

## IMPORTANT NOTICE

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

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

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

The contents of the document may not be copied, distributed, published, reproduced or reported (in whole or in part) or disclosed by you to any other person. If at any time we request that the document be returned, you will: (a) return the document; (b) arrange to destroy all analyses, compilations, notes, structures, memoranda or other documents prepared by you to the extent that the same contain, reflect or derive from information in the document; and (c) so far as is practicable to do so (but, in any event, without prejudice to the obligations of confidentiality imposed herein) expunge any information relating to the document in electronic form from any computer, word processor or other device. 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 have 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 Notes, investors must either be (a) U.S. Persons (as defined in Regulation S) that are QIBs that are also QPs or (b) non-U.S. Persons (as defined in Regulation S under the Securities Act). The document is being sent at your request and by accepting the e-mail and accessing the document, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) U.S. Persons that are both QIBs and QPs or (b) non-U.S. Persons and that the electronic email address that you gave us and to which this email has been delivered is not located in the U.S., (2) such acceptance and access to the document by you and any customer that you represent is not unlawful in the jurisdiction where it is being made to you and any customers you represent, (3) you consent to delivery of the document by electronic transmission and (4) you consent to accept delivery by electronic transmission of the final offering circular on distribution and publication of the same.

The document has been sent to you in the belief that you are (a) a person in member states of the European Economic Area ("**EEA**") that is a "qualified investor" within the meaning of Article 2(e) of EU Regulation 2017/1129/EU (as amended) ("**Qualified Investor**"), (b) in the United Kingdom (the "**UK**"), a Qualified Investor of the kind described in Articles 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of

the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or who otherwise falls within an exemption set forth in such Order so that section 21(1) of the Financial Services and Markets Act 2000 (as amended) does not apply to the Issuer and (c) a person to whom the document can be sent lawfully in accordance with all other applicable securities laws. If this is not the case then you must return the document immediately.

The document has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Bilbao CLO III Designated Activity Company, Citigroup Global Markets Limited or Guggenheim Partners Europe Limited (or any person who controls any of them or any director, officer, employee or agent of any of them, or any Affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version available to you on request from Citigroup Global Markets Limited or the Issuer.

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

DISTRIBUTION OF THE OFFERING CIRCULAR TO ANY PERSONS OTHER THAN THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION FROM THE ISSUER OR CITIGROUP GLOBAL MARKETS LIMITED AND THEIR RESPECTIVE AGENTS, AND ANY PERSONS RETAINED TO ADVISE THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION FROM THE ISSUER OR CITIGROUP GLOBAL MARKETS LIMITED IS UNAUTHORISED. ANY PHOTOCOPYING, DISCLOSURE OR ALTERATION OF THE CONTENTS OF THE OFFERING CIRCULAR, AND ANY FORWARDING OF A COPY OF THE OFFERING CIRCULAR OR ANY PORTION THEREOF BY ELECTRONIC MAIL OR ANY OTHER MEANS TO ANY PERSON OTHER THAN THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION FROM THE ISSUER OR CITIGROUP GLOBAL MARKETS LIMITED IS PROHIBITED. BY ACCEPTING DELIVERY OF THIS OFFERING CIRCULAR, THE RECIPIENT AGREES TO THE FOREGOING.

### **BILBAO CLO III DESIGNATED ACTIVITY COMPANY**

(a designated activity company limited by shares incorporated under the laws of Ireland with registered number 638411 and having its registered office in Ireland)

€154,250,000 Class A-1 Senior Secured Floating Rate Notes due 2031  
€22,250,000 Class A-2A Senior Secured Floating Rate Notes due 2031  
€15,000,000 Class A-2B Senior Secured Fixed Rate Notes due 2031  
€18,750,000 Class B Senior Secured Deferrable Floating Rate Notes due 2031  
€16,250,000 Class C Senior Secured Deferrable Floating Rate Notes due 2031  
€12,000,000 Class D Senior Secured Deferrable Floating Rate Notes due 2031  
€43,150,000 Subordinated Notes due 2031

The assets securing the Notes (as defined below) will consist of a portfolio of primarily Senior Obligations, Mezzanine Obligations and High Yield Bonds managed by Guggenheim Partners Europe Limited (the "**Collateral Manager**"), which term shall include its permitted successors and assigns) pursuant to the terms of a collateral management and administration agreement dated on or about 21 May 2020 (the "**Issue Date**"), and between, among others, the Issuer, BNY Mellon Corporate Trustee Services Limited in its capacity as trustee (the "**Trustee**") and the Collateral Manager (the "**Collateral Management and Administration Agreement**").

Bilbao CLO III Designated Activity Company (the "**Issuer**") will issue the Class A-1 Notes, the Class A-2A Notes, the Class A-2B Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes (each as defined herein).

The Class A-1 Notes, the Class A-2A Notes, the Class A-2B Notes, the Class B Notes, the Class C Notes and the Class D Notes (such Classes, the "**Rated Notes**") together with the Subordinated Notes are collectively referred to herein as the "**Notes**". The Notes will be issued and secured pursuant to a trust deed (the "**Trust Deed**") dated on or about the Issue Date, made between (amongst others) the Issuer and the Trustee.

Interest on the Notes will be payable quarterly in arrear in each year on 20 February, 20 May, 20 August and 20 November prior to the occurrence of a Frequency Switch Event (as defined herein) and semi-annually in arrear on 20 February and 20 August (where the Payment Date (as defined herein) immediately following the occurrence of a Frequency Switch Event falls in either February or August) or 20 May and 20 November (where the Payment Date immediately following the occurrence of a Frequency Switch Event falls in either May or November) following the occurrence of a Frequency Switch Event, commencing on 20 November 2020 and ending on the Maturity Date (as defined herein) (subject to any earlier redemption of the Notes and in each case subject to adjustment for non-Business Days in accordance with the Conditions).

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 constitutes listing particulars for the purpose of such application and has been approved by Euronext Dublin. Application has been made to Euronext Dublin for the Notes to be admitted to the Official List (the "**Official List**") and trading on the Global Exchange Market (the "**Global Exchange Market**") which is the exchange regulated market of Euronext Dublin. The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EC (as amended) ("**MiFID II**"). 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 on the Notes 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 Share Capital Account and the rights of the Issuer under the Corporate 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 (*Security*).

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 ("**Rule 144A**")) in reliance on Rule 144A and qualified purchasers (as defined in Section 2(a)(51) of the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**")) for the purposes of Section 3(c)(7) of 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 the Notes offered hereby in making its purchase will be deemed to have made certain acknowledgements, representations and agreements. See "*Plan of Distribution*" and "*Transfer Restrictions*".

The Notes are being offered by the Issuer through Citigroup Global Markets Limited in its capacity as placement agent of the offering of such Notes (the "**Placement Agent**") subject to prior sale, when, as and if delivered to and accepted by the Placement Agent, and to certain conditions. It is expected that delivery of the Notes will be made on or about the Issue Date.

*Arranger and Placement Agent*

**Citigroup Global Markets Limited**

The date of this Offering Circular is 20 May 2020

*The Issuer accepts responsibility for the information contained in this document (other than the Collateral Manager Information. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information included in this document (other than the Collateral Manager 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 – Conflicts of Interest – Certain Conflicts of Interest Involving or Relating to the Collateral Manager and its Affiliates" and "Description of the Collateral Manager" and, in each case, the subheadings thereunder (together, the **"Collateral Manager Information"**). To the best of the knowledge and belief of the Collateral Manager (which has taken all reasonable care to ensure that such is the case), the Collateral Manager 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" (the **"Collateral Administrator Information"**). 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), the Collateral Administrator Information is in accordance with the facts and does not omit anything likely to affect the import of such information. Except for the Collateral Manager Information (in the case of the Collateral Manager) and the Collateral Administrator Information (in the case of the Collateral Administrator) neither the Collateral Manager nor the Collateral Administrator accepts 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 Placement Agent, the Trustee, any Agent, any Hedge Counterparty, or any other party (save for the Issuer, the Collateral Manager and the Collateral Administrator in each case as specified above) has separately verified the information contained in this Offering Circular and accordingly none of them (save 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 Placement Agent, the Trustee, the Collateral Manager, the Collateral Administrator, any Agent, any Hedge Counterparty or any other party undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the aforementioned parties which is not included in this Offering Circular. None of the Placement Agent, the Trustee, the Collateral Manager, the Collateral Administrator, any Agent, any Hedge Counterparty (in each case other than 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 Placement Agent, the Collateral Manager, the Collateral Administrator, any of their respective Affiliates 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 Placement Agent 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 Articles 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.*

*The Notes are not intended to be sold and should not be sold to retail investors. For these purposes, a retail investor means: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **"Insurance Mediation Directive"**) where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of Directive 2014/65/EU.*

*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 Placement Agent, 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 making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and risks involved. The contents of this Offering Circular should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Notes.*

*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 and any references to "£" or "Sterling" are references to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.*

*Amounts payable on the Floating Rate Notes are calculated by reference to EURIBOR. As at the date of this Offering Circular, the administrator of EURIBOR (being the European Money Markets Institute) is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the Benchmarks Regulation). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the European Money Markets Institute is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).*

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

*In connection with the issue of the Notes, no stabilisation will take place and Citigroup Global Markets Limited will not be acting as stabilising manager in respect of the Notes.*

*The Issuer is not and will not be regulated by the Central Bank as a result of issuing the Notes. Any investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank.*

## **EU RETENTION AND DISCLOSURE REQUIREMENTS**

In respect of the EU Retention Requirements, the Collateral Manager will under the Collateral Management and Administration Agreement for so long as any Notes are Outstanding: (a) undertake to retain a material net economic interest of not less than five per cent. of the nominal value of each Class of Notes by subscribing for and holding, on an ongoing basis, no less than five per cent. of the Principal Amount Outstanding of each Class of Notes (such Notes being the "**Retention Notes**"), (b) agree not to sell, hedge or otherwise mitigate its credit risk under or associated with the Retention Notes, subject as provided below, (c) subject to any regulatory requirements, agree (i) to take such further reasonable action, provide such information (subject to any applicable duty of confidentiality), on a confidential basis, and enter into such other agreements as may reasonably be required to satisfy the EU Retention Requirements and (ii) to provide to the Issuer, on a confidential basis, information in the possession of the Collateral Manager relating to its holding of the Retention Notes at the cost and expense of the party seeking such information, and to the extent the same is not subject to a duty of confidentiality, at any time prior to maturity of the Notes, (d) agree to confirm its continued compliance with the covenants set out at (a) and (b) above, to the Trustee, the Collateral Administrator, the Placement Agent and the Issuer (i) upon the request of the Trustee, the Collateral Administrator, the Placement Agent or the Issuer and (ii) once every calendar month, in each case in writing (which may be by way of e-mail), (e) agree that it shall promptly notify the Issuer, the Trustee and the Collateral Administrator if for any reason it (i) ceases to hold the Retention Notes in accordance with (a) above, (ii) fails to comply with the covenants set out in (b) or (c) above or (iii) the representation set out in (f) below fails to be true on any date, and (f) represent and warrant that it is a "sponsor" for the purposes of Article 6(1) of the Securitisation Regulation and will continue to retain the Retention Notes pursuant to (a) above and in accordance with (b) above in such capacity.

If a successor Collateral Manager is appointed in accordance with and pursuant to the terms of the Collateral Management and Administration Agreement, then notwithstanding the above, the Collateral Manager may sell the Retention Notes to such successor (at a price agreed by the parties to such sale) except to the extent such a sale:

- (i) is restricted by the EU Retention Requirements; or
- (ii) would cause the transaction described in this Offering Circular to be non-compliant with the EU Retention Requirements,

and such successor shall, by way of entry into the Collateral Management and Administration Agreement commit to acquire and retain the Retention Notes and provide representations, warranties and covenants on the same terms as those set out in the Collateral Management and Administration Agreement in relation to the EU Retention Requirements.

If a successor Collateral Manager is appointed in accordance with and pursuant to the terms of the Collateral Management and Administration Agreement and the outgoing Collateral Manager does not sell the Retention Notes, such outgoing Collateral Manager shall continue to be bound by the provisions of the Collateral Management and Administration Agreement in respect of the Retention Notes and such provisions shall not apply to such successor.

In respect of the EU Disclosure Requirements, (i) the Collateral Manager and the Issuer have designated the Issuer to fulfil the relevant EU Disclosure Requirements, and (ii) the Collateral Manager and, to the extent agreed by the Collateral Administrator, the Collateral Administrator will provide certain assistance to the Issuer in this regard (including, in relation to the Collateral Manager, agreeing with the Issuer the form, content, timing and manner of distribution of any reports and information necessary to fulfil the reporting requirements) pursuant to the terms of the Collateral Management and Administration Agreement.

For the avoidance of doubt, to the extent the Collateral Administrator agrees to provide such information and reporting on behalf of the Issuer, the Collateral Administrator will not assume any responsibility for the Issuer's obligations as the entity responsible to fulfil reporting obligations under the EU Disclosure Requirements. In providing such information and reporting, the Collateral Administrator also assumes no responsibility or liability to any third party, including any Noteholders or potential Noteholders (including for their use or onward disclosure of any documentation disseminated by the Collateral Administrator) and shall have the benefit of the powers, protections and indemnities granted to it under the Transaction Documents.

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 EU Retention and Disclosure Requirements or any other regulatory requirement. None of the Issuer, the Collateral Manager, any Collateral Manager Related Person, the Retention Holder, the Placement Agent, the Collateral Administrator, 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 or that the structure of the Notes, (including the holding of the Retention Notes) and the transactions described herein are compliant with the requirements described above or any other applicable legal or regulatory or other requirements and no such Person shall have any liability to any prospective investor or any other Person with respect to the insufficiency of such information or any failure of the transactions contemplated hereby to satisfy the EU Retention and Disclosure Requirements or any other applicable legal, regulatory or other requirements. Each prospective investor in the Notes which is subject to the EU Retention and Disclosure Requirements or any other regulatory requirement should consult with its own legal, accounting, tax, financial, business, investment 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 – Regulatory Initiatives – Securitisation, Risk Retention and Due Diligence Requirements – EU Securitisation Requirements*", "*Risk Factors – Regulatory Initiatives – EU Disclosure Requirements*" and "*The EU Retention and Disclosure Requirements*".

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

## VOLCKER RULE

Section 619 of the Dodd-Frank Act and the corresponding implementing regulations (the "**Volcker Rule**") prohibits "banking entities" as defined under the Volcker Rule (which would include U.S. and non-U.S. banking institutions subject to the rule (and their U.S. and non-U.S. affiliates)) 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 (e.g. if conducted solely for hedging purposes) and/or (ii) except as permitted by the rule, acquiring or retaining any equity, partnership, and/or other similar ownership interest in, or sponsoring, certain entities referred to in the Volcker Rule as "covered funds". In addition, in most circumstances, the Volcker Rule prohibits banking entities (and their affiliates) from entering into certain credit exposure related transactions with covered funds with respect to which such banking entity has made and retained an investment and/or serves as the sponsor, investment manager, investment adviser, commodity trading advisor or similar role. Subject to an extension that may have been available to "illiquid funds" after 21 July 2017, full conformance with the Volcker Rule was required from 21 July 2017.

The Issuer may be deemed to be a "covered fund" under the Volcker Rule and, in such circumstances, in the absence of regulatory relief, the provisions of the Volcker Rule will severely limit the ability of "banking entities" and their affiliates to acquire and/or hold an ownership interest in the Issuer and, in the case of banking entities which have certain types of existing business relationships with the Issuer, to enter into certain financial transactions (including credit related transactions) with the Issuer. If the Issuer is deemed to be a "covered fund", this could significantly impair the marketability and liquidity of the Notes.

The Subordinated Notes will be characterised as ownership interests in the Issuer, and it is uncertain whether any of the Rated Notes may be similarly characterised as ownership interests. Such characterisation may have adverse effects on the Issuer and the liquidity and the value of the Notes in so far as it will prohibit certain "banking entities" from investing in such Notes, including limiting the secondary market of the Notes and affecting the Issuer's access to liquidity and ability to hedge its exposures. The Transaction Documents provide 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 or (in the case of selecting a replacement collateral manager) on the resignation of the Collateral Manager, which provisions are intended to exclude the Notes from the definition of "ownership interest". Furthermore, the Transaction Documents have been drafted in a manner so as to disenfranchise the holders of any Notes in the form of CM Removal and Replacement Non-Voting Notes or CM Removal and Replacement Exchangeable Non-Voting Notes in respect of any CM Removal Resolution or CM Replacement Resolution, which disenfranchisement is intended to permit banking entities to acquire and retain such Notes. However, there can be no assurances that these steps will be effective to avoid investments in the Notes by U.S. and non-U.S. banking institutions and their affiliates subject to the Volcker Rule (whether in the form of CM Removal and Replacement Non-Voting Notes or CM Removal and Replacement Exchangeable Non-Voting Notes or otherwise) from being deemed to be an investment in an "ownership interest" in the Issuer.

In 2018, the five federal agencies responsible for implementing the Volcker Rule requested public comment on the need for potential changes to virtually all aspects of the implementing regulations, including those aspects of the regulations relevant to securitisations and their treatment under the Volcker Rule's covered fund provisions. In 2019, these agencies adopted final regulations consistent with the amendments proposed in 2018. In addition, on 30 January 2020, these agencies proposed additional amendments to the final regulations, including changes relevant to the treatment of securitisations (the "**Proposed Volcker Changes**"). Amongst other proposals, the Proposed Volcker Changes include modifications to exclude from the definition of "ownership interest" certain "senior loans" or "senior debt interests" issued by a covered fund. If the Proposed Volcker Changes are adopted, a class of Notes meeting the definition of a "senior debt interest" for purposes of the Proposed Volcker Changes would not constitute an ownership interest in a covered fund, although it is currently unclear which Classes of Notes (other than the Class A Notes) may be considered "senior debt interests" for purposes of the proposed exclusion from the definition of "ownership interest". It should be noted that the Proposed Volcker Changes may be revised prior to their adoption and there can be no expectation of what changes to the Volcker Rule will constitute the final Proposed Volcker Changes. Investors in the Notes must make their own determination as to how, or if, the Proposed Volcker Changes will affect their investment in the Notes.

Each prospective investor in the Notes is encouraged to independently consider the potential impact of the Volcker Rule and any other similar rules and regulations in respect of any investment in the Notes and none of the Issuer, the Collateral Manager, the Placement Agent, the Trustee, any Agent or the Arranger makes any representation regarding such investment, including (i) the status of the Issuer under the Volcker Rule or (ii) the ability of any



investor to acquire or hold the Notes, now or at any time in the future, in compliance with the Volcker Rule or any other applicable laws.

See "*Risk Factors – Regulatory Initiatives – Volcker Rule*".

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

The Notes of each Class offered pursuant to an exemption from registration requirements 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" (as defined in Section 2(a)(51) of the Investment Company Act) for purposes of Section 3(c)(7) of the Investment Company Act ("**QPs**"). Rule 144A Notes of each Class 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 common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), or, in the case of Rule 144A Definitive Certificates, the registered holder thereof. The Notes of each Class 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 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 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 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. Notes in definitive certificated form will be issued only in limited circumstances in certificated, fully registered form, 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*".

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

### **Information as to placement within Canada**

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the Placement Agent is not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

### **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 who is a QIB of a Note sold in reliance on Rule 144A 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 SECURITIES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE ISSUER, THE PLACEMENT AGENT, THE COLLATERAL MANAGER, THE TRUSTEE OR THE COLLATERAL ADMINISTRATOR SPECIFIED HEREIN (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**

BASED UPON INTERPRETIVE GUIDANCE PROVIDED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION (THE "**CFTC**"), THE ISSUER IS NOT EXPECTED TO BE TREATED AS A COMMODITY POOL AND AS SUCH, THE ISSUER (OR THE COLLATERAL MANAGER ON THE ISSUER'S BEHALF) MAY ENTER INTO ONE OR MORE HEDGE AGREEMENTS OR HEDGE

TRANSACTIONS (OR ANY OTHER AGREEMENT THAT WOULD FALL WITHIN THE DEFINITION OF "SWAP" AS SET OUT IN THE CEA (AS DEFINED BELOW)) FOLLOWING RECEIPT OF LEGAL ADVICE FROM REPUTABLE LEGAL COUNSEL TO THE EFFECT THAT THE ENTRY INTO SUCH ARRANGEMENTS SHALL NOT CAUSE THE ISSUER TO BE CONSIDERED A "COMMODITY POOL" AS DEFINED IN SECTION 1a(10) OF THE CEA OR REQUIRE ANY OF THE ISSUER, ITS MANAGING DIRECTORS OR OFFICERS OR THE COLLATERAL MANAGER TO REGISTER WITH THE CFTC AS EITHER A "COMMODITY POOL OPERATOR" OR A "COMMODITY TRADING ADVISOR" (AS SUCH TERMS ARE DEFINED IN THE U.S. COMMODITY EXCHANGE ACT OF 1936, AS AMENDED (THE "CEA") AND THE **CFTC REGULATION**) IN RESPECT OF THE ISSUER. IN THE EVENT THAT TRADING OR ENTERING INTO ONE OR MORE HEDGE AGREEMENTS WOULD RESULT IN THE ISSUER'S ACTIVITIES FALLING WITHIN THE DEFINITION OF A "COMMODITY POOL" AS DEFINED IN THE CEA, THE COLLATERAL MANAGER WOULD EITHER SEEK TO UTILIZE ANY AVAILABLE EXEMPTIONS FROM REGISTRATION AS A COMMODITY POOL OPERATOR (A "**CPO**") AND/OR A COMMODITY TRADING ADVISOR (A "**CTA**") OR REGISTER AS A CPO OR A CTA. UTILISING ANY SUCH EXEMPTION FROM REGISTRATION MAY IMPOSE ADDITIONAL COSTS ON THE COLLATERAL MANAGER, AND MAY SIGNIFICANTLY LIMIT ITS ABILITY TO ENGAGE IN HEDGING ACTIVITIES ON BEHALF OF THE ISSUER. IF THE COLLATERAL MANAGER IS REQUIRED TO REGISTER AS A CPO OR A CTA, IT WILL BECOME SUBJECT TO NUMEROUS REPORTING AND OTHER REQUIREMENTS AND IT IS EXPECTED THAT IT WILL INCUR SIGNIFICANT ADDITIONAL COSTS IN COMPLYING WITH ITS OBLIGATIONS AS A REGISTERED CPO OR CTA, WHICH COSTS ARE EXPECTED TO BE PASSED ON TO THE ISSUER AND MAY ADVERSELY AFFECT THE ISSUER'S ABILITY TO MAKE PAYMENT ON THE NOTES.

### **MiFID II Product Governance**

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

### **PRIIPs Regulation**

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "qualified investor" as defined in Regulation 2017/1129/EU (as amended). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

### **Investor Notice**

Where Citigroup Global Markets Limited carry on regulated activities with or for an investor in the course of or as a result of carrying on corporate finance business with or for a client of Citigroup Global Markets Limited, Citigroup Global Markets Limited will not be acting on such investor's behalf and will not be responsible for providing such investor with protections afforded to clients of Citigroup Global Markets Limited or advising such investor in relation to any transactions. This will apply to all investors in the transactions described in this Offering Circular.

NEITHER THE ARRANGER NOR THE PLACEMENT AGENT NOR ANY OF THEIR RESPECTIVE AFFILIATES ACCEPTS ANY RESPONSIBILITY FOR ANY ACTS OR OMISSIONS OF THE TRUSTEE, THE ISSUER OR ANY OTHER PERSON (OTHER THAN, RESPECTIVELY, THE ARRANGER OR THE

PLACEMENT AGENT) IN CONNECTION WITH THE OFFERING CIRCULAR OR THE ISSUE AND OFFERING OF THE NOTES.

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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 (the "**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" 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" and references to "Conditions" are to the "Terms and Conditions". For a discussion of certain risk factors to be considered in connection with an investment in the Notes, see "Risk Factors".

<b>Issuer</b>	Bilbao CLO III Designated Activity Company, a designated activity company limited by shares incorporated under the laws of Ireland with registered number 638411 and having its registered office at 32 Molesworth Street, Dublin 2, Ireland.
<b>Collateral Manager</b>	Guggenheim Partners Europe Limited
<b>Trustee</b>	BNY Mellon Corporate Trustee Services Limited
<b>Placement Agent</b>	Citigroup Global Markets Limited
<b>Arranger</b>	Citigroup Global Markets Limited
<b>Collateral Administrator</b>	The Bank of New York Mellon SA/NV, Dublin Branch

Class of Notes	Principal Amount	Initial Stated Interest Rate <sup>1, 6</sup>	Alternative Stated Interest Rate <sup>2</sup>	S&P Ratings of at least <sup>34</sup>	Fitch Ratings of at least <sup>4</sup>	Maturity Date	Issue Price <sup>5</sup>
A-1	€154,250,000	3 month EURIBOR + 1.444%	6 month EURIBOR + 1.444%	AAA(sf)	AAAsf	2031	98.50%
A-2A	€22,250,000	3 month EURIBOR + 2.65%	6 month EURIBOR + 2.65%	AA(sf)	AAsf	2031	98.67%
A-2B	€15,000,000	3.25% per annum	3.25% per annum	AA(sf)	AAsf	2031	100.00%
B	€18,750,000	3 month EURIBOR + 3.23%	6 month EURIBOR + 3.23%	A(sf)	Asf	2031	97.90%
C	€16,250,000	3 month EURIBOR + 5.01%	6 month EURIBOR + 5.01%	BBB-(sf)	BBB-sf	2031	94.50%
D	€12,000,000	3 month EURIBOR + 7.45%	6 month EURIBOR + 7.45%	BB-(sf)	BB-sf	2031	88.50%
Subordinated Notes	€43,150,000	N/A	N/A	N/A	N/A	2031	100.00%

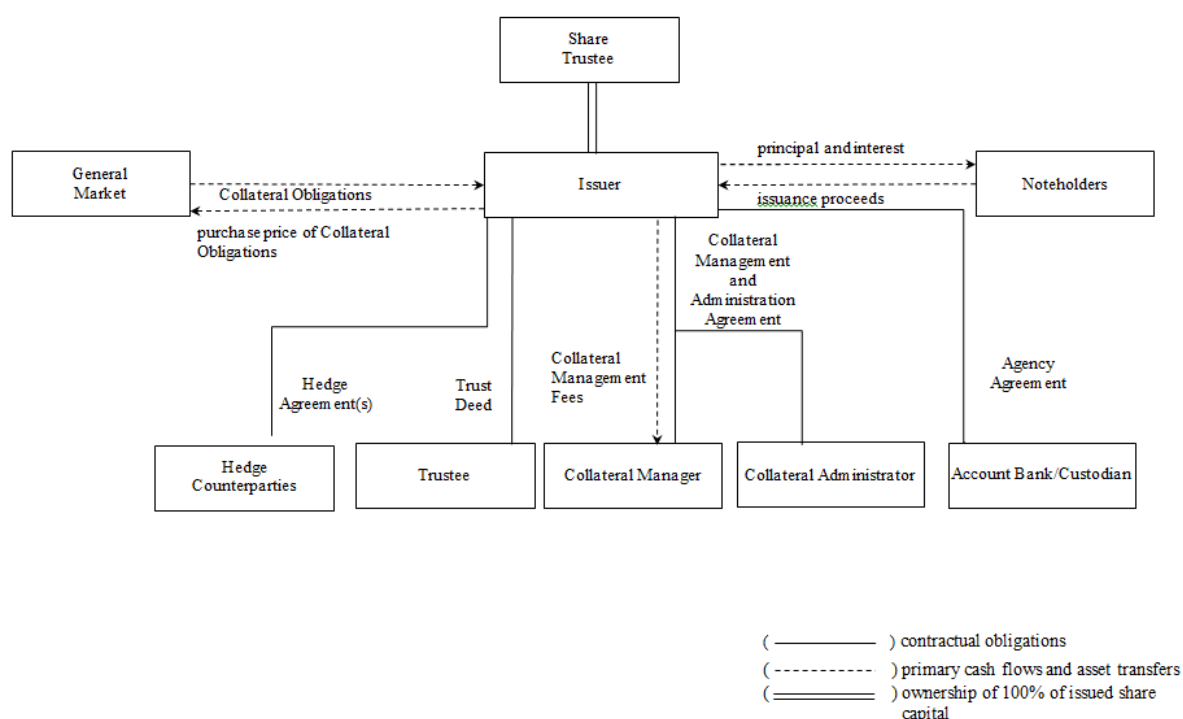
1 Applicable at all times prior to the occurrence of a Frequency Switch Event, provided that the rate of interest of the Floating Rate Notes will be determined for the period from, and including, the Issue Date to, but excluding, the first Payment Date, by reference to a straight line interpolation of 3-month EURIBOR and 6-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 will, if such first mentioned Payment Date falls in February 2031, be determined by reference to 3-month EURIBOR.

3 The ratings assigned by Fitch and S&P to the Class A Notes address the timely payment of interest and the ultimate payment of principal. The ratings assigned to the Class B Notes, Class C Notes and Class D 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 As of the date of this Offering Circular, each of the Rating Agencies is established in the European Union (the "EU") and is registered under Regulation (EC) No 1060/2009 (as amended) (the "CRA Regulation"). As such, each Rating Agency is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.
- 5 The Placement Agent and the Issuer may offer the Notes at prices as may be negotiated at the time of sale which may vary among different purchasers and which may be different to the issue price of the Notes.
- 6 Any Class of Rated Notes may be issued with a fixed rate, a floating rate or a combination of both.

### Diagrammatic Overview of the Transaction, Cash Flows and Ownership Structure



### Eligible Purchasers

The Notes of each Class will be offered:

- (A) to non-U.S. Persons in "offshore transactions" in reliance on Regulation S; and
- (B) within the U.S. to persons and outside the United States to U.S. Persons, in each case, who are both QIBs and QPs in reliance on Rule 144A.

### Distributions on the Notes

#### Payment Dates

Interest on the Notes will be payable in each year on 20 February, 20 May, 20 August and 20 November prior to the occurrence of a Frequency Switch Event and on 20 February and 20 August (where the Payment Date immediately following the occurrence of a Frequency Switch Event falls in either February or August) or on 20 May and 20 November (where the Payment Date immediately following the occurrence of a Frequency Switch Event falls in either May or November) following the occurrence of a Frequency Switch Event, commencing on 20 November 2020 and ending on the



Maturity Date (subject to any earlier redemption of the Notes and in each case to adjustment for non-Business Days in accordance with the Conditions).

***Stated Interest Rate***

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 November 2020) in accordance with the Interest Priority of Payments.

Interest shall be payable on the Subordinated Notes on each Payment Date to the extent funds are available in accordance with the Priorities of Payment.

***Payment of Interest and Deferral***

Failure on the part of the Issuer to pay the Interest Amounts due and payable on the Class A-1 Notes or the Class A-2 Notes (or the Class B Notes, the Class C Notes or the Class D Notes if such Class of Notes is the Controlling Class and a Frequency Switch Event has occurred) pursuant to Condition 6 (*Interest*) and the Priorities of Payment shall not constitute 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; and, save in each case, as the result of any deduction therefrom or the imposition of any withholding tax thereon required by law.

To the extent that Interest Amount payments on the Class B Notes, Class C Notes or Class D Notes are not made on the relevant Payment Date, an amount equal to such unpaid interest will be added to the principal amount of the Class B Notes, Class C Notes and Class D Notes (as applicable and unless such Class is the Controlling Class and a Frequency Switch Event shall have occurred, in which case non-payment of any Interest Amounts then due and payable thereon shall, subject to the grace periods set out above, constitute a Note Event of Default), and from the date such unpaid interest is added to the Principal Amount Outstanding of the relevant Class of Notes, such unpaid amount will accrue interest at the rate of interest applicable to the relevant Notes. See Condition 6(c) (*Deferral of Interest*).

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

***Redemption of the Notes***

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

- (A) on the Maturity Date;
- (B) on any Payment Date following a Determination Date on which a Coverage Test is not satisfied (to the extent such test is required to be satisfied on such Determination Date);
- (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 Payment, in each case until the Rated Notes are 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 sole and absolute discretion of the Collateral Manager (acting on behalf of the Issuer), following written certification by the Collateral Manager to the Trustee (on which the Trustee may rely without enquiry) that, using commercially reasonable endeavours, it (i) has been unable, for a period of at least 20 consecutive Business Days, to identify additional Collateral Obligations or Substitute Collateral Obligations that are deemed appropriate by the Collateral Manager in its sole discretion in sufficient amounts to permit the investment of all or a portion of the funds then available for reinvestment or (ii) at any time after the Effective Date, has determined, acting in a commercially reasonable manner, that a redemption is required in order to avoid a Rating Event, the Collateral Manager may elect, in its sole discretion, to designate all or a portion of those funds as a Special Redemption Amount (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) at the option of the holders of the Subordinated Notes (acting by way of Ordinary Resolution) but subject to the consent of the Collateral Manager (acting on behalf of the Issuer (see Condition 7(b)(i) (*Optional Redemption in Whole – Subordinated Noteholders*));
- (G) in part by the redemption in whole of one or more Classes of Rated Notes from Refinancing Proceeds on any Business Day following the expiry of the Non-Call Period if (i) directed in writing by the Collateral Manager (acting on behalf of the Issuer) or (ii) the Subordinated Noteholders (acting by way of an Ordinary Resolution) but subject to the consent of the Collateral Manager (acting on behalf of the Issuer, such Class or Classes of Rated Notes to be redeemed at their applicable Redemption Prices, in each case at least 15 days prior to the Redemption Date to redeem such Class or Classes of Rated Notes, as long as the Class or Classes of Rated Notes to be redeemed each represents not less than the entire Class of such Rated Notes (see Condition 7(b)(ii) (*Optional Redemption in Part – Collateral Manager / Subordinated Noteholders*));
- (H) on any Payment Date on or after the redemption or repayment in full of the Rated Notes, the Subordinated Notes may be redeemed in whole at the direction of the holders of the Subordinated Notes (acting by way of

Ordinary Resolution) or the Collateral Manager (acting on behalf of the Issuer) (see Condition 7(b)(viii) (*Optional Redemption of Subordinated Notes*));

- (I) on any Payment Date 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)(B) (*Optional Redemption in Whole – Subordinated Noteholders*));
- (J) in whole (with respect to all Classes of Notes) on any Payment Date at the option of (i) the Controlling Class or (ii) the Subordinated Noteholders but subject to the consent of the Collateral Manager, in each case acting by way of Ordinary Resolution following the occurrence of a Note Tax Event (at their applicable Redemption Prices, subject to the right of the 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), subject to (x) the Issuer having failed to cure the Note Tax Event and (y) certain minimum time periods (see Condition 7(g) (*Redemption Following Note Tax Event*));
- (K) at any time following an acceleration of the Notes after the occurrence of a Note Event of Default which is continuing and has not been cured or waived (see Condition 10 (*Events of Default*));
- (L) on any Payment Date on and after the Effective Date during the Reinvestment Period to cure a failure of the Reinvestment Overcollateralisation Test, at the option of the Collateral Manager (on behalf of the Issuer) (see Condition 7(k) (*Reinvestment Overcollateralisation Test*)); and
- (M) 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 applicable to the Rated Notes if, upon or at any time following the expiry of such Non-Call Period, the Aggregate Principal Balance is less than 20 per cent. of the Target Par Amount (at their applicable Redemption Prices, subject to the right of the 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) subject to (i) the right of holders of not less than 50 per cent. of the aggregate Principal Amount Outstanding of the Subordinated Notes to object to such redemption and (ii) the right of the Collateral Manager to object to such redemption, in each case in accordance with the Conditions and the Trust Deed (see Condition 7(b)(iii) (*Optional Redemption in Whole – Clean-up Call*)).

**Non-Call Period**

During the period from and including the Issue Date up to, but excluding, 20 May 2021, the Notes are not subject to Optional Redemption (save for upon a Collateral Tax Event, a Note Tax Event or a Special Redemption). See Condition 7(b) (*Optional Redemption*), Condition 7(d) (*Special Redemption*) and Condition 7(g) (*Redemption Following Note Tax Event*).

**Redemption Prices**

The Redemption Price of each Class of Rated Notes will be (a) 100 per cent. of the Principal Amount Outstanding of the Notes to be redeemed, together with (a) any accrued and unpaid interest thereon to the day of redemption, (b) in respect of the Class B Notes, the Class C Notes and the Class D Notes, any accrued and unpaid Deferred Interest on such Notes and (c) in respect of the Class A-1 Notes and only if applicable, the Class A-1 Makewhole Payment Amount.

The Redemption Price for each Subordinated Note will be its *pro rata* share (calculated in accordance with paragraph (BB) of the Interest Priority of Payments, paragraph (R) of the Principal Priority of Payments or paragraph (W) 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 Payment.

In each case, the payment of the relevant Redemption Price will be subject to Condition 4(c) (*Limited Recourse and Non-Petition*).

**Class A-1 Makewhole Payment Amount**

Upon the redemption of the Class A-1 Notes, each Class A-1 Noteholder shall receive its *pro rata* share of the Class A-1 Makewhole Payment Amount, provided that (a) such redemption is in accordance with (i) Condition 7(b)(i)(A) (*Optional Redemption in Whole – Subordinated Noteholders*), (ii) Condition 7(b)(ii) (*Optional Redemption in Part – Collateral Manager / Subordinated Noteholders*) or (iii) where such redemption is at the direction of the Collateral Manager and/or Subordinated Noteholders only, Condition 7(b)(vi) (*Optional Redemption effected through Liquidation only*), (b) the Redemption Date in respect of such redemption occurs on any date prior to the Class A-1 Makewhole Payment End Date and (c) no Class A-1 Makewhole Waiver has been delivered to the Collateral Manager in writing at least 1 Business Day prior to such redemption of the Class A-1 Notes.

The Class A-1 Makewhole Payment Amount shall be an amount equal to (i) the product of the Applicable Margin multiplied by an amount equal to the Principal Amount Outstanding of the Class A-1 Notes Outstanding on the Class A-1 Optional Redemption Date, multiplied by (ii) an amount equal to the product of (x) the actual number of days in the Class A-1 Makewhole Accrual Period, divided by (y) 360.

**Priorities of Payment**

Prior to the delivery of an Acceleration Notice in accordance with Condition 10(b) (*Acceleration*) or following the delivery of an Acceleration Notice which has subsequently 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 in connection with a redemption in whole pursuant to Condition 7(g) (*Redemption Following Note Tax Event*), Interest Proceeds will be applied in

accordance with the Interest Priority of Payments and Principal Proceeds will be applied in accordance with the Principal 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 in accordance with Condition 10(b) (*Acceleration*) which has not been rescinded and annulled in accordance with Condition 10(c) (*Curing of Default*), Interest Proceeds and Principal Proceeds will be applied in accordance with the Post-Acceleration Priority of Payments, in each case as described in the Conditions.

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

## **Collateral Management Fees**

***Senior Management Fee*** 0.20 per cent. per annum of the Collateral Principal Amount (exclusive of any VAT). See "*Description of the Collateral Management and Administration Agreement – Compensation of the Collateral Manager*".

***Subordinated Management Fee*** 0.10 per cent. per annum of the Collateral Principal Amount (exclusive of any VAT). See "*Description of the Collateral Management and Administration Agreement – Compensation of the Collateral Manager*".

***Further Subordinated Management Fee*** The Collateral Manager will be entitled to a Further Subordinated Management Fee (exclusive of any VAT) on each Payment Date on which the Further Subordinated Management Fee Threshold has been met or surpassed. See "*Description of the Collateral Management and Administration Agreement – Compensation of the Collateral Manager*".

***Incentive Collateral Management Fee*** The Collateral Manager will be entitled to an Incentive Collateral Management Fee (exclusive of any VAT) on each Payment Date on which the Incentive Collateral Management Fee IRR Threshold has been met or surpassed, equal to 20 per cent. of any Interest Proceeds and Principal Proceeds that would otherwise be available to distribute to the Subordinated Noteholders in accordance with the Priorities of Payment. See "*Description of the Collateral Management and Administration Agreement – Compensation of the Collateral Manager*".

***Collateral Manager Advances*** To the extent that there are insufficient sums standing to the credit of the Supplemental Reserve 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 and Administration Agreement. Each Collateral Manager Advance may bear interest at a rate agreed between the Issuer and the Collateral Manager and notified in writing to the Collateral Administrator, provided that such rate of interest shall not exceed a rate of EURIBOR plus 2 per cent. per annum, where EURIBOR shall be floored at zero for such

purpose. All such Collateral Manager Advances shall be repaid out of Interest Proceeds and Principal Proceeds on each Payment Date pursuant to the Priorities of Payment. Each such Collateral Manager Advance shall be in an amount not less than €250,000.

## **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, amongst other things, a portfolio of Collateral Obligations. 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 Share Capital Account and the Corporate Administration Agreement. See Condition 4 (*Security*).

### ***Hedge Arrangements***

Subject to the Eligibility Criteria (as determined by the Collateral Manager), the Issuer or the Collateral Manager on its behalf may purchase Collateral Obligations that are denominated in a Qualifying Currency provided that no later than the settlement of the acquisition thereof, a Currency Hedge Transaction is entered into in respect of each such Collateral Obligation with a Hedge Counterparty satisfying the applicable Rating Requirement under which the currency risk is reduced or eliminated.

For the avoidance of doubt, the ability of the Issuer to enter into Currency Hedge Transactions is subject to satisfaction of the Hedging Condition. The Collateral Manager (on behalf of the Issuer) is also authorised to enter into spot exchange transactions, as necessary, to fund the Issuer's payment obligations under any Currency Hedge Transaction.

On or around the Issue Date, the Issuer may enter into Interest Rate Hedge Transactions which are interest rate caps ("**Issue Date Interest Rate Hedge Transactions**") with one or more Interest Rate Hedge Counterparties in order to mitigate its exposure to increases in EURIBOR-based payments of interest payable by the Issuer on the Rated Notes. Should the Issuer enter into such transactions on the Issue Date, the Issuer will pay a premium to any such Interest Rate Hedge Counterparty. The Issuer (or the Collateral Manager on its behalf) would be required to exercise such Issue Date Interest Rate Hedge Transactions if at any time EURIBOR was greater than the strike price set out in the applicable Issue Date Interest Rate Hedge Transaction. The Issuer (or the Collateral Manager on its behalf) may be permitted to novate any Issue Date Interest Rate Hedge Transaction in certain circumstances.

The Issuer will obtain Rating Agency Confirmation prior to entering into any hedging arrangements after the Issue Date unless it is a Form Approved Hedge.

See "*Hedging Arrangements*".

### ***Collateral Manager***

Pursuant to the Collateral Management and Administration Agreement, the Collateral Manager is required to act as the Issuer's collateral manager with respect to the Portfolio, to act in specific circumstances in relation to the Portfolio on behalf of the Issuer and to carry out the duties and functions described therein. Pursuant to the Collateral Management and Administration Agreement, the Issuer will delegate authority to the Collateral Manager to carry out certain

functions in relation to the Portfolio and any Hedge Transactions without the requirement for specific approval by the Issuer, the Collateral Administrator or the Trustee. See "*Description of the Collateral Management and Administration Agreement*" and "*The Portfolio*".

The Collateral Manager has selected the Collateral Obligations purchased by the Issuer on or prior to the Issue Date pursuant to the terms of the Warehouse Arrangements and has independently reviewed and assessed each such Collateral Obligation. The Collateral Manager will acknowledge pursuant to the Collateral Management and Administration Agreement that such Collateral Obligations purchased pursuant to the Warehouse Arrangements between the date the Issuer acquired or committed to acquire such Collateral Obligations and the Issue Date shall, subject to any limitations or restrictions set out in the Collateral Management and Administration Agreement, fall within the Collateral Manager's duties and obligations pursuant to the terms of the Collateral Management and Administration Agreement.

## **Purchase and Sale of Collateral Obligations**

### ***Initial Portfolio***

The Collateral Manager (on behalf of the Issuer) has purchased a portfolio of Collateral Obligations prior to the Issue Date pursuant to the Warehouse Arrangements, subject to certain restrictions.

### ***Initial Investment Period***

During the period from and including the Issue Date to but excluding the earlier of:

- (A) the date designated for such purpose by the Collateral Manager, subject to the Effective Date Determination Requirements having been satisfied; and
- (B) 1 November 2020 (or if such day is not a Business Day, the next following Business Day),

(such earlier date, the "**Effective Date**" and such period, the "**Initial Investment Period**"), the Issuer (or the Collateral Manager on behalf of the Issuer) intends to use reasonable endeavours to purchase the Portfolio of Collateral Obligations, subject to the Eligibility Criteria and certain other restrictions.

### ***Sale of Collateral Obligations***

Subject to the limits described in the Collateral Management and Administration Agreement, the Collateral Manager, on behalf of the Issuer, may dispose of any Collateral Obligation during and after the Reinvestment Period. See "*The Portfolio – Management of the Portfolio – Discretionary Sales*" and "*The Portfolio – Management of the Portfolio – Terms and Conditions applicable to the Sale of Credit Risk Obligations, Credit Improved Obligations, Defaulted Obligations and Equity Securities*" and "*The Portfolio – Management of the Portfolio – Terms and Conditions applicable to the Sale of Exchanged Equity Securities*".

***Reinvestment in Collateral Obligations***

Subject to the limits described in the Collateral Management and Administration Agreement and Principal Proceeds being available for such purpose, the Collateral Manager shall, on behalf of the Issuer, use reasonable endeavours to purchase Substitute Collateral 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 Risk Obligations, Credit Improved Obligations and Unscheduled Principal Proceeds received after the Reinvestment Period may, but are not required to, be reinvested by the Issuer or the Collateral Manager acting on behalf of the Issuer, in Substitute Collateral Obligations meeting the Eligibility Criteria and Reinvestment Criteria and subject to certain other restrictions. See "*The Portfolio – Management of the Portfolio*".

***Eligibility Criteria***

In order to qualify as a Collateral Obligation, an obligation must satisfy certain specified Eligibility Criteria (as determined by the Collateral Manager). Each obligation shall only be required to satisfy the Eligibility Criteria at the time the Issuer (or the Collateral Manager, acting on behalf of the Issuer) enters into a binding commitment to purchase such obligation save for an Issue Date Collateral Obligation which must also satisfy the Eligibility Criteria on the Issue Date and except in the case of the criterion in paragraph (S) of the Eligibility Criteria, which will be required to be satisfied only at the time of acquisition. See "*The Portfolio – Eligibility Criteria*".

***Restructured Obligations***

In order for a Collateral Obligation which is the subject of a restructuring to qualify as a Restructured Obligation, such Collateral Obligation must satisfy the Restructured Obligation Criteria (as determined by the Collateral Manager) as at the applicable Restructuring Date. See "*The Portfolio – Restructured Obligations*".

***Collateral Quality Tests***

The Collateral Quality Tests will comprise the following:

For so long as any of the Rated Notes rated by S&P are Outstanding, the S&P CDO Monitor Test (until the expiry of the Reinvestment Period).

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

- (A) the Fitch Maximum Weighted Average Rating Factor Test; and
- (B) the Fitch Minimum Weighted Average Recovery Rate Test.

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

- (A) the Minimum Weighted Average Spread Test; and



(B) the Weighted Average Life Test.

Each of the Collateral Quality Tests are defined in the Collateral Management and Administration Agreement and described in "*The Portfolio*" section below.

### Portfolio Profile Tests

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

		Minimum	Maximum
(A)	Secured Senior Obligations in aggregate (including the Balances standing to the credit of the Principal Account and the Unused Proceeds Account and Eligible Investments acquired with such Balances (excluding accrued interest))	90.0%	N/A
(B)	Senior Secured Loans	70.0%	N/A
(C)	Unsecured Senior Obligations, Second Lien Loans, Mezzanine Obligations and/or High Yield Bonds in aggregate	N/A	10.0%
(D)	Collateral Obligations of a single Obligor (in the case of Secured Senior Obligations)	N/A	2.5%, provided that up to three Obligors may represent up to 3.0% each
(E)	Collateral Obligations of a single Obligor (in the case of Collateral Obligations which are not Secured Senior Obligations)	N/A	1.5%
(F)	Collateral Obligations of a single Obligor	N/A	2.5%, provided that up to three Obligors may represent up to 3.0% each
(G)	Non-Euro Obligations	N/A	30.0%
(H)	Participations	N/A	5.0%
(I)	Current Pay Obligations	N/A	5.0%
(J)	Unfunded Amounts/Funded Amounts under Revolving Obligations/Delayed Drawdown Collateral Obligations	N/A	5.0%

(K)	Fitch CCC Obligations	N/A	7.5%
(L)	S&P CCC Obligations	N/A	7.5%
(M)	Bridge Loans	N/A	3.0%
(N)	Corporate Rescue Loans	N/A	5.0% (maximum 2.0% for a single Obligor)
(O)	PIK Securities	N/A	5.0%
(P)	Discount Obligations	N/A	20.0%
(Q)	Fixed Rate Collateral Obligations	N/A	10% or in relation to a Fitch Test Matrix selected by the Collateral Manager where such Fitch Test Matrix applies a maximum percentage of the Collateral Principal Amount that can comprise Fixed Rate Collateral Obligations, such lower percentage calculated in accordance with the provisions set out in the section of this Prospectus entitled " <i>The Portfolio — Portfolio Profile Tests and Collateral Quality Tests — Fitch Tests Matrix</i> "
(R)	Fitch Industry Classification	N/A	Any three Fitch industries may, in aggregate, comprise up to 40.0% provided that (i) the largest single Fitch industry may comprise up to 17.5%, (ii) the second largest single Fitch industry may comprise up to 15%, (iii) the third largest single Fitch industry may comprise up to 13% and (iv) all remaining Fitch industries may comprise up to 10%
(S)	S&P Industry Classification	N/A	Any three S&P industries may, in aggregate, comprise up to 40.0% provided that (i) the largest single S&P industry may comprise up to 17.5%, (ii) the second largest single S&P industry may comprise up to 15%, (iii) the third largest single S&P industry may comprise up to 12% and (iv) all remaining S&P industries may comprise up to 10%
(T)	Domicile of Obligors 1	N/A	10.0% Domiciled in countries or jurisdictions with a Fitch country risk ceiling below "AAA" by Fitch unless Rating Agency Confirmation from Fitch is obtained
(U)	Domicile of Obligors 2	N/A	(i) 20.0% Domiciled in countries or jurisdictions with a currency ceiling rated below "A-" by S&P
(V)	Bivariate Risk Table	N/A	See limits set out in " <i>The Portfolio — Management of the Portfolio — Bivariate Risk Table</i> "

(W)	Cov-Lite Loans	N/A	30.0%
(X)	Indebtedness of Obligor	N/A	5.0% Collateral Obligations issued by Obligor each of which has a total current indebtedness (comprised of all financial debt owing by the relevant Obligor including the maximum available amount or total commitment under any revolving or delayed draw loans) under their respective loan agreements and other Underlying Instruments of not less than EUR 150,000,000 but not more than EUR 200,000,000 or the equivalent thereof at the Spot Rate at the time at which the Issuer entered into a binding commitment to purchase such Collateral Obligation
(Y)	S&P Rating derived from a Moody's rating	N/A	10.0%
(Z)	Obligations (i) of an Obligor which is a Portfolio Company or (ii) which were originated by a Portfolio Company	N/A	20.0%
(AA)	Fitch Credit Estimate Obligations	N/A	10.0%
(BB)	S&P Credit Estimate Obligations	N/A	10.0%

#### Coverage Tests

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

Class	Required Par Value Ratio
A	134.60%
B	123.30%
C	115.41%
D	110.80%
Class	Required Interest Coverage Ratio
A	120.00%
B	110.00%
C	105.00%

**Reinvestment  
Overcollateralisation Test**

During the Reinvestment Period only, if the Reinvestment Overcollateralisation Test is failing on the relevant Determination Date, Interest Proceeds shall be applied in an amount (such amount, the "**Required Diversion Amount**") equal to the lesser of (1) 50.0 per cent. of all remaining Interest Proceeds available for payment pursuant to paragraph (T) of the Interest Priority of Payments and (2) the amount which, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (S) (inclusive) of the Interest Priority of Payments, would be sufficient to cause the Reinvestment Overcollateralisation Test to be met as of the relevant Determination Date, at the discretion of the Collateral Manager (acting on behalf of the Issuer) (i) to the payment into the Principal Account to purchase additional Collateral Obligations as Principal Proceeds or (ii) to payment of the Rated Notes in accordance with the Note Payment Sequence.

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, shall be included as Collateral 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. Obligations in respect of which the Issuer or the Collateral Manager, on behalf of the Issuer, has entered into a binding commitment to sell, but which have not yet settled, shall not be included as Collateral 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 sale had been completed.

**Authorised Denominations**

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

The Rule 144A Notes of each Class will be issued in minimum denominations of €100,000 and integral multiples of €1 in excess thereof.

**Form, Registration and Transfer  
of the Notes**

The Regulation S Notes of each Class sold outside of 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 common depository 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 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 both QIBs and 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 with, and registered in the name of, a common depository for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Rule 144A Global Certificate may at any time only be held through, and transfers thereof will only be effected through, records maintained by Euroclear or Clearstream, Luxembourg.

The Rule 144A Global Certificates and Regulation S Global Certificates will bear a legend and such Rule 144A Global Certificates and Regulation S 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, definitive certificates in 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. See "*Form of the Notes – Exchange for Definitive Certificates*".

A transferee of a Class D Note or Subordinated Note 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 D Note or Subordinated Note unless such transferee: (i) obtains the written consent of the Issuer; (ii) provides an ERISA certificate to the Issuer as to its status as a Benefit Plan Investor or Controlling Person (substantially in the form of **ANNEX B**); and (iii) unless the written consent of the Issuer to the contrary is obtained, holds such Class D Note or Subordinated Note in the form of a Definitive 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*), Condition 2(i) (*Forced Transfer pursuant to ERISA*) and Condition 2(j) (*Forced Transfer pursuant to FATCA*).

**CM Removal and Replacement  
Voting Notes, CM Removal and**

The Class A Notes, the Class B Notes and the Class C Notes may, in each case, be in the form of CM Removal and Replacement Voting

<b>Replacement and Replacement Voting Notes</b>	<b>Non-Voting and Exchangeable Non-Voting Notes</b>	<p>Notes, CM Removal and Replacement Exchangeable Non-Voting Notes or CM Removal and Replacement Non-Voting Notes.</p> <p>CM Removal and Replacement Voting Notes shall carry a right to vote in respect of, and be counted for the purposes of determining a quorum and the result of any CM Replacement Resolutions and any CM Removal Resolutions. CM Removal and Replacement Non-Voting Notes and CM Removal and Replacement Exchangeable Non-Voting Notes shall not carry any rights in respect of, or be counted for the purposes of determining a quorum and the result of any CM Removal Resolutions or any CM Replacement Resolutions but shall carry a right to vote on and be counted in respect of all other matters in respect of which the CM Removal and Replacement Voting Notes have a right to vote and be counted.</p> <p>CM Removal and Replacement Voting Notes shall be exchangeable at any time upon request by the relevant Noteholder into CM Removal and Replacement Exchangeable Non-Voting Notes or CM Removal and Replacement Non-Voting Notes. CM Removal and Replacement Exchangeable Non-Voting Notes shall be exchangeable for (a) upon request by the relevant Noteholder, CM Removal and Replacement Non-Voting Notes at any time; or (b) only in connection with the transfer of such Notes to an entity that is not an Affiliate of the transferor and upon request of the relevant transferee or transferor, CM Removal and Replacement Voting Notes. CM Removal and Replacement Non-Voting Notes shall not be exchangeable at any time into CM Removal and Replacement Voting Notes or CM Removal and Replacement Exchangeable Non-Voting Notes.</p>
<b>Governing Law</b>		The Notes, the Trust Deed, the Collateral Management and Administration Agreement, the Agency and Account Bank Agreement and all other Transaction Documents (save for the Corporate Administration Agreement, which is governed by the laws of Ireland) will be governed by English law.
<b>Listing</b>		Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on its Global Exchange Market which is the exchange regulated market of Euronext Dublin. The Global Exchange Market is not a regulated market for the purposes of MiFID II. There can be no assurance that any such approval will be maintained.
<b>Tax Status</b>		See " <i>Tax Considerations</i> ".
<b>Certain ERISA Considerations</b>		See " <i>Certain ERISA Considerations</i> ".
<b>Withholding Tax</b>		No gross-up of any payments will be payable to the Noteholders. See Condition 9 ( <i>Taxation</i> ).
<b>Additional Issuances</b>		<p>Subject to certain conditions being satisfied (including the prior written approval of the Retention Holder), additional Notes of all existing Classes or of the Subordinated Notes may be issued and sold. See Condition 17 (<i>Additional Issuances</i>).</p> <p>Additional Notes that are not fungible with original Notes for U.S. federal tax purposes will be issued with a separate securities identifier.</p>

**EU Risk Retention Requirements**

The Retention Notes will be subscribed for by the Collateral Manager on the Issue Date and, pursuant to the Collateral Management and Administration Agreement, the Collateral Manager will undertake to retain the Retention Notes, with the intention of complying with the EU Retention Requirements. See "*The EU Retention and Disclosure Requirements*" and "*Risk Factors – Regulatory Initiatives – Securitisation, Risk Retention and Due Diligence Requirements – EU Securitisation Requirements*".

**US Risk Retention Requirements**

The U.S. Risk Retention Rules generally require the "sponsor", either directly or through a "majority-owned affiliate", to retain an economic interest in the credit risk of a securitisation transaction. The Collateral Manager has informed the Issuer that neither it nor any of its affiliates intends to satisfy the Minimum Risk Retention Requirement on the Issue Date in reliance on the Mandate. The statements contained in this Offering Circular regarding the expected application of the U.S. Risk Retention Rules and the LSTA Decision are solely based on publicly available information as of the date of this Offering Circular. See also "*Risk Factors – Regulatory Initiatives – Securitisation, Risk Retention and Due Diligence Requirements – U.S. Risk Retention Requirements*".

**EU Disclosure Requirements**

In respect of the EU Disclosure Requirements, the Issuer has been designated as the entity required to make available the reports and information necessary to fulfil the EU Disclosure Requirements and the Collateral Manager and, to the extent agreed by the Collateral Administrator, the Collateral Administrator will provide certain assistance to the Issuer in this regard (including, in relation to the Collateral Manager, agreeing with the Issuer the form, content, timing and manner of distribution of any reports and information necessary to fulfil the reporting requirements) pursuant to the Collateral Management and Administration Agreement. See further "*Risk Factors – Regulatory Initiatives – EU Disclosure Requirements*" and "*The EU Retention and Disclosure Requirements – EU Disclosure Requirements*" below.

## **RISK FACTORS**

An investment in the Notes of any Class involves certain risks, including risks relating to the Collateral securing such Notes and risks relating to the structure and rights of such Notes and the related arrangements. There can be no assurance that the Issuer will not incur losses on the Collateral Obligations or that investors in the Notes will receive a return on any or all of their investment. 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*".

### **1. General**

#### **1.1 General**

It is intended that the Issuer will invest in Collateral 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 should consider, among other things, the risk factors set out in this section before deciding whether to invest in the Notes. Except as is otherwise stated below, such risk factors are generally applicable to all Classes of Notes, although the degree of risk associated with each Class of Notes will vary in accordance with the position of such Class of Notes in the Priorities of Payment. See Condition 3(c) (*Priorities of Payment*). In particular: (i) payments in respect of the Class A-1 Notes are generally higher in the Priorities of Payment than those of the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes; (ii) payments in respect of the Class A-2 Notes are generally higher in the Priorities of Payment than those of the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes; (iii) payments in respect of the Class B Notes are generally higher in the Priorities of Payment than those of the Class C Notes, the Class D Notes and the Subordinated Notes; (iv) payments in respect of the Class C Notes are generally higher in the Priorities of Payment than those of the Class D Notes and the Subordinated Notes and (v) payments in respect of the Class D Notes are generally higher in the Priorities of Payment than those of the Subordinated Notes. Neither the Placement Agent nor the Trustee undertake 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 Placement Agent 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, regulatory, accounting and financial evaluation of the merits and risks of investment in such Notes and that they consider the suitability of such Notes as an investment in light of their own circumstances and financial condition and that of any accounts for which they are acting.

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

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

#### **1.4 Business and Regulatory Risks for Vehicles with Investment Strategies such as the Issuer's**

Legal, tax and regulatory changes could occur over the course of the life of the Notes that may adversely affect the Issuer. The regulatory environment for vehicles of the nature of the Issuer is evolving, and changes in regulation may adversely affect the value of investments held by the Issuer and the ability of the Issuer to obtain the leverage it might otherwise obtain or to pursue its investment and trading strategies. In addition, the securities and derivatives markets are subject to comprehensive 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 transactions of a type similar to this transaction and 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**

Over the past several years, European financial markets have experienced volatility and have been adversely affected by concerns over economic contraction in certain EU member states, 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 "*Euro and Euro Zone Risk*" below, it is possible that countries that have adopted the Euro could return to a national currency. The effect on a national economy as a result of it leaving the Euro is impossible to predict, but is likely to be negative. The exit of one or more countries from the Euro zone could have a destabilising effect on all European economies and possibly the global economy as well.

Significant risks for the Issuer and investors exist as a result of the current economic conditions. These risks include, among others, (i) the likelihood that the Issuer will find it more difficult to sell any of its assets or to purchase new assets in the secondary market, (ii) the possibility that, on or after the Issue Date, the price at which assets can be sold by the Issuer will have deteriorated from their effective purchase price and (iii) the illiquidity of the Notes. These additional risks may affect the returns on the Notes to investors and/or the ability of investors to realise their investment in the Notes prior to their Maturity Date, if at all. In addition, the primary market for a number of financial products including leveraged loans has not fully recovered from the effects of the global credit crisis. As well as reducing opportunities for the Issuer to purchase assets in the primary market, this is likely to increase the refinancing risk in respect of maturing assets. Although there have recently been signs that the primary market for certain financial products is recovering, particularly in the United States of America, the impact of the economic crisis on the primary market may adversely affect the flexibility of the Collateral Manager to invest and, ultimately, reduce the returns on the Notes to investors.

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

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

Many financial institutions, including banks, continue to suffer from capitalisation issues in a regulatory environment which may increase the capital requirement for certain businesses. The bankruptcy or insolvency of a major financial institution may have an adverse effect on the Issuer, particularly if such financial institution is a grantor of a participation in an asset or is a Hedge Counterparty to a 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.

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

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 from an economic downturn at the same time or to the same degree as such other recovering sectors.

A novel coronavirus (SARS-CoV-2) and related respiratory disease (coronavirus disease (COVID-19)) recently emerged in China and has spread to many countries throughout the world, including the UK and several other European countries. This outbreak of novel coronavirus has adversely impacted global commercial activity and contributed to significant volatility in the financial markets, and has led and continues to lead to disruptions in the economies of nations where the novel coronavirus has arisen (including the UK). The global impact of the outbreak has been rapidly evolving, and many countries have reacted by instituting quarantines and restrictions on travel. Such actions are creating disruption in global supply chains, and adversely impacting a number of industries, such as transportation, hospitality and entertainment. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. In addition, there can be no assurance that, as a result of deterioration of the creditworthiness of the Obligors and/or the impact on the economies affected by the novel coronavirus, a rating (including any proposed Initial Rating assigned to any Class of Rated Notes and/or the ratings applicable to Collateral Obligations, such ratings being downgraded prior to the Issue Date) assigned to any of Class of the Rated Notes will remain for any given period of time and, such rating may be downgraded at any time by the Rating Agencies, the impact of which includes, but is not limited to, the designation of an Effective Date Rating Event. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of the novel coronavirus. Nevertheless, the novel coronavirus presents a material uncertainty and risk with respect to the Issuer and the Issuer's performance and financial results. It is impossible to determine the scope of this outbreak and any future outbreaks or the impact on the Notes at this time.

## **1.6 Illiquidity in respect of collateralised debt obligations may affect the Noteholders**

In previous years, events in the collateralised debt obligation (including CLO), leveraged finance and fixed income markets have resulted in substantial fluctuations in prices for leveraged loans and high yield securities and limited liquidity for such instruments. No assurance can be made that conditions giving rise to similar price fluctuations and limited liquidity may not emerge following the Issue Date. During periods of limited liquidity and higher price volatility, the Issuer's ability to acquire or dispose of Collateral Obligations at a price and time that the Issuer 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 unable to acquire desired positions quickly; and the Issuer's inability to dispose fully and promptly of positions in declining markets may exacerbate losses suffered by the Issuer when Collateral Obligations are sold.

## **1.7 Euro and Euro Zone Risk**

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

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

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

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

## **1.8 UK Referendum on Membership of the EU**

On 23 June 2016, the United Kingdom (the “UK”) held an advisory referendum with respect to its continued membership of the EU (the “**Referendum**”). The result of the Referendum was a vote in favour of leaving the EU. Whilst the result of the Referendum itself is clear, the full consequences are not.

Article 50 of the Treaty on European Union (“**Article 50**”) provides that a Member State which decides to withdraw from the EU is required to notify the European Council of its intention to do so. The UK government gave formal notice of the UK’s intention to withdraw from the EU pursuant to Article 50 on 29 March 2017, which triggered the commencement of a negotiation process between the UK and the EU in respect of the arrangements for the UK’s withdrawal from the EU and the framework of the future relationship between the UK and the European Union (the “**article 50 withdrawal agreement**”).

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

Under the terms of the ratified article 50 withdrawal agreement, a transition period has now commenced which will last until 31 December 2020. During this period, most European Union rules and regulations will continue to apply to and in the UK and negotiations in relation to a free trade agreement will be ongoing. Under the article 50 withdrawal agreement, the transition period may, before 1 July 2020, be extended once by up to two years. However, the UK legislation ratifying the article 50 withdrawal agreement (the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 (as so amended, the “**EUWA**”) contains a prohibition on agreeing any extension to the transition period. While this does not entirely remove the prospect that the transition period will be extended (as UK Parliament could pass legislation that would override the effect of the prohibition in the EUWA), the likelihood of a further extension is significantly reduced and the risk is increased that by 31 December 2020 no trade agreement on future relationship between the UK and the European Union is reached at all or a significantly narrower agreement is reached than that envisaged by the political declaration by the European Commission and the UK Government. The European Union and the UK Government have continued preparations for a “hard” Brexit (or “no-deal” Brexit) to minimise the risks for firms and businesses associated with an exit without agreement as to the EU-UK future trade relationship at the end of the transition period. This has included the UK Government publishing further draft secondary legislation under powers provided in EUWA to ensure that there is a functioning statute book at the end of the transition period.

Upon the end of the transition period, and subject to agreement on (and the terms of) any future UK-EU relationship, EU law will cease to apply in the UK. However, many EU laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced or amended. Over the years, English law has been devised to function in conjunction with EU law (in particular, laws relating to financial markets, financial services, prudential and conduct regulation of financial institutions, financial collateral, settlement finality and market infrastructure). As a result, depending on the terms of the UK’s exit from the EU, substantial amendments to English law may occur. Due to the ongoing political uncertainty as regards the structure of the future relationship between the UK and the European Union, it is not possible to determine the precise impact on general economic conditions in the UK. It is also not possible at this time to predict the consequences on the Portfolio or the Issuer’s business, financial condition, results of operations or prospects. Such changes could be materially detrimental to Noteholders.

## 1.9 Reliance on Rating Agency Ratings

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

### 1.10 Flip Clauses

The validity and enforceability of certain provisions in contractual priorities of payment (such as the 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, provided such provisions form part of a commercial transaction entered into in good faith which does not have as its predominant purpose, or one of its main purposes the deprivation of the property of one of the parties on bankruptcy, the anti-deprivation principle was not breached by such provisions.

In the U.S. courts, the U.S. Bankruptcy Court for the Southern District of New York in *Lehman Brothers Special Financing Inc. v. BNY Corporate Trustee Services Limited. (In re Lehman Brothers Holdings Inc.)*, Adv. Pro. No. 09-1242-JMP (Bankr. S.D.N.Y. May 20, 2009) examined a flip clause contained in an indenture related to a swap agreement and held that such a provision, which seeks to modify one creditor's position in a priority of payments when that creditor files for bankruptcy, is an unenforceable ipso facto clause under the U.S. Bankruptcy Code (Title 11 of the United States Code) (the "**U.S. Bankruptcy Code**"). Judge Peck also found that the Code's safe harbour provisions, which protect certain contractual rights under swap agreements, did not apply to the flip clause because the flip clause provisions were contained in the indenture, and not the swap agreement itself. Judge Peck acknowledged that this has resulted in the U.S. courts coming to a decision "directly at odds with the judgement of the English Courts". While BNY Corporate Trustee Services Ltd filed a motion for and was granted leave to appeal with the U.S. Bankruptcy Court, the case was settled before the appeal was heard. On 28 June 2016, the U.S. Bankruptcy Court issued a decision in *Lehman Brothers Special Financing Inc. v. Bank of America National Association, et al. Case No. 10-3547 (In re Lehman Brothers Holdings Inc.)*, Chapter 11 Case No. 10-03547 (Bankr S.D.N.Y. June 28, 2016). In this decision, the court held that not all priority of payment provisions would be unenforceable ipso facto clauses under the U.S. Bankruptcy Code. Instead, the court identified two materially distinct approaches to such provisions. Where a counterparty's automatic right to payment priority ahead of the noteholders is "flipped" or modified upon, for example, such counterparty's default under the swap document, the court confirmed that such priority provisions were unenforceable ipso facto clauses. Conversely, the court held that priority provisions where no right of priority is established until after a termination event under the swap documents has occurred were not ipso facto clauses, and, therefore, fully enforceable. Moreover, even where the provisions at issue were ipso facto clauses, the Court found that they were nonetheless enforceable under the Code's safe harbour provisions. Specifically, the Court concluded that priority of distribution was a necessary part of liquidation of a swap agreement, which the safe harbour provisions expressly protect. The Court effectively limited the analysis in the *BNY* case to cases where the flip provisions are only in an indenture, and do not constitute part of the swap agreement. This judgment highlights the difference in approach taken between U.S. and English law on this subject, although it significantly reduces the practical differences in outcome. Lehman filed a notice of appeal with regards to this decision on 6 February 2017. In addition, there remain several actions in the U.S. commenced by debtors of Lehman Brothers concerning the enforceability of flip clauses and this is likely to be an area of continued judicial focus particularly in respect of multi-jurisdictional insolvencies.

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

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

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of termination payments in certain circumstances, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Notes. If any rating assigned to the Notes is lowered, the market value of the Notes may reduce.

### 1.11 LIBOR and EURIBOR Reform

Various interest rate benchmarks (including the London Inter-Bank Offered Rate (“**LIBOR**”) and the Euro Interbank Offered Rate (“**EURIBOR**”) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

For example, in the EU a regulation (the “**Benchmark Regulation**”) on indices used as benchmarks in financial instruments and financial contracts entered into force on 30 June 2016. It is directly applicable law across the EU (which, for these purposes, includes the UK). The applicable date for the majority of its provisions was 1 January 2018.

Potential effects of the Benchmark Regulation include (among other things):

- (A) an index which is a “benchmark” could not be used by a supervised entity in certain ways if its administrator does not obtain authorisation (or, if based in a non-EU jurisdiction, the administrator is not otherwise recognised as equivalent);
- (B) the methodology or other terms of the “benchmark” could be changed in order to comply with the terms of the Benchmark Regulation; and
- (C) an index may be discontinued if it does not comply with the requirements of the Benchmark Regulation, or if its administrator does not obtain authorisation.

In addition, in a speech on 27 July 2017, Andrew Bailey, the Chief Executive of the UK Financial Conduct Authority (“**FCA**”), announced the FCA's intention that the use of LIBOR is expected to be phased out from the end of 2021. The sustainability of LIBOR has been questioned by the FCA as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms (including those discussed below)) for market participants to continue contributing to such benchmarks. Although market participants in the leveraged loan and CLO markets are generally aware of this proposed future phase out of LIBOR, no consensus exists at this time as to the successor benchmark interest rate with respect to the Collateral Obligations that currently bear interest at a LIBOR rate.

The use of LIBOR as a benchmark rate is pervasive throughout the financial markets. While the FCA envisages that market participants will transition away from LIBOR, it is not yet clear what rate or rates would replace it for any particular financial product and how any such change or changes would be implemented.

It is possible that the LIBOR administrator, ICE Benchmark Administration Limited, and the panel banks could continue to produce LIBOR on the current basis after 2021, if they are willing and able to do so. However, the survival of LIBOR in its current form, or at all, is not guaranteed after 2021.

Investors should be aware that:

- (A) any of the international, national or other measures or proposals for reform, or general increased regulatory scrutiny of "benchmarks" could have a material adverse effect on the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks";
- (B) any of these changes or any other changes could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;
- (C) if the applicable rate of interest on any Collateral Obligation is calculated with reference to a benchmark (or currency or tenor) which is discontinued:
  - (i) such rate of interest will then be determined by the provisions of the affected Collateral 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 Obligation and the replacement rate of interest the Issuer must pay under any applicable Hedge Agreement. This could lead to the Issuer receiving amounts from affected Collateral Obligations which are insufficient to make the due payment under the Hedge Agreement, and potential termination of the Hedge Agreement;
- (D) if any of the relevant EURIBOR benchmarks referenced in Condition 6 (*Interest*) is discontinued, interest on the Rated Notes will be calculated under Condition 6(e) (*Interest on the Rated Notes*); In general, fall-back mechanisms which may govern the determination of interest rates where a benchmark rate is not available (such as those described in paragraph (C) immediately above) are not suitable for long term use. Accordingly, in the event a benchmark rate is permanently discontinued, it may be desirable to amend the applicable interest rate provisions in the affected Collateral Obligation, Hedge Agreement or the Notes. Investors should note that the Issuer may, in certain circumstances, amend the Transaction Documents to modify or amend the reference rate in respect of the Notes without the consent of Noteholders, provided that the Controlling Class and the Subordinated Noteholders have consented within the timescale provided in Condition 14(c) (*Modification and Waiver*), in each case, acting by way of Ordinary Resolution. See Condition 14(c) (*Modification and Waiver*);
- (E) if any of the LIBOR, EURIBOR or other related benchmark is materially disrupted, calculated in a different way or discontinued (or the Collateral Manager reasonably expects any of these events will occur), the Issuer may amend, modify, supplement and/or waive the relevant provisions of the Trust Deed and/or the Collateral Management and Administration Agreement and/or any other Transaction Document and may enter into supplemental trust deeds, or any other modification, authorisation or waiver to change the relevant reference rate of the Floating Rate Notes to an alternative base rate, replace references to the relevant benchmarks with respect to Floating Rate Collateral Obligations, amend provisions which reference an index that has an equivalent frequency and setting date to the index applicable to a Floating Rate Collateral Obligation to the extent that no such equivalent is available and make any other amendments as are necessary or advisable in the reasonable judgement of the Collateral Manager to facilitate the foregoing changes, in each case, subject to the consent of the Controlling Class and the Subordinated Noteholders (in each case by Ordinary Resolution), as set out and further described in Condition 14(c)(xxx) (*Modification and Waiver*); and
- (F) the administrator of a relevant benchmark will not have any involvement in the Collateral Obligations or the Notes and may take any actions in respect of such benchmark without regard to the effect of such actions on the Collateral Obligations or the Rated 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 Obligations which pay interest linked to a EURIBOR rate or other benchmark (as applicable), and (ii) Rated Notes.

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

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

Many jurisdictions have adopted wide-ranging anti-money laundering, economic and trade sanctions, and anti-corruption and anti-bribery laws, and regulations (collectively, the "**AML Requirements**"). Any of the Issuer, the Placement Agent, the Collateral Manager or the Trustee could be requested or required to obtain certain assurances from prospective investors intending to purchase Notes and to retain such information or to disclose information pertaining to them to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. It is expected that the Issuer, the Placement Agent, the Collateral Manager and the Trustee will comply with AML Requirements to which they are or may become subject and to interpret such AML Requirements broadly in favour of disclosure. Failure to honour any request by the Issuer, the Placement Agent, the Collateral Manager or the Trustee to provide requested information or take such other actions as may be necessary or advisable for the Issuer, the Placement Agent, the Collateral Manager or the Trustee to comply with any AML Requirements, related legal process or appropriate requests (whether formal or informal) may result in, among other things, a forced sale to another investor of such investor's Notes. In addition, it is expected that each of the Issuer, the Placement Agent, the Collateral Manager and the Trustee intends to comply with applicable anti-money laundering and anti-terrorism, economic and trade sanctions, and anti-corruption or anti-bribery laws, and regulations of the United States and other countries, and will disclose any information required or requested by authorities in connection therewith. A Noteholder may also be obliged to provide information they may have previously identified or regarded as confidential to satisfy the Issuer's AML Requirements.

#### **1.13 Third Party Litigation; Limited Funds Available**

The Issuer's investment activities may subject it to the risks of becoming involved in litigation by third parties. This risk may be greater where the Issuer exercises control or significant influence over a company's direction. The expense of defending against claims against the Issuer by third parties and paying any amounts pursuant to settlements or judgments would be borne by the Issuer in accordance with the Priorities of Payment. The funds available to the Issuer to pay certain fees and expenses of the Trustee, the Collateral Administrator and for payment of the Issuer's other accrued and unpaid Administrative Expenses are limited to amounts available in accordance with the Priorities of Payment. In the event that such funds are not sufficient to pay the expenses incurred by the Issuer, the ability of the Issuer to operate effectively may be impaired, and the Issuer may not be able to defend or prosecute legal proceedings that may be brought against it or that the Issuer might otherwise bring to protect its interests.

#### **1.14 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 determines at any time that any holder of an interest in a Rule 144A Note is a "**Non-Permitted Noteholder**", the Issuer shall, promptly after determination that such person is a Non-Permitted Noteholder by the Issuer, send notice to such Non-Permitted Noteholder demanding that such Non-Permitted Noteholder transfer its interest outside the United States to a non-U.S. Person or to a person that is not a Non-Permitted Noteholder within 30 days of the date of such notice. If such Non-Permitted Noteholder fails to effect the transfer required within such 30 day period, (a) the Issuer or the Collateral Manager on its behalf 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 QIB/QP and (b) pending such transfer, no further payments will be made in respect of such beneficial interest.

## **2. Taxation**

### **2.1 Financial Transaction Tax**

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

Under the Commission Proposal, the proposed FTT would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State or the financial instrument in which the parties are dealing is issued in a Participating Member State. The FTT may apply to both transaction parties where one of these circumstances applies. The FTT may also apply to dealings in the Collateral Obligations to the extent the Collateral Obligations constitute financial instruments within its scope, such as bonds. In such circumstances, amounts due to Noteholders may be adversely affected.

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 conditions for a charge to arise are satisfied and the FTT is adopted based on the European Commission's proposal. Primary market transactions referred to in Article 5(c) of Regulation EC No 1287/2006 are expected to be exempt. There is however some uncertainty in relation to the intended scope of this exemption for certain money market instruments and structured issues.

The FTT proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to implementation, the timing of which remains unclear. Additional EU member states may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to any FTT and its potential impact on their dealings in the Notes before investing.

### **2.2 Irish VAT Treatment of the Collateral Management Fees and Collateral Administration Fees**

The Issuer has been advised that under current Irish domestic law, the Collateral Management Fees and any fees due to the Collateral Administrator (the "**Collateral Administration Fees**") should be exempt from VAT in Ireland. This is on the basis that they should be treated as consideration paid for collective portfolio management services provided to a "qualifying company" as defined in section 110 of the Taxes Consolidation Act of Ireland 1997, as amended (TCA).

This exemption is based upon Article 135(1)(g) of Council Directive 2006/112/EC on the Common System of VAT, which provides that Member States shall exempt from VAT the management of "special investment funds" as defined by Member States.

Historically, a similar position has been taken by the Netherlands, however recent developments have changed this and the approach of the Dutch tax authorities currently is that collateral management and administration services are subject to VAT in the Netherlands with effect from 1 April 2019. This change in approach stems in part from the decision of the Court of Justice of the European Union on 9 December 2015 in the case of *Staatssecretaris van Financiën v Fiscale Eenheid X NV cs Case C-595/13*. The *Fiscale Eenheid X* case concerned whether a Dutch fund investing in real estate could qualify as a "special investment fund". The Court decided



that funds such as those under consideration that are not UCITS could only qualify as “special investment funds” if they are “*subject to specific State supervision*” because only “*investment funds that are subject to specific State supervision can be subject to the same conditions of competition and appeal to the same circle of investors*” as UCITS.

Partly in response to the *Fiscale Eenheid X* case, the European Commission has asked the VAT Committee (an advisory body comprising representatives from tax authorities of all of the Member States and chaired by a representative from the European Commission) to shed light on the types of entities that can also qualify as “special investment funds”. A large majority of the VAT Committee concluded that an entity cannot qualify as a “special investment fund” if it cannot be seen to target the same circle of investors as UCITS either because of the characteristics of its investment portfolio or because of the conditions under which investors are permitted to participate in the fund.

The views expressed by the VAT Committee are merely advisory and do not necessarily have the agreement of the European Commission. Furthermore, its views are not legally binding and the courts may disagree with them. There is nevertheless a risk that the European Commission will accept the views of the VAT Committee and will conclude that entities such as the Issuer cannot qualify as a “special investment funds” because they are either not subject to the right sort of regulatory supervision in Ireland and/or because they do not target the same circle of investors as UCITS.

Member States have a degree of discretion on how to define “special investment funds”, and therefore there are some discrepancies amongst Member States on the meaning of the term. The *Fiscale Eenheid X* case was about how broad that discretion is. The application of the VAT exemption for “special investment funds” could now be reviewed at a Member State level and/or by the European Commission to ensure that the definitions used are within the ambit of discretion permitted by the VAT Directive.

The Issuer is not aware of any proposal to amend Irish domestic law to remove the exemption from VAT on collateral administration fees and collateral management fees paid by the Issuer. However, it is possible that some Member States (including Ireland) could change their domestic VAT laws, or the European Commission could require them to do so. If so, the Issuer could from then be required to account for VAT in Ireland in respect of the Collateral Administration Fees and Collateral Management Fees. The standard VAT rate in Ireland is currently 23%. It is also possible that Ireland could be required to recover the benefit of the VAT exemption obtained before the date on which the law changes from the Issuer together with interest.

The imposition of VAT in Ireland on the Collateral Management Fees or the Collateral Administration Fees will not constitute a Note Tax Event or a Collateral Tax Event. Accordingly, Noteholders will not become entitled to redeem the Notes in accordance with Condition 7(g) (*Redemption following Note Tax Event*) or Condition 7(b)(i)(B) (*Optional Redemption in Whole – Subordinated Noteholders/Collateral Manager*) as a consequence thereof. Furthermore, it may not be possible to substitute the Issuer with another company that is incorporated in another jurisdiction within the European Economic Area that does not charge VAT on CLO collateral management and administration fees.

## **2.3 Foreign Account Tax Compliance Act Withholding**

Under FATCA, the Issuer may be subject to a 30 per cent. withholding tax on certain income. Under an intergovernmental agreement entered into between the United States and Ireland, the Issuer will not be subject to withholding under FATCA if it complies with Irish implementing legislation that requires the Issuer to provide the name, address and taxpayer identification number of, and certain other information with respect to, certain holders of Notes to the Irish Tax Authorities, which would then provide this information to the United States Internal Revenue Service (or any successor thereto) (the “**IRS**”). The Issuer expects to comply with the intergovernmental agreement and the implementing legislation; however, there can be no assurance that the Issuer will be able to do so. Moreover, FATCA could be amended to require the Issuer to withhold on “passthru” payments to holders that fail to provide certain information to the Issuer or are certain “foreign financial institutions” that do not comply with FATCA. If a Noteholder fails to provide the Issuer or its agents with any correct, complete and accurate information or documentation that may be required for the Issuer to comply with FATCA and to prevent the imposition of U.S. federal withholding tax under FATCA on payments to or for the benefit of the Issuer, or if the Noteholder’s ownership of any Notes would otherwise cause the Issuer to be subject to tax under FATCA, the Issuer is authorised to withhold amounts otherwise distributable to the Noteholder, to compel the Noteholder to sell its Notes, and, if the Noteholder does not sell its Notes within 10 Business Days after notice from the Issuer, to sell the Noteholder’s Notes on behalf of the Noteholder.

## 2.4 OECD Action Plan on Base Erosion and Profit Shifting

Fiscal and taxation policy and practice is constantly evolving and at present the pace of evolution has been quickened due to a number of developments which include, but are not limited to, the Organisation for Economic Co-operation and Development ("OECD") Base Erosion and Profit Shifting project ("BEPS").

One of the action points ("**Action 6**") is the prevention of treaty abuse by developing model treaty provisions to prevent the granting of treaty benefits in inappropriate circumstances. At a minimum, countries which participate in the BEPS project are required to include in their tax treaties: (i) an express statement that the common intention of each contracting state which is party to such treaties is to eliminate double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance; and one, or both, of (ii) a "limitation benefits" ("LOB") rule; and (iii) a "principal purposes test" ("PPT") rule.

The PPT rule could deny a treaty benefit (such as a reduced rate of withholding tax) if it is reasonable to conclude, having regard to all facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in those circumstances would be in accordance with the object and purpose of the relevant provisions of the treaty. In order to effect changes to existing tax treaties, the OECD published the text and explanatory statement of the "Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting" (the "Multilateral Instrument" or "MLI"). The Multilateral Instrument is to be applied alongside existing tax treaties (rather than amending them directly), modifying the application of those existing treaties in order to implement BEPS measures.

Action 6 is implemented into the double tax treaties Ireland has entered into with the United Kingdom and other jurisdictions by the inclusion of a principal purpose test ("**PPT**").

The MLI entered into force for Ireland on 1 May 2019. As a general rule, it is effective for Ireland's tax treaties:

- with respect to taxes withheld at source, from 1 January 2020; and
- with respect to all other taxes levied by Ireland, for taxes levied with respect to taxable periods beginning on or after 1 November 2019.

The date on which the MLI modifies each treaty depends on when Ireland's treaty partners deposit their own instruments of ratification.

The United Kingdom and Ireland signed the MLI with both countries indicating that the double tax treaty entered into between the United Kingdom and Ireland is to be designated as a Covered Tax Agreement ("CTA"), being a tax treaty that is to be modified by the MLI. The modifications made by the MLI are effective in respect of withholding tax from 1 January 2020.

It remains to be seen what specific changes will be made to any other double tax treaty on which the Issuer may rely (for example, in receiving interest from an overseas borrower at a potentially reduced rate of withholding tax under an applicable double tax treaty). A change in the application or interpretation of these double tax treaties might result in the Issuer being treated as having a taxable permanent establishment outside of Ireland, in denying the Issuer the benefit of Ireland's network of double tax treaties or in other tax consequences for the Issuer. In each case, this could have a material adverse effect on the Issuer's business, tax and financial position.

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

Investors should also note that other action points (such as Action 4, which can deny deductions for financing costs, see the risk factor entitled "EU Anti-Tax Avoidance Directive" below) may be implemented in a manner which affects the tax position of the Issuer. In addition, there may be subsequent proposals.

