Notes] [Class F Notes] [Subordinated Notes] 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 a Transfer Agent effects any permitted transfer of [Class E Notes] [Class F Notes] [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 and a Transfer Agent shall include such [Class E Notes] [Class F Notes] [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] [Subordinated Notes] (or such portion), as applicable, would no longer be deemed to be held by Benefit Plan Investors or Controlling Persons.

8. **Continuing Representation; Reliance.** We acknowledge and agree that the representations contained in this Certificate shall be deemed made on each day from the date we make such representations through and including the date on which we dispose of our interests in the [Class E Notes] [Class F Notes] [Subordinated Notes]. We understand and agree that the information supplied in this Certificate will be used and relied upon by the Issuer and a Transfer Agent to determine that Benefit Plan Investors own or hold less than 25 per cent. of the value of the Class E Notes, the Class F Notes and the Subordinated Notes (determined separately by class) upon any subsequent transfer of [Class E Notes] [Class F Notes] [Subordinated Notes] in accordance with the Trust Deed.

9. **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, Barclays Bank PLC 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, Barclays Bank PLC, 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.

10. **Future Transfer Requirements.**

**Transferee Letter and its Delivery.** We acknowledge and agree that we may not transfer any [Class E Notes] [Class F Notes] [Subordinated Notes] to any person unless the Issuer and a Transfer Agent have 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 each Transfer Agent is as follows:

The Bank of New York Mellon, London Branch, One Canada Square, 40th Floor, London E14 5AL.

**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] [Subordinated Notes]

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