### *Consequences of a denial of treaty benefits*

If, as a consequence of Action 6, the Issuer were to be denied the benefit of a treaty entered into by Ireland and as a consequence payments were made to the Issuer subject to withholding taxes, and the Obligor does not make "gross-up" payments that cover the full amount of any such withholding taxes, the amounts available to make payments on, or distributions to, the Noteholders would accordingly be reduced. If the Issuer receives any interest payments on any Collateral Obligation net of any applicable withholding tax, the Interest Coverage Tests and the Minimum Weighted Average Spread Tests will be determined by reference to such net receipts. A Collateral Tax Event shall occur if the aggregate amount of any withholding tax on payments in respect of the Collateral Obligations during any Due Period is in excess of 6 per cent. of the aggregate interest payments due on all Collateral Obligations during such Due Period (other than any additional interest arising as a result of the operation of any gross-up provision), following which the Rated Notes may be redeemed (in whole but not in part) at the option of the Subordinated Noteholders, acting by Ordinary Resolution. See Condition 7(b) (*Optional Redemption*).

### *EU Anti-Tax Avoidance Directive*

Further to the publication by the OECD of its BEPS recommendations, the EU Commission published a draft Anti-Tax Avoidance Directive on 28 January 2016, which was formally adopted by the EC Council on 12 July 2016 in Council Directive (EU) 2016/1164 ("**ATAD I**"). ATAD I must be implemented by each Member State by 2019, subject to derogations for Member States which have equivalent measures in their domestic law. ATAD I requires the introduction of rules in relation to (i) controlled foreign company rules, (ii) rules regarding anti-hybrid mismatches within the EU, (iii) general interest limitation rules, and (iv) a general anti-abuse rule ("**GAAR**").

Amongst the measures contained in ATAD I is an interest deductibility limitation rule similar to the recommendation contained in the BEPS Action 4 proposals. The Irish Minister for Finance had stated that Ireland would not introduce these rules until 2024. However, the Irish Department of Finance has more recently stated that Ireland will continue to engage with the European Commission in this regard and commenced work to examine options to bring forward the process of transposition from the original planned deadline of end of 2023. It is generally expected that the interest limitation rules will be introduced in Ireland from 1 January 2021.

Until the timing and manner of implementation of the interest deductibility limitation rule is known, it is not possible to provide detailed guidance on the impact of the rule on the Issuer's Irish tax position.

The ATAD I interest limitation rules provide that interest costs in excess of the higher of (a) EUR 3,000,000 or (b) 30 per cent of an entity's earnings before interest, tax, depreciation and amortisation will not be deductible in the year in which they are incurred but would remain available for carry forward. However, the restriction on interest deductibility would only be in respect of the amount by which the borrowing costs exceed "interest revenues and other equivalent taxable revenues from financial assets".

There is also a carve-out in the ATAD I for financial undertakings, although as currently drafted the Issuer would not be treated as a financial undertaking. The EU Commission is also pursuing other initiatives, such as the introduction of a common corporate tax base, the impact of which, if implemented, is uncertain.

### *EU Anti-Hybrid Rules*

On 21 February 2017, the Economic and Financial Affairs Council of the European Union agreed an amendment to ATAD I to provide for minimum standards for counteracting hybrid mismatches involving EU Member States and third countries which the EU Council adopted on 29 May 2017 ("**ATAD II**"). ATAD II requires EU Member States to either delay and/or deny deduction of payments, expenses or losses or include payments as taxable income, in case of hybrid mismatches. ATAD II significantly extends the rules on hybrid mismatches. It has been implemented in Ireland by way of Finance Act 2019 with the provisions effective from 1 January 2020 (other than with respect to reverse hybrids). A hybrid mismatch arrangement is a crossborder arrangement that generally uses a hybrid entity or hybrid instrument and results in a mismatch in the tax treatment of a payment across jurisdictions.

ATAD II covers, inter alia, hybrid mismatches arising between (i) associated enterprises, (ii) head offices and permanent establishments, (iii) permanent establishments of the same entity or (iv) under certain structured arrangements. The forms of hybrid mismatch that are most likely to be relevant to an entity such as the Issuer

relate to financial instrument mismatches and hybrid entity mismatches.

The Issuer's Irish tax position may be impacted by Ireland's implementation of the anti-hybrid legislation which occurred as part of Finance Act 2019. To the extent the Issuer is deemed to be associated with any of its Noteholders, or is engaged in certain transactions which have, as their purpose, the exploitation of hybrid mismatches, these anti-hybrid rules may impact the deductibility of payments of interest by the Issuer to certain Noteholders. Associated for these purposes includes direct and indirect participation in terms of voting rights or capital ownership of 25% or more or an entitlement to receive 25 % or more (50% in certain circumstances) of the profits of that entity as well as entities that are part of the same consolidated group for financial accounting purposes or enterprises that have a significant influence in the management of the taxpayer.

Noteholders are not currently anticipated to be persons who would be considered associated with the Issuer, merely by reason of holding Notes.

## **2.5 United States Federal Income Tax Treatment of the Issuer**

If the Issuer were to breach certain of its covenants and acquire certain assets (for example, a "United States real property interest" or an equity interest in an entity that is treated as a partnership for U.S. federal income tax purposes and that is itself engaged in a trade or business within the United States), including upon a foreclosure, or breach certain of its other covenants, the Issuer could be treated as engaged in a U.S. trade or business for U.S. federal income tax purposes. Moreover, a breach of certain of these covenants may not give rise to a default or Collateral Manager Event of Default under the Trust Deed or the Collateral Management and Administration Agreement and may not give rise to a claim against the Issuer or the Collateral Manager. A change in law or its interpretation also could result in the Issuer being treated as engaged in a trade or business within the United States for U.S. federal income tax purposes.

If it is determined that the Issuer is treated as engaged in a trade or business in the United States for U.S. federal income tax purposes, and the Issuer has taxable income that is effectively connected with such U.S. trade or business, the Issuer will be subject under the Code to the regular U.S. corporate income tax on its effectively connected taxable income, which may be imposed on a gross basis, and possibly to a 30 per cent. branch profits tax and state and local taxes as well. The imposition of such a tax liability could materially adversely affect the Issuer's ability to make payments on the Notes.

## **2.6 Withholding Tax on the Notes**

So long as the Notes remain listed on the Global Exchange Market of Euronext Dublin or another recognised stock exchange for the purposes of Section 64 of the TCA, no withholding tax would currently be imposed in Ireland on payments of principal or interest on the Notes. However, there can be no assurance that the law will not change or that payments will not otherwise be subject to withholding taxes. In particular, the Issuer has the right to withhold on all payments made to any beneficial owner of an interest in any of the Notes that fails to comply with its requests for identifying information to enable the Issuer to comply with FATCA or to certain FFIs that fail to comply with FATCA or an applicable IGA. See "*Foreign Account Tax Compliance Act Withholding*" above.

In the event that any withholding tax or deduction for tax is imposed on payments of principal or interest 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 (other than in the circumstances set out in the definition thereof, including, without limitation, withholding tax in respect of FATCA), the Notes may be redeemed in whole but not in part at the direction of the holders of (i) the Controlling Class or (ii) the Subordinated Notes but subject to the consent of the Collateral Manager, in each case acting by way of Ordinary Resolution and 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 Notes in such circumstances in accordance with the Priorities of Payment. Investors should note that, in the event of the occurrence of a Note Tax Event, such redemption of the Notes at the direction of the Subordinated Noteholders will only be effective if Collateral Manager consent is procured.

## **2.7 Withholding tax in respect of the Collateral Obligations**

At the time when they are acquired by the Issuer, Eligibility Criteria require that payments of interest on the Collateral Obligations either will not be reduced by any withholding tax imposed by any jurisdiction or, if and to the extent that any such withholding tax does apply, the relevant Obligor will be obliged to make gross up payments to the Issuer that cover the full amount of such withholding tax.

However, there can be no assurance that, as a result of any change in any applicable law, rule or regulation or interpretation thereof or otherwise, the payments on the Collateral Obligations might not be or in the future become subject to withholding tax or increased withholding tax rates in respect of which the relevant Obligor will not be obliged to gross up 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 or (b) any domestic exemption under the current applicable law in the jurisdiction of the borrower.

In the event that the Issuer receives any interest payments on any Collateral 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 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.

The occurrence of any withholding tax imposed by any jurisdiction owing to a change in law or due to FATCA may result in the occurrence of 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*).

## **2.8 United States Tax Characterisation of the Notes**

Upon the issuance of the Notes, Allen & Overy LLP will deliver an opinion generally to the effect that under current law, assuming compliance with the Transaction Documents, and based on certain assumptions and factual representations made by the Issuer and/or the Collateral Manager, the Class A Notes, the Class B Notes and the Class C Notes will be treated, and the Class D Notes should be treated, as debt of the Issuer for U.S. federal income tax purposes.

The Issuer has agreed and, by its acceptance of a Note, each Noteholder (and any beneficial owners of any interest therein) will be deemed to have agreed, to treat the Rated Notes as debt of the Issuer and the Subordinated Notes as equity in the Issuer, in each case for U.S. federal income tax purposes, except as otherwise required by applicable law and for certain limited purposes. The determination of whether a Note will or should 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. 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 any particular Class or Classes of the Rated Notes as equity in the Issuer. 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.

## **2.9 The Issuer will be treated as a passive foreign investment company, and may be treated as a controlled foreign corporation for U.S. federal income tax purposes**

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 any Class of Notes treated as equity for U.S. federal income tax purposes may be subject to adverse tax consequences, which may be mitigated if such U.S. holder elects to treat the Issuer as a qualified electing fund and to recognise currently its proportionate share of the Issuer's income whether or not distributed to such U.S. holder. In addition, depending on the overall ownership of interests in the Issuer, a U.S. holder of 10 per cent. or more, directly or by attribution, of any Class of Notes treated as equity for U.S. federal income tax purposes 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 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 its current income its pro rata share of such earnings, income or amounts whether or not the Issuer actually makes any payments to such Noteholder. The Issuer will cause its independent accountants to provide any U.S. holder of Subordinated Notes, upon request by such U.S. holder and at the Issuer's expense, with the information reasonably available to the Issuer that a U.S. holder would need to make a qualified electing fund election and/or to comply with the controlled foreign corporation rules. The Issuer will cause its independent accountants to provide any U.S. holder of the Class D Notes, upon request by such U.S. holder and at the Issuer's expense, with the information reasonably available to the Issuer that a U.S. holder would need to make a protective qualified electing fund election and/or to comply with the controlled foreign corporation rules. As described above under "*United States Tax Characterisation of the Notes*", the Issuer intends to treat the Rated Notes as indebtedness. Nevertheless, the IRS could assert, and a court could ultimately hold, that a Class of Rated Notes, in particular the Class D Notes, are equity in the Issuer for U.S. federal income tax purposes.

### **3. Regulatory Initiatives**

In Europe, the U.S. and elsewhere there has been, and continues to be, increased political and regulatory scrutiny of banks, the financial industry and the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold or trade asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Placement Agent, the Collateral Manager, the Retention Holder, the Trustee nor any of their Affiliates makes any representation to any prospective investor or purchaser of the Notes regarding the impact of such regulation on such prospective investor or purchaser of the Notes or the regulatory capital treatment of their investment in the Notes on the Issue Date or at any time in the future.

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

No representation is made as to the proper characterisation of the Notes for legal investment, financial institution regulatory, financial reporting or other purposes, as to the ability of particular investors to invest in the Notes under applicable legal investment or other restrictions or as to the consequences of an investment in the Notes for such purposes or under such restrictions. All prospective investors in the Notes whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements, or review by regulatory authorities should consult with their own legal, accounting and other advisors in determining whether, and to what extent, the Notes will constitute legal investments for them or are subject to investment or other regulatory restrictions, unfavourable accounting treatment, capital charges, reserve requirements or other consequences.

Without limitation to the above, regulatory initiatives which are relevant include the following:

#### **3.1 Basel III/IV**

Investors should note that the Basel Committee on Banking Supervision ("**BCBS**") has approved a series of significant changes to the Basel framework for prudential regulation (such changes being commonly referred to by the BCBS as "**Basel III**" and referred to, colloquially, as Basel III in respect of reforms finalised prior to 7 December 2017 and "**Basel IV**" in respect of reforms finalised on or following that date). The Basel III/IV reforms, which include revisions to the credit risk framework in general and the securitisation framework in particular, may result in increased regulatory capital and/or other prudential requirements in respect of securitisation positions. The BCBS continues to work on new policy initiatives. National implementation of the Basel III/IV reforms may vary those reforms and/or their timing. It should also be noted that changes to prudential requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe. Investors in the Notes are responsible for analysing their own regulatory position and prudential regulation treatment applicable to the Notes and should consult their own advisors in this respect.

### 3.2 Securitisation, Risk Retention and Due Diligence Requirements

#### *EU Securitisation Requirements*

The Securitisation Regulation entered into force on 17 January 2018 and has applied since 1 January 2019. The Securitisation Regulation applies to certain parties (including sponsors, original lenders, originators and securitisation special purpose entities (“SSPEs”)) involved in the establishment of EU regulated securitisations, the securities of which are issued on or after 1 January 2019, and to certain institutional investors therein. Among other things, the Securitisation Regulation includes provisions harmonising and replacing the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to such investors.

There are material differences between the regulatory rules which applied to securitisations prior to 1 January 2019 and the regime which now applies pursuant to the Securitisation Regulation. Notably the Securitisation Regulation imposes requirements on a wide range of institutional investors (as defined under the regulation), which includes categories of investors which were not subject to such prior requirements. Investors should therefore make themselves aware of the Securitisation Regulation requirements (and any corresponding implementing rules of their regulator) and the extent to which such requirements are applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes.

Investors should note that, unlike the previous regime, in addition to requirements which apply to investors (as to which see further below), the Securitisation Regulation places a direct requirement on originators, sponsors, original lenders and SSPEs established in the EU to, amongst other things, (i) in respect of originators, sponsors and original lenders only, retain on an on-going basis a material net economic interest in the securitisation of not less than 5 percent and (ii) make certain information available to holders of a securitisation position, competent authorities and (upon request) potential investors in accordance with the transparency requirements set out therein. The Securitisation Regulation also places requirements on an institutional investor intending to invest in an EU regulated securitisation to, amongst other things, (i) be able to demonstrate that such investor has carried out a due-diligence assessment in respect of various matters including the risk characteristics of the individual securitisation and its underlying exposures, (ii) verify that 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 material net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures, (iii) verify, where applicable, certain matters relating to the granting of credits giving rise to the underlying exposures by the originator or original lender and (iv) verify that the originator, sponsor or SSPE has, where applicable, made available to the investor certain information in accordance with the transparency requirements therein. An institutional investor is also subject to various requirements under the Securitisation Regulation relating to procedures and other matters related to the monitoring of such investment. Please see “*Risk Factors – Regulatory Initiatives – EU Disclosure Requirements*”.

Failure to comply with one or more of the requirements described above may result in various administrative sanctions or remedial measures being imposed on the relevant investor, originator, sponsor, lender and/or SSPE (as applicable), which may be payable or reimbursable by the Issuer as Administrative Expenses to the extent such sanctions or measures are in the form of pecuniary sanctions imposed on the Issuer or the Collateral Manager (save that the Collateral Manager shall not be reimbursed for pecuniary sanctions imposed upon it to the extent such sanctions are imposed as a result of (A) a Collateral Manager Breach or (B) a breach by the Collateral Manager of its obligations under Article 6, Article 7 or Article 9(1) of the Securitisation Regulation resulting in a pecuniary fine imposed on the Collateral Manager unless the Collateral Manager has acted upon guidance, rules, directions and/or statements of good practice provided to it (or to a reputable law firm on the Collateral Manager’s behalf which passes on such guidance to the Collateral Manager) from, or published by, the relevant competent authority (as determined under the Securitisation Regulation), the European Securities and Markets Authority or the European Banking Authority) of the Collateral Management and Administration Agreement). The rules establishing sanctions are to be set by the individual member states of the EEA in accordance with the framework set out in the Securitisation Regulation. Among other things, this framework allows for criminal sanctions and specifies maximum fines of at least EUR 5,000,000 (or equivalent) or of up to 10 per cent. of total annual net turnover, or (even if that is higher than the other maximum levels stated) at least twice the amount of the benefit derived from the infringement. Investors should note that there may be variance in the way individual member states implement their respective rules relating to remedies for failing to meet the requirements of the Securitisation Regulation and in the manner the same are applied by the competent authorities designated by each member state.

As at the date of this Offering Circular, the technical standards which are expected to provide more granular guidance on the application of the provisions of the Securitisation Regulation to the transaction are still in the process of being finalised. Without limiting the foregoing, investors should be aware that at this time, there is limited binding guidance relating to the satisfaction of the Securitisation Regulation requirements. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remains unclear, particularly in respect of Article 7 of the Securitisation Regulation, as to which see "*Risk Factors – Regulatory Initiatives – EU Disclosure Requirements*". 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. The imposition of sanctions or remedial measures on the Issuer may directly and adversely affect the amounts payable under Notes and otherwise affect the performance of the Issuer's obligations. The imposition of sanctions or remedial measures on the Collateral Manager as "sponsor" may adversely affect the Collateral Manager's performance of its ongoing obligations under the Transaction Documents and consequently may adversely affect the sums payable under Notes. The matters described in this section may also have a negative impact on the price and liquidity of the Notes in the secondary market.

Each prospective investor in the Notes is required to independently assess and determine whether the information provided herein and in any reports or documents provided or to be provided to investors in relation to this transaction is sufficient to comply with the EU Retention and Disclosure Requirements or any other regulatory requirement to which they may be subject. Notwithstanding anything in this Offering Circular to the contrary, none of the Issuer, the Collateral Manager, the Arranger, the Agents, the Trustee, their respective Affiliates nor any other person makes any representation, warranty or guarantee that any such information is sufficient for such purposes or any other purpose or that the structure of the Notes, (including the holding of the Retention Notes) and the transactions described herein are compliant with the requirements described above or any other applicable legal or regulatory or other requirements and no such person shall have any liability to any prospective investor or any other person with respect to the insufficiency of such information or any failure of the transactions contemplated hereby to satisfy or otherwise comply with the requirements of the EU Retention and Disclosure Requirements, the implementing provisions in respect of the EU Retention and Disclosure Requirements in their relevant jurisdiction or any other applicable legal, regulatory or other requirements. Each prospective investor in the Notes which is subject to the Securitisation Regulation should consult with its own legal, regulatory, 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 the EU Retention and Disclosure Requirements or similar requirements of which it is uncertain. Prospective investors should therefore make themselves aware of the requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes.

The Securitisation Regulation and any other changes in the law or regulation, the interpretation or application of any law or regulation or changes in the regulatory capital treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, may have a negative impact on the price and liquidity of the Notes in the secondary market. Without limitation to the foregoing, no assurance can be given that the requirements of the Securitisation Regulation, or the interpretation or application thereof, will not change (whether as a result of the legislative proposals put forward by the European Commission or otherwise), and, if any such change is effected, whether such change would affect the regulatory position of current or future investors in the Notes. The Retention Holder does not have an obligation to change the quantum or nature of its holding of the Retention Notes due to any future changes in the EU Retention Requirements or in the interpretation thereof.

See further "*Risk Factors – Regulatory Initiatives – EU Disclosure Requirements*" and "*The EU Retention and Disclosure Requirements*" below.

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

On 21 October 2014, the final rules implementing the credit risk retention requirements of Section 941 of the Dodd-Frank Act (the "**U.S. Risk Retention Rules**") were issued and became effective 24 December 2016. Except with respect to asset-backed securities transactions that satisfy certain exemptions, the U.S. Risk Retention Rules generally require securitisers of asset-backed securities to retain not less than five per cent. of the credit risk of the securitised assets collateralising the CLO issuer's securities (the "**Minimum Risk Retention Requirement**").



The U.S. Risk Retention Rules became effective on December 24, 2016 with respect to asset-backed securities collateralized by assets other than residential mortgages. As further discussed in the adopting release with respect to the U.S. Risk Retention Rules, the entity acting as the collateral manager of a collateralized loan obligation transaction (a "**CLO**") was initially considered the "sponsor" of such CLO. However, on February 9, 2018, a three-judge panel (the "**Panel**") of the United States Court of Appeals for the District of Columbia held, in *The Loan Syndications and Trading Association v. Securities and Exchange Commission and Board of Governors of the Federal Reserve System*, No. 1:16-cv-0065 (the "**LSTA Decision**"), that collateral managers of "open market CLOs" (described in the LSTA Decision as CLOs where assets are acquired from "arms-length negotiations and trading on an open market") are not "securitizers" or "sponsors" under Section 941 of the Dodd-Frank Act and, therefore, are not subject to risk retention and do not have to comply with the U.S. Risk Retention Rules. The Panel's opinion in the LSTA Decision became effective on 5 April 2018, when the district court entered its order following the issuance of the appellate mandate on 3 April 2018 (the "**Mandate**") in respect thereof. Accordingly, the Collateral Manager has informed the Issuer that neither it nor any of its affiliates intends to satisfy the Minimum Risk Retention Requirement on the Issue Date in reliance on the Mandate.

It should be noted that the LSTA Decision did not address whether an "open market CLO" includes transactions such as this one, in which the Issuer is permitted to acquire bonds in addition to loans, however, consistent with an "open market CLO", the Issuer is expected to acquire any bonds pursuant to arms-length negotiations in the open market. However, there can be no assurance that the federal agencies responsible for the U.S. Retention Requirements will not seek to distinguish this transaction from the open market CLOs covered by the LSTA Decision and apply the U.S. Retention Requirements to this transaction. If it is subsequently determined that this CLO transaction does not constitute an "open-market CLO" following the Issue Date, then the Collateral Manager may fail to comply (or not be able to comply) with the U.S. Risk Retention Rules, which may have a material adverse effect on the Collateral Manager, the Issuer and/or the market value and/or liquidity of the Notes.

So long as the LSTA Decision remains in effect, investors will not be entitled to the protections previously afforded by the U.S. Risk Retention Rules that required CLO collateral managers to have "skin in the game" and to comply with certain disclosure obligations specified in the U.S. Risk Retention Rules. No assurance can be made whether or not any governmental authority will continue to take further legislative or regulatory action in response to past or future economic crises, or otherwise, including by adopting new credit risk retention rules for "open market CLOs," and the effect (and extent) of such actions, if any, cannot be known or predicted.

In the event that the U.S. Risk Retention Rules become applicable to this transaction in the future, whether as a result of regulatory action or governmental action, the Collateral Manager (or a "majority-owned affiliate" thereof) may be required to acquire additional Notes (either in the secondary market or through an additional issuance of Notes). In addition, in the event that the U.S. Risk Retention Rules become applicable to this transaction in the future if it is subsequently determined that this CLO transaction does not constitute an "open-market CLO", failure to comply with the U.S. Risk Retention Rules may have an adverse effect on the Collateral Manager or its Affiliates, as such failure could constitute a violation of the U.S. Exchange Act. Any such failure to comply may result in significant negative reputational consequences and may adversely affect the ability of the Collateral Manager to perform its obligations under the Collateral Management and Administration Agreement or the Indenture or the market value and liquidity of the Notes.

In the event that the U.S. Risk Retention Rules become applicable to this transaction in the future, whether as a result of regulatory action or governmental action or if it is subsequently determined that this CLO transaction does not constitute an "open-market CLO", the Issuer's ability to effect any additional issuance of Notes, any Refinancing, or any material amendment may be impaired or limited. As a result, the U.S. Risk Retention Rules may adversely affect the Issuer (and the performance, market value and/or liquidity of the Notes) if the Issuer is unable to undertake any such additional issuance, Refinancing, or any other material amendment. In granting or withholding its consent to any such action to the extent it is required under the Trust Deed with respect thereto, it should be expected that the Collateral Manager will act in its own self-interest (and will not take into account the interests of any other Person, including the Issuer and/or any Holders of Notes) and not consent to any of the foregoing actions if to do so might cause the Collateral Manager to be concerned about its ability to comply with the U.S. Risk Retention Rules, and will have no obligation to effect any of the foregoing actions if doing so would, in the sole determination of the Collateral Manager, require the Collateral Manager or any of its Affiliates, under the U.S. Risk Retention Rules, to purchase or retain Notes in connection with such action.

The statements contained herein regarding the U.S. Risk Retention Rules and the LSTA Decision are based on publicly available information solely as of the date of this Offering Circular. To the extent the U.S. Risk Retention

Rules apply after the date hereof, the ultimate interpretation as to whether any action taken by an entity complies with the U.S. Risk Retention Rules will be a matter of interpretation by the applicable governmental authorities or regulators.

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

### *Japanese Retention Rule*

The Japanese Financial Services Agency recently published a rule introducing risk retention and disclosure requirements as part of the regulatory capital regulation of certain categories of Japanese investors (such investors, "**Japanese Affected Investors**") seeking to invest in securitisation transactions (the "**Final JRR Rules**"). Among other things, the Final JRR Rules will require Japanese Affected Investors to apply higher risk weighting to securitisation exposures they hold unless such investor can conclude (on the basis of appropriate due diligence) either that the applicable "originator" (as defined in the Final JRR Rules) or another party "deeply involved in the organization of the securitised product" has committed to hold a retention piece of at least 5 per cent. of the total exposure of the underlying assets in the securitisation transaction or that the underlying assets were not "inappropriately originated". Under the Final JRR Rules, Japanese Affected Investors will be subject to punitive capital requirements and/or other regulatory penalties with respect to investments in securitisation transactions that fail to comply with the Final JRR Rules.

The Final JRR Rules became effective on 31 March 2019 with respect to securities issued in securitisation transactions on and after such date, including the Notes. No official English language translation of the Final JRR Rules has been made available as of the date hereof and no assurances can be made as to the content, impact or interpretation of the Final JRR Rules and in particular it is unclear how 5 per cent. of the total exposure of the underlying assets is to be calculated for purposes of the Final JRR Rules and what materials a Japanese Affected Investor may rely on to determine whether the underlying assets in a securitisation were not "inappropriately originated."

The Final JRR Rules may deter Japanese Affected Investors from purchasing Notes, which may limit the liquidity and trading of the Notes, and as a consequence may adversely affect the market price of the Notes. In addition, the Final JRR Rules may deter Japanese Affected Investors from purchasing CLO debt generally, which may adversely affect leveraged loan or CLO markets generally and the Issuer's ability to refinance the Notes in particular.

Each purchaser or prospective purchaser of the Notes is responsible for analysing its own regulatory position and is advised to consult with its own advisers regarding the suitability of the Notes for investment and the applicability of the Final JRR Rules to this transaction. None of the Issuer, the Collateral Manager, the Retention Holder, the Placement Agent, the Arranger the Trustee, the Agents or any other Person offers any assurances as to compliance with the Final JRR Rules (or regarding actions by any such Person to facilitate compliance with the Final JRR Rules by any other Person) or makes any representation, warranty or agreement regarding the Final JRR Rules (including whether any Collateral Obligation was or was not "inappropriately originated" or with respect to the Retention Holder's obligations under the Risk Retention Letter or the ability of Japanese Affected Investors to conclude that this transaction complies with the requirements of the Final JRR Rules.

### **3.3 Retention Financing**

On or about the Issue Date, the Retention Holder will enter into financing arrangements (the "**Retention Financing**") in respect of the Retention Notes and will transfer title to the Retention Notes in connection with the Retention Financing. The Retention Financing will be on full-recourse terms. The Retention Financing would be provided directly or indirectly to the Retention Holder by a funding vehicle which is a special purpose vehicle whose shares are held on charitable trust (the "**Retention Lender**"). Although the Retention Holder will transfer legal and beneficial title to the Retention Notes to the Retention Lender as part of the Retention Financing, the Retention Holder would retain the economic risk in, but not legal ownership of, the Retention Notes. None of the Placement Agent, the Collateral Manager, the Retention Holder, any Agent, the Issuer, the Trustee or any of their respective Affiliates makes any representation, warranty or guarantee that the Retention Financing will comply with the EU Retention Requirements. In particular, should the Retention Holder or Retention Lender default in

the performance of its obligations under the Retention Financing, or the Retention Financing is otherwise terminated before its stated maturity (being the Maturity Date), the Retention Holder would not be entitled to have the Retention Notes (or equivalent securities) retransferred to it and instead the Retention Financing will terminate on a cash settlement basis. In exercising its rights pursuant to the Retention Financing, the Retention Lender would not be required to have regard to the EU Retention Requirements (to the extent applicable to this transaction), and any such termination of the Retention Financing may therefore cause the transaction described in this Offering Circular to be non-compliant with the EU Retention Requirements. See “*Conflicts of Interest*”.

The establishment and running costs of any Retention Financing (including, for the avoidance of doubt, legal fees, indemnification amounts and the cost of establishing and maintaining a special purpose vehicle for the purposes of such arrangements) will, at the direction of the Retention Holder, be payable by the Issuer as Administrative Expenses.

### 3.4 EU Disclosure Requirements

Article 7 of the Securitisation Regulation contains transparency requirements that require the originator, sponsor and SSPE of a securitisation to make certain prescribed information relating to the securitisation available to investors, to competent authorities and, upon request, to potential investors (the **Relevant Recipients**).

#### *Required Disclosure*

The Bank of New York Mellon SA/NV, Dublin Branch, acting on behalf of the Issuer and on the instructions of the Issuer (or the Collateral Manager on behalf of the Issuer), has made drafts of the applicable documentation (as provided to it by or on behalf of the Issuer) referred to in Articles 7(1)(b) and 7(1)(c) of the Securitisation Regulation (the “**Pre-Pricing Draft Documents**”) available to the Relevant Recipients before pricing of the Notes via a secure website currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by The Bank of New York Mellon SA/NV, Dublin Branch to the Issuer, the Arranger, the Placement Agent, the Trustee, the Collateral Manager and the Hedge Counterparties and as notified by the Issuer (with reasonable assistance, if the Issuer so requires, from the Collateral Manager) to the Rating Agencies and the Noteholders from time to time) or by such other method of dissemination as is required by the Securitisation Regulation (as instructed by the Issuer or the Collateral Manager on its behalf and as agreed with the Collateral Administrator). Investors should note that the Pre-Pricing Draft Documents are subject to change and that on or after the Issue Date, each Pre-Pricing Draft Document will be replaced by the final or signed (as applicable) version of such document.

Article 7 of the Securitisation Regulation also includes ongoing reporting obligations to be undertaken by the originator, sponsor and SSPE of a securitisation. This includes quarterly portfolio level disclosure (“**Portfolio Reports**”) pursuant to Article 7(1)(a) of the Securitisation Regulation, quarterly investor reports containing certain information prescribed by Article 7(1)(e) of the Securitisation Regulation (“**Investor Reports**” and together with the Portfolio Reports, the “**Transparency Reports**”), any inside information relating to the securitisation that the reporting entity is obliged to make public under the Market Abuse Regulation (“**Inside Information**”) and any significant events in relation to the securitisation (“**Significant Events**”).

The Transparency Reports are to be made available simultaneously, with the first publication within 3 months of the Issue Date. Thereafter, the Transparency Reports are to be made available on a quarterly basis within one month of each Payment Date (or following the occurrence of a Frequency Switch Event, not less than 3 months after the most recent publication). Any Inside Information and the notification of any Significant Event is required to be made available without delay.

On 22 August 2018, ESMA published its final report (the “**Final Report**”) on the technical standards on the disclosure requirements under the Securitisation Regulation. The Final Report follows on from ESMA’s consultation paper dated 19 December 2017 and consisted of draft regulatory technical standards and draft implementing technical standards, which included detailed disclosure templates that are required to be completed with respect to the Transparency Reports, Inside Information and Significant Events. The Commission indicated in a letter to ESMA published on 18 December 2018 that it will endorse such technical standards only once certain amendments are introduced. In response to the Commission’s letter, on 31 January 2019 ESMA published an opinion on the technical standards on disclosure requirements. The European Commission adopted a form of draft regulatory technical standards on 16 October 2018 and the European Parliament and the Council now have a prescribed period following such adoption during which they may object to such draft regulatory technical standards.

On 30 November 2018, ESMA confirmed in a joint statement with the other European Supervisory Authorities (“ESAs”) that, as per the grandfathering provisions of the Securitisation Regulation with respect to the reporting obligations, until the regulatory technical standards relating to Article 7 of the Securitisation Regulation (the “**Article 7 RTS**”) are adopted by the European Commission, for the purposes of the Transparency Reports, the reporting entity shall make available the information referred to in Annexes I to VIII of Delegated Regulation (EU) 2015/3. In light of such joint statement, the Issuer shall (with the assistance of the Collateral Manager and Collateral Administrator), prior to the Securitisation Regulation Reporting Effective Date, make available information to Relevant Recipients through the Payment Date Reports for the purposes of the EU Disclosure Requirements.

It should be noted that in the joint statement referred to in the paragraph above, the ESAs stated that they expect competent authorities to generally apply their supervisory powers in their day-to-day supervision and enforcement of applicable legislation in a proportionate and risk-based manner. This approach entails that competent authorities can, when examining reporting entities’ compliance with the disclosure requirements of the Securitisation Regulation take into account the type and extent of information already being disclosed by reporting entities. This approach does not entail general forbearance, but a case-by-case assessment by the competent authorities of the degree of compliance with the Securitisation Regulation.

Having regard to the ESAs’ statement, while the Issuer believes that by the approach described above the Issuer is taking reasonable steps to comply with the transitional provisions, no assurance can be given as to how such approach will be viewed by the ESAs or any competent authority.

The transaction described herein will have to comply with the reporting obligations relating to the Transparency Reports from the Securitisation Regulation Reporting Effective Date. There remains significant uncertainty as to the final form in which Article 7 RTS will be published and how any ambiguities therein or operational challenges arising therefrom should be approached by market participants and clarification is being sought by industry participants on some of these matters.

It should be noted that the Issuer may incur additional costs and expenses in seeking to comply with such disclosure obligations and certain amendments may be required in relation to the Transaction Documents. Such costs and expenses would be payable by the Issuer as Administrative Expenses.

#### *Reporting Entity*

The originator, sponsor and SSPE must designate amongst themselves one entity to fulfil certain of the EU Disclosure Requirements (the “**reporting entity**”). The Issuer shall, pursuant to the Collateral Management and Administration Agreement, agree to act as the reporting entity for the transaction described herein.

The Collateral Manager and, to the extent agreed by the Collateral Administrator, the Collateral Administrator will provide certain assistance to the Issuer in this regard (including, in relation to the Collateral Manager, agreeing with the Issuer the form, content, timing and manner of distribution of any reports and information necessary to fulfil the reporting requirements) pursuant to the terms of the Collateral Management and Administration Agreement. Any failure by the Collateral Manager or the Collateral Administrator to fulfil such obligations may cause the transaction to be non-compliant with the Securitisation Regulation.

For the avoidance of doubt, to the extent the Collateral Administrator agrees to provide such information and reporting on behalf of the Issuer, the Collateral Administrator will not assume any responsibility for the Issuer’s obligations as the entity responsible to fulfil reporting obligations under the EU Disclosure Requirements. In providing such information and reporting, the Collateral Administrator also assumes no responsibility or liability to any third party, including any Noteholders or potential Noteholders (including for their use or onward disclosure of any documentation disseminated by the Collateral Administrator) and shall have the benefit of the powers, protections and indemnities granted to it under the Transaction Documents.

As of the date of this Offering Circular, it is not clear what form the final version of the Article 7 RTS will take or whether or not the Issuer will be able to comply with the requirements therein. If a regulator determines that the transaction did not comply or is no longer in compliance with the reporting obligations, then investors may be required by their regulator to set aside additional capital against their investment in the Notes or take other remedial measures in respect of their investment in the Notes. The Issuer and the Collateral Manager may be subject to administrative sanctions in the case of negligence or intentional infringement of the EU Disclosure Requirements, as described under “*Securitisation, Risk Retention and Due Diligence Requirements – EU*”

*Securitisation Requirements*" above. Any such pecuniary sanctions levied on the Issuer may materially adversely effect the Issuer's ability to perform its obligations under the Notes and any such pecuniary sanction levied on the Collateral Manager may materially adversely effect the ability of the Collateral Manager to perform its obligations under the Transaction Documents and could have a negative impact on the price and liquidity of the Notes in the secondary market.

See further "Securitisation, Risk Retention and Due Diligence Requirements – EU Securitisation Requirements" for certain other information relevant to investors in respect of the Securitisation Regulation.

### 3.5 EMIR

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

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

Non-financial counterparties (as defined in EMIR) are exempted from the clearing obligation and certain additional risk mitigation obligations (such as the posting of collateral) provided the gross notional value of all OTC derivative contracts entered into by the non-financial counterparty and other non-financial entities within its "group", excluding eligible hedging transactions, does not exceed certain thresholds (set per asset class of OTC derivative contracts). If the Issuer is considered to be a member of a "group" (as defined in EMIR) (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 counterparties within any such group exceeds the applicable thresholds, the Issuer would be subject to the clearing obligation, or if the relevant contract is not a type required to be cleared, to the risk mitigation obligations, including the margin requirement. Whilst the Hedge Transactions are expected to be treated as eligible 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", exceeds the applicable thresholds, a regulator may take a different view. If the Issuer exceeds the applicable thresholds and its swaps become subject to mandatory clearing, this may also lead to a termination of the Hedge Agreements or restricting their terms.

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

#### *Clearing Obligations*

For major market participants grouped under "Category 1" and "Category 2", in respect of certain interest rate OTC derivative contracts denominated in the G4 currencies (euro, GBP, USD and Japanese Yen), the clearing obligation took effect from 21 June 2016 and 21 December 2016 respectively and will take effect for other entities on a phased-in timeline on 21 June 2019 ("Category 3") and on 21 December 2018 (for non-financial counterparties that are not AIFs grouped under "Category 4"). Following closely behind are the clearing go-live dates for certain index credit default swaps and interest rate swaps denominated in certain non-G4 European currencies, which also adopt a phased-in approach across counterparty type and applied to Category 1 entities from 9 February 2017.

Key details in respect of the clearing obligation remain to be provided through corresponding regulatory technical standards. In particular, whilst certain regulatory technical standards have been published in respect of certain classes of OTC derivative contracts, including those referenced immediately above, others are yet to be proposed and/or published.

The clearing obligation may, in certain circumstances, also apply to swap arrangements entered into prior to the relevant future effective date (so called "front loading"), although the regulatory technical standards contemplate that this will not be the case for swap contracts entered into by non-financial counterparties which are not AIFs.

#### *Margin Requirements*

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

The RTS detail the risk mitigation obligations and margin requirements in respect of non-cleared OTC derivatives, list exemptions from the rules and specify the criteria regarding intragroup exemptions. The margin rules will only apply to financial counterparties and non-financial counterparties above the clearing threshold, requiring all in scope entities to collect and post variation margin and, for those counterparties/groups with the highest volumes of uncleared derivatives, require the collection of initial margin too. The previous intention was for the margin requirement to take effect on dates ranging originally from 1 September 2016 (for certain entities with a non-cleared OTC derivative portfolio above €3 trillion) to 1 September 2020 (for certain entities with a non-cleared OTC derivative portfolio above €8 billion). Following the December 2016 publication, for those entities with the biggest relevant derivatives portfolios i.e. above €3 trillion, the EMIR margin requirements (both initial and variation margin) took effect from 4 February 2017. Initial margin requirements will otherwise be phased in by reference to outstanding relevant uncleared derivatives until 1 September 2020 and the EMIR variation margin requirements generally took effect from 1 March 2017, following the same general timeline as the corresponding US, Japanese and Canadian requirements.

If the Issuer becomes subject to the clearing obligation or to 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 the ability of the Issuer to hedge interest rate and currency risk, the amounts payable to Noteholders may be negatively affected as the Collateral Manager may be precluded from executing its investment strategy in full.

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

If the Issuer were unable to comply with such requirements, it could result in the sale of obligations under any Currency Hedge Transactions and/or termination of relevant Hedge Agreements. Hedge Counterparties may also be unable to enter into hedge transactions with the Issuer. This would limit the Issuer's ability to invest in Non-Euro Obligations and put it in breach of its obligation to enter into Currency Hedge 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.

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

Prospective investors should also be aware that EMIR has been subject to a review with a view to effect a number of amendments. In particular, on 4 May 2017 the Commission published its proposal for a Regulation amending EMIR as regards the clearing obligation, the suspension of the clearing obligation, the reporting requirements, the risk-mitigation techniques for OTC derivatives contracts not cleared by a central counterparty, the registration and supervision of trade repositories and the requirements for trade repositories (the "**Proposal**"). The Proposal

contained features which may have impacted the Issuer's ability to hedge the Notes: securitisation special purpose entities such as the Issuer were to be classified as financial counterparties ("**FCs**"). FCs (to be subject to a newly introduced clearing threshold per asset class for FCs) are subject to the clearing obligation under EMIR. While the clearing threshold is unlikely to be exceeded by the Issuer, an FC is subject to the margin rules for uncleared swaps as summarised above. A requirement on the Issuer to post margin, as highlighted above, will adversely affect its ability to enter currency hedge swaps and its ability to enter currency hedge swaps and its ability to acquire Non-Euro Obligations and/or manage interest rate risk.

On 15 November 2017 and 28 November 2017, the Council of the European Union published its amendments to the Proposal (the "**Compromise Proposal**"). The Compromise Proposal deleted the inclusion of securitisation special purpose entities in the FC definition and this position was confirmed in the text adopted by the European Parliament in plenary session on 12 June 2018. The European Parliament and the Council reached a political agreement on the Compromise Proposal on 5 February 2019 and published the final compromise text (the "**EMIR Refit Regulation**"), which was approved and came into force on 17 June 2019.

### 3.6 Alternative Investment Fund Managers Directive

The AIFMD regulates alternative investment fund managers ("**AIFMs**") and provides in effect that each alternative investment fund (an "**AIF**") 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 would be imposed on the Collateral Manager in respect of its management of the Portfolio. Such duties and responsibilities, were they to apply to the Collateral Manager's management of the assets of the Issuer, may result in significant additional costs and expenses incurred by the Collateral Manager which, in respect of some such fees and expenses, may be reimbursable by the Issuer to the Collateral Manager pursuant to the Collateral Management and Administration Agreement as an Administrative Expense, which may in turn negatively affect the amounts payable to Noteholders. If the Collateral Manager was to fail to, or be unable to, be appropriately regulated, the Collateral Manager may not be able to continue to manage the Issuer's assets, or its ability to do so may be impaired. Any regulatory changes arising from implementation of the AIFMD (or otherwise) that impair the ability of the Collateral Manager to manage the Issuer's assets may adversely affect the Collateral Manager's ability to carry out the Issuer's investment strategy and achieve its investment objective.

The Collateral Manager is not authorised under the AIFMD but is authorised under MiFID II. As the Collateral Manager is not permitted to be authorised under the AIFMD and also to conduct certain regulated activities under MiFID II, it will not be able to apply for an authorisation under the AIFMD unless it gives up its authorisation under MiFID II, in which case it may not be able to satisfy the EU Retention and Disclosure Requirements (see "*Securitisation, 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 and/or other risk mitigation techniques (including margin posting requirements) with respect to Hedge Transactions entered into after the relevant future effective dates. See also "*EU Disclosure Requirements*" above.

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

### 3.7 U.S. Dodd-Frank Act

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

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

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

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.

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

### **3.8 CFTC Regulations**

Pursuant to the Dodd-Frank Act, regulators in the United States have promulgated or are expected to promulgate a range of new regulatory requirements that may affect the pricing, terms and compliance costs associated with the entry into of any Hedge Transaction by the Issuer and the availability of such Hedge Transactions. Some or all of the Hedge Transactions that the Issuer may enter into may be affected by (i) the requirement that certain swaps be centrally cleared and in some cases traded on a designated contract market or swap execution facility, (ii) initial and variation margin requirements of any central clearing organisation (with respect to cleared swaps) or initial or variation requirements as may otherwise be required with respect to uncleared swaps, (iii) recordkeeping obligations, and other matters. These new requirements may significantly increase the cost to the Issuer and/or the Collateral Manager of entering into Hedge Transactions such that the Issuer may be unable to purchase certain types of Collateral Obligations, have unforeseen legal consequences on the Issuer or the Collateral Manager or have other material adverse effects on the Issuer or the Noteholders.

In particular, regulations promulgated by the CFTC or other relevant US regulators requiring the posting of variation margin by entities such as the Issuer (insofar as it enters into Hedge Transactions with any Hedge Counterparty that is also subject to this requirement) have recently gone into effect.

The Transaction Documents as of the Issue Date do not contemplate the Issuer posting variation margin. Accordingly, the application of US regulations to a Hedge Transaction or a proposed Hedge Transaction could have a material, adverse effect on the Issuer's ability to hedge its interest or currency rate exposure, or on the cost of such hedging, have unforeseen legal consequences on the Issuer or have other material adverse effects on the Issuer or the Noteholders.

### **3.9 Commodity Pool Regulation**

The Issuer's ability to enter into Hedge Transactions may cause the Issuer to be a "commodity pool" as defined in the United States Commodity Exchange Act of 1936, as amended ("**CEA**") and the Collateral Manager to be a "commodity pool operator" ("**CPO**") and/or a "commodity trading advisor" (a "**CTA**"), each as defined in the CEA in respect of the Issuer. The CEA, as amended by the Dodd-Frank Act, defines a "commodity pool" to include certain investment vehicles operated for the purpose of trading in "commodity interests" which includes swaps. CPOs and CTAs are subject to regulation by the CFTC and must register with the CFTC unless an exemption



from registration is available. Based on applicable CFTC interpretive guidance, the Issuer is not expected to fall within the definition of a "commodity pool" under the CEA and as such, the Issuer (or the Collateral Manager on the Issuer's behalf) may enter into Hedge Agreements or Hedge Transactions (or any other agreement that would fall within the definition of "swap" as set out in the CEA) following receipt of legal advice from reputable counsel to the effect that entry into such arrangements shall not cause the Issuer to be considered a "commodity pool" as defined in Section 1a(10) of the CEA or that none of the Issuer, its directors or officers, the Collateral Manager or any of its or their affiliates or any other person would be required to register as a CPO and/or a CTA with the CFTC with respect to the Issuer.

Notwithstanding the above, in the event that the CFTC guidance referred to above changes or the Issuer engages in one or more activities that might cause it to fall within the definition of a "commodity pool" under the CEA and no exemption from registration is available, registration of the Collateral Manager as a CPO or a CTA may be required before the Issuer (or the Collateral Manager on the Issuer's behalf) may enter into any Hedge Agreement or Hedge Transaction. Registration of the Collateral Manager as a CPO and/or a CTA could cause the Collateral Manager to be subject to extensive compliance and reporting requirements that would involve material costs which may be passed on to the Issuer. The scope of such compliance costs is uncertain but could adversely affect the amount of funds available to make payments on the Notes. In addition, in the event an exemption from registration were available and the Collateral Manager elected to file for an exemption, the Collateral Manager would not be required to deliver certain CFTC mandated disclosure documents or a certified annual report to investors or satisfy on-going compliance requirements under Part 4 of the regulations promulgated by the CFTC under the CEA, as would be the case for a registered CPO or CTA. Further, the conditions of such exemption may constrain the extent to which the Issuer may be able to enter into swap transactions. In particular, the limits imposed by such exemptions may prevent the Issuer from entering into a Hedge Transaction that the Collateral Manager believes would be advisable or result in the Issuer incurring financial risks that would have been hedged pursuant to swap transactions absent such limits. In addition, the costs of obtaining and maintaining such exemption will be passed on to the Issuer.

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

### **3.10 Volcker Rule**

Section 619 of the Dodd-Frank Act and the corresponding implementing regulations (the "**Volcker Rule**") prohibits "banking entities" as defined under the Volcker Rule (which would include U.S. and non-U.S. banking institutions subject to the rule (and their U.S. and non-U.S. affiliates)) 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 (e.g. if conducted solely for hedging purposes) and/or (ii) except as permitted by the rule, acquiring or retaining any equity, partnership, and/or other similar ownership interest in, and/or sponsoring, certain entities referred to in the Volcker Rule as "covered funds". In addition, in certain circumstances, the Volcker Rule restricts banking entities (and their affiliates) from entering into certain credit exposure related transactions with covered funds with respect to which such banking entity has made and retained an investment and/or serves as the sponsor, investment manager, investment adviser, commodity trading advisor or similar role. Subject to an extension that may have been available to "illiquid funds" after 21 July 2017, full conformance with the Volcker Rule was required from 21 July 2017.

A "covered fund" is defined broadly in the Volcker Rule, and includes any issuer which would be an investment company under the Investment Company Act but is exempt from registration therefrom solely in reliance on either section 3(c)(1) or 3(c)(7) of that Act, subject to certain exemptions and exclusions found in the Volcker Rule (which definition may extend to the Issuer given its intention to rely on section 3(c)(7)). An "ownership interest" is broadly defined in the Volcker Rule and may arise through a holder's exposure to the profits and losses of the covered fund, as well as through any right of the holder to participate in the selection or removal of, among others,

an investment manager or advisor, managing member, investment or collateral manager, or general partner, trustee, or member of the board of directors or similar governing body of the covered fund.

It should be noted that a commodity pool as defined in the CEA (see 3.9 “**Commodity Pool Regulation**”, above) could, depending on which CEA exemption is used by such commodity pool or its commodity pool operator, also fall within the definition of a “covered fund” as described above.

The Issuer may be deemed to be a “covered fund” under the Volcker Rule and, in such circumstances, in the absence of regulatory relief, the provisions of the Volcker Rule will severely limit the ability of “banking entities” and their affiliates to acquire and/or hold an ownership interest in the Issuer and, in the case of banking entities which have certain types of existing business relationships with the Issuer, to enter into certain financial transactions (including credit related transactions) with the Issuer. If the Issuer is deemed to be a “covered fund”, this could significantly impair the marketability and liquidity of the Notes.

The Subordinated Notes will be characterised as ownership interests in the Issuer, and it is uncertain whether any of the Rated Notes may be similarly characterised as ownership interests. Such characterisation may have adverse effects on the Issuer and the liquidity and the value of the Notes in so far as it will prohibit certain “banking entities” from investing in such Notes, including limiting the secondary market of the Notes and affecting the Issuer’s access to liquidity and ability to hedge its exposures. The Transaction Documents provide 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 or (in the case of selecting a replacement collateral manager) on the resignation of the Collateral Manager, which provisions are intended to exclude the Notes from the definition of “ownership interest”. Furthermore, the Transaction Documents have been drafted in a manner so as to disenfranchise the holders of any Notes in the form of CM Removal and Replacement Non-Voting Notes or CM Removal and Replacement Exchangeable Non-Voting Notes in respect of any CM Removal Resolution or CM Replacement Resolution, which disenfranchisement is intended to permit banking entities to acquire and retain such Notes. However, there can be no assurance that these steps will be effective to avoid investments in the Notes by U.S. and non-U.S. banking institutions and their affiliates subject to the Volcker Rule (whether in the form of CM Removal and Replacement Non-Voting Notes or CM Removal and Replacement Exchangeable Non-Voting Notes or otherwise) from being deemed to be an investment in an “ownership interest” in the Issuer.

In 2018, the five federal agencies responsible for implementing the Volcker Rule requested public comment on the need for potential changes to virtually all aspects of the implementing regulations, including those aspects of the regulations relevant to securitisations and their treatment under the Volcker Rule’s covered fund provisions. In 2019, these agencies adopted final regulations consistent with the amendments proposed in 2018. In addition, on 30 January 2020, these agencies proposed additional amendments to the final regulations, including changes relevant to the treatment of securitisations (the “**Proposed Volcker Changes**”). Amongst other proposals, the Proposed Volcker Changes include modifications to exclude from the definition of “ownership interest” certain “senior loans” or “senior debt interests” issued by a covered fund. If the Proposed Volcker Changes are adopted, a class of notes meeting the definition of a “senior debt interest” for purposes of the Proposed Volcker Changes would not constitute an ownership interest in a covered fund, although it is currently unclear which Classes of Notes (other than the Class A Notes) may be considered “senior debt interests” for purposes of the proposed exclusion from the definition of “ownership interest”. It should be noted that the Proposed Volcker Changes may be revised prior to their adoption and there can be no expectation of what changes to the Volcker Rule will constitute the final Proposed Volcker Changes. Investors in the Notes must make their own determination as to how, or if, the Proposed Volcker Changes will affect their investment in the Notes.

Each prospective investor in the Notes is encouraged to independently consider the potential impact of the Volcker Rule and any other similar rules and regulations in respect of any investment in the Notes and none of the Issuer, the Collateral Manager, the Placement Agent, the Trustee, any Agent or the Arranger makes any representation regarding such investment, including (i) the status of the Issuer under the Volcker Rule or (ii) the ability of any investor to acquire or hold the Notes, now or at any time in the future in compliance with the Volcker Rule or any other applicable laws.

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. Investors should conduct their own analysis to determine whether the Issuer is a “covered fund” for their purposes and whether the Volcker Rule permits them to acquire and retain the Notes in compliance therewith.

### 3.11 CRA3

Aspects of Regulation (EC) No 1060/2009 (as amended) (the "**CRA3**") came into force on 20 June 2013 including Article 8(b). In summary, Article 8(b) of the CRA3 requires issuers, sponsors and originators of structured finance instruments such as the Notes to make detailed disclosures of information relating to such instruments. While it was intended that disclosures would start to be made under Article 8(b) from 1 January 2017 in respect of those structured finance instruments for which a reporting template has been specified (which does not include CLOs such as the Notes) and using a website to be set up by the European Securities and Markets Authority ("**ESMA**"), this website has not been set up. In this regard, ESMA issued a statement indicating that it has encountered several issues in preparing the set-up of the website and, given these issues, it does not expect to be in a position to receive disclosures. As a result, there is no mechanism by which relevant entities (including the Issuer) can currently comply with Article 8(b) in general and, as noted above, no reporting template has been specified for CLO transactions in any event. If such a template for CLO transactions were to be published and the website for disclosure were to be set up by ESMA in the future, then the Issuer may incur additional costs and expenses to comply with the disclosure obligations under Article 8(b) and such costs and expenses will be payable by the Issuer as Administrative Expenses. However, subject to certain transitional arrangements as provided for in the Securitisation Regulation, Article 8(b) of the CRA3 has been repealed, and related disclosure requirements will be governed thereafter by the Securitisation Regulation instead. Please see "*Risk Factors – Regulatory Initiatives – EU Disclosure Requirements*" above.

Additionally, Article 8(c) of the CRA3 has introduced a requirement that where an issuer or a related third party intends to solicit a credit rating of a structured finance instruments, it shall obtain two independent ratings for such instruments. Article 8(d) of the CRA3 has introduced a requirement that where an issuer or a related third party intends to appoint at least two credit rating agencies to rate the same instrument, the issuer or a related third party shall consider appointing at least one rating agency having less than a 10.0 per cent. market share among agencies capable of rating that instrument. The Issuer intends to have two rating agencies appointed, but does not make any representation as to market share of either agency, and any consequences for the Issuer, related third parties and investors if an agency does not have a less than 10.0 per cent. market share are not specified. Investors should consult their legal advisors as to the applicability of the CRA3 and any consequence of non-compliance in respect of their investment in the Notes.

### 3.12 EU Bank Recovery and Resolution Directive

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

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

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

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

#### **4. Relating To The Notes**

##### **4.1 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 Placement Agent or their Affiliates, as part of their activities as broker and dealer in fixed income securities, may make a secondary market in relation to these Notes (other than the Subordinated Notes), but is not obliged to do so. Any indicative prices provided by the Placement Agent or their Affiliates shall be determined in the sole discretion of each of the Placement Agent taking into account prevailing market conditions and shall not be a representation by the Placement Agent or their Affiliates that any instrument can be purchased or sold at such prices (or at all). Notwithstanding the above, the Placement Agent or their Affiliates may suspend or terminate making a market and providing indicative prices without notice, at any time and for any reason. 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 until the Maturity Date. Where a market does exist, to the extent that an investor wants to sell these securities, the price may, or may not, be at a discount from the outstanding principal amount. 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 "*Plan of Distribution*" and "*Transfer Restrictions*". Such restrictions on the transfer of the Notes may further limit their liquidity.

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

##### **4.2 Optional Redemption and Market Volatility**

The market value of the Collateral 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 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) (*Optional Redemption*). 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 Payment and certain other amounts.

#### **4.3 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) in the case of a redemption on any Business Day falling on or after the Non-Call Period at the option of the Subordinated Noteholders acting by way of Ordinary Resolution;
- (b) on any Payment Date following the occurrence of a Note Tax Event at the direction of (i) the Controlling Class acting by Ordinary Resolution or (ii) the Subordinated Noteholders acting by Ordinary Resolution but subject to the consent of the Collateral Manager; or
- (c) on any Payment Date 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,

in each case subject to certain requirements and conditions set out herein including, in certain circumstances, the consent of the Collateral Manager. (See Condition 7 (*Redemption and Purchase*).

As described in Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*), subject to certain conditions, 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 direction of (i) the Collateral Manager or (ii) the Subordinated Noteholders (acting by Ordinary Resolution), at least 15 days prior to the Redemption Date to redeem such Class of Rated Notes. 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*).

Investors in the Notes should note that upon the redemption of the Class A-1 Notes, each Class A-1 Noteholder shall receive its *pro rata* share of the Class A-1 Makewhole Payment Amount, provided that (a) such redemption is in accordance with (i) Condition 7(b)(i)(A) (*Optional Redemption in Whole – Subordinated Noteholders*), (ii) Condition 7(b)(ii) (*Optional Redemption in Part – Collateral Manager / Subordinated Noteholders*) or (iii) where such redemption is at the direction of the Collateral Manager and/or Subordinated Noteholders (acting by way of Ordinary Resolution) only, Condition 7(b)(vi) (*Optional Redemption effected through Liquidation only*) only, (b) the Redemption Date in respect of such redemption occurs on any date prior to the Class A-1 Makewhole Payment End Date and (c) no Class A-1 Makewhole Waiver has been delivered to the Collateral Manager in writing at least 1 Business Day prior to such redemption of the Class A-1 Notes. The Class A-1 Makewhole Payment Amount shall be an amount equal to (i) the product of the Applicable Margin multiplied by an amount equal to the Principal Amount Outstanding of the Class A-1 Notes Outstanding on the Class A-1 Optional Redemption Date, multiplied by (ii) an amount equal to the product of (x) the actual number of days in the Class A-1 Makewhole Accrual Period, divided by (y) 360. Class A-1 Noteholders should be aware that they may vote against waiving receipt of the Class A-1 Makewhole Payment Amount but still not receive a Class A-1 Makewhole Payment Amount if Class A-1 Noteholders holding, in aggregate, not less than 50 per cent. of the aggregate Principal Amount Outstanding of the Class A-1 Notes at the time of election, elects to waive such payment amount in accordance with the Conditions.

Following the expiry of the Non-Call Period, the Issuer shall redeem the Rated Notes in whole from Sale Proceeds on any Business Day, if the Collateral Principal Amount is less than 20 per cent. of the Target Par Amount, subject to (i) the right of the holders of not less than 50 per cent. of the aggregate Principal Amount Outstanding of the Subordinated Notes to object to such redemption; and (ii) the right of the Collateral Manager to object to such redemption, in each case in accordance with the Conditions and the Trust Deed.

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 or the Trustee for any failure to obtain a Refinancing. If a Refinancing is obtained meeting the requirements of the Trust Deed, the Issuer may amend the Transaction Documents and the Trustee shall concur with such amendments to the Transaction Documents to the extent the Issuer or the Collateral Manager certifies to the Trustee that such amendments are necessary to reflect the terms of the Refinancing (including to provide for meeting the requirements under Condition 7(b)(v)(D) (*Refinancing in relation to a Redemption in Part*) or that are otherwise permitted under Condition 14(c) (*Modification and Waiver*)) and no further consent for such amendments shall be required from the holders of the 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 Subordinated Notes may also be redeemed at their Redemption Price, in whole but not in part, on any Payment Date on or after the redemption or repayment in full of the Rated Notes (subject, in the case of an Optional Redemption 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) at the direction of the Collateral Manager or the Subordinated Noteholders (acting by way of Ordinary Resolution).

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 Obligations sold.

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

#### **4.4 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 provides written certification to the Trustee (on which the Trustee may rely without further enquiry) that it (A) has been unable, for a period of at least 20 consecutive Business Days using commercially reasonable endeavours, to identify additional Collateral Obligations or Substitute Collateral 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 or Substitute Collateral Obligations or (B) at any time after the Effective Date, has determined, acting in a commercially reasonable manner, that a redemption is required in order to avoid a Rating Event. On the Special Redemption Date, the Special Redemption Amount will be applied in accordance with the Priorities of Payment. 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.

#### **4.5 Mandatory Redemption of the Notes**

Certain mandatory redemption arrangements may result in an elimination, deferral or reduction in the interest payments or principal repayments made to the Class A-1 Noteholders, the Class A-2 Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders or the level of the returns to the Subordinated

Noteholders, including in relation to mandatory redemption following the breach of any of the Coverage Tests. See Condition 7(c) (*Mandatory Redemption upon Breach of Coverage Tests*).

If (i) the Class A Par Value Test is not met on any Determination Date on and after the Effective Date or (ii) the Class A 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-1 Notes and the Class A-2 Notes in accordance with the Note Payment Sequence on the related Payment Date in accordance with and subject to the Priorities of Payment (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption.

If (i) the Class B Par Value Test is not met on any Determination Date on and after the Effective Date or (ii) the Class 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-1 Notes, the Class A-2 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 Payment (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption.

If (i) the Class C Par Value Test is not met on any Determination Date on and after the Effective Date or (ii) 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-1 Notes, the Class A-2 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 Payment (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption.

If the Class D Par Value Test is not met on any Determination Date on and after the Effective Date, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Class A-1 Notes, the Class A-2 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 Payment (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption.

If the Class D 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 to be reinvested in Substitute Collateral Obligations satisfying the Eligibility Criteria or credited to the Principal Account pending such reinvestment, until each such Coverage Test is satisfied if recalculated following such reinvestment.

#### **4.6 The Reinvestment Period may terminate early**

The Reinvestment Period may terminate early if any of the following occur: (a) acceleration following a Note Event of Default or (b) the Collateral Manager notifies the Issuer, the Rating Agencies and the Trustee that it is unable to invest in additional Collateral Obligations in accordance with the Collateral Management and Administration 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.

#### **4.7 The Collateral Manager may reinvest after the end of the Reinvestment Period**

After the end of the Reinvestment Period, the Collateral Manager may continue to reinvest Unscheduled Principal Proceeds received with respect to the Collateral Obligations and the Sale Proceeds from the sale of Credit Risk Obligations and Credit Improved Obligations, subject to certain conditions set forth in the Collateral Management and Administration Agreement. Reinvestment of Unscheduled Principal Proceeds and Sale Proceeds from the sale of Credit Risk Obligations and Credit Improved Obligations will likely have the effect of extending the Weighted Average Life of the Collateral Obligations and the average lives of the Notes.

#### **4.8 Actions May Prevent the Failure of Coverage Tests and a Note Event of Default**

During the Reinvestment Period, subject to certain conditions (including the prior approval of the Retention Holder), the Issuer may issue and sell additional Notes and use the net proceeds to acquire Collateral 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 Obligations or (in the case of an issuance of additional Subordinated Notes) to be applied as Interest Proceeds. See Condition 17 (*Additional Issuances*).

In addition, the Collateral Manager may, pursuant to the Priorities of Payment, redirect funds (including by deferring or waiving payment of some or all of its Collateral Management Fees) or the Subordinated Noteholders may in certain circumstances designate Reinvestment Amounts, in each case to be applied toward the acquisition of additional Collateral Obligations or other Permitted Uses.

The Collateral Manager may make Collateral Manager Advances pursuant to Condition 3(k) (*Collateral Manager Advances*) from time to time to the extent there are insufficient sums standing to the credit of the Supplemental Reserve Account 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 earn a rate of interest at a rate of EURIBOR plus 2 per cent. per annum, where EURIBOR shall be floored at zero for such purpose.

Subordinated Noteholders may elect to make a Reinvestment Amount in accordance with Condition 3(c)(iv) (*Reinvestment Amounts*) by contributing assets to the Issuer either directly or indirectly by designating distributions that would otherwise be made by the Issuer to the Subordinated Noteholder as a contribution back from the Subordinated Noteholder to the Issuer. The Collateral Manager will decide (in consultation with the relevant Subordinated Noteholder but at the discretion of the Collateral Manager) whether such Reinvestment Amount is accepted and, if so accepted, the Permitted Use to which such Reinvestment Amount would be applied.

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 Event 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).

#### **4.9 Limited Recourse Obligations**

The Notes are limited recourse obligations of the Issuer and are payable solely from amounts received in respect of the Collateral. 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, any Collateral Manager Related Person, the Noteholders of any Class, the Placement Agent, the Trustee, any Agent, any Hedge Counterparty, the Corporate Administrator 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 Obligations and other Collateral for the payment of principal, discount, interest and premium, if any, on the Notes. There can be no assurance that the distributions on the Collateral Obligations and other Collateral 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 Payment. 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, any Collateral Manager Related Person, the Noteholders, the Placement Agent, the Trustee, any Agent, any Hedge Counterparty, the Corporate Administrator 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 Payment, 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 D Noteholders; (c) thirdly, the Class C Noteholders; (d) fourthly, the Class B Noteholders; (e) fifthly, the Class A-2 Noteholders; and (f) lastly the Class A-1 Noteholders, in each case in accordance with the Priorities of Payment.

In addition, 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.

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

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

#### **4.11 Subordination of the Notes**

Except as described below the Class A-2 Notes are fully subordinated to the Class A-1 Notes, the Class B Notes are fully subordinated to the Class A-1 Notes and the Class A-2 Notes, the Class C Notes are fully subordinated to the Class A-1 Notes, the Class A-2 Notes and the Class B Notes, the Class D Notes are fully subordinated to the Class A-1 Notes, the Class A-2 Notes, the Class B Notes and the Class C Notes and the Subordinated Notes are fully subordinated to the Rated Notes.

The payment of principal 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 Payment 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-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D 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 Supplemental Reserve Account to be applied in the acquisition of Substitute Collateral Obligations or in the acquisition or exercise of rights under Collateral Enhancement Obligations, and the requirement to transfer amounts to the Principal Account (or to repay principal on the Notes in accordance with the Note Payment Sequence) in the event that the Reinvestment Overcollateralisation Test is not met during the Reinvestment Period.

Notwithstanding the foregoing, at the discretion of the Collateral Manager, payments may be made out of amounts credited to the Supplemental Reserve Account (i) subject to the Incentive Collateral Management Fee IRR Threshold having been reached, to the Collateral Manager in payment of the Incentive Collateral Management Fee and (ii) to the Subordinated Noteholders, in payment of amounts on the Subordinated Notes, in each case, in accordance with the Interest Priority of Payments and/or the Post-Acceleration Priority of Payments. Subordinated Noteholders should note that certain payments made as described in the previous sentence will result in a reduction in amounts available to be distributed to Subordinated Noteholders in accordance with the Priorities of Payment.

Non-payment of any Interest Amounts due and payable in respect of the Class A-1 Notes or the Class A-2 Notes (or the Class B Notes, the Class C Notes or the Class D Notes if such Class of Notes is the Controlling Class and a Frequency Switch Event has occurred) on any Payment Date will constitute a Note Event of Default (where such non-payment continues for a period of at least five Business Days or seven Business Days in the case of an administrative error or omission after the Collateral Administrator or the Principal Paying Agent receives notice of or has actual knowledge of such error or omission). In such circumstances, the Controlling Class, which in these circumstances will be the Class A-1 Noteholders (or following redemption in full of the Class A-1 Notes, as determined pursuant to the definition of "**Controlling Class**"), acting by Ordinary Resolution, may request the Trustee to accelerate the Notes pursuant to Condition 10 (*Events of Default*).

In the event of any redemption in full or acceleration of the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D 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-1 Noteholders, the Class A-2 Noteholders, the Class B Noteholders, the

Class C Noteholders, the Class D 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 D Noteholders, then by the Class C Noteholders, then by the Class B Noteholders, then by the Class A-2 Noteholders and, finally, by the Class A-1 Noteholders. Remedies pursued on behalf of the Class A-1 Noteholders could be adverse to the interests of the Class A-2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Subordinated Noteholders. Remedies pursued on behalf of the Class A-2 Noteholders could be adverse to the interests of the Class B Noteholders, the Class C Noteholders, the Class D 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 and the Subordinated Noteholders. Remedies pursued on behalf of the Class C Noteholders could be adverse to the interests of the Class D Noteholders and the Subordinated Noteholders. Remedies pursued on behalf of the Class D 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-1 Noteholders, the Class A-2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Subordinated Noteholders, 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 A-1 Noteholders over the Class A-2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Subordinated Noteholders; (ii) the Class A-2 Noteholders over the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Subordinated Noteholders; (iii) the Class B Noteholders over the Class C Noteholders, the Class D Noteholders and the Subordinated Noteholders; (iv) the Class C Noteholders over the Class D Noteholders and the Subordinated Noteholders; and (v) the Class D 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 which is given priority as described in this paragraph), the Trustee shall give priority to the group which holds the greater 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, and shall not be obliged to consider the interests of the holders of any other Class of Notes, provided that such action is consistent with the applicable law and with all other provisions of the Trust Deed. See Condition 14(e) (*Entitlement of the Trustee and Conflicts of Interest*).

#### **4.12 Amount and Timing of Payments**

To the extent that Interest Amounts payments on the Class B Notes, the Class C Note or the Class D Notes are not made on a relevant Payment Date, such unpaid interest amounts will be deferred (unless such Class is the Controlling Class and a Frequency Switch Event shall have occurred, in which case non-payment of any Interest Amount due and payable thereon shall, subject to the grace periods set out in Condition 10 (*Events of Default*), constitute a Note Event of Default) and the amount thereof added to the Principal Amount Outstanding of the Class B Notes, the Class C Notes or the Class D 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 B Notes, the Class C Notes or the Class D Notes or to pay interest and principal on the Subordinated Notes at any time, due to there being insufficient funds available to pay such interest in accordance with the applicable Priority of Payment, will not be a Note Event of Default (unless, in the case of the Class B Notes, the Class C Notes and the Class D Notes, such Class is the Controlling Class and a Frequency Switch Event shall have occurred, in which case non-payment of any Interest Amount then due and payable thereon shall, subject to the grace periods set out in Condition 10 (*Events of Default*), constitute 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 Payment. 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 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 Obligations will depend upon the detailed terms of the documentation relating to each of the Collateral Obligations and on whether or not any Obligor thereunder defaults in its obligations.

Even where such Class of Notes is the Controlling Class, failure to pay scheduled interest on the Class B Notes, the Class C Notes or the Class D Notes will not be a Note Event of Default (unless such Class is the Controlling Class and a Frequency Switch Event shall have occurred, in which case non-payment of interest due and payable

thereon shall, subject to the grace periods set out in Condition 10 (*Events of Default*) constitute a Note Event of Default). Holders of such Classes of Notes will consequently have no right to accelerate their Notes or to direct that the Trustee take enforcement action with respect to the Collateral to recover the principal amount of their Notes outstanding in such circumstances.

#### **4.13 Reports Will Not Be Audited**

The Payment Date Reports and the Monthly Reports and, if the Collateral Administrator agrees to provide reporting in this regard, the Investor Reports and the Portfolio 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.

#### **4.14 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.

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

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

Historically, many actions by issuers of 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 or 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 qualifies 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.

The SEC adopted Rule 15Ga-2 and Rule 17g-10 to the United States Securities Exchange Act of 1934, on 27 August 2014, which apply in connection with the performance of "due diligence services" for rated asset-backed securities on or after 15 June 2015. Under Rule 17g-10, a provider of third-party due diligence services must provide to each nationally recognised statistical rating organisation that is rating the applicable transaction, a written certification in a prescribed form (which obligation may be satisfied if the Issuer posts such certification in the required form to the Rule 17g-5 website referred to above, maintained in connection with the transaction). In connection with the Effective Date, the Collateral Management and Administration Agreement requires an accountant's agreed upon procedures report to be delivered to the Trustee and the Collateral Administrator, and portions of this report may constitute "due diligence services" under Rule 17g-10. Although the Issuer has agreed to post any certification in the required form that it receives in respect of such portion of such report to the Rule 17g-5 website, it is unclear what, if any, other services provided or to be provided by third parties to the Issuer in connection with the transaction described in this Offering Circular, would constitute "due diligence services" under Rule 17g-10. Consequently, no assurance can be given as to whether any certification will be posted by the Issuer or delivered by any applicable third party service provider to the Rating Agencies in circumstances where such certification is deemed to have been required under the rules described in the preceding paragraph.

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

#### **4.15 Average Life and Prepayment Considerations**

The Maturity Date of the Notes is 20 May 2031 (or if such day is not a Business Day, then the next succeeding Business Day, unless it would fall in the following month, in which case it shall be the immediately preceding Business Day); 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 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 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 Obligations. Collateral Obligations may be subject to optional prepayment by the Obligor of such loans. Any disposition of a Collateral Obligation may change the composition and characteristics of the Collateral 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 Obligations; differences in the actual allocation of Collateral Obligations among asset categories from those assumed; mismatches between the time of accrual and receipt of Interest Proceeds from the Collateral Obligations. None of the Issuer, the Collateral Manager, any Collateral Manager Related Person, the Trustee, the Placement Agent, 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.

#### **4.16 Volatility of the Subordinated Notes**

The Subordinated Notes represent a leveraged investment in the underlying Collateral 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 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 Obligations being applied on the next Payment Date to make principal payments on the more senior classes of Rated Notes until such Coverage Tests have been satisfied. This feature will likely reduce the return on the Subordinated Notes and/or one or more subordinate Classes of Rated Notes and cause temporary or permanent suspension of distributions to the Subordinated Notes and/or one or more subordinate Classes of Rated Notes. See "*Mandatory Redemption of the Notes*" above.

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

#### **4.17 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.

#### **4.18 Security**

*Clearing Systems:* Collateral 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. 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. Such security interests over (i) the beneficial interest of the Issuer in its share of the pool of securities fungible with the relevant Collateral 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 and Account Bank Agreement which may expose the Secured Parties to the risk of loss in the case of a shortfall of such securities in the event of insolvency of the Custodian or its sub-custodian.

In addition, custody and clearance risks may be associated with Collateral Obligations or other assets comprising the Portfolio which are securities that do not clear through The Depository Trust Company ("**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 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 Placement Agent, the Trustee, the Collateral Manager, the Collateral Administrator, the Custodian, the Hedge Counterparties, the Corporate Administrator 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 Obligations or Eligible Investments contemplated by the Collateral Management and Administration 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.

#### **4.19 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 and which are voted. 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 a Resolution. In the case of an Extraordinary Resolution, this is one or more persons holding or representing not less than 66 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. Any such Resolution may be adverse to any Class of Noteholders or to any group of Noteholders or individual Noteholders within any Class.

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

The Notes constituting the Controlling Class that are in the form of CM Removal and Replacement Non-Voting Notes or CM Removal and Replacement Exchangeable Non-Voting Notes will have no right to vote in connection with and will not be counted for the purposes of determining a quorum or the result of voting on any CM Removal Resolution or any CM Replacement Resolution. There can be no assurance that this feature will be effective in ensuring that investments in such Notes by any U.S. banking institutions and other banking entities subject to the Volcker Rule are not characterised as an “ownership interest” in the Issuer. As a result, for so long as any of the Class A-1 Notes, the Class A-2 Notes, the Class B Notes and the Class C Notes constitute the Controlling Class, only Notes that are in the form of CM Removal and Replacement Voting Notes may vote and be counted in respect of a CM Removal Resolution or a CM Replacement Resolution.

Collateral Manager Notes will have no voting rights with respect to and shall not be counted for the purposes of determining a quorum and the results of any CM Removal Resolution or CM Replacement Resolution. Pursuant to the definition of Collateral Manager Notes, if 100 per cent. of the Principal Amount Outstanding of the Notes would otherwise be Collateral Manager Notes before giving effect to the proviso at the end of the definition thereof, such Notes shall not constitute Collateral Manager Notes and shall therefore not be excluded for such voting purposes.

Furthermore, although Notes owned (directly or through any intermediate entity) by any account, fund, client or portfolio established and controlled by the Person that is the Collateral Manager as of such date of determination or an Affiliate thereof or with respect to which the Person that is the Collateral Manager as at such date of determination or an Affiliate thereof exercises discretionary authority generally constitute Collateral Manager Notes, any such Notes owned by any such account, fund, client or portfolio shall not constitute Collateral Manager Notes and shall therefore not be excluded for such voting purposes if the voting rights with respect to such Notes and/or the matter in question are not controlled by the Person that is the Collateral Manager or an Affiliate thereof as of such date of determination.

In connection with any vote, in determining whether the holders of the requisite Principal Amount Outstanding of Notes have given any request, demand, authorisation, direction, notice, consent or waiver or made any proposal, if Collateral Manager Notes are disregarded and deemed not to be Outstanding in connection with such vote and a Class of Notes entitled to vote is comprised entirely of Collateral Manager Notes, then the most senior Class of Notes that is not comprised entirely of Collateral Manager Notes shall be entitled to exercise the specified voting

rights, disregarding Collateral Manager Notes, in lieu of such other Class of Notes. The interests of holders of that other Class of Notes may not be aligned with (or may directly conflict with) the interests of the holders of the relevant Collateral Manager Notes and the relevant voting rights may be exercised accordingly to the detriment of the holders of Collateral Manager Notes.

Notes in the form of CM Removal and Replacement Voting Notes may form a small percentage of the Controlling Class and/or be held by a concentrated group of Noteholders. Investors should be aware that such CM Removal and Replacement Voting Notes will be entitled to vote to pass a CM Removal Resolution or a CM Replacement Resolution and the remaining percentage of the Controlling Class (in the form of CM Removal and Replacement Non-Voting Notes and/or CM Removal and Replacement Exchangeable Non-Voting Notes) will be bound by such Resolution.

The Controlling Class for the purposes of a CM Removal Resolution or a CM Replacement Resolution shall be determined in accordance with the Principal Amount Outstanding of the relevant Class of Notes.

Investors in the Notes should be aware that if there are no Notes in their Class that would be entitled to vote and be counted in respect of a CM Removal Resolution or a CM Replacement Resolution, such Class of Notes will not be entitled to vote in respect of such CM Removal Resolution or CM Replacement Resolution and such right shall pass to a more junior Class of Notes.

Certain amendments and modifications may be made without the consent of Noteholders. See Condition 14(c) (*Modification and Waiver*). Such amendment or modification could be adverse to certain Noteholders. Without limitation to the foregoing, potential investors should note that the Issuer may amend the Transaction Documents to modify or amend the components of the Portfolio Profile Tests, the Eligibility Criteria, the Reinvestment Overcollateralisation Test, the Reinvestment Criteria or the Collateral Quality Tests and the related definitions (including in order to reflect changes in the methodology applied by the Rating Agencies), provided that Rating Agency Confirmation has been obtained and (to the extent provided in Condition 14(c) (*Modification and Waiver*)) the Controlling Class has consented by way of Ordinary Resolution.

In addition, potential investors should note that the Issuer may be prevented from making certain amendments or modifications which would otherwise be beneficial to the transaction due to the requirements set out in Condition 14(c) (*Modification and Waiver*) to obtain the consent of the Controlling Class acting by Ordinary Resolution.

Certain entrenched rights relating to the Conditions including the currency thereof, Payment Dates applicable thereto, the Priorities of Payment, the provisions relating to quorums and the percentages of votes required for the passing of a 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 and the provisions of the Trust Deed will be binding on all such dissenting 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, the Trustee shall be obliged to consent to modifications and waivers granted in respect of certain other matters, subject to prior notice thereof being given to the Trustee that such modification and waivers are required pursuant to Condition 14(c) (*Modification and Waiver*), without the consent of the Noteholders as set out in Condition 14(c) (*Modification and Waiver*). In particular, Noteholders should note that Reset Amendments may be effected by way of Ordinary Resolution and, as such, fundamental amendments including, but not limited to, an extension of the Reinvestment Period and/or Maturity Date may be effected with the approval of a simple majority of the Subordinated Noteholders. Noteholders should further note that any amendment made contemporaneously with an Optional Redemption in whole or in part by way of a Refinancing may be effected by way of Ordinary Resolution and, as such, fundamental amendments including, but not limited to, an extension of the Reinvestment Period and/or Maturity Date may be effected with the approval of a simple majority of each relevant Class of Noteholders.

Each Hedge Counterparty may also need to be notified and its consent required to the extent provided for in the applicable Hedge Agreement and as set out in Condition 14(c) (*Modification and Waiver*) in respect of a modification, amendment or supplement to any provision of the Transaction Documents. Any such consent, if withheld, may prevent a modification of the Transaction Documents which may have been beneficial to or in the best interests of the Noteholders or in a manner required in order to ensure regulatory compliance.



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

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

#### 4.21 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 (subject to being indemnified and/or secured and/or prefunded to its satisfaction), at the request of the Controlling Class acting by way of Ordinary Resolution, 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 Condition 10(a)(vi) (*Insolvency Proceedings*) of the definition thereof, 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 (subject to being indemnified and/or secured and/or prefunded to its satisfaction), if so directed by the Controlling Class acting by Ordinary Resolution, 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 in accordance with Condition 11 (*Enforcement*) 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 B Notes, the Class C Notes and the Class D Notes) and all amounts payable in priority thereto pursuant to the Priorities of Payment; or otherwise (B) in the case of a Note Event of Default specified in sub-paragraphs (i), (ii), (iv) or (vi) of Condition 10(a) (*Note Events of Default*), the Controlling Class acting by way of Extraordinary 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.

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 Payment and/or at a time when enforcement thereof may be adverse to the interests of certain Classes of Notes and, in particular, the Subordinated Notes.

#### 4.22 Certain ERISA Considerations

Under the Plan Asset Regulation issued by the U.S. Department of Labor, as modified, if certain employee benefit plans or other retirement arrangements subject to the fiduciary responsibility provisions of Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended, ("**ERISA**") or Section 4975 of the U.S. Internal Revenue Code of 1986 (the "**Code**") or entities whose underlying assets are treated as assets of such plans or arrangements (collectively, "**Plans**") invest in the Class D 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 by the Issuer could be considered "prohibited transactions" under Section 406 of ERISA and/or Section 4975 of the Code. See the section entitled "*Certain ERISA Considerations*".

#### 4.23 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 Noteholder**") or that any holder of an interest in a Note is a Noteholder that has made or is deemed to have made a prohibited transaction, Benefit Plan Investor, Controlling Person, Other Plan Law, Similar Law or

other ERISA representation that is subsequently shown to be false or misleading or whose ownership otherwise causes a violation of the 25 per cent. limitation set out in the Plan Asset Regulation (a "**Non-Permitted ERISA Noteholder**") or that any holder of an interest in a Note (other than the Collateral Manager in relation to the Retention Notes) is a Noteholder who (i) has failed to provide any information necessary in order to enable the Issuer to comply with its obligations under FATCA or (ii) otherwise prevents the Issuer from complying with FATCA (any such Noteholder, a "**Non-Permitted FATCA Noteholder**"), the Issuer shall, promptly after determination that such person is a Non-Permitted Noteholder, Non-Permitted ERISA Noteholder or Non-Permitted FATCA Noteholder by the Issuer, send notice to such Non-Permitted Noteholder, Non-Permitted ERISA Noteholder or Non-Permitted FATCA Noteholder (as applicable) demanding that such Holder transfer its interest outside the United States to a non-U.S. Person or to a person that is not a Non-Permitted Noteholder, Non-Permitted ERISA Noteholder or Non-Permitted FATCA Noteholder (as applicable) within 30 days (or 14 days in the case of a Non-Permitted ERISA Noteholder) of the date of such notice. If such Holder fails to effect the transfer required within such 30-day period (or 14-day period in the case of a Non-Permitted ERISA Noteholder), (a) the Issuer or the Collateral Manager on its behalf 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 QIB and a QP and is not a Non-Permitted ERISA Noteholder or a Non-Permitted FATCA Noteholder; and (b) pending such transfer, no further payments will be made in respect of such beneficial interest.

## **5. Relating To The Collateral**

### **5.1 The Portfolio**

The decision by any prospective holder of Notes to invest in such Notes should be based, among other things (including, without limitation, the identity of the Collateral Manager), on the Eligibility Criteria (and Reinvestment Criteria, when applicable) which each Collateral 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 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 any Placement Agent has made any investigation into the Obligors of the Collateral 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 Placement Agent, the Custodian, the Collateral Manager, any Collateral Manager Related Person, the Collateral Administrator, any Hedge Counterparty, the Corporate Administrator or any of their Affiliates are under any obligation to maintain the value of the Collateral Obligations at any particular level. None of the Issuer, the Trustee, the Custodian, the Collateral Manager, any Collateral Manager Related Person, the Collateral Administrator, any Hedge Counterparty, the Placement Agent 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 Obligations from time to time.

Furthermore, pursuant to the Collateral Management and Administration Agreement, the Collateral Manager is required to carry out due diligence as it considers reasonably necessary in accordance with the standard of care specified in the Collateral Management and Administration Agreement, to ensure the Eligibility Criteria will be satisfied and that the Issuer will, upon the settlement of such purchase, become the legal and beneficial holder of such Collateral Obligations in accordance with the terms of the relevant Underlying Instrument and all applicable laws. Noteholders are reliant on the Collateral Manager conducting such due diligence in a manner which ensures that the Collateral Obligations are properly and effectively transferred and satisfy each of the Eligibility Criteria. The ability of the Collateral Manager to evaluate compliance with paragraph (II) of the Eligibility Criteria (the "ESG Criteria") is limited to the availability of information on an asset or the Obligor and a lack of available information regarding the asset or the Obligor may result in the Issuer entering into a binding commitment to purchase an asset that would not otherwise have meet the ESG Criteria. In such cases, such asset will still constitute a Collateral Obligation. The evaluation of such compliance is also subjective by nature and subject to

change. There can be no guarantee that the criteria utilized, or judgement exercised, by the Collateral Manager will reflect the beliefs or values of any one particular Noteholder.

Whilst the Collateral Manager will evaluate the compliance of an asset with the ESG Criteria prior to entering into a binding commitment to purchase such asset, the Collateral Manager will not evaluate the possibility of such asset failing to comply with the ESG Criteria following the acquisition of the asset. For the avoidance of doubt, the Collateral Manager shall not be required to sell any Collateral Obligation if, for whatever reason, such Collateral Obligation ceases to satisfy the ESG Criteria at a later date.

In the event a Collateral Obligation becomes (as determined by the Issuer, assisted by the Collateral Manager) the subject of a restructuring whether effected by way of an amendment to the terms of such Collateral 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 not be required to satisfy the ESG Criteria.

## **5.2 Nature of Collateral; Defaults**

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 Obligations which will secure the Notes will be predominantly comprised of Secured Senior Obligations (which may consist of Secured Loans and/or Secured Senior Bonds), Unsecured Senior Obligations, Second Lien Loans, Mezzanine Obligations and High Yield Bonds lent to or issued by a variety of Obligor 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 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 Obligations will depend upon the detailed terms of the documentation relating to each of the Collateral 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 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 Obligations adversely affect each Class of Notes will be directly related to the level of subordination thereof pursuant to the Priorities of Payment. The risk that payments on the Notes could be adversely affected by defaults on the related Collateral Obligations is likely to be increased to the extent that the Portfolio of Collateral 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 Obligations which are "Defaulted Obligations".

To the extent that a default occurs with respect to any Collateral Obligation and the Issuer or Trustee sells or otherwise disposes of such Collateral Obligation (in each case in accordance with the terms of the Collateral Management and Administration Agreement, the Trust Deed and each other applicable Transaction Document), 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 Obligations, the potential volatility and illiquidity of the sub-investment grade high yield and leveraged loan markets means that the market value of such Collateral Obligations at any time will vary, and may vary substantially, from the price at which such Collateral Obligations were initially purchased and from the principal amount of such Collateral Obligations. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition of such Collateral 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 Payment. Moreover, there can be no assurance as to the amount or timing of any recoveries received in respect of Defaulted Obligations.

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 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.

### 5.3 The Warehouse Arrangements

Prior to the Issue Date (such period, the "**Warehouse Period**"), the Collateral Manager has acquired, and will continue to enter into binding commitments to acquire in the name of and on behalf of the Issuer, Collateral Obligations (each a "**Warehoused Asset**") pursuant to financing arrangements (the "**Warehouse Arrangements**"). The Warehouse Arrangements were provided primarily by one or more Affiliates of the Placement Agent (the "**Citi Parties**"), as senior lender, and certain subordinated lenders (the "**Warehouse Providers**"). The primary purpose of the Warehouse Arrangements was to facilitate acquisition by the Issuer of Collateral Obligations during the Warehouse Period and, accordingly, benefit from the economics and voting rights of such Collateral Obligations. The Warehouse Arrangements will be terminated on the Issue Date, and all amounts owing to the Citi Parties and the Warehouse Providers in connection with such arrangements will 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 Citi Parties and the other Warehouse Providers in respect of the funds provided pursuant to the Warehouse Arrangements which were used to finance the purchase of such Collateral Obligations prior to the Issue Date.

Under the Warehouse Arrangements, the Citi Parties indirectly provided prior to the Issue Date financing to the Issuer to allow its acquisition of the Warehoused Assets (provided that the Citi Party approves the purchase of any such Warehoused Assets). The approval by any Citi Parties of the purchase of any Warehoused Assets will be in its capacity as the financing party and should not be viewed as a determination by Citi as to whether a particular asset is an appropriate investment by the Issuer or whether it will satisfy the portfolio criteria applicable to the Issuer. If the Citi Parties do not approve the purchase of any Warehoused Assets, the Issuer may be restricted from purchasing that asset for a certain period, which may result in the Issuer paying a higher price. In connection with the Warehouse Arrangements, the Citi Parties also provided financing to the Collateral Manager (as borrower) in order for the Collateral Manager (in its capacity as a senior lender) to make advances of its portion of the senior funding amounts under the Warehouse Arrangements.

The Warehouse Providers have, during the Warehouse Period, provided certain of the junior funding to the Issuer. On the Issue Date, such junior funding will be redeemed at par plus the interest accrued on the Warehoused Assets (net of a financing fee due to the Citi Parties and any other expenses and fees due under the Warehouse Arrangements). Certain of the Warehouse Providers may, but are not required to, purchase any Subordinated Notes on the Issue Date. If the Issue Date occurs, any losses or gains (realised or unrealised) resulting from changes in the market value of the Warehoused Assets as compared to the purchase price of the Warehoused Assets, will be for the account of the Issuer. If the Issue Date does not occur, the Warehouse Providers and the applicable Citi Parties will bear the risk of loss in value of the Warehoused Assets. The interests of the Citi Parties and the Warehouse Providers in respect of the Warehoused Assets will not necessarily align with, and may be directly contrary to, those of the investors in the Notes.

The prices paid for Collateral Obligations purchased pursuant to the Warehouse Arrangements 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 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 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 Obligations acquired prior to or on the Issue Date.

In addition, any interest or other amounts paid or accrued on such Collateral Obligations during the Warehouse Period will be paid to the Warehouse Providers under the Warehouse Arrangements on or about the Issue Date. Investors in the Notes will be assuming the risk of market value and credit quality changes in the Collateral Obligations from the date such Collateral Obligations are acquired during the Warehouse Period but will not receive the benefit of interest earned on the Collateral Obligations during the Warehouse Period provided that any risk in relation to any Collateral 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 relevant Warehouse Providers under the Warehouse Arrangements. On and following the Issue Date, any losses or gains (realised or unrealised) resulting from changes in the market value of the Warehoused Assets as compared to the purchase price of the Warehoused Assets will be for the account of the Issuer. On and following the Issue Date the risk of loss in value of the Warehoused Assets is for the account of the Issuer (and therefore the Noteholders), including in respect of the period prior to the Issue Date. The interests of the participants in the Warehouse Arrangements in respect of the Warehoused Assets may not necessarily align with, and may be directly contrary to, those of the investors in the Notes.

The financing provided pursuant to the Warehouse Arrangements will be repaid on the Issue Date by applying part of the proceeds of the issuance of the Notes. Certain costs and expenses related to the Warehouse Arrangements, including the interest and commitment fees payable to the lenders under the Warehouse Arrangements and payment of certain fees and reimbursement of certain expenses to such lender and any agents appointed in respect of the Warehouse Arrangements, will therefore be borne by the Issuer as such amounts will be paid by application of the proceeds of the issuance of the Notes.

The price and availability of a Collateral Obligation may be adversely affected by a number of market factors, including price volatility of Collateral Obligations and the availability of investments suitable for the Issuer, each of which could hamper the ability of the Issuer to acquire an initial portfolio of Collateral Obligations that satisfy the Eligibility Criteria and the Effective Date Determination Requirements prior to the Effective Date. Delays in reaching the Target Par Amount may adversely affect the timing and amount of payments received by the Noteholders and the yield to maturity of the Rated Notes and the distributions on the Subordinated Notes.

The prices of the Rated Notes will be fixed on the pricing date. The actual purchase prices of the Warehoused Assets purchased after the pricing date were not known at that time and may be higher or lower than the purchase prices expected on the pricing date. The returns on Subordinated Notes will vary depending upon the actual purchase prices of the Warehoused Assets and Collateral Obligation purchased on or after the Issue Date and may be materially different from the expected returns calculated based upon market prices prevailing at the pricing date.

See also "*Conflicts of Interest – Certain Conflicts of Interest Involving or Relating to the Placement Agent and its Affiliates*" below in relation to conflicts concerning the Placement Agent.

#### **5.4 Acquisitions of Collateral Obligations and purchase price for such acquisitions**

Although the Collateral Manager is required to determine in its reasonable discretion in accordance with the Collateral Management and Administration Agreement if assets satisfy the Eligibility Criteria at the time of entering into a binding commitment to purchase them (except in the case of the criterion in paragraph (S) of the Eligibility Criteria, which will be required to be satisfied only at the time of settlement), it is possible that the obligations may no longer satisfy such Eligibility Criteria on the later settlement of the acquisition thereof due to intervening events. The requirement that the Collateral Manager determines in accordance with the Collateral Management and Administration Agreement that the Eligibility Criteria are satisfied applies only at the time that any commitment to purchase a Collateral Obligation is entered into and any failure by such obligation to satisfy the Eligibility Criteria at a later stage will not result in any requirement to sell it or take any other action.

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 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.

In circumstances where the Issuer has entered into a binding commitment to purchase Collateral Obligations, events occurring between the date of such commitment and the settlement 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 Obligations 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 such Collateral Obligations during such intervening period and will be risks borne by the Issuer (and, indirectly, the Noteholders).

The requirement that the Eligibility Criteria be satisfied applies only (i) at the time that any commitment to purchase a Collateral Obligation is entered into (ii) in respect of Issue Date Collateral Obligations, on the Issue Date and (iii) in respect of certain of the Eligibility Criteria that comprise the Restructured Obligation Criteria, those Collateral Obligations which are the subject of a restructuring (whether effected by way of an amendment to the terms of such Collateral Obligation or by way of substitution of new obligations and/or change of Obligor), on the applicable Restructuring Date, and, in each case, any failure by such Collateral Obligation to satisfy the relevant Eligibility Criteria at a later stage will not result in any requirement to sell it or take any other action.

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

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

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

## **5.6 Underlying Portfolio**

### *Characteristics of Senior Obligations and Mezzanine Obligations*

The Portfolio Profile Tests provide that, as of the Effective Date, at least 90 per cent. of the Collateral Principal Amount must consist of Secured Senior Obligations (which shall comprise for this purpose the aggregate of the Aggregate Principal Balance of the Secured Senior Obligations and the Balances standing to the credit of the Principal Account and the Unused Proceeds Account, in each case as at the relevant Measurement Date). Investors should note that Secured Senior Obligations may consist of Secured Senior Loans and/or Secured Senior Bonds but there is no restriction under the Portfolio Profile Tests on the proportion of Secured Senior Bonds and Secured Senior Loans constituting such Secured Senior Obligations. Senior Obligations and Mezzanine Obligations are of a type generally incurred by the Obligor thereunder in connection with highly leveraged transactions, often (although not exclusively) to finance internal growth, pay dividends or other distributions to the equity holders in the Obligor, or finance acquisitions, mergers, and/or stock purchases. As a result of the additional debt incurred by the Obligor in the course of such a transaction, the Obligor's creditworthiness is typically judged by the rating agencies to be below investment grade. Secured Senior Obligations 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 Obligations or to any other Senior Debt of the Obligor. Secured Senior Obligations 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. Senior Obligations are typically in the form of loans, but may also in certain cases be in the form of a security, which may present different risks and concerns. 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 in the section titled "*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 and Administration 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. See also "*Voting Restrictions on Syndicated Loans for Minority Holders*" below in respect of the Issuer's interest in syndicated loan facilities.

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 Obligor 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 Obligations and Mezzanine Obligations also generally provide for restrictive covenants designed to limit the activities of the Obligor thereunder in an effort to protect the rights of lenders to receive timely payments of interest on, and repayment of, principal of the loans. 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 or Mezzanine Obligation which is not waived by the lending syndicate 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 Obligation or Mezzanine Obligation may share many similar features with other loans and obligations of its type, the actual terms of any Senior Obligation or Mezzanine Obligation will have been a matter of negotiation and will be unique. Any such particular loan 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. In addition, Collateral Obligations in the form of floating rate notes are similar in nature to Cov-Lite Loans and typically do not provide for financial covenants and thus, may result in difficulties in triggering a default. See "*Investing in Cov-Lite Loans involves certain risks*" below.

### *Limited Liquidity, Prepayment and Default Risk in relation to Senior Obligations 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 investment managers of trusts or special purpose companies issuing collateralised bond and loan obligations. As secondary market trading volumes increase, new loans are frequently adopting more standardised documentation to facilitate loan trading which should improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide the degree of liquidity which currently exists in the market. This means that such 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 bondholders 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.

Mezzanine Obligations are likely to be subject to intercreditor arrangements that may include restrictions on the ability of the holders of the relevant Mezzanine Obligations from taking independent enforcement action.

### *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 make whole. 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 Obligations with comparable interest rates in compliance with 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 Obligations with comparable interest rates in compliance with the Reinvestment Criteria or (if it is able to make such reinvestments) as to the length of any delays before such investments are made.



## *Credit Risk*

Risks applicable to Senior Obligations and Mezzanine Obligations (and Collateral Obligations generally) 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 loans and obligations during periods of rising interest rates and economic downturn. An economic downturn could severely disrupt the market for leveraged loans and senior, mezzanine and high-yield obligations and adversely affect the value thereof and the ability of the Obligor thereunder to repay principal and interest.

## *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 and Mezzanine Obligations 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 or Mezzanine Obligation 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 or Mezzanine Obligation 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 and Mezzanine Obligations 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 Obligations and Mezzanine Obligations are more diverse than ever before, including not only banks and specialist finance providers but also alternative investment managers, specialist debt and distressed debt investors and other financial institutions. The increasing diversification of the investor base has also been accompanied by an increase in the use of hedges, swaps and other derivative instruments to protect against or spread the economic risk of defaults. All of these developments may further increase the risk that historic recovery levels will not be realised. The returns on Senior Obligations 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 or debt obligation is generally considered speculative in nature and may become a Defaulted Obligation for a variety of reasons. Upon any Collateral 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 or an extension of its 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 or investors. 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 or other debt investor may be forced by a court to accept restructuring terms. Recoveries on both Senior Obligations and Mezzanine Obligations will also be affected by the different bankruptcy regimes applicable in different European jurisdictions and the enforceability of claims against the Obligors thereunder. See *"Insolvency Considerations relating to Collateral Obligations"* below.

For the purposes of the foregoing, "**Senior Loan**" means a Collateral Obligation that is a Secured Senior Loan, an Unsecured Senior Loan or a Second Lien Loan.

### *Characteristics of Unsecured Senior Obligations*

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

### *Investing in Cov-Lite Loans involves certain risks*

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

### *Characteristics of High Yield Bonds*

Some High Yield Bonds are unsecured, may be subordinated to other obligations of the applicable Obligor and may 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.

Some European High Yield Bonds are 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 may leave 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. Furthermore, security granted may be similar to that granted under a Second Lien Loan.

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 "*Insolvency Considerations relating to Collateral Obligations*" 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 Obligations may include Second Lien Loans, each of which will be secured by collateral, but which is subordinated (with respect to liquidation preferences with respect to pledged collateral) to other secured obligations of the Obligors secured by all or a portion of the collateral securing such secured loan. Second Lien Loans are typically subject to intercreditor arrangements, the provisions of which may prohibit or restrict the ability of the holder of a Second Lien Loan to (i) exercise remedies against the collateral with respect to their second liens; (ii) challenge any exercise of remedies against the collateral by the first lien lenders with respect to their first liens; (iii) challenge the enforceability or priority of the first liens on the collateral; and (iv) exercise certain other secured creditor rights, both before and during a bankruptcy of the Obligor. 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 Obligation if a default or foreclosure on that Collateral Obligation occurs.

Liens on the collateral (if any) securing a Collateral 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 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 Obligation.

#### *Increased risk of 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 involve 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 (or the Collateral Manager on its behalf) will correctly evaluate the value of the assets securing a Corporate Rescue Loan or the prospects for a successful reorganisation or similar action and accordingly the Issuer could suffer significant losses on its investment in such Corporate Rescue Loan. In any reorganisation or liquidation case relating to a company in which the Issuer invests, the Issuer may lose its entire investment, may be required to accept cash or securities with a value less than the Issuer's original investment and/or may be required to accept payment over an extended period of time.

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

Although a Corporate Rescue Loan may be unsecured, where the Obligor the subject of a proceeding under the United States Bankruptcy Code, 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 (if any).

#### *Increased risks of Bridge Loans*

The Portfolio Profile Tests provide that not more than 3.0 per cent of the Collateral Principal Amount 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.

#### *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 only be paid out of the Balance standing to the credit of the Supplemental Reserve Account at the relevant time or out of a Collateral Manager Advance. Such Balance shall be comprised of all sums deposited therein from time to time which will comprise interest payable in respect of the Subordinated Notes which the Collateral Manager, acting on behalf of the Issuer, determines shall be paid into the Supplemental Reserve Account pursuant to the Priorities of Payment rather than being paid to the Subordinated Noteholders. The aggregate amounts which may be credited to the Supplemental Reserve Account in accordance with the Priorities of Payment are subject to the following caps: (i) in aggregate on any particular Payment Date, such amount may not exceed €3.5 million and (ii) the cumulative maximum aggregate total in respect of all Payment Dates may not exceed €10.5 million. During the Reinvestment Period, Reinvesting Noteholders may also direct that a Reinvestment Amount in respect of their Subordinated Notes be deposited into the Supplemental Reserve Account in accordance with the Priorities of Payment.

To the extent that there are insufficient sums standing to the credit of the Supplemental Reserve 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, a "**Collateral Manager Advance**") to such account pursuant to the terms of the Collateral Management and Administration 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 Payment.

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 the Balance standing to the credit of the Supplemental Reserve Account may also or alternatively be used to fund the purchase of additional Collateral Obligations or Substitute Collateral Obligations. There can therefore be no assurance that the Balance standing to the credit of the Supplemental Reserve 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 dependent upon there being sufficient amounts standing to the credit of the Supplemental Reserve 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, Reinvestment Overcollateralisation Test, Portfolio Profile Tests or Collateral Quality Tests.

### **5.7 Limited Control of Administration and Amendment of Collateral Obligations**

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

accordance with its portfolio management practices and the standard of care specified in the Collateral Management and Administration Agreement.

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

## **5.8 Participations, Novations and Assignments**

The Collateral Manager, acting on behalf of the Issuer, may acquire interests in Collateral 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 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 acquired 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 in the loan, and therefore, may have limited interest in monitoring the terms of the loan agreement and the continuing creditworthiness of the borrower. When the Issuer holds a Participation in a loan it generally will not have the right to participate directly in any vote to waive enforcement of any covenants breached by a borrower. A Selling Institution voting in connection with a potential waiver of a restrictive covenant may have interests which are different from those of the Issuer and such Selling Institution 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 including the Bivariate Risk Table impose limits on the amount of Collateral Obligations that may comprise Participations as a proportion of the Collateral Principal Amount.

## **5.9 Voting Restrictions on Syndicated Loans for Minority Holders**

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

## **5.10 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 time period specified in the applicable Hedge Agreement, 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 strategy as results in the rating of the Rated Notes being maintained at their then current level within the remedy period specified in the ratings criteria of the Rating Agencies. There can be no assurance that the applicable Hedge Counterparty will be able to transfer its obligations to a suitable replacement counterparty or exercise any of the other aforementioned remedies within the specified remedy period. Failure to do so may result in interest rate or currency mismatches, which could adversely affect the ability to make payments on the Notes as the Issuer may not receive payments it would otherwise be entitled to from such Hedge Counterparty to cover its interest rate risk exposure or currency risk exposure in respect of mismatches between the currency composition of the Portfolio and the currency composition of the Notes for so long as the Issuer has not entered into a replacement Hedge Transaction (see "*Interest Rate Risk*" and "*Currency Risk*" below). For further information, see "*Hedging Arrangements*".

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 on substantially the same terms as the Agency and Account Bank Agreement within 30 calendar days of such withdrawal or downgrade.

## **5.11 Concentration Risk**

The Issuer will invest in a Portfolio of Collateral Obligations consisting primarily of Senior Obligations, Mezzanine Obligations and High Yield Bonds. 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*".

## 5.12 Interest Rate Risk

Certain Notes accrue interest at a floating rate. It is possible that Collateral Obligations (in particular High Yield Bonds) may bear interest at fixed rates and there is no requirement that the amount or portion of Collateral Obligations securing the Notes must bear interest on a particular basis, save for the Portfolio Profile Test which requires that not more than 10 per cent. of the Collateral Principal Amount may comprise Fixed Rate Collateral Obligations.

In addition, any payments of principal or interest received in respect of Collateral Obligations and not otherwise reinvested during the Reinvestment Period in Substitute Collateral 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 may be a fixed/floating rate mismatch, floating rate basis mismatch (including in the case of Collateral Obligations or Eligible Investments which pay a floating rate based on a benchmark other than EURIBOR), maturity date mismatch and mismatch in timing of determination of the applicable floating rate benchmark, in each case between the Notes taken as a whole and the underlying Collateral Obligations and Eligible Investments. Such mismatch may be material and may change from time to time as the composition of the related Collateral Obligations and Eligible Investments change as the liabilities of the Issuer accrue or are repaid. As a result of such mismatches, changes in the level of the applicable floating rate benchmark could adversely affect the ability to make payments on the Notes. In addition, pursuant to the Collateral Management and Administration Agreement, the Collateral Manager, acting on behalf of the Issuer, is authorised to enter into the Hedge Transactions in order to mitigate such interest rate mismatches from time to time, subject to receipt in each case of Rating Agency Confirmation in respect thereof and subject to satisfaction of the Hedging Condition, discussed in the section titled "*Commodity Pool Regulation*" above. In particular, the Issuer may enter into the Issue Date Interest Rate Hedge Transactions on or around the Issue Date in order to mitigate its exposure to increases in EURIBOR-based payments of interest payable by the Issuer under relevant Rated Notes. However, the Issuer will depend on each Hedge Counterparty to perform its obligations under any Hedge Transaction to which it is a party and, if any 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 Hedge Counterparty to cover its interest rate risk exposure. Furthermore, the terms of the Hedge Agreements may provide for the ability of the Hedge Counterparty to terminate such Hedge Agreement upon the occurrence of certain events, including related to certain regulatory matters. Any such termination in the case of an Interest Rate Hedge Transaction would result in the Issuer's exposure to interest rate exposure increasing, and may result in the Issuer being required to pay a termination amount to the relevant Hedge Counterparty. See further "*Hedging Arrangements*".

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 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 mismatch, 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 Obligations which pay interest less than quarterly in order to 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 Obligations and Eligible Investments securing the Notes will in all circumstances generate sufficient Interest Proceeds to make timely payments of interest on the Notes, that any particular levels of return will be generated on the Subordinated Notes or that any Issue Date Interest Rate Hedge Transactions would be sufficient to mitigate any interest rate risk.

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

On 5 June 2014, the European Central Bank announced that it would charge a negative rate of interest on bank deposits with the European Central Bank. To the extent the European Central Bank's or other central bank's deposit rate from time to time results in the Account Bank or the Custodian incurring negative deposit rates as a

result of maintaining any accounts on the Issuer's behalf, the Issuer will be required to reimburse the Account Bank or the Custodian in an amount equal to the chargeable interest incurred on such accounts as a result of such negative deposit rates. Prospective investors should note that given recent levels, and moves in respect of, deposit rates it appears likely the Issuer will be required to make such payments in reimbursement of the Account Bank or the Custodian. Any such payments shall be paid as Administrative Expenses, subject to and in accordance with the Priorities of Payment and may, accordingly, have a negative impact on the amounts available to the Issuer to apply as payments on the Notes.

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

### **5.13 Currency Risk**

The Portfolio Profile Tests provide that not more than 30.0 per cent. of the Collateral Principal Amount may comprise Non-Euro Obligations. Subject to the satisfaction of the Hedging Condition and the Portfolio Profile Tests, the Collateral Manager, on behalf of the Issuer, may purchase Non-Euro Obligations, provided that such Non-Euro Obligations otherwise satisfy the Eligibility Criteria. Although the Issuer shall, subject to the satisfaction of the Hedging Condition, enter into Currency Hedge Transactions to hedge any currency exposure relating to such Non-Euro Obligations, fluctuations in exchange rates may lead to the proceeds of the Collateral Obligations being insufficient to pay all amounts due to the respective Classes of Notes. The Collateral Manager (on behalf of the Issuer) is also authorised to enter into spot exchange transactions, as necessary, to fund the Issuer's payment obligations under any Currency Hedge Transaction.

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

In addition, it may be necessary for the Issuer to make substantial up-front payments in order to enter into currency hedging arrangements on the terms required by the Collateral Management and Administration Agreement, and the Issuer's ongoing payment obligations under such Currency Hedge Transactions (including any 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 Currency Hedge Transactions and the Non-Euro Obligations which may result in losses. In addition, the Collateral Manager may be limited at the time of reinvestment in the choice of Non-Euro Obligations that it is able to purchase on behalf of the Issuer because of the cost of such hedging and due to restrictions in the Collateral Management and Administration Agreement with respect to such hedging.

The Issuer will depend on each Hedge Counterparty to perform its obligations under any Currency Hedge Transaction to which it is a party and, if any 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 Hedge Counterparty to cover its currency risk exposure.

### **5.14 International Investing**

The Portfolio will consist of obligations of, or securities issued by, obligors organised under the laws of a variety of different countries. Investing in certain countries may involve greater risks than investing in other countries,



including: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; (iii) the difficulty of enforcing legal rights in a foreign jurisdiction and uncertainties as to the status, interpretation and application of laws; and (iv) foreign exchange controls. Moreover accounting, auditing and financial reporting standards, practices and requirements may vary from jurisdiction to jurisdiction.

Different markets also have different clearance and settlement procedures, which could create delays in the purchase and sale of Portfolio. Delays in settlement could result in periods when assets of the Issuer are uninvested or invested in short term investments with low yields. The inability to sell Collateral Obligations due to settlement problems could result in losses due to subsequent declines in the value of the Collateral Obligations.

### **5.15 Reinvestment Risk/Uninvested Cash Balances**

To the extent the Issuer (or the Collateral Manager on its behalf) 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 Obligations on behalf of the Issuer and to reinvest the proceeds thereof in Substitute Collateral Obligations in compliance with the Reinvestment Criteria. In addition, during the Reinvestment Period, to the extent that any Collateral Obligations prepay or mature prior to the Maturity Date, the Collateral Manager will seek to invest the proceeds thereof in Substitute Collateral Obligations, subject to the Reinvestment Criteria. The yield with respect to such Substitute Collateral 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 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 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 of interest 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 Obligations are sold, prepaid, or mature, yields on Collateral 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 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 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 Obligations. The longer the period between reinvestment of cash in Collateral 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 Obligations 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 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 Obligations owned by the Issuer on the Issue Date, the timing of purchases of additional Collateral Obligations on and after the Issue Date and the scheduled interest payment dates of those Collateral 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.

#### **5.16 Ratings on Collateral Obligations**

The Collateral Quality Tests, the Portfolio Profile Tests, the Coverage Tests and the Reinvestment Overcollateralisation Test are sensitive to variations in the ratings applicable to the underlying Collateral 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 Risk Obligation, an S&P CCC 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 and Administration Agreement contains detailed provisions for determining the Fitch Rating and the S&P Rating. In most instances, the Fitch Rating and the S&P Rating will not be based on or derived from a public rating of the Obligor or the actual Collateral Obligation. In most cases, the S&P Rating and Fitch's Rating in respect of a Collateral Obligation will be based on a confidential credit estimate determined separately by Fitch and/or S&P. 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. Derived ratings will not reflect detailed credit analysis of the particular Collateral Obligation and may reflect a more or less conservative view of the actual credit risk of such Collateral 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, the Coverage Tests and the Reinvestment Overcollateralisation Test) without necessarily reflecting comparable variation in the actual credit quality of the Collateral Obligation in question. See "*Ratings of the Notes*" and "*The Portfolio*".

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

#### **5.17 Insolvency Considerations relating to Collateral Obligations**

Collateral 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 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 Obligations, Mezzanine Obligations and High Yield Bonds entered into by Obligors in such jurisdictions. No reliable historical data is available.

#### **5.18 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 Obligations, the Issuer may be subject to claims from creditors of an Obligor that Collateral 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 Obligations that are obligations of non-United States Obligors are concerned, the laws of certain foreign jurisdictions may impose liability upon lenders or bondholders under factual circumstances similar to those described above, with consequences that may or may not be analogous to those described above under United States federal and state laws.

### **5.19 Loan Repricing**

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

Downward movements in interest rates could also adversely affect the performance of non-investment grade bonds with call or redemption features. Such a call or redemption feature would permit the issuer of such debt securities to repurchase such securities from the Issuer. If a call were exercised by such an issuer during a period of declining interest rates, the Issuer likely would have to replace such called non-investment Collateral Obligations with lower yielding Collateral Obligations.

### **5.20 Collateral Manager**

The Collateral Manager is given authority in the Collateral Management and Administration 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 and Administration Agreement. See "*The Portfolio*" and "*Description of the Collateral Management and Administration Agreement*". 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 and Administration Agreement: (a) the acquisition of Collateral Obligations during the Reinvestment Period; (b) the sale of Collateral Obligations during the Reinvestment Period (subject to certain limits) and, at any time, upon the occurrence of certain events (including a Collateral Obligation becoming a Defaulted Obligation, a Credit Improved Obligation or a Credit Risk Obligation); and (c) the participation in restructuring and work-outs of Collateral Obligations on behalf of the Issuer. See "*The Portfolio*". Any analysis by the Collateral Manager (on behalf of the Issuer) of Obligors under Collateral 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 Obligations which are publicly listed bonds, be limited to a review of readily available public information and, in respect of Collateral 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 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 and Administration Agreement places significant restrictions on the Collateral Manager's ability to buy and sell Collateral Obligations, and the Collateral Manager is required to comply with the restrictions contained in the Collateral Management and Administration Agreement. Accordingly, during certain periods or in certain specified circumstances, the Collateral Manager may be unable to buy or sell Collateral Obligations 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 and Administration Agreement.

Pursuant to the Collateral Management and Administration Agreement, the Collateral Manager will not be liable for any losses or damages resulting from any failure to satisfy its standard of care except to the extent it would be liable (a) by reason of acts or omissions constituting bad faith, wilful misconduct or gross negligence (with such term given its meaning under New York law) in the performance, or reckless disregard, of its obligations under the express terms of the Collateral Management and Administration Agreement or (b) 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. For further information, see "*Description of the Collateral Management and Administration Agreement – Responsibilities of the Collateral Manager, Indemnities*". Investors should note that, for such purpose and notwithstanding that the Notes and the Transaction Documents are governed by English law, the interpretation of "gross negligence" will be pursuant to New York law. Under New York law, the concept of gross negligence is a significantly lower standard of care than negligence under English law, requiring conduct akin to intentional wrongdoing or reckless indifference under English law. As a result, the Collateral Manager may in some circumstances have no liability for its actions or inactions under the Transaction Documents where it would otherwise have been liable if a mere negligence standard was applied under English law or if New York law was not designated as the law pursuant to which the concept of gross negligence for this purpose would be interpreted.

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

The performance of other collateralised debt obligation vehicles ("**CLO Vehicles**") or other similar vehicles or investment funds ("**Other Vehicles**") 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 Vehicles 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 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 and Administration Agreement*".

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

## **5.21 No Placement Agent Role Post-Closing**

The Placement Agent does not take responsibility for, nor has obligations in respect of, the Issuer and the Placement Agent will not have any obligation to monitor the performance of the Portfolio or the actions of the Collateral Manager or the Issuer and 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 Placement Agent 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.

## **5.22 Acquisition and Disposition of Collateral Obligations**

The proceeds of the issue of the Notes remaining after payment of:

- (a) the acquisition costs for the Collateral Obligations acquired by the Issuer on or prior to the Issue Date (including other amounts due in order to finance the acquisition of warehoused Collateral Obligations); and
- (b) certain fees, costs and expenses incurred in connection with the issue of the Notes and anticipated to be payable by the Issuer following completion of the issue of the Notes,

will be transferred from the Unused Proceeds Account and deposited in the Expense Reserve Account, the First Period Reserve Account and the Unused Proceeds Account on the Issue Date.

The Collateral Manager acting on behalf of the Issuer shall use commercially reasonable endeavours to purchase Collateral Obligations with an Aggregate Principal Balance (together with Collateral Obligations previously acquired) 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 Collateral Manager's decisions concerning purchases of Collateral Obligations will be influenced by a number of factors, including market conditions and the availability of securities and loans satisfying the Eligibility Criteria, Reinvestment Criteria and the other requirements of the Collateral Management and Administration Agreement. The failure or inability of the Collateral Manager to acquire Collateral Obligations with the proceeds of the offering or to reinvest Sale Proceeds or payments and prepayments of principal in Substitute Collateral 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 and Administration Agreement and as described herein, the Collateral Manager may only, on behalf of the Issuer, dispose of a limited percentage of Collateral Obligations in any period of 12 calendar months as well as any Collateral Obligation that meets the definition of a Defaulted Obligation, an Exchanged Equity Security and, subject to the satisfaction of certain conditions, a Credit Risk Obligation or Credit Improved Obligation. Notwithstanding such restrictions and subject to the satisfaction of the conditions set forth in the Collateral Management and Administration Agreement, sales and purchases by the Collateral Manager of Collateral Obligations could result in losses by the Issuer, which will be borne in the first instance by the holders of the Subordinated Notes and then by holders of the Rated Notes, beginning with the most junior Class.

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

## **5.23 Regulatory Risk**

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 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 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 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.

#### **5.24 Valuation Information; Limited Information**

None of the Placement Agent, the Collateral Manager or any other transaction party will be required to provide periodic pricing or valuation information to investors. Investors will receive limited information with regard to the Collateral Obligations and none of the transaction parties (including the Issuer, Trustee and Collateral Manager) will be required to provide any information other than what is required in the Trust Deed or the Collateral Management and Administration 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 Obligations and will not be required to disclose such information to the Noteholders.

### **6. Irish Law**

The Issuer is subject to risks, including the location of its centre of main interest, the appointment of examiners, claims of preferred creditors and floating charges.

#### *Centre of main interest*

The Issuer has its registered office in Ireland. Article 3(1) of Regulation (EU) 2015/848 on Insolvency Proceedings (the "**Insolvency Regulation**") states that in the case of a company, the place of its registered office shall be presumed to be its centre of main interests ("**COMI**") in the absence of proof to the contrary and assuming the registered office has not been moved to another EU member state within the three month period prior to the request for the opening of insolvency proceedings. In the decision by the European Court of Justice ("**ECJ**") in relation to Eurofood IFSC Limited, the ECJ stated, in relation to the registered office presumption contained in Council Regulation (EC) No. 1346/2000 of 29 May 2000 on Insolvency Proceedings (which the Insolvency Regulation repealed and replaced), 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, 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.

#### *Examinership*

Examinership is a court procedure available under the Companies Act 2014 to facilitate the survival of Irish companies in financial difficulties. Where a company, which has its COMI in Ireland is, or is likely to be unable to pay its debts an examiner may be appointed on a petition to the relevant Irish court under Section 509 of the Companies Act 2014.

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

During the period of protection, the examiner will formulate proposals for a compromise or scheme of arrangement to assist the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the relevant Irish court when at least one class of creditors has

voted in favour of the proposals and the relevant Irish court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement.

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

The fact that the Issuer is a special purpose vehicle and that all of its liabilities should be of a limited recourse nature means that it is unlikely that an examiner would be appointed to the Issuer.

However, if, for any reason, an examiner were appointed while any amounts due by the Issuer under the Notes were unpaid, the primary risks to the Noteholders are as follows:

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

#### *Preferred Creditors*

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

The holder of a fixed security over the book debts of an Irish tax resident company (which 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 which the holder received in payment of debts due to it by the company.

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

The Irish Revenue Commissioners may also attach any debt due to an Irish tax resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of the Irish Revenue Commissioners has

not yet been considered by the Irish courts and it may override the rights of holders of security (whether fixed or floating) over the debt in question.

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

The essence of a fixed charge is that the person creating the charge does not have liberty to deal with the assets which are the subject matter of the security in the sense of disposing of such assets or expending or appropriating the moneys or claims constituting such assets and accordingly, if and to the extent that such liberty is given to the Issuer any charge constituted by the Trust Deed may operate as a floating, rather than a fixed charge.

In particular, the Irish courts have held that in order to create a fixed charge on receivables it is necessary to oblige the chargor to pay the proceeds of collection of the receivables into a designated bank account and to prohibit the chargor from withdrawing or otherwise dealing with the 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 over the relevant charged assets would be regarded by the Irish courts as a floating charge.

Floating charges have certain weaknesses, including the following:

- (A) they have weak priority against purchasers (who are not on notice of any negative pledge contained in the floating charge) and the chargees of the assets concerned and against lien holders, execution creditors and creditors with rights of set-off;
- (B) as discussed above, they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up;
- (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.

## **7. Conflicts of Interest**

**The Placement Agent and the Collateral Manager 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.**

### *Certain Conflicts of Interest Involving or Relating to the Collateral Manager and its Affiliates*

Various potential and actual conflicts of interest may exist from the overall investment activities of a Collateral Manager Related Person investing for their own accounts or for the accounts of others. The Collateral Manager or a Collateral Manager Related Person may invest in securities or obligations that would be appropriate as Collateral Obligations and may be buyers or sellers of credit protection that reference Collateral Obligations owned by the Issuer. The Collateral Manager and its Affiliates also currently serve as and expect to serve as collateral manager or investment advisor for, act as a general partner to, or invest in or are affiliated with other entities which invest in, underwrite or originate high yield bonds and loans, including those organised to issue collateral obligations similar to those issued by the Issuer. In providing services to other clients, the Collateral Manager and its Affiliates may effect or recommend activities that would compete with or otherwise adversely affect the Issuer.

The Collateral Manager and its Affiliates currently serve as the Collateral Manager for issuers of a number of collateralised debt obligations secured by collateral consisting primarily of non-investment grade secured bank loans and high yield debt. 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 and Administration Agreement, the staff of the Collateral Manager may have conflicts in allocating



its time and services among the Issuer and the Collateral Manager's other accounts. The Collateral Manager may, in its sole discretion, aggregate orders for its accounts under management. Depending on market conditions, the aggregation of orders may result in a higher or lower average price paid or received by a client. There is no assurance that any collateralised debt obligation or other client with strategies or investment objectives similar to the Issuer will hold the same assets or perform in a similar manner.

The Collateral Manager and/or its Affiliates may from time to time form or have a financial or operational interest in the management of one or more hedge funds or similar alternative investment vehicles which may be permitted to allocate a portion of their portfolios to high yield debt, bank loans and long-dated, illiquid, restricted or other similar securities and investment opportunities (including, without limitation, private equity investments, mezzanine investments and distressed investments), and whose investment objectives may therefore overlap with those of the Issuer. Such hedge funds will be managed separately from the Issuer and the Collateral Manager has instituted policies and procedures designed to prevent the flow of material non-public information between the Collateral Manager and certain of its affiliates. It is possible, however, that such hedge funds may independently consider the same investment opportunities as the Issuer and thereby on any given occasion compete with the Issuer for the same investment opportunity.

The Collateral Manager may cause the Issuer to buy or sell one or more Collateral Obligations, in one or more transactions, from or to Affiliates of the Collateral Manager and/or other accounts or funds managed by the Collateral Manager or by Affiliates of the Collateral Manager. The Collateral Manager may also cause the Issuer to buy or sell from time to time Collateral Obligations selected by the Collateral Manager from or to one or more other issuers of collateralised debt obligations or similar entities for which the Collateral Manager serves as collateral manager. In addition, the Collateral Manager, acting as principal for its own account or for the account of an Affiliate, may effect other transactions between itself or an Affiliate and the Issuer. Such transactions will present a conflict between the interests of the Collateral Manager or its Affiliates and/or their other clients, and the interests of the Issuer.

In the course of managing the Collateral Obligations held by the Issuer, the Collateral Manager may consider its relationships with other clients (including companies whose securities are pledged to secure the Notes) and its Affiliates. The Collateral Manager may decline to make a particular investment for the Issuer in view of such relationships. The Collateral Manager or its Affiliates may make investment decisions for its clients and Affiliates that may be different from those made by such persons on behalf of the Issuer, even where the investment objectives are the same or similar to those of the Issuer. The Collateral Manager and its Affiliates may at certain times be simultaneously seeking to purchase or sell the same or similar investments for the Issuer and another client for which the Collateral Manager or any of them serves as investment adviser or collateral manager, or for themselves. Likewise, the Collateral Manager may on behalf of the Issuer make an investment in an issuer or obligor in which another account, client, the Collateral Manager or Collateral Manager Related Person is already invested or has co-invested. The Collateral Manager or a Collateral Manager Related Person may purchase Notes, creating potential conflicts of interest between the Collateral Manager and/or its Affiliates that holds Notes, on the one hand, and other investors in Notes, on the other hand. The Collateral Manager may, in its discretion, give priority over the Issuer in the allocation of investment opportunities to certain accounts or clients designated by the Collateral Manager in its discretion and to other accounts or clients of the Collateral Manager or its Affiliates to the extent obligated or permitted by the application of regulatory requirements, internal policies and client guidelines and/or principles of fiduciary duty. Neither the Collateral Manager nor any of its Affiliates has any obligation to obtain for the Issuer any particular investment opportunity, and the Collateral Manager may be precluded from offering to the Issuer particular securities in certain situations including, without limitation, where the Collateral Manager or its Affiliates may have a prior contractual commitment with other accounts or clients or as to which the Collateral Manager or its Affiliates possesses material, non-public information. There is no assurance that the Issuer will hold the same investments or perform in a substantially similar manner as other funds with similar strategies under the management of the Collateral Manager. There is also a possibility that the Issuer will invest in opportunities declined by the Collateral Manager or its Affiliates for the accounts of others or for their own accounts. In making investments on behalf of accounts or clients that the Collateral Manager or its Affiliates manage or advise either now or in the future, the Collateral Manager in its discretion may, but is not required to, aggregate orders for the Issuer with orders for such other accounts, notwithstanding that depending upon market conditions, aggregated orders can result in a higher or lower average price.

No provision in the Collateral Management and Administration Agreement prevents the Collateral Manager or any of its Affiliates from rendering services of any kind to any person or entity, including the issuer of any obligation included in the Collateral Obligations and their respective Affiliates, the Trustee, the holders of the Notes and the Hedge Counterparties. Without limiting the generality of the foregoing, the Collateral Manager, its

Affiliates and the directors, officers, employees and agents of the Collateral Manager and its Affiliates may, among other things: (a) serve as directors, partners, officers, employees, agents, nominees or signatories for any issuer of any obligation included in the Collateral Obligations; (b) receive fees for services rendered to the issuer of any obligation included in the Collateral Obligations or any Affiliate thereof; (c) be retained to provide services unrelated to the Collateral Management and Administration Agreement to the Issuer and be paid therefor; (d) be a secured or unsecured creditor of, or hold an equity interest in, any issuer of any obligation included in the Collateral Obligations; (e) sell or terminate any Collateral Obligations or Eligible Investments to, or purchase or enter into any Collateral Obligations from, the Issuer while acting in the capacity of principal or agent; and (f) serve as a member of any "creditors' board" with respect to any obligation included in the Collateral Obligations which has become or may become a Defaulted Obligation. Services of this kind may lead to conflicts of interest with the Collateral Manager and the Issuer and may lead individual officers or employees of the Collateral Manager to act in a manner adverse to the Issuer.

The Collateral Manager or a Collateral Manager Related Person may also have ongoing relationships with the issuers of Collateral and they or their clients may own equity or other securities or obligations issued by issuers of Collateral. In addition, the Collateral Manager or a Collateral Manager Related Person either for its own accounts or for the accounts of others, may invest in securities or obligations that are senior to, junior to, or have interests different from or adverse to, the securities or obligations that are acquired on behalf of the Issuer.

The Collateral Manager will purchase the Retention Notes (which are comprised of the same Notes) on the Issue Date and the Collateral Manager may purchase other Notes on or after the Issue Date. Any Collateral Manager Notes shall not carry a right to vote in respect of, or be counted for the purposes of determining a quorum or the result of, any CM Replacement Resolutions and any CM Removal Resolutions. However, subject to the previous sentence, there will be no restriction on the ability of the Collateral Manager or any investor whose investments decisions are made or advised by the Collateral Manager or an affiliate thereof (each, a "**CM Investor**"), the Placement Agent, the Collateral Administrator, or any of their respective affiliates or employees to purchase the Notes (either upon initial issuance or through secondary transfers) and to exercise any voting rights to which such Notes are entitled. Furthermore, exceptions exist as to the scope of the definition of Collateral Manager Notes (and therefore the Notes subject to such voting restrictions), as to which see further "*Resolutions, Amendments and Waivers*" above.

The purchase of Notes by the Collateral Manager or any other CM Investor may create potential and/or actual conflicts of interest between the Collateral Manager and/or its affiliates and other investors in the Notes. Such purchases may be in the secondary market and may occur a significant amount of time after the Issue Date. Resulting conflicts of interest could include (a) divergent economic interests between the Collateral Manager and/or any other CM Investor, on the one hand, and other investors in the Notes, on the other hand, and (b) voting of Notes by the Collateral Manager and/or any other CM Investor, or a recommendation to vote by the same, to cause, among other things, an early redemption of the Notes and/or an amendment of the transaction documents relating to the Notes. The direct or indirect investment in any of the Notes by CM Investors may give the Collateral Manager an incentive to take actions that may vary from the interests of holders of other Classes of Notes at a time when the holders of such other Classes are not CM Investors.

The Notes may also be purchased (either upon initial issuance or through secondary transfers) by investment funds or other accounts for which the Collateral Manager and/or its Affiliates serves as collateral manager or investment advisor and/or for which Affiliates of the Collateral Manager are the beneficial owner and there may be no limit on the exercise by such funds or accounts of any voting rights to which such Notes are entitled, and such voting rights may be exercised in a manner adverse to some or all of the other holders of Notes.

The Collateral Manager may, in its sole discretion, agree with one or more Noteholders to rebate a portion of its Collateral Management Fees and, if such agreement is made, the Collateral Manager will not be obliged to enter into similar agreements with or to notify other Noteholders. Such rebates may affect the incentives of the Collateral Manager in managing the Collateral Obligations and may also affect the actions of the relevant Noteholders in taking any actions it may be permitted to take in respect of the Notes, including votes concerning amendments. In addition, the Collateral Manager may enter into other agreements or arrangements with one or more Noteholders, pursuant to which it may agree or arrange, subject to its obligations under the Collateral Management and Administration Agreement and applicable law, to take actions with respect to such Noteholder or Noteholders that it will not take with respect to all of the Noteholders.

Clients of the Collateral Manager or its Affiliates may act as a counterparty with respect to Hedge Transactions and Participations or as party to or in connection with the investment of any funds in Eligible Investments.

The Collateral Manager and its Affiliates may also have ongoing relationships with, render services to or engage in transactions with Obligor and may own equity or debt securities issued by Obligor. As a result, a Collateral Manager Related Person may possess information relating to issuers of Collateral Obligations which is not known to the individuals at the Collateral Manager responsible for monitoring the Collateral Obligations and performing the other obligations under the Collateral Management and Administration Agreement and in some instances there will be information barriers in place between the Collateral Manager and Collateral Manager Related Persons designed to prevent the flow of material non-public information. In addition, a Collateral Manager Related Person may invest in loans and securities that are senior to, or have interests different from or adverse to, the Collateral Obligations. It is intended that all Collateral Obligations will be purchased and sold by the Issuer on terms prevailing in the market. Neither the Collateral Manager nor any of its Affiliates is under any obligation to offer investment opportunities of which they have become aware to the Issuer or to account to the Issuer (or share with the Issuer or inform the Issuer of) any such transaction or any benefit received by them from any such transaction.

Furthermore, the Collateral Manager and/or its Affiliates may make an investment on behalf of any account that they manage or advise without offering the investment opportunity to or making any investment on behalf of the Issuer. The Collateral Manager and/or its Affiliates have no affirmative obligation to offer any investments to the Issuer 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 without offering the investment opportunity to, or the Collateral Manager making any investment on behalf of, the Issuer. Affirmative obligations may exist or may arise in the future, whereby Affiliates of the Collateral Manager are 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 will endeavour to resolve conflicts with respect to investment opportunities in a manner which it deems equitable to the extent possible under the prevailing facts and circumstances. 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 and Administration Agreement, those staff may have conflicts in allocating their time and services among the Issuer and the Collateral Manager's other accounts.

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 and Administration 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 and Administration Agreement. The successor collateral manager will be selected by the Issuer, subject to the approval of the holders of the Subordinated Notes (including any Collateral Manager Notes) (acting by way of Ordinary Resolution) and subject to the satisfaction of certain conditions, including the holders of the Controlling Class (acting by way of Ordinary Resolution) not disapproving of such successor institution. If a successor collateral manager has not been appointed pursuant to the above or evidence of acceptance of appointment has not been delivered to the resigning or removed collateral manager within 60 days after the date of the applicable notice of resignation or removal, then the Collateral Manager or the holders of the Subordinated Notes (acting by way of Ordinary Resolution) will be entitled to appoint a successor within the subsequent 60 days after the first 60 days, subject to further conditions, which include (if such successor is proposed by the Collateral Manager), the appointment of such successor having been approved by the holders of the Subordinated Notes (acting by way of Ordinary Resolution). If the successor collateral manager appointed by the resigning or removed Collateral Manager is disproved, the resigning or removed Collateral Manager, the holders of the Subordinated Notes (acting by way of Ordinary Resolution) or the holders of the Controlling Class (acting by way of Ordinary Resolution) may petition any court of competent jurisdiction for the appointment of a successor collateral manager, which appointment will not require the consent of, nor be subject to the disapproval of, the Issuer or any Noteholder. With respect to any vote in connection with the approval of a successor Collateral Manager if the appointment of the Collateral Manager is being terminated pursuant to the occurrence of a Collateral Manager Event of Default, and such vote is described herein as a vote on the Subordinated Notes but all Subordinated Notes are Collateral Manager Notes, then such vote shall instead be a vote of the most senior Class of Rated Notes (acting by way of Ordinary Resolution) that is not comprised entirely of Collateral Manager Notes.

The Collateral Manager, acting on behalf of the Issuer, may effect transactions between the Issuer and other entities (including other CLO issuers) in respect of which the Collateral Manager acts as collateral manager. The Collateral Manager, on behalf of the Issuer, may conduct principal trades with itself and Collateral Manager Related Persons, subject to applicable law. The Collateral Manager may also effect client cross transactions where the Collateral Manager causes a transaction to be effected between the Issuer and another account managed or advised by any Collateral Manager Related Persons. Client cross transactions enable the Collateral Manager to

purchase or sell a block of securities for the Issuer at a set price and possibly avoid an unfavourable price movement that may be created through entrance into the market with such purchase or sell order. In addition, the Issuer has agreed to permit cross transactions; provided that such consent can be revoked at any time by the Issuer and to the extent that the Issuer's consent with respect to any particular cross transaction is required by applicable law. Accordingly, subject as provided above, the Collateral Manager may enter into agency cross transactions where any Collateral Manager Related Persons acts as broker for the Issuer and for the other party to the transaction, in which case any such Collateral Manager Related Persons will receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to the transaction.

In addition, the Collateral Manager and/or its Collateral Manager Related Persons may own equity or other securities of Obligor and may have provided investment advice, collateral management and other services to Obligor. From time to time, the Collateral Manager may, on behalf of the Issuer, purchase or sell Collateral Obligations through the Placement Agent or their Affiliates. In connection with the foregoing activities, the Collateral Manager may from time to time come into possession of material non-public information that limits its ability to effect a transaction for the Issuer, and the Issuer's investments may be constrained as a consequence of the Collateral Manager's inability to use such information for advisory purposes or otherwise to effect transactions that otherwise may have been initiated on behalf of its clients, including the Issuer. The Issuer may invest in the debt of companies Affiliated with any of the Placement Agent, the Collateral Manager or their respective Affiliates or companies in which the Placement Agent, the Collateral Manager or their respective Affiliates have an equity or participation interest. The purchase, holding and sale of such investments by the Issuer may enhance the profitability of the Collateral Manager or its Affiliates' own investments in such companies. It is possible that one or more Affiliates of the Collateral Manager may also act as counterparty with respect to one or more Participations.

The Collateral Manager may from time to time consult with, receive input from and provide information to third parties (who may or may not be or become direct and indirect owners of the Notes) in respect of obligations being considered for acquisition by the Issuer. Some of those same third parties may have interests adverse to those of the Noteholders and may take a short position (for example, by buying protection under a credit default swap) relating to any such obligations or securities. This Offering Circular does not contain any information regarding the individual Collateral Obligations that will comprise the Issuer's initial portfolio or that may secure the Notes from time to time.

There is no limitation or restriction on the Collateral Manager, or any of its respective Affiliates with regard to acting as collateral manager (or in a similar role) to other parties or persons. This and other future activities of the Collateral Manager and/or its Affiliates may give rise to additional conflicts of interest. See "Description of the Collateral Manager".

The Collateral Manager's duties and obligations under the Collateral Management and Administration Agreement are owed solely to the Issuer (and, to the extent of the Issuer's security assignment of its rights under the Collateral Management and Administration Agreement, the Trustee). The Collateral Manager is not in contractual privity with, and owes no separate duties or obligations to, any of the holders of the Rated Notes or the Subordinated Notes.

#### *Certain Conflicts of Interest Involving or Relating to the Placement Agent and its Affiliates*

Each of the Placement Agent and its Affiliates (the "**Citi Parties**") will play various roles in relation to the offering, including acting as the structurer of the transaction and in other roles described below.

The Citi Parties have been involved (together with the Collateral Manager) in the formulation of the Portfolio Profile Tests, Coverage Tests, Collateral Quality Tests, Priorities of Payments and other criteria in and provisions of the Trust Deed and the Collateral Management and Administration Agreement. These may be influenced by discussions that the Placement Agent 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. An Affiliate of the Placement Agent was also a Warehouse Provider under the Warehouse Arrangements.

The Placement Agent 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 higher or lower fee being paid to the Placement Agent in respect of those Notes. The Placement Agent may elect in its sole discretion to rebate a portion of its fees in respect of the Notes to certain investors or the Collateral Manager, including the Retention Holder. The

Placement Agent may assist clients and counterparties in transactions related to the Notes (including assisting clients in future purchases and sales of the Notes and hedging transactions). The Placement Agent expects to earn fees and other revenues from these transactions.

The Citi 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 Citi Parties are part of a global investment banking and securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. As such, they actively make markets in and trade financial instruments for their own account and for the accounts of customers in the ordinary course of their business. The financial services that the Citi Parties may provide also include providing or arranging financing and, as such, the Citi Parties may have and/or may provide or arrange financing to the Collateral Manager or a Collateral Manager Related Person (as to which see "*Regulatory Initiatives – Retention Financing*" above in respect of the Retention Financing contemplated as of the Issue Date). When exercising its rights in connection with any such retention financing, the Relevant Party could seek to enforce its security over all or some of the Retention Notes and take possession or sell such Retention Notes to a third party. In addition, the Relevant Parties may derive fees and other revenues from the arrangement and provision of any such financings. The Citi Parties may have positions in and will likely have placed or underwritten certain of the Collateral Obligations (or other obligations of the Obligors of Collateral 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 Obligations. In addition, the Citi Parties and their clients may invest in debt obligations and securities that are senior to, or have interests different from or adverse to, Collateral Obligations. Each of the Citi Parties will act in its own commercial interest in its various capacities without regard to whether its interests conflict with those of the Noteholders or any other party including, without limitation, in deciding whether to enforce its security granted in connection with any financing. Moreover, the Issuer may invest in loans of Obligors Affiliated with the Citi Parties or in which one or more Citi Parties hold an equity participation or other interest. The purchase, holding or sale of such Collateral Obligations by the Issuer may increase the profitability of the Citi Parties' own investments in such Obligors.

From time to time the Collateral Manager may purchase from or sell Collateral Obligations through or to the Citi Parties (including a portion of the Collateral Obligations to be purchased on or prior to the Issue Date) and one or more Citi Parties may act as the selling institution with respect to participation interests and/or as a counterparty under a Hedge Agreement. The Citi Parties may act as placement agent and/or initial purchaser or investment manager in other transactions involving issues of collateralised debt obligations or other investment funds with assets similar to those of the Issuer, which may have an adverse effect on the availability of collateral for the Issuer and/or on the price of the Notes.

The Citi 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, Citi Parties and employees or customers of the Citi Parties may actively trade in and/or otherwise hold long or short positions in the Notes, Collateral Obligations and Eligible Investments or enter into transactions similar to or referencing the Notes, Collateral Obligations and Eligible Investments or the Obligors thereof for their own accounts and for the accounts of their customers. If a Citi 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 Citi 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 Citi Party may be willing to purchase Notes, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price for the Notes and significantly lower than the price at which it may be willing to sell the Notes.

By purchasing a Note, each investor will be deemed to have acknowledged the existence of the conflicts of interest inherent to this transaction, including as described herein, and to have waived any claim with respect to any liability arising from the existence thereof.

*Certain Conflicts of Interest Involving or Relating to the Retention Financing Parties*

The Retention Holder will enter into the Retention Financing, as to which see “*Regulatory Initiatives – Retention Financing*” above.

Noteholders should also be aware that the terms of the Retention Financing are such that certain parties to it would benefit from a situation where credit losses are incurred on the Retention Notes. As of the Issue Date such parties are not otherwise parties to the Transaction Documents and, as such, have no direct rights to control or influence the performance of the transactions contemplated by the Transaction Documents. Furthermore, when exercising its rights in connection the Retention Financing, the relevant parties have no duties or obligations to consider the effect of any such actions to the Noteholders.

## TERMS AND CONDITIONS

*The following are the terms and conditions of each of the Class A-1 Notes, the Class A-2A Notes, the Class A-2B Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes, substantially in the form in which they will be endorsed on such Notes if issued in definitive certificated form and which will be incorporated by reference into the Global Certificates of each Class representing the Notes in global certificated form, subject to the provisions of such Global Certificates.*

The issue of €154,250,000 Class A-1 Senior Secured Floating Rate Notes due 2031 (the "**Class A-1 Notes**"), €22,250,000 Class A-2A Senior Secured Floating Rate Notes due 2031 (the "**Class A-2A Notes**"), €15,000,000 Class A-2B Senior Secured Fixed Rate Notes due 2031 (the "**Class A-2B Notes**" and, together with the Class A-2A Notes, the "**Class A-2 Notes**"), €18,750,000 Class B Senior Secured Deferrable Floating Rate Notes due 2031 (the "**Class B Notes**"), €16,250,000 Class C Senior Secured Deferrable Floating Rate Notes due 2031 (the "**Class C Notes**"), €12,000,000 Class D Senior Secured Deferrable Floating Rate Notes due 2031 (the "**Class D Notes**", and, together with the Class A-1 Notes, the Class A-2 Notes, the Class B Notes and the Class C Notes, the "**Rated Notes**") and the €43,150,000 Subordinated Notes due 2031 (the "**Subordinated Notes**" and the Subordinated Notes together with the Rated Notes, the "**Notes**") of Bilbao CLO III Designated Activity Company (the "**Issuer**") was authorised by resolution of the board of Directors of the Issuer dated on 13 May 2020. The Notes are constituted by a trust deed (together with any other security document entered into in respect of the Notes, the "**Trust Deed**") dated on or about the Issue Date between (amongst others) the Issuer and BNY Mellon Corporate Trustee Services Limited in its capacity as trustee (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) for itself and for the Noteholders and security trustee for the Secured Parties.

These terms and conditions of the Notes (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 and account bank agreement dated on or about the Issue Date (the "**Agency and Account Bank Agreement**") between, amongst others, the Issuer, The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar and transfer agent (respectively, the "**Registrar**" and the "**Transfer Agent**", which terms shall include any successor or substitute registrar or transfer agent appointed pursuant to the terms of the Agency and Account Bank 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 and Account Bank Agreement) and the Trustee; (b) a collateral management and administration agreement dated on or about the Issue Date (the "**Collateral Management and Administration Agreement**") between, amongst others, the Issuer, the Trustee and Guggenheim Partners Europe Limited, 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 and Administration Agreement), the Custodian and The Bank of New York Mellon SA/NV, Dublin Branch as collateral administrator and information agent (respectively, the "**Collateral Administrator**" and "**Information Agent**", which terms shall include any successor collateral administrator or information agent appointed pursuant to the terms of the Collateral Management and Administration Agreement); (c) a corporate administration agreement dated 20 September 2019 between the Issuer and Maples Fiduciary Services (Ireland) Limited (the "**Corporate Administrator**", which term shall include any successor or replacement corporate administrator of the Issuer appointed in accordance with the terms of the Trust Deed) (the "**Corporate Administration Agreement**", which term shall include any subsequent corporate administration agreement entered into between the Issuer and any such successor or replacement corporate administration provider). Copies of the Trust Deed, the Agency and Account Bank Agreement, the Collateral Management and Administration Agreement and the Corporate Administration Agreement are available for inspection during usual business hours at the registered office of the Issuer (presently at 32 Molesworth Street, Dublin 2, Ireland) and at the specified office of the Transfer Agent for the time being. The holders of each Class of Notes are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Trust Deed, and are deemed to have notice of all the provisions of each other Transaction Document.

### 1. Definitions

"**Acceleration Notice**" shall have the meaning ascribed to it in Condition 10(b) (*Acceleration*).

**"Accounts"** means the Principal Account, the Custody Account, the Interest Account, the Unused Proceeds Account, the Payment Account, the Expense Reserve Account, the Supplemental Reserve Account, any Counterparty Downgrade Collateral Accounts, the Currency Accounts, the Hedge Termination Account, the First Period Reserve Account, the Interest Smoothing Account and the Unfunded Revolver Reserve Account.

**"Accrual Period"** means, in respect of each Class of Notes, the period from and including the Issue Date to, but excluding, the first Payment Date and each successive period from and including each Payment Date (or in the case of a Class that is subject to a Refinancing, the Business Day upon which such Refinancing occurs) to, but excluding, the first Payment Date (or, in the case of a Class that is subject to a Refinancing, the first Payment Date following such Refinancing) and each successive period from and including each Payment Date to, but excluding, the following Payment Date; *provided that* for the purpose of calculating the interest payable in accordance with Condition 6(e)(iii) (*Calculation of Fixed Amounts*), the Payment Date shall not be adjusted if the relevant Payment Date would have fallen on a day other than a Business Day but for the proviso in the definition of Payment Date.

**"Accrued Further Subordinated Management Fee Amount"** means, on any Payment Date, (i) the aggregate sum of the Delayed Further Subordinated Management Fee Amount that has accrued from the Issue Date to the relevant Payment Date minus (ii) all distributions pursuant to paragraph (V) of the Interest Priority of Payments and paragraph (Q) of the Post-Acceleration Priority of Payments.

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

- (a) the Aggregate Principal Balance of the Collateral Obligations (other than Defaulted Obligations, Discount Obligations and Deferring Securities); *plus*
- (b) unpaid accrued interest purchased with Principal Proceeds (other than with respect to Defaulted Obligations); *plus*
- (c) without duplication, the Balances standing to the credit of the Principal Account and the Unused Proceeds Account (only in respect of such amounts that are not designated as Interest Proceeds to be credited to the Interest Account), including Eligible Investments therein which represent Principal Proceeds, provided in each case that such amounts to be used to purchase Collateral Obligations in respect of which the Issuer has entered into a binding commitment to purchase, but which have not yet settled, shall be excluded as if such purchase had been completed and principal proceeds to be received from the sale of Collateral Obligations in respect of which the Issuer has entered into a binding commitment to sell, but which have not yet settled, shall be included as if such sale has been completed; *plus*
- (d) in relation to each Deferring Security or a Defaulted Obligation the lesser of (i) its S&P Collateral Value and (ii) its Fitch Collateral Value, *provided that* in the case of a Defaulted Obligation, the value determined under this paragraph (d) of a Defaulted Obligation that has been a Defaulted Obligation for more than three years after the date on which it became a Defaulted Obligation and continues to be a Defaulted Obligation on such date shall be zero; *plus*
- (e) 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*
- (f) the Excess CCC Adjustment Amount,

*provided that:*

- (i) with respect to any Collateral Obligation that satisfies more than one of the definitions of Defaulted Obligation, Discount Obligation, Deferring Security and/or that falls into the Excess CCC Adjustment Amount, such Collateral Obligation shall, for the purposes of this definition, be treated as belonging to the category of Collateral Obligations which results in the lowest Adjusted Collateral Principal Amount determined in accordance with the provisions of paragraphs (a) to (f) of this definition on any date of determination; and
- (ii) in respect of each of paragraphs (b), (c), (d), (e) and (f) above, any non-Euro amounts received will be converted into Euro (A) in the case of each Non-Euro Obligation which is subject to a Currency Hedge Agreement at the applicable Currency Hedge Transaction Exchange Rate for the related Currency Hedge



Transaction and (B) in the case of each Non-Euro Obligation which is not subject to a Currency Hedge Agreement at the applicable Spot Rate.

"**Administrative Expenses**" means amounts due and payable by the Issuer in the following order of priority (in each case, other than where expressly set out below, together with any VAT thereon, whether payable to the relevant tax authority or to the relevant party) in accordance with the Transaction Documents:

- (a) on a *pro rata* basis and *pari passu*, to (i) the Agents pursuant to the Agency and Account Bank Agreement, (ii) the Collateral Administrator and the Information Agent pursuant to the Collateral Management and Administration Agreement; (iii) the Corporate Administrator pursuant to the Corporate Administration Agreement (in each case, including amounts by way of indemnity); and (iv) to Euronext Dublin, or such other stock exchange or exchanges upon which any of the Notes are listed from time to time, including but not limited to annual listing fees;
- (b) on a *pro rata* basis to each Reporting Delegate pursuant to any Reporting Delegation Agreement;
- (c) on a *pro rata* and *pari passu* basis:
  - (i) to any Rating Agency which may from time to time be requested to assign (i) a rating to each of the Rated Notes, or (ii) a confidential credit estimate to any of the Collateral Obligations, for fees and expenses (including surveillance fees) in connection with any such rating or confidential credit estimate including, in each case, the ongoing monitoring thereof and any other amounts due and payable to any Rating Agency under the terms of the Issuer's engagement with such Rating Agency;
  - (ii) to the independent certified public accountants, auditors, agents and counsel of the Issuer (other than amounts payable to the Agents pursuant to paragraph (a) above) and to the Directors of the Issuer in respect of directors' fees (if any);
  - (iii) to the Collateral Manager pursuant to the Collateral Management and Administration Agreement (including, but not limited to, the indemnities provided for therein and all ordinary expenses, costs, fees, out-of-pocket expenses or brokerage fees incurred by the Collateral Manager), but excluding any Collateral Management Fees and any VAT 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), any statutory indemnity or any pecuniary sanctions (including sanctions arising under Article 32 of the Securitisation Regulation in relation to any failure by the Issuer to meet the EU Disclosure Requirements);
  - (v) on a *pro rata* basis to any other Person in respect of any other fees or expenses contemplated in the Conditions and in the Transaction Documents or any other documents delivered pursuant to or in connection with the issue and sale of the Notes which are not provided for elsewhere in this definition or in the Priorities of Payment, including, without limitation, amounts payable to any listing agent and 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;
  - (vi) to the Placement Agent pursuant to the Placement Agency Agreement in respect of any indemnity or other amount payable to it thereunder;
  - (vii) to the payment on a *pro rata* basis of any fees, expenses or indemnity payments in relation to the restructuring of a Collateral Obligation, including but not limited to a steering committee relating thereto;
  - (viii) 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);

- (ix) to the Hedge Counterparty (if any) in relation to costs reasonably incurred in relation to the transfer of any collateral to or from any Counterparty Downgrade Collateral Account;
  - (x) to any person in connection with satisfying the requirements of Rule 17g-5 or 17g-10 under the Exchange Act; and
  - (xi) to the payment of any amounts necessary to ensure the orderly dissolution of the Issuer;
- (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 17g-5, EMIR, CRA3, AIFMD, the Securitisation Regulation or the Dodd-Frank Act, in each case as applicable to the Issuer only and including any implementing and/or delegated regulations, technical standards or guidance related thereto;
  - (ii) on a *pro rata* basis to any Person (including the Collateral Manager) in connection with satisfying the EU Retention and Disclosure Requirements, in each case as applicable to the Issuer only, including any costs or fees related to additional due diligence or reporting requirements;
  - (iii) FATCA Compliance Costs and the aggregate cumulative costs of the Issuer in order to achieve compliance with each other regime for the automatic exchange of tax information to which it is subject;
  - (iv) reasonable fees, costs and expense of the Issuer and Collateral Manager including reasonable attorneys' 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); and
- (e) on a *pro rata* basis, any Refinancing Costs (to the extent not already paid pursuant to paragraph (a) above) and to the extent not already paid as Trustee Fees and Expenses;
- (f) on a *pro rata* and *pari passu* basis, at the direction of the Retention Holder, the establishment and running costs of any retention financing arrangements entered into by the Retention Holder in connection with the Notes (including, for the avoidance of doubt, legal fees, indemnification amounts and the cost of establishing and maintaining a special purpose vehicle for the purposes of such arrangements); and
- (g) except to the extent already provided for above and to the extent not already paid as Trustee Fees and Expenses, on a *pro rata* basis payment of any indemnities 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 paragraph (c)(i) above other than in the order required by paragraphs (a) to (f) above if the Collateral Manager or Issuer has been advised by a Rating Agency that non-payment of its fees will immediately result in the withdrawal of any ratings on any Class of Rated Notes, but only if amounts due to be paid under paragraph (a) above on the Payment Date immediately following such payment have been provided for in full at the time of such payment; and
- (y) the Collateral Manager, in its reasonable judgement may determine that a payment other than in the order required by paragraphs (a) to (f) above is required to ensure the delivery of certain accounting services and reports, but only if amounts due to be paid under paragraph (a) above on the Payment Date immediately following such payment have been provided for in full at the time of such payment.

**"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, employee or general partner:
  - (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, 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; provided that, in relation to the Collateral Manager, Affiliates shall not include: (1) the Issuer, (2) any investment funds affiliated with the Collateral Manager and/or its affiliates and designees that focus on leveraged buyout, real estate or venture capital transactions, (3) any hedge funds or solutions managed accounts or investment vehicles affiliated with the Collateral Manager, (4) the direct or indirect portfolio companies of the investment funds described in (2) above, or (5) any fund advised by the Collateral Manager or any of its affiliates.

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

**"Aggregate Principal Balance"** means the aggregate of the Principal Balances of all the Collateral Obligations and, when used with respect to some portion of the Collateral Obligations, means the aggregate of the Principal Balances of such portion of the Collateral Obligations, in each case, as at the date of determination.

**"AIFMD"** means the European Union Directive 2011/61/EU on Alternative Investment Fund Managers (as amended from time to time and as implemented by EU member states) together with any implementing or delegated regulations, technical standards and guidance related thereto as may be amended, replaced or supplemented from time to time.

**"Alternative Base Rate"** means:

- (a) an industry benchmark rate that is generally accepted in the financial markets as a replacement benchmark for EURIBOR and/or LIBOR;
- (b) any rate (and, if applicable, the methodology for calculating such rate) formally proposed, recommended or recognised as an industry standard rate (whether by letter, protocol, publication of standard terms or otherwise) by the Loan Markets Association, the Association for Financial Markets in Europe or the Loan Syndications & Trading Association (or, in each case, any successor organisation thereto) as a replacement reference rate for the calculation of the relevant reference rate (or the most appropriate such rate for the context in the Collateral Manager's reasonable judgement in the event that multiple valid replacement rates are proposed, recommended or recognised);
- (c) the most common reference rate other than LIBOR or EURIBOR relied on for the quarterly paying Floating Rate Collateral Obligations included in the Portfolio;
- (d) the most common reference rate (not being LIBOR or EURIBOR) relied on by quarterly pay Floating Rate Collateral Obligations issued in the preceding one month;
- (e) the most common reference rate, other than EURIBOR, used to determine the floating rate of interest on securities priced or issued in the preceding three months in Euro-denominated collateralised loan obligation transactions or amendments of existing collateralised loan obligation transactions whose collateral consists primarily of broadly syndicated Secured Senior Loans and are subject to EURIBOR and/or LIBOR related supplemental Transaction Documents; and/or
- (f) the single reference rate that is used in calculating the interest rate of floating rate notes priced or issued in the preceding six months in at least ten Euro-denominated collateralised loan obligation transactions or amendments of existing collateralised loan obligation transactions whose collateral consists primarily

of broadly syndicated Secured Senior Loans and are subject to EURIBOR and/or LIBOR related supplemental Transaction Documents,

which, in each case, (i) may include a Reference Rate Modifier and (ii) is as determined by the Collateral Manager prior to the applicable Determination Date of the Payment Date immediately following the date on which the Alternative Base Rate-related supplemental Transaction Documents are proposed (the determination of which may be based, in the Collateral Manager's reasonable judgement, on information provided by any of the Rating Agencies, the Placement Agent, or other, similarly situated, nationally recognised firms), subject to paragraph (xxx) of Condition 14(c) (*Modification and Waiver*).

Neither the exercise of discretion nor the judgement of the Collateral Manager in connection with the foregoing will be called into question as a result of subsequent events so long as such exercise or judgement was made in a commercially reasonable manner."

**"Annual Obligations"** means Collateral Obligations which, at the date of measurement, pay interest less frequently than semi-annually.

**"Applicable Margin"** has the meaning given thereto in Condition 6(e)(i)(3) (*Floating Rate of Interest*).

**"Arranger"** means Citigroup Global Markets Limited.

**"Assignment"** means an interest in a loan 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.

**"Authorised Officer"** means, with respect to the Issuer, any Director of the Issuer or other Person as notified 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, certificates of 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,

provided that (i) to the extent that the Hedging Condition has been satisfied and a Currency Hedge Agreement is in place, amounts standing to the credit of the Currency Accounts shall be converted into Euro at the relevant Currency Hedge Transaction Exchange Rate, (ii) to the extent that no Currency Hedge Agreement is in place, any balance which is denominated in a currency other than Euro shall be converted into Euro at the Spot Rate and (iii) in the event that a default as to payment of principal and/or interest has occurred and is continuing (disregarding any grace periods provided for pursuant to the terms thereof) in respect of any Eligible Investment or any material obligation of the obligor thereunder which is senior or equal in right of payment to such Eligible Investment such Eligible Investment shall have a value equal to the lesser of its S&P Collateral Value and its Fitch Collateral Value (determined as if such Eligible Investment were a Collateral 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.

**"Bivariate Risk Table"** means the table set forth in the Collateral Management and Administration 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, Dublin 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 Excess"** means, in respect of any date of determination, the amount equal to the greater of:

- (a) the excess of the Aggregate Principal Balance of all S&P CCC Obligations over an amount equal to 7.5 per cent. of the Collateral Principal Amount (calculated for this purpose on the basis that the Principal Balance of each Defaulted Obligation is its S&P Collateral Value) as of the relevant date of determination; and
- (b) the excess of the Aggregate Principal Balance of all Fitch CCC Obligations over an amount equal to 7.5 per cent. of the Collateral Principal Amount (calculated for this purpose on the basis that the Principal Balance of each Defaulted Obligation is its Fitch Collateral Value) as of the relevant date of determination,

provided that, in determining which of the S&P CCC Obligations or Fitch CCC Obligations, as applicable, shall be included under part (a) or (b) above, the S&P CCC Obligations or Fitch CCC Obligations, as applicable, with the lowest Market Value (expressed as a percentage of the Principal Balance of such Collateral Obligations as of the relevant date of determination) shall be deemed to constitute the CCC Excess.

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

**"Class A 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 (a) the Interest Coverage Amount by (b) the scheduled interest payments due on the Class A-1 Notes and the Class A-2 Notes, in each case on the following Payment Date. For the purposes of calculating the Class A Interest Coverage Ratio, the expected interest income on Collateral Obligations, Eligible Investments and the Accounts (to the extent applicable) and the expected interest payable on the Class A-1 Notes and the Class A-2 Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

**"Class A 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 Interest Coverage Ratio is at least equal to 120.00 per cent.

**"Class A Notes"** means the Class A-1 Notes and the Class A-2 Notes.

**"Class A 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-1 Notes and the Class A-2 Notes.

**"Class A 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 Par Value Ratio is at least equal to 134.60 per cent.

**"Class A-1 CM Removal and Replacement Exchangeable Non-Voting Notes"** means the Class A-1 Notes in the form of CM Removal and Replacement Exchangeable Non-Voting Notes.

**"Class A-1 CM Removal and Replacement Non-Voting Notes"** means the Class A-1 Notes in the form of CM Removal and Replacement Non-Voting Notes.

**"Class A-1 CM Removal and Replacement Voting Notes"** means the Class A-1 Notes in the form of CM Removal and Replacement Voting Notes.

**"Class A-1 Noteholders"** means the holders of any Class A-1 Notes from time to time.

**"Class A-1 Makewhole Accrual Period "** means, in respect of the Class A-1 Notes, the period from and including the Business Day immediately following the Class A-1 Optional Redemption Date to, and including, the Class A-1 Makewhole Payment End Date.

**"Class A-1 Makewhole Payment Amount "** means the amount payable to the Class A-1 Noteholders upon any redemption of the Class A-1 Notes provided that (a) such redemption is in accordance with (i) Condition 7(b)(i)(A) (*Optional Redemption in Whole – Subordinated Noteholders*), (ii) Condition 7(b)(ii) (*Optional Redemption in Part – Collateral Manager / Subordinated Noteholders*) or (iii) where such redemption is at the direction of the Collateral Manager and/or Subordinated Noteholders (acting by way of Ordinary Resolution) only, Condition 7(b)(vi) (*Optional Redemption effected through Liquidation only*), (b) the Redemption Date in respect of such redemption occurs on any date prior to the Class A-1 Makewhole Payment End Date and (c) no Class A-1 Makewhole Waiver has been delivered to the Collateral Manager in writing at least 1 Business Day prior to such redemption of the Class A-1 Notes. The Class A-1 Makewhole Payment Amount payable to a Class A-1 Noteholder shall be calculated by the Calculation Agent (or any successor) by applying the Applicable Margin in respect of the Class A-1 Notes to an amount equal to the Principal Amount Outstanding in respect of the Class A-1 Notes held by such Class A-1 Noteholder on such Class A-1 Optional Redemption Date, multiplying the product by the actual number of days in the Class A-1 Makewhole Accrual Period, divided by 360 and rounding the resultant figure to the nearest €0.01 (€0.005 being rounded upwards) and the Class A-1 Makewhole Payment Amount shall be the aggregate amount payable to all Class A-1 Noteholders in accordance with this definition.

**"Class A-1 Makewhole Payment End Date"** means 20 November 2021.

**"Class A-1 Makewhole Waiver"** means an election to waive receipt of the Class A-1 Makewhole Payment Amount by one or more Class A-1 Noteholders holding, in aggregate, not less than 50 per cent. of the aggregate Principal Amount Outstanding of the Class A-1 Notes at the time of election.

**"Class A-1 Optional Redemption Date"** means a date occurring prior to the Class A-1 Makewhole Payment End Date on which the Class A-1 Notes are redeemed in accordance with (i) Condition 7(b)(i)(A) (*Optional Redemption in Whole – Subordinated Noteholders*), (ii) Condition 7(b)(ii) (*Optional Redemption in Part – Collateral Manager / Subordinated Noteholders*) or (iii) where such redemption is at the direction of the Collateral Manager and/or Subordinated Noteholders (acting by way of Ordinary Resolution) only, Condition 7(b)(vi) (*Optional Redemption effected through Liquidation only*).

**"Class A-2 Noteholders"** means the holders of any Class A-2 Notes from time to time.

**"Class A-2A CM Removal and Replacement Exchangeable Non-Voting Notes"** means the Class A-2A Notes in the form of CM Removal and Replacement Exchangeable Non-Voting Notes.

**"Class A-2A CM Removal and Replacement Non-Voting Notes"** means the Class A-2A Notes in the form of CM Removal and Replacement Non-Voting Notes.

**"Class A-2A CM Removal and Replacement Voting Notes"** means the Class A-2A Notes in the form of CM Removal and Replacement Voting Notes.

**"Class A-2B CM Removal and Replacement Exchangeable Non-Voting Notes"** means the Class A-2B Notes in the form of CM Removal and Replacement Exchangeable Non-Voting Notes.

**"Class A-2B CM Removal and Replacement Non-Voting Notes"** means the Class A-2B Notes in the form of CM Removal and Replacement Non-Voting Notes.

**"Class A-2B CM Removal and Replacement Voting Notes"** means the Class A-2B Notes in the form of CM Removal and Replacement Voting Notes.

**"Class B CM Removal and Replacement Exchangeable Non-Voting Notes"** means the Class B Notes in the form of CM Removal and Replacement Exchangeable Non-Voting Notes.

**"Class B CM Removal and Replacement Non-Voting Notes"** means the Class B Notes in the form of CM Removal and Replacement Non-Voting Notes.

**"Class B CM Removal and Replacement Voting Notes"** means the Class B Notes in the form of CM Removal and Replacement Voting Notes.

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

**"Class 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 (a) the Interest Coverage Amount by (b) the scheduled interest payments due on the Class A-1 Notes, the Class A-2 Notes and the Class B Notes (excluding Deferred Interest but including any interest on Deferred Interest), in each case, on the following Payment Date. For the purposes of calculating the Class B Interest Coverage Ratio, the expected interest income on Collateral Obligations, Eligible Investments and the Accounts (to the extent applicable) and the expected interest payable on the Class A-1 Notes, the Class A-2 Notes and the Class B Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

**"Class 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 B Interest Coverage Ratio is at least equal to 110.00 per cent.

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

**"Class 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-1 Notes, Class A-2 Notes and Class B Notes.

**"Class 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 B Par Value Ratio is at least equal to 123.30 per cent.

**"Class C CM Removal and Replacement Exchangeable Non-Voting Notes"** means the Class C Notes in the form of CM Removal and Replacement Exchangeable Non-Voting Notes.

**"Class C CM Removal and Replacement Non-Voting Notes"** means the Class C Notes in the form of CM Removal and Replacement Non-Voting Notes.

**"Class C CM Removal and Replacement Voting Notes"** means the Class C Notes in the form of CM Removal and Replacement Voting Notes.

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

**"Class C Interest Coverage Ratio"** means, as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date, the ratio (expressed as a percentage) obtained by dividing (a) the Interest Coverage Amount by (b) the scheduled interest payments due on the Class A-1 Notes, the Class A-2 Notes, the Class B Notes and the Class C Notes (excluding Deferred Interest but including any interest on Deferred Interest), in each case on the following Payment Date. For the purposes of calculating the Class C Interest Coverage Ratio, the expected interest income on Collateral Obligations, Eligible Investments and the Accounts (to the extent applicable) and the expected interest payable on the Class A-1 Notes, the Class A-2 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 105.00 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-1 Notes, Class A-2 Notes, the Class B Notes and 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 115.41 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 (a) the Interest Coverage Amount by (b) the scheduled interest payments due on the the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes (excluding Deferred Interest but including any interest on Deferred Interest), on the following Payment Date. For the purposes of calculating the Class D Interest Coverage Ratio, the expected interest income on Collateral Obligations, Eligible Investments and the Accounts (to the extent applicable) and the expected interest payable on the Class A-1 Notes, the Class A-2 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 101.00 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-1 Notes, the Class A-2 Notes, the Class B Notes, the 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 110.80 per cent.

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

- (a) the Class A-1 Notes;
- (b) the Class A-2A Notes;
- (c) the Class A-2B Notes;
- (d) the Class B Notes;
- (e) the Class C Notes;
- (f) the Class D Notes; and
- (g) the Subordinated Notes.

and **"Class of Noteholders"** and **"Class"** shall be construed accordingly. Notwithstanding that:

- (i) the Class A-1 Notes in the form of CM Removal and Replacement Voting Notes, CM Removal and Replacement Exchangeable Non-Voting Notes and CM Removal and Replacement Non-Voting Notes are in the same Class;



- (ii) the Class A-2A CM Removal and Replacement Voting Notes, the Class A-2A CM Removal and Replacement Exchangeable Non-Voting Notes and the Class A-2A CM Removal and Replacement Non-Voting Notes are in the same Class;
- (iii) the Class A-2B CM Removal and Replacement Voting Notes, the Class A-2B CM Removal and Replacement Exchangeable Non-Voting Notes and the Class A-2B CM Removal and Replacement Non-Voting Notes are in the same Class;
- (iv) the Class B CM Removal and Replacement Voting Notes, the Class B CM Removal and Replacement Exchangeable Non-Voting Notes and the Class B CM Removal and Replacement Non-Voting Notes are in the same Class; and
- (v) the Class C CM Removal and Replacement Voting Notes, the Class C CM Removal and Replacement Exchangeable Non-Voting Notes and the Class C CM Removal and Replacement Non-Voting Notes are in the same Class,

they shall not be treated as a single Class in respect of any vote or determination of quorum under the Trust Deed in connection with any CM Removal Resolution or CM Replacement Resolution, as further described in the Conditions, the Trust Deed and the Collateral Management and Administration Agreement. For the avoidance of doubt, each Class of Notes described in paragraphs (a) through (f) above shall be treated as a single Class for all other purposes.

The Class A-2A Notes and Class A-2B Notes together, shall be deemed to constitute a single Class in respect of (1) any consent, direction, objection, approval, vote or determination of quorum under the Trust Deed and (2) for the purposes of determining compliance with the EU Retention Requirements.

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

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

**"CM Removal and Replacement Exchangeable Non-Voting Notes"** means Notes which:

- (a) do not carry a right to vote in respect of or be counted for the purposes of determining a quorum and the result of voting on a CM Removal Resolution or a CM Replacement Resolution but which do carry a right to vote on and be so counted in respect of all other matters in respect of which the CM Removal and Replacement Voting Notes have a right to vote and be so counted; and
- (b) are exchangeable into:
  - (i) CM Removal and Replacement Non-Voting Notes at any time; or
  - (ii) CM Removal and Replacement Voting Notes only in connection with the transfer of such Notes to an entity that is not an Affiliate of the transferor.

**"CM Removal and Replacement Non-Voting Notes"** means Notes which:

- (a) do not carry a right to vote in respect of or be counted for the purposes of determining a quorum and the result of voting on a CM Removal Resolution or a CM Replacement Resolution but which do carry a right to vote on and be so counted in respect of all other matters in respect of which the CM Removal and Replacement Voting Notes have a right to vote and be so counted; and
- (b) are not exchangeable into CM Removal and Replacement Voting Notes or CM Removal and Replacement Exchangeable Non-Voting Notes at any time.

**"CM Removal and Replacement Voting Notes"** means Notes which:

- (a) carry a right to vote, in respect of and be counted for the purposes of determining a quorum and the result of a CM Removal Resolution or a CM Replacement Resolution; and

(b) are exchangeable into CM Non-Voting Exchangeable Notes or CM Non-Voting Notes at any time.

**"CM Removal Resolution"** means any Resolution, vote, written direction or consent of the Noteholders in relation to the removal of the Collateral Manager in accordance with the Collateral Management and Administration Agreement.

**"CM Replacement Resolution"** means any Resolution, vote, written direction or consent of the Noteholders in relation to the appointment of a successor Collateral Manager or any assignment or delegation by the Collateral Manager of its rights or obligations, in each case, in accordance with the Collateral Management and Administration Agreement.

**"Code"** means the United States Internal Revenue Code of 1986.

**"Collateral"** means the property, assets and rights described in Condition 4(a) (*Security*) which are charged and/or 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 Obligations from time to time.

**"Collateral Enhancement Obligation"** means any warrant or equity security, excluding Exchanged Equity Securities, but including without limitation, warrants relating to Mezzanine Obligations and any equity security received upon conversion or exchange of, or exercise of an option under, or otherwise in respect of a Collateral Obligation; or any warrant or equity security purchased as part of a unit with a Collateral Obligation (but in all cases, excluding, for the avoidance of doubt, the Collateral 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 Management Fee"** means each of the Senior Management Fee, the Subordinated Management Fee, the Further Subordinated Management Fee and the Incentive Collateral Management Fee.

**"Collateral Manager Advance"** has the meaning given to that term in Condition 3(k) (*Collateral Manager Advances*).

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

**"Collateral Manager Notes"** means, as of any date of determination, any Notes owned (directly or through any intermediate entity) by (a) the Person that is the Collateral Manager as at such date of determination, (b) an Affiliate thereof that is not a fund described in the parenthetical that precedes the proviso below, or (c) any account, fund, client or portfolio established and controlled by the Person that is the Collateral Manager as of such date of determination or an Affiliate thereof or with respect to which the Person that is the Collateral Manager as at such date of determination or an Affiliate thereof exercises discretionary authority (other than any such Notes owned by any such account, fund, client or portfolio if the voting rights with respect to such Notes and/or the matter in question are not controlled by the Person that is the Collateral Manager as of such date of determination or an Affiliate thereof); provided that if 100 per cent. of the Outstanding Notes would be Collateral Manager Notes (before giving effect to this proviso), 100 per cent. of the Outstanding Notes shall be deemed not to be Collateral Manager Notes.

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

**"Collateral Obligation"** means any debt obligation or debt security purchased (including by way of a Participation) 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). References to Collateral Obligations shall include Non-Euro Obligations but shall not include Collateral Enhancement Obligations, Eligible Investments or Exchanged Equity Securities.

Obligations which are to constitute Collateral 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 Obligations in the calculation of the Portfolio Profile Tests, Collateral Quality Tests, the Coverage Tests and the Reinvestment Overcollateralisation Test at any time as if such purchase had been completed.

Each Collateral Obligation in respect of which (i) the Issuer has entered into a binding commitment to sell, but in respect of which such sale has not yet settled and/or (ii) the Eligibility Criteria were not satisfied 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) (except in the case of the criterion in paragraph (S) of the Eligibility Criteria, which will be required to be satisfied only at the time of settlement) or, in respect of an Issue Date Collateral Obligation, on the Issue Date, shall be excluded from being Collateral Obligations solely for the purpose of the calculation of the Portfolio Profile Tests, Collateral Quality Tests, the Coverage Tests and the Reinvestment Overcollateralisation Test or the determination of the Aggregate Principal Balance (as if such sale had been completed in the case of (i) above or as if not held by the Issuer in the case of (ii) above).

The failure of any obligation to satisfy the Eligibility Criteria at any time shall not cause such obligation not to constitute a Collateral Obligation save as otherwise provided above.

A Collateral Obligation which has been restructured (whether effected by way of an amendment to the terms of such Collateral Obligation (including but not limited to an extension of its maturity) or by way of substitution of new obligations and/or change of Obligor) may only constitute a Restructured Obligation if it satisfies the Restructured Obligation Criteria on the appropriate Restructuring Date.

**"Collateral Obligation Stated Maturity"** means, with respect to any Collateral 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 Principal Amount"** 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 Obligations, provided however, for the purpose of (i) the Portfolio Profile Tests, the Principal Balance of each Defaulted Obligation shall be multiplied by its Market Value, and (ii) the Collateral Quality Tests, the Principal Balance of each Defaulted Obligation shall be excluded;
- (b) for the purpose solely of calculating the Collateral Management Fees, (i) the aggregate amount of all accrued and unpaid interest purchased with Principal Proceeds (other than with respect to Defaulted Obligations) plus (ii) the Aggregate Principal Balance of obligations which are to constitute Collateral Obligations in respect of which the Issuer has entered into a binding commitment to purchase, but which have not yet settled, as if such purchase had been completed minus (iii) the Aggregate Principal Balance of obligations in respect of which the Issuer has entered into a binding commitment to sell, but in respect of which such sale has not yet settled, as if such sale had been completed; and
- (c) the Balances standing to the credit of the Principal Account and the Unused Proceeds Account (only in respect of such amounts that are not designated as Interest Proceeds to be credited to the Interest Account), and including the principal amount of any Eligible Investments purchased with such Balance but excluding, for the avoidance of doubt, any interest accrued on Eligible Investments, *provided that*, for the purposes of determining the Balances herein, Principal Proceeds to be used to purchase Collateral Obligations in respect of which the Issuer has entered into a binding commitment to purchase, but which has not yet settled, shall be excluded as if such purchase had been completed and principal proceeds to be received from the sale of Collateral Obligations in respect of which the Issuer has entered into a binding commitment to sell, but in respect of which sale has not yet settled, shall be included as if such sale has been completed.

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

- (a) so long as any Notes rated by S&P are Outstanding, the S&P CDO Monitor Test (until the expiry of the Reinvestment Period);

- (b) so long as any Notes rated by Fitch are Outstanding:
  - (i) the Fitch Maximum Weighted Average Rating Factor Test; and
  - (ii) the Fitch Minimum Weighted Average Recovery Rate Test;
- (c) so long as any Rated Notes are Outstanding:
  - (i) the Minimum Weighted Average Spread Test; and
  - (ii) the Weighted Average Life Test,

each as defined in the Collateral Management and Administration Agreement.

**"Collateral Tax Event"** means at any time, as a result of (a) FATCA; or (b) the introduction of a new, or any change in, any tax statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation (whether proposed, temporary or final), interest payments, discount or premium due from the Obligor of any Collateral Obligations (including from selling institutions in the case of Participations) in relation to any Due Period to the Issuer (or to any selling institutions in the case of payments by Obligor in relation to Participations) becoming properly subject to the imposition of withholding tax (other than where (i) such withholding tax is compensated for by a "gross up" provision in the terms of the Collateral Obligation so that the Issuer receives the same amount on an after tax basis that it would have received had no withholding tax been imposed or (ii) such requirement to withhold is eliminated pursuant to a double taxation treaty or otherwise) so that the aggregate amount of such withholding tax on all Collateral Obligations (and Participations) (after taking into account the benefit of any partial gross-up and any reduction of or compensation for the withholding) in relation to such Due Period is equal to or in excess of 6 per cent. of the aggregate interest payments due (for the avoidance of doubt, excluding any additional interest arising as a result of the operation of any gross up provision) on all Collateral Obligations in relation to such Due Period. Notwithstanding the provisions hereof, in the case of any tax arising in respect of FATCA, a Collateral Tax Event will occur if the aggregate of all prior taxes arising in respect of FATCA and all taxes arising in respect of FATCA expected to be due in the future exceed USD 750,000.

**"Commitment Amount"** means, with respect to any Revolving Obligation or Delayed Drawdown Collateral 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.

**"Controlling Class"** means:

- (a) the Class A-1 Notes; or
  - (i) following redemption and payment in full of the Class A-1 Notes; or
  - (ii) prior to the redemption and payment in full of the Class A-1 Notes and solely in connection with a CM Removal Resolution or a CM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of each of the Class A-1 Notes is held in the form of CM Removal and Replacement Non-Voting Notes and/or CM Removal and Replacement Exchangeable Non-Voting Notes and/or Collateral Manager Notes,
 the Class A-2 Notes; or
- (b) (i) following redemption and payment in full of the Class A-1 Notes and the Class A-2 Notes; or
  - (ii) prior to the redemption and payment in full of the Class A-1 Notes and the Class A-2 Notes and solely in connection with a CM Removal Resolution or a CM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of each of the Class A-1 Notes and the Class A-2 Notes is held in the form of CM Removal and Replacement Non-Voting Notes and/or CM Removal and Replacement Exchangeable Non-Voting Notes and/or Collateral Manager Notes,
 the Class B Notes; or

- (c)
  - (i) following redemption and payment in full of the Class A-1 Notes, the Class A-2 Notes and the Class B Notes; or
  - (ii) prior to the redemption and payment in full of the Class A-1 Notes, the Class A-2 Notes and the Class B Notes and solely in connection with a CM Removal Resolution or a CM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of each of the Class A-1 Notes, the Class A-2 Notes and the Class B Notes is held in the form of CM Removal and Replacement Non-Voting Notes and/or CM Removal and Replacement Exchangeable Non-Voting Notes and/or Collateral Manager Notes,

the Class C Notes; or
- (d)
  - (i) following redemption and payment in full of the Class A-1 Notes, the Class A-2 Notes, the Class B Notes and the Class C Notes; or
  - (ii) prior to the redemption and payment in full of the Class A-1 Notes, the Class A-2 Notes, the Class B Notes and the Class C Notes and solely in connection with a CM Removal Resolution or a CM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of each of the Class A-1 Notes, the Class A-2 Notes, the Class B Notes and the Class C Notes is held in the form of CM Removal and Replacement Non-Voting Notes and/or CM Removal and Replacement Exchangeable Non-Voting Notes and/or Collateral Manager Notes,

the Class D Notes; or
- (e)
  - (i) following redemption and payment in full of all of the Rated Notes; or
  - (ii) prior to the redemption and payment in full of the Rated Notes and solely in connection with a CM Removal Resolution or a CM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of each of the Rated Notes are Collateral Manager Notes,

the Subordinated Notes,

*provided that*, solely in connection with a CM Removal Resolution or a CM Replacement Resolution, no Notes held in the form of CM Removal and Replacement Non-Voting Notes or CM Removal and Replacement Exchangeable Non-Voting Notes and/or Collateral Manager Notes shall (A) constitute or form part of the Controlling Class, (B) be entitled to vote in respect of such CM Removal Resolution or CM Replacement Resolution or (C) be counted for the purposes of determining a quorum or the result in respect of such CM Removal Resolution or CM Replacement Resolution.

**"Controlling Person"** means any person (other than a Benefit Plan Investor) that has discretionary authority or control over the assets of the Issuer or who provides investment advice for a fee with respect to such assets, and any "affiliate" of any such person. An "affiliate" for the purposes of this definition means a person controlling, controlled by or under common control with such person, and control means the power to exercise a controlling influence over the management or policies of such person (other than an individual).

**"Corporate Rescue Loan"** means any interest in a loan or financing facility that is acquired directly by way of assignment which is paying interest and principal 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 (x) such Corporate Rescue Loan is secured by liens on the Debtor's otherwise unencumbered assets pursuant to § 364(c)(2) of the United States Bankruptcy Code; or (y) such Corporate Rescue Loan is secured by liens of equal or senior priority on property of the Debtor's estate that is otherwise subject to a lien pursuant to § 364(d) of the United States Bankruptcy Code; or (z) such Corporate Rescue Loan is secured by junior liens on the Debtor's unencumbered assets and such Corporate Rescue Loan is fully secured based upon a current valuation or

appraisal report; or (zz) if the Corporate Rescue Loan or any portion thereof is unsecured, the repayment of such Corporate Rescue Loan retains priority over all other administrative expenses pursuant to § 364(c)(1) of the United States Bankruptcy Code; or

- (b) is a credit facility or other advance made available to a company or group in a restructuring or insolvency process with the main proceedings outside of the United States which (i) constitutes the most senior secured obligations of the entity which is the borrower thereof and either (ii) ranks *pari passu* in all respects with the other senior secured debt of the borrower, provided that such facility is entitled to recover proceeds of enforcement of security shared with the other senior secured indebtedness (e.g. bond) of the borrower and its subsidiaries in priority to all such other senior secured indebtedness, or (iii) achieves priority over other senior secured obligations of the borrower otherwise than through the grant of security, such as pursuant to the operation of applicable insolvency legislation (including as an expense of the restructuring or insolvency process) or other applicable law,

provided that if, at any time, a Collateral Obligation that is a Corporate Rescue Loan in accordance with the provisions above:

- (i) has an S&P Rating of not less than “CCC+” or a Fitch Rating of not less than “CCC+”; or
- (ii) either:
  - a. the relevant Obligor is no longer a Debtor as described in paragraph (a) above; or
  - b. the restructuring or insolvency process referred to in paragraph (b) above pursuant to which such Collateral Obligation was made available is complete and no further restructuring or insolvency process is outstanding in respect of the relevant Obligor,

such Collateral Obligation shall no longer be a Corporate Rescue Loan.

**"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, in respect of each Hedge Counterparty and a Hedge Agreement to which it is a party, each account of the Issuer with the Custodian into which all Counterparty Downgrade Collateral is to be deposited in respect of such Hedge Counterparty and such Hedge Agreement, each such account to be named including the name of the relevant Hedge Counterparty.

**"Coverage Test"** means each of the Class A Par Value Test, the Class A Interest Coverage Test, the Class B Par Value Test, the Class B Interest Coverage Test, the Class C Par Value Test, the Class C Interest Coverage Test, the Class D Interest Coverage Test and the Class D Par Value Test.

**"Cov-Lite Loan"** means a Collateral Obligation, as determined by the Collateral Manager in its reasonable commercial judgement, that is an interest in a loan, the Underlying Instruments for which do not require the Obligor thereunder to comply with any Maintenance Covenant (regardless of whether compliance with one or more incurrence covenants is otherwise required by such Underlying Instruments); provided that for all purposes (other than the determination of the S&P Recovery Rate in respect of a loan), if such a loan either contains a cross-default or cross-acceleration provision to, or is *pari passu* with or senior to, another loan of the underlying Obligor or a member of its borrowing group that requires compliance with one or more Maintenance Covenants it will be deemed not to be a Cov-Lite Loan, and for the avoidance of doubt, if the Underlying Instruments provide for Maintenance Covenants above but such covenants only take effect after a specified period of no more than six months following the drawdown date of the relevant loan, then such loan shall not be considered a Cov-Lite Loan.

**"CRA3"** means Regulation of the European Parliament and of the European Council amending Regulation EC 1060/2009 on credit rating agencies (as the same may be amended from time to time).

**"Credit Improved Obligation"** means any Collateral Obligation which, in the Collateral Manager's reasonable commercial judgment (which judgment will not be called into question as a result of subsequent events), has improved in credit quality after it was acquired by the Issuer; provided that, following the expiry of the Reinvestment Period or during a Restricted Trading Period, a Collateral Obligation will qualify as a Credit Improved Obligation only if (i) it satisfies at least one of the Credit Improved Obligation Criteria; or (ii) the

Controlling Class acting by Ordinary Resolution votes to treat such Collateral Obligation as a Credit Improved Obligation.

**"Credit Improved Obligation Criteria"** means the criteria that will be met in respect of a Collateral Obligation if any of the following apply to such Collateral Obligation, as determined by the Collateral Manager using reasonable commercial judgment (which judgment will not be called into question as a result of subsequent events):

- (a) if such Collateral Obligation is a loan obligation, floating rate note or a Fixed Rate Collateral Obligation which is a bond or security, the price of such Collateral 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 Collateral 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 or Eligible Bond Index (as applicable) selected by the Collateral Manager over the same period;
- (b) if such Collateral Obligation is a loan obligation or floating rate note, the spread over the applicable reference rate for such Collateral Obligation has been decreased in accordance with the applicable Underlying Instrument 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 or floating rate note with a spread (prior to such decrease) less than or equal to 2.0 per cent.), (2) 0.375 per cent. or more (in the case of a loan obligation or floating rate note with a spread (prior to such decrease) greater than 2.0 per cent. but less than or equal to 4.0 per cent.) or (3) 0.5 per cent. or more (in the case of a loan obligation or floating rate note with a spread (prior to such decrease) greater than 4.0 per cent.) due, in each case, to an improvement in the Obligor's financial ratios or financial results;
- (c) if such Collateral Obligation is a loan or a bond, the proceeds which would be received with respect to its disposition (excluding such proceeds that constitute Interest Proceeds) of such loan or bond would be at least 101.0 per cent. of its purchase price;
- (d) such Collateral Obligation 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;
- (e) if the projected cash flow interest coverage ratio for the following year (earnings before interest and taxes divided by cash interest expense (as disclosed by the Obligor or arranging bank for the relevant credit facility, or calculated by a third party in published research reports or as estimated by the Collateral Manager) of the Obligor of such Collateral Obligation is expected to be more than 1.15 times the current year's projected cash flow interest coverage ratio;
- (f) the EBITDA of the Obligor of such Collateral Obligation has increased by at least 10 per cent. since the date the Issuer (or the Collateral Manager acting on behalf of the Issuer) entered into a binding commitment to purchase such Collateral Obligation; or
- (g) the Obligor of such Collateral Obligation has, since the date the Issuer (or the Collateral Manager acting on behalf of the Issuer) entered into a binding commitment to purchase such Collateral Obligation, reduced its total net debt to EBITDA ratio at least 0.5 times.

**"Credit Risk Criteria"** means the criteria that will be met in respect of a Collateral Obligation if any of the following apply to such Collateral Obligation, as determined by the Collateral Manager in its reasonable discretion (which judgment will not be called into question as a result of subsequent events):

- (a) if such Collateral Obligation is a loan obligation, floating rate note or Fixed Rate Collateral Obligation which is a bond or security, the price of such Collateral Obligation has changed during the period from the date on which it was acquired by the Issuer to the date of determination by a percentage which is (i) in the case of Secured Senior Obligations, 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 the Eligible Loan Index or Eligible Bond Index (as applicable) over the same period;

- (b) if such Collateral Obligation is a loan obligation or floating rate note, the spread over the applicable reference rate for such Collateral Obligation has been increased in accordance with the applicable Underlying Instrument 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 or floating rate note with a spread (prior to such increase) less than or equal to 2.0 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 2.0 per cent. but less than or equal to 4.0 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 4.0 per cent.) due, in each case, to a deterioration in the Obligor's financial ratios or financial results;
- (c) such Collateral Obligation has been downgraded by any Rating Agency by at least one rating sub-category or has been placed and remains on a watch list for possible downgrade or on negative outlook by either Rating Agency since it was acquired by the Issuer; or
- (d) if the projected cash flow interest coverage ratio for the following year (earnings before interest and taxes divided by cash interest expense (as disclosed by the Obligor or arranging bank for the relevant credit facility, or calculated by a third party in published research reports or as estimated by the Collateral Manager) of the Obligor of such Collateral Obligation is less than 1.0 or is expected to be less than 0.85 times the current year's projected cash flow interest coverage ratio.

**"Credit Risk Obligation"** means any Collateral Obligation that, in the Collateral Manager's reasonable commercial judgment (which judgment will not be called into question as a result of subsequent events), has a significant risk of declining in credit quality or price or where the relevant underlying Obligor has failed to meet its other financial obligations; provided that, following the expiry of the Reinvestment Period or during a Restricted Trading Period, a Collateral Obligation will qualify as a Credit Risk Obligation for purposes of sales of Collateral Obligations only if (i) the Credit Risk Criteria are satisfied with respect to such Collateral Obligation or (ii) the Controlling Class acting by Ordinary Resolution votes to treat such Collateral Obligation as a Credit Risk Obligation.

**"Currency Account"** means each account in the name of the Issuer held with the Account Bank denominated in one of the relevant currencies of Non-Euro Obligations, into which amounts received in respect of Non-Euro Obligations denominated in such currency shall be paid and out of which amounts payable to a Currency Hedge Counterparty pursuant to any Currency Hedge Transaction shall be paid.

**"Currency Hedge Agreement"** means each 1992 ISDA Master Agreement (Multicurrency-Cross Border) or ISDA 2002 Master Agreement (or such other ISDA pro forma Master Agreement as may be published by ISDA from time to time) and the schedule relating thereto which is entered into between the Issuer and a Currency Hedge Counterparty in order to hedge exchange rate risk arising in connection with any Non-Euro Obligation, including any guarantee thereof and any credit support annex entered into pursuant to the terms thereof and together with each confirmation entered into thereunder from time to time in respect of a Currency Hedge Transaction, as amended or supplemented from time to time, and including any Replacement Currency Hedge Agreement entered into in replacement thereof.

**"Currency Hedge Counterparty"** means any financial institution with which the Issuer has (pursuant to, and in accordance with, the terms of the Collateral Management and Administration Agreement) entered into a Currency Hedge Agreement or any permitted successor or assignee thereof pursuant to the terms of such Currency Hedge Agreement.

**"Currency Hedge Issuer Termination Payment"** means any amount payable by the Issuer to a Currency Hedge Counterparty upon termination or modification of the applicable Currency Hedge Agreement or Currency Hedge Transaction.

**"Currency Hedge Transaction"** means, in respect of each Non-Euro Obligation, a cross-currency transaction entered into in respect thereof under a Currency Hedge Agreement.

**"Currency Hedge Transaction Exchange Rate"** means the rate of exchange set out in the relevant Currency Hedge Transaction.



**"Current Pay Obligation"** means, as determined by the Collateral Manager (which determination will not be called into question as a result of subsequent events), any Collateral 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:

- (a) the Collateral Manager believes, in its reasonable business judgment, that (i) the Obligor of such Collateral Obligation is not subject to a bankruptcy proceeding, (ii) all payments contractually due, including interest and principal payments (if any), were paid in cash and (iii) the Obligor 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 all such payments have been paid on a current basis in cash, to the knowledge of the Collateral Manager; and
- (c) the Collateral Obligation has a Market Value of at least 80.0 per cent. of its current Principal Balance; and
- (d) if any Rated Notes are then rated by S&P:
  - (i) the Collateral Obligation has a S&P Rating of at least "CCC+" and its Market Value is at least 80.0 per cent. of its current Principal Balance; or
  - (ii) the Collateral Obligation has a S&P Rating of at least "CCC" and its Market Value is at least 85.0 per cent. of its current Principal Balance,

*provided that* for these purposes, Market Value in each case shall be determined without taking into account paragraph (e) of the definition thereof.

**"Custody Account"** means the custody account or accounts with its books and records held outside Ireland established on the books of the Custodian in accordance with the provisions of the Agency and Account Bank Agreement, which term shall include each cash account relating to each such Custody Account (if any).

**"Defaulted Currency Hedge Termination Payment"** means any amount payable by the Issuer to a Currency Hedge Counterparty upon termination of any Currency Hedge Transaction in respect of which the Currency Hedge Counterparty was (i) the "Defaulting Party" (as defined in the applicable Currency Hedge Agreement) or (ii) the sole "Affected Party" (as defined in the applicable Currency Hedge Agreement) in respect of any termination event, howsoever described, resulting from a rating downgrade of the Currency Hedge Counterparty and/or its failure or inability to take any specified action in relation to such rating downgrade within any specified period within the applicable Currency Hedge Agreement; including any due and unpaid scheduled amounts thereunder.

**"Defaulted Interest Rate Hedge Termination Payment"** means any amount payable by the Issuer to an Interest Rate Hedge Counterparty upon termination of any Interest Rate Hedge Transaction in respect of which the Interest Rate Hedge Counterparty was (i) the "Defaulting Party" (as defined in the applicable Interest Rate Hedge Agreement) or (ii) the sole "Affected Party" (as defined in the applicable Interest Rate Hedge Agreement) in respect of any termination event, howsoever described, resulting from a rating downgrade of the Interest Rate Hedge Counterparty and/or its failure or inability to take any specified action in relation to such rating downgrade within any specified period within the applicable Interest Rate Hedge Agreement; including any due and unpaid scheduled amounts thereunder.

**"Defaulted Obligation"** means a Collateral Obligation as determined by the Collateral Manager using reasonable commercial judgment (which judgment will not be called into question as a result of subsequent events):

- (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 or waiver or forbearance thereof, provided that in the case of any Collateral 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 Obligation shall not constitute a "Defaulted Obligation" for the greater of five Business Days or seven calendar days (but in no case beyond the passage of 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 (i) any bankruptcy, insolvency or receivership proceeding has been initiated in connection with the Obligor of such Collateral Obligation, whether initiated under the Obligor's local law or otherwise and, to the knowledge of the Collateral Manager, such proceedings have not been stayed or dismissed or (ii) the Obligor or others have instituted proceedings to have the Obligor adjudicated as bankrupt or insolvent or placed into receivership and such proceedings have not been stayed or dismissed or such Obligor has filed for protection under Chapter 11 of the United States Bankruptcy Code;
- (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 of its obligations (and such default has not been cured), save for obligations constituting trade debts which the applicable Obligor is disputing in good faith, but only if both such other obligation and the Collateral Obligation are either (i) both full recourse and unsecured obligations or (ii) the other obligation ranks at least *pari passu* with the Collateral Obligation in right of payment, without regard to any grace period applicable thereto, or waiver or forbearance thereof, after the passage (other than in the case of a default that, in the Collateral Manager's reasonable judgment, is not due to credit-related causes) of five Business Days or seven calendar days, whichever is greater, but in no case beyond the passage of any grace period applicable thereto, and the holders of such obligation have accelerated the maturity of all or a portion of such obligation, provided that the Collateral Obligation shall constitute a Defaulted Obligation under this paragraph (c) only until, to the knowledge of the Collateral Manager, such acceleration has been rescinded;
- (d) which (i) has an S&P Rating of "SD", "D" or "CC" (or below); or (ii) has a Fitch Rating of "CC" or lower (or, in either case, had such rating immediately prior to it being withdrawn by S&P or Fitch, as applicable);
- (e) which is a Participation in a loan with respect to which the Selling Institution has (x) a Fitch Rating of "CC" or lower or had such rating immediately before such rating was withdrawn or (y) an S&P Rating of "SD" or "CC" or below or had such rating immediately before such rating was withdrawn or (z) is a Participation in a loan with respect to which the participating institution has defaulted in any respect in the performance of any of its payment obligations under that Participation;
- (f) which is a Participation, the obligation which is the subject of such Participation would constitute a Defaulted Obligation, if the Issuer had a direct interest therein;
- (g) which the Collateral Manager, acting on behalf of the Issuer, determines in its reasonable business judgment should be treated as a Defaulted Obligation;
- (h) if the Obligor thereof offers holders of such Collateral Obligation a new security, obligation or package of securities or obligations that amount to a diminished financial obligation (such as preferred or common shares, or debt with a lower coupon or par 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 (h) 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, or
- (i) which is a Deferring Security that has been deferring the payment of the current cash interest due thereon for a period of twelve or more consecutive months,

provided that (A) a Collateral Obligation shall not constitute a Defaulted Obligation pursuant to paragraphs (b) through (h) above if such Collateral Obligation (or, in the case of a Participation, the underlying Collateral Obligation) is a Current Pay Obligation (provided that the aggregate Principal Balance of Current Pay Obligations exceeding 5.0 per cent. of the Collateral Principal Amount (calculated for this purpose on the basis that the Principal Balance of each Defaulted Obligation shall be the lower of its S&P Collateral Value and its Fitch Collateral Value) will be treated as Defaulted Obligations and, provided further, that in determining which of the Current Pay Obligations are to be treated as Defaulted Obligations under this proviso, the Current Pay Obligations with the lowest S&P Collateral Value or Fitch Collateral Value expressed as a percentage of the Principal Balance of such Collateral Obligations as of the relevant date of determination shall be deemed to constitute the excess),

(B) a Collateral Obligation shall not constitute a Defaulted Obligation pursuant to paragraphs (b) through (g) above if such Collateral Obligation (or, in the case of a Participation, the underlying obligation) is a Corporate Rescue Loan, *provided that* (1) the aggregate principal balance of Corporate Rescue Loans exceeding 5.0 per cent. of the Collateral Principal Amount (calculated for this purpose on the basis that the Principal Balance of each Defaulted Obligation shall be the lower of its S&P Collateral Value and its Fitch Collateral Value) will be treated as Defaulted Obligations and, provided further that in determining which of the Corporate Rescue Loans are to be treated as Defaulted Obligations under this proviso, the Corporate Rescue Loans with the lowest S&P Collateral Value or Fitch Collateral Value expressed as a percentage of the Principal Balance of such Collateral Obligations as of the relevant date of determination shall be deemed to constitute the excess), (2) only where the S&P Rating of such an obligation is determined pursuant to sub-paragraph (d)(i) or (d)(ii) of the definition thereof, such an S&P Rating is "SD", "D" or "CC" or below, and (3) only where the S&P Rating of such an obligation is determined pursuant to sub-paragraph (d)(ii) of the definition thereof, such an S&P Rating has been downgraded to "SD", "D" or "CC" or below at a time which is after the obligor has exited the restructuring process envisaged at the time such an obligation is purchased by the Issuer, *provided that* for such purpose, a downgrade related to such envisaged restructuring process shall be disregarded, and (C) any Collateral 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 recoveries (including by way of sale proceeds) in respect of such Defaulted Obligation for so long as it is a Defaulted Obligation, minus the sum of the Principal Balance of such Defaulted Obligation immediately prior to receipt of such amounts plus any Purchased Accrued Interest related thereto.

**"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 Security"** means a Collateral Obligation (other than a Defaulted Obligation) that is deferring the payment of the current cash interest due thereon: (i) with respect to Collateral Obligations that have a S&P Rating of at least "BBB-", for the shorter of two consecutive accrual periods or one year; and (ii) with respect to Collateral Obligations that have a S&P Rating of "BB+" or below, for the shorter of one accrual period or six consecutive months, which deferred capitalised interest has not, as of the date of determination, been paid in cash.

**"Definitive Certificate"** means a certificate representing one or more Notes in definitive, fully registered, form.

**"Delayed Drawdown Collateral Obligation"** means a Collateral Obligation denominated in Euro 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 Obligation will be a Delayed Drawdown Collateral Obligation only until all commitments to make advances to the borrower expire or are terminated or reduced to zero.

**"Delayed Further Subordinated Management Fee Amount"** means in respect of each Due Period, 0.05 per cent. per annum (calculated on the basis of a 360 day year and the actual number of days elapsed in such Due Period) of the Collateral Principal Amount as at the first day of the Due Period (or, if such day is not a Business Day, the next day which is a Business Day) relating to the applicable Payment Date, as determined by the Collateral Administrator.

**"Determination Date"** means the last Business Day of each Due Period or, in the event of any redemption of the Notes pursuant to Condition 7(b) (*Optional Redemption*), 7(g) (*Redemption Following Note Tax Event*) or 11 (*Enforcement*), eight Business Days prior to the applicable Redemption Date.

**"Directors"** means Michael Drew and Jarlath Canning or such other person(s) who may be appointed as Director(s) of the Issuer from time to time.

**"Discount Obligation"** means any Collateral Obligation that is not a Swapped Non-Discount Obligation and that the Collateral Manager determines:

- (a) in the case of any Floating Rate Collateral Obligation, is acquired by the Issuer for a purchase price of less than the lower of 80.0 per cent. of the Principal Balance of such Collateral Obligation (or, if such obligation has a S&P Rating below "B-", such obligation is acquired by the Issuer for a purchase price of less than 85.0 per cent. of its Principal Balance); *provided that* such Collateral Obligation shall cease to be a Discount Obligation at such time as the Market Value of such Collateral Obligation, as determined for any period of 22 Business Days since the acquisition by the Issuer of such Collateral Obligation equals or exceeds 90.0 per cent.; or
- (b) in the case of any Fixed Rate Collateral Obligation, is acquired by the Issuer for a purchase price of less than the lower of 75.0 per cent. of the Principal Balance of such Collateral Obligation (or, if such obligation has a S&P Rating below "B-", such obligation is acquired by the Issuer for a purchase price of less than 85.0 per cent. of its Principal Balance); *provided that* such Collateral Obligation shall cease to be a Discount Obligation at such time as the Market Value of such Collateral Obligation, as determined for any period of 22 Business Days since the acquisition by the Issuer of such Collateral Obligation, equals or exceeds 85.0 per cent.,

provided that (i) where the Principal Balance of a Collateral Obligation is partially composed of a Discount Obligation, any sale, repayment or prepayment in respect of such Collateral Obligation will be applied *pro rata* to (1) the discounted portion of such Collateral Obligation and (2) the non-discounted portion of such Collateral Obligation and (ii) if such interest is a Revolving Obligation or Delayed Drawdown Collateral Obligation, the purchase price of such Revolving Obligation or Delayed Drawdown Collateral Obligation for such purpose shall include an amount equal to the Unfunded Amount of such Revolving Obligation or Delayed Drawdown Collateral Obligation which is required to be deposited in the Unfunded Revolver Reserve Account.

**"Distribution"** means any payment of principal or interest or any dividend or premium or other amount (including any proceeds of sale) or asset paid or delivered on or in respect of any Collateral Obligation, any Collateral Enhancement Obligation, any Eligible Investment or any Exchanged Equity Security, as applicable.

**"Dodd-Frank Act"** means the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, which was signed into law on 21 July 2010.

**"Domicile"** or **"Domiciled"** means with respect to any Obligor with respect to a Collateral Obligation:

- (a) except as provided in paragraph (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 a substantial 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).

**"Due Period"** means, with respect to any Payment Date, the period commencing on and including the day immediately following the eighth Business Day prior to the preceding Payment Date (or on the Issue Date, in the case of the Due Period relating to the first Payment Date) and ending on and including the eighth Business Day prior to such Payment Date (or, in the case of the Due Period applicable to the Payment Date which is the Redemption Date of the Notes in full, ending on and including the Business Day preceding such Payment Date).

**"EBA"** means the European Banking Authority (formerly known as the Committee of European Banking Supervisors), or any predecessor, successor or replacement agency or authority.

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

- (a) the date designated for such purpose by the Collateral Manager by written notice to the Trustee, the Issuer, the Rating Agencies, and the Collateral Administrator pursuant to the Collateral Management and Administration Agreement, subject to the Effective Date Determination Requirements having been satisfied; and
- (b) 1 November 2020 (or if such day is not a Business Day, the next following Business Day).

**"Effective Date Determination Requirements"** means, as at the Effective Date, (i) 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 (ii) the Issuer having acquired or having entered into binding commitments to acquire Collateral Obligations the Collateral Principal Amount of which equals or exceeds the Target Par Amount by such date (provided that, for the purposes of determining the Collateral Principal Amount as provided above, the Principal Balance of a Collateral Obligation which is a Defaulted Obligation will be the lower of its (x) S&P Collateral Value and (y) Fitch Collateral Value).

**"Effective Date Non-Model CDO Monitor Test"** means the S&P CDO Monitor Test, subject to the following analytical adjustments:

- (a) for the purposes of the Weighted Average Spread, the calculation of the Aggregate Funded Spread shall be unadjusted by any EURIBOR floors that are greater than zero applicable to Floating Rate Collateral Obligations; and
- (b) for the purposes of the S&P CDO Monitor Adjusted BDR, Principal Proceeds which may be reclassified as Interest Proceeds on or after the Effective Date shall be excluded,

*provided that* such test shall only be satisfied if the Collateral Manager:

- (i) has certified to S&P that the Effective Date Determination Requirements have been satisfied and the Effective Date Report has been published;
- (ii) has certified to S&P that it has run the S&P CDO Monitor Test in accordance with paragraphs (a) and (b) above and that such test is satisfied; and
- (iii) has provided S&P with an electronic copy of the Portfolio used to generate the passing test results and an electronic copy of an 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 of the Initial Ratings of the Rated Notes is received from the Rating Agencies in respect of such failure; and
  - (ii) either (A) the failure by the Collateral Manager (acting on behalf of the Issuer) to present a Rating Confirmation Plan to the Rating Agencies, or (B) the Collateral Manager (acting on behalf of the Issuer) presents a Rating Agency Confirmation Plan to the Rating Agencies and Rating Agency Confirmation has not been obtained for the Rating Confirmation Plan; or
- (b) the Effective Date S&P Condition not being satisfied and, following a request therefor from the Collateral Manager after the Effective Date, Rating Agency Confirmation from S&P 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 and Administration Agreement.

**"Effective Date S&P Condition"** means a condition that will be satisfied if, on or after the Effective Date:

- (a) the Effective Date Non-Model CDO Monitor Test is satisfied; or
- (b) S&P has provided a Rating Agency Confirmation to the Issuer, the Trustee and the Collateral Manager confirming its initial rating of each Class of Notes,

provided that the Effective Date S&P Condition will be deemed to be satisfied if S&P makes a public announcement or informs the Issuer, the Collateral Manager and the Trustee in writing (including by means of email notification or a press release) that (i) it believes satisfaction of the Effective Date S&P Condition is not required or (ii) its practice is not to give such confirmation.

**"Eligible Distributions"** means any amounts distributed pursuant to paragraphs (AA) and (BB) of the Interest Priority of Payments and paragraphs (V) and (W) of the Post-Acceleration Priority of Payments.

**"Eligibility Criteria"** means the Eligibility Criteria specified in the Collateral Management and Administration Agreement which are required to be satisfied (as determined by the Collateral Manager) in respect of each Collateral Obligation acquired by the Collateral Manager (on behalf of the Issuer) at the time of entering into a binding commitment to acquire such obligation (except in the case of the criterion in paragraph (S) of the Eligibility Criteria, which will be required to be satisfied only at the time of settlement) and, in the case of Issue Date Collateral Obligations, the Issue Date.

**"Eligible Bond Index"** means Markit iBoxx EUR High Yield Index or any other index proposed by the Collateral Manager and notified to the Collateral Administrator and each Rating Agency.

**"Eligible Investment Minimum Rating"** means:

- (a) for so long as any Notes rated by S&P are Outstanding:
  - (i) in the case of Eligible Investments with a Collateral Obligation Stated Maturity of more than 30 days:
    - (A) a long-term issuer credit rating of at least "AA-" from S&P; or
    - (B) such other ratings as confirmed by S&P;
  - (ii) in the case of Eligible Investments with a Collateral Obligation Stated Maturity of 30 days or less:
    - (A) a short-term senior unsecured debt or issuer (as applicable) credit rating of at least "A-1" from S&P; or
    - (B) such other ratings as confirmed by S&P; and
- (b) for so long as any Notes rated by Fitch are Outstanding:
  - (i) in the case of Eligible Investments with a Collateral Obligation Stated Maturity of more than 30 days:
    - (A) a long-term senior unsecured debt or issuer (as applicable) default rating of at least "AA-" from Fitch; and/or
    - (B) a short-term senior unsecured debt or issuer (as applicable) default rating of "F1+" from Fitch; or
    - (C) such other ratings as confirmed by Fitch; or
  - (ii) in the case of Eligible Investments with a Collateral Obligation Stated Maturity of 30 days or less,
    - (A) a long-term senior unsecured debt or issuer (as applicable) default rating of at least "A" from Fitch; or
    - (B) a short-term senior unsecured debt or issuer (as applicable) default rating of at least "F1" from Fitch; or

- (C) such other ratings as confirmed by Fitch.

**"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), including, without limitation, any Eligible Investments for which the Custodian, the Trustee, the Collateral Manager, a Collateral Manager Related Person or an Affiliate of any of them provides services:

- (a) (i) direct obligations of, and obligations the timely payment of principal of and interest under which is fully and expressly guaranteed by, a Non-Emerging Market Country (such guarantee to comply with the current S&P criteria on guarantees) or any agency or instrumentality of a Non-Emerging Market Country, the obligations of which are fully and expressly guaranteed by a Non-Emerging Market Country which, in each case, have a rating of not less than the applicable Eligible Investment Minimum Rating (but excluding General Services Administration participation certificates; (ii) U.S. Maritime Administration guaranteed Title XI financings; (iii) Financing Corp. debt obligations; (iv) Farmers Home Administration Certificates; and (v) Washington Metropolitan Area Transit Authority guaranteed transit bonds);
- (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 Non-Emerging Market 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 provided that at the time of such investment or contractual commitment both (i) the depository institution or trust company; and (ii) 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) have ratings which are not less than the 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 Non-Emerging Market Country which has a rating of not less than the applicable Eligible Investment Minimum Rating,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 Investment 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 Non-Emerging Market Country that has a credit rating of not less than the Eligible Investment 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 Investment 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) funds domiciled outside of the United States investing in the money markets rated, at all times, "AAAm-G" by S&P and "AAAm+" by Fitch or, if not rated "AAAm+" by Fitch, is rated "AAAm-G" by S&P and "Aaa-mf" by Moody's, provided that any such fund issues shares, units or participations that may be lawfully 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 Investment 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 Obligation Stated Maturity (giving effect to any applicable grace period) no later than the Business Day immediately preceding the next following Payment Date, or, in respect of the Eligible Investments referred to in paragraph (d) above only, (B) is capable of being liquidated at par on demand without penalty; provided, however, that Eligible Investments shall not include any mortgage backed security, interest only security, Structured Finance Security, security subject to withholding or similar taxes, security purchased at a price in excess of 100 per cent. of par or security whose repayment is subject to substantial non-credit related risk (as determined by the Collateral Manager in its discretion); provided further that only assets which are "qualifying assets" within the meaning of Section 110 of the TCA and which do not give rise to 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 Loan Index"** means the S&P European Leveraged Loan Index, the Credit Suisse Western European Leveraged Loan Index, or any other internationally recognised, comparable index proposed by the Collateral Manager as is notified to the Collateral Administrator and each Rating Agency.

**"EMIR"** means Regulation (EU) 648/2012 of the European Parliament and of the European Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (as amended from time to time and as implemented by EU member states), including any delegated regulation, technical standards and official guidance related thereto.

**"Equity Security"** means any security (other than a debt) that by its terms does not provide for periodic payments of interest at a stated coupon rate and repayment of principal at a stated maturity and any other security that is not eligible for purchase by the Issuer as a Collateral Obligation; it being understood that Equity Securities do not include Collateral Enhancement Obligations and Equity Securities may not be purchased by the Issuer but may be received by the Issuer in exchange for a Collateral Obligation or a portion thereof in connection with an insolvency, bankruptcy, reorganisation, debt restructuring or workout of the issuer or obligor thereof.

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

**"EU Disclosure Requirements"** means Article 7 of the Securitisation Regulation, including any implementing regulation, technical standards and official guidance published in connection therewith.

**"EU Retention and Disclosure Requirements"** means the EU Retention Requirements and the EU Disclosure Requirements.

**"EU Retention Requirements"** means Article 6 of the Securitisation Regulation, including any implementing regulation, technical standards and official guidance published in connection therewith.

**"EURIBOR"** means the rate determined in accordance with Condition 6(e) (*Interest on the Rated Notes*):

- (a) prior to the occurrence of a Frequency Switch Event, as applicable to three-month Euro deposits;
- (b) following the occurrence of a Frequency Switch Event, as applicable to six-month Euro deposits or, in the case of 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 February, as applicable to three-month Euro deposits; and
- (c) in the case of the initial Accrual Period, as determined pursuant to a straight line interpolation of the rates applicable to three-month and six-month Euro deposits.

**"Euro", "euro", "€" and "EUR"** each mean 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).



**"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.

**"Euroclear"** means Euroclear Bank S.A./N.V., as operator of the Euroclear system.

**"Euronext Dublin"** means the Irish Stock Exchange plc. trading as Euronext Dublin.

**"Excess CCC Adjustment Amount"** means, as of any date of determination, an amount equal to the excess, if any, of:

- (a) the Aggregate Principal Balance of all Collateral Obligations included in the CCC Excess; over
- (b) the aggregate for all Collateral Obligations included in the CCC Excess, of the product of (i) the Market Value of such Collateral Obligation and (ii) its Principal Balance, in each case of such Collateral Obligation.

**"Excess Par Amount"** means an amount, as of any Determination Date, equal to (i) the Aggregate Principal Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be the lower of the S&P Collateral Value and the Fitch Collateral Value) on such Determination Date less (ii) the Reinvestment Target Par Balance; provided, that such amount may not be less than zero.

**"Exchange Act"** means the United States Securities Exchange Act of 1934, as amended.

**"Exchanged Equity Security"** means 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 Obligation.

**"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 Sections 1471 through 1474 of the Code, and any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, the intergovernmental agreement between the United States and Ireland entered into on December 21, 2012 and the Irish legislation, regulations and administrative practices implementing such intergovernmental agreement and other applicable intergovernmental agreements, and related legislation or official administrative regulations or practices with respect thereto (including any amendments to any of the foregoing).

**"FATCA Compliance"** means compliance with FATCA, in terms of due diligence, reporting and as necessary so that no tax will be imposed or withheld under FATCA in respect of payments to or for the benefit of the Issuer.

**"FATCA Compliance Costs"** means aggregate cumulative costs of the Issuer in order to achieve 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 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 as a Second Lien Loan.

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

**"Fitch"** means Fitch Ratings Limited or any successor or successors thereto.

**"Fitch CCC Obligations"** means all Collateral Obligations, excluding Defaulted Obligations, with a Fitch Rating of "CCC+" or lower.

**"Fitch Collateral Value"** means:

- (a) for each Defaulted Obligation and Deferring Security, the lower of:
  - (i) its prevailing Market Value; and
  - (ii) the relevant Fitch Recovery Rate,multiplied by its Principal Balance, provided that if the Market Value cannot be determined for any reason, the Fitch Collateral Value shall be determined in accordance with paragraph (ii) above; or
- (b) in the case of any other applicable Collateral Obligation, the relevant Fitch Recovery Rate multiplied by its Principal Balance.

**"Fitch Rating"** has the meaning given to it in the Collateral Management and Administration Agreement.

**"Fitch Recovery Rate"** means, in respect of each Collateral Obligation, the recovery rate determined in accordance with the Collateral Management and Administration Agreement or as so advised by Fitch.

**"Fitch Tests Matrix"** has the meaning given to it in the Collateral Management and Administration Agreement.

**"Fixed Rate Collateral Obligation"** means any Collateral Obligation that bears a fixed rate of interest.

**"Fixed Rate Notes"** means the Class A-2B Notes.

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

**"Floating Rate Notes"** means the Class A-1 Notes, the Class A-2A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

**"Form Approved Hedge"** means either (i) an Interest Rate Hedge Transaction the documentation for and structure of which conforms to a form for which Rating Agency Confirmation has been received by the Issuer or which has previously been approved by the Rating Agencies for the purposes of the transactions contemplated herein and in respect of which the Rating Agencies have not notified the Issuer or Collateral Manager that such approval has been withdrawn and (in each case save for the amount and timing of periodic payments, the name of the Collateral Obligation, the notional amount, the effective date, the termination date and other consequential and immaterial changes which have been notified in writing to the Rating Agencies) or (ii) a Currency Hedge Transaction the documentation for and structure of which conforms to a form for which Rating Agency Confirmation has been received by the Issuer or which has previously been approved by the Rating Agencies for the purposes of the transactions contemplated herein and in respect of which the Rating Agencies have not notified the Issuer or Collateral Manager that such approval has been withdrawn (in each case save for the amount and timing of periodic payments, the name of the Non-Euro Obligation, the notional amount, the effective date, the termination date and other consequential and immaterial changes which have been notified in writing to the Rating Agencies).

**"Frequency Switch Event"** means the occurrence of a Frequency Switch Measurement Date on which either the Collateral Manager declares by notice in writing (which may be by email) to the Issuer, the Trustee and the Collateral Administrator in its sole discretion (subject to the satisfaction of paragraph (c) below) that a Frequency Switch Event has occurred or, for so long as any of the Class A Notes remain outstanding:

- (a) the Aggregate Principal Balance of all Frequency Switch Obligations (excluding Defaulted Obligations) in respect of such Frequency Switch Measurement Date is equal to or greater than 20 per cent. of the Collateral Principal Amount (excluding Defaulted Obligations); and
- (b) the ratio (expressed as a percentage) obtained by dividing:

- (i) the sum of:
  - (A) the aggregate of scheduled and projected interest (and any commitment fees in respect of any Revolving Obligations or Delayed Drawdown Collateral Obligations, but excluding (I) any scheduled interest payments in respect of Defaulted Obligations as to which the Collateral Manager has actual knowledge that such payment will not be made and (II) any Interest Smoothing Amounts which are required to be transferred to the Interest Smoothing Account at the end of the immediately following Due Period in accordance with these Conditions) which will be due to be paid on each Collateral Obligation during the immediately following Due Period (which, in the case of each Non-Euro Obligation, to the extent that a related Currency Hedge Agreement is in place, shall be converted into Euro at the applicable Currency Hedge Transaction Exchange Rate for the related Currency Hedge Transaction and, to the extent that no related Currency Hedge 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 Frequency Switch Measurement Date; by
- (ii) all amounts scheduled to be payable in respect of paragraphs (A) to (I) of the Interest Priority of Payments on the second Payment Date following such Frequency Switch Measurement Date, is less than 120.0 per cent.; and
- (c) the sum of:
  - (i) the amount determined pursuant to paragraph (b)(i) above plus scheduled and projected principal payments which will be due in the immediately following Due Period; and
  - (ii) the aggregate of scheduled and projected interest payments (and any commitment fees in respect of Revolving Obligations or Delayed Drawdown Collateral Obligations) which will be accrued but not yet paid as at the Business Day being three months following such Frequency Switch Measurement Date in respect of each Frequency Switch Obligation (which, in the case of each Currency Hedge Obligation, shall be converted into Euro at the applicable Currency Hedge Transaction Exchange Rate and, in the case of each Unhedged Collateral Obligation, 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 Frequency Switch Measurement Date on the basis of the following assumptions:

  - (X) in respect of each Floating Rate Collateral Obligation, projected interest payable on such Floating Rate Collateral 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 Frequency Switch Measurement Date;
  - (Y) the frequency of interest payments on each Collateral Obligation shall not change following such Frequency Switch Measurement Date; and
  - (Z) EURIBOR for the purposes of calculating Interest Amounts in respect of the Class A-1 Notes at all times following such Determination Date shall be equal to EURIBOR as determined as at such Frequency Switch Measurement Date.

with respect to the occurrence of a Frequency Switch Event pursuant to paragraphs (a) and (b) above, as notified by the Collateral Administrator to the Noteholders in accordance with Condition 16 (*Notices*).

**"Frequency Switch Measurement Date"** means each Determination Date, provided that following the occurrence of a Frequency Switch Event, no further Frequency Switch Measurement Date shall occur.

**"Frequency Switch Obligation"** means, in respect of a Determination Date, a Collateral 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 Obligation occurring during such Due Period in accordance with the applicable Underlying Instrument.

**"FTT"** means a common financial transactions tax as contemplated by the EU Commission in a draft Directive published on 14 February 2013.

**"Further Subordinated Management Fee"** means the fee payable to the Collateral Manager (pursuant to the Collateral Management and Administration Agreement) on each Payment Date on which the Further Subordinated Management Fee Threshold has been met or surpassed, such Further Subordinated Management Fee being payable:

- (a) on any Payment Date that is also a Redemption Date pursuant to Condition 7(b)(i) *Optional Redemption in Whole – Subordinated Noteholders*) or Condition 7(b)(ii) *(Optional Redemption in Part – Collateral Manager / Subordinated Noteholders)*, pursuant to paragraph (Q)(1) of the Post-Acceleration Priority of Payments; and
- (b) otherwise, pursuant to paragraph (V) of the Interest Priority of Payments and/or paragraph (Q)(2) of the Post-Acceleration Priority of Payments .

The Further Subordinated Management Fee payable on a Payment Date shall not exceed the Accrued Further Subordinated Management Fee Amount on such Payment Date and shall be payable exclusive of any VAT.

**"Further Subordinated Management Fee Threshold"** means the threshold which will have been reached on the relevant Payment Date if the Eligible Distributions made since the Issue Date (including on such Payment Date) equal or exceed 10 per cent. of the product of (i) the Principal Amount Outstanding of the Subordinated Notes on the Issue Date, (ii) the Subordinated Notes Initial Offer Price Percentage and (iii) the number of years which have elapsed since the Issue Date (rounded to the nearest two decimal places) (such product, the **"Adjusted Subordinated Note Value"**) *provided that*:

- (a) any additional issuances of the Subordinated Notes pursuant to Condition 17 (Additional Issuances) shall be included for the purpose of calculating the Further Subordinated Management Fee Threshold by adding to the Adjusted Subordinated Note Value the product of (i) the Principal Amount Outstanding of the additional Subordinated Notes on the date of such additional issuance, (ii) the issue price of such additional Subordinated Notes and (iii) the number of years which have elapsed since the issue date of such additional Subordinated Notes;
- (b) any redemption of the Subordinated Notes or Principal Proceeds otherwise distributed to the Subordinated Noteholders shall be deemed not to reduce the Principal Amount Outstanding of the Subordinated Notes;
- (c) for the avoidance of doubt (and save as provided in paragraph (d) below), any amounts payable pursuant to paragraphs (Q) and (R) of the Principal Priority of Payments or paragraphs (V) and (W) of the the Post-Acceleration Priority of Payments shall not be included in calculating Eligible Distributions; and
- (d) any Interest Proceeds distributed (or to be distributed on such Redemption Date) pursuant to paragraphs (V) and (W) of the Post-Acceleration Priority of Payments on a Redemption Date pursuant to Condition 7(b)(i) *Optional Redemption in Whole – Subordinated Noteholders*) or Condition 7(b)(ii) *(Optional Redemption in Part – Collateral Manager / Subordinated Noteholders)* shall be included in calculating Eligible Distributions.

**"Funded Amount"** means, with respect to any Revolving Obligation or Delayed Drawdown Collateral Obligation at any time, the aggregate principal amount of advances or other extensions of credit to the extent funded thereunder by the Issuer that are outstanding at such time.

**"Global Certificate"** means a certificate representing one or more Notes in global, fully registered, form.

**"Global Exchange Market"** means the Global Exchange Market of Euronext Dublin.

**"Hedge Agreement"** means any Interest Rate Hedge Agreement or Currency Hedge Agreement (as applicable).

**"Hedge Counterparty"** means any Interest Rate Hedge Counterparty or Currency Hedge Counterparty (as applicable).

**"Hedge Counterparty Termination Payment"** means the amount payable by a Hedge Counterparty to the Issuer upon termination of a Hedge Transaction (in whole or in part), but excluding for all purposes other than determining the amount payable by the Hedge Counterparty to the Issuer under the relevant Hedge Agreement, any due and unpaid scheduled amounts payable thereunder.

**"Hedge Issuer Tax Credit Payments"** means any amounts payable by the Issuer to a Hedge Counterparty pursuant to the terms of a Hedge Agreement in connection with any credit against, relief or remission for, or repayment of, any tax that has been obtained or utilised by the Issuer and which is attributable to a grossed up payment made by that Hedge Counterparty as a result of or in connection with any required withholding or deduction for or on account of any tax (or to such withholding or deduction itself) (but excluding, for the avoidance of doubt, any Hedge Issuer Termination Payments).

**"Hedge Issuer Termination Payment"** means the amount payable by the Issuer to a Hedge Counterparty upon termination of a Hedge Transaction, but excluding for all purposes other than determining the amount payable by the Issuer to the Hedge Counterparty under the relevant Hedge Agreement, any due and unpaid scheduled amounts payable thereunder.

**"Hedge Replacement Payment"** means any amount payable to a Hedge Counterparty by the Issuer upon entry into a Replacement Hedge Transaction which is replacing a Hedge Transaction which was terminated.

**"Hedge Replacement Receipt"** means any amount payable to the Issuer by a Hedge Counterparty upon entry into a Replacement Hedge Transaction which is replacing a Hedge Transaction which was terminated.

**"Hedge Termination Account"** means, in respect of any Hedge Agreement, the account of the Issuer with the Account Bank into which all Hedge Counterparty Termination Payments and Hedge Replacement Receipts relating to that Hedge Agreement will be deposited.

**"Hedge Transaction"** means any Interest Rate Hedge Transaction or any Currency Hedge Transaction (as applicable).

**"Hedging Agreement Eligibility Criteria"** means the Hedging Agreement Eligibility Criteria specified in the Collateral Management and Administration Agreement which are required to be satisfied as one alternative under the Hedging Condition.

**"Hedging Condition"** means, in respect of a Hedge Agreement or a Hedge Transaction, either (i) satisfaction of the Hedging Agreement Eligibility Criteria; or (ii) receipt by the Collateral Manager of legal advice from reputable legal counsel to the effect that the entry into such arrangements should not require any of the Issuer, its directors or officers or the Collateral Manager or its directors, officers or employees to register with the United States Commodity 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.

**"High Yield Bond"** means a Collateral Obligation that is a debt security which, on acquisition by the Issuer, is a high yielding debt security 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 and which is not a Secured Senior Bond.

**"Incentive Collateral Management Fee"** means the fee payable to the Collateral Manager pursuant to the Collateral Management and Administration Agreement on each Payment Date on which the Incentive Collateral Management Fee IRR Threshold has been met or surpassed, such Incentive Collateral Management Fee being payable from the Supplemental Reserve Account and/or 20 per cent. of any Interest Proceeds and Principal Proceeds that would otherwise be available to distribute to the Subordinated Noteholders, in accordance with paragraph (AA) of the Interest Priority of Payments, paragraph (Q) of the Principal Priority of Payments and paragraph (V) of the Post-Acceleration Priority of Payments exclusive of any VAT.

**"Incentive Collateral Management Fee IRR Threshold"** means the threshold which will have been reached on the relevant Payment Date if the Outstanding Subordinated Notes have received an annualised internal rate of return (computed using the "XIRR" function in Microsoft® Excel or an equivalent function in another software package and assuming for this purpose that all Subordinated Notes were purchased on the Issue Date at a price equal to the Subordinated Notes Initial Offer Price Percentage of the principal amount thereof) of at least 10 per cent. on the Principal Amount Outstanding of the Subordinated Notes on the Issue Date (after giving effect to all payments in respect of the Subordinated Notes to be made on such Payment Date), provided that any additional issuances of the Subordinated Notes pursuant to Condition 17 (*Additional Issuances*) shall be included for the purpose of calculating the Incentive Collateral Management Fee IRR Threshold at their issue price (which, for the avoidance of doubt, shall be treated as negative cashflows) and issue date and not the Subordinated Notes Initial Offer Price Percentage.

**"Indemnified Party"** means the Collateral Manager and its Affiliates and their respective agents and their respective partners, stockholders, interest holders, members, managers, director, officers and employees.

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

**"Initial Ratings"** means, in respect of any Class of Notes and any Rating Agency, the ratings (if any) 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 account described as such in the name of the Issuer with the Custodian into which Interest Proceeds are to be paid.

**"Interest Amount"** has the meaning specified in Condition 6(e)(ii) (*Determination of Floating Rate of Interest and Calculation of Interest Amount*) in respect of the Floating Rate Notes and has the meaning specified in Condition 6(e)(iii) (*Calculation of Fixed Amounts*) in respect of the Fixed Rate 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 sum of all scheduled interest payments (and any commitment fees due but not yet received in respect of any Revolving Obligations or Delayed Drawdown Collateral 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 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, excluding:
  - (i) accrued and unpaid interest on Defaulted Obligations or Deferring Securities (excluding Current Pay Obligations) unless such amounts constitute Defaulted Obligation Excess Amounts;
  - (ii) interest on any Collateral Obligation to the extent that such Collateral 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 Obligation;
  - (iv) any amounts expected to be withheld at source or otherwise deducted in respect of taxes;
  - (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 the subject of a Currency Hedge Transaction, this paragraph (b) shall be deemed to refer to the related Scheduled Periodic Currency Hedge Counterparty Payment, subject to the exclusions set out above and (ii) that is not the subject of a Currency Hedge Transaction, the amount taken into account for this paragraph (b) shall be an amount equal to the

scheduled interest payments due but not yet received in respect of such Collateral Obligation (subject to the exclusions set out above), converted into Euro at the then prevailing Spot Rate;

- (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 Determination Date falls;
- (e) plus any amounts that would be payable from the Expense Reserve Account (only in respect of amounts that are not designated for transfer to the Principal Account), the Interest Smoothing Account, the First Period Reserve Account and/or the Currency Accounts to the Interest Account in the Due Period in which such Measurement Date falls (without double counting any such amounts which have been already transferred to the Interest Account);
- (f) plus any Scheduled Periodic Hedge Counterparty Payments payable to the Issuer under any Interest Rate Hedge Transaction or Currency Hedge Transaction (as determined by the Issuer with the reasonable assistance of the Collateral Manager and net of any withholding tax) to the extent not already included in accordance with paragraph (b) above; and
- (g) minus any interest in respect of a PIK Security that has been deferred (but only to the extent such amount has not already been excluded in accordance with paragraph (b)(ii) or (b)(iii) above).

For the purposes of calculating any Interest Coverage Amount, (i) the expected or scheduled interest income on Floating Rate Collateral 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 and (ii) such amounts, to the extent not denominated in or converted into Euro, shall be converted into Euro at the Spot Rate.

**"Interest Coverage Ratio"** means the Class A Interest Coverage Ratio, the Class B Interest Coverage Ratio, the Class C Interest Coverage Ratio and the Class D Interest Coverage Ratio. For the purposes of calculating an Interest Coverage Ratio, the expected interest income on Collateral 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 Interest Coverage Test, the Class B Interest Coverage Test, the Class C Interest Coverage Test and the Class D Interest Coverage Test.

**"Interest Determination Date"** means the second Business Day prior to the commencement of each Accrual Period. For the avoidance of doubt, in respect of the Issue Date and a determination of EURIBOR the Calculation Agent will determine the offered rate pursuant to a straight line interpolation of the rates applicable to 3-month and 6-month Euro deposits on the Issue Date but such offered rate shall be calculated as of the second Business Day prior to the Issue Date.

**"Interest 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 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 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*) and Condition 11(b) (*Enforcement*).

**"Interest Rate Hedge Agreement"** means each 1992 ISDA Master Agreement (Multicurrency-Cross Border) or ISDA 2002 Master Agreement (or such other ISDA pro forma Master Agreement as may be published by ISDA from time to time) and the schedule relating thereto which is entered into between the Issuer and an Interest Rate Hedge Counterparty, including any guarantee thereof and any credit support annex entered into pursuant to the terms thereof and together with each confirmation entered into thereunder from time to time in respect of an

Interest Rate Hedge Transaction, as amended or supplemented from time to time and including any Replacement Interest Rate Hedge Agreement entered into in replacement thereof.

**"Interest Rate Hedge Counterparty"** means each financial institution with which the Issuer enters into an Interest Rate Hedge Agreement or any permitted assignee or successor under any Interest Rate Hedge Agreement which, in each case, 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 Issuer Termination Payment"** means any amount payable by the Issuer to an Interest Rate Hedge Counterparty upon termination or modification of the applicable Interest Rate Hedge Agreement or Interest Rate Hedge Transaction.

**"Interest Rate Hedge Transaction"** means each interest rate protection transaction entered into under an Interest Rate Hedge Agreement which may be an interest rate swap, an interest rate cap or an interest rate floor transaction.

**"Interest Smoothing Account"** means the account described as such in the name of the Issuer with the Account Bank, with its books and records held outside Ireland, to which the Issuer will procure amounts are deposited in accordance with Condition 3(j)(xii) (*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 (that was a Semi-Annual Obligation at all times during such Due Period but excluding Semi-Annual Obligations that are Defaulted Obligations (other than Defaulted Obligation Excess Amounts)); 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 (that was a Semi-Annual Obligation at all times during such Due Period but excluding Semi-Annual Obligations that are Defaulted Obligations (other than Defaulted Obligation Excess Amounts)),

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 Collateral Principal Amount, such amount shall be deemed to be zero.

**"Intermediary Obligation"** means an interest in relation to a loan which is structured to be acquired indirectly by lenders therein at or prior to primary syndication thereof, including pursuant to a collateralised deposit or guarantee, a sub-participation or other arrangement which has the same commercial effect and, in each case, in respect of any obligation of the lender to a "fronting bank" in respect of non-payment by the Obligor, is 100 per cent. collateralised by such lenders.

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

**"Investor Report"** means a report containing certain information prescribed by Article 7(1)(e) of the Securitisation Regulation, which is to be made available on a quarterly basis after the occurrence of the Securitisation Regulation Reporting Effective Date.

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

**"Issue Date"** means 21 May 2020 (or such other date as may shortly follow such date as may be agreed between the Issuer, the Placement Agent and the Collateral Manager and is notified to the Noteholders and Euronext Dublin in accordance with Condition 16 (*Notices*)).



**"Issue Date Collateral 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, including pursuant to the Warehouse Arrangements.

**"Issue Date Interest Rate Hedge Transactions"** means any interest rate cap Interest Rate Hedge Transactions entered into by the Issuer on or around the Issue Date.

**"Issuer Profit Amount"** means the payment on each Payment Date, prior to the occurrence of a Frequency Switch Event, of €250, and following the occurrence of a Frequency Switch Event, of €500, subject always to an aggregate maximum amount of €1,000 per annum, to the Issuer for the purposes of profit retention in connection with entering into the transactions contemplated by the Notes and the Transaction Documents.

**"Issuer Share Capital Account"** means the account in the name of the Issuer established for the purposes of, *inter alia*, holding the proceeds of the issued share capital of the Issuer, the Issuer Profit Amount and any fees received by the Issuer in connection with the issue of the Notes.

**"Maintenance Covenant"** means, as determined by the Collateral Manager, a covenant by any Obligor or another member of the borrowing group of which the Obligor is a part to comply with one or more financial covenants during each applicable reporting period, whether or not any action by, or event relating to, such Obligor or another member of the borrowing group of which the Obligor is a part is taken or occurs.

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

**"Market Value"** means, in respect of a Collateral Obligation (expressed as a percentage of the Principal Balance in respect thereof) on any date of determination and as provided by the Collateral Manager to the Collateral Administrator:

- (a) the bid price of such Collateral Obligation determined by an independent recognised pricing service selected by the Collateral Manager; or
- (b) if such independent recognised pricing service is not available, the mean of the bid prices determined by three independent broker-dealers active in the trading of such Collateral Obligations; or
- (c) if three such broker-dealer prices are not available, the lower of the bid side prices determined by two such broker-dealers in respect of such Collateral Obligation; or
- (d) if two such broker-dealer prices are not available, the bid side price determined by one independent broker-dealer (unless, in each case, the fair market value thereof determined by the Collateral Manager pursuant to paragraph (e) hereafter would be lower) of such Collateral Obligation; or
- (e) if the determinations of such broker-dealers or independent recognised pricing service are not available, then the lower of 70.0 per cent. of such Collateral Obligation's Principal Balance and the fair market value thereof determined by the Collateral Manager on a best efforts basis in a manner consistent with reasonable and customary market practice and consistent with any determination the Collateral Manager applies with respect to any other similar obligation managed by the Collateral Manager, in each case, as notified to the Collateral Administrator on the date of determination thereof (provided that if the Collateral Manager cannot determine such fair market value for any reason the Market Value shall be deemed to be zero),

*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 MiFID II (or other comparable regulation), where the Market Value is determined by the Collateral Manager in accordance with paragraph (e) 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 Amendment"** means, with respect to any Collateral Obligation, any waiver, modification, amendment or variance that would extend or have the effect of extending the Collateral Obligation Stated Maturity of such Collateral Obligation (whether by way of amendment and restatement of the existing facility or novation or substitution on substantially the same terms save for the maturity amendment). For the avoidance of doubt, a waiver, modification, amendment or variance that would extend the Collateral Obligation Stated Maturity of the credit facility of which a Collateral Obligation is part, but would not extend the Collateral Obligation Stated Maturity of the Collateral Obligation held by the Issuer, does not constitute a Maturity Amendment.

**"Maturity Date"** means 20 May 2031 (or if such day is not a Business Day, then the next succeeding Business Day, unless it would fall in the following month, in which case it shall be the immediately preceding Business Day).

**"Maximum Obligor Concentration Test"** has the meaning given to it in the Collateral Management and Administration Agreement.

**"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;
- (c) the date of acquisition of any additional Collateral Obligation following the Effective Date;
- (d) each Determination Date;
- (e) the date as at which any Report is prepared; and
- (f) 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 Outstanding.

**"Mezzanine Obligation"** means a mezzanine loan obligation or other comparable debt obligation including any such obligation with attached warrants and any such obligation which is evidenced by an issue of notes (other than High Yield Bonds and Secured Senior Bonds), as determined by the Collateral Manager in its reasonable business judgment, or a Participation therein.

**"MiFID II"** means the EU Directive 2014/65/EU and EU Regulation 600/2014/EU on Markets in Financial Instruments.

**"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, €100,000.

**"Monthly Report"** means the monthly report defined as such in the Collateral Management and Administration 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 and Administration Agreement, which shall include information regarding the status of certain of the Collateral pursuant to the Collateral Management and Administration Agreement and made available (a) via a secured website currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Placement Agent, the Trustee, the Collateral Manager and the Hedge Counterparties and as notified by the Issuer (with reasonable assistance, if the Issuer so requires, from the Collateral Manager) to the Rating Agencies and the Noteholders from time to time) which shall be accessible to any person who certifies to the Collateral Administrator substantially in the form set out in the Collateral Management and Administration Agreement or such other form as may be agreed between the Issuer, the

Collateral Manager and the Collateral Administrator from time to time, which certification may be given electronically and upon which certification the Collateral Administrator shall be entitled to rely absolutely and without enquiry or liability that it is (i) the Issuer, (ii) the Arranger, (iii) the Placement Agent, (iv) the Trustee, (v) a Hedge Counterparty, (vi) the Collateral Manager, (vii) a Rating Agency, (viii) a Noteholder, (ix) a competent authority (as determined under the Securitisation Regulation), (x) a potential investor in the Notes, (xi) Intex Solutions, Inc. or (xii) Bloomberg or (b) by such other method of dissemination as is required by the Securitisation Regulation (as instructed by the Issuer or the Collateral Manager on its behalf and as agreed with the Collateral Administrator).

**"Moody's"** means Moody's Investors Service Ltd. and any successor or successors thereto.

**"Non-Call Period"** means the period from and including the Issue Date up to, but excluding 20 May 2021.

**"Non-Controlling Class"** means a Class of Rated Notes which is not the Controlling Class.

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

**"Non-Emerging Market Country"** means any of Australia, Austria, Belgium, Bermuda, Canada, the Channel Islands, Czech Republic, Denmark, Finland, France, Germany, Iceland, Ireland, the Isle of Man, Israel, Italy, Japan, Jersey, Liechtenstein, Luxembourg, The Netherlands, New Zealand, Norway, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, United Kingdom or United States and any other country, the Fitch country risk ceiling of which is rated, at the time of acquisition of the relevant Collateral Obligation, at least "BBB-" by Fitch and the foreign currency country issuer rating of which is rated, at the time of acquisition of the relevant Collateral 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 Obligation, Rating Agency Confirmation is received.

**"Non-Euro Obligation"** means a Collateral Obligation or part thereof, as applicable, denominated in a Qualifying Currency other than Euro.

**"Non-Participating FFI"** and **"non-Participating FFI"** means a "foreign financial institution" as defined under FATCA that, unless exempted or deemed compliant, does not enter into an agreement with the U.S. Internal Revenue Service as described in section 1471(b)(1) of the Code.

**"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-1 Notes (on a *pro rata* and *pari passu* basis) at the applicable Redemption Price in whole or in part until the Class A-1 Notes have been fully redeemed;
- (b) *secondly*, to the redemption of the Class A-2A Notes and the Class A-2B Notes (on a *pro rata* and *pari passu* basis) at the applicable Redemption Price in whole or in part until the Class A-2A Notes and the Class A-2B Notes have been fully redeemed;
- (c) *thirdly*, to the redemption of the Class B Notes including any Deferred Interest thereon (on a *pro rata* basis and *pari passu* basis) at the applicable Redemption Price in whole or in part until the Class B Notes have been fully redeemed;
- (d) *fourthly*, to the redemption of the Class C Notes including any Deferred Interest thereon (on a *pro rata* basis and *pari passu* basis) at the applicable Redemption Price in whole or in part until the Class C Notes have been fully redeemed; and
- (e) *fifthly*, to the redemption of the Class D Notes including any Deferred Interest thereon (on a *pro rata* basis and *pari passu* basis) at the applicable Redemption Price in whole or in part until the Class D Notes have been fully redeemed,

*provided that*, for the purposes of any redemption of the Notes in accordance with the Note Payment Sequence following any 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, 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-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and/or the Subordinated Notes becoming properly subject to any withholding tax other than:
  - (i) a payment in respect of Deferred Interest becoming subject to any withholding tax;
  - (ii) withholding tax in respect of FATCA; and
  - (iii) withholding tax which arises by reason of the failure by the relevant Noteholder or beneficial owner 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, the United States or other applicable taxing authority; or
- (b) a United Kingdom or U.S. state or federal or any other tax authority outside of Ireland imposing net income, profits, diverted profits or similar tax upon the Issuer, or the Issuer otherwise becoming liable to net income, profits, diverted profits or similar tax outside of Ireland.

**"Noteholders"** means the several persons in whose name the Notes are registered from time to time in accordance with and subject to their terms and the terms of the Trust Deed, and **"holder"** (in respect of the Notes) shall be construed accordingly.

**"Obligor"** means, in respect of a Collateral 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 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 (whether by way of amendment and restatement of the existing facility, novation or substitution), (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 or (c) any offer or consent request with respect to a Maturity Amendment

**"Offering Circular"** means the final offering circular of the Issuer relating to the Notes dated on or about 15 May 2020.

**"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 substantially 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 that have been issued and not redeemed or purchased and cancelled by the Issuer, as further defined in the Trust Deed.

**"Par Value Ratio"** means the Class A Par Value Ratio, the Class B Par Value Ratio, the Class C Par Value Ratio and the Class D Par Value Ratio (as applicable).

**"Par Value Test"** means the Class A Par Value Test, the Class B Par Value Test, Class C Par Value Test and the Class D Par Value Test (as applicable).

**"Partial Redemption Date"** means each date specified for a partial redemption of the Rated Notes of one or more Classes pursuant to Condition 7(b)(ii) (*Optional Redemption in Part – Collateral Manager / Subordinated Noteholders*) or, if such day is not a Business Day, the next following Business Day.

**"Partial Redemption Interest Proceeds"** means as of any Partial Redemption Date, Interest Proceeds in an amount equal to (x) the lesser of (a) the amount of accrued interest on the Class or Classes of Rated Notes being refinanced or redeemed and (b) the amount the Collateral Manager reasonably determines would have been available for distribution under the Interest Proceeds Priority of Payments for the payment of accrued interest on the Class or Classes of Rated Notes being refinanced or redeemed on the next subsequent Payment Date (or in the case of a Partial Redemption Date that is occurring on a Payment Date, on such date) if such Notes had not been refinanced or redeemed plus (y) if the Partial Redemption Date is not otherwise a Payment Date, an amount equal to the amount the Collateral Manager reasonably determines would have been available for distribution under the Interest Proceeds Priority of Payments for the payment of Trustee Fees and Expenses and Administrative Expenses on the next following Payment Date.

**"Partial Redemption Priority of Payments"** means the priority of payments in respect of Refinancing Proceeds and Partial Redemption Interest Proceeds set out in Condition 3(l) (*Application of Refinancing Proceeds and Partial Redemption Interest Proceeds on a Partial Redemption Date*).

**"Participation"** means an interest in a Collateral Obligation acquired 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 and Administration 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.

**"Payment Account"** means the 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 and/or Custodian (as applicable) 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*) and out of which the amounts required to be paid on each Payment Date pursuant to the Priorities of Payment shall be paid.

**"Payment Date"** means:

- (a) 20 February, 20 May, 20 August and 20 November at any time prior to the occurrence of a Frequency Switch Event; and
- (b) 20 February and 20 August (where the Payment Date immediately following the occurrence of a Frequency Switch Event falls in either February or August) or 20 May and 20 November (where the Payment Date immediately following the occurrence of a Frequency Switch Event falls in either May or November), following the occurrence of a Frequency Switch Event,

in each case, in each year commencing on 20 November 2020 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 and Administration Agreement which is prepared by the Collateral Administrator (in consultation with the Collateral Manager) on behalf of the Issuer not later than 2.00 p.m. (London time) on the Business Day preceding the related Payment Date and made available (a) via a secured website currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Placement Agent, the Trustee, the Collateral Manager and the Hedge Counterparties and as notified by the Issuer (with reasonable assistance, if the Issuer so requires, from the Collateral Manager) to the Rating Agencies and the Noteholders from time to time) which shall be accessible to any person who certifies to the Collateral Administrator substantially in the form set out in the Collateral Management and Administration Agreement or such other form as may be agreed between the Issuer, the

Collateral Manager and the Collateral Administrator from time to time, which certification may be given electronically and upon which certification the Collateral Administrator shall be entitled to rely absolutely and without enquiry or liability that it is (i) the Issuer, (ii) the Arranger, (iii) the Placement Agent, (iv) the Trustee, (v) a Hedge Counterparty, (vi) the Collateral Manager, (vii) a Rating Agency, (viii) a Noteholder, (ix) a competent authority (as determined under the Securitisation Regulation), (x) a potential investor in the Notes, (xi) Intex Solutions, Inc. or (xii) Bloomberg or (b) by such other method of dissemination as is required by the Securitisation Regulation (as instructed by the Issuer or the Collateral Manager on its behalf and as agreed with the Collateral Administrator).

**"Permitted Use"** has the meaning ascribed to it in Condition 3(j)(vi) (*Supplemental Reserve Account*).

**"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 Security"** means any Collateral Obligation which is a security, the terms of which permit the deferral of the payment of interest thereon, including without limitation by way of capitalising interest thereon provided that, for the avoidance of doubt, Mezzanine Obligations shall not constitute PIK Securities.

**"Placement Agency Agreement"** means the placement agency agreement between the Issuer and the Placement Agent dated on or about the Issue Date.

**"Placement Agent"** means Citigroup Global Markets Limited.

**"Plan Asset Regulation"** means 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA, as they may be amended or modified.

**"Portfolio"** means the Collateral Obligations, Collateral Enhancement Obligations, Exchanged Equity Securities, Eligible Investments and other similar obligations or securities held by or on behalf of the Issuer from time to time.

**"Portfolio Profile Tests"** means the Portfolio Profile Tests each as defined in the Collateral Management and Administration Agreement.

**"Portfolio Report"** means a report containing certain information on the Collateral Obligations which is, pursuant to Article 7(1)(a) of the Securitisation Regulation, required to be made available on a quarterly basis after the occurrence of the Securitisation Regulation Reporting Effective Date.

**"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 the place in which the account specified by the payee is located.

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

**"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, including, in the case of the Class B Notes, the Class C Notes and the Class D Notes, 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 attributable to the Class B Notes, Class C Notes and Class D Notes, as applicable, and the applicable quorum at any meeting of the Noteholders pursuant to Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

**"Principal Balance"** means, with respect to any Collateral Obligation, Eligible Investment, Collateral Enhancement Obligation, Equity Security or Exchanged Equity Security, as of any date of determination, the outstanding principal amount thereof (excluding any interest capitalised pursuant to the terms of such instrument other than, with respect to a Mezzanine Obligation and a PIK Security, any such interest capitalised pursuant to the terms thereof which is paid for on the date of acquisition of such Mezzanine Obligation or PIK Security), provided however that:

- (a) the Principal Balance of any Revolving Obligation and Delayed Drawdown Collateral Obligation as of any date of determination shall be the outstanding principal amount of such Revolving Obligation or Delayed Drawdown Collateral Obligation, plus any undrawn commitments that have not been irrevocably cancelled with respect to such Revolving Obligation or Delayed Drawdown Collateral Obligation;
- (b) the Principal Balance of each Equity Security, Exchanged Equity Security and each Collateral Enhancement Obligation shall be deemed to be zero;
- (c) the Principal Balance of:
  - (i) any Non-Euro Obligation subject to a Currency Hedge Transaction shall be an amount equal to the Euro equivalent of the outstanding principal amount of the reference Non-Euro Obligation, converted into Euro at the Currency Hedge Transaction Exchange Rate; and
  - (ii) any Non-Euro Obligation which is not subject to a Currency Hedge Transaction shall be an amount equal to the Euro equivalent of the outstanding principal amount of such Non-Euro Obligation, converted into Euro at the Spot Rate;
- (d) solely for the purposes of calculations of the Collateral Quality Tests, the Principal Balance of Defaulted Obligations shall be zero;
- (e) in respect of any Corporate Rescue Loan:
  - (i) so long as Fitch is rating any Notes, where either:
    - (A) no Fitch Rating is available; or
    - (B) no credit estimate has been 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, 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; or
  - (ii) so long as S&P is rating any Notes, where either:
    - (A) no S&P Rating is available; or
    - (B) no credit estimate has been assigned to it by S&P,

in each case, within 90 days following the Issuer entering into a binding commitment to acquire such Corporate Rescue Loan, the Principal Balance of such Corporate Rescue Loan shall be its S&P Collateral Value unless and until an S&P Rating or credit estimate is available or assigned by S&P,

*provided that* if both paragraphs (i) and (ii) above apply then the Principal Balance of such Corporate Rescue Loan shall be the lower of its Fitch Collateral Value and S&P Collateral Value;
- (f) the Principal Balance of any cash shall be the amount of such cash (converted into Euro at the Spot Rate if applicable);

- (g) the Principal Balance of any Collateral Obligation with a Collateral Obligation Stated Maturity beyond the Maturity Date shall be (i) so long as S&P is rating any Notes, its S&P Collateral Value (ii) so long as Fitch is rating any Notes, its Fitch Collateral Value, *provided that* if both (i) and (ii) apply then the Principal Balance of such Collateral Obligation shall be the lower of its Fitch Collateral Value and its S&P Collateral Value;
- (h) solely for the purposes of the Collateral Quality Tests, the Portfolio Profile Tests, the Coverage Tests and the Reinvestment Overcollateralisation Test, if the Issuer commits to purchase a Collateral Obligation as part of a primary issuance, and the Collateral Manager certifies that the closing of such Collateral Obligation is contingent on the repayment of an existing Collateral Obligation currently held by the Issuer, then, until the settlement of the new Collateral Obligation, any overlapping principal amount between the existing Collateral Obligation that is due to be repaid upon such settlement date and the new Collateral Obligation will be excluded from the Principal Balance of the existing Collateral Obligation; and
- (i) solely for the purposes of calculation of the Excess Par Amount, the Principal Balance of any Defaulted Obligation shall be its Market Value.

**"Principal Priority of Payments"** means the priority of payments in respect of Principal Proceeds set out in Condition 3(c)(ii) (*Application of Principal Proceeds*).

**"Principal Proceeds"** means all amounts payable out of, paid out of, payable into or paid 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*). For the avoidance of doubt, amounts received as principal proceeds in connection with an Offer for the exchange of a Collateral Obligation for a new or novated obligation or substitute obligation will not constitute Principal Proceeds and will not be deposited into the Principal Account to the extent such principal proceeds are required to be applied as consideration for the new or novated obligation or substitute obligation (subject to the Restructured Obligation Criteria being satisfied).

**"Priorities of Payment"** 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)(i) *Optional Redemption in Whole – Subordinated Noteholders*), (ii) in connection with a redemption in whole pursuant to Condition 7(g) (*Redemption Following Note Tax Event*) or (iii) following the delivery (whether actual or deemed) of an Acceleration Notice which has not subsequently been rescinded and annulled in accordance with Condition 10(c) (*Curing of Default*), in the case of Interest Proceeds, the Interest Priority of Payments and, in the case of Principal Proceeds, the Principal 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 delivery (whether actual or deemed) of an Acceleration Notice which 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 connection with any optional redemption of the Notes in part but not in whole pursuant to Condition 7(b)(ii) (*Optional Redemption in Part – Collateral Manager / Subordinated Noteholders*) and the Refinancing Proceeds and Partial Redemption Interest Proceeds in relation thereto, the Partial Redemption Priority of Payments.

**"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 Obligation, including any interest which is paid for using the proceeds from the issuance of the Notes upon the redemption of the Warehouse Arrangements, in each case, to the extent that such amounts represent accrued and/or capitalised interest in respect of such Collateral 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.



"**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 Currency**" means Sterling, U.S. Dollars, Norwegian Krone, Danish Krone, Swedish Krona, Swiss Francs, Australian Dollars, Canadian Dollars and Japanese Yen, or such other currency in respect of which Rating Agency Confirmation is received.

"**Rate of Interest**" has the meaning given thereto in Condition 6(e)(i) (*Floating Rate of Interest*).

"**Rated Notes**" means the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes.

"**Rating Agencies**" means Fitch and S&P, provided that if at any time Fitch and/or S&P ceases to provide rating services, "Rating Agencies" shall mean any other nationally recognised investment rating agency or rating agencies (as applicable) selected by the Issuer (a "**Replacement Rating Agency**") and "**Rating Agency**" means any such rating agency. In the event that at any time a Rating Agency is replaced by a Replacement Rating Agency, references to rating categories of the original Rating Agency in these Conditions, the Trust Deed and the Collateral Management and Administration 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 (or such other confirmation as the relevant Rating Agency is willing to provide from time to time that such modifications or amendments will not result in the reduction or withdrawal of any of the ratings currently assigned to the Rated Notes by such Rating Agency, 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, determination or appointment if (i) 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 (ii) such Rating Agency announces (publicly or otherwise) 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 (iii) such Rating Agency has ceased to engage in the business of providing ratings or has made a public statement in writing to the effect that it will no longer review events or circumstances of the type requiring a Rating Agency Confirmation under any Transaction Document 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 Obligations and/or any other intended action which will cause confirmation of the Initial Ratings, as further described and as defined in the Collateral Management and Administration Agreement.

"**Rating Event**" means, at any time, the reduction or withdrawal of any of the ratings then assigned to the Rated Notes by a Rating Agency.

"**Rating Requirement**" means:

- (a) in the case of the Account Bank:

- (i) a long-term issuer default rating of at least "A" or a short-term issuer default rating of at least "F1" by Fitch; and
  - (ii) a long-term issuer credit rating of at least "A" by S&P and a short-term issuer credit rating of at least "A-1" by S&P, or if it does not have such short-term rating, a long-term rating of at least "A+" by S&P;
- (b) in the case of the Custodian or any sub-custodian appointed thereby:
  - (i) a long-term issuer default rating of at least "A" or a short-term issuer default rating of at least "F1" by Fitch; and
  - (ii) a long-term issuer credit rating of at least "A" by S&P and a short-term issuer credit rating of at least "A-1" by S&P, or if it does not have such short-term rating, a long-term rating of at least "A+" by S&P;
- (c) in the case of any Hedge Counterparty, the ratings requirement(s) as set out in the relevant Hedge Agreement;
- (d) in the case of a Selling Institution with regards to a Participation only, a counterparty which satisfies the ratings set out in the Bivariate Risk Table; or
- (e) in each case, (x) such other rating or ratings as may be agreed by the relevant Rating Agency as would maintain the then rating of the Rated Notes or (y) if any of the requirements are not satisfied by any of the parties referred to herein, Rating Agency Confirmation from the relevant Rating Agency is received in respect of such party.

**"Record Date"** means (a) in respect of a Note represented by a Definitive Certificate, the fifteenth day before the relevant due date for payment of principal and interest in respect of such Note and (b) in respect of a Note represented by a Global Certificate, the close of business on the Clearing System business day before the relevant due date for payment of principal and interest in respect of such Note.

**"Redemption Date"** means each date specified for a redemption of the Notes of a Class pursuant to Condition 7 (*Redemption and Purchase*) or, if such day is not a Business Day, the next following Business Day or the date on which the Notes of such Class are accelerated pursuant to Condition 10 (*Events of Default*).

**"Redemption Determination Date"** has the meaning given thereto in Condition 7(b)(vi) (*Optional Redemption effected through Liquidation only*).

**"Redemption Notice"** means a redemption notice in the form available from the Transfer Agent 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, the greater of (1) 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 (2) such Subordinated Note's pro rata share (calculated in accordance with paragraph (BB) of the Interest Priority of Payments, paragraph (R) of the Principal Priority of Payments and paragraph (W) 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 Payment; and
- (b) any Rated Note, 100 per cent. of the Principal Amount Outstanding thereof (if any), together with (i) any accrued and unpaid interest in respect thereof to the relevant day of redemption and (ii) in respect of the Class B Notes, the Class C Note and the Class D Notes, any Deferred Interest and (iii) in respect of the Class A-1 Notes and only if applicable, the Class A-1 Makewhole Payment Amount.

**"Redemption Threshold Amount"** means the aggregate of all amounts which would be due and payable by the Issuer on redemption of the Rated Notes on the scheduled Redemption Date including, if applicable, the Class A-1 Makewhole Payment Amount (to the extent such amounts are ascertainable by the Collateral Administrator or

have been provided to the Collateral Administrator by the relevant Secured Party and, for the avoidance of doubt, not taking into account for this purpose any reduction in the Issuer's payment obligations pursuant to the Conditions or any other Transaction Document as a result of any limited recourse provisions) which rank in priority to payments in respect of the Subordinated Notes in accordance with the Post-Acceleration Priority of Payments.

**"Reference Bank"** means a major bank in the Euro zone interbank market acting in each case through its principal Euro zone office.

**"Reference Rate Modifier"** means a modifier applied to an Alternative Base Rate or other benchmark rate in order to cause such rate to be comparable to EURIBOR and/or LIBOR, which may include an addition to or subtraction from such unadjusted benchmark rate as identified by the Collateral Manager.

**"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 including VAT thereon, provided that such fees, costs, charges and expenses have been incurred as a direct result of a Refinancing, as determined by the Collateral Manager.

**"Refinancing Proceeds"** means the cash proceeds from a Refinancing.

**"Register"** means the register of holders of the legal title to the Notes kept by the Registrar pursuant to the terms of the Agency and Account Bank Agreement.

**"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.

**"Reinvesting Noteholder"** means each Subordinated Noteholder that elects to make a Reinvestment Amount and whose Reinvestment Amount is accepted, in each case, in accordance with Condition 3(c)(iv) (*Reinvestment Amounts*).

**"Reinvestment Amount"** means:

- (a) all or the relevant portion of any Incentive Collateral Management Fee which the Collateral Manager designates as a Reinvestment Amount pursuant to paragraph (AA) of the Interest Priority of Payments or paragraph (Q) of the Principal Priority of Payments;
- (b) a cash contribution or designation of Interest Proceeds or Principal Proceeds which a Subordinated Noteholder designates as a Reinvestment Amount pursuant to Condition 3(c)(iv) (*Reinvestment Amounts*); and
- (c) an additional issuance of Subordinated Notes pursuant to Condition 17(b) (*Additional Issuances*).

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

**"Reinvestment Overcollateralisation Test"** means the test which will apply as of any Measurement Date on and after Effective Date and during the Reinvestment Period which will be satisfied if the Class D Par Value Ratio is at least equal to 111.30 per cent.

**"Reinvestment Period"** means the period from and including the Issue Date up to and including the earliest of: (i) 20 May 2021; (ii) the date of the acceleration of the Notes pursuant to Condition 10(b) (*Acceleration*) (provided that 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 Rating Agencies and the Trustee that it can no longer reinvest in additional Collateral Obligations in accordance with the Reinvestment Criteria.

**"Reinvestment Target Par Balance"** 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 (excluding any repayments of Deferred Interest which has been capitalized pursuant to Condition 6(c) (*Deferral of Interest*)) and plus (ii) the Principal Amount Outstanding of any additional Notes issued pursuant to Condition 17 (*Additional Issuances*) or, if greater, the aggregate amount of Principal Proceeds that result from the issuance of such additional Notes.

**"Replacement Currency Hedge Agreement"** means any Currency Hedge Agreement entered into by the Issuer upon termination of an existing Currency Hedge Agreement on substantially the same terms as such existing Currency Hedge Agreement that preserves for the Issuer the economic effect of the terminated Currency Hedge Agreement and all Currency Hedge Transactions thereunder, subject to such amendments as may be agreed by the Trustee and in respect of which Rating Agency Confirmation is obtained.

**"Replacement Hedge Agreements"** means each Replacement Currency Hedge Agreement and each Replacement Interest Rate Hedge Agreement and **"Replacement Hedge Agreement"** means any of them.

**"Replacement Hedge Transaction"** means any replacement Interest Rate Hedge Transaction or Currency Hedge Transaction entered into under a Replacement Interest Rate Hedge Agreement or Replacement Currency Hedge Agreement (as applicable) (or under another existing Interest Rate Hedge Agreement or Currency Hedge Agreement with another Hedge Counterparty) in respect of the relevant terminated Interest Rate Hedge Transactions or Currency Hedge Transactions under the relevant terminated Interest Rate Hedge Agreement or Currency Hedge Agreement (as applicable).

**"Replacement Interest Rate Hedge Agreement"** means any Interest Rate Hedge Agreement entered into by the Issuer upon termination of an existing Interest Rate Hedge Agreement in full on substantially the same terms as the original Interest Rate Hedge Agreement that preserves for the Issuer the economic equivalent of the terminated Interest Rate Hedge Transactions outstanding thereunder, subject to such amendments as may be agreed by the Trustee and in respect of which Rating Agency Confirmation is obtained.

**"Report"** means each Monthly Report, Payment Date Report, Effective Date Report and, after the occurrence of the Securitisation Regulation Reporting Effective Date only, each Investor Report and Portfolio 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 for the delegation by the Issuer of certain derivative transaction reporting obligations to one or more Reporting Delegates.

**"Reset Amendment"** means any amendment to any Transaction Document being effected contemporaneously with a Refinancing in whole pursuant to Condition 7(b)(i) (*Optional Redemption in Whole – Subordinated Noteholders*), other than such amendments which are permitted pursuant to Condition 7(b)(v)(E) (*Consequential Amendments*).

**"Resolution"** means any Ordinary Resolution or Extraordinary Resolution, as the context may require.

**"Restricted Trading Period"** means the period during which either:

- (a) the Fitch Rating and/or the S&P Rating of the Class A-1 Notes are one or more sub category below the rating on the Issue Date, provided the Class A-1 Notes are Outstanding; or
- (b) the Fitch Rating and/or the S&P Rating of the Class A-2 Notes or the Class B Notes is withdrawn (and not reinstated) or is two or more sub categories below its rating on the Issue Date, *provided* such Class of Notes is Outstanding; or
- (c) the Fitch Rating and/or the S&P Rating of the Class C Notes is more than three sub categories below its rating on the Issue Date, *provided* such Class of Notes is Outstanding,

*provided that*, in each case, such period will not be a Restricted Trading Period:

- (i) if:

- (A) the sum of: (1) the Aggregate Principal Balance of all Collateral Obligations (excluding the Collateral Obligation being sold but including, without duplication, any related reinvestment and the anticipated cash proceeds, if any, of such sale), and (2) Balances standing to the credit of 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) is equal to or greater than the Reinvestment Target Par Balance;
- (B) each of the Coverage Tests is satisfied; and
- (C) each of the Collateral Quality Tests is satisfied;
- (ii) upon the direction of the Issuer with the consent of the Controlling Class acting by Ordinary Resolution, or
- (iii) the downgrade or withdrawal of such rating is as a result of either (1) regulatory change or (2) a change in the relevant Rating Agency's structured finance rating criteria; or

and *provided further* that no Restricted Trading Period shall restrict any sale of a Collateral Obligation entered into by the Issuer at a time when a Restricted Trading Period is not in effect, regardless of whether such sale has settled.

**"Restructured Obligation"** means a Collateral Obligation which has been restructured (whether effected by way of an amendment to the terms of such Collateral 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 be a Restructured Obligation unless it is subsequently restructured again, in which case such obligation shall constitute a Restructured Obligation provided that it satisfies the Restructured Obligation Criteria as at its Restructuring Date.

**"Restructured Obligation Criteria"** means the restructured obligation criteria specified in the Collateral Management and Administration 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 Obligation becomes binding on the holders thereof provided, if an obligation satisfies the Restructured Obligation Criteria at a later date, such later date shall be deemed to be the Restructuring Date for the purposes of determining whether such obligation shall constitute a Restructured Obligation.

**"Retention Holder"** means Guggenheim Partners Europe Limited in its capacity as initial Retention Holder and any successor, assign or transferee to the extent permitted under the Collateral Management and Administration Agreement and the EU Retention Requirements.

**"Retention Note Purchase Agreement"** means the purchase agreement in respect of the Retention Notes between Citigroup Global Markets Limited as Placement Agent and the Retention Holder dated on or about the Issue Date.

**"Retention Notes"** means the Notes subscribed for by the Retention Holder on the Issue Date and comprising as at the Issue Date, at least 5 per cent of the nominal value of each of the tranches sold or transferred to the investors within the meaning of Article 6(1) of the Securitisation Regulation.

**"Revolving Obligation"** means any Collateral Obligation (other than a Delayed Drawdown Collateral 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) denominated in Euro 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 Obligation will be a Revolving Obligation only until all commitments to make advances to the borrower expire or are terminated or reduced to zero.

**"Rule 144A"** means Rule 144A under the Securities Act.

**"Rule 144A Notes"** means Notes offered for sale within the United States or to U.S. Persons in reliance on Rule 144A.

**"Rule 17g-5"** means Rule 17g-5 under the Exchange Act.

**"Rule 17g-10"** means Rule 17g-10 under the Exchange Act.

**"S&P"** means S&P Global Ratings Europe Limited and any successor or successors thereto.

**"S&P CCC Obligations"** means all Collateral Obligations, excluding Defaulted Obligations, with an S&P Rating of "CCC+" or lower.

**"S&P CDO Input Files"** has the meaning given to it in the Collateral Management and Administration Agreement.

**"S&P CDO Monitor Test"** has the meaning given to it in the Collateral Management and Administration Agreement.

**"S&P Collateral Value"** means for a Collateral Obligation as at the applicable Measurement Date:

- (a) for each Defaulted Obligation and Deferring Security the lower of:
  - (i) its prevailing Market Value, multiplied by its Principal Balance; and
  - (ii) the relevant S&P Recovery Rate, multiplied by its Principal Balance; or
- (b) in the case of any other applicable Collateral Obligation, the relevant S&P 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 S&P Recovery Rate.

**"S&P Industry Classification Group"** means an industry classification set out in the table in the Collateral Management and Administration Agreement or as otherwise modified, amended or replaced by S&P from time to time.

**"S&P Issuer Credit Rating"** has the meaning given to it in the Collateral Management and Administration Agreement.

**"S&P Rating"** has the meaning given to it in the Collateral Management and Administration Agreement.

**"S&P Recovery Rate"** means, in respect of each Collateral Obligation and an assumed S&P rating of "AAA", the recovery rate determined in accordance with the Collateral Management and Administration Agreement or as so advised by S&P. Extracts of the S&P Recovery Rates applicable under the Collateral Management and Administration Agreement are set out in this Offering Circular.

**"S&P Test Matrices"** and **"S&P Test Matrix"** have the meanings given to them in the Collateral Management and Administration Agreement.

**"Sale Proceeds"** means:

- (a) all proceeds received upon the sale of any Collateral Obligation (other than any Non-Euro Obligation with a related Currency Hedge Transaction) 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) proceeds that represent deferred interest accrued in respect of any PIK Security; or (iii) proceeds representing accrued interest received in respect of any Defaulted Obligation unless and until such amounts represent Defaulted Obligation Excess Amounts and provided further that in the case of any Non-Euro Obligation which is not the subject of a related Currency Hedge Transaction, any proceeds shall be converted into Euro at the Spot Rate;

- (b) in the case of any Non-Euro Obligation with a related Currency Hedge Transaction, all amounts in Euro (or other currencies, if applicable) received by the Issuer from the applicable Currency Hedge Counterparty in exchange for payment by the Issuer of the sale proceeds of any Collateral Obligation as described in paragraph (a) above, under the related Currency Hedge Transaction; and
- (c) in the case of any Collateral Enhancement Obligation or Equity Security, all proceeds and any fees received upon the sale of such Collateral Enhancement Obligation or Equity Security,

in each case net of any amounts expended by or payable by the Issuer or the Collateral Administrator (on behalf of the Issuer) in connection with the sale, disposition or termination of such Collateral Obligation, Collateral Enhancement Obligation or Equity Security.

**"Scheduled Periodic Currency Hedge Counterparty Payment"** means, with respect to any Currency Hedge Agreement, all amounts scheduled to be paid by the Currency Hedge Counterparty to the Issuer pursuant to the terms of such Currency Hedge Agreement, excluding any Hedge Counterparty Termination Payment.

**"Scheduled Periodic Currency Hedge Issuer Payment"** means, with respect to any Currency Hedge Agreement, all amounts scheduled to be paid by the Issuer to the applicable Currency Hedge Counterparty pursuant to the terms of such Currency Hedge Agreement, excluding any Currency Hedge Issuer Termination Payment.

**"Scheduled Periodic Hedge Counterparty Payment"** means a Scheduled Periodic Currency Hedge Counterparty Payment or a Scheduled Periodic Interest Rate Hedge Counterparty Payment.

**"Scheduled Periodic Hedge Issuer Payment"** means a Scheduled Periodic Currency Hedge Issuer Payment or a Scheduled Periodic Interest Rate Hedge Issuer Payment.

**"Scheduled Periodic Interest Rate Hedge Counterparty Payment"** means, with respect to any Interest Rate Hedge Agreement, all amounts scheduled to be paid by the Hedge Counterparty to the Issuer pursuant to the terms of such Interest Rate Hedge Agreement, excluding any Interest Rate Hedge Counterparty Termination Payment.

**"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 Hedge Agreement, excluding any Interest Rate Hedge Issuer Termination Payment.

**"Scheduled Principal Proceeds"** means:

- (a) in the case of any Collateral Obligation (other than Non-Euro Obligations with a related Currency Hedge Transaction), scheduled principal repayments received by the Issuer (including scheduled amortisation, instalment or sinking fund payments);
- (b) in the case of any Non-Euro Obligation with a related Currency Hedge Transaction, scheduled final and interim payments in the nature of principal payable to the Issuer by the applicable Currency Hedge Counterparty under the related Currency Hedge Transaction; and
- (c) in the case of any Hedge Agreements, any Hedge Replacement Receipts and Hedge Counterparty Termination Payments transferred from the Hedge Termination Account into the Principal Account and any amounts transferred from a Counterparty Downgrade Collateral Account to the Principal Account in accordance with Condition 3(j)(v) (*Counterparty Downgrade Collateral Accounts*).

**"Second Lien Loan"** means a loan 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, as determined by the Collateral Manager in its reasonable commercial judgment.

**"Secured Obligations"** has the meaning given to it in the Trust Deed.

**"Secured Party"** means each of the Class A-1 Noteholders, the Class A-2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders the Subordinated Noteholders, the Reinvesting Noteholders (if any), the Placement Agent, the Collateral Manager, the Trustee, any Receiver, agent, delegate or other appointee

of the Trustee under the Trust Deed, the Agents, each Reporting Delegate, the Corporate Administrator and each Hedge Counterparty and "**Secured Parties**" means any two or more of them as the context so requires.

"**Secured Senior Bond**" means a Collateral 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 at least 80 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 paragraph (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 Obligation (which may be a Revolving Obligation or a Delayed Drawdown Collateral 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 at least 80 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 paragraph (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 Obligation**" means a Secured Senior Bond or a Secured Senior Loan.

"**Secured Senior RCF Percentage**" means:

- (a) with respect to a Secured Senior Loan, 15.0 per cent.;
- (b) with respect to a Secured Senior Bond 20.0 per cent., provided that for the purposes of calculating the S&P Recovery Rate, the Secured Senior RCF Percentage in respect of a Secured Senior Bond shall be 15.0 per cent,

or, in each case, or such higher percentage in respect of which Rating Agency Confirmation is obtained.

"**Securities Act**" means the United States Securities Act of 1933, as amended.

"**Securitisation Regulation**" means Regulation (EU) 2017/2402 of the European Parliament and the Council of 12 December 2017 laying down a European framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, including any implementing regulation, technical standards and official guidance published in connection therewith (including, in respect of Ireland, the European Union (General Framework for Securitisation and Specific Framework for Simple, Transparent and Standardised Securitisation) Regulations 2018).

"**Securitisation Regulation Reporting Effective Date**" means the date on which the regulatory technical standards relating to disclosure requirements under Article 7 of the Securitisation Regulation are adopted and implemented by the European Commission.



**"SR Reporting Notification"** means a notification from the Collateral Manager to the Issuer, the Collateral Administrator and the Trustee no later than 10 Business Days after the occurrence of the Securitisation Regulation Reporting Effective Date, notifying such parties of the occurrence of the Securitisation Regulation Reporting Effective Date.

**"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 Obligations which, at the relevant date of measurement, pay interest less frequently than quarterly.

**"Senior Debt"** means in respect of an Obligor, all debt securities and loan obligations issued by such Obligor that are secured:

- (a) by assets of such Obligor 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; or otherwise
- (b) by at least 80 per cent. of the equity interests in the shares of an entity owning, either directly or indirectly, such assets.

*provided*, in each case, that no other obligation of such Obligor has any higher priority security interest in such assets or shares (other than that a revolving loan of the Obligor that, pursuant to its terms, may require one or more future advances to be made to the Obligor may have a higher priority security interest in such assets or stock).

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

- (a) €300,000 per annum (pro-rated for the Due Period for the related Payment Date on the basis of (i) in respect of the first Payment Date, a 360 day year and the actual number of days elapsed in the related Due Period and (ii) in respect of any other Payment Date, a 360 day year comprised of twelve 30-day months, with each anniversary of the first Payment Date being the start of such 360 day period); and
- (b) 0.02 per cent. per annum (pro-rated for the Due Period for the related Payment Date on the basis of (i) in respect of the first Payment Date, a 360 day year and the actual number of days elapsed in the related Due Period and (ii) in respect of any other Payment Date, a 360 day year comprised of twelve 30-day months, with each anniversary of the first Payment Date being the start of such 360 day period) of the Collateral Principal Amount as at the Determination Date immediately preceding the Payment Date in respect of such Due Period,

*provided that*

- (i) any irrecoverable VAT on any expenses expressed to be subject to the Senior Expenses Cap shall be treated as utilising the Senior Expenses Cap
- (ii) if the amount of Trustee Fees and Expenses and Administrative Expenses paid on any of the three immediately preceding Payment Dates or, if a Frequency Switch has occurred, the immediately preceding Payment Date or during the related Due Period is less than the stated Senior Expenses Cap on any of the three immediately preceding Payment Dates or, if a Frequency Switch has occurred, on the immediately preceding Payment Date or during the previous Due Period, the aggregate excess may 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 and
- (iii) the Senior Expenses Cap in respect of the Payment Date immediately following a Partial Redemption Date shall be reduced (subject to a minimum value of zero) by the amount distributed pursuant to Condition 3(1)(i) and (ii) (*Application of Refinancing Proceeds and Partial Redemption Interest Proceeds on a Partial Redemption Date*) on such Partial Redemption Date.

**"Senior 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 and Administration Agreement payable in accordance with the Priorities of Payment in an amount (exclusive of any VAT), as determined by the Collateral Administrator, equal to 0.20 per cent. per annum (calculated on the basis of a 360 day year and the actual number of days elapsed in such Due Period) of the Collateral Principal Amount as at the first day of the Due Period (or, if such day is not a Business Day, the next day which is a Business Day) relating to the applicable Payment Date, as determined by the Collateral Administrator.

**"Senior Obligation"** means a Collateral Obligation that is a Secured Senior Obligation, an Unsecured Senior Obligation or a Second Lien Loan, as determined by the Collateral Manager in its reasonable commercial judgment.

**"Similar Law"** means any federal, state, local or 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.

**"Special Redemption"** has the meaning given to it in Condition 7(d) (*Special Redemption*).

**"Special Redemption Amount"** has the meaning given to it in Condition 7(d) (*Special Redemption*).

**"Special Redemption Date"** has the meaning given to it in Condition 7(d) (*Special Redemption*).

**"Spot Rate"** means, with respect to any conversion of any currency into Euro or, as the case may be, of Euro into any other relevant currency, the relevant spot rate of exchange quoted by the Collateral Administrator in consultation and agreement with the Collateral Manager on the date of calculation.

**"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 asset-backed security.

**"Subordinated Management Fee"** means the fee payable to the Collateral Manager in arrear on each Payment Date in respect of the immediately preceding Due Period, pursuant to the Collateral Management and Administration Agreement payable in accordance with the Priorities of Payment in an amount (exclusive of any VAT) as determined by the Collateral Manager equal to 0.10 per cent. per annum (calculated on the basis of a 360 day year and the actual number of days elapsed in such Due Period) of the Collateral Principal Amount as at the first day of the Due Period (or, if such day is not a Business Day, the next day which is a Business Day) relating to the applicable Payment Date, as determined by the Collateral Administrator.

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

**"Subordinated Notes"** have the meaning ascribed to them in the first paragraph of these Conditions.

**"Subordinated Notes Initial Offer Price Percentage"** means the lower of (i) the issue price of the Subordinated Notes and (ii) 100 per cent.

**"Subordinated Obligation"** means a debt obligation that by its terms and conditions is subordinated to all non-subordinated debt obligations of the relevant Obligor.

**"Substitute Collateral Obligation"** means a Collateral Obligation purchased in substitution for a previously held Collateral Obligation pursuant to the terms of the Collateral Management and Administration Agreement and which satisfies both the Eligibility Criteria and the Reinvestment Criteria.

**"Supplemental Reserve Account"** means an account in the name of the Issuer, so entitled and held with the Account Bank.

**"Supplemental Reserve Amount"** means, with respect to any Payment Date during the Reinvestment Period, the amount of Interest Proceeds deposited to the Supplemental Reserve Account on such Payment Date in accordance with paragraph (Z) of the Interest Priority of Payments, at the sole discretion of the Collateral Manager, which

amounts shall not exceed €3,500,000 in the aggregate for any Payment Date or an aggregate amount for all applicable Payment Dates of €10,500,000.

**"Swapped Non-Discount Obligation"** means any Collateral Obligation that would otherwise be considered a Discount Obligation, but that is purchased with the Sale Proceeds of a Collateral Obligation (the **"Original Obligation"**) that was not a Discount Obligation at the time of its purchase, and will not be considered a Discount Obligation so long as such purchased Collateral Obligation:

- (a) is purchased or committed to be purchased within 20 Business Days of such sale;
- (b) is purchased at a price (as a percentage of par) equal to or greater than the sale price of the Original Obligation;
- (c) is purchased at a price not less than 60.0 per cent. of the Principal Balance thereof; and
- (d) has an S&P Rating equal to or higher than the S&P Rating of the Original Obligation,

*provided that:*

- (i) to the extent the Aggregate Principal Balance of Swapped Non-Discount Obligations exceeds 10.0 per cent. of the Collateral Principal Amount, such excess will not constitute Swapped Non-Discount Obligations (and for the avoidance of doubt, such excess will instead constitute Discount Obligations);
- (ii) to the extent the Aggregate Principal Balance of all Swapped Non-Discount Obligations acquired by the Issuer after the Issue Date exceeds 15.0 per cent. of the Target Par Amount, such excess will not constitute Swapped Non-Discount Obligations (and for the avoidance of doubt, such excess will instead constitute Discount Obligations);
- (iii) in the case of a Collateral Obligation that is an interest in a Floating Rate Collateral Obligation, such Collateral Obligation will cease to be a Swapped Non-Discount Obligation at such time as the Market Value (expressed as a percentage of its Principal Balance) for such Collateral Obligation on each day during any period of 30 Business Days since the acquisition of such Collateral Obligation equals or exceeds 90.0 per cent.; and
- (iv) in the case of any Collateral Obligation that is an interest in a Fixed Rate Collateral Obligation, such Collateral Obligation will cease to be a Swapped Non-Discount Obligation at such time as the Market Value (expressed as a percentage of its Principal Balance) for such Collateral Obligation on each day during any period of 30 Business Days since the acquisition of such Collateral Obligation equals or exceeds 85.0 per cent.

**"Target Par Amount"** means €275,000,000.

**"TARGET2"** means the Trans-European Automated Real-time Gross Settlement Express Transfer system (or, if such system ceases to be operative, such other system (if any) determined by the Trustee to be a suitable replacement).

**"TCA"** means Taxes Consolidation Act 1997 of Ireland, as amended.

**"Third Party Indemnity Receipts"** has the meaning given to it in Condition 3(j)(x) (*Expense Reserve Account*).

**"Transaction Documents"** means the Trust Deed (including the Notes and these Conditions), the Agency and Account Bank Agreement, the Placement Agency Agreement, the Retention Note Purchase Agreement, the Collateral Management and Administration Agreement, each Hedge Agreement, each Collateral Acquisition Agreement, the Participation Agreements, the Corporate Administration Agreement, the Warehouse Termination Agreement, any Reporting Delegation Agreement and any document supplemental thereto or issued in connection therewith.

**"Trustee Fees and Expenses"** means the fees and expenses (including, without limitation, legal fees) and all other amounts payable to the Trustee (or any Receiver, agent, delegate or other appointee of the Trustee pursuant to the Trust Deed) pursuant to the Trust Deed or any other Transaction Document from time to time plus any applicable

VAT thereon payable under the Trust Deed or any other Transaction Document, including indemnity payments and any fees, costs, charges and expenses (including, without limitation, legal fees) properly incurred by the Trustee in respect of any Refinancing.

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

**"U.S. Resident"** means a "U.S. resident" as determined for the purposes of the Investment Company Act.

**"UCITS"** means money market funds which comply with the UCITS Directive.

**"UCITS Directive"** means Directive 2009/65/EC on Undertakings for Collective Investment in Transferable Securities (as amended from time to time) including any implementing and/or delegated regulations, technical standards and guidance related thereto.

**"Underlying Instrument"** means the agreements or instruments pursuant to which a Collateral Obligation has been issued or created and each other agreement that governs the terms of, or secures the obligations represented by, such Collateral Obligation or under which the holders or creditors under such Collateral Obligation are the beneficiaries.

**"Unfunded Amount"** means, with respect to any Revolving Obligation or Delayed Drawdown Collateral Obligation, the excess, if any, of (i) the Commitment Amount under such Revolving Obligation or Delayed Drawdown Collateral Obligation, as the case may be, at such time over (ii) the Funded Amount thereof at such time.

**"Unfunded Revolver Reserve Account"** means the account described as such in the name of the Issuer established and maintained with the Account Bank pursuant to the Agency and Account Bank 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 Obligations and Revolving Obligations.

**"Unsaleable Assets"** means (a)(i) a Defaulted Obligation, (ii) an Equity Security or (iii) an obligation received in connection with an Offer, in a restructuring or plan of reorganisation with respect to the obligor, in each case, in respect of which the Issuer has not received a payment in cash during the preceding 12 months or (b) any Collateral Obligation or Eligible Investment identified in an officer's certificate of the Collateral Manager as having a Market Value multiplied by its Principal Balance of less than €1,000, in the case of each of (a) and (b) with respect to which the Collateral Manager certifies to the Trustee that (x) it has made commercially reasonable endeavours to dispose of such obligation for at least 90 days and (y) in its commercially reasonable judgment such obligation is not expected to be saleable in the foreseeable future.

**"Unscheduled Principal Proceeds"** means (i) with respect to any Collateral Obligation (other than a Non-Euro Obligation with a related Currency Hedge Transaction), principal proceeds received by the Issuer prior to the Collateral 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 Obligation) and (ii) with respect to any Non-Euro Obligation with a related Currency Hedge Transaction any amounts in Euro payable to the Issuer by the applicable Currency Hedge Counterparty in exchange for payment by the Issuer of any unscheduled principal proceeds received in respect of any Collateral Obligation under the related Currency Hedge Transaction.

**"Unsecured Senior Bond"** means a Collateral Obligation that is a senior unsecured debt security in the form of or represented by a bond, note, certificated debt security or other debt security (that is not an Unsecured Senior Loan) as determined by the Collateral Manager in its reasonable business judgment, provided that it:

- (a) is 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 fixed assets of the Obligor or guarantor thereof if and to the extent that the granting of security over such assets is permissible under applicable law or (ii) by at least 80 per cent. of the equity interests in the stock of an entity owning such fixed assets.

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

- (a) is a loan obligation senior to any Subordinated Obligation of the Obligor as determined by the Collateral Manager in its reasonable business judgment; and
- (b) is not secured (i) by fixed assets of the Obligor or guarantor thereof if and to the extent that the granting of security over such assets is permissible under applicable law or (ii) by at least 80 per cent. of the equity interests in the stock of an entity owning such fixed assets.

**"Unsecured Senior Obligation"** means an Unsecured Senior Bond or an Unsecured Senior Loan.

**"Unused Proceeds Account"** means an account described as such in the name of the Issuer with the Account Bank into which the Issuer will procure amounts are deposited in accordance with Condition 3(j)(iii) (*Unused Proceeds Account*).

**"VAT"** means any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) and any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, each tax referred to above, or imposed elsewhere.

**"Warehouse Arrangements"** means the warehouse financing and related arrangements entered into by the Issuer prior to the Issue Date to, *inter alia*, finance the acquisition of Collateral Obligations prior to the Issue Date.

**"Warehouse Termination Agreement"** means the warehouse deed of release dated on or about the Issue Date between, amongst others, the Issuer, the Collateral Manager, BNY Mellon Corporate Trustee Services Limited, The Bank of New York Mellon, London Branch, The Bank of New York Mellon SA/NV, Dublin Branch and Citibank, N.A.

**"Weighted Average Fixed Coupon"** has the meaning given to it in the Collateral Management and Administration Agreement.

**"Weighted Average Life Test"** has the meaning given to it in the Collateral Management and Administration Agreement.

**"Weighted Average Spread"** has the meaning given to it in the Collateral Management and Administration 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.

## **2. Form and Denomination, Title, Transfer and Exchange**

### **(a) Form and Denomination**

The Notes of each Class will be issued (i) in global, certificated, fully registered form, without interest coupons, talons and principal receipts attached; or (ii) in 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 and Account Bank 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. The Register shall at all times be kept and maintained outside

the United Kingdom and no copy of the Register shall be created, kept or maintained in the United Kingdom.

(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 the 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 may reasonably require. 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 Global Certificates 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, as the case may be, to whom delivery or surrender shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer or otherwise in writing, shall be sent by courier, 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 Definitive Certificates or Global Certificates representing such Notes in accordance with these Conditions on registration or transfer will be effected without charge to Noteholders 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 Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to such transfer.

(f) *Closed Periods*

No Noteholder may require the transfer of a Note represented by a Definitive Certificate 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 the 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 is a U.S. Person and is not a QIB/QP (any such person, a "**Non-Permitted Noteholder**"), the Issuer shall promptly after determination that such person is a Non-Permitted Noteholder by the Issuer, send notice to such Non-Permitted Noteholder demanding that such 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 holder fails to effect the transfer of its Rule 144A Notes within such period, (i) the Issuer or the Collateral Manager on its behalf and at the expense of the Issuer shall cause such Rule 144A Notes to be transferred in a sale to a person or entity that certifies to the Issuer, in connection with such transfer, that such person or entity either is not a U.S. Person or is a QIB/QP and (ii) pending such transfer, no further payments will be made in respect of such Rule 144A Notes. 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 Rule 144A Notes and selling such Rule 144A 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 permitted Noteholder to the Non-Permitted Noteholder by its acceptance of an interest in the Rule 144A Notes agrees to co-operate 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 none of the Issuer, the Trustee and the Registrar 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. The Issuer reserves the right to require any holder of Notes to submit a written certification substantiating that it is a QIB/QP or a non-U.S. Person. If such holder fails to submit any such requested written certification on a timely basis, the Issuer has the right to assume that the holder of the Notes from whom such a certification is requested is not a QIB/QP or a non-U.S. Person. Furthermore, the Issuer reserves the right to refuse to honour a transfer of beneficial interests in a Rule 144A Note to any Person who is not either a non-U.S. Person or a U.S. Person that is a QIB/QP.

(i) *Forced Transfer pursuant to 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 the Plan Asset Regulation (any such Noteholder a "**Non-Permitted ERISA Noteholder**"), the Non-Permitted ERISA Noteholder 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 Noteholder will receive the balance, if any.

(j) *Forced Transfer pursuant to FATCA*

Other than the Collateral Manager in relation to the Retention Notes, if any Noteholder (which, for the purposes of this Condition 2(j) (*Forced Transfer pursuant to FATCA*) may include a nominee or beneficial owner of a Note) is determined by the Issuer to be a Noteholder who (i) is a Non-Participating FFI or has failed to provide any information requested by the Issuer in connection with the Issuer complying with its obligations under FATCA or (ii) otherwise prevents the Issuer from complying with FATCA (any such Noteholder, a "**Non-Permitted FATCA Noteholder**"), the Non-Permitted FATCA Noteholder 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 FATCA Noteholder will receive the balance, if any. For the avoidance of doubt, the Issuer shall have the right to sell a beneficial owner's interest in a Note in its entirety notwithstanding that the sale of a portion of such an interest would permit the Issuer to comply with FATCA.

(k) *Forced Transfer mechanics*

In order to effect the forced transfer provisions set out in Conditions 2(h) (*Forced Transfer of Rule 144A Notes*), 2(i) (*Forced Transfer pursuant to ERISA*) and 2(j) (*Forced Transfer pursuant to FATCA*), the Issuer may repay any affected Notes and issue replacement Notes and the Issuer, the Trustee and the Agents (at the expense of the Issuer) shall work with the Clearing Systems to take such action as may be necessary to effect such repayment and issue of replacement Notes.

Each Noteholder and each other Person in the chain of title from the Noteholder, by its acceptance of an interest in such Notes, authorises the Trustee, the Agents, the Registrar and the Clearing Systems to take such action as may be necessary to effect the forced transfer provisions set out in Conditions 2(h) (*Forced Transfer of Rule 144A Notes*), 2(i) (*Forced Transfer pursuant to ERISA*) and 2(j) (*Forced Transfer pursuant to FATCA*) without the need for further express instruction from any affected Noteholder. Each Noteholder and each other Person in the chain of title from the Noteholder, by its acceptance of an interest in such Notes, agrees that it shall be bound by any such action taken by the Issuer, the Trustee, the Agents, the Registrar and the Clearing Systems. For the avoidance of doubt, none of the Issuer, the Trustee and the Registrar shall be liable to any Noteholder having an interest in the Notes sold or otherwise transferred as a result of any such sale or transfer.

(l) *Registrar authorisation*

The Noteholders hereby authorise the Registrar and the Clearing Systems to take such actions as are necessary in order to effect the forced transfer provisions set out in Conditions 2(h) (*Forced Transfer of Rule 144A Notes*), 2(i) (*Forced Transfer pursuant to ERISA*) and 2(j) (*Forced Transfer pursuant to FATCA*) without the need for any further express instruction from any affected Noteholder. The Noteholders shall be bound by any actions taken by the Registrar, the Clearing Systems or any other party taken pursuant to the above-named Conditions.

(m) *Exchange of Voting/Non-Voting Notes*

A Noteholder holding Notes in the form of CM Removal and Replacement Voting Notes may request by the delivery to the Registrar or the Transfer Agent of a written request that such Notes be exchanged for Notes in the form of CM Removal and Replacement Exchangeable Non-Voting Notes or CM Removal and Replacement Non-Voting Notes at any time.

A Noteholder holding Notes in the form of CM Removal and Replacement Exchangeable Non-Voting Notes may request by the delivery to the Registrar or the Transfer Agent of a written request that such Notes be exchanged for Notes in the form of (i) CM Removal and Replacement Non-Voting Notes at any time or (ii) only in connection with the transfer of such Notes to an entity that is not an Affiliate of such Noteholder, CM Removal and Replacement Voting Notes.

Notes in the form of CM Removal and Replacement Exchangeable Non-Voting Notes shall not be exchanged for Notes in the form of CM Removal and Replacement Voting Notes in any other circumstances.

Notes in the form of CM Removal and Replacement Non-Voting Notes shall not be exchangeable at any time for Notes in the form of CM Removal and Replacement Voting Notes or CM Removal and Replacement Exchangeable Non-Voting Notes.

**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-1 Notes will rank *pari passu* with each other and senior to payments of interest on each Payment Date in respect of each other Class; payment of interest on the Class A-2A Notes and the Class A-2B Notes will rank *pari passu* with each other and will be subordinated in right of payment to payments of interest in respect of the Class A-1 Notes, but senior in right of payment to payments of interest in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes; payment of interest on the Class B Notes will rank *pari passu* with each other and will be subordinated in right of payment to payments of interest in respect of the Class A-1 Notes and the Class A-2 Notes, but senior in right of payment to payments of interest on the Class C Notes, the Class D Notes and the Subordinated Notes; payment of interest on the Class C Notes will rank *pari passu* with each other and will be subordinated in right of payment to payments of interest in respect of the Class A-1 Notes, the Class A-2 Notes and the Class B Notes, but senior in right of payment to payments of interest on the Class D Notes and the Subordinated Notes; payment of interest on the Class D Notes will rank *pari passu* with each other and will be subordinated in right of payment to payments of interest in respect of the Class A-1 Notes, the Class A-2 Notes, the Class B Notes and the Class C 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 A-2 Notes shall become due and payable until redemption and payment in full of the Class A-1 Notes. 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-1 Notes and the Class A-2 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-1 Notes, the Class A-2 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-1 Notes, the Class A-2 Notes, the Class B Notes and the Class C 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 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 Payment 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 Payment are paid in full.

Notwithstanding the foregoing, at the discretion of the Collateral Manager, payments may be made out of amounts credited to the Supplemental Reserve Account (i) subject to the Incentive Collateral Management Fee IRR Threshold having been reached, to the Collateral Manager in payment of the Incentive Collateral Management Fee and (ii) to the Subordinated Noteholders, in payment of amounts on the Subordinated Notes, in each case, in accordance with the Interest Priority of Payments and/or the Post-Acceleration Priority of Payments.

(c) *Priorities of Payment*

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 and Administration 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 acceleration of the Notes which 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), instruct the Account Bank to disburse Interest Proceeds and Principal Proceeds transferred to the Payment Account, in each case, in accordance with the following Priorities of Payment:

(i) *Application of Interest Proceeds*

Subject as further provided below, Interest Proceeds in respect of a Due Period shall be paid on the Payment Date immediately following such Due Period in the following order of priority (and in the case of any Payment Date that is a Partial Redemption Date, only after the application of Refinancing Proceeds and Partial Redemption Interest Proceeds in accordance with Condition 3(l) (*Application of Refinancing Proceeds and Partial Redemption Interest Proceeds on a Partial Redemption Date*)):

- (A) to the payment of (i) firstly taxes owing by the Issuer to any tax authority accrued in respect of the related Due Period (other than any Irish corporate income tax payable in relation to the Issuer Profit Amounts referred to in (ii) below) as certified by an Authorised Officer of the Issuer to the Collateral Administrator, if any, (save for any VAT payable in respect of any Collateral Management Fee); and (ii) secondly amounts equal to the Issuer Profit Amount to be retained by the Issuer, for deposit into the Issuer Share Capital 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 and the Balance of the Expense Reserve Account as at the date of transfer of any amounts from the Expense Reserve Account pursuant to paragraph (D) of Condition 3(j)(x) (*Expense Reserve Account*) (after taking into account all payments to be made out of the Expense Reserve Account on such date), provided that upon the occurrence of a Note Event of Default which is continuing, the Senior Expenses Cap shall not apply to any Trustee Fees and Expenses;
- (C) to the payment of Administrative Expenses in the priority stated in the definition thereof, up to an amount equal to the Senior Expenses Cap in respect of the related Due Period and the Balance of the Expense Reserve Account as at the date of transfer of any amounts from the Expense Reserve Account pursuant to paragraph (D) of Condition 3(j)(x) (*Expense Reserve Account*) (after taking into account all payments to be made out of the Expense Reserve Account on such date) less any amounts paid pursuant to paragraph (B) above;
- (D) to the Expense Reserve Account, at the Collateral Manager's discretion, up to an amount equal to the Senior Expenses Cap in respect of the related Due Period less (i) any amounts paid pursuant to paragraphs (B) and (C) above and (ii) any amounts paid out of the Expense Reserve Account in respect of the related Due Period;
- (E) to the payment:
  - (1) *firstly*, to the Collateral Manager of the Senior Management Fee due and payable on such Payment Date and any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority) (save for any Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts) except that the Collateral Manager may, in its sole discretion, elect to (x) irrevocably waive, (y) designate for reinvestment in Collateral Obligations or (z) defer payment of some or all of the amounts that would have been payable to the Collateral Manager (and, if applicable, the relevant tax authority) under this paragraph (E) (any such amounts pursuant to (z) being "**Deferred Senior Collateral Management Amounts**") on any Payment Date which amounts in each case shall not be treated as unpaid for the purposes of this paragraph (E), paragraph (U) or paragraph (AA) below, provided that any such amount in the case of (y) shall (i) be used to purchase Substitute Collateral Obligations or (ii) be deposited in the Principal Account pending reinvestment in Substitute Collateral Obligations or, in the case of (x) or (z), shall be applied to the

payment of amounts in accordance with paragraphs (F) through (T) and (W) through (BB) 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

- (2) *secondly*, to the Collateral Manager, any previously due and unpaid Senior Management Fees (other than Deferred Senior Collateral Management Amounts or Deferred Subordinated Collateral Management Amounts) and any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority);
- (F) (1) *firstly* to the payment, on a *pro rata* basis, of (i) any Scheduled Periodic Hedge Issuer Payments, (ii) any Currency Hedge Issuer Termination Payments (to the extent not paid out of the Currency Accounts, the relevant Counterparty Downgrade Collateral Account or the Hedge Termination Account and other than Defaulted Currency Hedge Termination Payments), and (iii) any Interest Rate Hedge Issuer Termination Payments (to the extent not paid out of the Interest Account, the relevant Counterparty Downgrade Collateral Account or the Hedge Termination Accounts and other than Defaulted Interest Rate Hedge Termination Payments); and
- (2) *secondly*, on a *pro rata* basis, any Hedge Replacement Payments (to the extent not paid out of the Hedge Termination Account or the relevant Counterparty Downgrade Collateral Account);
- (G) to the payment on a *pro rata* and *pari passu* basis of (a) the Interest Amounts due and payable on the Class A-1 Notes in respect of the Accrual Period ending on such Payment Date, and (b) and all other Interest Amounts due and payable on the Class A-1 Notes;
- (H) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class A-2 Notes in respect of the Accrual Period ending on such Payment Date and all other Interest Amounts due and payable on such Class A-2 Notes;
- (I) if either of the Class A Coverage Tests is not satisfied on any Determination Date, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause each Class A Coverage Test to be satisfied if recalculated following such redemption;
- (J) to the payment on a *pro rata* basis of the Interest Amounts due and payable on the Class B 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* basis of any Deferred Interest on the Class B Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);
- (L) if either of the Class B Coverage Tests is not satisfied on any Determination, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause each Class B Coverage Test to be met if recalculated following such redemption;
- (M) to the payment on a *pro rata* 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);
- (N) to the payment on a *pro rata* basis of any Deferred Interest on the Class C Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);

- (O) if either of the Class C Coverage Tests is not satisfied on any Determination Date, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause each Class C Coverage Test to be met if recalculated following such redemption;
- (P) to the payment on a *pro rata* 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);
- (Q) to the payment on a *pro rata* basis of any Deferred Interest on the Class D Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);
- (R)
  - (1) *firstly*, if the Class D Par Value Test is not satisfied on any Determination Date on and after the Effective Date, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause the Class D Par Value Test to be met if recalculated following such redemption; and
  - (2) *secondly* if the Class D Interest Coverage Test is not satisfied on any Determination Date immediately preceding the second Payment Date or any Determination Date thereafter, to (x) the purchase of Substitute Collateral Obligations or (y) the Principal Account pending reinvestment in Substitute Collateral Obligations, to the extent necessary to cause the Class D Interest Coverage Test to be met if recalculated following such redemption;
- (S) 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 full in accordance with the Note Payment Sequence or, if earlier, until an Effective Date Rating Event is no longer continuing;
- (T) during the Reinvestment Period only, if on the Determination Date immediately preceding such Payment Date, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (S) (inclusive) above, the Reinvestment Overcollateralisation Test has not been met, to the payment in an amount (such amount, the "**Required Diversion Amount**") equal to the lesser of (1) 50.0 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 (S) (inclusive) above, would be sufficient to cause the Reinvestment Overcollateralisation Test to be met, at the discretion of the Collateral Manager (acting on behalf of the Issuer):
  - (1) into the Principal Account for the acquisition of additional Collateral Obligations; or
  - (2) to pay the Rated Notes in accordance with the Note Payment Sequence.
- (U) to the payment:
  - (1) *firstly*, to the Collateral Manager of the Subordinated Management Fee due and payable on such Payment Date and any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority) (save for any Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts) until such amount has been paid in full except that the Collateral Manager may elect to (x) irrevocably waive, (y) designate for reinvestment or (z) defer payment of some or all of the amounts that would have been payable to the Collateral Manager (and, if

applicable, the relevant taxing authority) under this paragraph (U) (any such amounts pursuant to (z) being "**Deferred Subordinated Collateral Management Amounts**") on any Payment Date which amounts in each case shall not be treated as unpaid for the purposes of paragraph (E) above, this paragraph (U) or paragraph (AA) below, provided that any such amount in the case of (y) shall (i) be used to purchase Substitute Collateral Obligations or (ii) be deposited in the Principal Account pending reinvestment in Substitute Collateral Obligations or, in the case of (x) or (z), shall be applied to the payment of amounts in accordance with paragraphs (W) through (BB) 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;

- (2) *secondly*, to the Collateral Manager of any previously due and unpaid Subordinated Management Fee (other than Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts) and any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority);
  - (3) *thirdly*, at the election of the Collateral Manager (in its sole discretion) to the Collateral Manager (and, if applicable, the relevant taxing authority) in payment of any previously Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts and in each case any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority); and
  - (4) *fourthly*, to the repayment of any Collateral Manager Advances and any interest thereon;
- (V) subject to the Further Subordinated Management Fee Threshold having been reached (after taking into account all prior Eligible Distributions and any distributions to be made on such Payment Date pursuant to paragraphs (AA) and (BB) below):
- (1) firstly, to the payment to the Collateral Manager of up to 50 per cent. of any remaining Interest Proceeds (after any payment required to be made pursuant to paragraphs (AA) and (BB) below to satisfy the Further Subordinated Management Fee Threshold) in the payment of the Further Subordinated Management Fee; and
  - (2) secondly to the payment of any VAT in respect of the Further Subordinated Management Fee referred to in (1) above (whether payable to the Collateral Manager or directly to the relevant taxing authority);
- (W) to the payment of Trustee Fees and Expenses (if any) not paid by reason of the Senior Expenses Cap;
- (X) 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;
- (Y) to the payment on a *pari passu* and *pro rata* basis of any Defaulted Currency Hedge Termination Payments due to any Currency Hedge Counterparty or Defaulted Interest Rate Hedge Termination Payments due to any Interest Rate Hedge Counterparty (in each case to the extent not paid out of the Hedge Termination Account or any relevant Counterparty Downgrade Collateral Account);
- (Z) during the Reinvestment Period at the direction and in the discretion of the Collateral Manager, to transfer to the Supplemental Reserve Account any Supplemental Reserve Amount;

- (AA) any remaining Interest Proceeds and, at the discretion of the Collateral Manager, any amounts transferred from the Supplemental Reserve Account, subject to the Incentive Collateral Management Fee IRR Threshold having been reached (after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on such Payment Date, including pursuant to paragraph (BB) below and paragraph (R) of the Principal Priority of Payments and including for such purpose any such distributions designated as Reinvestment Amounts) (a) firstly, to the payment to the Collateral Manager of 20 per cent. of any remaining Interest Proceeds (after any payment required to be made to the Subordinated Noteholders pursuant to paragraph (BB) below to satisfy the Incentive Collateral Management Fee IRR Threshold) in the payment of the Incentive Collateral Management Fee, *provided* however that the Collateral Manager may, in its sole discretion, elect to (x) irrevocably waive or (y) designate for reinvestment some or all of the amounts that would have been payable to the Collateral Manager under this paragraph (AA) on any Payment Date, provided that any such amount in the case of (y) shall (i) be used to purchase Substitute Collateral Obligations or (ii) be deposited in the Principal Account pending reinvestment in Substitute Collateral Obligations or, in the case of (x), shall be applied to the payment of amounts in accordance with paragraph (BB) 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 (b) secondly to the payment of any VAT in respect of the Incentive Collateral Management Fee referred to in (a) above (whether payable to the Collateral Manager or directly to the relevant taxing authority); and
- (BB) any remaining Interest Proceeds and, at the discretion of the Collateral Manager, any amounts transferred from the Supplemental Reserve Account, to the payment of interest on the Subordinated Notes (other than, during the Reinvestment Period, any Reinvesting Noteholder that has directed that a Reinvestment Amount in respect of its Subordinated Notes be deposited on such Payment Date into the Supplemental Reserve Account and whose Reinvestment Amount is accepted subject to the provisions of Condition 3(c)(iv) (*Reinvestment Amounts*)) on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption).

(ii) *Application of Principal Proceeds*

Principal Proceeds in respect of a Due Period shall be paid on the Payment Date immediately following such Due Period in the following order of priority (and in the case of any Payment Date that is a Partial Redemption Date, only after the application of Refinancing Proceeds and Partial Redemption Interest Proceeds in accordance with Condition 3(l) (*Application of Refinancing Proceeds and Partial Redemption Interest Proceeds on a Partial Redemption Date*)):

- (A) to the payment on a sequential basis of the amounts referred to in paragraphs (A) through (I) (inclusive) of the Interest 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 Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class B Notes are the Controlling Class;
- (C) to the payment of the amounts referred to in paragraph (K) of the Interest Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class B Notes are the Controlling Class;
- (D) to the payment of the amounts referred to in paragraph (L) of the Interest Priority of Payments but only to the extent not paid in full thereunder and only to the extent

necessary to cause the Class B Coverage Tests that are applicable on such Payment Date with respect to the Class B 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 Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class C Notes are the Controlling Class;
- (F) to the payment of the amounts referred to in paragraph (N) of the Interest Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class C Notes are the Controlling Class;
- (G) to the payment of the amounts referred to in paragraph (O) of the Interest 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;
- (H) to the payment of the amounts referred to in paragraph (P) of the Interest Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class D Notes are the Controlling Class;
- (I) to the payment of the amounts referred to in paragraph (Q) of the Interest Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class D Notes are the Controlling Class;
- (J) to the payment of the amounts referred to in paragraph (R)(1) of the Interest Priority of Payments but only to the extent not paid in full thereunder and only to the extent necessary to cause the Class D Par Value Test to be met as of the related Determination Date;
- (K) to the payment of amounts referred to in paragraph (S) of the Interest Priority of Payments, but only to the extent not paid in full thereunder;
- (L) 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;
- (M)
  - (1) during the Reinvestment Period, at the discretion of the Collateral Manager, either to the purchase of Substitute Collateral Obligations or to the Principal Account pending reinvestment in Substitute Collateral Obligations at a later date in each case in accordance with the Collateral Management and Administration Agreement;
  - (2) after the Reinvestment Period in the case of Principal Proceeds representing Unscheduled Principal Proceeds and Sale Proceeds from the sale of Credit Risk Obligations and Credit Improved Obligations at the discretion of the Collateral Manager, either to the purchase of Substitute Collateral Obligations or to the Principal Account pending reinvestment in Substitute Collateral Obligations within 90 calendar days following such Payment Date in each case in accordance with the Collateral Management and Administration Agreement;
- (N) after the Reinvestment Period, to redeem the Rated Notes in accordance with the Note Payment Sequence;
- (O) after the Reinvestment Period, to the payment on a sequential basis of the amounts referred to in paragraphs (U), (W), (X) and (Y) (inclusive) of the Interest Priority of Payments, but only to the extent not paid in full thereunder;

- (P) to any Reinvesting Noteholder (whether or not any applicable Reinvesting Noteholder continues on the date of such payment to hold all or any portion of such Subordinated Notes) of any Reinvestment Amounts accrued and not previously paid pursuant to this paragraph (P) with respect to their respective Subordinated Notes, *pro rata* in accordance with the respective aggregate Reinvestment Amounts with respect to the Subordinated Notes;
- (Q) subject to the Incentive Collateral Management Fee IRR Threshold having been reached (after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on such Payment Date, including pursuant to paragraph (R) below and paragraph (BB) of the Interest Priority of Payments and including for such purpose any such distributions designated as Reinvestment Amounts) (a) firstly, to the payment to the Collateral Manager of 20 per cent. of any remaining Principal Proceeds (after any payment required to be made to the Subordinated Noteholders pursuant to paragraph (R) below to satisfy the Incentive Collateral Management Fee IRR Threshold) in payment of the Incentive Collateral Management Fee, provided however that the Collateral Manager may, in its sole discretion, elect to (x) irrevocably waive or (y) designate for reinvestment payment of some or all of the amounts that would have been payable to the Collateral Manager under this paragraph (Q) on any Payment Date, provided that any such amount in the case of (y) shall (i) be used to purchase Substitute Collateral Obligations or (ii) be deposited in the Principal Account pending reinvestment in Substitute Collateral Obligations or, in the case of (x), shall be applied to the payment of amounts in accordance with paragraph (R) 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 (b) secondly, to the payment of any VAT in respect of the Incentive Collateral Management Fee referred to in (a) above (whether payable to the Collateral Manager or directly to the relevant taxing authority); and
- (R) any remaining Principal Proceeds to the payment principal and, thereafter, 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).

(iii) *Withholding Taxes*

Where the payment of any amount in accordance with the Priorities of Payment set out above is subject to any deduction or withholding for or on account of any tax, payment of the amount so deducted or withheld shall be made to the relevant taxing authority *pari passu* with and, so far as possible, at the same time as the payment of the amount in respect of which the relevant deduction or withholding has arisen.

(iv) *Reinvestment Amounts*

At any time during the Reinvestment Period, any holder of Subordinated Notes may notify the Issuer, the Trustee and the Collateral Manager that it proposes to (i) make a cash contribution to the Issuer, (ii) designate as a contribution to the Issuer all or a specified portion of Interest Proceeds and/or Principal Proceeds that would otherwise be distributed on a Payment Date to such holder pursuant to paragraph (BB) of the Interest Priority of Payments or paragraph (R) of the Principal Priority of Payments or (iii) subscribe for additional Subordinated Notes issued pursuant to Condition 17(b) (*Additional Issuances*), as applicable. Any such proposed Reinvestment Amount is subject to the conditions that (i) each Reinvestment Amount is in an amount no less than Euro 1,000,000 and (ii) Reinvestment Amounts can be contributed no more than three times.

The Collateral Manager, in consultation with such holder (but in the Collateral Manager's sole discretion), will determine (A) whether to accept any proposed Reinvestment Amount and (B) the Permitted Use to which such proposed Reinvestment Amount would be applied. The



Collateral Manager will provide written notice of such determination to the applicable Reinvesting Noteholder(s) thereof and such Reinvestment Amount will be accepted by the Issuer. If such Reinvestment Amount is accepted by the Collateral Manager, it will be deposited by the Issuer into the Supplemental Reserve Account and applied to a Permitted Use determined by the Collateral Manager. Amounts deposited pursuant to (ii) above will be deemed to constitute payment of the amounts designated thereunder for purposes of all distributions from the Payment Account to be made on such Payment Date. Any amount so deposited shall not earn interest and shall not increase the principal balance of the Subordinated Notes held by such holder. Unless retained as directed by the applicable Reinvesting Noteholder, Reinvestment Amounts will be paid to any applicable Reinvesting Noteholder on the first subsequent Payment Date Principal Proceeds are available therefor as provided in paragraph (P) of the Principal Priority of Payments or that Interest Proceeds and Principal Proceeds are available therefor as provided in the Post-Acceleration Priority of Payments, as applicable. Any request of any Reinvesting Noteholder under (ii) above shall specify the percentage(s) of the amount(s) that such Reinvesting Noteholder is entitled to receive on the applicable Payment Date in respect of distributions pursuant to paragraphs (BB) of the Interest Priority of Payments or (R) of the Principal Priority of Payments, as applicable (such Reinvesting Noteholder's "**Distribution Amount**") that such Reinvesting Noteholder wishes the Issuer to deposit in the Supplemental Reserve Account. The Collateral Administrator or the Collateral Manager on behalf of the Issuer will provide each such Reinvesting Noteholder with an estimate of such Reinvesting Noteholder's Distribution Amount not later than two Business Days prior to any subsequent Payment Date.

(d) *Non-payment of Amounts*

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, the Class C Notes or the Class D Notes if such Class of Notes is the Controlling Class and a Frequency Switch Event has occurred) pursuant to Condition 6 (*Interest*) in accordance with the Priorities of Payment by reason solely that there are insufficient funds standing to the credit of the Payment Account shall not constitute 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) (*Non-payment of interest*)). Pursuant to the terms of Condition 6(c) (*Deferral of Interest*), non-payment of amounts due and payable on the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes as a result of the insufficiency of available Interest Proceeds will not constitute a Note Event of Default, *provided* always however that, in the case of the Class B Notes, Class C Notes, and Class D Notes (but not the Subordinated Notes), if the relevant Class is the then Controlling Class and a Frequency Switch Event shall have occurred, failure to pay any Interest Amount due and payable on such Class within five Business Days (or seven Business Days due to an administrative error or omission in accordance with Condition 10 (*Events of Default*)) of the Payment Date in full will constitute a Note Event of Default.

Subject to the terms of Condition 6(c) (*Deferral of Interest*) in the case of Interest Amounts payable in respect of the Class B Notes, Class C Notes and Class D Notes and save as otherwise provided in respect of any unpaid Collateral Management Fees (and VAT payable in respect thereof) or Reinvestment Amounts to Reinvesting Noteholders, in the event of non-payment of any amounts referred to in the Interest Priority of Payments or the Principal 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 Priority of Payments and the Principal 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, on behalf of the Issuer and in consultation with the Collateral Manager, as of each Determination Date, calculate the amounts payable on the applicable Payment Date pursuant to the Priorities of Payment and will notify the Issuer and the Trustee of such amounts. The Account Bank and/or the Custodian, as applicable, (acting in accordance with the instructions of the Collateral Administrator who is acting in accordance with the Payment Date Report compiled by the Collateral Administrator on behalf of the Issuer) shall, on behalf of the Issuer not later than 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 and the Supplemental Reserve 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 Priority of Payments and the Principal 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 on behalf of the Issuer may, in consultation with the Collateral Manager, adjust the amounts required to be applied in payment of principal on the Notes from time to time pursuant to the Priorities of Payment so that the amount to be so applied in respect of each Note is a whole amount, not involving any fraction of a 0.01 Euro or, at the discretion of the Collateral Administrator, any fraction of a Euro.

(g) *Publication of Amounts*

The Collateral Administrator on behalf of the Issuer will cause details of the amounts of interest and principal to be paid, and any amounts of interest payable but not paid, on each Payment Date in respect of the Notes to be notified at the expense of the Issuer to the Issuer, the Trustee, the Principal Paying Agent, the Registrar and Euronext Dublin by no later than noon (London time) on the Business Day prior to the applicable Payment Date in the Payment Date Report.

(h) *Notifications to be Final*

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained or discretions exercised for the purposes of the provisions of this Condition 3 (*Status*) will (in the absence of manifest error) be binding on the Issuer, the Collateral Administrator, the Collateral Manager, the Trustee, the Registrar, the Principal Paying Agent, the Transfer Agent and all Noteholders and (in the absence of the fraud, negligence or wilful default of the Collateral Administrator) no liability to the Issuer or the Noteholders shall attach to the Collateral Administrator in connection with the exercise, delay in exercising 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, establish the following accounts with the Account Bank or (as the case may be) with the Custodian:

the Principal Account;

the Interest Account;

the Unused Proceeds Account;

the Payment Account;

the Supplemental Reserve Account;

the Expense Reserve Account;

the Unfunded Revolver Reserve Account;

the Currency Accounts;

the Custody Account;

the First Period Reserve Account;

any Counterparty Downgrade Collateral Account(s);

the Hedge Termination Account(s); and

the Interest Smoothing Account.

The Account Bank, the Custodian and the Principal Paying Agent shall at all times be a financial institution satisfying the Rating Requirement applicable thereto, which is not resident or which is acting through an office which is not situated, in Ireland, but which has the necessary regulatory capacity and licences to perform the services required by under the Transaction Documents. If the Account Bank, the Custodian or the Principal Paying Agent at any time fails to satisfy the Rating Requirement, it shall inform the Issuer and the Collateral Manager in writing as soon as reasonably practicable, and the Issuer shall use reasonable endeavours to procure that a replacement, which satisfies the Rating Requirement, is appointed in accordance with the provisions of the Agency and Account Bank Agreement.

Amounts standing to the credit of the Accounts (other than the Unfunded Revolver Reserve Account, any Counterparty Downgrade Collateral Accounts and the Payment Account) from time to time may be invested by the Collateral Manager on behalf of the Issuer in Eligible Investments.

All interest accrued on any of the Accounts (other than any Counterparty Downgrade Collateral Accounts and the Payment 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.

To the extent that any amounts required to be paid into any Account pursuant to the provisions of this Condition 3 (*Status*) are denominated in a currency other than Euro, the Collateral Manager, acting on behalf of the Issuer, may (other than in the case of any Counterparty Downgrade Collateral Accounts) convert such amounts into the currency of the Account at the direction of the Collateral Manager at the spot rates of exchange available to the Collateral Administrator pursuant to the Agency and Account Bank Agreement.

Notwithstanding any other provisions of this Condition 3(i) (*Accounts*) or Condition 3(j) (*Payments to and from the Accounts*), all amounts standing to the credit of each of the Accounts (other than (i) the Interest Accounts, (ii) the Payment Account, (iii) the Expense Reserve Account, (iv) the Supplemental Reserve Account, (v) all interest accrued on the Accounts, (vi) any Counterparty Downgrade Collateral Account, (vii) the First Period Reserve Account, (viii) the Interest Smoothing Account and (ix) the Currency Accounts to the extent that the same represent Sale Proceeds in respect of Non-Euro Obligations sold subject to and in accordance with the terms of a Currency Hedge Transaction which shall be paid to the relevant Hedge Counterparty in accordance with the terms thereof outside the Priorities of Payment) 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, and all amounts standing to the credit of each of the Interest Account, the Expense Reserve Account, the Supplemental Reserve Account, the Interest Smoothing Account, the First Period Reserve Account and, to the extent not required to be repaid to any Hedge Counterparty, each Counterparty Downgrade Collateral Account shall be transferred to the Payment Account as Interest Proceeds on the Business Day prior to any redemption of the Notes in full.

Following the end of the Reinvestment Period, the Issuer (or the Collateral Manager acting on its behalf) may open additional ledgers in the Principal Account to separate payments of Scheduled Principal Proceeds and Unscheduled Principal Proceeds.

Application of amounts in respect of Hedge Issuer Tax Credit Payments 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 Payment.

(j) *Payments to and from the Accounts*

(i) *Principal Account*

The Issuer will procure that the following Principal Proceeds are paid into the Principal Account promptly upon receipt thereof:

- (A) all principal payments received in respect of any Collateral Obligation including, without limitation:
  - (1) Scheduled Principal Proceeds;
  - (2) amounts received in respect of any maturity, scheduled amortisation, mandatory prepayment or mandatory sinking fund payment on a Collateral Obligation;
  - (3) Unscheduled Principal Proceeds; and
  - (4) any other principal payments with respect to Collateral 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 Obligation, to the extent required to be paid into the Unfunded Revolver Reserve Account, (ii) principal proceeds on any Non-Euro Obligation to the extent required to be paid into a Currency Account, (iii) any such payments received in respect of any Hedge Replacement Receipts or Hedge Counterparty Termination Payments to the extent required to be paid into the Hedge Termination Account and (iv) any such payments received during the Initial Investment Period that are paid into the Unused Proceeds Account;
- (B) 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 (save for Defaulted Obligation Excess Amounts) and amounts representing the element of deferred interest in any payments received in respect of any PIK Security;
- (C) all premiums (including prepayment premiums) receivable upon redemption of any Collateral 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 Obligation;
- (D) all fees and commissions received in connection with the purchase or sale of any Collateral Obligations or Eligible Investments or work out or restructuring of any Defaulted Obligations or Collateral Obligations as determined by the Collateral Manager in its reasonable discretion;
- (E) all Sale Proceeds received in respect of a Collateral Obligation;
- (F) all Distributions and Sale Proceeds received in respect of Exchanged Equity Securities;
- (G) all Collateral Enhancement Obligation Proceeds;
- (H) all Purchased Accrued Interest;
- (I) amounts transferable to the Principal Account from any other Account as required below;
- (J) all proceeds received from any additional issuance of the Notes that are not invested in Collateral Obligations or required to be paid into the Supplemental Reserve Account;
- (K) any other amounts received in respect of the Collateral which are not required to be paid into another Account;

- (L) all amounts transferable from a Counterparty Downgrade Collateral Account to the Principal Account in accordance with Condition 3(j)(v) (*Counterparty Downgrade Collateral Accounts*);
- (M) all amounts transferable from the Supplemental Reserve Account;
- (N) all amounts transferable from the Expense Reserve Account;
- (O) all principal payments received in respect of any Non-Eligible Issue Date Collateral Obligation or any other asset which did not satisfy the Eligibility Criteria on the date it was required to do so and which have not been sold by the Collateral Manager in accordance with the Collateral Management and Administration Agreement;
- (P) all net proceeds of issuance of any Refinancing Obligations issued in accordance with Condition 7(b) (*Optional Redemption*);
- (Q) all amounts transferable to the Principal Account from a Currency Account pursuant to paragraph (B) of Condition 3(j)(ix) (*Currency Accounts*) following exchange of such amounts into Euro (to the extent not already in Euro) by the Issuer following consultation with the Collateral Manager;
- (R) all amounts payable into the Principal Account pursuant to paragraph (T) of the Interest Priority of Payments upon the failure to meet the Reinvestment Overcollateralisation Test during the Reinvestment Period;
- (S) 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
- (T) any amount transferred from the First Period Reserve 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 Principal Account, provided in each case that amounts deposited in the Principal Account pursuant to paragraph (P) above shall only be applied in accordance with sub-paragraph (3) 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 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 (or, following the end of the Reinvestment Period, committed) to be and have been designated for reinvestment by the Collateral Manager (on behalf of the Issuer) pursuant to the Collateral Management and Administration Agreement 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 or, if earlier, the date on which the Coverage Tests are satisfied; (ii) no such payment shall be made to the extent that such amounts are not required to be distributed pursuant to the Principal Priority of Payments on such Payment Date and (iii) following the end of the Reinvestment Period, any Principal Proceeds received by the Issuer less than 10 Business Days prior to the end of the Due Period in which such receipt falls will not satisfy paragraph (b) above unless such Principal Proceeds are committed for reinvestment by the Collateral Manager (on behalf of the Issuer) pursuant to the Collateral Management and Administration Agreement within 30 Business Days of such receipt;
- (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 and Administration Agreement, in the acquisition of Collateral

Obligations including amounts equal to the Unfunded Amounts of any Revolving Obligations or Delayed Drawdown Collateral Obligations which are required to be deposited in the Unfunded Revolver Reserve Account and including any initial principal exchange amounts payable by the Issuer to a Currency Hedge Counterparty pursuant to any Currency Hedge Transaction in connection with funding the acquisition of Non-Euro Obligations;

- (3) on any Payment Date on which a Refinancing has occurred, all amounts credited to the Principal Account pursuant to paragraph (P) above in redemption of the relevant Class or Classes of Rated Notes, subject to and in accordance with the applicable paragraphs of Condition 7(b) (*Optional Redemption*); and
- (4) on or after the Effective Date but on or prior to the first Payment Date after the Effective Date, the Balance standing to the credit of the Principal Account to the Interest Account, at the discretion of the Collateral Manager, acting on behalf of the Issuer, provided that as at the date of such transfer: (i) the Issuer has acquired or entered into binding commitments to acquire Collateral Obligations, the Collateral Principal Amount of which equals or exceeds the Target Par Amount (after taking into account any transfer pursuant to (iii) below) (provided that, for the purposes of determining the Collateral Principal Amount as provided above, the Principal Balance of a Collateral Obligation which is a Defaulted Obligation will be the lower of its S&P Collateral Value and its Fitch Collateral Value); (ii) the Rating Agencies have confirmed the Initial Ratings of the Rated Notes following delivery of the Effective Date Report (or in respect of S&P, the Effective Date S&P Condition is satisfied) and (iii) no more than 1 per cent. of the Target Par Amount may be transferred to the Interest Account.

(ii) *Interest Account*

The Issuer will procure that the following Interest Proceeds are credited to the Interest Account promptly upon receipt thereof:

- (A) all cash payments of interest in respect of the Collateral Obligations other than any Purchased Accrued Interest, together with all amounts received by the Issuer by way of gross up in respect of such interest and in respect of a claim under any applicable double taxation treaty but excluding (i) interest proceeds on any Non-Euro Obligation to the extent required to be paid into a Currency Account and (ii) any interest received in respect of any Defaulted Obligations and Mezzanine Obligation for so long as it is a Defaulted Obligation other than Defaulted Obligation Excess Amounts;
- (B) all interest accrued on the Balance standing to the credit of the Interest Account from time to time and all interest accrued in respect of the Balances standing to the credit of the other Accounts (including interest on any Eligible Investments standing to the credit thereof) (other than in respect of any Counterparty Downgrade Collateral Account and the Payment Account), provided that in the case of any interest amount that is not denominated in euro, the Collateral Administrator shall convert such amount at the relevant Spot Rate prior to any transfer of such amount to the Interest Account;
- (C) all amendment and waiver fees, all late payment fees, all commitment fees, syndication fees, delayed compensation and all other fees and commissions received in connection with any Collateral Obligations and Eligible Investments as determined by the Collateral Manager in its reasonable discretion (other than fees and commissions received in connection with the purchase or sale of any Collateral Obligations or Eligible Investments or work out or restructuring of any Defaulted Obligations or Collateral Obligations which fees and commissions shall be payable into the Principal Account and shall constitute Principal Proceeds);
- (D) all accrued interest included in the proceeds of sale of any other Collateral Obligation that are designated by the Collateral Manager as Interest Proceeds pursuant to the Collateral Management and Administration Agreement (provided that no such

designation may be made in respect of (i) any Purchased Accrued Interest or (ii) a Defaulted Obligation save for Defaulted Obligation Excess Amounts);

- (E) all amounts representing the element of deferred interest (other than Purchased Accrued Interest) in any payments received in respect of any Mezzanine Obligation for so long as it is not a Defaulted Obligation and which by its contractual terms provides for the deferral of interest;
- (F) amounts transferable to the Interest Account from the Unused Proceeds Account in the circumstances described under Condition 3(j)(iii) (*Unused Proceeds Account*);
- (G) all scheduled commitment fees received by the Issuer in respect of any Revolving Obligations or Delayed Drawdown Collateral Obligations;
- (H) 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 Obligation in an account established pursuant to an ancillary facility;
- (I) all amounts transferable from the Supplemental Reserve Account;
- (J) all amounts transferable from the Expense Reserve Account;
- (K) any amounts payable to the Issuer under any Hedge Transaction in respect of interest save for Hedge Counterparty Termination Payments or Hedge Replacement Receipts;
- (L) all cash payments of interest in respect of any Non-Eligible Issue Date Collateral Obligations or any other asset which did not satisfy the Eligibility Criteria on the date it was required to do so and that have not been sold by the Collateral Manager, 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 in accordance with the Collateral Management and Administration Agreement;
- (M) all amounts transferable from the First Period Reserve Account; and
- (N) 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 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 Priority of Payments save for amounts deposited after the end of the related Due Period and any amounts to be disbursed pursuant to paragraph (2) below on such Business Day or amounts representing any Hedge Issuer Tax Credit Payments to be disbursed pursuant to paragraph (3) below;
- (2) at any time in accordance with the terms of, and to the extent permitted under, the Collateral Management and Administration Agreement, in the acquisition of Collateral Obligations to the extent that any such acquisition costs represent accrued interest;
- (3) at any time any Scheduled Periodic Interest Rate Hedge Issuer Payments and any Hedge Issuer Tax Credit Payments; and

- (4) 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; (iii) the Determination Date immediately prior to any redemption of the Notes in full; and (iv) any Determination Date on or following the occurrence of a Frequency Switch Event, 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:

- (A) an amount equal to the net proceeds of issue of the Notes remaining after (1) the payment of certain fees and expenses due and payable by the Issuer on the Issue Date; (2) amounts payable into the Expense Reserve Account; (3) amounts payable into the First Period Reserve Account; and (4) amounts repaid pursuant to the Warehouse Arrangements;
- (B) all proceeds received during the Initial Investment Period from any additional issuance of Notes that are not invested in Collateral Obligations or paid into the Supplemental Reserve Account; and
- (C) any Principal Proceeds received during the Initial Investment Period that are not paid into the Principal 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:
  - (a) in payment of amounts due or accrued with respect to action taken on or in connection with the Issue Date with respect to the issue of Notes, the entry into the Transaction Documents and the termination of the Warehouse Arrangements;
  - (b) amounts payable into the Expenses Reserve Account;
  - (c) to repay amounts under the Warehouse Arrangements in respect of the funding provided by it to finance the purchase of Collateral Obligations prior to the Issue Date;
  - (d) to pay all other amounts due under the Warehouse Arrangements; and
  - (e) amounts payable into the First Period Reserve Account.
- (2) on or about the Issue Date, such amounts equal to the aggregate of:
  - (a) the purchase price for certain Collateral Obligations on or prior to the Issue Date, including pursuant to the Warehouse Arrangements;
  - (b) any premium payable by the Issuer in connection with the Issue Date Interest Rate Hedge Transactions; and
  - (c) amounts required for repayment of any amounts borrowed by the Issuer (together with interest thereon) in order to finance the acquisition of certain Collateral Obligations on or prior to the Issue Date;



- (3) 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 and Administration Agreement, in the acquisition of Collateral Obligations;
- (4) 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 Payment, 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
- (5) on or after the Effective Date but on or prior to the first Payment Date 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 the date of such transfer: (i) the Issuer has acquired or entered into binding commitments to acquire Collateral Obligations, the Collateral Principal Amount of which equals or exceeds the Target Par Amount (after taking into account any transfer pursuant to (iii) below) (provided that, for the purposes of determining the Collateral Principal Amount as provided above, the Principal Balance of a Collateral Obligation which is a Defaulted Obligation will be the lower of its S&P Collateral Value and its Fitch Collateral Value); (ii) the Rating Agencies have confirmed the Initial Ratings of the Rated Notes following delivery of the Effective Date Report (or in respect of S&P, the Effective Date S&P Condition is satisfied) and (iii) no more than 1 per cent. of the Target Par Amount may be transferred to the Interest Account.

(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 instruct the Account Bank (acting on the basis of the Payment Date Report), to disburse such amounts in accordance with the Priorities of Payment. No amounts shall be transferred to or withdrawn from the Payment Account at any other time or in any other circumstances.

(v) *Counterparty Downgrade Collateral Accounts*

The Issuer will procure that all Counterparty Downgrade Collateral transferred pursuant to a Hedge Agreement shall be deposited in a separate account in respect of each Hedge Counterparty. All Counterparty Downgrade Collateral deposited from time to time in any Counterparty Downgrade Collateral Account shall be held and released pursuant to the terms set out below.

The funds or securities credited to any Counterparty Downgrade Collateral Account and any interest or distributions thereon or liquidation proceeds thereof are held separate from and do not form part of Principal Proceeds, Interest Proceeds or of Collateral Enhancement 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 be segregated on the Custodian's books and records from any other funds from any other party.

Amounts standing to the credit of each Counterparty Downgrade Collateral Account will not be available for the Issuer to make payments to the Noteholders nor any other creditor of the Issuer (other than in the circumstances set out below). The Issuer will procure the payment of the following amounts (and shall ensure that no other payments are made, save to the extent required hereunder):

- (A) prior to the occurrence or designation of an "Early Termination Date" (as defined in the relevant Hedge Agreement) in respect of all "Transactions" (as defined in such Hedge Agreement) entered into under such Hedge Agreement pursuant to which all such "Transactions" under such Hedge Agreement are terminated early, solely in or towards payment or transfer of:
- (1) any "Return Amounts" (if applicable and as defined in such Hedge Agreement);
  - (2) any "Interest Amounts" and "Distributions" (if applicable and each as defined in such Hedge Agreement); and
  - (3) any other return or transfer of collateral or other payment amounts in the nature of interest or distributions in respect of collateral in accordance with the terms of such Hedge Agreement (including, without limitation, in connection with any permitted novation or other transfer of the Hedge Counterparty's obligations thereunder),
- directly to the Hedge Counterparty in accordance with the terms of such Hedge Agreement (including, if applicable, the credit support annex thereto);
- (B) following the designation of an "Early Termination Date" (as defined in the relevant Hedge Agreement) in respect of all "Transactions" under and as defined in the relevant Hedge Agreement pursuant to which all "Transactions" under such Hedge Agreement are terminated early where (i) such termination is in respect of an "Event of Default" (as defined in such Hedge Agreement) in respect of the relevant Hedge Counterparty and (ii) the Issuer enters into one or more Replacement Hedge Agreements or any novation of the relevant Hedge Counterparty's obligations to a replacement Hedge Counterparty, in the following order of priority:
- (1) first, in or towards payment of any Hedge Replacement Payments in respect of Replacement Hedge Transactions relating to such terminated "Transactions" (to the extent not funded from the relevant Hedge Termination Account);
  - (2) second, in or towards payment of any Hedge Issuer Termination Payments relating to such terminated "Transactions" (to the extent not funded from the relevant Hedge Termination Account); and
  - (3) third, the surplus amount standing to the credit of such Counterparty Downgrade Collateral Account (if any) to the Principal Account;
- (C) following the designation of an "Early Termination Date" (as defined in the relevant Hedge Agreement) in respect of all "Transactions" under and as defined in the relevant Hedge Agreement pursuant to which all "Transactions" under such Hedge Agreement are terminated early (i) other than in respect of an "Event of Default" (as defined in such Hedge Agreement) in respect of the relevant Hedge Counterparty and where (ii) the Issuer enters into one or more Replacement Hedge Agreements or any novation of the relevant Hedge Counterparty's obligations to a replacement Hedge Counterparty, in the following order of priority:
- (1) first, in or towards payment of any Hedge Issuer Termination Payments relating to such terminated "Transactions" (to the extent not funded from the relevant Hedge Termination Account);
  - (2) second in or towards payment of any Hedge Replacement Payments in respect of Replacement Hedge Transactions relating to such terminated "Transactions" (to the extent not funded from the relevant Hedge Termination Account); and

- (3) third, the surplus amount standing to the credit of such Counterparty Downgrade Collateral Account (if any) to the Principal Account,
  - (D) following the designation of an "Early Termination Date" (as defined in the relevant Hedge Agreement) in respect of all "Transactions" under and as defined in the relevant Hedge Agreement pursuant to which all "Transactions" under such Hedge Agreement are terminated early and if the Issuer, or the Collateral Manager on its behalf, determines not to replace such terminated "Transactions" and Rating Agency Confirmation is received in respect of such determination or termination of such "Transactions" occurs on a Redemption Date or if for any reason the Issuer is unable to enter into one or more Replacement Hedge Agreements or any novation of the relevant Hedge Counterparty's obligations to a replacement Hedge Counterparty, in the following order of priority:
    - (1) first, in or towards payment of any Hedge Issuer Termination Payments relating to such terminated "Transactions" (to the extent not funded from the relevant Hedge Termination Account); and
    - (2) second, the surplus amount standing to the credit of such Counterparty Downgrade Collateral Account (if any) to the Principal Account.
- (vi) *Supplemental Reserve Account*
  - (A) The Issuer will procure that the following amounts are deposited into the Supplemental Reserve Account:
    - (1) on each Payment Date, any Supplemental Reserve Amount in respect of such Payment Date;
    - (2) on each Payment Date, any Reinvestment Amount in respect of such Payment Date.
  - (B) 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 Supplemental Reserve Account:
    - (1) at any time, to the Principal Account for either (x) during the Reinvestment Period to reinvest in Substitute Collateral Obligations or (y) otherwise for distribution on the next following Payment Date in accordance with the Priorities of Payment;
    - (2) 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 Payment;
    - (3) 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 and Administration Agreement;
    - (4) 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(1) (*Purchase*);
    - (5) 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 Payment, 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

- (6) the Balance standing to the credit of the Supplemental Reserve Account to the Payment Account for distribution on such Payment Date in accordance with the Principal Priority of Payments or the Post-Acceleration Priorities of Payment (as applicable) (a) at the direction of the Collateral Manager at any time prior to a Note Event of Default or (b) automatically upon an acceleration of the Notes in accordance with Condition 10(b) (*Acceleration*),

each of the foregoing being a "**Permitted Use**".

(vii) *Unfunded Revolver Reserve Account*

The Issuer shall procure the following amounts are paid into the Unfunded Revolver Reserve Account:

- (A) upon the acquisition by or on behalf of the Issuer of any Revolving Obligation or Delayed Drawdown Collateral Obligation, an amount 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 Obligations (which Unfunded Amounts will be treated as part of the purchase price for the related Revolving Obligation or Delayed Drawdown Collateral 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 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 Obligation or otherwise by the Collateral Manager, acting on behalf of the Issuer; and
- (C) all repayments of collateral to the Issuer originally paid by the Issuer pursuant to paragraph (2) below.

The Issuer shall procure payment of the following amounts (and shall ensure that no other amounts are paid) out of the Unfunded Revolver Reserve Account:

- (1) all amounts required to fund any drawings under any Delayed Drawdown Collateral Obligation or Revolving Obligation;
- (2) in respect of Delayed Drawdown Collateral 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 reimbursement or indemnification obligations of the Issuer owed to any other lender under such Revolving Obligation or Delayed Drawdown Collateral 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) to the Principal Account; 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 Obligations after taking into account such sale or such reduction, cancellation or expiry of such commitment or notional amount, to the Principal Account; and

- (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.

(viii) *Hedge Termination Accounts*

The Issuer will procure that all Hedge Counterparty Termination Payments and Hedge Replacement Receipts are paid into the appropriate 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 Interest Rate Hedge Issuer Termination Payment or Currency Hedge Issuer Termination Payment, as applicable, 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 Counterparty Termination Payments 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 Hedge Transaction in accordance with the Collateral Management and Administration Agreement; and
- (C) in the case of any Hedge Counterparty Termination Payments paid into the relevant Hedge Termination Account, in the event that:
  - (1) the Issuer, or the Collateral Manager on its behalf, determines not to replace the Hedge Transaction (or part thereof) and Rating Agency Confirmation is received in respect of such determination (other than where such determination is made in connection with a Currency Hedge Transaction which has been terminated (in whole or in part) solely as a result of the sale or prepayment or redemption or repayment of the relevant Non-Euro Obligation); or
  - (2) termination of the Hedge Transaction (in whole or in part) under which such Hedge Counterparty Termination Payments are payable occurs on a Redemption Date; or
  - (3) to the extent that such Hedge Counterparty Termination Payments are not required for application towards costs of entry into a Replacement Hedge Transaction,

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

(ix) *Currency Accounts*

The Issuer will procure that all amounts received in respect of any Non-Euro Obligations (including Sale Proceeds and including any initial principal exchange amounts received by the Issuer from a Currency Hedge Counterparty in connection with funding the acquisition of Non-Euro Obligations pursuant to a Currency Hedge Transaction, but excluding Hedge Replacement Receipts and Hedge Counterparty Termination Payments) to the extent not required to be paid directly to the Interest Account or the Principal Account are paid into the applicable Currency Account. A separate Currency Account will be established in respect of each applicable currency (to the extent that the Account Bank is able to hold such currency).

The Issuer will procure payment of the following amounts (and shall ensure that payment of no other amount is made) out of the Currency Accounts:

- (A) at any time, all amounts payable by the Issuer to the Currency Hedge Counterparty under any Currency Hedge Transaction save for Currency Hedge Issuer Termination Payments (other than where such Currency Hedge Issuer Termination Payments arise in connection with the termination of a Currency Hedge Transaction in circumstances where no Replacement Hedge Transaction is entered into by the Issuer which gives rise to a Hedge Replacement Receipt, including where a Currency Hedge Transaction has been terminated solely as a result of the sale or prepayment or redemption or repayment of the relevant Non-Euro Obligation), Hedge Replacement Payments, and any initial principal exchange amounts payable by the Issuer to a Currency Hedge Counterparty under any Currency Hedge Transaction in connection with funding the acquisition of Non-Euro Obligations which for the avoidance of doubt shall be payable out of amounts standing to the credit of the Principal Account;
- (B) cash amounts representing any excess standing to the credit of the Currency Accounts after paying, or provision for the payment of any amounts to be paid to, any Currency Hedge Counterparty pursuant to paragraph (A) above shall be converted into Euro by the Collateral Administrator on behalf of the Issuer at the spot rates of exchange available to the Collateral Administrator pursuant to the Agency and Account Bank Agreement following consultation with the Collateral Manager and transferred to the Interest Account or the Principal Account at the sole discretion of the Collateral Manager, provided that to the extent there are insufficient amounts in any Currency Account to make any required payments, cash amounts representing any excess standing to the credit of the other Currency Accounts may be applied to such payment; and
- (C) at any time, in the amount of any initial principal exchange amounts received by the Issuer from a Currency Hedge Counterparty under a Currency Hedge Transaction to be applied in connection with the acquisition of Non-Euro Obligations in accordance with the terms of and to the extent permitted under the Collateral Management and Administration Agreement.

(x) *Expense Reserve Account*

The Issuer shall procure that the following amounts are paid into the Expense Reserve Account:

- (1) any amount applied in payment into the Expense Reserve Account pursuant to paragraph (D) of the Interest Priority of Payments; and
- (2) 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:

- (A) 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 Notes and the entry into the Transaction Documents (which, for the avoidance of doubt, shall not be subject to the Senior Expenses Cap or reduce the Senior Expenses Cap in respect of the first Due Period);
- (B) other than Third Party Indemnity Receipts, amounts standing to the credit of the Expense Reserve Account 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);
- (C) other than Third Party Indemnity Receipts, at any time, the amount of any Trustee Fees and Expenses and 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 and together with any other payments out of the Expense Reserve Account on the relevant date, shall not cause the balance of the Expense Reserve Account to fall below zero; and

- (D) other than Third Party Indemnity Receipts, on the second Business Day prior to each Payment Date, any amounts to be paid pursuant to paragraphs (B) and (C) of the Interest Priority of Payments in excess of the Senior Expenses Cap to the Interest Account, provided that any such payments, in aggregate and together with any other payments to be made out of the Expense Reserve Account on such date, shall not cause the balance of the Expense Reserve Account to fall below zero;
- (E) 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 (2) 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
- (F) any Third Party Indemnity Receipts in excess of paragraph (E) 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.

(xi) *First Period Reserve Account*

The Issuer shall direct the Account Bank to deposit €1,000,000 in the First Period Reserve Account on the Issue Date.

At any time up to and including the last day of the Initial Investment Period, the Collateral Manager, in its sole discretion (acting on behalf of the Issuer), may direct some or all amounts standing to the credit of the First Period Reserve Account to be used for (A) the acquisition of Collateral Obligations or (B) to the Principal Account pending such acquisition, subject to and in accordance with the Collateral Management and Administration Agreement. Following the Initial Investment Period, all of the funds in the First Period Reserve Account (save for amounts transferred to the Principal Account) (including all interest accrued thereon) shall be transferred to the Interest Account for distribution pursuant to the Interest Priority of Payments.

(xii) *Interest Smoothing Account*

On 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;
- (C) the Determination Date immediately prior to any redemption of the Notes in full; and
- (D) any Determination Date on or following the occurrence of a Frequency Switch Event,

the Interest Smoothing Amount (if any) shall be credited to the Interest Smoothing Account from the Interest Account.

The Issuer shall procure, on the Business Day falling after the Payment Date following the Determination Date on which any Interest Smoothing Amount was transferred to the Interest Smoothing Account, such Interest Smoothing Amount to be transferred to the Interest Account.

(k) *Collateral Manager Advances*

To the extent that there are insufficient sums standing to the credit of the Supplemental Reserve 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 and Administration Agreement. Each Collateral Manager Advance may bear interest provided that such rate of interest shall not exceed a rate of EURIBOR plus 2 per cent. per annum, where EURIBOR shall be floored at zero for such purpose. All such Collateral Manager Advances shall be repaid out of Interest Proceeds and Principal Proceeds on each Payment Date pursuant to the Priorities of Payment. Each such Collateral Manager Advance shall be in an amount not less than €250,000.

(1) *Application of Refinancing Proceeds and Partial Redemption Interest Proceeds on a Partial Redemption Date*

Subject as further provided below, the Collateral Administrator shall, on behalf of the Issuer on a Partial Redemption Date instruct the Account Bank to disburse Refinancing Proceeds received in respect of the Optional Redemption in part of any Class or Classes of Rated Notes and Partial Redemption Interest Proceeds transferred to the Payment Account, in each case, in accordance with the following order of priority (the "**Partial Redemption Priority of Payments**"):

- (i) to the payment of accrued and unpaid Trustee Fees and Expenses, to the extent incurred in connection with such Optional Redemption in part;
- (ii) to the payment of Administrative Expenses in the priority stated in the definition thereof, to the extent incurred in connection with any Optional Redemption in part;
- (iii) to the redemption of the Class or Classes of Rated Notes to be redeemed in part at the applicable Redemption Prices (in the case of any Partial Redemption Date that is a Payment Date without duplication of any amounts received by any Class of Notes pursuant to the Principal Proceeds Priority of Payment, the Interest Proceeds Priority of Payment and Post-Acceleration Priority of Payments); and
- (iv) any remaining amounts to be deposited in the Interest Account as Interest Proceeds.

#### 4. **Security**

(a) *Security*

Pursuant to the Trust Deed, the obligations of the Issuer under the Notes, the Trust Deed, the Agency and Account Bank Agreement, the Collateral Management and Administration Agreement and the Placement Agency Agreement (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 Obligations, Exchanged Equity Securities, Collateral Enhancement Obligations, Eligible Investments standing to the credit of each of the Accounts (other than any Counterparty Downgrade Collateral Accounts) and any other investments (other than any Counterparty Downgrade Collateral), in each case held by the Issuer from time to time (where such rights are contractual rights (other than contractual rights the assignment of which would require the consent of a third party or the entry into an agreement or deed) and where such contractual rights arise other than under securities), including, without limitation, 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 Obligations, Exchanged Equity Securities, Collateral Enhancement Obligations, Eligible Investments standing to the credit of each of the Accounts (other than any



Counterparty Downgrade Collateral Accounts) and any other investments (other than any Counterparty Downgrade Collateral), in each case held by the Issuer (where such assets are securities or contractual rights not assigned by way of security pursuant to paragraph (i) above and which are capable of being the subject of a first fixed charge and first priority security interest), including, without limitation, all moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of sale, repayment and redemption thereof;

- (iii) a first fixed charge over all present and future rights of the Issuer in respect of each of the Accounts (other than any Counterparty Downgrade Collateral Accounts) and all moneys from time to time standing to the credit of such Accounts (other than any 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 any 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 any Counterparty Downgrade Collateral Accounts and all moneys from time to time standing to the credit of any Counterparty Downgrade Collateral Accounts and the debts represented thereby (including, without limitation, all interest accrued), subject, in each case, to the rights of any Hedge Counterparty to Counterparty Downgrade Collateral pursuant to the terms of the relevant Hedge Agreement, Condition 3(j)(v) (*Counterparty Downgrade Collateral Accounts*) and any prior ranking security interest granted by the Issuer to any Hedge Counterparty;
- (v) an assignment by way of security of all the Issuer's present and future rights against the Custodian under the Agency and Account Bank Agreement 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 Currency Hedge Agreement and each Interest Rate Hedge Agreement and each Currency Hedge Transaction and each Interest Rate Hedge Transaction entered into thereunder (including the Issuer's rights under any guarantee or credit support annex entered into pursuant to any Currency Hedge Agreement or Interest Rate Hedge Agreement, provided that such assignment by way of security is without prejudice to, and after giving effect to, any contractual netting or set-off provision contained in the relevant Hedge Agreement and shall not in any way restrict the release of collateral granted thereunder in whole or in part at any time pursuant to the terms thereof);
- (vii) 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);
- (viii) an assignment by way of security of all the Issuer's present and future rights under the Collateral Management and Administration Agreement, the Agency and Account Bank Agreement, the Placement Agency Agreement, each Collateral Acquisition Agreement, each other Transaction Document and each Reporting Delegation Agreement, and, in each case, all sums derived therefrom; and
- (ix) 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 paragraphs (i) to (ix) above, (A) the Issuer's rights under the Corporate Administration Agreement; and (B) the Issuer Share Capital Account and amounts standing to the credit of the Issuer Share Capital Account.

The security created pursuant to paragraphs (i) to (ix) above is granted to the Trustee for itself and as trustee for the Secured Parties as continuing security for the payment of the Secured Obligations provided that the security granted by the Issuer over any collateral provided to the Issuer pursuant to a Hedge Agreement will only be available to the Secured Parties (other than with respect to the collateral provided to the relevant Hedge Counterparty pursuant to such Hedge Agreement and Condition 3(j)(v) (*Counterparty Downgrade Collateral Accounts*)) when such collateral is expressed to be available to the Issuer and (if a title transfer arrangement) to the extent that no equivalent amount is owed to the Hedge Counterparty pursuant to the relevant Hedge Agreement and/or Condition 3(j)(v) (*Counterparty Downgrade Collateral Accounts*). The security will extend to the ultimate balance of all sums payable by the Issuer in respect of the above, regardless of any intermediate payment or discharge in whole or in part.

If, for any reason, the purported assignment by way of security of, and/or the grant of first fixed charges over, the property, assets, rights and/or benefits described above is found to be ineffective in respect of any such property, assets, rights and/or benefits (together, the "**Affected Collateral**"), the Issuer shall hold to the fullest extent permitted under Irish or any other mandatory law the benefit of the Affected Collateral and any sums received in respect thereof or any security interest, guarantee or indemnity or undertaking of whatever nature given to secure such Affected Collateral (together, the "**Trust Collateral**") on trust for the Trustee for the benefit of the Secured Parties and shall (i) account to the Trustee for or otherwise apply all sums received in respect of such Trust Collateral as the Trustee may direct (provided that, subject to the Conditions and the terms of the Collateral Management and Administration 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 Counterparty Downgrade Collateral Account and any Counterparty Downgrade Collateral deposited by such Hedge Counterparty in the relevant Counterparty Downgrade Collateral Account as security for the Issuer's obligations to apply, repay or redeem such Counterparty Downgrade Collateral pursuant to the terms of the applicable Hedge Agreement and Condition 3(j)(v) (*Counterparty Downgrade Collateral Accounts*) (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); 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 Obligation and deposited in its name with a third party as security for any reimbursement or indemnification obligation of the Issuer owed to any other lender under such Revolving Obligation or Delayed Drawdown Collateral Obligation, subject to the terms of Condition 3(j)(vii) (*Unfunded Revolver Reserve Account*) (including Rating Agency Confirmation).

All deeds, documents, assignments, instruments, bonds, notes, negotiable instruments, papers and any other instruments comprising, evidencing, representing and/or transferring the Portfolio will be deposited with or held by or on behalf of the Custodian until the security over such obligations is irrevocably discharged in accordance with the provisions of the Trust Deed. In the event that the ratings of the Custodian are downgraded to below the Rating Requirement or withdrawn, the Issuer shall use reasonable endeavours to procure that a replacement Custodian with the Rating Requirement is appointed on substantially the same terms of the Agency and Account Bank 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 to monitor or ensure that the Custodian, the Principal Paying Agent or the Account Bank 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, principal paying agent or account bank. 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.

(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 priorities of payment 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 Payment. Notwithstanding anything to the contrary in these Conditions or any other Transaction Document, if the net proceeds of realisation of the security constituted by the Trust Deed or in connection with a Hedge Agreement upon enforcement thereof in accordance with Condition 11 (*Enforcement*) and the provisions of the Trust Deed or otherwise are less than the aggregate amount payable in such circumstances by the Issuer in respect of the Notes and to the 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 in respect of the proceeds of enforcement of the security constituted by the Trust Deed or in connection with a Hedge Agreement shall be applied in accordance with the Priorities of Payment. In such circumstances, the other assets (including the Issuer Share Capital Account and its rights under the Corporate Administration Agreement) of the Issuer will not be available for payment of such shortfall which shall be borne by the Noteholders, the Reinvesting Noteholders (if any) and the other Secured Parties in accordance with the Priorities of Payment (applied in reverse order). In such circumstances the rights of the Secured Parties 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, the other Secured Parties (or 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 of any Class, the Trust Deed or otherwise owed to the Secured Parties, save for lodging a claim in the liquidation of the Issuer which is initiated by another non-Affiliated party or taking proceedings to obtain a declaration as to the obligations of the Issuer and without limitation to the Trustee's right to enforce and/or realise the security constituted by the Trust Deed (including by appointing a receiver or an administrative receiver).

In addition, none of the Noteholders or any of the other Secured Parties shall have any recourse against any director, shareholder or officer of the Issuer in respect of any obligations, covenants or agreements entered into or made by the Issuer pursuant to the terms of these Conditions or any other Transaction Document to which the Issuer is a party or any notice or documents which it is requested to deliver hereunder or thereunder.

None of the Trustee, the Directors, the Placement Agent, the Collateral Manager, the Corporate Administrator 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) *Acquisition and Sale of Portfolio*

Prior to the Issue Date, the Issuer acquired certain Collateral Obligations pursuant to the Warehouse Arrangements. The Collateral Manager is required to manage the Portfolio and to act in specific circumstances in relation to the Portfolio on behalf of the Issuer pursuant to the terms of, and subject to the parameters set out in, the Collateral Management and Administration Agreement and subject to the

overall supervision and control of the Issuer. The duties of the Collateral Manager, subject to the standard of care in, and the other provisions of, the Collateral Management and Administration Agreement with respect to the Portfolio include (amongst others) the use of reasonable endeavours to:

- (i) purchase Collateral Obligations on or prior to the Issue Date and during the Initial Investment Period;
- (ii) invest the amounts standing to the credit of the Accounts (other than any Counterparty Downgrade Collateral Account, the Unfunded Revolver Reserve Account and the Payment Account) in Eligible Investments; and
- (iii) sell certain of the Collateral Obligations and reinvest the Principal Proceeds received from such sale or from repayments on such Collateral Obligations in Substitute Collateral Obligations in accordance with the criteria set out in the Collateral Management and Administration Agreement.

The Collateral Manager is required to monitor the Collateral Obligations with a view to seeking to determine whether any Collateral Obligation has converted into, or been exchanged for, an Exchanged Equity Security or Defaulted Obligation, provided that, if it fails to do so, it will not have any liability to the Issuer except as provided in the Collateral Management and Administration Agreement. No Noteholder shall have any recourse against any of the Issuer, the Collateral Manager, the Collateral Administrator, any other Agent or the Trustee for any loss suffered as a result of such failure.

Under the Collateral Management and Administration Agreement, the Issuer, the Controlling Class (provided such Notes are not in the form of CM Removal and Replacement Non-Voting Notes or CM Removal and Replacement Exchangeable Non-Voting Notes) and the Subordinated Noteholders have certain rights in respect of the removal of the Collateral Manager and appointment of a replacement Collateral Manager.

(e) *Exercise of Rights in Respect of the Portfolio*

Pursuant to the Collateral Management and Administration 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.

(f) *Securitisation Regulation*

Pursuant to the Collateral Management and Administration Agreement, the Issuer has agreed to be designated as the entity required to fulfil the EU Disclosure Requirements. The Issuer will assume all costs of complying with the EU Disclosure Requirements (including the properly incurred costs and expenses (including legal fees) of all parties incurred in connection with any amendment of the Transaction Documents for this purpose) and shall reimburse each of the Collateral Manager and the Collateral Administrator for any such costs incurred by the Collateral Manager or the Collateral Administrator in connection with the preparation and filing of such information and reports required pursuant to the provisions of the Securitisation Regulation, such costs to be paid as Trustee Fees and Expenses and/or Administrative Expenses, as applicable.

(g) *Information Regarding the Collateral*

The Issuer (or the Collateral Manager on its behalf) shall procure that:

- (i) each Monthly Report and any Payment Date Report shall be made available to each Noteholder of each Class upon request in writing therefor and that copies of each such Report are made available to the Trustee, the Collateral Manager, the Placement Agent, the Hedge

Counterparties, each Rating Agency, any potential investor in the Notes and any competent authorities (as determined under the Securitisation Regulation); and

- (ii) after the occurrence of the Securitisation Regulation Reporting Effective Date only, each Portfolio Report and Investor Report is made available to each Noteholder of each Class upon request in writing therefor and that copies of each such Report are made available to the Trustee, the Collateral Manager, the Placement Agent, the Hedge Counterparties, each Rating Agency, any potential investor in the Notes and any competent authorities (as determined under the Securitisation Regulation),

in each case, 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 Transaction Documents, 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 and Account Bank Agreement;
  - (D) under the Collateral Management and Administration Agreement;
  - (E) under the Corporate Administration Agreement;
  - (F) under any Collateral Acquisition Agreement; and
  - (G) under any Hedge Agreement;
- (ii) comply with its obligations under the Notes, the Trust Deed, the Agency and Account Bank Agreement, the Collateral Management and Administration 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, place of business or other permanent establishment or register as a company in the United Kingdom or the United States, or elsewhere outside of Ireland, and shall not do or permit anything within its control which might result in its residence being considered to be outside Ireland for tax purposes;
- (v) maintain its central management and control and its place of effective management only in Ireland and in particular shall not be treated or deemed to be treated under any of the double taxation treaties entered into by Ireland as being resident in any other jurisdiction;
- (vi) conduct its business and affairs such that, at all times:
  - (A) it shall maintain its registered office in Ireland;
  - (B) it shall hold all meetings of its board of directors in Ireland and ensure that all of its directors are resident in Ireland for tax purposes, that they will exercise their control over the business of the Issuer independently and that those directors (acting

independently) exercise their authority only from and within Ireland by taking all key decisions relating to the Issuer in Ireland;

- (C) it shall not open any office or branch or place of business outside of Ireland;
- (D) it shall not knowingly take any action (save to the extent necessary for the Issuer to comply with its obligations under the Transaction Documents) which will cause its "centre of main interests" (within the meaning of European Insolvency Regulation 2015/848 (the "**Insolvency Regulations**") to be located in any jurisdiction other than Ireland and will not establish any offices, branches or other permanent establishments (as defined in the Insolvency Regulations) or register as a company in any jurisdiction other than Ireland;
- (vii) pay its debts generally as they fall due;
- (viii) do all such things as are necessary to maintain its corporate existence;
- (ix) use its best endeavours to obtain and maintain the listing on the Global Exchange Market of Euronext Dublin 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 approval of the Trustee) decide provided that any such other stock exchange is a recognised stock exchange for the purposes of both Section 64 of the TCA and that the Notes will be treated as "listed on a recognised stock exchange" for the purposes of section 1005 of the Income Tax Act 2007 of the United Kingdom;
- (x) supply such information to the Rating Agencies as they may reasonably request;
- (xi) ensure that its tax residence is and remains at all times only in Ireland;
- (xii) 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 (which, as of the Issue Date, is the Information Agent);
- (xiii) promptly notify the Placement Agent, the Trustee, each Hedge Counterparty, the Collateral Manager, the Collateral Administrator, the Rating Agencies and the Noteholders upon becoming aware of the occurrence of any of the events specified in Article 7(1)(f) and (g) of the Securitisation Regulation and without delay ensure the dissemination of such information as required by the EU Disclosure Requirements; and
- (xiv) not fail in any material respect to comply with any legal, administrative and regulatory requirements (including in respect of the EU Disclosure Requirements) in the performance of its obligations under the Transaction Documents about which it knew or, in the case of any laws of Ireland, ought to have known, it being understood that the Issuer shall be deemed to have actual knowledge of any law of any jurisdiction other than the laws of Ireland only to the extent that it shall have been advised thereof in writing by counsel.

(b) *Restrictions on the Issuer*

Unless otherwise provided in the Transaction Documents, the Issuer covenants to the Trustee on behalf of the holders of the Notes that, for so long as any Note remains Outstanding, that the Issuer will not:

- (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 and Administration 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, a Hedge Agreement, 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, a Hedge Agreement, these Conditions or the Transaction Documents;
- (iii) engage in any business other than the holding or managing or both the holding and managing, in each case in Ireland, of "qualifying assets" within the meaning of Section 110 of the TCA as amended of Ireland 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 charged 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 and Account Bank Agreement, the Collateral Management and Administration Agreement, each 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 or agree to any amendment to 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 and Account Bank Agreement, the Collateral Management and Administration Agreement, the Corporate Administration Agreement or any other Transaction Document to which it is a party (save in accordance with these Conditions and the Trust Deed and, in the case of the Collateral Management and Administration Agreement, the terms thereof);
- (vi) guarantee or 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 or the Collateral Management and Administration Agreement;
- (vii) have any subsidiaries or establish any offices, branches or other "establishment" (as that term is used in article 2(10) of the Insolvency Regulations outside of Ireland);
- (viii) have any employees (for the avoidance of doubt the Directors of the Issuer do not constitute employees);
- (ix) enter into any reconstruction, amalgamation, merger or consolidation;
- (x) 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;
- (xi) issue any shares (other than such shares as are in issue as at the Issue Date) nor redeem or purchase any of its issued share capital;
- (xii) 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) and any agreement with the Issuer's independent accountant), unless such contract or agreement contains "limited recourse" and "non-petition" provisions;

- (xiii) otherwise than as contemplated in the Transaction Documents, release from or terminate the appointment of the Custodian or the Account Bank under the Agency and Account Bank Agreement or the Collateral Manager or the Collateral Administrator under the Collateral Management and Administration Agreement (including, in each case, any transactions entered into thereunder) or, in each case, any executory obligation thereunder;
- (xiv) commingle its assets with those of any other Person or entity;
- (xv) make any election within the meaning of Section 110(6) of the TCA;
- (xvi) take any action, or permit any action to be taken, which would cause it to cease to be a "qualifying company" within the meaning of Section 110 of the TCA;
- (xvii) enter into any lease in respect of, or own, premises;
- (xviii) enter into any transaction or arrangement otherwise than by way of a bargain made at arm's length;
- (xix) have any Affiliates or, if it does have any Affiliates, enter into any transactions or arrangements with any of such Affiliates on anything other than arm's length terms; or
- (xx) make an election to change its classification as a corporation for U.S. federal income tax purposes.

## **6. Interest**

### **(a) *Payment Dates***

#### **(i) *Rated Notes***

The Rated 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 20 November 2020, (B) thereafter, at any time prior to the occurrence of a Frequency Switch Event, quarterly and (C) at any time following the occurrence of a Frequency Switch Event, semi-annually, in each case, for the period from (and including) the preceding Payment Date (or in the case of the first Payment Date, the Issue Date) to (but excluding) the following Payment Date and 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 (BB) of the Interest Priority of Payments, paragraph (R) of the Principal Priority of Payments and paragraph (W) of the Post-Acceleration Priority of Payments on each Payment Date or other relevant payment date and shall continue to be payable in accordance with this Condition 6 (*Interest*) notwithstanding redemption in full of any Subordinated Note at its applicable Redemption Price.

Notwithstanding any other provision of these Conditions or the Trust Deed, all references herein and therein to the Subordinated Notes being redeemed in full or at their Principal Amount Outstanding shall be deemed to be amended to the extent required to ensure that a minimum of €1 principal amount of the Subordinated Notes remains Outstanding at all times and any amounts which are to be applied in redemption of the Subordinated 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 the Subordinated 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 or other payment date following payment in full of amounts payable pursuant to the Priorities of Payment on such Payment Date or other payment date.

(b) *Interest Accrual*

(i) *Rated Notes*

Each Rated Note (or, as the case may be, the relevant part thereof due to be redeemed) 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 or, where applicable, other net proceeds of enforcement of the security over the Collateral remain available for distribution in accordance with the Priorities of Payment.

(c) *Deferral of Interest*

The Issuer shall, and shall only be obliged to, pay any Interest Amount payable in respect of the Rated 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 Payment.

In the case of the Class B Notes, the Class C Notes or the Class D Notes, unless such Class of Notes is the Controlling Class and a Frequency Switch Event has occurred, 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 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 B Notes, the Class C Notes or the Class D Notes, as applicable, and thereafter will accrue interest at the rate of interest applicable to that Class, and the failure to pay such Deferred Interest to the holders of the Class B Notes, the Class C Notes or the Class D Notes, as applicable, will not be a Note Event of Default until the Maturity Date or any earlier date on which the Notes are to be redeemed in full, *provided* always however that if the relevant Class is the then Controlling Class and a Frequency Switch Event shall have occurred, Deferred Interest shall not be added to the principal amount of such Class and failure to pay any Interest Amount due and payable on such Class within five Business Days (or seven Business Days due to an administrative error or omission in accordance with Condition 10 (*Events of Default*)) of the Payment Date in full will constitute a Note Event of Default.

(d) *Payment of Deferred Interest*

Deferred Interest in respect of any Class B Note, Class C Note or the Class D Note shall only become payable by the Issuer in accordance with the relevant paragraphs of the Interest Priority of Payments, the Principal Priority of Payments and the Post-Acceleration Priority of Payments and under the Note Payment Sequence in each place specified in the Priorities of Payment, to the extent that Interest Proceeds

or Principal Proceeds, as applicable, or, where applicable, other net proceeds of enforcement of the security over the Collateral, are available to make such payment in accordance with the Priorities of Payment (and, if applicable, the Note Payment Sequence). Deferred Interest on the Class B Notes, the Class C Notes and/or the Class D Notes, as applicable, will be added to the principal amount of the relevant Class, as applicable. An amount equal to any such Deferred Interest so paid shall be subtracted from the principal amount of the Class B Notes, the Class C Notes and/or the Class D Notes, as applicable.

(e) *Interest on the Rated Notes*

(i) Floating Rate of Interest

The rate of interest (each a **Rate of Interest**") from time to time in respect of the Floating Rate Notes 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 three-month and six-month Euro deposits;
- (b) in the case of an Accrual Period prior to the occurrence of a Frequency Switch Event, the Calculation Agent will determine the offered rate for three-month Euro deposits; and
- (c) in the case of an Accrual Period following the occurrence of a Frequency Switch Event, the Calculation Agent will determine the offered rate for six-month Euro deposits or, in the case of the Accrual Period from, and including, the final Payment Date before the Maturity Date to, but excluding, the Maturity Date, if such first mentioned Payment Date falls in February, the Calculation Agent will determine the offered rate for three-month Euro deposits,

in each case, as at 11.00 am (Brussels time) on the Interest Determination Date in question ("**EURIBOR**"). Such offered rate will be that which appears on the display designated on the Bloomberg Screen "BTMM EU" Page (or such other page or service as may replace it for the purpose of displaying EURIBOR rates). The relevant Rate of Interest for each Accrual Period shall be the aggregate of the Applicable Margin (as defined below) and the applicable rate referred to in paragraph (1) above, in each case as determined by the Calculation Agent.

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 Reference Banks (selected by the Collateral Manager) to provide the Calculation Agent with its offered quotation to leading banks for Euro deposits:

- (a) in the case of the initial Accrual Period, for a straight line interpolation of the offered quotation for three-month and six-month Euro deposits;
- (b) in the case of an Accrual Period prior to the occurrence of a Frequency Switch Event, for a period of three months; and
- (c) in the case of an Accrual Period following the occurrence of a Frequency Switch Event, for a period of six months or, in the case of the Accrual Period from, and including, the final Payment Date before the Maturity Date to, but

excluding, the Maturity Date, if such first mentioned Payment Date falls in February, for a period of three months (as determined by the Calculation Agent),

in each case, as at 11.00 am (Brussels time) on the Interest Determination Date in question. The relevant 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, in respect of (i) the initial Accrual Period; the quotations referred to in paragraph (a) above, (ii) each three-month Accrual Period, the quotations referred to in paragraph (b) above or (ii) each six-month Accrual Period, the quotations referred to in paragraph (c) above, all as determined by the Calculation Agent.

- (2) If on any Interest Determination Date one only or none of the Reference Banks provides such quotations in respect of a EURIBOR determination or the relevant offered rate in paragraph (1) above is no longer being calculated or administered at the relevant Interest Determination Date, then the relevant Rate of Interest for the next Accrual Period shall be calculated based on any alternative rate which has replaced EURIBOR in customary market usage for the purposes of determining floating rates of interest in respect of euro-denominated securities, as notified by the Calculation Agent to the Issuer, and promptly thereafter by the Issuer to the Noteholders in accordance with Condition 16, provided however that if the Calculation Agent determines (following consultation with the Issuer), that there is no clear market consensus as to whether any rate has replaced EURIBOR in customary market usage, the Issuer (or the Collateral Manager on its behalf) will appoint in its sole discretion an independent financial advisor (the "IFA") to determine an appropriate alternative rate, and the decision of the IFA will be binding on the Issuer, the Collateral Manager, the Calculation Agent and the Noteholders.

- (3) Where:

"Applicable Margin" means:

- (a) in respect of the Class A-1 Notes, 1.444 per cent. per annum;
  - (b) in respect of the Class A-2A Notes, 2.65 per cent. per annum;
  - (c) in respect of the Class B Notes, 3.23 per cent. per annum;
  - (d) in respect of the Class C Notes, 5.01 per cent. per annum; and
  - (e) in respect of the Class D Notes, 7.45 per cent. per annum;
- (4) Notwithstanding paragraphs (1) and (2) above if in relation to any Interest Determination Date EURIBOR in respect of any Floating Rate Notes as determined in accordance with paragraphs (1) and (2) above would yield a rate less than zero, such EURIBOR rate shall be deemed to be zero for the purposes of determining the floating rate of interest pursuant to this Condition 6(e)(i) (*Floating Rate of Interest*).

- (ii) *Determination of Floating Rate of Interest and Calculation of Interest Amount*

The Calculation Agent will, as soon as practicable after 11.00 am (Brussels time) on each Interest Determination Date, but in no event later than the Business Day after such date, determine the Rates of Interest to be determined on such Interest Determination Date and calculate the interest amount payable in respect of original principal amounts of the Floating Rate Notes for the relevant Accrual Period. The amount of interest (an "Interest Amount") payable in respect of such Floating Rate Notes shall be calculated by applying the relevant Rate of Interest to an amount equal to the Principal Amount Outstanding in respect of the relevant Class of Notes, 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 Fixed Amounts*

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, calculate the amount of interest (an "**Interest Amount**") payable in respect of the Fixed Rate Notes for the relevant Accrual Period by applying the Class A-2B Fixed Rate to an amount equal to the Principal Amount Outstanding in respect of the relevant Class of Notes, 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 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 A-2B Fixed Rate**" means 3.25 per cent. per annum.

(iv) *Reference Banks and Calculation Agent*

The Issuer will procure that, so long as any Rated 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 a relevant Rate of Interest is 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 requested to provide a quotation.

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 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) *Proceeds in respect of Subordinated Notes*

Solely in respect of Subordinated Notes, the Collateral Administrator will as of each Determination Date calculate the Interest Proceeds and/or Principal Proceeds payable to the extent of available funds in respect of an original principal amount of Subordinated Notes for the relevant Accrual Period. The Interest Proceeds and/or Principal Proceeds 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 and/or Principal Proceeds (as applicable) to be applied on the Subordinated Notes on the applicable Payment Date pursuant to paragraph (BB) of the Interest Priority of Payments, paragraph (R) of the Principal Priority of Payments and paragraph (W) of the Post-Acceleration Priority of Payments by fractions equal to the original principal amount of the Subordinated Notes divided by the aggregate original principal amount of the Subordinated Notes.

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

The Calculation Agent will cause the 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 B Notes, Class C Notes or the Class D 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, 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 Rated Notes or the Payment Date in respect of any Class 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) *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) or the Calculation Agent, 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 or the Trustee determines (in its sole discretion) that any such notification, opinion, determination, certificate, quotation or decision is erroneous and, if applicable, the Issuer publishes a correction in accordance with Condition 16 (*Notices*), provided that the Trustee shall be under no obligation to actively monitor any such notifications, opinions, determinations, certificates, quotations and decisions for such errors) and no liability to the Issuer or the Noteholders of any Class shall attach to the Reference Banks or the Calculation Agent in connection with the exercise, delay in exercising or non-exercise by them of their powers, duties and discretions under this Condition 6(h) (*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 (R) of the Principal 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*) and Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*) and Condition 7(b)(vi) (*Optional Redemption effected through Liquidation only*), the Rated Notes may be redeemed in whole but not in part by the Issuer at the applicable Redemption Prices:

- (A) on any Business Day falling on or after expiry of the Non-Call Period at the option of the holders of the Subordinated Notes acting by way of Ordinary Resolution (as evidenced by duly completed Redemption Notices) but subject to the consent of the Collateral Manager (acting on behalf of the Issuer); or
- (B) upon 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 (as evidenced by duly completed Redemption Notices).

(ii) *Optional Redemption in Part – Collateral Manager / Subordinated Noteholders*

Subject to the provisions of Condition 7(b)(iv) (*Terms and Conditions of an Optional Redemption*) and Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*), the Rated Notes of any Class may be redeemed by the Issuer at the applicable Redemption Prices, from Refinancing Proceeds (in accordance with Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*)) on any Business Day falling on or after expiry of the Non-Call Period (A) at the direction of the Subordinated

Noteholders (acting by Ordinary Resolution (as evidenced by duly completed Redemption Notices)) subject to the consent of the Collateral Manager (acting on behalf of the Issuer) or (B) at the written direction of the Collateral Manager (on behalf of the Issuer), in either case at least 15 days prior to the Redemption Date, to redeem such Class of Rated Notes. No such Optional Redemption may occur unless the Rated Notes to be redeemed represent the entire Class of such Rated Notes.

(iii) *Optional Redemption in Whole – Clean-up Call*

Subject to the provisions of Conditions 7(b)(iv) (*Terms and Conditions of an Optional Redemption*) and 7(b)(vi) (*Optional Redemption effected through Liquidation only*), the Rated Notes shall 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 the expiry of the Non-Call Period if, upon or at any time following the expiry of the Non-Call Period, the Aggregate Principal Balance is less than 20 per cent. of the Target Par Amount subject to (A) the right of holders of not less than 50 per cent. of the aggregate Principal Amount Outstanding of the Subordinated Notes to object to such redemption, such right to be exercised by delivery in accordance with the Trust Deed by any holder of Subordinated Notes so objecting, of a written direction confirming such holder's objection together with evidence of their holding to the Issuer, the Trustee and the Collateral Manager following receipt of notice of such Optional Redemption but no later than 10 Business Days (or such shorter period of time as may be agreed by the Trustee and the Collateral Manager) prior to the relevant Redemption Date; and (B) the right of the Collateral Manager in its sole discretion (acting on behalf of the Issuer) to object to such redemption, such right to be exercised by delivery of a written notice by the Collateral Manager to the Issuer and the Trustee no later than 10 Business Days prior to the relevant Redemption Date.

(iv) *Terms and Conditions of an Optional Redemption*

In connection with any Optional Redemption:

- (A) the Issuer shall procure that at least 15 days' prior written notice of such Optional Redemption (but stating that such redemption is subject to satisfaction of the conditions set out in this Condition 7 (*Redemption and Purchase*), including the applicable Redemption Date, and the relevant Redemption Price therefor, is given to the Trustee, each Hedge Counterparty 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 the Rated Notes in whole, to the right of holders of 100 per cent. of the aggregate Principal Amount Outstanding of any Class of Rated Notes to elect to receive less than 100 per cent. of the Redemption Price that would otherwise be payable to the holders of such Class of Rated Notes). Such right shall be exercised by delivery by each holder of the relevant Class of Rated Notes of a written direction confirming such holder's election to receive less than 100 per cent. of the Redemption Price that would otherwise be payable to it, together with evidence of their holding to the Issuer and the Collateral Manager no later than 15 days (or such shorter period of time as may be agreed by the Trustee and the Collateral Manager) prior to the relevant Redemption Date;
- (C) any such redemption must comply with the procedures set out in Condition 7(b)(vii) (*Mechanics of Redemption*); and
- (D) any redemption in part of the Notes pursuant to Condition 7(b)(ii) (*Optional Redemption in Part – Collateral Manager / Subordinated Noteholders*) may be effected from Refinancing Proceeds in accordance with Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*).

(v) *Optional Redemption effected in whole or in part through Refinancing*

Following either (A) receipt of, or, as the case may be, confirmation from the Principal Paying Agent of receipt of, a direction in writing from the Subordinated Noteholders (acting by way of Ordinary Resolution) to exercise any right of optional redemption pursuant to Condition 7(b)(i) (*Optional Redemption in Whole – Subordinated Noteholders*) or Condition 7(b)(ii) (*Optional Redemption in Part – Collateral Manager / Subordinated Noteholders*) or (B) the written direction from the Collateral Manager to exercise any right of redemption pursuant to Condition 7(b)(ii) (*Optional Redemption in Part – Collateral Manager / Subordinated Noteholders*), the Issuer may:

- (A) enter into a loan (as borrower thereunder) with one or more financial institutions or issue replacement notes; and
- (B) in the case of a redemption in part of the entire Class of a Class of Rated Notes, issue replacement notes (each, a "**Refinancing Obligation**"), whose terms in each case will be negotiated by the Collateral Manager on behalf of the Issuer (any such refinancing, a "**Refinancing**"). 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 and/or Principal Proceeds may 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 – Collateral Manager / Subordinated Noteholders*).

In connection with a Refinancing pursuant to Condition 7(b)(i) (*Optional Redemption in Whole – Subordinated Noteholders*), the Collateral Manager may designate Principal Proceeds as Interest Proceeds in an amount not to exceed the Excess Par Amount, provided that the Collateral Manager shall give notice to each Rating Agency of such designated amount.

- (C) Refinancing in relation to a Redemption in Whole

In the case of a Refinancing in relation to the redemption of the Rated Notes in whole but not in part pursuant to Condition 7(b)(i) (*Optional Redemption in Whole – Subordinated Noteholders*) as described above, such Refinancing will be effective only if:

- (1) the Issuer provides prior written notice thereof to the Rating Agencies and each Hedge Counterparty;
- (2) all Principal Proceeds, Refinancing Proceeds, all Sale Proceeds, if any, from the sale of Collateral Obligations and Eligible Investments and all other available funds will be at least sufficient to pay any Refinancing Costs (including, for the avoidance of doubt, any Trustee Fees and Expenses that are Refinancing Costs and any Administrative Expenses that are Refinancing Costs) and all amounts due and payable in respect of all Classes of Notes save for the Subordinated Notes (with such Classes of Notes being redeemed at their applicable Redemption Prices and including, without limitation Deferred Interest on the Class B Notes, the Class C Notes and the Class D Notes) and (z) all amounts payable in priority thereto pursuant to the Priorities of Payment (subject to any election to receive less than 100 per cent. of the Redemption Price) on such Redemption Date when applied in accordance with the Post-Acceleration Priority of Payments;
- (3) all Principal Proceeds, Refinancing Proceeds, Sale Proceeds, if any, and other available funds are used (to the extent necessary) to make such redemption;

- (4) each agreement entered into by the Issuer in respect of such Refinancing contains limited recourse and non-petition provisions substantially the same as those contained in the Trust Deed;
- (5) all Refinancing Proceeds and all Sale Proceeds, if any, from the sale of Collateral Obligations and Eligible Investments are received by (or on behalf of) the Issuer on or prior to the applicable Redemption Date; and
- (6) any issuance of replacement notes is consented to by the Collateral Manager and would not result in non-compliance by the Retention Holder with the EU Retention Requirements.

in each case, as confirmed in writing to the Issuer and the Trustee by the Collateral Manager (upon which confirmation the Trustee shall rely absolutely and without enquiry or liability).

(D) Refinancing in relation to a Redemption in Part

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 – Collateral Manager / Subordinated Noteholders*), such Refinancing will be effective only if:

- (1) the Issuer provides prior written notice thereof to S&P, Fitch and each Hedge Counterparty;
- (2) the Refinancing Obligations are in the form of notes;
- (3) any redemption of a Class of Notes is a redemption of the entire Class which is subject to the redemption;
- (4) the sum of (A) the Refinancing Proceeds and (B) the Partial Redemption Interest Proceeds will be at least sufficient to pay in full:
  - (a) the aggregate Redemption Prices of the entire Class or Classes of Rated Notes subject to the Optional Redemption; plus
  - (b) all accrued and unpaid Trustee Fees and Expenses and Administrative Expenses incurred in connection with such Refinancing;
- (5) 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 for each Class is equal to the aggregate Principal Amount Outstanding of such Class of Notes being redeemed with the Refinancing Proceeds and Partial Redemption Interest 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 Applicable Margin of any Refinancing Obligations may be different to but will not be greater than the Applicable Margin of the Class of Rated Notes subject to such Optional Redemption in respect of the Refinancing;



- (10) payments in respect of the Refinancing Obligations are subject to the Priorities of Payment and rank at the same priority pursuant to the Priorities of Payment as the relevant Class or Classes of Rated Notes being redeemed;
- (11) the voting rights, consent rights, redemption rights (other than any modification to remove the right of the Subordinated Noteholders or any other party to direct the Issuer to redeem the Refinancing Obligations issued in respect thereof by way of a further Refinancing) and all other rights of the Refinancing Obligations are the same as the rights of the corresponding Class of Rated Notes being redeemed
- (12) all Refinancing Proceeds are received by (or on behalf of) the Issuer on or prior to the applicable Redemption Date,
- (13) the Refinancing Proceeds and Partial Redemption Interest Proceeds are applied in accordance with the Partial Redemption Priority of Payments;
- (14) if the Partial Redemption Date is not otherwise a Payment Date, the Collateral Manager reasonably determines that Interest Proceeds will be available on the next following Payment Date in an amount at least equal to the sum of (a) the amount that will be required for distribution under the Interest Priority of Payments for the payment of all Trustee Fees and Expenses and Administrative Expenses on the next following Payment Date (for the avoidance of doubt, after taking into account any reduction in the Senior Expenses Cap on such Payment Date in connection with the application of Partial Redemption Interest Proceeds on the applicable Redemption Date in accordance with the definition of Senior Expenses Cap) and (b) the amount required for distribution under the Interest Priority of Payments as accrued and unpaid interest on the Rated Notes; and
- (15) any issuance of replacement notes is consented to by the Collateral Manager and would not result in non-compliance by the Retention Holder with the EU Retention Requirements,

in each case, as confirmed in writing to the Issuer and the Trustee by the Collateral Manager (upon which confirmation the Trustee may rely absolutely and without enquiry or liability).

If, in relation to a proposed optional redemption of the Notes (in part or in whole, as applicable), any of the relevant 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 relevant Class or Classes of Notes, as applicable, and shall give notice of such cancellation to the Trustee, the Collateral Manager, the Rating Agencies and the Noteholders in accordance with Condition 16 (*Notices*). Such cancellation shall not constitute a Note Event of Default.

None of the Issuer, the Collateral Manager, the Collateral Administrator or the Trustee shall be liable to any party, including the Subordinated Noteholders, for any failure to obtain a Refinancing.

(E) Consequential Amendments

Following a Refinancing, the Trustee shall agree to the modification of the Trust Deed and the other Transaction Documents to the extent which either (a) the Issuer (or the Collateral Manager on its behalf) certifies is necessary (upon which certification the Trustee shall rely absolutely and without enquiry or liability) to reflect the terms of the Refinancing (including any modification to remove the right of the Subordinated Noteholders or any other party to direct the Issuer to redeem the Refinancing Obligations issued in respect thereof by way of a further Refinancing) and/or (b) other than such amendments which are necessary pursuant to (a) above, and in the case of a

Refinancing in relation to the redemption of the Rated Notes in whole but not in part, the Subordinated Noteholders, acting by Ordinary Resolution, have approved the Reset Amendments, in each case, subject as provided below). No further consent for such amendments shall be required from the holders of Notes but any such amendments shall be subject always to the provisions of Condition 14(c) (*Modification and Waiver*).

The Trustee will not be obliged to enter into any modification that, in its opinion, would (i) have the effect of exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) add to or increase the obligations, liabilities, duties or decrease the rights, powers, authorisations, indemnities, discretions or protections of the Trustee in respect of any Transaction Document, 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 the Collateral Manager on its behalf) 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 effected through Liquidation only*

Following receipt of notice from the Issuer or, as the case may be, of confirmation from the Principal Paying Agent of (i) a direction in writing from the Subordinated Noteholders (acting by way of Ordinary Resolution as evidenced by duly completed Redemption Notices)), (ii) a direction in writing from the Controlling Class (acting by way of Ordinary Resolution as evidenced by duly completed Redemption Notices)) and/or (iii) direction from the Collateral Manager, as applicable as the case may be, 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 15 Business Days prior to the scheduled Redemption Date (the "**Redemption Determination Date**"), provided that the Collateral Administrator 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 Collateral Manager Related Person will be permitted to purchase Collateral Obligations in the Portfolio where the Noteholders exercise their right of early redemption pursuant to this Condition 7(b) (*Optional Redemption*) or Condition 7(g) (*Redemption Following Note Tax Event*).

The Notes shall not be optionally redeemed 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 (or such shorter date as agreed between the Collateral Manager and the Issuer and for the avoidance of doubt, no consent in respect of a shorter period shall be required from the Trustee) the Collateral Manager shall have furnished to the Trustee a certificate (which may be by email) signed by an officer of the Collateral Manager (upon which the Trustee may rely absolutely and without enquiry or liability) that the Collateral Manager on behalf of the Issuer has entered into a binding agreement or agreements with either (I) a financial or other institution or institutions (which (a) either (x) has a long-term issuer credit rating of at least "A" by S&P and, if it has a long-term issuer credit rating of at least "A" by S&P, a short-term credit rating of at least "A1" by S&P or, if it does not have an S&P long-term issuer credit rating, a short-term issuer credit rating of at least "A-1" by S&P or (y) in respect of which Rating Agency Confirmation from S&P has been obtained and (b) either (x) has a long-term issuer credit rating of at least "A" by Fitch and a short-term issuer credit rating of at least "F1" by Fitch or, if it does not have such a short-term issuer credit rating, a short-term issuer credit rating of at least "F1" by Fitch, or (y) in respect of which a Rating Agency Confirmation from Fitch has been obtained) or (II) a bankruptcy remote special purpose vehicle (which (a) either

(x) is classified as bankruptcy remote by S&P or (y) in respect of which Rating Agency Confirmation from S&P has been obtained (provided, for the purposes of this sub-clause (y), that a Rating Agency Confirmation cannot be deemed to not be required in these circumstances and must be provided as positive confirmation) and (b) either (x) it is classified as bankruptcy remote by Fitch or (y) in respect of which a Rating Agency Confirmation from Fitch has been obtained) with sufficient available funding capacity, in each case 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 and, without double counting, amounts standing to the credit of the Accounts that will be available for payment in accordance with the Post-Acceleration Priority of Payments on the scheduled Redemption Date, to meet the Redemption Threshold Amount;

- (B) at least the Business Day before the scheduled Redemption Date, the Issuer shall have received proceeds of disposition of all or part of the Portfolio 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 and, without double counting, amounts standing to the credit of the Accounts that will be available for payment in accordance with the Post-Acceleration Priority of Payments on the scheduled Redemption Date, to meet the Redemption Threshold Amount, provided that, if the Issuer has received funds from a purchaser of one or more Collateral Obligations (in whole or in part), but such Collateral Obligations have not yet been disposed of by transfer of legal title, such funds will be included within the calculation of whether the Redemption Threshold Amount has been met; and
- (C) prior to selling any Collateral Obligations and/or Eligible Investments, the Collateral Manager confirms in writing to the Trustee that, in its judgment, the aggregate sum of (I) expected proceeds from the sale of Eligible Investments, (II) for each Collateral Obligation, the product of its Principal Balance and its Market Value and (III) without double counting, amounts standing to the credit of the Accounts that will be available for payment in accordance with the Post-Acceleration Priority of Payments on the scheduled Redemption Date, shall meet or exceed the Redemption Threshold Amount.

Any certification delivered by the Collateral Manager pursuant to this Condition 7(b)(vi) (*Optional Redemption effected through Liquidation only*) must include (1) the prices of, and expected proceeds from, the sale (directly or by participation or other arrangement) of any Collateral Obligations and/or Eligible Investments, (2) amounts standing to the credit of the Accounts which would be applied in accordance with the Post-Acceleration Priority of Payments if the Notes fell due for redemption in full and (3) all calculations required by this Condition 7(b) (*Optional Redemption*) or Condition 7(g) (*Redemption Following Note Tax Event*) (as applicable). The Collateral Manager or any Collateral Manager Related Person shall have the right, subject to the same terms and conditions afforded to other bidders, to bid on Collateral Obligations to be sold as part of an Optional Redemption pursuant to this Condition 7(b)(vi) (*Optional Redemption effected through Liquidation only*).

If any of the conditions in paragraphs (A) to (C) above are not satisfied, the Issuer shall cancel the redemption of the Notes and shall give notice of such cancellation to the Trustee, the Collateral Manager, the Rating Agencies and the Noteholders in accordance with Condition 16 (*Notices*). Such cancellation shall not constitute a Note Event of Default.

The Trustee shall rely conclusively and without enquiry or liability on any confirmation or certificate of the Issuer or the Collateral Manager furnished by it pursuant to or in connection with this Condition 7(b)(vi) (*Optional Redemption effected through Liquidation only*).

(vii) *Mechanics of Redemption*

Following calculation by the Collateral Administrator of the relevant Redemption Threshold Amount (in consultation with the Collateral Manager), if applicable, the Collateral Administrator shall make such other calculations as it is required to make pursuant to the Collateral Management and Administration Agreement and shall notify the Issuer, the Trustee, the Collateral Manager and the Principal Paying Agent (who shall notify the Noteholders in accordance with Condition 16 (*Notices*) of such amounts).

The option of the Subordinated Noteholders and the Controlling Class pursuant to Condition 7(b) (*Optional Redemption*) and Condition 7(g) (*Redemption Following Note Tax Event*) may be exercised by the Subordinated Noteholders or the Controlling Class (as applicable) giving notice to the Principal Paying Agent of the principal amount of Subordinated Notes or Notes representing the Controlling Class (as applicable) in respect of which the option is exercised and presenting the relevant Definitive Certificate(s) and/or Global Certificate(s) for endorsement of exercise within the time limit specified in Condition 7(b) (*Optional Redemption*).

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, in each case, be effected by way of Ordinary Resolution and delivery to the Principal Paying Agent, by the requisite amount of Subordinated Noteholders or the requisite amount of Notes comprising the Controlling Class (as applicable) held thereby of duly completed Redemption Notices not less than 15 days (or such shorter period of time as the Trustee and the Collateral Manager find acceptable) prior to the proposed Redemption Date. No Redemption Notice 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 and the Collateral Manager.

The Collateral Manager shall notify the Issuer, the Trustee, the Collateral Administrator, each Hedge Counterparty and the Principal Paying Agent upon satisfaction of all of the conditions set out in this Condition 7(b) (*Optional Redemption*) and Condition 7(g) (*Redemption Following Note Tax Event*) and shall use commercially reasonable endeavours to 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 and Administration 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) (*Optional Redemption*) and/or Condition 7(g) (*Redemption Following Note Tax Event*) in the Payment Account (or any other Account as agreed between the Trustee, the Account Bank, the Issuer and the Collateral Manager) on or before the Business Day prior to the applicable Redemption Date or, in respect of a Refinancing, on or prior to the applicable Redemption Date. Principal Proceeds and Interest Proceeds received in connection with a redemption in whole of the Rated Notes shall be payable in accordance with the Post-Acceleration Priority of Payments. In the case of any redemption in whole of a Class of Rated Notes, the relevant Refinancing Proceeds (other than a redemption in whole of all Classes of Rated Notes) shall be paid to the Noteholders of such Class of Notes subject to payment of amounts in priority in accordance with the Priorities of Payment.

(viii) *Optional Redemption of Subordinated Notes*

The Subordinated Notes may be redeemed at their Redemption Price, in whole but not in part, on any Payment Date on or after the redemption or repayment in full of the Rated Notes, at the direction of the Collateral Manager (acting on behalf of the Issuer) or the Subordinated Noteholders (acting by Ordinary Resolution).

(c) *Mandatory Redemption upon Breach of Coverage Tests*

(i) *Class A-1 Notes and Class A-2 Notes*

If the Class A Par Value Test is not met on any Determination Date on and after the Effective Date or if the Class A 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-1 Notes and the Class A-2 Notes in accordance with the Note Payment Sequence, on the related Payment Date in accordance with and subject to the Priorities of Payment (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption.

(ii) *Class B Notes*

If the Class B Par Value Test is not met on any Determination Date on and after the Effective Date or if the Class 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-1 Notes, the Class A-2 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 Payment (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption.

(iii) *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-1 Notes, the Class A-2 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 Payment (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption.

(iv) *Class D Notes*

If the Class D Par Value Test is not met on any Determination Date on and after the Effective Date, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Class A-1 Notes, the Class A-2 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 Payment (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption.

If the Class D 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 to be reinvested in Substitute Collateral Obligations satisfying the Eligibility Criteria or credited to the Principal Account pending such reinvestment, until each such Coverage Test is satisfied if recalculated following such reinvestment.

(d) *Special Redemption*

Principal payments on the Notes shall be made in accordance with the Principal Priority of Payments at the sole and absolute discretion of the Collateral Manager (acting on behalf of the Issuer), if either (i) at any time during the Reinvestment Period, the Collateral Manager (acting on behalf of the Issuer) certifies (upon which the Trustee may rely without enquiry or liability) to the Trustee that, using commercially reasonable endeavours, it has been unable, for a period of 20 consecutive Business Days, to identify additional Collateral Obligations or Substitute Collateral Obligations that are deemed appropriate by the Collateral Manager in its sole discretion 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 Obligations or Substitute Collateral Obligations, or (ii) at any time after the Effective Date, the Collateral Manager (acting on behalf of the Issuer) notifies the Trustee that, as determined by the Collateral Manager acting in a commercially reasonable manner, a redemption is required in order to avoid a Rating Event (a "**Special Redemption**"). On the first Payment Date following the Due Period in which such notification is given (a "**Special Redemption Date**") (A) the funds in the Principal Account representing

Principal Proceeds which, using commercially reasonable endeavours, cannot be reinvested in additional Collateral Obligations or Substitute Collateral Obligations by the Collateral Manager or (B) such minimum amount of funds in the Principal Account as the Collateral Manager determines, acting in a commercially reasonable manner, is required to avoid the occurrence of a Rating Event (each amount under (A) and (B), a "**Special Redemption Amount**") will be applied in accordance with paragraph (M) of the Principal Priority of Payments. Notice of payments pursuant to this Condition 7(d) (*Special Redemption*) shall be given by the Issuer in accordance with Condition 16 (*Notices*) not less than three Business Days prior to the applicable Special Redemption Date to each Noteholder affected thereby 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 to, 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 Payment, 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 cure the Note Tax Event (which may include changing the territory in which it is resident for tax purposes to another jurisdiction which, at the time of such change, would not give rise to a Note Tax Event). Upon the earlier of (a) the date upon which the Issuer certifies to the Trustee (upon which the Trustee may rely without further enquiry) and the Noteholders that it is not able to cure the Note Tax Event and (b) the date which is 90 days from the date upon which the Issuer first becomes aware of such Note Tax Event (provided that such 90 day period shall be extended by a further 90 days in the event that during the former period the Issuer has notified (or procured the notification of) the Noteholders that, based on advice received by it, it expects that it shall have cured the Note Tax Event by the end of the latter 90 day period) (i) the Controlling Class or (ii) the Subordinated Noteholders, in each case acting by way of Ordinary Resolution, but subject to the consent of the Collateral Manager, 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 (if such Class elected that the Notes be redeemed) or, as the case may be, the Subordinated Notes (if such Class elected that the Notes be redeemed) (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 subject to and in accordance with the procedures set out in Condition 7(b) (*Optional Redemption*) (including, for the avoidance of doubt, Condition 7(b)(vi) (*Optional Redemption effected through Liquidation only*)).

(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*) and in accordance with the Priorities of Payment.

(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 or for cancellation pursuant to Condition 7(l) (*Purchase*), 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) *Reinvestment Overcollateralisation Test*

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 and Administration Agreement, the Issuer may redeem the Notes upon a failure of the Reinvestment Overcollateralisation Test subject to and in accordance with the Priorities of Payment.

(l) *Purchase*

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 and Administration Agreement, the Issuer may, subject to the conditions below, purchase any of the Rated Notes (in whole or in part), using amounts standing to the credit of the Supplemental Reserve Account.

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

- (A) such purchase of Rated Notes shall occur in the following sequential order of priority: *first*, the Class A-1 Notes until the Class A-1 Notes are purchased or redeemed in full and cancelled; *second*, the Class A-2 Notes until the Class A-2 Notes are purchased or redeemed in full and cancelled; *third*, the Class B Notes, until the Class B Notes are purchased or redeemed in full and cancelled; *fourth*, the Class C Notes, until the Class C Notes are purchased or redeemed in full and cancelled; and *fifth*, the Class D Notes, until the Class D Notes are purchased or redeemed 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 amount of Supplemental Reserve Amounts 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 Supplemental Reserve Amounts 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 (and subsequent cancellation pursuant to this Condition 7(l) (*Purchase*)) or, if any Coverage Test is not satisfied, it shall be at least maintained or improved after giving effect to such purchase (and subsequent cancellation pursuant to this Condition 7(l) (*Purchase*)) compared with what it was immediately prior thereto;
- (F) no Note Event of Default shall have occurred and be continuing;
- (G) any Rated Notes to be purchased shall be surrendered to the Registrar for cancellation and may not be reissued or resold; and
- (H) each such purchase will otherwise be conducted in accordance with applicable law (including the laws of Ireland).

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 Rated Notes shall be taken into account for purposes of all relevant calculations. The Issuer shall procure that notice of any such purchase of Rated Notes by it is given promptly in writing to the Rating Agencies and the Trustee.

To the extent any of the Class A-1 Notes, the Class A-2 Notes or the Class B Notes are purchased and cancelled in part only, for the purpose of each Par Value Test such Class of Notes shall be considered Outstanding in full when determining the Principal Outstanding Amount thereof.

## **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 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 on the day payment falls due 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 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 an account maintained by the payee in the currency of the relevant payment with a bank in Western Europe.

- (b) Payments of principal and interest in respect of Notes represented by a Global Certificate will be made to the registered holder and, if no further payment falls to be made in respect of the relevant Notes, upon surrender of such Global Certificate to or to the order of the Principal Paying Agent or the Transfer Agent 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 and cause the aggregate principal amount of the Notes represented by a Global Certificate to be decreased accordingly.

### **(c) *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.

### **(d) *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.

(e) *Principal Paying Agent and Transfer Agent*

The names of the initial Principal Paying Agent and the Transfer Agent 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 the Transfer Agent and appoint additional or other Agents, provided that it will maintain a Principal Paying Agent as approved in writing by the Trustee and shall procure that it shall at all times maintain a Custodian, Account Bank, Collateral Manager and Collateral Administrator. Notice of any change in any Agent or their specified offices or in the Collateral Manager or Collateral Administrator will promptly be given to the Noteholders by the Issuer in accordance with Condition 16 (*Notices*).

**9. Taxation**

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Ireland or the United States, or any other jurisdiction, or any political sub-division or any authority therein or thereof 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 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 (upon which certification the Trustee may rely without further enquiry) to the Trustee that it has or will on the occasion of the next payment due in respect of the Notes of any Class become required by law to withhold or deduct an amount in respect of tax so that it would be unable to make payment of the full amount that would otherwise be due but for the imposition of such tax, the Issuer (save as provided below) shall use all reasonable endeavours to take such steps to eliminate the imposition of such tax, including by arranging for the substitution of a company incorporated in another jurisdiction approved by the Trustee as the principal obligor under the Notes of such Class, or by changing its tax residence to another jurisdiction approved by the Trustee, subject to receipt of Rating Agency Confirmation in relation to such steps, provided that the Trustee's approval shall be subject to confirmation of tax counsel (at the cost of the Issuer) that such steps would be effective in eliminating the imposition of such tax.

Notwithstanding the above, if any taxes referred to in this Condition 9 (*Taxation*) arise:

- (i) due to any present or former connection of any Noteholder (or between a fiduciary, settlor, beneficiary, member or shareholder of such Noteholder if such Noteholder is an estate, a trust, a partnership, or a corporation) with the jurisdiction imposing the withholding or deduction (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 connection with FATCA; or
  - (iv) any combination of the preceding paragraphs (i) through (iii) inclusive,
- the requirement to take steps to eliminate the imposition of such tax shall not apply.

## 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 in respect of the Class A-1 Notes or the Class A-2 Notes (or the Class B Notes, the Class C Notes or the Class D Notes if such Class of Notes is the Controlling Class and a Frequency Switch Event has occurred) when the same becomes due and payable and the failure to pay such interest in such circumstances continues for a period of at least five Business Days provided that, in the case of a failure to disburse due to an administrative error or omission by the Collateral Administrator or the Principal Paying Agent, such failure continues for a period of at least seven Business Days after the Collateral Administrator or the Principal Paying Agent receives written notice of, or has actual knowledge of, such administrative error or omission; provided further that the failure to effect any Optional Redemption or redemption following a Note Tax Event for which notice is withdrawn in accordance with these Conditions or, in the case of an Optional Redemption with respect to which a Refinancing fails, will not constitute a Note Event of Default;

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

the Issuer fails to pay any principal when the same becomes due and payable on any Note provided that, in the case of a failure to disburse due to an administrative error or omission by the Collateral Administrator or the Principal Paying Agent, such failure continues for a period of at least five Business Days after the Collateral Administrator or the Principal Paying Agent 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 Payment*

the failure on any Payment Date to disburse amounts (other than paragraph (i) or (ii) above) available in the Payment Account in excess of €1,000 and payable in accordance with the Priorities of Payment and continuation of such failure for a period of five Business Days or, in the case of a failure to disburse due to an administrative error or omission or another non-credit-related reason (as determined by the Collateral Manager acting in a commercially reasonable manner and certified in writing to the Trustee (upon which certification the Trustee may rely absolutely and without enquiry or liability), but without liability as to such determination) by the Collateral Administrator, as the case may be, such failure continues for ten Business Days after the Issuer or the Collateral Administrator receives written notice of, or has actual knowledge of, such administrative error or omission;

#### (iv) *Collateral Obligations*

on any Measurement Date after the Effective Date, failure of the percentage equivalent of a fraction, (i) the numerator of which is equal to (1) the Aggregate Principal Balance of all Collateral Obligations other than Defaulted Obligations plus (2) the aggregate in respect of each Defaulted Obligation of its Market Value multiplied by its Principal Balance on such date plus (3) any Principal Proceeds standing to the credit of the Principal Account or other Accounts on

such Measurement Date and (ii) the denominator of which is equal to the Principal Amount Outstanding of the Class A-1 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 and/or these Conditions (provided that any failure to meet any Portfolio Profile Test, Collateral Quality Test, Coverage Test or Reinvestment Overcollateralisation 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, warranty, undertaking or other agreement of the Issuer made in the Trust Deed and/or these Conditions or 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 the earlier of (a) the Issuer having actual knowledge of such default, breach or failure or (b) notice being given 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 and the Collateral Manager from the Controlling Class acting pursuant to an Ordinary Resolution, in each case copied to the Trustee (as applicable), 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 the earlier of the Issuer having actual knowledge thereof or notice thereof in accordance herewith. For the purposes of this paragraph (v), the materiality of such default, breach, representation or warranty shall be determined by the Trustee;

(vi) *Insolvency Proceedings*

proceedings are initiated against the Issuer under any applicable liquidation, examinership, insolvency, bankruptcy, composition, reorganisation or other similar laws (together, "**Insolvency Law**"), or a receiver, administrative receiver, trustee, administrator, custodian, conservator, liquidator, examiner, curator or other similar official (other than any party, including without limitation the Trustee and the Custodian, appointed or otherwise acting pursuant to or in connection with the Transaction Documents) (a "**Receiver**") is appointed in relation to such proceedings and the whole or any substantial part 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*

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 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) give notice to the Issuer, the Collateral Manager and each Hedge Counterparty that all the Notes are immediately due and repayable (such notice, an "**Acceleration Notice**"), whereupon the Notes shall become immediately due and repayable at their applicable Redemption Prices, provided that upon the occurrence of a Note Event of Default described in paragraph (vi) of the definition thereof, an Acceleration Notice shall be deemed to have been given and all the Notes shall automatically become immediately due and repayable.

(c) *Curing of Default*

At any time after an Acceleration Notice (deemed or actual) has been given pursuant to Condition 10(b) (*Acceleration*) following the occurrence of a Note Event of Default and prior to enforcement of the security pursuant to Condition 11 (*Enforcement*), the Trustee, subject to receipt of consent 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) above and its consequences if:

- (i) the Issuer has paid or deposited with the Trustee (or to its order) 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 Administrative Expenses (without regard to the Senior Expenses Cap) and Trustee Fees and Expenses (without regard to the Senior Expenses Cap); and
  - (D) all amounts due and payable by the Issuer under any Currency Hedge Agreement or Interest Rate Hedge Agreement; and
- (ii) the Trustee has determined that all Note Events of Default, other than the nonpayment 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.

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 or if the Notes are automatically accelerated in accordance with paragraph (b) above.

All amounts received in respect of this Condition 10(c) (*Curing of Default*) shall be distributed two Business Days following 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.

(d) *Restriction on Acceleration*

No acceleration of the Notes shall be permitted 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, each Hedge Counterparty and the Rating Agencies upon becoming aware of the occurrence of a Note Event of Default. The Trust Deed contains provision for the Issuer to provide written confirmation to the Trustee and the Rating Agencies on an annual basis 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 wilful violation or wilful breach by the Collateral Manager in any material respect of a provision of the Collateral Management and Administration Agreement, which violation:
  - (A) is reasonably expected to have a material adverse effect on Noteholders of any Class (in their capacities as such); and
  - (B) is not cured within 30 days of the Collateral Manager becoming aware of, or its receipt of notice from, the Issuer or the Trustee of such violation;
- (ii) the failure in any material respect of any representation, warranty, certification or statement made or delivered by the Collateral Manager in or pursuant to the Collateral Management and Administration Agreement to be correct when made (other than covered by paragraph (i) above and it being understood that failure to meet any Coverage Test, Interest Coverage Test, Portfolio Profile Test or Collateral Quality Test is not such a violation) and such failure is reasonably expected to have a material adverse effect on the Noteholder of any Class (in their capacities as such) and no correction is made for a period of 30 days after the first to occur of:
  - (A) any professional employee of the Collateral Manager directly involved in the performance by the Collateral Manager of its duties under the Collateral Management and Administration Agreement has actual knowledge of the failure; and
  - (B) the Collateral Manager's receipt of notice from the Issuer or the Trustee of such failure;
- (iii) the Collateral Manager (A) is wound up or dissolved (other than pursuant to a consolidation, amalgamation or merger) or there is appointed over it or a substantial part of its assets a receiver, administrator, administrative receiver, examiner, trustee or similar officer; or (B) ceases to be able to, or admits in writing its inability to, pay its debts as they become due and payable, or makes a general assignment for the benefit of, or enters into any composition or arrangement with, its creditors generally; (C) applies for or consents (by admission of material allegations of a petition or otherwise) to the appointment of a receiver, administrator, examiner, 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 in good faith without such authorisation, consent or application and either continue undismissed for 60 days or any such appointment is ordered by a court or regulatory body having jurisdiction; (D) 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 in good faith without such authorisation, application or consent and remain undismissed for 60 days or result in adjudication of bankruptcy or insolvency or the issuance of an order for relief; or (E) permits or suffers all or any substantial part of its properties or assets to be sequestered or attached by court order and the order remains undismissed for 60 days; or
- (iv) either:
  - (A) the occurrence of an act by the Collateral Manager that constitutes fraud or a criminal felony in the performance of its obligations under the Collateral Management and Administration Agreement; or

- (B) the Collateral Manager or any senior officer of the Collateral Manager having responsibility for the investment of the Issuer's funds being found guilty of having committed a criminal offence materially related to the management of investments similar in nature and character to those which comprise the Collateral.

Pursuant to the terms of the Collateral Management and Administration Agreement:

- (A) upon the occurrence of a Collateral Manager Event of Default, the Collateral Management and Administration Agreement may be terminated, and the Collateral Manager may be removed (i) by the Issuer at the direction of the Controlling Class (acting by Extraordinary Resolution) or (ii) by Subordinated Noteholders acting by Extraordinary Resolution (in each case, excluding any CM Removal and Replacement Non-Voting Notes or CM Removal and Replacement Exchangeable Non-Voting Notes and Collateral Manager Notes) upon 30 calendar days' prior written notice to the Collateral Manager, the Trustee, the Hedge Counterparties and each Rating Agency;
- (B) upon the occurrence of a removal following a Collateral Manager Event of Default or resignation of the Collateral Manager, the Controlling Class and the Subordinated Noteholders will have certain rights with respect to the appointment of a successor collateral manager, as more fully described in the Collateral Management and Administration Agreement; and
- (C) upon the occurrence of a removal or resignation of the Collateral Manager, to the extent it is permitted to do so in compliance with any applicable law or regulation, 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 and Administration Agreement.

The Issuer acknowledges that the rights of the Controlling Class to participate in the selection or removal of the Collateral Manager following a Collateral Manager Event of Default, as described above, are the rights of a creditor to exercise remedies upon the occurrence of an event of default.

## 11. Enforcement

### (a) *Security Becoming Enforceable*

Subject as provided in paragraph (b) below, the security constituted by the Trust Deed over the Collateral shall become enforceable 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 (subject as provided in paragraph (ii) below), institute such proceedings or take such other action against the Issuer or take any other action as it may think fit to enforce the terms of the Trust Deed and the Notes and, pursuant and subject to the terms of the Trust Deed and the Notes, realise and/or otherwise liquidate or sell the Collateral in whole or in part and/or take such other action as may be permitted under applicable laws against any Obligor in respect of the Collateral and/or take any other action to enforce or realise the security over the Collateral in accordance with the Trust Deed (such actions together, "**Enforcement Actions**"), in each case without any liability as to the consequences 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 the 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) subject to being indemnified and/or prefunded and/or secured to its satisfaction, the Trustee (or any appointee or agent on its behalf) determines 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 B Notes, the Class C Notes and the Class D 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**") and the Controlling Class agrees with such determination by an Ordinary Resolution, subject to consultation by the Trustee with the Collateral Manager (in which case the Enforcement Threshold will be met); 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 paragraph (i), (ii), (iv) or (vi) of Condition 10(a) (*Note Events of Default*), the Controlling Class directs the Trustee by Ordinary Resolution 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, subject to the above, it is directed to do so by the Controlling Class or, in the case of paragraph (i)(B)(2) above 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. Following redemption and payment in full of the Rated Notes (subject, in the case of an Optional Redemption 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), the Trustee shall (provided it is indemnified and/or secured and/or prefunded to its satisfaction) act upon the directions of the Subordinated Noteholders acting by Extraordinary Resolution; and
- (iii) for the purposes of determining issues relating to the execution of a sale or liquidation of the Portfolio, the anticipated proceeds to be realised from any Enforcement Action and whether the Enforcement Threshold will be met, the Trustee may appoint an independent investment banking firm or other appropriate advisor to advise it and may obtain and rely on an opinion and/or advice of such independent investment banking firm or other appropriate advisor (the cost of which shall be payable as Trustee Fees and Expenses) and shall be exempted from any liability arising directly or indirectly from any action taken or not taken by the Trustee in connection with such opinion and/or advice.

The Trustee shall notify the Noteholders, the Issuer, the Agents, the Collateral Manager, each Hedge Counterparty and the Rating Agencies in the event that it makes an Enforcement Threshold Determination at any time or takes any Enforcement Action at any time (such notice an "**Enforcement Notice**"). Following the effectiveness 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, (in relation to paragraphs (V) and (W) of the Post-Acceleration Priority of Payments only) amounts from the Supplemental Reserve Account and the net proceeds of enforcement of the security over the Collateral (other than with respect to any Counterparty Downgrade Collateral or amounts standing to the credit of the Interest Account which represent Hedge Issuer Tax Credit Payments which are required to be paid or returned to a Hedge Counterparty outside the Priorities of Payment in accordance with the relevant Hedge Agreement and/or Condition 3(j)(v) (*Counterparty Downgrade Collateral Accounts*) or amounts standing to the credit of the Currency Accounts which represent Sale Proceeds in respect of Non-Euro Obligations sold subject to and in accordance with the terms of a Currency Hedge Transaction which shall be paid to the relevant Hedge Counterparty in accordance with the terms thereof outside the Priorities of Payment), shall be credited to the Payment Account and shall

be distributed in accordance with the following order of priority but in each case only to the extent that all payments of a higher priority have been made in full (the "**Post-Acceleration Priority of Payments**");

- (A) to the payment of: (i) taxes owing by the Issuer to any tax authority accrued in respect of the related Due Period (other than any Irish corporate income tax in relation to the Issuer Profit Amount referred to in (ii) below) as certified by an Authorised Officer of the Issuer to the Collateral Administrator, if any, (save for any VAT payable in respect of any Collateral Management Fee) and any amounts payable in respect of VAT to the recipient of a payment made by the Issuer pursuant to the Priorities of Payments; and (ii) the Issuer Profit Amount or Irish Corporate income tax payable in relation to the Issuer Profit Amount, for deposit into the Issuer Share Capital Account from time to time;
- (B) to the payment of accrued and unpaid Trustee Fees and Expenses up to an amount equal to the Senior Expenses Cap, provided that following the occurrence of a Note Event of Default which is continuing or following an acceleration of the Notes in accordance with Condition 10(b) (*Acceleration*), the Senior Expenses Cap shall not apply in respect of such Trustee Fees and Expenses;
- (C) to the payment of Administrative Expenses in the priority stated in the definition thereof up to an amount equal to the Senior Expenses Cap in respect of the related Due Period, provided that, upon an acceleration of the Notes in accordance with Condition 10(b) (*Acceleration*), the Senior Expenses Cap shall not apply in respect of (i) amounts payable under paragraph (a) of the definition of Administrative Expenses or (ii) other Administrative Expenses to the extent necessary to allow the Issuer to be wound up on a solvent basis (but only to such extent);
- (D) to the payment:
  - (1) *firstly*, on a *pro rata* basis to the Collateral Manager of the Senior Management Fee due and payable on such Payment Date and any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority) save for any Deferred Senior Collateral Management Amounts which shall not be paid pursuant to this paragraph; and
  - (2) *secondly*, to the Collateral Manager, any previously due and unpaid Senior Management Fees (other than Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts) and any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority),
- (E) to the payment, on a *pro rata* basis, of (i) any Scheduled Periodic Hedge Issuer Payments, (ii) any Currency Hedge Issuer Termination Payments (to the extent not paid out of the Currency Accounts, the relevant Counterparty Downgrade Collateral Account or the Hedge Termination Account and other than Defaulted Currency Hedge Termination Payments), and (iii) any Interest Rate Hedge Issuer Termination Payments (to the extent not paid out of the Interest Account, the relevant Counterparty Downgrade Collateral Account or the Hedge Termination Accounts and other than Defaulted Interest Rate Hedge Termination Payments);
- (F) to the payment on a *pro rata* and *pari passu* basis of all Interest Amounts due and payable on the Class A-1 Notes;
- (G) to the redemption on a *pro rata* and *pari passu* basis of the Class A-1 Notes, until the Class A-1 Notes have been redeemed in full;
- (H) to the payment on a *pro rata* and *pari passu* basis of all Interest Amounts due and payable on the Class A-2 Notes;
- (I) to the redemption on a *pro rata* and *pari passu* basis of the Class A-2 Notes, until the Class A-2 Notes have been redeemed in full;



- (J) to the payment on a *pro rata* basis of all Interest Amounts (including any Deferred Interest and interest on Deferred Interest) due and payable on the Class B Notes;
- (K) to the redemption on a *pro rata* basis of the Class B Notes, until the Class B Notes have been redeemed in full;
- (L) to the payment on a *pro rata* basis of all Interest Amounts (including any Deferred Interest and interest on Deferred Interest) due and payable on the Class C Notes;
- (M) to the redemption on a *pro rata* basis of the Class C Notes, until the Class C Notes have been redeemed in full;
- (N) to the payment on a *pro rata* basis of all Interest Amounts (including any Deferred Interest and interest on Deferred Interest) due and payable on the Class D Notes;
- (O) to the redemption on a *pro rata* basis of the Class D Notes, until the Class D Notes have been redeemed in full;
- (P) to the payment:
  - (1) *firstly*, to the Collateral Manager of the Subordinated Management Fee due and payable on such Payment Date and any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority);
  - (2) *secondly*, to the Collateral Manager of any previously due and unpaid Subordinated Management Fee (other than Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts) and any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority);
  - (3) *thirdly*, to the Collateral Manager in payment of any Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts, in each case, and any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority); and
  - (4) *fourthly*, to the repayment of any Collateral Manager Advances and any interest thereon;
- (Q) subject to the Further Subordinated Management Fee Threshold having been reached (after taking into account all prior Eligible Distributions and any distributions to be made on such Payment Date pursuant to paragraph (V) and (W) below):
  - (1) firstly:
    - (a) on a Redemption Date pursuant to Condition 7(b)(i) *Optional Redemption in Whole – Subordinated Noteholders*) and/or Condition 7(b)(ii) (*Optional Redemption in Part – Collateral Manager / Subordinated Noteholders*) only, to the payment of the Collateral Manager of the Further Subordinated Management Fee from Refinancing Proceeds;
    - (b) otherwise, to the payment to the Collateral Manager of up to 50 per cent. of any remaining Interest Proceeds (after any payment required to be made pursuant to paragraphs (V) and (W) below to satisfy the Further Subordinated Management Fee Threshold) in the payment of the Further Subordinated Management Fee; and

- (2) secondly to the payment of any VAT in respect of the Further Subordinated Management Fee referred to in (1) above (whether payable to the Collateral Manager or directly to the relevant taxing authority);
- (R) to the payment of Trustee Fees and Expenses not paid by reason of the Senior Expenses Cap (if any);
- (S) to the payment of Administrative Expenses not paid by reason of the Senior Expenses Cap (if any) in relation to each item thereof, on a pro rata basis, provided that, following an enforcement of the Notes in accordance with this Condition 11 (*Enforcement*), such payment shall only be made to any recipients thereof that are Secured Parties;
- (T) to the payment on a *pari passu* and *pro rata* basis of any Defaulted Currency Hedge Termination Payments due to any Currency Hedge Counterparty or Defaulted Interest Rate Hedge Termination Payments due to any Interest Rate Hedge Counterparty (in each case to the extent not paid out of the Hedge Termination Account or any relevant Counterparty Downgrade Collateral Account);
- (U) to any Reinvesting Noteholder (whether or not any applicable Reinvesting Noteholder continues on the date of such payment to hold all or any portion of such Subordinated Notes) of any Reinvestment Amounts accrued and not previously paid pursuant to this paragraph (U) with respect to their respective Subordinated Notes, *pro rata* in accordance with the respective aggregate Reinvestment Amounts with respect to the Subordinated Notes;
- (V) any remaining proceeds (including, at the discretion of the Collateral Manager, any amounts transferred from the Supplemental Reserve Account), subject to the Incentive Collateral Management Fee IRR Threshold having been reached (after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on such Payment Date, including pursuant to paragraph (W) below, paragraph (BB) of the Interest Priority of Payments and paragraph (R) of the Principal Priority of Payments),
  - (1) firstly, to the payment to the Collateral Manager of 20 per cent. of any remaining proceeds (after any payment required to be made to the Subordinated Noteholders pursuant to paragraph (W) below to satisfy the Incentive Collateral Management Fee IRR Threshold) in payment of an Incentive Collateral Management Fee; and
  - (2) secondly, to the payment of any VAT in respect of the Incentive Collateral Management Fee referred to in paragraph (1) above (whether payable to the Collateral Manager or directly to the relevant taxing authority); and
- (W) any remaining proceeds (including, at the discretion of the Collateral Manager, any amounts transferred from the Supplemental Reserve Account) to the payment of principal and, thereafter, 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).

Where the payment of any amount in accordance with the Priorities of Payment set out above is subject to any deduction or withholding for or on account of any tax, payment of the amount so deducted or withheld shall be made to the relevant taxing authority *pari passu* with and, so far as possible, at the same time as the payment of the amount in respect of which the relevant deduction or withholding has arisen.

(c) *Only Trustee to Act*

Only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Noteholders or, in respect of the Collateral, of any of the other Secured Parties under the Trust Deed and the Notes and no Noteholder or other Secured Party may proceed directly against the Issuer or any of its assets unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable period after having received notice of such failure

and such failure or neglect continues for at least 30 days following receipt of such notice by the Trustee. After realisation of the security which has become enforceable and distribution of the net proceeds in accordance with the Priorities of Payment, 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 or Collateral Manager*

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, the Collateral Manager or any Collateral Manager Related Person 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 Payment, had the purchase price been paid in cash, is equal to or exceeds such purchase price.

**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 Principal Paying Agent.

Notwithstanding the above, claims against the Issuer in respect of principal and interest on the Notes while the Notes are represented by a Global Certificate will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the date on which any payment first becomes due.

**13. Replacement of Notes**

If any Note is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Transfer Agent, subject in each case to all applicable laws and Euronext Dublin requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes must be surrendered before replacements will be issued.

**14. Meetings of Noteholders, Modification, Waiver and Substitution**

(a) *Provisions in Trust Deed*

The Trust Deed contains provisions for convening meetings of the Noteholders or any Class thereof (and for 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, the other Transaction Documents 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 or by one or more Noteholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes of a particular Class, subject to certain conditions including minimum notice periods.

The holder of each Global Certificate will be treated as being one person for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each €1 of principal amount of Notes for which the relevant Global Certificate may be exchanged.

The Trustee may, in its discretion, determine that any proposed Ordinary Resolution or Extraordinary Resolution affects the holders of only one or more Classes of Notes, in which event the required quorum and minimum percentage voting requirements of such Ordinary Resolution or Extraordinary Resolution may be determined by reference only to the holders of that Class or Classes of Notes and not the holders of any other Notes as set forth in the tables below.

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

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

Collateral Manager Notes will have no voting rights with respect to and shall not be counted for the purposes of determining a quorum and the results of any CM Removal Resolution or CM Replacement Resolution. Pursuant to the definition of Collateral Manager Notes, if 100 per cent. of the Principal Amount Outstanding of the Notes would otherwise be Collateral Manager Notes before giving effect to the proviso at the end of the definition thereof, such Notes shall not constitute Collateral Manager Notes and shall therefore not be excluded for such voting purposes.

In connection with any vote, in determining whether the holders of the requisite Principal Amount Outstanding of Notes have given any request, demand, authorisation, direction, notice, consent or waiver or made any proposal, if Collateral Manager Notes are disregarded and deemed not to be Outstanding in connection with such vote and a Class of Notes entitled to vote is comprised entirely of Collateral Manager Notes, then the most senior Class of Notes that is not comprised entirely of Collateral Manager Notes shall be entitled to exercise the specified voting rights, disregarding Collateral Manager Notes, in lieu of such other Class of Notes.

(ii) *Quorum*

The quorum required for any meeting convened to consider a Resolution 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.

<b>Quorum Requirements</b>		
Type of Resolution	Any meeting (other than a meeting adjourned for want of quorum)	Meeting previously adjourned for want of quorum
Extraordinary Resolution of all Noteholders (or a certain Class or Classes only)	One or more persons holding or representing not less than 66 per cent. of the aggregate Principal Amount Outstanding of the Notes (or the Notes of the relevant Class or Classes only, if applicable)	One or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of the Notes (or the Notes of the relevant Class or Classes only, if applicable)
Ordinary Resolution of all Noteholders (or a certain Class or Classes only)	One or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of the Notes (or the Notes of the relevant Class or Classes only, if applicable)	One or more persons holding or representing not less than 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 entitled, represented at such meeting and are voted or, (B) in the case of any Written Resolution, shall be determined by reference to the percentage which the aggregate Principal Amount Outstanding of Notes entitled to be voted in respect of such Resolution and which are voted in favour thereof represent of the aggregate Principal Amount Outstanding of all the Notes entitled to vote in respect of such Written Resolution.

**Minimum Percentage Voting Requirements**

Type of Resolution	Per cent.
Extraordinary Resolution of all Noteholders (or of a certain Class or Classes only)	Not less than 66 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 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 and Administration Agreement or the relevant Transaction Document, as applicable), and excluding any modifications as may be contemplated or required to facilitate an Optional Redemption in whole or in part by way of a Refinancing and the issuance of the relevant Refinancing Obligations and/or any other modifications as may be contemplated in connection with an Optional Redemption in whole or in part by way of a Refinancing and the issuance of the relevant Refinancing Obligations, including any Reset Amendment, and further excluding any modifications to be made contemporaneously with an Optional Redemption in whole or in part by way of a Refinancing and the issuance of the relevant Refinancing Obligations, which in each case may be passed by an Ordinary Resolution):

- (A) the exchange or substitution for the Notes of a Class, or the conversion of the Notes of a Class into, shares, bonds or other obligations or securities of the Issuer or any other entity;
- (B) the modification of the provisions concerning the quorum required at any meeting of Noteholders to consider a Resolution or the minimum percentage required to pass a Resolution;
- (C) any modification of any Transaction Document having a material adverse effect on the security over the Collateral constituted by the Trust Deed;
- (D) any item requiring approval by Extraordinary Resolution pursuant to these Conditions or any Transaction Document;
- (E) any modification of this Condition 14(b) (*Decisions and Meetings of Noteholders*) or the provisions of the Trust Deed relating to the convening meetings of the Noteholders or any Class thereof (and for passing Written Resolutions);
- (F) the modification of any provision relating to the timing and/or circumstances of the payment of interest or redemption of the Notes of the relevant Class at maturity or otherwise (including the circumstances in which the maturity of such Notes may be accelerated);
- (G) 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;
- (H) 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*) or a purchase and cancellation of Notes pursuant to Condition 7(i) (*Cancellation and Purchase*));

- (I) a change in the currency of payment of the Notes of a Class; and
- (J) any change in the Priorities of Payment or of any payment items in the Priorities of Payment.

(vii) *Ordinary Resolution*

Any meeting of the Noteholders shall, subject to these Conditions, the Trust Deed, the Collateral Management and Administration Agreement or the relevant Transaction Document, as applicable, have 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 not all Classes of Notes*

Matters affecting the interests of one or more (but not all) Classes (in the opinion of the Trustee) shall only be considered by and voted upon at a meeting of Noteholders of that Class or those Classes or by Written Resolution of the holders of that Class or those Classes.

(ix) *Resolutions Affecting Other Classes*

If and for so long as any Notes of more than one Class are Outstanding, in relation to any meeting of Noteholders:

- (a) subject to paragraphs (c) and (d) below, a Resolution which in the opinion of the Trustee affects only the Notes of a Class or Classes (the "**Affected Class(es)**"), but not another Class or Classes, as the case may be, shall be duly passed if passed at a meeting or meetings of the Noteholders of the Affected Class(es) and such Resolution shall be binding on all the Noteholders, including the holders of Notes which are not an Affected Class;
- (b) subject to paragraphs (c) and (d) below, a Resolution which in the opinion of the Trustee affects the Notes of each Class shall be duly passed only if passed at separate meetings of the Noteholders of each Class;
- (c) a Resolution passed by the Controlling Class to exercise any rights granted to them pursuant to the Conditions or any Transaction Document shall be duly passed if passed at a meeting of the Controlling Class and such Resolution shall be binding on all the Noteholders; and
- (d) a Resolution passed by the Subordinated Noteholders to exercise the rights granted to them pursuant to the Conditions shall be passed if passed only at a meeting of the Subordinated Noteholders and such resolution shall be binding on all of the Noteholders.

(c) *Modification and Waiver*

Without the consent of the Noteholders (other than as otherwise provided in paragraphs (xii), (xiii) and (xxx) below), the Issuer may amend, modify, supplement and/or waive the relevant provisions of the Trust Deed and/or the Collateral Management and Administration Agreement and/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, supplement, modification or waiver, subject as provided below (other than in the case of an amendment, modification, supplement or waiver pursuant to paragraphs (xi) or (xiv) 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 to subject to the security of the Trust Deed any additional property;
- (iv) to evidence and provide for the acceptance of appointment under the Trust Deed by a successor Trustee subject to and in accordance with the terms of the Trust Deed and to add to or change any of the provisions of the Trust Deed as shall be necessary to facilitate the administration of the trusts under the Trust Deed by more than one Trustee, pursuant to the requirements of the relevant provisions of the Trust Deed;
- (v) to make such changes as shall be necessary or advisable in order for the Notes of each Class to be (or to remain) listed and admitted to trading on the Global Exchange Market of Euronext Dublin or any other exchange;
- (vi) to amend, modify, enter into, accommodate the execution or facilitate the transfer by the relevant Hedge Counterparty of any Hedge Agreement or any Hedge Transactions upon terms satisfactory to the Collateral Manager and subject to receipt of Rating Agency Confirmation;
- (vii) save as contemplated in Condition 14(d) (*Substitution*), to take any action advisable to prevent the Issuer from becoming subject to (or to otherwise reduce) withholding or other taxes, fees or assessments;
- (viii) to take any action advisable to prevent the Issuer from being treated as resident outside Ireland or otherwise subject to tax outside Ireland on net income, profits or gains, as subject to any withholding or other taxes, as not entitled to relief from taxes under any relevant double tax treaty, or as responsible for VAT in respect of any Collateral Management Fees;
- (ix) to take any action advisable to prevent the Issuer from being treated as engaged in a U.S. trade or business or otherwise subject to U.S. federal, state or local income tax on a net income basis;
- (x) to enter into any additional agreements not expressly prohibited by the Trust Deed or the Collateral Management and Administration Agreement (as applicable), provided that any such additional agreements include customary limited recourse and non-petition provisions and such additional agreements are not materially prejudicial to the interests of the Noteholders;
- (xi) to make any other modification of any of the provisions of the Trust Deed, the Collateral Management and Administration 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 and, in the case of a modification of the Collateral Management and Administration Agreement, subject to the consent of the Collateral Manager;
- (xii) subject to paragraph (xviii) below, subject to Rating Agency Confirmation and the consent of the Controlling Class acting by Ordinary Resolution, to make any modifications to the Collateral Quality Tests (save for the Weighted Average Life Test), Portfolio Profile Tests, Reinvestment Criteria or Eligibility Criteria and all related definitions (including in order to reflect changes in the methodology applied by the Rating Agencies);
- (xiii) to modify the Weighted Average Life Test definition by amending the date contained therein by (A) 15 months or less, subject to the consent of the Controlling Class acting by Ordinary Resolution and for so long as any of the Class A-2 Notes are Outstanding, the consent Class A-2 Noteholders acting by way of Ordinary Resolution or (B) more than 15 months subject to the consent of the Noteholders of each Class of Rated Notes acting by Ordinary Resolution, provided that, in each case, Rating Agency Confirmation has been received;
- (xiv) to make any other modification (save as otherwise provided in the Trust Deed, the Collateral Management and Administration 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 and, in the case of a modification of the Collateral Management and Administration Agreement, subject to the consent of the Collateral Manager;

- (xv) to amend the name of the Issuer;
- (xvi) to amend the constitution of the Issuer;
- (xvii) to make any amendments to the Trust Deed or any other Transaction Document to enable the Issuer to comply with FATCA, CRS or any other automatic exchange of tax information regime to which it is subject;
- (xviii) notwithstanding paragraph (xii) above, to modify or amend any component number, figures or percentages of a Fitch Tests Matrix, an S&P Test Matrix, the S&P CDO Monitor BDR or the S&P CDO SDR subject to confirmation from the applicable Rating Agency (which may be provided by way of email) (or such other confirmation as the relevant Rating Agency is willing to provide from time to time that such modifications or amendments will not result in the reduction or withdrawal of any of the ratings currently assigned to the Rated Notes by such Rating Agency);
- (xix) to make any changes necessary (x) to reflect any additional issuances of Notes in accordance with Condition 17 (*Additional Issuances*) or (y) to issue any replacement notes in accordance with Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*) and Condition 7(b)(v)(E) (*Consequential Amendments*);
- (xx) to modify the Transaction Documents in order to comply with Rule 17g-5 or Rule 17g-10 under the Exchange Act;
- (xxi) to modify the terms of the Transaction Documents in order that they may be consistent with the requirements of the Rating Agencies, including to address any change in the rating methodology employed by either Rating Agency, in a manner that any officer of the Collateral Manager certifies to the Trustee (upon which certificate the Trustee shall rely absolutely and without enquiry or liability) would not materially prejudice the interests of the Noteholders of any Class of Notes, subject to receipt by the Trustee of Rating Agency Confirmation that such modifications or amendments will not result in the reduction or withdrawal of any of the ratings currently assigned to the Rated Notes by such Rating Agency in respect of the Rated Notes from each Rating Agency then rating the Rated Notes (upon which certification and confirmation the Trustee shall be entitled to rely conclusively and without enquiry or liability);
- (xxii) to modify the terms of the Transaction Documents and/or the Conditions in order to enable the Issuer to comply with any requirements which apply to it under EMIR, AIFMD, the Dodd-Frank Act, the Securitisation Regulation or CRA3 (including any implementing regulations, technical standards and guidance respectively related thereto), subject to receipt by the Trustee of a certificate of the Issuer certifying to the Trustee that the requested amendments are required for the purpose of enabling the Issuer to satisfy its requirements under EMIR, AIFMD, the Dodd-Frank Act, the Securitisation Regulation or CRA3 (including any implementing regulations, technical standards and guidance respectively related thereto) (upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability);
- (xxiii) to make any other modification of any of the provisions of the Trust Deed, the Collateral Management and Administration Agreement or any other Transaction Document to comply with changes in the EU Retention and Disclosure Requirements (including in connection with the preparation of Portfolio Reports and Investor Reports following the Securitisation Regulation Reporting Effective Date);
- (xxiv) 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*);

- (xxv) to make such changes as are necessary to facilitate the transfer of any Hedge Agreement to a replacement counterparty or the roles of any Agent to a replacement agent, in each case in circumstances where such Hedge Counterparty or Agent does not satisfy the applicable Rating Requirement and subject to such replacement counterparty or agent (as applicable) satisfying the applicable requirements in the Transaction Documents;
- (xxvi) subject to Rating Agency Confirmation (other than to the extent otherwise permitted pursuant to paragraph (xxi) above) or such Hedge Agreement being a Form Approved Hedge following such amendment, to amend, modify or supplement any Hedge Agreement to the extent necessary to allow the Issuer or the relevant Hedge Counterparty to comply with any enactment, promulgation, execution or ratification of, or any change in or amendment to, any law or regulation (or in the application or official interpretation of any law or regulation) that occurs after the parties enter into the Hedge Agreement;
- (xxvii) to make any other modification of any of the provisions of any Transaction Document to facilitate compliance by the Issuer with the FTT or any other financial transaction tax that it is or becomes subject to provided that any such modification would not, in the opinion of the Issuer (acting reasonably), be materially prejudicial to the interests of the Noteholder of any Class;
- (xxviii) to make any changes necessary to prevent the Issuer from becoming an investment company or being required to register as an investment company under the Investment Company Act;
- (xxix) to conform the provisions of the Trust Deed or any other Transaction Document or other document delivered in connection with the Notes to the Offering Circular;
- (xxx) to enter into one or more supplemental trust deeds or any other modification, authorisation or waiver of the provisions of the Transaction Documents to:
  - (A) change the reference rate in respect of the Floating Rate Notes from EURIBOR to an Alternative Base Rate or other alternative base rate;
  - (B) to replace references to "LIBOR", "EURIBOR", "London Interbank Offered Rate" and "Euro Interbank Offered Rate" (or similar terms) to an Alternative Base Rate or other alternative base rate when used with respect to a Floating Rate Collateral Obligation;
  - (C) amend provisions which reference an index that has an equivalent frequency and setting date to the index applicable to a Floating Rate Collateral Obligation to the extent that no such equivalent is available; and
  - (D) to make such other amendments as are necessary or advisable in the reasonable judgment of the Collateral Manager to facilitate the foregoing changes,

provided that:

- (I) in relation to a change to a base rate other than an Alternative Base Rate only, the Controlling Class and the Subordinated Noteholders (each acting by Ordinary Resolution) consent to such supplemental trust deed or other modification, authorisation or waiver; provided that if the Issuer requests such consent from the Controlling Class and the Subordinated Noteholders, any Noteholder of each such Class who does not object to such request within 15 Business Days shall be deemed to have consented to the change to a base rate other than an Alternative Base Rate (together with a Reference Rate Modifier and such other changes required in connection with such selection of such base rate);
- (II) such amendments and modifications are being undertaken due to the occurrence of one of the following, determined by the Collateral Manager in its sole discretion (u) a material disruption to LIBOR, EURIBOR or another applicable or related index or benchmark, (v) a change in the methodology of calculating LIBOR, EURIBOR or another applicable or related index or benchmark or (w) LIBOR, EURIBOR or another

applicable or related index or benchmark ceasing to exist, (x) at least 50.0 per cent. (by par amount) of the quarterly pay Floating Rate Collateral Obligations issued in the preceding one month relying on reference or base rates other than LIBOR or EURIBOR, (y) at least 50.0 per cent. (by par amount) of the quarterly paying Floating Rate Collateral Obligations included in the Portfolio rely on reference or base rates other than LIBOR or EURIBOR or (z) at least 50.0 per cent. (by par amount) of floating rate notes issued in the preceding three months in the Euro-denominated CLO transactions rely on a reference rate other than EURIBOR (or the reasonable expectation of the Collateral Manager that any of the events specified in (u), (v), (w), (x), (y) or (w) will occur);

- (III) any such amendment, modification, authorisation or waiver does not affect the applicability of any floor in respect of the relevant reference rate of any Class of Notes (including, without limitation, the zero floor described in Condition 6(e)(i) (Floating Rate of Interest); and
  - (IV) in making any determination or proposal or exercising its discretion pursuant to this Condition 14(c)(xxx) (Modification and Waiver), the Collateral Manager's judgment shall not be called into question, including as a result of subsequent events, and no liability shall attach to the Collateral Manager in connection therewith unless its actions constitute a Collateral Manager Breach.
- (xxxi) to make any modification or amendment determined by the Issuer, as advised by the Collateral Manager (in consultation with legal counsel experienced in such matters) as necessary or advisable for any Class of Rated Notes to not be considered an "ownership interest" as defined for the purposes of section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and the applicable rules and regulations thereunder, provided that such modification or amendment would not, in the opinion of the Issuer, be materially prejudicial to the interests of the Noteholders of any Class;
  - (xxxii) to amend, modify or otherwise accommodate changes to any Transaction Document relating to the administrative procedures for reaffirmation of ratings on the Notes as required by the rating criteria of the Rating Agencies;
  - (xxxiii) to change the date within the month on which the Reports are required to be delivered;
  - (xxxiv) to amend any Transaction Document to update or add the initial Fitch Tests Matrix and/or S&P Test Matrix when received or notified of the same by the Rating Agencies; and
  - (xxxv) notwithstanding any other provision of this Condition 14(c) (*Modification and Waiver*), if S&P, Fitch or Moody's (as applicable) publicly announce a change in recovery rates or rating factors, to amend or modify such recovery rates or rating factors in the Transaction Documents to reflect such changes announced by the relevant Rating Agency.

Any such modification, authorisation or waiver shall be binding upon the Noteholders and shall be notified by the Issuer as soon as reasonably practicable following the execution of any supplemental trust deed or any other modification, authorisation or waiver pursuant to this Condition 14(c) (*Modification and Waiver*) to:

- (A) each Rating Agency, so long as any of the Rated Notes remain Outstanding; 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 if and for so long as any Transactions (as defined in the relevant Hedge Agreement) between such Hedge Counterparty and the Issuer remain outstanding or on the Collateral Manager without the Collateral Manager's written consent provided that no Hedge Counterparty consent will be required for amendments, modifications, supplements or waivers explicitly

excluded from the requirement for Hedge Counterparty consent pursuant to the terms of the relevant Hedge Agreement.

To the extent required pursuant to a Hedge Agreement, the Issuer shall notify each Hedge Counterparty of any proposed amendment to any provisions of the Transaction Documents and, with the exception of amendments, modifications, supplements or waivers explicitly excluded from the requirement for Hedge Counterparty consent pursuant to the terms of the relevant Hedge Agreement, seek the prior 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 above or in accordance with and subject to the terms of the relevant Hedge Agreement provided that no Hedge Counterparty consent will be required for amendments, modifications, supplements or waivers explicitly excluded from the requirement for Hedge Counterparty consent pursuant to the terms of the relevant Hedge Agreement. If a Hedge Agreement allows a certain period for the relevant Hedge Counterparty to consider and respond to such a consent request, during such period and pending a response from the relevant Hedge Counterparty, the Issuer shall not make any such proposed amendment, modification, supplement or waiver, provided that, if no Hedge Transaction is outstanding with the relevant Hedge Counterparty, without prejudice to the Issuer's obligations to notify the relevant Hedge Counterparty of any such proposed amendment, modification, supplement or waiver, the Issuer may proceed to make any such proposed amendment, modification, supplement or waiver regardless of any provisions requiring consent of the Hedge Counterparty to amendments, modifications, supplements or waivers under the relevant Hedge Agreement. For the avoidance of doubt, the Issuer may make such proposed amendment, modification, supplement or waiver if any timeframe specified in the relevant Hedge Agreement for such Hedge Counterparty to provide their consent to the relevant proposed amendment, modification, supplement or waiver has lapsed.

For the avoidance of doubt, the Trustee shall, without the consent or sanction of any of the Noteholders (other than as otherwise provided in paragraphs (xii), (xiii) and (xxx) above) or any other Secured Party, concur with the Issuer in making any modification, amendment, waiver or authorisation which the Issuer certifies to the Trustee (upon which certification the Trustee is entitled to rely conclusively and without enquiry or any liability) is required pursuant to the paragraphs above (other than a modification, waiver or authorisation pursuant to paragraphs (xi) or (xiv) above in which the Trustee may, without the consent or sanction of any of the Noteholders or any other Secured Party, concur with the Issuer) to the Transaction Documents, provided that the Trustee shall not be obliged to agree to any modification or any other matter 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 rights, powers, authorisations, indemnities, discretions or protections, of the Trustee in respect of the Transaction Documents.

In the case of a request for consent to a modification, amendment, waiver or authorisation pursuant to paragraphs (xi) and (xiv) above, under no circumstances shall the Trustee be required to give such consent on less than 21 days' notice and the Trustee shall be entitled to obtain expert advice, at the expense of the Issuer, and rely on such advice in connection with determining whether or not to give such consent (if applicable or required) as it sees fit.

Notwithstanding any provision of the Transaction Documents or these Conditions, if the Controlling Class (acting by Ordinary Resolution), delivers a notice of objection to any such proposed modification to the Principal Paying Agent in accordance with the Trust Deed no later than 15 Business Days after delivery of notice of such proposed modification from the Issuer, no such proposed modification may be effected by the Issuer (or the Collateral Manager on behalf of the Issuer).

(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 Agency 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 direct.

The Issuer shall procure that, so long as the Notes are listed on the Global Exchange Market of Euronext Dublin, any material amendments or modifications to the Conditions, the Trust Deed or such other conditions made pursuant to Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) shall be notified to Euronext Dublin.

(e) *Entitlement of the Trustee and Conflicts of Interest*

In connection with the exercise of its trusts, powers, duties and discretions (including but not limited to those referred to in this Condition 14(e) (*Entitlement of the Trustee and Conflicts of Interest*)), the Trustee shall have regard to the interests of each Class of Noteholders as a Class and shall not have regard to the consequences of such exercise for individual Noteholders of such Class and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 9 (*Taxation*).

In considering the interests of Noteholders while the Global Certificates are held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its account holders with entitlements to each Global Certificate and may consider such interests as if such account holders were the holders of any Global Certificate.

The Trust Deed provides that in the event of any conflict of interest between or among the holders of the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D 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 A-1 Noteholders over the Class A-2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Subordinated Noteholders, (ii) Class A-2 Noteholders over the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Subordinated Noteholders, (iii) the Class B Noteholders over the Class C Noteholders, the Class D Noteholders and the Subordinated Noteholders, (iv) the Class C Noteholders over the Class D Noteholders and the Subordinated Noteholders, and (v) the Class D 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 amount of Notes Outstanding of such Class. The Trust Deed provides further that, except as expressly provided otherwise in any applicable Transaction Document or these Conditions, the Trustee will act upon the directions of the holders of the Controlling Class (or other Class where the holders of the Class or Classes having priority over such other Class do not have an interest in the subject matter of such directions) (in each case acting by Extraordinary Resolution) subject to being 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, 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 in 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 and Account Bank Agreement or for the performance by the Collateral Manager of any of its duties under the Collateral Management and Administration Agreement, for the performance by the Collateral Administrator of its duties under the Collateral Management and Administration 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 Euronext Dublin and the rules of Euronext Dublin so require) shall be sent to the Company Announcements Office of Euronext Dublin or such other process as Euronext Dublin may require. 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.

Notices will be valid and will be deemed to have been given, for so long as the Notes are admitted to trading on Euronext Dublin, when such notice is filed in the Company Announcements Office of Euronext Dublin or such other process as Euronext Dublin may require.

The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders (or a category of them) if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

Notwithstanding the above, so long as any Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled account holders in substitution for delivery thereof as required by the Conditions of such Notes provided that such notice is also made to the Company Announcements Office of Euronext Dublin for so long as such Notes are listed on the Global Exchange Market of Euronext Dublin and the rules of Euronext Dublin so require. Such notice will be deemed to have been given to the Noteholders on the date of delivery of the relevant notice to the relevant clearing system

## 17. Additional Issuances

- (a) The Issuer may from time to time during the Reinvestment Period only, subject to the approval of the Subordinated Noteholders acting by Ordinary Resolution and the prior written approval of the Retention Holder and, in respect of additional issuances of Class A-1 Notes, Class A-2 Notes or Class B Notes only, the approval of the Controlling Class acting by Ordinary Resolution, 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 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 Obligations, provided that the following conditions are met:
- (i) such additional issuances in relation to the applicable Class of Notes may not exceed 100.0 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 Obligations or, pending such investment, 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 and obtain Rating Agency Confirmation from each Rating Agency in respect of such additional issuance;
  - (vi) the Par Value Tests will be maintained or improved (whether or not they were satisfied immediately prior to such additional issuance of Notes) after giving effect to such additional issuance of Notes compared to what they were immediately prior to such additional issuance of Notes;
  - (vii) the Interest Coverage Tests will be satisfied or, if not satisfied, will be maintained or improved after giving effect to such additional issuance of Notes compared to what they were immediately prior to such additional issuance of Notes;
  - (viii) the holders of the relevant Class of Notes in respect of which further Notes are issued shall have been notified in writing 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;
  - (ix) (so long as the existing Notes of the Class of Notes to be issued are listed on the Global Exchange Market of Euronext Dublin) the additional Notes of such Class to be issued are in accordance with the requirements of Euronext Dublin and are listed on the Global Exchange Market (for so long as the rules of the Euronext Dublin so requires);
  - (x) 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;

- (xi) any issuance of additional Notes would not result in non-compliance by the Collateral Manager with the EU Retention Requirements;
- (xii) the Issuer will have received advice (with a copy sent and addressed to the Trustee) of tax counsel of nationally recognised standing in the United States experienced in such matters to the effect that any additional Class A Notes, Class B Notes and Class C Notes will be treated, and any additional Class D Notes should be treated, as indebtedness for U.S. federal income tax purposes, provided, however, that the advice of tax counsel described in this paragraph (xii) will not be required with respect to any additional Notes that bear a different International Securities Identification Number (or equivalent identifier) from the Notes of the same Class that were issued on the Issue Date and are Outstanding at the time of the additional issuance; and
- (xiii) an opinion of counsel of nationally recognised experience in such matter has been delivered to the Issuer and the Trustee confirming that neither the Issuer nor the Portfolio will be required to register under the Investment Company Act as a result of such additional issuance.

Any additional Notes that are not fungible with an existing Class of Notes for U.S. federal income tax purposes will be issued with a separate securities identifier.

- (b) The Issuer may from time to time also issue and sell additional Subordinated Notes (without issuing Notes of any other Class) having the same terms and conditions as existing Subordinated Notes (subject as provided below) and subject to the approval of the Subordinated Noteholders acting by Ordinary Resolution and the prior written approval of the Retention Holder and which shall be consolidated and form a single series with the Outstanding Subordinated Notes, 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 sales price, with the net proceeds to be deposited into the Supplemental Reserve Account to be applied for the purposes of a Permitted Use;
  - (iv) the conditions set out in Condition 3(c)(iv) (*Reinvestment Amounts*) are satisfied;
  - (v) the Issuer must notify the Rating Agencies then rating any Notes of such additional issuance;
  - (vi) the holders of the Subordinated Notes shall have been notified in writing 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;
  - (vii) 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;
  - (viii) (so long as the existing Subordinated Notes are listed on the Global Exchange Market) the additional Subordinated Notes to be issued are in accordance with the requirements of Euronext Dublin and are listed on the Global Exchange Market (for so long as the rules of Euronext Dublin so requires);
  - (ix) any issuance of additional Subordinated Notes would not result in non-compliance by the Collateral Manager with the EU Retention Requirements; and
  - (x) an opinion of counsel of nationally recognised experience in such matter has been delivered to the Issuer and the Trustee confirming that neither the Issuer nor the Portfolio will be required to register under the Investment Company Act as a result of such additional issuance



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

(b) *Jurisdiction*

The courts of England are to have exclusive jurisdiction to settle any disputes (whether contractual or non-contractual) which may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection with the Notes ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders and the Trustee and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) *Agent for Service of Process*

The Issuer appoints Maples and Calder (having an office, at the date hereof, at 11th Floor, 200 Aldersgate Street, London EC1A 4HD, 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 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 €273,797,500. Such proceeds will be used by the Issuer for the repayment of any amounts borrowed by the Issuer (together with any interest thereon) under the Warehouse Arrangements and all other amounts due in order to finance the acquisition of Issue Date Collateral Obligations and to fund the First Period Reserve Account on the Issue Date. The remaining proceeds shall be deposited into 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 will be represented on issue by a Regulation S Global Certificate deposited with, and registered in the name 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 (a) whom the seller reasonably believes 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 Global Certificate (or, in the case of the Class D Notes or the Subordinated Notes and if applicable, a Rule 144A Definitive Certificate). See "*Transfer Restrictions*".

The Rule 144A Notes of each Class will be represented on issue by a Rule 144A Global Certificate deposited with, and registered in the name of, a common depositary for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Rule 144A Global Certificate may only be held at any time 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 Rule 144A and Regulation S, and the Notes will bear the applicable legends regarding the restrictions set forth under "*Transfer Restrictions*". In the case of each Class of Notes, a beneficial interest in a Regulation S Global Certificate may be transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Certificate in denominations greater than or equal to the minimum denominations applicable to interests in such Rule 144A Global Certificate only upon receipt by the 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 the 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 in an offshore transaction 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 Transfer Agent may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

### CM Removal and Replacement Voting and Non-Voting Notes

A beneficial interest in a Rule 144A Global Certificate in the form of CM Removal and Replacement Exchangeable Non-Voting Notes may be transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Certificate in the form of CM Removal and Replacement Non-Voting Notes or an entity that is not an Affiliate of the transferor who takes delivery in the form of an interest in a Rule 144A Global Certificate

in the form of CM Removal and Replacement Voting Notes, in each case in denominations greater than or equal to the minimum denominations applicable to interests in such Rule 144A Global Certificate only upon receipt by the Transfer Agent of a written transfer request (in the form provided in the Trust Deed) from the transferor.

A beneficial interest in a Rule 144A Global Certificate in the form of CM Removal and Replacement Voting Notes may be transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Certificate in the form of CM Removal and Replacement Non-Voting Notes or CM Removal and Replacement Exchangeable Non-Voting Notes in denominations greater than or equal to the minimum denominations applicable to interests in such Rule 144A Global Certificate only upon receipt by the Transfer Agent of a written transfer request (in the form provided in the Trust Deed) from the transferor.

A beneficial interest in a Regulation S Global Certificate in the form of CM Removal and Replacement Exchangeable Non-Voting Notes may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Certificate in the form of CM Removal and Replacement Non-Voting Notes or an entity that is not an Affiliate of the transferor who takes delivery in the form of an interest in a Regulation S Global Certificate in the form of CM Removal and Replacement Voting Notes in denominations greater than or equal to the minimum denominations applicable to interests in such Regulation S Global Certificate, in each case only upon receipt by the Transfer Agent of a written transfer request (in the form provided in the Trust Deed) from the transferor.

A beneficial interest in a Regulation S Global Certificate in the form of CM Removal and Replacement Voting Notes may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Certificate in the form of CM Removal and Replacement Non-Voting Notes or CM Removal and Replacement Exchangeable Non-Voting Notes in denominations greater than or equal to the minimum denominations applicable to interests in such Regulation S Global Certificate only upon receipt by the Transfer Agent of a written transfer request (in the form provided in the Trust Deed) from the transferor.

A Noteholder holding a beneficial interest in a Global Certificate representing Notes in the form of CM Removal and Replacement Exchangeable Non-Voting Notes may request by the delivery to the Transfer Agent of a written request that such beneficial interest be exchanged for a beneficial interest in a Global Certificate representing Notes in the form of CM Removal and Replacement Voting Notes only in connection with the transfer of such Notes to an entity that is not an Affiliate of such Noteholder, as provided above.

Beneficial interests in a Global Certificate representing Notes in the form of CM Removal and Replacement Exchangeable Non-Voting Notes shall not be exchanged for a beneficial interest in a Global Certificate representing Notes in the form of CM Removal and Replacement Voting Notes in any other circumstances.

Beneficial interests in a Global Certificate representing Notes in the form of CM Removal and Replacement Non-Voting Notes shall not be exchangeable at any time for a beneficial interest in a Global Certificate representing Notes in the form of CM Removal and Replacement Voting Notes or CM Removal and Replacement Exchangeable Non-Voting Notes.

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 D Note or a Subordinated Note 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 D Note or Subordinated Note unless such transferee: (i) obtains the written consent of the Issuer; (ii) provides an ERISA certificate to the Issuer as to its status as a Benefit Plan Investor or Controlling Person (substantially in the form of **ANNEX B**); and (iii) unless the written consent of the Trustee and the Issuer to the contrary is obtained, holds such Class D Note or Subordinated Note in the form of a Definitive Certificate. Any Class D Note or Subordinated Note in the form of a Definitive Certificate shall be registered in the name of the holder thereof.

The Retention Notes will be offered outside the United States to the Collateral Manager as a non-U.S. Person in reliance on Regulation S. On the Issue Date, the Retention Notes will be registered in the name of the Collateral Manager.

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 D Notes or Subordinated Notes may be exchangeable for interests in a Definitive Certificate representing the Class D Notes or Subordinated Notes if a transferee 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 with a certification substantially in the form of Schedule 6 to the Trust Deed (*Form of ERISA and Tax Certificate*).

Interests in Global Certificates representing Class D Notes or Subordinated Notes may be exchangeable for interests in Definitive Certificates representing Class D Notes or Subordinated Notes in accordance with the Conditions as amended above.

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 the Transfer Agent is located.

### *Delivery*

In the event a Global Certificate is to be exchanged, 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 the Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Certificate must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Certificates and (b) in the case of the Rule 144A Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Definitive Certificates issued in exchange for a beneficial interest in the Rule 144A Global Certificate shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*".

### *Legends*

The holder of a Note in registered definitive form may transfer the Notes represented thereby in whole or in part in the applicable minimum denomination by surrendering such Note(s) at the specified office of the Registrar or the 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** (*Form of ERISA and Tax Certificate*). Upon the transfer, exchange or replacement of a Note in registered definitive form bearing the legend referred to under "*Transfer Restrictions*", or upon specific request for removal of the legend on a Definitive Certificate in registered definitive form, as applicable, the Issuer will deliver only Subordinated Notes 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. With the written consent of the Trustee and the Issuer, a Note in the form of a Definitive Certificate may be transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Certificate or a Regulation S Global Certificate, subject to all transfer restrictions and other procedures applicable to beneficial interests in a Rule 144A Global Certificate or a Regulation S Global Certificate (as applicable).

## 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 Collateral Manager, the Placement Agent or any Agent party to the Agency and Account Bank 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 "*Book Entry Ownership – 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 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 are 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-1 Notes "AAA(sf)" from S&P and "AAAsf" from Fitch; the Class A-2A Notes: "AA(sf)" from S&P and "AAsf" from Fitch; the Class A-2B Notes: "AA(sf)" from S&P and "AAsf" from Fitch; the Class B Notes: "A(sf)" from S&P and "Asf" from Fitch; the Class C Notes: "BBB-(sf)" from S&P and "BBB-sf" from Fitch; and the Class D Notes: "BB-(sf)" from S&P and "BB-sf" from Fitch. The Subordinated Notes being offered hereby will not be rated.

The ratings assigned to the Class A-1 Notes, the Class A-2A Notes and the Class A-2B Notes address the timely payment of interest and the ultimate payment of principal. The ratings assigned to the other Rated 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.

### S&P Ratings

S&P will rate the Rated Notes in a manner similar to the manner in which it rates other structured issues. This requires an analysis of the following:

- (a) the credit quality of the portfolio of Collateral Obligations securing the Notes;
- (b) the cash flow used to pay liabilities and the priorities of these payments; and
- (c) legal considerations.

Based on these analyses, S&P determines the necessary level of credit enhancement needed to achieve a desired rating. In this connection, the S&P CDO Monitor Test is applied from the period beginning as of the Effective Date and ending on the expiry of the Reinvestment Period.

S&P's analysis includes the application of its proprietary default expectation computer model (the "**S&P CDO Monitor**") which is used to estimate the default rate S&P projects the Portfolio is likely to experience and which will be provided to the Collateral Manager on or before the Issue Date. The S&P CDO Monitor calculates the cumulative default rate of a pool of Collateral Obligations and Eligible Investments consistent with a specified benchmark rating level based upon S&P's proprietary corporate debt default studies. The S&P CDO Monitor takes into consideration the rating of each Obligor, the number of Obligors, the Obligor industry concentration and the remaining weighted average maturity of each of the Collateral Obligations included in the Portfolio. The risks posed by these variables are accounted for by effectively adjusting the necessary default level needed to achieve a desired rating. The higher the desired rating, the higher the level of defaults the Portfolio must withstand. For example, the higher the Obligor industry concentration or the longer the weighted average maturity, the higher the default level is assumed to be.

Credit enhancement to support a particular rating is then provided on the results of the S&P CDO Monitor, as well as other more qualitative considerations such as legal issues and management capabilities. Credit enhancement is typically provided by a combination of over collateralisation/subordination, cash collateral/reserve account, excess spread/interest and amortisation. A cash flow model (the "**Transaction Specific Cash Flow Model**") is used to evaluate the portfolio and determine whether it can comfortably withstand the estimated level of default while fully repaying the class of debt under consideration.

There can be no assurance that actual losses on the Collateral Obligations will not exceed those assumed in the application of the S&P CDO Monitor or that recovery rates and the timing of recovery with respect thereto will not differ from those assumed in the Transaction Specific Cash Flow Model. None of S&P, the Issuer, the Collateral Manager, the Collateral Administrator, the Trustee, or the Retention Holder, makes any representation as to the expected rate of defaults on the Portfolio or as to the expected timing of any defaults that may occur.

S&P's Ratings of the Rated Notes will be established under various assumptions and scenario analyses. There can be no assurance that actual defaults on the Collateral Obligations will not exceed those assumed by S&P in its analysis, or that recovery rates with respect thereto (and, consequently, loss rates) will not differ from those assumed by S&P.

## **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 Obligations and the various eligibility requirements that the Collateral Obligations are required to satisfy.

Fitch analyses the likelihood that each Collateral Obligation will default, based on historical default rates for similar debt obligations, the historical volatility of such default rates (which increases as obligations 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 Ratings of the Rated Notes were established under various assumptions and scenarios.

There can be no assurance that actual defaults on the Collateral 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.

## **RULE 17G-5 COMPLIANCE**

THE ISSUER, IN ORDER TO PERMIT THE RATING AGENCIES TO COMPLY WITH THEIR OBLIGATIONS UNDER RULE 17G-5 PROMULGATED UNDER THE EXCHANGE ACT ("**RULE 17G-5**"), HAS AGREED TO POST (OR HAVE ITS AGENT POST) ON A PASSWORD-PROTECTED INTERNET WEBSITE (THE "**RULE 17G-5 WEBSITE**"), AT THE SAME TIME SUCH INFORMATION IS PROVIDED TO THE RATING AGENCIES, ALL INFORMATION (WHICH WILL NOT INCLUDE ANY REPORTS FROM THE ISSUER'S INDEPENDENT PUBLIC ACCOUNTANTS) THAT THE ISSUER (OR OTHER PARTIES ON ITS BEHALF, INCLUDING THE COLLATERAL MANAGER) PROVIDES 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 MAY PROVIDE INFORMATION TO THE RATING AGENCIES ON THE ISSUER'S BEHALF.

ON THE ISSUE DATE, THE ISSUER WILL REQUEST THE BANK OF NEW YORK MELLON SA/NV, DUBLIN BRANCH, IN ACCORDANCE WITH THE COLLATERAL MANAGEMENT AND ADMINISTRATION 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 THEIR OFFICERS, DIRECTORS OR EMPLOYEES PURSUANT TO, IN CONNECTION WITH OR RELATED DIRECTLY OR INDIRECTLY TO, THE TRUST DEED, THE COLLATERAL MANAGEMENT AND ADMINISTRATION 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.

## THE ISSUER

### General

The Issuer is a special purpose vehicle established for the purpose of issuing limited recourse obligations for the purpose of purchasing Collateral Obligations and entering into other related contracts and was incorporated in Ireland as a designated activity company limited by shares on 27 November 2018 under the Companies Acts 2014 (as amended) with the name of Bilbao CLO III Designated Activity Company and with the company registration number of 638411. The registered office of the Issuer is at 32 Molesworth Street, Dublin 2, Ireland. The telephone number of the registered office of the Issuer is +353 16973200 and the facsimile number is +353 16973300.

The authorised share capital of the Issuer is €100,000 divided into 100,000 ordinary shares of €1.00 each (the "**Shares**"). The Issuer has issued one hundred Shares, which are fully paid up and held on trust by MaplesFS Trustees Ireland Limited (as "**Share Trustee**") under the terms of a declaration of trust (the "**Declaration of Trust**") dated 19 September 2019, whereby the Share Trustee holds the Shares 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.

Maples Fiduciary Services (Ireland) Limited (the "**Corporate Administrator**"), an Irish company, acts as the corporate administrator for the Issuer. The office of the Corporate 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 20 September 2019 between the Issuer and the Corporate Administrator (the "**Corporate Administration Agreement**"), the Corporate 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 Corporate Administration Agreement. In consideration of the foregoing, the Corporate 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 Corporate Administration Agreement provide that either party may terminate the Corporate Administration Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Corporate 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 Corporate Administration Agreement at any time by giving at least three months' written notice to the other party.

The Corporate Administrator's principal office is at 32 Molesworth Street, Dublin 2, Ireland.

### Business

The principal objects of the Issuer are set forth in its constitution 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 Bank Agreement, the Collateral Management and Administration Agreement, the Corporate Administration Agreement, the Warehouse Termination Agreement, any Collateral Acquisition Agreements, the Placement Agency Agreement and any Hedge Agreements and exercising the rights and performing the obligations under each such agreement and all other transaction documents 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, 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 will not accumulate any surpluses.

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 and any Hedge Agreements 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 €1 representing the proceeds of its issued and paid up share capital and the remainder of the amounts standing to the credit of the Issuer Share Capital 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 Custodian, the Collateral Manager, the Collateral Administrator, any Hedge Counterparty or any Obligor under any part of the Portfolio.

### **Directors and Company Secretary**

The Issuer's constitution provides that the Board of Directors of the Issuer will consist of at least two Directors.

As at the date of this Offering Circular, the Directors of the Issuer and their respective business addresses and principal activities outside the Issuer are:

<b>Name</b>	<b>Address</b>	<b>Principal Activities/Position</b>
Michael Drew	32 Molesworth Street, Dublin 2, Ireland	Company Director
Jarlath Canning	32 Molesworth Street, Dublin 2, Ireland	Company Director

The Company Secretary is MFD Secretaries Limited of 32 Molesworth Street, 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 Obligations on or before the Issue Date. Amounts owing by the Issuer under the Warehouse Arrangements will be fully repaid on or promptly following the Issue Date using the proceeds from the issuance of the Notes.

The Issuer has not previously carried on any business or activities other than those incidental to its incorporation, the authorisation and entry into of the Warehouse Arrangements, the acquisition of the Portfolio, the authorisation and issue of the Notes and activities incidental to the exercise of its rights and compliance with its obligations under the Collateral Acquisition Agreements, the Notes, the Placement Agency Agreement, the Agency and Account Bank Agreement, the Trust Deed, the Collateral Management and Administration Agreement, the Corporate Administration Agreement, the Warehouse Termination Agreement, each Hedge Agreement and the other documents and agreements entered into in connection with the issue of the Notes and the purchase of the Portfolio.

### **Indebtedness**

The Issuer has no indebtedness as at the date of this Offering Circular, other than that which the Issuer has incurred or shall incur in relation to the transactions contemplated herein (including the funding provided pursuant to the Warehouse Arrangements, which will be repaid in full on or promptly following the Issue Date).

### **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).

### **Financial Statements**

Since its date of incorporation, save as disclosed herein, the Issuer has not commenced operations. The Issuer completed its first financial statements in respect of the period from incorporation to 31 December 2019. The Issuer will not prepare interim financial statements. The financial year of the Issuer ends on 31 December in each year. The Issuer has filed its first financial statements with Euronext Dublin and are incorporated by reference into this Offering Circular.

The Issuer's profit and loss account and balance sheet can be obtained free of charge from the registered office of the Issuer. The Issuer must hold its first annual general meeting within 18 months of the date of its incorporation (and no more than 9 months after the financial year end) and thereafter the gap between its annual general meetings must not exceed 15 months. One annual general meeting must be held in each calendar year.

The auditors of the Issuer are Ernst & Young, who are chartered accountants and are members of the Institute of Chartered Accountants and registered auditors qualified in practice in Ireland.

## DESCRIPTION OF THE COLLATERAL MANAGER

*The information appearing in this section has been prepared by the Collateral Manager and has not been independently verified by the Issuer, the Placement Agent or any other party. None of the Placement Agent or any other party other than the Collateral Manager assumes any responsibility for the accuracy or completeness of such information. The duties and obligations of the Collateral Manager are solely those of Guggenheim Partners Europe Limited and are not guaranteed by Guggenheim Partners, LLC ("Guggenheim Partners"), more generally, or any of its other affiliated entities. The Notes and the Collateral do not represent interests in or obligations of, and are not insured or guaranteed by, Guggenheim Partners Europe Limited, Guggenheim Partners, LLC or any affiliate thereof.*

*The Issuer has taken reasonable care to ensure that this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information provided by the Collateral Manager, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

### General

Certain management functions with respect to the Portfolio (including, without limitation, the acquisition, management and disposal of the Collateral) will be performed by Guggenheim Partners Europe Limited as the Collateral Manager under the Collateral Management and Administration Agreement to be entered into on or about the Issue Date between, inter alios, the Issuer and the Collateral Manager.

### Guggenheim Partners Europe Limited

Guggenheim Partners Europe Limited ("**GPEL**") is a limited liability company incorporated in Ireland (registered number 433876) with its registered office at South Dock House, Hanover Quay, Dublin 2, D02 XW94, Ireland and will act as Collateral Manager in accordance with the terms of the Collateral Management and Administration Agreement. GPEL was established in 2007.

GPEL is authorised by the Central Bank of Ireland as an investment firm under Regulation 8(3) and deemed authorised under Regulation 5(2) of the European Union (Markets in Financial Instruments) Regulations, 2017 (as amended) (the "**Irish MiFID Regulations**") to provide investment services.

The Collateral Manager is a wholly owned indirect subsidiary of Guggenheim Capital, LLC, a diversified financial services company (individually or together with its subsidiaries, as applicable, "**Guggenheim**").

Guggenheim is a diversified financial services company owned by members of the Guggenheim families, Guggenheim management and certain high net worth individuals and families. Guggenheim, through its Affiliates, focuses on structured finance, asset management, investment advisory and distribution of fixed income products. As of December 31, 2019, Guggenheim and its Affiliates had over 2,400 employees and over \$215 billion of assets under management in over 25 offices located in six countries. Guggenheim Investments ("**Guggenheim Investments**") is the global asset management and investment advisory division of Guggenheim. Guggenheim Investments has established the Collateral Manager as a subsidiary focused on collateral management, including the management of non-investment grade investments. As of December 31, 2019, Guggenheim Investments, directly or through sub-agency agreements manages a total of approximately \$187 billion in fixed income strategies and has approximately \$74 billion in corporate credit assets under management. GPEL, its Affiliate Guggenheim Partners Investment Management, LLC ("**GPIM**") and other affiliates are constituent entities of Guggenheim Investments. GPIM is registered under the Advisers Act. GPEL is regulated by the Central Bank of Ireland.

The duties and obligations of the Collateral Manager are solely those of the Collateral Manager and are not guaranteed by any Affiliates of GPIM, including Guggenheim Capital, LLC. The Notes do not represent an interest in or obligations of, and are not insured or guaranteed by, the Collateral Manager, GPIM, Guggenheim Capital, LLC or any Affiliate thereof.

The Collateral Manager and its Affiliates may engage in other businesses and provide investment management advisory and other types of services to other clients. Such other clients may have investment policies that are similar to or differ from those followed by the Collateral Manager on behalf of the Issuer, as required by the Collateral Management and Administration Agreement. The Collateral Manager may make recommendations to or effect transactions for such other clients which may differ from those effected with respect to the Collateral.

The Collateral Management and Administration Agreement places certain restrictions on the Collateral Manager's ability to buy and sell Collateral Obligations. Accordingly, during certain periods or in certain circumstances, the Collateral Manager may be unable to buy or sell securities or their investments or take other actions that it might consider to be in the best interests of the Issuer or the Noteholders as a result of such restrictions. For as long as the Collateral Manager is an authorised investment firm under the Irish MiFID Regulations, certain disposals or acquiring transactions in respect of direct or indirect holdings of shares or interests in the Collateral Manager must be notified to, and are subject to the prior approval of, the Central Bank of Ireland.

For the purpose of the above paragraph a disposal or acquiring transaction includes any direct or indirect acquisition or disposal transaction where, after the disposal:

- (A) the authorised investment firm would become, or would cease to be, a subsidiary, as applicable, of the relevant party or parties; or
- (B) the proportion of the voting rights or capital or held in the authorised investment firm by the relevant party or parties reaches, or is reduced below (as applicable):
  - (i) a level which is less than 10 per cent. (if the Central Bank of Ireland is of the opinion that such holding makes it possible to control or exercise significant influence over the management of the authorised investment firm); or
  - (ii) a level of 10 per cent., 20 per cent., 33 per cent. or 50 per cent., as the case may be.

The Central Bank of Ireland may approve of, or approve of subject to conditions or requirements or both, or may refuse to approve of an acquiring transaction or a disposal. The principal offices of the Collateral Manager are located at South Dock House, Hanover Quay, Dublin 2, D02 XW94, Ireland. The Collateral Manager will identify specific investment opportunities and will make related purchase and sale decisions. Set out below are the biographies of the personnel of the Collateral Manager, including those who are anticipated to be primarily responsible for performing the advisory and administrative functions of the Collateral Manager under the Collateral Management and Administration Agreement. These individuals hold the respective offices with Guggenheim as described below. Although such individuals are currently employees or officers of Guggenheim, they may not necessarily continue to be employed during the entire term of the Collateral Management and Administration Agreement.

### **Economic, Social and Governance**

GPEL views Environmental, Social, Governance (“ESG”) investing as an important component of their investment philosophy and process. GPEL believes that ESG factors can meaningfully influence investment outcomes, and that careful analysis of these criteria are a factor in evaluating the risks associated with different investments. In such situations where GPEL believes that ESG criteria may have a material impact on an investment’s return or issuer’s financial performance, they weigh these criteria alongside traditional factors in making investment decisions. GPEL’s approach to ESG focused investing is concentrated on:

- considering what GPEL deems as being ESG related factors in GPEL’s macroeconomic, sector and issuer research;
- providing leadership throughout the firm to ensure ESG factors are understood by investment professionals and integrated into their work in a manner consistent with GPEL’s internal standards;
- working with clients with a view to furthering GPEL’s understanding of their clients’ risk tolerance levels and the different approaches to incorporating ESG criteria into their portfolios;
- providing information and insight on GPEL’s approach to responsible investing and the application of ESG considerations into their investment thesis; and
- collaborating with global organizations and thought leaders with a view to promoting sustained social and economic development, while aiming to safeguard the environment for future generations.

Guggenheim Investment’s fixed-income investment process is split into primary and independent functions performed by four specialized groups: the Portfolio Management Team, the Portfolio Construction Group, the



Macroeconomic and Investment Research Team and the Sector Teams. Each of these teams work together to create investment portfolios and, when applicable, consider ESG criteria within their processes.

The largest portion of Guggenheim Investment's ESG analysis is managed by the research analysts within their "Sector Teams". GPEL take a decentralized approach to ESG assessments, as company/issuer level assessments are handled directly by the Sector Teams. The corporate credit Sector Team (the "**CC Sector Team**") incorporates ESG criteria into their bottom-up, fundamental analyses of investments, evaluate risks, such as litigation, regulatory sanctions or loss of business opportunities associated with a company's ESG practices, and combine them with relative value views. In addition, industry, sector, and country level dynamics are also assessed, particularly as a means of guidance to identify and appropriately weight ESG factors. The weight given to ESG factors varies between geographies and industries.

Should the CC Sector Team uncover during the due diligence or monitoring process an ESG risk or practices that they believe could be improved, they will assess the level of materiality and underlying drivers. This analysis is then be incorporated in their determination of the investment's relative value. However, GPEL do not consider the presence of an ESG risk as always being a reason to exclude a specific position from their investment portfolios or to avoid performing due diligence. In this regard, GPEL view and consider ESG risk in a manner consistent with other risks (e.g., financial, covenant, interest rate, and liquidity) in that it allows analysts to more comprehensively assess the credit quality of a given investment and weigh this against its return potential. GPEL often use data and insights from leading third-party research to provide scale in the analysis of ESG-related criteria within their portfolio holdings and the broader market. Whilst third-party research is considered as one input within the ESG due diligence process; ultimately the assessment and investment decisions are based on GPEL's analysts' views and analysis. Guggenheim Investments has a team of over 60 credit analysts whose role it is to consider ESG factors within each credit analysis.

#### **B. Scott Miner, Managing Partner, Chairman of Investments and Global Chief Investment Officer**

As Chairman of Guggenheim Investments and Global Chief Investment Officer, Mr. Miner guides Guggenheim's investment strategies and leads its research on global macroeconomics. Previously, Mr. Miner was a Managing Director with Credit Suisse First Boston in charge of trading and risk management for the Fixed Income Credit Trading Group. In this position, he was responsible for the corporate bond, preferred stock, money markets, U.S. government agency and sovereign debt, derivatives securities, structured debt and interest rate swaps trading business units. Prior to that, Mr. Miner was Morgan Stanley's London based European Capital Markets Products Trading and Risk Manager responsible for Eurobonds, Euro-MTNs, domestic European Bonds, FRNs, derivative securities and money market products in 12 European currencies and Asian markets. Mr. Miner has also held capital markets positions with Merrill Lynch and Continental Bank. Prior to that, he was a Certified Public Accountant and worked for the public accounting firm of Price Waterhouse. Mr. Miner is a member of the Federal Reserve Bank of New York's Investor Advisory Committee on Financial Markets, helping advise the NY Fed President about financial market developments, risks to the financial system and steps that can be taken to understand and mitigate these risks. Mr. Miner is an advisor to the Organization for Economic Cooperation and Development (OECD), on long-term investments and is a contributing member of the World Economic Forum (WEF) and their Global Agenda Council on the Arctic. He is a regularly featured guest and contributor to leading financial media outlets, including The Wall Street Journal, The Financial Times, Bloomberg, and CNBC where he shares insights on today's financial climate. Mr. Miner holds a B.S. degree in Economics from the Wharton School, University of Pennsylvania, Philadelphia, and has completed graduate work at the University of Chicago Graduate School of Business and the Wharton School, University of Pennsylvania.

#### **Kevin H. Gundersen, CFA – Senior Managing Director, Head of Corporate Credit**

Mr. Gundersen is a Senior Managing Director and Head of Guggenheim Investments' Corporate Credit Group and has been with Guggenheim since 2002. He has over a decade of experience in the high-yield and leverage loan asset classes. During his career at the firm, Mr. Gundersen has been an analyst covering a variety of sectors and subsequently led an industry team that focused on investing across the capital structure in the media, telecommunications and technology sectors. In addition, in his capacity as a senior analyst and as a team leader, Mr. Gundersen has sourced and structured directly negotiated middle-market debt investments. Prior to joining Guggenheim, Mr. Gundersen worked at GeoTrust, a technology company focused on eCommerce security solutions. Mr. Gundersen received his A.B. from Harvard University. He has earned the right to use the Chartered Financial Analyst® designation and is a member of the CFA Institute.

### **Zach Warren, Senior Managing Director, Private Debt Fund, Portfolio Manager**

Mr. Warren is a Senior Managing Director and portfolio manager in Guggenheim Investments' Corporate Credit Group. He is a member of the Corporate Credit Investment Committee and has been with Guggenheim since 2004. Mr. Warren has been heavily involved in the growth of Guggenheim Investments' Corporate Credit business. Mr. Warren's prior roles at Guggenheim include leading a credit team that invested in syndicated bank loans, high-yield bonds and private debt transactions in a variety of industries. Prior to Guggenheim, Mr. Warren was a senior research analyst at Centre Pacific, LLC, a Los Angeles-based high-yield and bank loan portfolio manager, where he focused on the food, retail, restaurant and telecommunication industries. Prior to Centre Pacific, Mr. Warren was a Vice President at Bear Stearns in the equity research group covering specialty retail. Mr. Warren received his B.A. in Economics from the College of William & Mary and his MBA from UCLA Anderson School of Management.

### **Thomas Hauser – Senior Managing Director, Portfolio Manager**

Mr. Hauser is a Senior Managing Director and portfolio manager in Guggenheim Investments' Corporate Credit Group and has been with Guggenheim since 2002. He is also a member of the Corporate Credit Investment Committee. Prior to his role as a portfolio manager, Mr. Hauser ran a team with Joseph McCurdy III covering a variety of sectors including Technology, Media and Telecom, Education, Metals and Mining, Homebuilding, Healthcare and Energy and Power. He has over 10 years' experience in the high yield and leverage loan class. During his career at the firm, Mr. Hauser has been an analyst covering a variety of sectors, including the Energy, Power, Transportation and Chemical sectors. Mr. Hauser received his B.S. in finance from St. John's University.

### **Adrian G. W. Duffy, Senior Managing Director, Head of European Corporate Credit**

Mr. Duffy joined Guggenheim in October 2001 as a Managing Director responsible for overseeing the credit investing business, and was one of the three founding principals of that business at Guggenheim. Mr. Duffy originally co-headed a team focused on investing in various leveraged credit markets in a variety of industries, and was responsible for directly originating middle market transactions.

He was also a member of the U.S. Investment Committee. In early 2007, Mr. Duffy was responsible for incorporating GPEL with a focus on the European loan and bond markets. He currently leads a team of 13 investment professionals and 7 support staff. GPEL is authorised by the Central Bank of Ireland under Regulation 8(3) and deemed authorised under Regulation 5(2) of the Irish MiFID Regulations to carry on various regulated activities. GPEL currently manages bond and loan portfolios in excess of €5 billion in value, both directly and through sub-advisory agreements with affiliates. Prior to joining Guggenheim, Mr. Duffy was the Director of Research for Whitney & Co.'s leveraged credit group. Prior to joining Whitney, Mr. Duffy was a high-yield Portfolio Manager at Wells Fargo Bank and was involved in their high-yield investing activities from inception. Mr. Duffy spent the early part of his career in NatWest's Corporate & Institutional Finance and at Bank of Ireland International Finance in various corporate credit and structured products investment roles. Mr. Duffy holds a Bachelor of Commerce degree (Hons) from University College Dublin which he received in 1988.

### **Matthew Bloom – Senior Managing Director, Head of Research**

Mr. Bloom is a Senior Managing Director and Head of Research for Guggenheim Investments' Corporate Credit Group and has been with Guggenheim since 2006. He is also a member of the Investment Committee overseeing Guggenheim Investments' corporate credit investing activities and serves as Chairman and CEO of Guggenheim Credit Income Fund. During his career at the firm, Mr. Bloom has been an analyst covering a variety of sectors and subsequently led an industry team that focused on investing in the Consumer, Financial, Food, Gaming, Industrials, Retail, Services & Transportation sectors. In addition, in his capacity as a senior analyst and as a team leader, Mr. Bloom has sourced and structured directly negotiated middle-market debt investments. Prior to joining Guggenheim, Mr. Bloom worked as an attorney at Skadden, Arps, Slate, Meagher & Flom in the Mergers & Acquisitions and Banking & Institutional Investing groups. Mr. Bloom received his B.S. from University of Florida and his J.D. from Columbia University School of Law.

### **Alastair M. McKeever- Managing Director, Research Team Leader**

Mr. McKeever is a portfolio manager, research team leader and credit committee member in the Corporate Credit Group focusing on opportunistic investments across the capital structure in all industries and has been with Guggenheim since 2007. Mr. McKeever plays an active role in the restructuring of Guggenheim Investments'

distressed investments and has served as a Board Director at several of Guggenheim Investments' portfolio companies including Sylvan Learning, Targus and TexGen Power. Prior to serving in his current roles at Guggenheim Investments, Mr. McKeever was a senior analyst responsible for origination, research, execution and monitoring of public and private investments across a range of industries including Metals & Mining, Building Products & Homebuilding, Industrials, Education and Oil & Gas. Originally from Shrewsbury, England, Mr. McKeever was schooled at Shrewsbury School before attending college in the U.S. He was a Morehead Scholar at the University of North Carolina at Chapel Hill and holds a B.A. in Economics and Classics.

**Joseph McCurdy, III – Senior Managing Director, Head of Origination**

Mr. McCurdy is a Senior Managing Director and Head of Origination in the Corporate Credit Group. He leads Guggenheim Investments' effort in sourcing and structuring directly negotiated transactions for both middle market private debt investments and larger underwritten co-arranger transactions. Mr. McCurdy was previously Co-Head of Research and has been with Guggenheim since 2004. In the course of his career, he has covered a range of industries including Telecom, Media, Technology, Healthcare and Aerospace & Defense. Mr. McCurdy continues to be active in Guggenheim Investments' European Lending business based in Dublin, Ireland, an office he helped establish from 2007-2009. Mr. McCurdy also coordinates a team in Mumbai, India, that augments the group's research efforts. Prior to his time in Dublin, he covered Gaming, Lodging, Leisure and Real Estate in the New York office. Mr. McCurdy received a B.A. in history from Williams College.

**Gina Hubbell – Senior Managing Director, Structured Transactions**

Ms. Hubbell joined Guggenheim in 2010 as a Managing Director with a focus on developing structured transactions for the firm and its clients. Prior to joining Guggenheim, Ms. Hubbell was a Managing Director and head of the Structured Products Group at Cantor Fitzgerald where she developed and executed structured transactions for the firm and its clients including a \$1 billion ABS/MBS CDO. Prior to Cantor, she headed the Credit CDO Group at UBS, which was responsible for arranging, structuring and marketing the firm's credit-backed CDO and CLO transactions. At UBS she developed revolving security and hybrid cash/synthetic structures not previously implemented in the CDO context. Prior to UBS, Ms. Hubbell spent 17 years at Credit Suisse where she ran the CDO Group which developed many of the first CDOs for a variety of asset classes including investment grade and high yield corporate bonds, syndicated loans, emerging market securities and project finance bonds. She had previously been responsible for the growth of an integrated product development and structuring group with particular focus on mortgage-backed transactions. Ms. Hubbell received a B.A. from Stanford University and a J.D. from Northwestern University School of Law.

**Colm O'Donnell, Managing Director, Senior Credit Analyst**

Mr. O'Donnell joined Guggenheim in 2007, as the team was building out the European credit business. Mr. O'Donnell currently leads an industry team that focuses on investing in the technology, telecommunications and cable spaces. During his time at the firm, Mr. O'Donnell has also covered a variety of sectors, including media, retail, food & beverage, consumer products, travel and leisure industries. Mr. O'Donnell holds a Bachelor of Science (Economics and Finance) degree from University College Dublin.

**Darragh Mahony, Managing Director, Senior Credit Analyst**

Mr. Mahony joined Guggenheim in September 2007, as the team was building out the European credit business. Since early 2010, Mr. Mahony leads the European coverage of the healthcare, industrials, building materials, construction, paper/packaging, aerospace, defence, metals/mining and automotive industries. For his first three years at Guggenheim, Mr. Mahony supported a senior analyst in coverage of these industries. Mr. Mahony holds a Bachelor of Commerce (International with German) degree from the National University of Ireland, Galway and a Master of Business Studies (Finance) degree from the University College Dublin.

**Karl Strecker, CFA, Managing Director, Senior Credit Analyst**

Mr. Strecker joined Guggenheim in 2010 and leads an industry team covering the financial services, fintech, business services, chemicals, infrastructure, fuel stations and energy sectors for Guggenheim's European Leveraged credit business. Prior to joining Guggenheim, Mr. Strecker worked at RAIT Capital Ltd., with responsibility for sub-managing the assets underlying RAIT's US and European CDO's. Mr. Strecker is a CFA Charter holder and qualified as a Chartered Accountant with PwC. Mr. Strecker holds a Bachelor of Commerce, Masters of Business Studies and Masters of Accounting degrees from University College Dublin.

**Liam Murphy, CFA, Director, Senior Credit Analyst**

Mr. Murphy joined Guggenheim in 2011. Mr. Murphy currently leads an industry team that focuses on investing in the consumer products, leisure, gaming, food and beverage, retail, travel, media and education technology spaces. Mr. Murphy previously supported a senior analyst in coverage of these industries as well as telecoms, cable and technology. Mr. Murphy holds a B.A. and M.Econ. from Trinity College, Dublin, is a Scholar of Trinity College, Dublin and a CFA Charterholder. Previous to Guggenheim, Mr. Murphy's experience includes Bank of Ireland Asset Management and the Economic and Social Research Institute.

**Credit Risk Mitigation**

Along with its obligations under the Collateral Management and Administration Agreement and subject to the standard of care required thereunder, the Collateral Manager has in place and operates internal policies and procedures to administer and manage the Portfolio and similar portfolios. Such policies and procedures include, in the case of the Portfolio, systems for identifying credit risk obligations and defaulted obligations.

Under the Collateral Management and Administration Agreement, subject to the standard of care required thereunder, the Collateral Manager is obliged to:

- (A) diversify the Collateral Obligations comprising the Portfolio in accordance with and to the extent permitted by the terms of the Collateral Management and Administration Agreement and, in particular, the Portfolio Profile Tests;
- (B) measure and monitor the credit risk of the Portfolio as per the methodologies set out in the Collateral Management and Administration Agreement and in accordance with the terms of the Collateral Management and Administration Agreement; and
- (C) consult with the Collateral Administrator for the purposes of compiling each Monthly Report and Payment Date Report which will provide information intended to facilitate investors in their conducting of stress tests on the cash flows and collateral values supporting the Notes.

## THE EU RETENTION AND DISCLOSURE REQUIREMENTS

*The following description consists of a summary of certain provisions of the Collateral Management and Administration Agreement which does not purport to be complete and is qualified by reference to the detailed provisions of the Collateral Management and Administration Agreement.*

### EU Retention Requirements

Under the Collateral Management and Administration Agreement, the Collateral Manager in its capacity as the Retention Holder will for so long as any Notes are Outstanding:

- (A) undertake to retain a material net economic interest of not less than five per cent. of the nominal value of each Class of Notes by subscribing for and holding, on an ongoing basis, no less than five per cent. of the Principal Amount Outstanding of each Class of Notes (such Notes being the "**Retention Notes**") (such subscription to take place on the Issue Date on the terms as set out in the Retention Note Purchase Agreement);
- (B) agree not to sell, hedge or otherwise mitigate its credit risk under or associated with the Retention Notes, except to the extent permitted by the EU Retention Requirements, subject as provided below;
- (C) subject to any regulatory requirements, agree (i) to take such further reasonable action, provide such information (subject to any applicable duty of confidentiality), on a confidential basis, and enter into such other agreements as may reasonably be required to satisfy the EU Retention Requirements and (ii) to provide to the Issuer, on a confidential basis, information in the possession of the Collateral Manager relating to its holding of the Retention Notes, in each case at the cost and expense of the party seeking such information, to the extent the same is not subject to a duty of confidentiality at 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, to the Trustee, the Collateral Administrator, the Placement Agent and the Issuer (i) upon a reasonable request in writing from the Trustee, the Collateral Administrator, the Placement Agent or the Issuer and (ii) once every calendar month, in each case in writing (which may be by way of e-mail);
- (E) agree that it shall promptly notify the Issuer, the Trustee and the Collateral Administrator if for any reason it (i) ceases to hold the Retention Notes in accordance with paragraph (A) above, (ii) fails to comply with the covenants set out in paragraph (A) or (B) above or (iii) the representation set out in paragraph (F) below fails to be true on any date;
- (F) represent and warrant that it is a "sponsor" for the purposes of Article 6(1) of the Securitisation Regulation and will continue to retain the Retention Notes pursuant to paragraph (A) above and in accordance with paragraph (B) above in such capacity; and
- (G) undertake and agree that, in relation to each Collateral Obligation that it sells or transfers to the Issuer in respect of which it has not undertaken the original credit-granting of the exposures to be securitised, or is not active in credit-granting the specific types of exposures that are being securitised, it shall ensure that it obtains all the information it reasonably determines as necessary to assess whether the criteria applied in the credit-granting for such exposures are as sound and well-defined as the criteria applied to non-securitised exposures.

If a successor Collateral Manager is appointed as described in "Description of the Collateral Management and Administration Agreement - Appointment of Successor", then notwithstanding the above, the Collateral Manager (in its capacity as Retention Holder) may sell the Retention Notes to such successor (at a price agreed by the parties to such sale) except to the extent such a sale:

- (i) is restricted by the EU Retention Requirements; or
- (ii) would cause the transaction described in this Offering Circular to be non-compliant with the EU Retention Requirements,

and such successor shall, by way of entry into the Collateral Management and Administration Agreement commit to acquire and retain the Retention Notes and provide representations, warranties and covenants on the same terms as those set out in the Collateral Management and Administration Agreement in relation to the EU Retention Requirements.

If a successor Collateral Manager is appointed as described in "*Description of the Collateral Management and Administration Agreement - Appointment of Successor*" below and the outgoing Collateral Manager (in its capacity as Retention Holder) does not sell the Retention Notes, such outgoing Collateral Manager (in its capacity as Retention Holder) shall continue to be bound by the provisions of the Collateral Management and Administration Agreement in respect of the Retention Notes and such provisions shall not apply to such successor.

Prospective investors should consider the discussion in "*Risk Factors – Regulatory Initiatives – Securitisation, Risk Retention and Due Diligence Requirements – EU Securitisation Requirements*" and "*Risk Factors – Regulatory Initiatives – EU Disclosure Requirements*".

## **EU Disclosure Requirements**

In accordance with Article 7(2) of the Securitisation Regulation, each of the originator, sponsor and the Issuer (as applicable) are required to designate amongst themselves one entity to be the designated entity (the **reporting entity**) to make available to the Noteholders, potential investors in the Notes and competent authorities (together, the **Relevant Recipients**), the documents, reports and information necessary to fulfil the relevant reporting obligations under Article 7(1) of the Securitisation Regulation. The Issuer shall, pursuant to the Collateral Management and Administration Agreement, agree to be the reporting entity for this transaction. Pursuant to the Collateral Management and Administration Agreement the Collateral Manager and, to the extent agreed by the Collateral Administrator, the Collateral Administrator will provide certain assistance to the Issuer in this regard (including, in relation to the Collateral Manager, agreeing with the Issuer the form, content, timing and manner of distribution of any reports and information necessary to fulfil the reporting requirements). Any failure by the Collateral Manager or the Collateral Administrator to fulfil such obligations may cause the transaction to be non-compliant with the Securitisation Regulation. For the avoidance of doubt, to the extent the Collateral Administrator agrees to provide such information and reporting on behalf of the Issuer, the Collateral Administrator will not assume any responsibility for the Issuer's obligations as the entity responsible to fulfil reporting obligations under the EU Disclosure Requirements. In providing such information and reporting, the Collateral Administrator also assumes no responsibility or liability to any third party, including any Noteholders or potential Noteholders (including for their use or onward disclosure of any documentation disseminated by the Collateral Administrator) and shall have the benefit of the powers, protections and indemnities granted to it under the Transaction Documents.

The Bank of New York Mellon SA/NV, Dublin Branch, acting on behalf of the Issuer and on the instructions of the Issuer (or the Collateral Manager on behalf of the Issuer), has made drafts of the applicable documentation (as provided to it by or on behalf of the Issuer) referred to in Articles 7(1)(b) and 7(1)(c) of the Securitisation Regulation (the "**Pre-Pricing Draft Documents**") available to the Relevant Recipients before pricing of the Notes via a secure website currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by The Bank of New York Mellon SA/NV, Dublin Branch to the Issuer, the Arranger, the Placement Agent, the Trustee, the Collateral Manager and the Hedge Counterparties and as notified by the Issuer (with reasonable assistance, if the Issuer so requires, from the Collateral Manager) to the Rating Agencies and the Noteholders from time to time) or by such other method of dissemination as is required by the Securitisation Regulation (as instructed by the Issuer or the Collateral Manager on its behalf and as agreed with the Collateral Administrator). Investors should note that the Pre-Pricing Draft Documents are subject to change and that on or after the Issue Date, each Pre-Pricing Draft Document will be replaced by the final or signed (as applicable) version of such document.

Compliance with certain reporting obligations under Articles 7(1)(a) and (e) of the Securitisation Regulation will only be required upon the occurrence of the Securitisation Regulation Reporting Effective Date. The Collateral Manager has undertaken, pursuant to the Collateral Management and Administration Agreement, to send the SR Reporting Notification to the Issuer, the Collateral Administrator and the Trustee following the Securitisation Regulation Reporting Effective Date.

Following the occurrence of the Securitisation Regulation Reporting Effective Date, the Issuer and the Collateral Manager will propose in writing to the Collateral Administrator the form, content, method of distribution and

frequency of the (i) Portfolio Reports containing information required under Article 7(1)(a) of the Securitisation Regulation and (ii) Investor Reports containing information required under Article 7(1)(e) of the Securitisation Regulation. The Collateral Administrator shall consult with the Issuer and the Collateral Manager with a view to agreeing such reporting on such proposed terms (or other alternative terms as may be agreed between the Collateral Administrator, the Issuer and the Collateral Manager) and, if it agrees to provide such reporting, shall confirm the proposed terms of reporting in writing to the Issuer and the Collateral Manager. To the extent agreed by the Collateral Administrator, the Collateral Administrator shall make available the Portfolio Reports and Investor Reports in the forms agreed (a) via a secure website currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Arranger, the Placement Agent, the Trustee, the Collateral Manager and the Hedge Counterparties and as notified by the Issuer (with reasonable assistance, if the Issuer so requires, from the Collateral Manager) to the Rating Agencies and the Noteholders from time to time) which shall be accessible to any person who certifies to the Collateral Administrator in the form set out in the Collateral Management and Administration Agreement that it is (i) the Issuer, (ii) the Arranger, (iii) the Placement Agent, (iv) the Trustee, (v) a Hedge Counterparty, (vi) the Collateral Manager, (vii) a Rating Agency, (viii) a Noteholder, (ix) a competent authority (as determined under the Securitisation Regulation), (x) a potential investor in the Notes, (xi) Intex Solutions, Inc. or (xii) Bloomberg or (b) by such other method of dissemination as is required by the Securitisation Regulation (as instructed by the Issuer or the Collateral Manager on its behalf and as agreed with the Collateral Administrator). If the Collateral Administrator does not agree on the terms of reporting, the Issuer (with the consent of the Collateral Manager) shall appoint another entity to make the relevant information available to the competent authorities (as determined under the Securitisation Regulation), any Noteholder and any potential investor in the Notes.

## THE PORTFOLIO

*The following description of the Portfolio consists of a summary of certain provisions of the Collateral Management and Administration 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.*

### Introduction

Pursuant to the Collateral Management and Administration 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 to the extent and in accordance with the information provided to it by the Collateral Manager.

### Acquisition of Collateral Obligations

The Collateral Manager will determine and will use reasonable endeavours to cause to be acquired by the Issuer a portfolio of Secured Senior Obligations, Unsecured Senior Obligations, Second Lien Loans, Mezzanine Obligations and High Yield Bonds during the Initial Investment Period, the Reinvestment Period and thereafter (including, but not limited to, Collateral Obligations purchased pursuant to the Warehouse Arrangements). The Issuer anticipates that, by the Issue Date, it will have purchased or committed to purchase Collateral Obligations, the Aggregate Principal Balance of which is equal to at least €245,000,000 which is 89.09% per cent. of the Target Par Amount. The proceeds of issue of the Notes remaining after payment of: (a) the acquisition costs for the Collateral Obligations acquired by the Issuer on or prior to the Issue Date (including amounts due in order to finance the acquisition of warehoused Collateral Obligations); and (b) certain fees, costs and expenses incurred in connection with the issue of the Notes and anticipated to be payable by the Issuer following completion of the issue of the Notes, will be deposited in the Expense Reserve Account, the First Period Reserve Account and the Unused Proceeds Account on the Issue Date. The Collateral Manager acting on behalf of the Issuer shall use commercially reasonable endeavours to purchase Collateral Obligations with an Aggregate Principal Balance (together with Collateral Obligations previously acquired) 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, the Coverage Tests or the Reinvestment Overcollateralisation Test 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 1 November 2020 (or if such day is not a Business Day, the next following Business Day), subject to the Effective Date Determination Requirements being satisfied.

On or after the Effective Date but on or prior to the first Payment Date after the Effective Date, the Balance standing to the credit of the Unused Proceeds Account, may be transferred 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 the date of such transfer: (i) the Issuer has acquired or entered into binding commitments to acquire Collateral Obligations, the Aggregate Principal Balance of which equals or exceeds the Target Par Amount (after taking into account any transfer pursuant to (iii) below) (provided that, for the purposes of determining the Aggregate Principal Balance as provided above, the Principal Balance of a Collateral Obligation which is a Defaulted Obligation will be the lower of its S&P Collateral Value and its Fitch Collateral Value); (ii) the Rating Agencies have confirmed the Initial Ratings of the Rated Notes following delivery of the Effective Date Report (or in respect of S&P, the Effective Date S&P Condition is satisfied) and (iii) no more than 1 per cent. of the Target Par Amount may be transferred to the Interest Account.

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 Obligations having a Collateral Principal Amount 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 Collateral Principal Amount as provided above, the Principal Balance of a Collateral Obligation which is a Defaulted Obligation will be the lower of its S&P Collateral Value and its Fitch Collateral Value) and within 15 Business Days following the Effective Date the Issuer will provide, or cause the Collateral Manager to provide,



to the Trustee (with a copy to the Collateral Manager, if applicable), an accountants' certificate recalculating and comparing the Collateral Principal Amount of all Collateral Obligations purchased or committed to be purchased as at the Effective Date and the results of the Portfolio Profile Tests, the Collateral Quality Tests, the Coverage Tests (other than the Interest Coverage Tests) and the Reinvestment Overcollateralisation Test by reference to such Collateral Obligations. The accountants' certificate shall specify the procedures undertaken to review data and re-computations relating to such recalculations.

The Collateral Manager (acting on behalf of the Issuer) shall promptly, following receipt of the Effective Date Report, request that each of the Rating Agencies (to the extent not previously received) confirm its Initial Ratings of the Rated Notes; provided that if the Effective Date S&P Condition is satisfied then such Rating Agency Confirmation shall be deemed to have been given by S&P. If the Effective Date S&P Condition is not satisfied within 20 Business Days following the Effective Date, the Collateral Manager shall promptly notify S&P.

If (a) both: (i) the Effective Date Determination Requirements have not been satisfied as at the Effective Date unless Rating Agency Confirmation of the Initial Ratings of the Rated Notes is received from the Rating Agencies in respect of such failure; and (ii) either (A) the Collateral Manager (acting on behalf of the Issuer) fails to present a Rating Confirmation Plan to the Rating Agencies, or (B) the Collateral Manager (acting on behalf of the Issuer) presents a Rating Confirmation Plan to the Rating Agencies and Rating Agency Confirmation has not been obtained for the Rating Confirmation Plan; or (b) the Effective Date S&P Condition has not been satisfied and, following a request therefor from the Collateral Manager after the Effective Date, Rating Agency Confirmation from S&P has not been received, an Effective Date Rating Event shall have occurred, *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. 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 Payment, 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 (subject, in the case of an Optional Redemption 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). 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 Obligations and/or any other intended action which is intended to cause confirmation or reinstatement of the Initial Ratings. The Collateral Manager (acting on behalf of the Issuer) is under no obligation whatsoever to present a Rating Confirmation Plan to the Rating Agencies.

## Eligibility Criteria

Each Collateral Obligation must, at the time of entering into a binding commitment to acquire such obligation by, or on behalf of, the Issuer (except in the case of the criterion in paragraph (S) below, which will be required to be satisfied only at the time of acquisition), satisfy the following criteria (the "**Eligibility Criteria**") as determined by the Collateral Manager in its reasonable discretion:

- (A) it is a Secured Senior Obligation, a Corporate Rescue Loan, an Unsecured Senior Obligation, a Mezzanine Obligation, a Second Lien Loan or a High Yield Bond (in each case, which is not a sub-participation of a sub-participation);
- (B) it:
  - (i) is either (A) denominated in Euro or (B) is denominated in a Qualifying Currency and no later than the settlement date of the acquisition thereof the Issuer (or the Collateral Manager on its behalf) enters into a Currency Hedge Transaction with a notional amount in the relevant currency equal to the aggregate principal amount of such Non-Euro Obligation and otherwise complies with the requirements set out in respect of Non-Euro Obligations in the Collateral Management and Administration Agreement; and

- (ii) is not convertible into or payable in any other currency;
- (C) it is not a Defaulted Obligation or a Credit Risk Obligation;
- (D) it is not a lease (including, for the avoidance of doubt, a financial lease);
- (E) it is not a Structured Finance Security or a Synthetic Security;
- (F) it provides for a fixed amount of principal payable in cash on scheduled payment dates and/or at maturity and does not by its terms provide for earlier amortisation or prepayment in each case at a price of less than par;
- (G) it is not a Zero Coupon Security;
- (H) it does not constitute "margin stock" (as defined under Regulation U issued by the Board of Governors of the United States Federal Reserve System);
- (I) it is an obligation in respect of which, following acquisition thereof by the Issuer by the selected method of transfer, payments to the Issuer will not be subject to withholding tax (other than U.S. withholding tax on commitment fees, amendment fees, waiver fees, consent fees, letter of credit fees, extension fees, or similar fees) imposed by any jurisdiction unless either (i) 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 (and in the case of Participations, neither payments to the Selling Institution nor payments to the Issuer will be subject to withholding tax imposed by any jurisdiction unless the Obligor is required to make "gross-up" payments that compensate the Issuer directly or indirectly in full for any such withholding on an after-tax basis) or (ii) such withholding can be eliminated in full by application being made under an applicable double tax treaty or otherwise;
- (J) other than in the case of a Corporate Rescue Loan, it has an Fitch Rating of not lower than "CCC-" and an S&P Rating of not lower than "CCC-";
- (K) it is not a debt obligation whose repayment is subject to substantial non-credit related risk, including catastrophe bonds or instruments whose repayment is conditional on the non-occurrence of certain catastrophes or similar events;
- (L) it will not result in the imposition of any present or future, actual or contingent, monetary liabilities or obligations of the Issuer other than those: (i) which may arise at its option; (ii) which are fully collateralised; (iii) which are owed to the agent bank in relation to the performance of its duties under a Collateral Obligation; (iv) which may arise as a result of an undertaking to participate in a financial restructuring of a Collateral Obligation where such undertaking is contingent upon the redemption in full of such Collateral Obligation on or before the time by which the Issuer is obliged to enter into the restructured Collateral Obligation and where the restructured Collateral Obligation satisfies the Eligibility Criteria and, for the avoidance of doubt, the Issuer is not liable to pay any amounts in respect of a restructured Collateral Obligation; or (v) which are Delayed Drawdown Collateral Obligation or Revolving Obligations, provided that, in respect of (iv) above only, 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 Secured Senior Obligation, second lien loan or similar obligation;
- (M) it will not require the Issuer or the Collateral to be registered as an investment company under the Investment Company Act;
- (N) it is not an Annual Obligation (other than, for the avoidance of doubt, with respect to any PIK Security which may pay interest less frequently than semi-annually);
- (O) it is not a debt obligation which pays interest only and does not require the repayment of principal;
- (P) it is not subject to a tender offer, voluntary redemption, exchange offer, conversion or other similar action for a price less than its par amount plus all accrued and unpaid interest;

- (Q) the Collateral Obligation Stated Maturity thereof falls prior to the Maturity Date of the Notes;
- (R) its acquisition by the Issuer will not result in the imposition of stamp duty or stamp duty reserve tax or similar tax or duty payable by, or otherwise recoverable from the Issuer (or by any other person who has a right, statutory or otherwise, to be reimbursed for the same by the Issuer), unless such stamp duty or stamp duty reserve tax or similar tax or duty has been included in the purchase price of such Collateral Obligation;
- (S) upon acquisition, both (i) the Collateral Obligation is capable of being, and will be, the subject of a first fixed charge, a first priority security interest or comparable security arrangement having substantially the same 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 Obligation that is a bond is held through the Custodian but not held through Euroclear or Clearstream, Luxembourg, or does not satisfy any requirements relating to collateral held in Euroclear or Clearstream, Luxembourg (as applicable) specified in the Trust Deed and has taken such action as the Trustee may require to effect such security interest;
- (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 is capable of being sold, assigned or participated to, and held by, the Issuer, together with any associated security, without any breach of applicable selling restrictions, contractual provisions or legal or regulatory requirements and the Issuer does not require any authorisations, consents, approvals or filings (other than such as have been obtained or effected) as a result of or in connection with any such sale, assignment, participation or holding under any applicable law, provided that, for the avoidance of doubt, the presence of a "blacklist" in the applicable Underlying Instruments shall not of itself cause the criterion set out in this paragraph (U) not to be satisfied;
- (V) it is not a Step-Down Coupon Security;
- (W) it is not an obligation whose acquisition by the Issuer will cause the Issuer to be deemed to have participated in a primary loan origination in the United States;
- (X) it is not a Project Finance Loan;
- (Y) 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;
- (Z) it is a "qualifying asset" for the purposes of Section 110 of the TCA;
- (AA) it is not a debt obligation of an issuer whose total drawn, senior ranking indebtedness is less than EUR 150 million (or the equivalent thereof at the Spot Rate) at the time at which the Issuer entered into a binding commitment to purchase such debt obligation;
- (BB) it is not an Equity Security, including any obligation convertible into an Equity Security;
- (CC) it is not a Letter of Credit;
- (DD) it does not derive its value, or the greater part of its value, directly or indirectly from Irish land;
- (EE) it is not an obligation that contains limited recourse provisions that limit the obligations of the Obligor thereunder to a defined portfolio or pool of assets;
- (FF) it is not a debt obligation whose material terms are subject to mandatory change triggered by non-credit related events;
- (GG) it has a minimum purchase price of 60 per cent. of the Principal Balance of such Collateral Obligation;

- (HH) in the case of a Revolving Obligation or a Delayed Drawdown Collateral Obligation, such obligation does not permit any other person to accede thereto as an issuer or borrower thereunder without the consent of the Issuer. Other than (i) Issue Date Collateral Obligations, which must have satisfied the Issue Date Eligibility Criteria and (ii) Collateral Obligations which are the subject of a restructuring (whether effected by way of an amendment to the terms of such Collateral Obligation or by way of substitution of new obligations and/or change of Obligor) which must satisfy the Restructured Obligation Criteria on the applicable Restructuring Date, the subsequent failure of any Collateral Obligation to satisfy any of the Eligibility Criteria shall not prevent any obligation which would otherwise be a Collateral Obligation from being a Collateral 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; and
- (II) it is not an ESG Collateral Obligation.

**“ESG Collateral Obligation”** means any debt obligation or debt security where a Primary Business Activity of the underlying Obligor is:

- (a) the speculative extraction of oil via tar sands;
- (b)
- (i) the production of or trade in Controversial Weapons; or
- (ii) the production of or trade in components or services that have been specifically designed or designated for military purposes for the functioning of Controversial Weapons;
- (c) the trade in:
- (i) the production of or trade in pornography or prostitution;
- (ii) the production of or trade in Tobacco or Tobacco Products; or
- (iii) the production of or trade in alcohol,

in each case, as determined by the Collateral Manager in its sole discretion, such determination being based on, but not limited to, (i) the Collateral Manager’s own internal assessment of the asset and the underlying Obligor, and (ii) the information available to the Collateral Manager at the time of determination. The Collateral Manager shall not have any obligation to revise or otherwise update its determination.

**“Controversial Weapons”** means (i) any of the following weapons which are prohibited under applicable international treaties or conventions: nuclear, chemical, or biological weapons, cluster munitions, anti-personnel mines or inhumane conventional weapons restricted under the Inhumane Weapons Convention or (ii) other weapons or firearms traded contrary to the terms of the Arms Trade Treaty (2014).

**“Primary Business Activity”** means, as at the date of determination, in relation to an Obligor, for the purposes of determining whether a debt obligation or debt security is an ESG Collateral Obligation, where (to the knowledge of the Collateral Manager) such Obligor derives more than 10 percent of its revenues from the relevant business, trade or production (as applicable), in each case as determined by the Collateral Manager based on the information available to it.

**“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 Participation) that has payments of interest or principal on a reference obligation or the credit performance of a reference obligation.

**"Step-Down Coupon Security"** means a security, the contractual interest rate of which decreases over a specified period of time. For the avoidance of doubt, a security will not be considered to be a Step-Down Coupon Security where interest payments decrease for non-contractual reasons due to unscheduled events such as a decrease in the index relating to a Floating Rate Collateral Obligation, the change from a default rate of interest to a non-default rate, or an improvement in the Obligor's financial condition.

**"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.

**"Tobacco or Tobacco Products"** means tobacco or tobacco products as such terms are defined in Directive 2014/40/EU of the European Parliament and of the Council of 3 April 2014 on the approximation of the laws, regulations and administrative provisions of the Member States concerning the manufacture, presentation and sale of tobacco and related products and repealing Directive 2001/37/EC.

**"Zero Coupon Security"** means a security (other than a Step-Up Coupon Security) that, at the time of determination, does not provide for periodic payments of interest.

## **Restructured Obligations**

In the event a Collateral Obligation becomes (as determined by the Issuer, assisted by the Collateral Manager) the subject of a restructuring whether effected by way of an amendment to the terms of such Collateral 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 (i) satisfies each of the criteria comprising the Eligibility Criteria other than paragraphs (C), (I), (J), (N), (P), (Q), (R), (V), (AA), (EE), (FF), (GG) and (II) thereof and (ii) has a Fitch Rating and an S&P Rating, *provided that* when determining whether such an obligation shall constitute a Restructured Obligation the following should be satisfied: (I) in the case of an obligation which, as a result of such restructuring would have a Collateral Obligation Stated Maturity falling on or after the Maturity Date of the Notes (a **"Long-Dated Restructured Obligation"**), no more than five per cent. of the Collateral Principal Amount (for which purpose Defaulted Obligations are carried at the lower of their S&P Collateral Value and their Fitch Collateral Value) shall consist of Long-Dated Restructured Obligations and (II) in the case of an obligation which, as a result of such restructuring would be an Annual Obligation (other than, for the avoidance of doubt, with respect to any PIK Security), no more than five per cent. of the Collateral Principal Amount (for which purpose Defaulted Obligations are carried at the lower of their S&P Collateral Value and their Fitch Collateral Value) shall consist of such Annual Obligations (together, the **"Restructured Obligation Criteria"**).

For the avoidance of doubt, a repayment of a Collateral Obligation in circumstances whereby the redemption proceeds are rolled as consideration for a new obligation (including by way of a "cashless roll") shall be treated as the acquisition by the Issuer of a new Collateral Obligation and not as the acquisition of a Restructured Obligation.

## **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 Obligations and Exchanged Equity Securities and to reinvest the Sale Proceeds (other than accrued interest on such Collateral Obligations included in Interest Proceeds by the Collateral Manager) thereof in Substitute Collateral Obligations. The Collateral Manager shall notify the Collateral Administrator of all necessary details of the Collateral Obligation or Exchanged Equity Security to be sold and the proposed Substitute Collateral 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 in connection with any such sale or

reinvestment are satisfied, maintained or improved or, if any such criteria are not satisfied, maintained or improved, 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.

The Collateral Manager will determine and use reasonable endeavours to cause to be purchased by the Issuer, Collateral Obligations (including all Substitute Collateral Obligations) taking into account the Eligibility Criteria, the guidelines in the Collateral Management and Administration Agreement and, where applicable, the Reinvestment Criteria and will monitor the performance of the Collateral Obligations on an ongoing basis to the extent practicable using sources of information reasonably available to it and provided that the Collateral Manager shall not be responsible for determining whether or not the terms of any individual Collateral 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 and Administration Agreement.

The Collateral Manager will acknowledge pursuant to the terms of the Collateral Management and Administration Agreement that such Collateral Obligations purchased pursuant to the Warehouse Arrangements between the date the Issuer acquired or committed to acquire such Collateral Obligations and the Issue Date shall, subject to any limitations or restrictions set out in the Collateral Management and Administration Agreement, fall within the Collateral Manager's duties and obligations pursuant to the terms of the Collateral Management and Administration Agreement.

#### *Sale of Issue Date Collateral Obligations*

The Collateral Manager, acting on behalf of the Issuer, shall sell any Issue Date Collateral Obligations which do not comply with the Eligibility Criteria on the Issue Date (each a "**Non-Eligible Issue Date Collateral Obligation**"). Any Sale Proceeds received in connection therewith may be reinvested in Substitute Collateral Obligations satisfying the Eligibility Criteria or credited to the Principal Account pending such reinvestment.

#### *Terms and Conditions applicable to the Sale of Credit Risk Obligations, Credit Improved Obligations, Defaulted Obligations and Equity Securities*

Credit Risk 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, within the Collateral Manager's knowledge (without the need for inquiry or investigation), no Note Event of Default having occurred which is continuing.

The Collateral Manager shall use commercially reasonable endeavours to effect the sale of any Equity Securities in the Portfolio, regardless of the price it receives for such Equity Securities.

#### *Terms and Conditions applicable to the Sale of Exchanged Equity Securities*

Any Exchanged Equity Security may be sold at any time by the Collateral Manager in its discretion (acting on behalf of the Issuer), subject to, within the Collateral Manager's knowledge (without the need for inquiry or investigation), no Note Event of Default having occurred which is continuing.

In addition to any discretionary sale of Exchanged Equity Securities as provided above, the Collateral Manager shall be required by the Issuer to use commercially reasonable endeavours to sell (on behalf of the Issuer) any Exchanged Equity Security which constitutes Margin Stock as soon as practicable upon its receipt or upon its becoming Margin Stock (as applicable), unless such sale is prohibited by applicable law, in which case such Equity Security shall be sold as soon as such sale is permitted by applicable law.

#### *Discretionary Sales*

The Issuer or the Collateral Manager (acting on behalf of the Issuer) may dispose of any Collateral Obligation (other than a Credit Improved Obligation, a Credit Risk Obligation, a Defaulted Obligation or an Exchanged Equity Security, each of which may only be sold in the circumstances provided above) at any time ("**Discretionary Sales**") provided:

- (A) no Note Event of Default has occurred which is continuing (in the case of the Collateral Manager, to its knowledge, without the need for inquiry or investigation);
- (B) after giving effect to such sale, the Aggregate Principal Balance of all Collateral 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 Collateral Principal Amount 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 Obligations within 45 days after the settlement of such sale in accordance with the Reinvestment Criteria; or
  - (ii) at any time either (A) the Sale Proceeds of such Collateral Obligation are at least equal to the Principal Balance of such Collateral Obligation or (B) after giving effect to such sale, the Aggregate Principal Balance outstanding of all Collateral Obligations (excluding the Collateral Obligation being sold but including, without duplication, the expected Sale Proceeds of such sale and, for which purpose, the Principal Balance of each Defaulted Obligation shall be its Market Value) plus, without duplication, the Balances standing to the credit of 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 on Eligible Investments) will be greater than (or equal to) the Reinvestment Target Par Balance.

For the purposes of determining the percentage of Collateral Obligations sold during any such period as Discretionary Sales in accordance with the foregoing, the amount of any Collateral Obligations sold will be reduced to the extent of any purchases of Collateral Obligations of the same obligor (which are *pari passu* or senior to such sold Collateral Obligation) so long as any such Collateral Obligation was sold with the intention of purchasing a Collateral Obligation of the same obligor (which would be *pari passu* or senior to such sold Collateral Obligation); provided that for the purposes of such determination, Secured Senior Loans and Secured Senior Bonds shall be deemed to be *pari passu*.

#### *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; (ii) receipt of notification from the Trustee of enforcement of the security over the Collateral; or (iii) the purchase of Notes of any Class by the Issuer, the Collateral Manager (acting on behalf of the Issuer) will (with regard to (ii), if requested by the Trustee following the enforcement of such security), as far as reasonably 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 sale of all or part of the Portfolio, as applicable, in accordance with Condition 7 (*Redemption and Purchase*) and clause 6 (*Realisation of Collateral*) of the Collateral Management and Administration Agreement but without regard to the limitations set out in clause 5 (*Sale and Reinvestment of Portfolio Assets*) and Schedule 5 (*Reinvestment Criteria*) of the Collateral Management and Administration Agreement (which will include any limitations or restrictions set out in the Conditions and the Trust Deed).

#### *Sale of Assets which do not constitute Collateral 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 and Administration Agreement, the Collateral Manager shall use commercially reasonable endeavours to sell such asset. Such proceeds shall constitute Sale Proceeds and may be reinvested in accordance with and subject to the Reinvestment Criteria.

#### *Reinvestment of Collateral 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 (except satisfaction of the Eligibility Criteria) shall not apply prior to the Effective Date or in the case of a Collateral Obligation which has been restructured (except satisfaction of the Restructured Obligation Criteria) where such restructuring has become binding on the holders thereof.

*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 (with the exception of Principal Proceeds received both before and after the Reinvestment Period in connection with the acceptance of an Offer where such Offer is by way of novation or substitution, where such principal proceeds will be reinvested automatically as consideration for the novated or substitute Collateral Obligation (subject to the Restructured Obligation Criteria being satisfied)) in the purchase of Substitute Collateral Obligations satisfying the Eligibility Criteria provided that immediately after entering into a binding commitment to acquire such Collateral 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 inquiry or investigation), no Note Event of Default has occurred that is continuing at the time of such purchase;
- (B) such obligation is a Collateral Obligation;
- (C) on and after the Effective Date (or in the case of the Interest Coverage Tests, on and after the Determination Date immediately preceding the second Payment Date) the Coverage Tests are satisfied or if (other than with respect to the reinvestment of any proceeds received upon the sale of, or as a recovery on, any Defaulted Obligation, in respect of which such proceeds may only be reinvested if each Coverage Test will be satisfied immediately following such reinvestment) as calculated immediately prior to any purchase of a Substitute Collateral Obligation any Coverage Test was not satisfied, the coverage ratio relating to such test will be maintained or improved after giving effect to such reinvestment;
- (D) in the case of a Substitute Collateral Obligation purchased with Sale Proceeds of a Credit Risk Obligation or a Defaulted Obligation either:
  - (i) the Aggregate Principal Balance of all Substitute Collateral Obligations purchased with such Sale Proceeds shall at least equal such Sale Proceeds;
  - (ii) the Aggregate Principal Balance (for which purpose the Principal Balance of each Defaulted Obligation shall be multiplied by its Market Value) of all Collateral Obligations (after giving effect to such reinvestment) will be maintained or increased, when respectively compared to the Aggregate Principal Balance (for which purpose the Principal Balance of each Defaulted Obligation shall be multiplied by its Market Value) of all Collateral Obligations immediately prior to such sale; or
  - (iii) the sum of: (A) the Aggregate Principal Balance of all Collateral Obligations (excluding all of the Collateral Obligations being sold but including, without duplication, the Collateral Obligations being purchased and the anticipated cash proceeds, if any, of such sale that are not applied to the purchase of such Substitute Collateral Obligations and provided, for such purpose the Principal Balance of each Defaulted Obligation shall be the lower of its Fitch Collateral Value and its S&P Collateral Value)); and (B) Balances standing to the credit of the Principal Account (to the extent such amounts have not and will not be designated as Interest Proceeds to be credited to the Interest Account and including Eligible Investments therein but save for any interest accrued on Eligible Investments) is equal to or greater than the Reinvestment Target Par Balance;
- (E) in the case of a Substitute Collateral Obligation purchased with the Sale Proceeds of either a Credit Improved Obligation or a Discretionary Sale either:
  - (i) the Aggregate Principal Balance of all Collateral Obligations (for which purpose the Principal Balance of each Defaulted Obligation shall be multiplied by its Market Value) shall be maintained or improved after giving effect to such reinvestment when compared with the



Aggregate Principal Balance of all Collateral Obligations (for which purpose the Principal Balance of each Defaulted Obligation shall be multiplied by its Market Value) immediately prior to the sale that generates such Sale Proceeds; or

- (ii) the sum of: (A) the Aggregate Principal Balance of all Collateral Obligations (excluding all of the Collateral Obligations being sold but including, without duplication, the Collateral Obligations being purchased and the anticipated cash proceeds, if any, of such sale that are not applied to the purchase of such Substitute Collateral Obligations and provided, for such purpose the Principal Balance of each Defaulted Obligation shall be the lower of its Fitch Collateral Value and its S&P Collateral Value); and (B) amounts standing to the credit of the Principal Account (to the extent such amounts have not and will not be designated as Interest Proceeds to be credited to the Interest Account and including Eligible Investments therein but save for any interest accrued on Eligible Investments) is greater than the Reinvestment Target Par Balance;
- (F) in the case of a Substitute Collateral Obligation purchased with Unscheduled Principal Proceeds or Scheduled Principal Proceeds either:
  - (i) the Aggregate Principal Balance of all Collateral Obligations (for which purpose the Principal Balance of each Defaulted Obligation shall be multiplied by its Market Value) shall be maintained or improved after giving effect to such reinvestment when compared with the Aggregate Principal Balance of all Collateral Obligations (for which purpose the Principal Balance of each Defaulted Obligation shall be multiplied by its Market Value) immediately prior to the receipt of such Unscheduled Principal Proceeds or Scheduled Principal Proceeds, as applicable; or
  - (ii) the sum of: (A) the Aggregate Principal Balance of all Collateral Obligations (excluding all of the Collateral Obligations being sold but including, without duplication, the Collateral Obligations being purchased and the anticipated cash proceeds, if any, of such sale that are not applied to the purchase of such Substitute Collateral Obligations and provided, for such purpose the Principal Balance of each Defaulted Obligation shall be the lower of its Fitch Collateral Value and its S&P Collateral Value); and (B) amounts standing to the credit of the Principal Account and 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) is greater than the Reinvestment Target Par Balance;
- (G) either:
  - (i) each of the Portfolio Profile Tests and the Collateral Quality Tests will be satisfied; or
  - (ii) if any of the Portfolio Profile Tests or Collateral Quality Tests are not satisfied such tests will be maintained or improved after giving effect to such reinvestment as compared to immediately prior to, such sale, repayment or prepayment (in whole or in part) of the relevant Collateral Obligation; and
- (H) notwithstanding anything to the contrary, if the balance in the Principal Account after giving effect to (i) all expected debits and credits in connection with such purchase and all other sales and purchases (as applicable) previously or simultaneously committed to, and (ii) (without duplication of amounts in the preceding paragraph (i)) anticipated receipts of Principal Proceeds, is a negative amount, the absolute value of such amount may not be greater than 5.0 per cent. of the Aggregate Principal Balance as of the Measurement Date immediately preceding the trade date for such purchase; provided that any commitments in respect of purchases in the primary market shall not be included for the purposes of paragraph (i) above unless such commitments have been allocated to the Issuer (and for the avoidance of doubt, once allocated, the expected debits in respect of such commitments shall be included for the purposes of paragraph (i) above),

provided that, for the avoidance of doubt, with respect to any Collateral Obligations for which the trade date has occurred during the Reinvestment Period but which settle after such date, the purchase of such Collateral Obligations shall be treated as a purchase made during the Reinvestment Period for purposes of the Trust Deed.

*Following the Expiry of the Reinvestment Period*

Following the expiry of the Reinvestment Period, Sale Proceeds from the sale of Credit Risk Obligations and Credit Improved Obligations and Unscheduled Principal Proceeds (with the exception of principal proceeds received both before and after the Reinvestment Period in connection with the acceptance of an Offer where such Offer is by way of novation or substitution, where such principal proceeds will be reinvested automatically as consideration for the novated or substitute Collateral Obligation (subject to the Restructured Obligation Criteria being satisfied)), only, may be reinvested by the Collateral Manager (acting on behalf of the Issuer) in one or more Substitute Collateral Obligations satisfying the Eligibility Criteria, in each case provided that:

- (A) either (i) the Aggregate Principal Balance of Substitute Collateral Obligations equals or exceeds (1) the Aggregate Principal Balance of the related Collateral Obligations that produced such Unscheduled Principal Proceeds or Sales Proceeds or (2) the amount of such Sale Proceeds of such Credit Risk Obligation, as the case may be; or (ii) the sum of: (A) the Aggregate Principal Balance of all Collateral Obligations (excluding all of the Collateral Obligations being sold or which the Issuer has entered into a binding commitment to sell, but which have not yet settled but including, without duplication, the Collateral Obligations being purchased or which the Issuer has entered into a binding commitment to purchase, but which have not yet settled and the anticipated cash proceeds, if any, of such sale that are not applied to the purchase of such Substitute Collateral Obligations and provided, for such purpose the Principal Balance of each Defaulted Obligation shall be multiplied by its Market Value); and (B) amounts standing to the credit of the Principal Account and 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), is greater than the Reinvestment Target Par Balance;
- (B) the Weighted Average Life Test will be either (i) if the Weighted Average Life Test was not satisfied as of the last Business Day of the Reinvestment Period, satisfied after giving effect to such reinvestment or (ii) if the Weighted Average Life Test was satisfied as of the last Business Day of the Reinvestment Period, satisfied or, if not satisfied, maintained or improved immediately after giving effect to such reinvestment;
- (C) the Collateral Obligation Stated Maturity of each Substitute Collateral Obligation is the same as or earlier than the Collateral Obligation Stated Maturity of the Collateral Obligation that produced such Unscheduled Principal Proceeds or Sale Proceeds, as the case may be;
- (D) after giving effect to such reinvestment, not more than 7.5 per cent. of the Collateral Principal Amount shall consist of obligations which are Fitch CCC Obligations;
- (E) after giving effect to such reinvestment, not more than 7.5 per cent. of the Collateral Principal Amount shall consist of obligations which are S&P CCC Obligations;
- (F) a Restricted Trading Period is not currently in effect;
- (G) either: (i) each of the Portfolio Profile Tests and the Collateral Quality Tests (except the Weighted Average Life 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 maintained or improved after giving effect to such reinvestment as compared to immediately prior to such sale, repayment or prepayment (in whole or in part) of the relevant Collateral Obligation ;
- (H) each of the Coverage Tests are satisfied immediately before and after giving effect to such reinvestment;
- (I) to the Collateral Manager's knowledge (without the need for inquiry or investigation), no Note Event of Default has occurred that is continuing at the time of such purchase;
- (J) such Substitute Collateral Obligation (i) has the same or a higher S&P Rating as the Collateral Obligation that produced such Unscheduled Principal Proceeds or Sale Proceeds;
- (K) the Fitch Maximum Weighted Average Rating Factor Test is satisfied immediately after giving effect to such reinvestment; and

- (L) notwithstanding anything to the contrary, if the balance in the Principal Account after giving effect to (i) all expected debits and credits in connection with such purchase and all other sales and purchases (as applicable) previously or simultaneously committed to, and (ii) (without duplication of amounts in the preceding paragraph (i)) anticipated receipts of Principal Proceeds, is a negative amount, the absolute value of such amount may not be greater than 5.0 per cent. of the Aggregate Principal Balance as of the Measurement Date immediately preceding the trade date for such purchase; provided that any commitments in respect of purchases in the primary market shall not be included for the purposes of paragraph (i) above unless such commitments have been allocated to the Issuer (and for the avoidance of doubt, once allocated, the expected debits in respect of such commitments shall be included for the purposes of paragraph (i) above).

Following the expiry of the Reinvestment Period, the S&P CDO Monitor Test shall cease to apply. Following the expiry of the Reinvestment Period, any Unscheduled Principal Proceeds and any Sale Proceeds from the sale of Credit Risk Obligations and Credit Improved Obligations that have not been reinvested as provided above prior to the end of the Due Period in which such proceeds were received shall be paid into the Principal Account and disbursed in accordance with the Principal 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 Risk Obligations and Credit Improved Obligations are paid into the Principal Account and designated for reinvestment in Substitute Collateral Obligations, in which case such Principal Proceeds shall not be so disbursed in accordance with the Principal Priority of Payments for so long as they remain so designated for reinvestment but for no longer than the later of (A) the date falling 30 days following their receipt by the Issuer and (B) the last date 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 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 Payment.

#### *Unsaleable Assets*

Notwithstanding the other requirements set forth herein and in the Trust Deed, on any Business Day after the Reinvestment Period, the Collateral Manager, acting in a commercially reasonable manner, may conduct an auction on behalf of the Issuer of Unsaleable Assets in accordance with the procedures described in this paragraph provided that no such auction shall take place unless a redemption of the Notes in full in accordance with the Conditions is contemplated or scheduled to occur within three months of such auction. Promptly after receipt of written notice from the Collateral Manager of such auction, the Principal Paying Agent will provide notice (in such form as is prepared by the Collateral Manager) to the Noteholders of an auction, setting forth in reasonable detail a description of each Unsaleable Asset and the following auction procedures: (i) any Noteholder may submit a written bid within 10 Business Days after the date of such notice to purchase one or more Unsaleable Assets no later than the date specified in the auction notice (which will be at least 15 Business Days after the date of such notice); (ii) each bid must include an offer to purchase for a specified amount of cash on a proposed settlement date no later than 20 Business Days after the date of the auction notice; (iii) if no Noteholder submits such a bid within the time period specified under (i) above, unless the Collateral Manager determines that delivery in kind is not legally or commercially practicable and provides written notice thereof to the Principal Paying Agent, the Principal Paying Agent will provide notice thereof to each Noteholder and the Collateral Manager shall offer to deliver (at such Noteholder's expense) a *pro rata* portion (as determined by the Collateral Manager) of each unsold Unsaleable Asset to the Noteholders or beneficial owners of the most senior Class that provide delivery instructions to the Trustee on or before the date specified in such notice, subject to minimum denominations; provided that, to the extent that minimum denominations do not permit a *pro rata* distribution, the Collateral Administrator will distribute the Unsaleable Assets on a *pro rata* basis to the extent possible and the Collateral Manager will select by lottery the Noteholder or beneficial owner to whom the remaining amount will be delivered and deliver written notice thereof to the Collateral Administrator; provided, further, that the Collateral Administrator will use commercially reasonable efforts to effect delivery of such interests; and (iv) if no such Noteholder or beneficial owner provides delivery instructions to the Collateral Administrator, the Collateral Administrator will promptly notify the Collateral Manager and offer to deliver (at the cost of the Collateral Manager) the Unsaleable Asset to the Collateral Manager. If the Collateral Manager declines such offer, the Collateral Administrator will take such action as directed by the Collateral Manager (on behalf of the Issuer) in writing to dispose of the Unsaleable Asset, which may be by donation to a charity, abandonment or other means. For the avoidance of doubt, any sale or delivery or other transfer or disposal of an Unsaleable Asset in the circumstances contemplated in this paragraph shall not affect the Principal Amount Outstanding of any Notes.

### *Amendments to Collateral Obligation Stated Maturity of Collateral Obligations*

The Issuer (or the Collateral Manager on the Issuer's behalf) may vote in favour of a Maturity Amendment only if, after giving effect to such Maturity Amendment: (a) the Collateral Obligation Stated Maturity of the Collateral Obligation that is the subject of such Maturity Amendment is not later than the Maturity Date of the Rated Notes; and (b) the Weighted Average Life Test is satisfied, provided that in circumstances where a Maturity Amendment to extend the Collateral Obligation Stated Maturity will contravene the requirements of this paragraph, if the Issuer or the Collateral Manager has not voted in favour of any such Maturity Amendment, but it has or will become effective as part of a scheme of arrangement or otherwise, the Collateral Manager shall not be required to sell such Collateral Obligation or treat such Collateral Obligation as a Defaulted Obligation.

If the Issuer or the Collateral Manager (on behalf of the Issuer) has not voted in favour of a Maturity Amendment which would contravene the requirements of this paragraph but by way of scheme of arrangement or otherwise, the Collateral Obligation Stated Maturity has been extended, the Issuer or the Collateral Manager acting on its behalf may but shall not be required to sell such Collateral Obligation provided that in any event the Collateral Manager shall dispose of such Collateral 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 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 Obligations for which the trade date has already occurred but the settlement date has not yet occurred) to effect the settlement of such Collateral Obligations.

### *Reinvestment Overcollateralisation Test*

If, on any Determination Date after the Effective Date during the Reinvestment Period only, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (S) (inclusive) of the Interest Priority of Payments, the Reinvestment Overcollateralisation Test has not been satisfied, then on the related Payment Date, Interest Proceeds in an amount (such amount, the "**Required Diversion Amount**") equal to the lesser of (1) 50 per cent. of all remaining Interest Proceeds available for payment pursuant to paragraph (T) of the Interest Priority of Payments and (2) the amount which, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (S) (inclusive) of the Interest Priority of Payments would be sufficient to cause the Reinvestment Overcollateralisation Test to be satisfied shall be paid, at the discretion of the Collateral Manager (acting on behalf of the Issuer) (i) into the Principal Account as Principal Proceeds; or (ii) in redemption of the Notes in accordance with the Note Payment Sequence.

### *Designation for Reinvestment*

After the expiry of the Reinvestment Period, the Collateral Manager shall, one Business Day following each Determination Date, notify the Issuer and the Collateral Administrator in writing of all Principal Proceeds which the Collateral Manager determines in its discretion (acting on behalf of the Issuer, and subject to the terms of Collateral Management and Administration 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 Payment.

The Collateral Manager (acting on behalf of the Issuer) may direct that the proceeds of sale of any Collateral Obligation which represents accrued interest be designated as Interest Proceeds and paid into the Interest Account save for: (i) Purchased Accrued Interest; and (ii) 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 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 and Administration 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 Obligation, in each case, to the extent that such amounts represent accrued and/or capitalised interest in respect of such Collateral 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 Obligations on any day in the event that such Collateral 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 acting in a commercially reasonable manner, any proposed investment (whether a single Collateral Obligation or a group of Collateral 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 10 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 Obligations having an Aggregate Principal Balance that exceeds 5 per cent. of the Collateral Principal Amount (calculated for this purpose on the basis that the Principal Balance of each Defaulted Obligation shall be the lower of its S&P Collateral Value and its Fitch Collateral Value) as of the first day of the Trading Plan Period; (ii) no Trading Plan Period may include a Determination Date; (iii) no more than one Trading Plan may be in effect at any time during a Trading Plan Period; (iv) no Trading Plan may be entered into if: (a) any of the Collateral Obligations which form part of such Trading Plan have a Collateral Obligation Stated Maturity shorter than 6 months; and (b) the differential between the shortest and the longest maturities of the related Collateral Obligations forming part of such Trading Plan exceeds 3.5 years and (v) if the Reinvestment Criteria are satisfied prospectively after giving effect to a Trading Plan, but are not satisfied upon the completion of the related Trading Plan, Rating Agency Confirmation from Fitch is obtained with respect to the effectiveness of additional Trading Plans (it being understood that Rating Agency Confirmation from Fitch shall only be required once following any failure of a Trading Plan); provided that no Trading Plan may result in the averaging of the purchase price of a Collateral Obligation or Collateral Obligations purchased at separate times for purposes of determining whether any particular Collateral Obligation is a Discount Obligation.

#### *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 any Counterparty Downgrade Collateral Account, the Unfunded Revolver Reserve Account and the Payment Account). For the avoidance of doubt, Eligible Investments may be sold by the Issuer or the Collateral Manager (acting on behalf of the Issuer) at any time.

#### *Collateral Enhancement 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 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 only be paid out of the balance standing to the credit of the Supplemental Reserve Account at the relevant time and the proceeds from additional issuances of Subordinated Notes pursuant to Condition 17(b) (*Additional Issuances*) or by means of a Collateral Manager Advance. Pursuant to Condition 3(j)(vi) (*Supplemental Reserve Account*), such Balance shall be comprised of all sums deposited therein from time to time which will comprise amounts which the Collateral Manager acting on behalf of the Issuer determines shall be paid into the Supplemental Reserve Account pursuant to the Priorities of Payment.

Collateral Enhancement Obligations may be sold at any time and all Collateral Enhancement Obligation Proceeds received by the Issuer shall be deposited into the Principal Account for allocation in accordance with the Principal Priority of Payments.

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, Reinvestment Overcollateralisation Test or Collateral Quality Tests.

#### *Exercise of Warrants and Options*

The Collateral Manager acting on behalf of the Issuer may at any time exercise a warrant or option attached to a Collateral 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 and Administration Agreement requires that the Collateral Manager, on behalf of the Issuer, shall use reasonable endeavours to sell any Collateral Obligation, Exchanged Equity 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.

#### *Revolving Obligations and Delayed Drawdown Collateral Obligations*

The Collateral Manager acting on behalf of the Issuer may acquire Collateral Obligations which are Revolving Obligations or Delayed Drawdown Collateral Obligations from time to time.

Such Revolving Obligations and Delayed Drawdown Collateral Obligations may only be acquired if they are capable of being drawn in a single currency only (being Euro) and are not payable in or convertible into another currency.

Each Revolving Obligation and Delayed Drawdown Collateral 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 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 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 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 reimbursement or indemnification obligations owed by the Issuer to any other lender in connection with a Revolving Obligation or a Delayed Drawdown Collateral Obligation, as applicable and upon receipt of a Test Request (as defined in the Collateral Management and Administration Agreement) the Trustee shall be deemed to have released such amounts from the security granted thereover pursuant to the Trust Deed.

#### *Participations*

The Collateral Manager acting on behalf of the Issuer may from time to time acquire Collateral Obligations from Selling Institutions by way of Participation provided that at the time such Participation is taken:

- (A) the percentage of the Collateral Principal Amount that represents Participations entered into by the Issuer with a single Selling Institution will not exceed the 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 Collateral Principal Amount that represents Participations 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,

and, for the purpose of determining the foregoing, account shall be taken of each sub participation from which the Issuer, directly or indirectly, derives its interest in the relevant Collateral Obligation. Any guarantee in respect of the obligations of Selling Institutions must satisfy the then current S&P guarantee criteria (the "**S&P Guarantee Criteria**").

Each Participation entered into pursuant to a sub-participation agreement shall be substantially in the form of:

- (A) the LSTA Model Participation Agreement for par/near par trades (as published by the Loan Syndications and Trading Association Inc. from time to time);
- (B) the LMA Funded Participation (Par) (as published by the Loan Market Association from time to time); or
- (C) such other documentation provided such agreement contains limited recourse and non-petition language substantially the same as that set out in the Trust Deed.

#### *Assignments*

The Collateral Manager acting on behalf of the Issuer may from time to time acquire Collateral 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 Obligation (including, without limitation, with respect to the form of such Assignment and obtaining the consent of any person specified in the relevant loan documentation).

#### *Bivariate Risk Table*

The following is the bivariate risk table (the "**Bivariate Risk Table**") and as referred to in "*Portfolio Profile Tests and Collateral Quality Tests*" below and "*Participations*" above. For the purposes of the limits specified in the Bivariate Risk Table, the individual third party credit exposure limit shall be determined by reference to the Aggregate Principal Balance of all Participations (provided that for such purposes the Principal Balance of each Defaulted Obligation shall be multiplied by its Market Value) 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 S&P 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.

<b>Bivariate Risk Table</b>		
Rating of Selling Institution	Individual Third Party Credit Exposure Limit*	Aggregate Third Party Credit Exposure Limit*
<i>Fitch</i>		
AAA	5%	5%
AA+	5%	5%
AA	5%	5%
AA-	5%	5%
A+	5%	5%
A	5%	5%
A- or below	0%	0%
<i>S&amp;P</i>		

AAA	5%	5%
AA+	5%	5%
AA	5%	5%
AA-	5%	5%
A+	5%	5%
A	5%	5%
A- or below	0%	0%

\* As a percentage of the Collateral Principal Amount (provided that for such purposes the Principal Balance of each Defaulted Obligation shall be multiplied by its Market Value) 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 Obligations. The Collateral Administrator will calculate the Portfolio Profile Tests and the Collateral Quality Tests as of each Measurement Date (save as otherwise provided herein subject to the receipt of certain information and determinations to be made by the Collateral Manager).

Substitute Collateral Obligations in respect of which a binding commitment has been made to purchase such Substitute Collateral 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 Collateral Quality Tests and the Coverage Tests. Collateral Obligations in respect of which a binding commitment has been made to sell such Collateral Obligations, but such sale has not been settled, shall be deemed to have been sold for the purposes of the Portfolio Profile Tests, the Collateral Quality Tests and the Coverage Tests. See "*Management of the Portfolio – Reinvestment of Collateral 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 Obligation from being a Collateral 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 Collateral Principal Amount shall consist of obligations which are Secured Senior Obligations (which term, for the purposes of this paragraph (A), shall comprise the aggregate of the Aggregate Principal Balance of the Secured Senior Obligations and the Balances standing to the credit of the Principal Account and the Unused Proceeds Account including any Eligible Investments acquired with such Balances (excluding accrued interest thereon), in each case as at the relevant Measurement Date);
- (B) not less than 70.0 per cent. of the Collateral Principal Amount shall consist of obligations which are Secured Senior Loans;
- (C) not more than 10.0 per cent. of the Collateral Principal Amount shall consist of Unsecured Senior Obligations, Second Lien Loans, Mezzanine Obligations and High Yield Bonds;
- (D) in the case of Secured Senior Obligations, not more than 2.5 per cent. of the Collateral Principal Amount shall be the obligations of any one such Obligor, provided that the obligations of three such Obligors may each represent up to 3.0 per cent. of the Collateral Principal Amount;
- (E) in the case of Collateral Obligations which are not Secured Senior Obligations, not more than 1.5 per cent. of the Collateral Principal Amount shall be the obligations of any one such Obligor;



- (F) not more than 2.5 per cent. of the Collateral Principal Amount shall be the obligations of any one such Obligor, provided that the obligations of three such Obligors may each represent up to 3.0 per cent. of the Collateral Principal Amount;
- (G) not more than 30.0 per cent. of the Collateral Principal Amount shall consist of Non-Euro Obligations;
- (H) not more than 5.0 per cent. of the Collateral Principal Amount shall consist of Participations;
- (I) not more than 5.0 per cent. of the Collateral Principal Amount shall consist of Current Pay Obligations;
- (J) not more than 5.0 per cent. of the Collateral Principal Amount shall consist of obligations which are Revolving Obligations or Delayed Drawdown Collateral Obligations;
- (K) for so long as Fitch is rating the outstanding Rated Notes, not more than 7.5 per cent. of the Collateral Principal Amount shall consist of obligations which are Fitch CCC Obligations unless Rating Agency Confirmation from Fitch is obtained;
- (L) for so long as S&P is rating the outstanding Rated Notes, not more than 7.5 per cent. of the Collateral Principal Amount shall consist of obligations which are S&P CCC Obligations unless Rating Agency Confirmation from S&P is obtained;
- (M) not more than 3.0 per cent. of the Collateral Principal Amount shall consist of Bridge Loans;
- (N) not more than 5.0 per cent. of the Collateral Principal Amount shall consist of Corporate Rescue Loans, provided that not more than 2.0 per cent. of the Collateral Principal Amount shall be Corporate Rescue Loans of any one Obligor;
- (O) not more than 5.0 per cent. of the Collateral Principal Amount shall consist of obligations which are PIK Securities;
- (P) not more than 20.0 per cent. of the Collateral Principal Amount shall consist of obligations which are Discount Obligations;
- (Q) not more than 10 per cent. of the Collateral Principal Amount shall consist of obligations which are Fixed Rate Collateral Obligations or, in relation to a Fitch Test Matrix selected by the Collateral Manager where such Fitch Test Matrix applies a maximum percentage of the Collateral Principal Amount that can comprise Fixed Rate Collateral Obligations, such lower percentage calculated in accordance with the provisions set out in the section of this Prospectus entitled "*The Portfolio — Portfolio Profile Tests and Collateral Quality Tests — Fitch Tests Matrix*";
- (R) for so long as Fitch is rating the outstanding Rated Notes, not more than 40.0 per cent. of the Collateral Principal Amount shall be obligations comprising any three Fitch industry classifications and (i) not more than 17.5 per cent. of the Collateral Principal Amount shall be obligations comprising the largest single Fitch industry classification, (ii) not more than 15 per cent. of the Collateral Principal Amount shall be obligations comprising the second largest single Fitch industry classification, (iii) not more than 13 per cent. of the Collateral Principal Amount shall be obligations comprising the third largest single Fitch industry classification and (iv) not more than 10 per cent. of the Collateral Principal Amount shall be obligations comprising any of the remaining Fitch industry classifications, unless Rating Agency Confirmation from Fitch is obtained;
- (S) for so long as S&P is rating the outstanding Rated Notes, not more than 40.0 per cent. of the Collateral Principal Amount shall be obligations comprising any three S&P industry classifications and (i) not more than 17.5 per cent. of the Collateral Principal Amount shall be obligations comprising the largest single S&P industry classification, (ii) not more than 15 per cent. of the Collateral Principal Amount shall be obligations comprising the second largest single S&P industry classification, (iii) not more than 12 per cent. of the Collateral Principal Amount shall be obligations comprising the third largest single S&P industry classification and (iv) not more than 10 per cent. of the Collateral Principal Amount shall be obligations comprising any of the remaining S&P industry classifications, unless Rating Agency Confirmation from S&P is obtained;

- (T) for so long as Fitch is rating the outstanding Rated Notes, not more than 10.0 per cent. of the Collateral Principal Amount shall consist of Obligor who are Domiciled in countries or jurisdictions with a Fitch country risk ceiling below "AAA" by Fitch unless Rating Agency Confirmation from Fitch is obtained;
- (U) for so long as S&P is rating the outstanding Rated Notes, not more than (i) 20.0 per cent. of the Collateral Principal Amount shall consist of Obligor who are Domiciled in countries or jurisdictions with a currency ceiling below "A-" by S&P unless Rating Agency Confirmation from S&P is obtained;
- (V) the limits set forth in the Bivariate Risk Table determined by reference to the ratings of Selling Institutions shall be satisfied;
- (W) not more than 30.0 per cent. of the Collateral Principal Amount shall consist of Cov-Lite Loans;
- (X) not more than 5.0 per cent. of the Collateral Principal Amount shall consist of Collateral Obligations issued by Obligor each of which has total current indebtedness (comprised of all financial debt owing by the Obligor including the maximum available amount or total commitment under any revolving or delayed draw loans) under their respective loan agreements and other Underlying Instruments of not less than EUR 150,000,000 but not more than EUR 200,000,000 or the equivalent thereof at the Spot Rate at the time at which the Issuer entered into a binding commitment to purchase such Collateral Obligation;
- (Y) not more than 10.0 per cent. of the Collateral Principal Amount shall consist of obligations whose S&P Rating is derived from a Moody's rating;
- (Z) not more than 20.0 per cent. of the Collateral Principal Amount shall consist of obligations (i) of an Obligor which is a Portfolio Company or (ii) which were originated by a Portfolio Company;
- (AA) not more than 10.0 per cent. of the Collateral Principal Amount shall consist of obligations which are Fitch Credit Estimate Obligations; and
- (BB) not more than 10.0 per cent. of the Collateral Principal Amount shall consist of obligations which are S&P Credit Estimate Obligations.

**"Bridge Loan"** shall mean any Collateral 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 an S&P Rating and a Fitch Rating or, if the Bridge Loan is not rated by S&P and Fitch, Rating Agency Confirmation has been obtained.

**"Fitch Credit Estimate Obligation"** means any Collateral Obligation issued by an Obligor which has a total current indebtedness (comprised of all financial debt owing by the Obligor including the maximum available amount or total commitment under any revolving or delayed draw loans) under their respective loan agreements and other Underlying Instruments of less than EUR 250,000,000 for which the Fitch Rating is based on a confidential credit estimate rather than a public or private rating from Fitch.

**"S&P Credit Estimate Obligation"** means any Collateral Obligation for which the S&P Rating is based on a confidential credit estimate rather than a public or private rating from S&P.

**"Senior Secured Floating Rate Note"** means any obligation that (a) constitutes borrowed money, (b) is in the form of, or represented by, a bond, note (other than any note evidencing a loan), certificated debt security or other debt security, (c) is expressly stated to bear interest based upon an interbank offered rate for deposits in the relevant currency and in the relevant location or a relevant reference bank's published base rate or prime rate for obligations denominated in the relevant currency and in the relevant location, (d) does not constitute and is not secured by, Margin Stock, (e) if it is subordinated by its terms, is subordinated only to indebtedness for borrowed money, trade claims, capitalised leases or other similar obligations, or no other obligation of the Obligor has any higher priority security interest in such assets or stock, provided that a revolving loan of the Obligor that, pursuant to its terms, may require one or more future 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 and (f) is secured by a valid first priority perfected security interest or lien in, to or on specified collateral securing the obligor's obligations under such obligation.

For the purposes of this section "**Portfolio Company**" means any Person in respect of which funds managed by (a) the Collateral Manager or its Affiliates or (b) any replacement Collateral Manager or its Affiliates, directly or indirectly hold more than 50 per cent. of the voting capital or similar right of ownership

The percentage requirements applicable to different types of Collateral Obligations specified in the Portfolio Profile Tests shall be determined by reference to the Collateral Principal Amount of such type of Collateral Obligations, provided that for such purposes the Principal Balance of each Defaulted Obligation shall be multiplied by its Market Value. 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 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 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 S&P are Outstanding, the S&P CDO Monitor Test (until the expiry of the Reinvestment Period);
- (B) so long as any Notes rated by Fitch are Outstanding:
  - (i) the Fitch Maximum Weighted Average Rating Factor Test; and
  - (ii) the Fitch Minimum Weighted Average Recovery Rate Test; and
- (C) so long as any Rated Notes are Outstanding:
  - (i) the Minimum Weighted Average Spread Test; and
  - (ii) the Weighted Average Life Test,

each as defined in the Collateral Management and Administration Agreement.

### *S&P Test Matrices*

Subject to the provisions provided below, the Collateral Manager has the option to elect which weighted average recovery rate (a "**Recovery Rate Case**") and which applicable weighted average spread (the "**S&P Test Matrix Spread**") set forth below (each such Recovery Rate Case and S&P Test Matrix Spread together a "**S&P Test Matrix**" and each such S&P Test Matrix together the "**S&P Test Matrices**") will be applicable for purposes of the S&P CDO Monitor Test.

After the Issue Date, the Collateral Manager may request for S&P to provide S&P CDO input files ("**S&P CDO Input Files**") for up to 10,000 combinations of S&P Test Matrix Spreads and Recovery Rate Cases. On two Business Days' written notice to the Collateral Administrator (or such shorter time as may be acceptable to the Collateral Administrator), the Collateral Manager may choose a different Recovery Rate Case or a different S&P Test Matrix Spread (or both); *provided that* the Collateral Obligations must be in compliance with such different Recovery Rate Case and the S&P Test Matrix Spread, as applicable, and, solely for purposes of this proviso, if the Issuer has entered into a binding commitment to invest in a Collateral Obligation, compliance with the newly selected Recovery Rate Case and the S&P Test Matrix Spread, as applicable, may be determined after giving effect to such investment. Notwithstanding the foregoing, if the Collateral Obligations are not currently in compliance with the Recovery Rate Case and the S&P Test Matrix Spread then applicable and would not be in compliance with any other Recovery Rate Case or S&P Test Matrix Spread, as applicable, the Collateral Manager may select a different Recovery Rate Case or a different S&P Test Matrix Spread (or both), as applicable, that is not further out of compliance than the current Recovery Rate Case and the S&P Test Matrix Spread, as applicable.

In the event the Collateral Manager fails to choose (A) a Recovery Rate Case prior to the Effective Date, the following will apply: 37.0 per cent., or, if lower, the highest percentage consistent with the weighted average recovery rate of the Collateral Obligations as of the Effective Date, or (B) an S&P Test Matrix Spread prior to the Effective Date, an S&P Test Matrix Spread of 3.60 per cent., or if lower, the Weighted Average Spread as of the Effective Date, will apply.

- (A) The applicable weighted average spread will be the spread between 2.0 per cent. and 6.0 per cent. (in increments of 0.01 per cent).
- (B) The applicable weighted average recovery rate will be the recovery rate between 20 per cent. and 80 per cent. (in increments of 0.10 per cent.).

### **The S&P CDO Monitor Test**

The "**S&P CDO Monitor Test**" is a test that will be satisfied on any Measurement Date on or after the Effective Date and during the Reinvestment Period following receipt by the Issuer and the Collateral Administrator of the S&P CDO Monitor if, after giving effect to the purchase of a Collateral Obligation, (a) during any S&P CDO Model Election Period, the Class Default Differential of the Proposed Portfolio is positive and (b) during any S&P CDO Formula Election Period, the S&P CDO Monitor Adjusted BDR is equal to or greater than the S&P CDO SDR. The S&P CDO Monitor Test will be considered to be improved if the Class Default Differential of the Proposed Portfolio is at least equal to the corresponding Class Default Differential of the Current Portfolio. The S&P CDO Monitor Test shall only be applicable to the junior-most Class of Notes rated "AAA" by S&P as of the Issue Date.

"**S&P CDO Monitor Input File**" means the file provided to the Collateral Manager or the Collateral Administrator by S&P setting out any new S&P CDO Monitor BDR coefficients applicable after the Issue Date.

The "**Class Break-Even Default Rate**" is the maximum percentage of defaults, at any time, which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the S&P CDO Monitor chosen by the Collateral Manager in accordance with the definition of "S&P Test Matrix" that is applicable to the portfolio of Collateral Obligations, which, after giving effect to S&P's assumptions on recoveries, defaults and timing (consistent with an assumed S&P Rating of "AAA") and to the Priorities of Payment, will result in sufficient funds remaining for the payment of the Class A Notes in full. After the Effective Date S&P will provide the Collateral Manager with the Class Break-Even Default Rates for each S&P CDO Monitor based upon the Recovery Rate Case and S&P Test Matrix Spread to be associated with such S&P CDO Monitor as selected by the Collateral Manager (with a copy to the Collateral Administrator) as set out in the Collateral Management and Administration Agreement or any other Recovery Rate Case or S&P Test Matrix Spread selected by the Collateral Manager from time to time.

The "**Class Default Differential**" is, at any time, the rate calculated by subtracting the Class Scenario Default Rate at such time from the Class Break-Even Default Rate at such time.

The "**Class Scenario Default Rate**" is, at any time, an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with an assumed S&P Rating of "AAA", determined by application by the Collateral Manager of the S&P CDO Monitor at such time.

The "**Current Portfolio**" means, as of any date of determination, the portfolio of Collateral Obligations (included at their Principal Balance *provided that* in respect of Mezzanine Obligations, the Principal Balance shall exclude all accrued interest including any interest accrued following the date of acquisition thereof) and Eligible Investments existing prior to the sale, maturity or other disposition of a Collateral Obligation or a proposed reinvestment of Principal Proceeds in a Substitute Collateral Obligation, as the case may be.

The "**Proposed Portfolio**" means, as of any date of determination, the portfolio of Collateral Obligations (included at their Principal Balance *provided that* in respect of Mezzanine Obligations, the Principal Balance shall exclude all accrued interest including any interest accrued following the date of acquisition thereof) and Eligible Investments resulting from the sale, maturity or other disposition of a Collateral Obligation or a proposed reinvestment of Principal Proceeds in a Substitute Collateral Obligation, as the case may be.

"**S&P CDO Monitor Adjusted BDR**" means the value calculated based on the following formula (or such other published formula by S&P that the Collateral Manager provides to the Collateral Administrator):

$$\text{BDR} * (\text{A}/\text{B}) + (\text{B}-\text{A}) / (\text{B} * (1-\text{WARR}))$$

where

Term	Meaning
BDR .....	S&P CDO Monitor BDR
A .....	Target Par Amount
B .....	S&P Aggregate Collateral Balance
WARR .....	S&P Weighted Average Recovery Rate

"**S&P Aggregate Collateral Balance**" means as of any Determination Date:

- (a) the Aggregate Principal Balance of S&P CLO Specified Assets; plus
- (b) without duplication, amounts (including Eligible Investments) on deposit in the Principal Account representing Principal Proceeds; plus
- (c) in relation to Collateral Obligations other than S&P CLO Specified Assets, the S&P Collateral Value of such Collateral Obligations.

"**S&P CDO Monitor BDR**" means the value calculated based on the following formula (or such other published formula by S&P that the Collateral Manager provides to the Collateral Administrator):

$$\text{C0} + (\text{C1} * \text{WAS}) + (\text{C2} * \text{WARR}),$$

where

Term	Meaning
C0 .....	Transaction-specific coefficients based on cash flow analysis done by S&P and provided to the Collateral Manager
C1 .....	Transaction-specific coefficients based on cash flow analysis done by S&P and provided to the Collateral Manager
C2 .....	Transaction-specific coefficients based on cash flow analysis done by S&P and provided to the Collateral Manager
WAS .....	The sum of (a) the Weighted Average Spread and (b) the Weighted Average Coupon Adjustment Percentage
WARR .....	S&P Weighted Average Recovery Rate

As at the Issue Date, C0, C1 and C2 have the following values: C0 = 0.201260923027691; C1 = 3.849101631491010 and C2 = 1.046939869354560.

"**S&P CDO Formula Election Date**" means the date designated by the Collateral Manager upon prior written notice to S&P, the Trustee and the Collateral Administrator as the date on which the Issuer will begin to utilise the S&P CDO Monitor Adjusted BDR; *provided that* an S&P CDO Formula Election Date may only occur once.

"**S&P CDO Formula Election Period**" means (i) the period from the Effective Date until the occurrence of an S&P CDO Model Election Date and (ii) thereafter any date on and after an S&P CDO Formula Election Date so long as no S&P CDO Model Election Date has occurred since such S&P CDO Formula Election Date.

"**S&P CDO Model Election Date**" means the date designated by the Collateral Manager upon at least five Business Days' prior written notice to S&P, the Trustee and the Collateral Administrator as the date on which the Issuer will begin to utilise the S&P CDO Monitor; *provided that* an S&P CDO Model Election Date may only occur once.

"**S&P CDO Model Election Period**" means any date on and after an S&P CDO Model Election Date so long as no S&P CDO Formula Election Date has occurred since such S&P CDO Model Election Date.

"**S&P CDO Monitor**" means the model that is currently available at [www.sp.sfproducttools.com](http://www.sp.sfproducttools.com). The inputs to the S&P CDO Monitor shall be chosen by the Collateral Manager and include either (x) a weighted average recovery rate and a weighted average spread selected from the S&P Test Matrices or (y) a weighted average recovery rate and a weighted average spread confirmed in writing by S&P; *provided that* as of the date such inputs to the S&P CDO Monitor are selected, the S&P Weighted Average Recovery Rate equals or exceeds the S&P

Weighted Average Recovery Rate for such Class chosen by the Collateral Manager and the Weighted Average Spread equals or exceeds the Weighted Average Spread chosen by the Collateral Manager. In calculating the scenario default rate, the S&P CDO Monitor considers each Obligor's issuer credit rating, the number of Obligors in the portfolio, the Obligor and industry concentrations in the portfolio and the remaining weighted average maturity of the Collateral Obligations and calculates a cumulative default rate based on the statistical probability of distributions or defaults on the Collateral Obligations.

"**S&P CDO SDR**" means the value calculated based on the following formula (or such other published formula by S&P that the Collateral Manager provides to the Collateral Administrator):

$$0.247621 + (\text{SPWARF} / 9162.65) - (\text{DRD} / 16757.2) - (\text{ODM} / 7677.8) - (\text{IDM} / 2177.56) - (\text{RDM} / 34.0948) + (\text{WAL} / 27.3896)$$

where

Term	Meaning
SPWARF.....	S&P Weighted Average Rating Factor
DRD .....	S&P Default Rate Dispersion
ODM .....	S&P Obligor Diversity Measure
IDM.....	S&P Industry Diversity Measure
RDM .....	S&P Regional Diversity Measure
WAL .....	S&P Weighted Average Life

"**S&P CLO Specified Assets**" means Collateral Obligations with an S&P Rating equal to or higher than "CCC-".

"**S&P Default Rate Dispersion**" means the value calculated by multiplying the Principal Balance for each S&P CLO Specified Asset by the absolute value of the difference between the S&P Global Ratings Factor for such S&P CLO Specified Asset and the S&P Weighted Average Rating Factor, then summing the results for all S&P CLO Specified Assets, and dividing this amount by the Aggregate Principal Balance of the S&P CLO Specified Assets..

"**S&P Industry Classification Group**" means an industry classification set out in the table below or as otherwise modified, amended or replaced by S&P from time to time:

Asset Code	Asset Description	Asset Code	Asset Description
1020000	Energy Equipment and Services	6020000	Healthcare Equipment and Supplies
1030000	Oil, Gas and Consumable Fuels	6030000	Healthcare Providers and Services
1033403	Mortgage Real Estate Investment Trusts (REITs)	6110000	Biotechnology
2020000	Chemicals	6120000	Pharmaceuticals
2030000	Construction Materials	7011000	Banks
2040000	Containers and Packaging	7020000	Thriffs and Mortgage Finance
2050000	Metals and Mining	7110000	Diversified Financial Services
2060000	Paper and Forest Products	7120000	Consumer Finance
3020000	Aerospace and Defence	7130000	Capital Markets
3030000	Building Products	7210000	Insurance
3040000	Construction & Engineering	7310000	Real Estate Management and Development
3050000	Electrical Equipment	7311000	Equity REITs
3060000	Industrial Conglomerates	8030000	IT Services
3070000	Machinery	8040000	Software
3080000	Trading Companies and Distributors	8110000	Communications Equipment
3110000	Commercial Services and Supplies	8120000	Technology Hardware, Storage and Peripherals
3210000	Air Freight and Logistics	8130000	Electronic Equipment, Instruments and Components
3220000	Airlines		
3230000	Marine	8210000	Semiconductors and Semiconductor Equipment
3240000	Road and Rail	9020000	Diversified Telecommunication
3250000	Transportation Infrastructure	9030000	Wireless Telecommunication Services
4011000	Auto Components	9520000	Electric Utilities
4020000	Automobiles	9540000	Gas Utilities
4110000	Household Durables	9550000	Multi-Utilities
4120000	Leisure Products	9551701	Water Utilities
4130000	Textiles, Apparel and Luxury Goods	9551708	Diversified Consumer Services
4210000	Hotels, Restaurants and Leisure	9551727	Independent Power and Renewable Electricity
4300001	Entertainment	9551727	Life Sciences Tools & Services
4300002	Interactive Media and Services	9551729	Health Care Technology
4310000	Media	9612010	Professional Services
4410000	Distributors	1000-1099	Reserved
4420000	Internet and Catalogue Retail	PF1	Project finance: industrial equipment
4430000	Multiline Retail	PF2	Project finance: leisure and gaming

Asset Code	Asset Description	Asset Code	Asset Description
4440000	Specialty Retail	PF3	Project finance: natural resources and mining
5020000	Food and Staples Retailing	PF4	Project finance: oil and gas
5110000	Beverages	PF5	Project finance: power
5120000	Food Products	PF6	Project finance: public finance and real estate
5130000	Tobacco	PF7	Project finance: telecommunications
5210000	Household Products	PF8	Project finance: transport
5220000	Personal Products	PF1000-	Reserved
		PF1099	

**"S&P Industry Diversity Measure"** means the value calculated by the Collateral Manager by determining the Aggregate Principal Balance of the S&P CLO Specified Assets within each S&P Industry Classification Group, then dividing each of these amounts by the Aggregate Principal Balance of the S&P CLO Specified Assets from all the industries, squaring the result for each industry, then taking the reciprocal of the sum of these squares.

**"S&P Global Rating Factor"** means, in respect of any S&P CLO Specified Asset, the number set forth in the table below opposite the S&P Rating in respect of such S&P CLO Specified Asset.

S&P Rating	S&P Global Rating Factor
AAA	13.51
AA+	26.75
AA	46.36
AA-	63.90
A+	99.50
A	146.35
A-	199.83
BBB+	271.01
BBB	361.17
BBB-	540.42
BB+	784.92
BB	1233.63
BB-	1565.44
B+	1982.00
B	2859.50
B-	3610.11
CCC+	4641.40
CCC	5293.00
CCC-	5751.10
CC	10000.00
SD	10000.00
D	10000.00

**"S&P Obligor Diversity Measure"** means the value calculated by the Collateral Manager by determining the Aggregate Principal Balance of the S&P CLO Specified Assets from each obligor and its affiliates, then dividing each of these amounts by the Aggregate Principal Balance of S&P CLO Specified Assets from all the obligors in the portfolio, squaring the result for each obligor, then taking the reciprocal of the sum of these squares.

**"S&P Recovery Range"** means, with respect to a Collateral Obligation for which an S&P Recovery Rate is being determined, the upper or lower range assigned by S&P for a given S&P Recovery Rating based upon the tables set forth in Annex A (*S&P Recovery Rates*) hereto.

**"S&P Recovery Rating"** means, with respect to a Collateral Obligation for which an S&P Recovery Rate is being determined, the "Recovery Rating" assigned by S&P to such Collateral Obligation based upon the tables set forth in this Annex A (*S&P Recovery Rates*).

**"S&P Regional Diversity Measure"** means the value calculated by determining the Aggregate Principal Balance of the S&P CLO Specified Assets within each Standard & Poor's region categorisation (set out in the "*CDO Evaluator Country Codes, Regions and Recovery Groups*" table in Annex A (*S&P Recovery Rates*) hereto), or such other published table by S&P that the Collateral Manager provides to the Collateral Administrator, then dividing each of these amounts by the Aggregate Principal Balance of the S&P CLO Specified Assets from all regions in the portfolio, squaring the result for each region, then taking the reciprocal of the sum of these squares.

**"S&P Weighted Average Life"** means the value calculated by determining the number of years between the current date and the maturity date of each S&P CLO Specified Asset, then multiplying each S&P CLO Specified Asset's Principal Balance by its number of years, summing the results of all S&P CLO Specified Assets, and dividing this amount by the Aggregate Principal Balance of all S&P CLO Specified Assets.

**"S&P Weighted Average Rating Factor"** means the value calculated by multiplying the Principal Balance for each S&P CLO Specified Asset by its S&P Global Ratings Factor, then summing the results of all S&P CLO Specified Assets, and then dividing this result by the Aggregate Principal Balance of the S&P CLO Specified Assets.

**"S&P Weighted Average 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 (excluding Purchased Accrued Interest) of each Collateral Obligation, by its S&P Recovery Rate, dividing such sum by the Aggregate Principal Balance of all Collateral Obligations, and rounding up to the nearest 0.1 per cent. For purposes of this rate, the Principal Balance of any Defaulted Obligation shall be deemed to be zero.

#### *Fitch Tests Matrix*

Subject to the provisions provided below, the Collateral Manager will have the option to elect which of the cases set out in the matrices set out below (the **"Fitch Test Matrices"** and each a **"Fitch Tests Matrix"**) shall be applicable for purposes of the Fitch Maximum Weighted Average Rating Factor Test, the Fitch Minimum Weighted Average Recovery Rate Test and the Fitch Minimum Weighted Average Spread Test. The Collateral Manager will have the option to use linear interpolation within and between the Fitch Test Matrices to the extent required. For any given case:

- (A) the percentage of the Collateral Principal Amount consisting of Fixed Rate Collateral Obligations as of the relevant Measurement Date is less than or equal to the maximum percentage of Fixed Rate Collateral Obligations specified in the relevant Fitch Test Matrix (or linear interpolation between Fitch Test Matrices, as applicable);
- (B) 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 the applicable Fitch Tests Matrix selected by the Collateral Manager;
- (C) the applicable row for performing the Fitch Minimum Weighted Average Spread Test (and the Reference Weighted Average Fixed Coupon, as applicable) will be the row (or linear interpolation between two adjacent rows, as applicable) in the applicable Fitch Tests Matrix selected by the Collateral Manager; and
- (D) the applicable column and row for performing the Fitch Minimum Weighted Average Recovery Rate Test will be the column and row (or linear interpolation between two adjacent rows and/or two adjacent columns, as applicable) in the applicable Fitch Tests Matrix selected by the Collateral Manager in relation to paragraph (B) and (C) above.

At any time with notice to the Issuer, the Collateral Administrator and Fitch, the Collateral Manager may elect to have a different case apply, provided that the Fitch Maximum Weighted Average Rating Factor Test, the Fitch Minimum Weighted Average Recovery Rate Test, the Fitch Minimum Weighted Average Spread Test and the concentration limits applicable to the largest ten Obligor by Principal Balance applicable to the case to which the Collateral Manager desires to change are satisfied or, in the case of any such tests or concentration limits 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.

If on any Measurement Date, the percentage of the Collateral Principal Amount which consists of Fixed Rate Collateral Obligations (after giving effect to any binding commitment entered into on such Measurement Date for the Issuer to purchase and/or sell Collateral Obligations) does not satisfy paragraph (A) above, then the Issuer (or the Collateral Manager on its behalf) may not enter into any binding commitments to purchase and/or sell any Collateral Obligations unless either (i) the percentage of the Collateral Principal Amount which consists of Fixed Rate Collateral Obligations shall be maintained or reduced when compared to such percentage immediately prior to such purchase or sale, or (ii) the Collateral Manager elects to have a different case apply (or linear interpolation between Fitch Test Matrices, as applicable) and in respect of which paragraph (A) above is satisfied.



Solely for the purposes of determining satisfaction of the Reinvestment Criteria (both during and following the expiry of the Reinvestment Period), the concentration limit for the largest ten Obligors by Principal Balance applicable to the case set out in the Fitch Tests Matrix selected by the Collateral Manager in accordance with the foregoing paragraphs, shall be deemed to be a "Collateral Quality Test" for so long as such case remains the case selected by the Collateral Manager.

## Fitch Tests Matrices

### Fitch Test Matrix 1

17% concentration limit for top 10 obligors / 0% concentration limit for Fixed Rate Collateral Obligations											
Weighted Average Spread	Fitch Weighted Average Rating Factor										
	30	31	32	33	34	35	36	37	38	39	40
2.20%	75.10%	76.10%	76.90%	77.80%	78.60%	79.40%	80.00%	80.60%	81.20%	81.70%	82.20%
2.40%	71.40%	72.60%	73.80%	74.90%	75.80%	76.60%	77.40%	78.20%	78.90%	79.50%	80.10%
2.60%	67.80%	69.00%	70.30%	71.50%	72.70%	73.70%	74.70%	75.60%	76.40%	77.20%	77.90%
2.80%	64.40%	65.80%	67.10%	68.30%	69.50%	70.60%	71.70%	72.80%	73.80%	74.80%	75.60%
3.00%	61.50%	62.70%	64.10%	65.40%	66.60%	67.80%	68.90%	70.00%	71.10%	72.10%	73.10%
3.20%	59.10%	60.60%	61.70%	63.00%	64.20%	65.50%	66.60%	67.80%	68.80%	69.80%	70.80%
3.40%	57.30%	58.70%	60.00%	61.10%	62.30%	63.50%	64.70%	65.80%	66.90%	67.90%	68.90%
3.60%	55.90%	57.30%	58.60%	59.90%	61.00%	62.10%	63.10%	64.10%	65.20%	66.30%	67.40%
3.80%	54.40%	55.90%	57.30%	58.60%	59.90%	61.00%	62.00%	63.10%	64.00%	65.00%	66.10%
4.00%	52.50%	54.20%	55.80%	57.20%	58.60%	59.80%	60.90%	62.00%	63.00%	63.90%	64.90%
4.20%	50.60%	52.40%	54.00%	55.60%	57.00%	58.30%	59.60%	60.80%	61.90%	62.90%	63.90%
4.40%	48.90%	50.50%	52.20%	53.90%	55.40%	56.80%	58.20%	59.40%	60.60%	61.70%	62.70%
4.60%	47.30%	48.90%	50.50%	52.20%	53.80%	55.30%	56.70%	58.00%	59.20%	60.40%	61.50%
4.80%	45.70%	47.40%	48.90%	50.50%	52.10%	53.70%	55.20%	56.60%	57.90%	59.10%	60.30%
5.00%	44.20%	45.80%	47.40%	49.00%	50.50%	52.10%	53.70%	55.20%	56.50%	57.80%	59.00%

### Fitch Test Matrix 2

17% concentration limit for top 10 obligors / 10% concentration limit for Fixed Rate Collateral Obligations											
Weighted Average Spread	Fitch Weighted Average Rating Factor										
	30	31	32	33	34	35	36	37	38	39	40
2.20%	75.10%	76.10%	76.90%	77.80%	78.60%	79.40%	80.00%	80.60%	81.20%	81.70%	82.20%
2.40%	71.40%	72.60%	73.80%	74.90%	75.80%	76.60%	77.40%	78.20%	78.90%	79.50%	80.10%
2.60%	67.80%	69.00%	70.30%	71.50%	72.70%	73.70%	74.70%	75.60%	76.40%	77.20%	77.90%
2.80%	64.40%	65.80%	67.10%	68.30%	69.50%	70.60%	71.70%	72.80%	73.80%	74.80%	75.60%
3.00%	61.50%	62.70%	64.10%	65.40%	66.60%	67.80%	68.90%	70.00%	71.10%	72.10%	73.10%
3.20%	59.10%	60.60%	61.70%	63.00%	64.20%	65.50%	66.60%	67.80%	68.80%	69.80%	70.80%
3.40%	57.30%	58.70%	60.00%	61.10%	62.30%	63.50%	64.70%	65.80%	66.90%	67.90%	68.90%
3.60%	55.90%	57.30%	58.60%	59.90%	61.00%	62.10%	63.10%	64.10%	65.20%	66.30%	67.40%
3.80%	54.40%	55.90%	57.30%	58.60%	59.90%	61.00%	62.00%	63.10%	64.00%	65.00%	66.10%
4.00%	52.50%	54.20%	55.80%	57.20%	58.60%	59.80%	60.90%	62.00%	63.00%	63.90%	64.90%
4.20%	50.60%	52.40%	54.00%	55.60%	57.00%	58.30%	59.60%	60.80%	61.90%	62.90%	63.90%
4.40%	48.90%	50.50%	52.20%	53.90%	55.40%	56.80%	58.20%	59.40%	60.60%	61.70%	62.70%
4.60%	47.30%	48.90%	50.50%	52.20%	53.80%	55.30%	56.70%	58.00%	59.20%	60.40%	61.50%
4.80%	45.70%	47.40%	48.90%	50.50%	52.10%	53.70%	55.20%	56.60%	57.90%	59.10%	60.30%
5.00%	44.20%	45.80%	47.40%	49.00%	50.50%	52.10%	53.70%	55.20%	56.50%	57.80%	59.00%

### Fitch Test Matrix 3

26.5% concentration limit for top 10 obligors / 0% concentration limit for Fixed Rate Collateral Obligations											
Weighted Average Spread	Fitch Weighted Average Rating Factor										
	30	31	32	33	34	35	36	37	38	39	40
2.20%	75.60%	76.50%	77.40%	78.20%	79.00%	79.70%	80.30%	80.90%	81.40%	81.90%	83.50%
2.40%	72.00%	73.20%	74.30%	75.30%	76.20%	77.00%	77.80%	78.50%	79.20%	79.80%	80.40%
2.60%	68.40%	69.70%	70.90%	72.10%	73.20%	74.20%	75.20%	76.00%	76.80%	77.50%	78.20%
2.80%	65.10%	66.40%	67.70%	68.90%	70.00%	71.20%	72.30%	73.30%	74.30%	75.20%	76.00%
3.00%	62.10%	63.40%	64.70%	66.00%	67.20%	68.40%	69.50%	70.50%	71.60%	72.60%	73.50%
3.20%	59.90%	61.20%	62.30%	63.60%	64.90%	66.10%	67.20%	68.30%	69.30%	70.30%	71.30%
3.40%	58.40%	59.70%	60.90%	62.00%	63.10%	64.20%	65.30%	66.40%	67.40%	68.50%	69.40%
3.60%	57.00%	58.40%	59.70%	60.80%	61.90%	63.00%	64.10%	65.20%	66.30%	67.40%	68.40%
3.80%	55.60%	57.00%	58.30%	59.60%	60.80%	61.80%	62.90%	63.90%	65.00%	66.10%	67.20%
4.00%	53.90%	55.50%	56.90%	58.30%	59.60%	60.70%	61.80%	62.80%	63.80%	64.90%	66.00%
4.20%	52.00%	53.70%	55.30%	56.70%	58.10%	59.40%	60.60%	61.70%	62.70%	63.70%	64.70%
4.40%	50.20%	51.90%	53.60%	55.10%	56.60%	57.90%	59.20%	60.40%	61.50%	62.50%	63.60%
4.60%	48.60%	50.10%	51.80%	53.50%	55.00%	56.40%	57.70%	59.00%	60.20%	61.30%	62.40%
4.80%	47.00%	48.60%	50.10%	51.80%	53.40%	54.90%	56.30%	57.60%	58.90%	60.20%	61.30%
5.00%	45.50%	47.10%	48.70%	50.10%	51.80%	53.40%	54.90%	56.30%	57.70%	59.00%	60.30%

### Fitch Test Matrix 4

26.5% concentration limit for top 10 obligors / 10% concentration limit for Fixed Rate Collateral Obligations											
Weighted Average Spread	Fitch Weighted Average Rating Factor										
	30	31	32	33	34	35	36	37	38	39	40
2.20%	75.60%	76.50%	77.40%	78.20%	79.00%	79.70%	80.30%	80.90%	81.40%	81.90%	83.50%
2.40%	72.00%	73.20%	74.30%	75.30%	76.20%	77.00%	77.80%	78.50%	79.20%	79.80%	80.40%
2.60%	68.40%	69.70%	70.90%	72.10%	73.20%	74.20%	75.20%	76.00%	76.80%	77.50%	78.20%
2.80%	65.10%	66.40%	67.70%	68.90%	70.00%	71.20%	72.30%	73.30%	74.30%	75.20%	76.00%
3.00%	62.10%	63.40%	64.70%	66.00%	67.20%	68.40%	69.50%	70.50%	71.60%	72.60%	73.50%
3.20%	59.90%	61.20%	62.30%	63.60%	64.90%	66.10%	67.20%	68.30%	69.30%	70.30%	71.30%
3.40%	58.40%	59.70%	60.90%	62.00%	63.10%	64.20%	65.30%	66.40%	67.40%	68.50%	69.40%
3.60%	57.00%	58.40%	59.70%	60.80%	61.90%	63.00%	64.10%	65.20%	66.30%	67.40%	68.40%
3.80%	55.60%	57.00%	58.30%	59.60%	60.80%	61.80%	62.90%	63.90%	65.00%	66.10%	67.20%
4.00%	53.90%	55.50%	56.90%	58.30%	59.60%	60.70%	61.80%	62.80%	63.80%	64.90%	66.00%
4.20%	52.00%	53.70%	55.30%	56.70%	58.10%	59.40%	60.60%	61.70%	62.70%	63.70%	64.70%
4.40%	50.20%	51.90%	53.60%	55.10%	56.60%	57.90%	59.20%	60.40%	61.50%	62.50%	63.60%
4.60%	48.60%	50.10%	51.80%	53.50%	55.00%	56.40%	57.70%	59.00%	60.20%	61.30%	62.40%
4.80%	47.00%	48.60%	50.10%	51.80%	53.40%	54.90%	56.30%	57.60%	58.90%	60.20%	61.30%
5.00%	45.50%	47.10%	48.70%	50.10%	51.80%	53.40%	54.90%	56.30%	57.70%	59.00%	60.30%

#### *The Fitch Maximum Weighted Average Rating Factor Test*

"Fitch Maximum Weighted Average Rating Factor Test" means that test that will be satisfied, on any Measurement Date, if the Fitch Weighted Average Rating Factor as at such date is less than or equal to the applicable level in the Fitch Tests Matrix.

"Fitch Weighted Average Rating Factor" is the number determined by summing the products obtained by multiplying the Principal Balance of each Collateral Obligation by its Fitch Rating Factor, dividing such sum by the Aggregate Principal Balance of all such Collateral Obligations and rounding the result down to the nearest two decimal places. For the purposes of determining the Principal Balance and the Aggregate Principal Balance of all Collateral Obligations in this definition, the Principal Balance of each Defaulted Obligation shall be excluded.

"Fitch Rating Factor" means, in respect of any Collateral Obligation, the number set out in the table below opposite the Fitch Rating in respect of such Collateral 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.

Fitch Rating	Fitch Rating Factor
AAA	0.19
AA+	0.35

<u>Fitch Rating</u>	<u>Fitch Rating Factor</u>
AA	0.64
AA-	0.86
A+	1.17
A	1.58
A-	2.25
BBB+	3.19
BBB	4.54
BBB-	7.13
BB+	12.19
BB	17.43
BB-	22.80
B+	27.80
B	32.18
B-	40.60
CCC+	62.80
CCC	62.80
CCC-	62.80
CC	100.00
C	100.00
D	100.00

*The Fitch Minimum Weighted Average Recovery Rate Test*

"**Fitch Minimum Weighted Average Recovery Rate Test**" means the test that will be satisfied in respect of the Notes on any Measurement Date, if the Fitch Weighted Average Recovery Rate is greater than or equal to the applicable level in the Fitch Tests Matrix.

"**Fitch Weighted Average Recovery Rate**" means, as of any Measurement Date, the rate (expressed as a percentage) determined by summing the products obtained by multiplying the Principal Balance of each Collateral Obligation by the Fitch Recovery Rate in relation thereto and dividing such sum by the Aggregate Principal Balance of all Collateral Obligations and rounding up to the nearest 0.1 per cent. For the purposes of determining the Principal Balance and the Aggregate Principal Balance of all Collateral Obligations in this definition, the Principal Balance of each Defaulted Obligation shall be excluded.

"**Fitch Recovery Rate**" means, with respect to a Collateral Obligation, the recovery rate determined in accordance with paragraphs (a) and (b) below or (in any case) such other recovery rate as Fitch may notify the Collateral Manager from time to time:

- (a) if such Collateral 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 an obligation's specific recovery rate (expressed as a percentage) is provided by Fitch in which case such recovery rate is used):

<u>Fitch recovery rating</u>	<u>Fitch recovery rate (%)</u>
RR1	95
RR2	80
RR3	60
RR4	40
RR5	20
RR6	5

- (b) if such Collateral Obligation (i) has no public Fitch recovery rating and (ii) neither a recovery rating nor an obligation's specific recovery rate is assigned by Fitch in the context of provision by Fitch of a credit opinion to the Collateral Manager, the recovery rate determined in accordance with the table below, where the Collateral Obligation shall be categorised as "**Strong Recovery**" if it is a Secured Senior Loan, "**RR3**" with a corresponding recovery rate as determined by the table above in limb (a) if it is a Secured Senior Bond, "**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 1</b>	<b>Group 2</b>	<b>Group 3</b>
Strong Recovery	80	70	35
Moderate Recovery	45	45	25
Weak Recovery	20	20	5

The country group of a Collateral Obligation shall be determined, by reference to the country where it is Domiciled, in accordance with the below:

**Group 1:** Australia, Bermuda, Canada, Cayman Islands, New Zealand, Puerto Rico, United States.

**Group 2:** Austria, Barbados, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Hong Kong, Iceland, Ireland, Israel, Italy, Japan, Jersey, Latvia, Liechtenstein, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Singapore, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Taiwan, United Kingdom.

**Group 3:** Albania, Argentina, Asia Others, Bahamas, Bosnia and Herzegovina, Brazil, Bulgaria, Chile, China, Colombia, Costa Rica, Croatia, Cyprus, Dominican Republic, Eastern Europe Others, Ecuador, Egypt, El Salvador, Greece, Guatemala, Hungary, India, Indonesia, Iran, Jamaica, Kazakhstan, Liberia, Macedonia, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Middle East and North Africa Others, Moldova, Morocco, Other Central America, Other South America, Other Sub Saharan Africa, Pakistan, Panama, Peru, Philippines, Qatar, Romania, Russia, Saudi Arabia, Serbia and Montenegro, South Africa, Thailand, Tunisia, Turkey, Ukraine, Uruguay, Venezuela, Vietnam.

#### *Weighted Average Life Test*

The "**Weighted Average Life Test**" will be satisfied on any Measurement Date if the Weighted Average Life as of such date is less than or equal to the number of years, equal to the greater of: (a) zero; and (b) the number of years (rounded up to the nearest one-hundredth thereof) during the period from and including such Measurement Date to and including 20 May 2026.

"**Average Life**" is, on any Measurement Date with respect to any Collateral 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 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 Obligation.

"**Weighted Average Life**" is, as of any Measurement Date with respect to all Collateral Obligations other than Defaulted Obligations and Deferring Securities, the number of years (rounded down to the nearest one-hundredth thereof) following such date obtained by summing the products obtained by multiplying (a) the Average Life at such time of each such Collateral Obligation by (b) the Principal Balance of such Collateral Obligation and dividing such sum by the Aggregate Principal Balance at such time of all Collateral Obligations other than Defaulted Obligations and Deferring Securities.

#### *The Minimum Weighted Average Spread Tests*

The "**Minimum Weighted Average Spread Test**" will be satisfied if, as at any Measurement Date from (and including) the Effective Date, the Weighted Average Spread as at such Measurement Date plus the Weighted Average Coupon Adjustment Percentage as at such Measurement Date equals or exceeds the Minimum Weighted Average Spread as at such Measurement Date.

The "**Minimum Weighted Average Spread**", as of any Measurement Date, means the weighted average spread (expressed as a percentage) applicable to the current Fitch Test Matrix selected by the Collateral Manager (or interpolating between the two rows containing the closest values and/or two adjacent columns (as applicable)).

The "**Weighted Average Spread**", as of any Measurement Date, is the number obtained by dividing:

- (a) the amount equal to (i) the Aggregate Funded Spread plus (ii) the Aggregate Unfunded Spread plus (iii) the Aggregate Excess Funded Spread (except for the purpose of the S&P CDO Monitor Test); by

- (b) an amount equal to the Aggregate Principal Balance of all Floating Rate Collateral Obligations as of such Measurement Date, excluding Defaulted Obligations,

in each case for the purposes of calculating the Weighted Average Spread:

- (a) the spread of any Collateral Obligation shall exclude:
  - (i) any amount which the Issuer or the Collateral Manager has actual knowledge that payment of interest on such Collateral Obligation which is due and payable will not be paid by the Obligor thereof; and
  - (ii) any interest that will be withheld because of tax reasons and which is neither grossed up nor recoverable under any applicable double tax treaty; and
- (b) a Fixed Rate Collateral Obligation which is subject to an Interest Rate Hedge Transaction which swaps the fixed rate on such Collateral Obligation for a floating rate shall be treated as a Floating Rate Collateral 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
- (c) a Floating Rate Collateral 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 disregarded.

The Weighted Average Spread shall be expressed as a percentage and shall be rounded up to the next 0.01 per cent.

The "**Aggregate Funded Spread**" is, as of any Measurement Date, the sum of:

- (a) in the case of each Floating Rate Collateral Obligation (including, for any Mezzanine Obligation, only the required current cash pay interest required by the Underlying Instruments thereon, and excluding Non-Euro Obligations, Defaulted Obligations, Deferring Securities and the unfunded portion of any Delayed Drawdown Collateral Obligation and Revolving Obligation) that bears interest at a spread over EURIBOR, (i) the stated interest rate spread on such Collateral Obligation above EURIBOR multiplied by (ii) the Principal Balance of such Collateral Obligation (excluding the unfunded portion of any Delayed Drawdown Collateral Obligation or Revolving Obligation),
- (b) in the case of each Floating Rate Collateral Obligation (including, for any Mezzanine Obligation, only the required current cash pay interest required by the Underlying Instruments thereon, and excluding Non-Euro Obligations, Defaulted Obligations, Deferring Securities and the unfunded portion of any Delayed Drawdown Collateral Obligation and Revolving Obligation) that bears interest at a spread over an index other than EURIBOR-based index, (A) the excess of the sum of such spread and such index over EURIBOR with respect to the Rated Notes as of the immediately preceding Interest Determination Date (which spread or excess may be expressed as a negative percentage) multiplied by (B) the Principal Balance of each such Collateral Obligation (excluding the unfunded portion of any Delayed Drawdown Collateral Obligation or Revolving Obligation);
- (c) in the case of each Floating Rate Collateral Obligation which is a Non-Euro Obligation (including, for any Mezzanine Obligation, only the required current cash pay interest required by the Underlying Instruments thereon, and excluding Defaulted Obligations, Deferring Securities and the unfunded portion of any Delayed Drawdown Collateral Obligation and Revolving Obligation) and subject to a Currency Hedge Transaction, (i) the stated interest rate spread over EURIBOR payable by the applicable Currency Hedge Counterparty to the Issuer under the related Currency Hedge Transaction multiplied by (ii) the Principal Balance of such Non-Euro Obligation; and
- (d) in the case of each Floating Rate Collateral Obligation which is a Non-Euro Obligation (including, for any Mezzanine Obligation, only the required current cash pay interest required by the Underlying Instruments thereon, and excluding Defaulted Obligations, Deferring Securities and the unfunded portion of any Delayed Drawdown Collateral Obligation and Revolving Obligation) and which is not subject to a Currency Hedge Transaction, the difference between (i) the interest amount payable by the relevant obligor converted to Euro at the applicable Spot Rate, and (ii) the product of (x) EURIBOR multiplied by (y) the Principal Balance of such Non-Euro Obligation,

*provided that* for such purpose:

- (i) a Fixed Rate Collateral Obligation which is subject to an Interest Rate Hedge Transaction which swaps the fixed rate on such Collateral Obligation for a floating rate shall be treated as a Floating Rate Collateral 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
- (ii) a Floating Rate Collateral 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 disregarded.

If a Collateral Obligation is subject to a benchmark floor, the margin shall include, if positive: (x) the EURIBOR (or such other floating rate of interest) floor value *minus* (y) the greater of (i) if the relevant interest period of such Floating Rate Collateral Obligation is the same length as the applicable interest period of the Rated Notes, EURIBOR as if calculated in accordance with Condition 6(e)(i) (*Floating Rate of Interest*) on such Interest Determination Date, or, if the relevant interest period of the Floating Rate Collateral Obligation is not the same length as the applicable interest period of the Rated Notes, EURIBOR as if calculated in accordance with Condition 6(e)(i) (*Floating Rate of Interest*) on such Interest Determination Date had the interest period of the Rated Notes been the same as the relevant interest period of such Floating Rate Collateral Obligation, and (ii) zero, (provided that to the extent the floor is in respect of a Non-Euro Obligation and the floor is not included in the payments made to the Hedge Counterparty by the Issuer, for the purposes of paragraph (c) above, the additional interest amount in respect of such additional margin shall be determined by applying the Spot Rate (multiplied by the Haircut Percentage) under paragraph (c)(ii) and not the applicable Currency Hedge Transaction Exchange Rate).

Further, the margin shall be deemed to be (x) in respect of a Step-Down Coupon Security, the lowest margin that is permissible pursuant to and in accordance with the Underlying Instruments relating thereto; and (y) in respect of a Step-Up Coupon Security, the margin applicable as at the relevant Measurement Date.

The "**Aggregate Unfunded Spread**" is, as of any Measurement Date, the sum of the products obtained by multiplying (i) for each Delayed Drawdown Collateral Obligation and Revolving Obligation (other than Defaulted Obligations and Deferring Securities), the current per annum rate payable by way of such commitment fee (net of any amounts expected to be withheld at source or otherwise deducted in respect of taxes and not grossed-up or eliminated in full under an applicable double tax treaty) then in effect as of such date and (ii) the undrawn commitments of each such Delayed Drawdown Collateral 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) the 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 Obligations (excluding (x) for any Deferring Security, any interest that has been deferred and capitalised thereon and (y) for the avoidance of doubt, the principal balance of any Defaulted 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; provided that the Principal Balance of (i) any Non-Euro Obligation subject to a Currency Hedge Transaction shall be an amount equal to the Euro equivalent of the outstanding principal amount of the reference Non-Euro Obligation, converted into Euro at the Currency Hedge Transaction Exchange Rate and (ii) any Non-Euro Obligation which is not subject to a Currency Hedge Transaction shall be an amount equal to the Principal Balance of the reference Non-Euro Obligation, converted into Euro at the applicable Spot Rate.

The "**Weighted Average Coupon Adjustment Percentage**" means a percentage (rounded up to the nearest 0.01 per cent.) equal as of any Measurement Date to a number obtained by multiplying (a) the result of the Weighted Average Fixed Coupon minus the Reference Weighted Average Fixed Coupon by (b) the number obtained by dividing the Aggregate Principal Balance of all Fixed Rate Collateral Obligations by the Aggregate Principal Balance of all Floating Rate Collateral Obligations, in each case excluding Defaulted Obligations and Deferring Securities, and which product may, for the avoidance of doubt, be negative. The Weighted Average Coupon Adjustment Percentage shall be expressed as a percentage and shall be rounded up to the next 0.01 per cent.

The "**Reference Weighted Average Fixed Coupon**" means (i) if any of the Collateral Obligations are Fixed Rate Collateral Obligations, 5.0 per cent., or otherwise zero per cent.

The "**Weighted Average Fixed Coupon**", as of any Measurement Date, is the number expressed as a percentage 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 Obligations as of such Measurement Date, excluding Defaulted Obligations,

in each case excluding, for any Mezzanine Obligation, any interest that has been deferred and capitalised thereon (other than any such interest capitalised pursuant to the terms thereof which is paid for on the date of acquisition of such Mezzanine Obligation) and excluding Defaulted Obligations, Deferring Securities and the unfunded portion of any Delayed Drawdown Collateral Obligations and Revolving Obligations and 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 and rounding the result up to the nearest 0.01 per cent.

For the purposes of calculating the Weighted Average Fixed Coupon,

- (A) a Floating Rate Collateral 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 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
- (B) a Fixed Rate Collateral Obligation which is subject to an Interest Rate Hedge Transaction which swaps the fixed rate on such Collateral Obligation for a floating rate shall be disregarded.

The "**Aggregate Coupon**" is, as of any Measurement Date, the sum of (i) with respect to any Fixed Rate Collateral Obligation which is a Non-Euro Obligation and subject to a Currency Hedge Transaction, and excluding Defaulted Obligations, Deferring Securities and the unfunded portion of any Delayed Drawdown Collateral Obligations and Revolving Obligations, the product of (x) stated fixed rate payable by the applicable Currency Hedge Counterparty to the Issuer under the related Currency Hedge Transaction and (y) the Principal Balance of such Non-Euro Obligation, (ii) with respect to any Fixed Rate Collateral Obligation which is a Non-Euro Obligation which is not subject to a Currency Hedge Transaction and excluding Defaulted Obligations, Deferring Securities and the unfunded portion of any Delayed Drawdown Collateral Obligations and Revolving Obligations, an amount equal to the Euro equivalent of the product of (x) stated coupon on such Collateral Obligation expressed as a percentage and (y) the Principal Balance of such Non-Euro Obligation; and (iii) with respect to all other Fixed Rate Collateral Obligations and excluding Defaulted Obligations, Deferring Securities and the unfunded portion of any Delayed Drawdown Collateral Obligations and Revolving Obligations, the sum of the products obtained by multiplying, in the case of each Fixed Rate Collateral Obligation, (x) the stated coupon on such Collateral Obligation expressed as a percentage and (y) the Principal Balance of such Collateral Obligation *provided that* for such purpose:

- (a) a Floating Rate Collateral 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 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
- (b) a Fixed Rate Collateral Obligation which is subject to an Interest Rate Hedge Transaction which swaps the fixed rate on such Collateral Obligation for a floating rate shall be disregarded.

Further, the coupon shall be deemed to be (x) in respect of a Step-Down Coupon Security, the lowest coupon that is permissible pursuant to and in accordance with the Underlying Instruments relating thereto; and (y) in respect of a Step-Up Coupon Security, the margin applicable as at the relevant Measurement Date.

"**Haircut Percentage**" means (a) in the case of Non-Euro Obligation denominated in Sterling, U.S. Dollars, Norwegian Krone, Danish Krone, Swedish Krona, Swiss Francs or Japanese Yen, 0.85; (b) in the case of Non-Euro Obligation denominated in Australian Dollars, 0.77; (c) in the case of Non-Euro Obligation denominated in Canadian Dollars, 0.78; or (d) any other percentage in respect of which Rating Agency Confirmation is received.



## Rating Definitions

### *S&P Ratings Definitions*

The "**S&P Rating**" means, with respect to any Collateral Obligation, as of any date of determination, the rating determined in accordance with the following methodology:

- (a) if there is an S&P Issuer Credit Rating of the issuer of such Collateral Obligation by S&P as published by S&P, or the guarantor which unconditionally and irrevocably guarantees (in a form that satisfies the S&P Guarantee Criteria) such Collateral Obligation for use in connection with this transaction, then the S&P Rating shall be such ratings (regardless of whether there is a published rating by S&P on the Collateral Obligations of such issuer, held by the Issuer), *provided that* private ratings (that is, ratings provided at the request of the Obligor) may be used for purposes of this definition if the related Obligor has consented to the disclosure thereof and a copy of such consent has been provided to S&P;
- (b) if there is no S&P Issuer Credit Rating of the issuer or guarantor by S&P but:
  - (i) there is a senior secured rating on any obligation or security of the issuer, then the S&P Rating of such Collateral Obligation shall be one sub-category below such rating;
  - (ii) if paragraph (i) above does not apply, but there is a senior unsecured rating on any obligation or security of the issuer, the S&P Rating of such Collateral Obligation shall equal such rating; and
  - (iii) if neither paragraph (i) nor (ii) above applies, but there is a subordinated rating on any obligation or security of the issuer, then the S&P Rating of such Collateral Obligation shall be one sub-category above such rating;
- (c) with respect to any Collateral Obligation that is a Current Pay Obligation, the S&P Rating applicable to such obligation shall be the issue level rating thereof and if there is no such issue level rating, the S&P Rating applicable to such Current Pay Obligation shall be "CCC-";
- (d) with respect to any Collateral Obligation, that is a Corporate Rescue Loan:
  - (i) falling within paragraph (a) of the definition of Corporate Rescue Loan, and if S&P has assigned a public rating to such Corporate Rescue Loan, the S&P Rating for such Corporate Rescue Loan shall be such public rating; or
  - (ii) falling within paragraph (b) of the definition of Corporate Rescue Loan, and if S&P has assigned an S&P Issuer Credit Rating or credit estimate to such Corporate Rescue Loan, the S&P Rating for such Corporate Rescue Loan shall be such S&P Issuer Credit Rating or credit estimate; or
  - (iii) upon application by the Issuer (or the Collateral Manager on behalf of the Issuer) to S&P for a credit estimate, the applicable Corporate Rescue Loan shall be deemed to have an S&P Rating of "D"; and
- (e) if there is not a rating by S&P on the issuer or on an obligation of the issuer, then the S&P Rating may be determined (other than in the case of Corporate Rescue Loans) pursuant to paragraphs (i) and (ii) below:
  - (i) if such an obligation of the issuer is not a Corporate Rescue Loan and is publicly rated by Moody's and any successors thereto, then the S&P Rating will be determined in accordance with the methodologies for establishing the S&P Rating set forth above except that the S&P Rating of such obligation will be (A) one sub-category below the S&P equivalent of the Moody's rating if such Moody's rating is "Baa3" or higher and (B) two sub-categories below the S&P equivalent of the Moody's rating if such Moody's rating is "Ba1" or lower, *provided that* in each case if the Aggregate Principal Balance of Collateral Obligations whose S&P Rating is determined pursuant to this paragraph (i) exceeds 15.0 per cent. of the Collateral Principal Amount (where for the purposes of this proviso Defaulted Obligations shall be carried at S&P Collateral Value), the S&P Rating of the excess of the Aggregate Principal Balance of the Collateral Obligations where the S&P Rating is determined pursuant to this paragraph (i) over an amount equal to 15.0 per cent. of the Collateral Principal Amount shall, subject to paragraph (f) below, be "CC" (for the purposes of this proviso, the Collateral Obligations whose S&P

Rating is determined pursuant to this paragraph (i) with the lowest S&P Collateral Value (expressed as a percentage of the Principal Balance of such Collateral Obligation as of the relevant date of determination) shall be determined to comprise such excess);

- (ii) the S&P Rating may be based on a credit estimate provided by S&P, and in connection therewith, the Issuer, the Collateral Manager on behalf of the Issuer or the issuer of such Collateral Obligation shall, prior to or within thirty calendar days after the acquisition of such Collateral Obligation, apply (and concurrently submit all available information in respect of such application) to S&P for a credit estimate which shall be its S&P Rating; *provided that*, if such information is submitted within such thirty day period, then, for a period of up to ninety calendar days after acquisition of such Collateral Obligation it shall have an S&P Rating as determined by the Collateral Manager in its sole discretion if (A) the Collateral Manager certifies to the Trustee and the Collateral Administrator (upon which certificate the Trustee and the Collateral Administrator shall rely absolutely and without enquiry or liability) that it believes that such S&P Rating determined by the Collateral Manager is commercially reasonable and that the S&P Rating will be at least equal to such rating and (B) the Aggregate Principal Balance of the Collateral Obligations subject to an S&P Rating determined by the Collateral Manager in accordance with (A) does not exceed 5.0 per cent. of the Collateral Principal Amount (for such purpose, the Principal Balance of all Defaulted Obligations shall be their S&P Collateral Value); *provided further that* (x) if such information is not submitted within such thirty day period and (y) following the end of the ninety-day period set forth above, pending receipt from S&P of such estimate, the Collateral Obligation shall have an S&P Rating of "CCC-"; unless, in the case of clause (y) above, during such ninety-day period, the Collateral Manager has requested the extension of such period and S&P, in its sole discretion, has granted such request; *provided further that* if the Collateral Obligation has had a public rating by S&P that S&P has withdrawn or suspended within six months prior to the date of such application for a credit estimate in respect of such Collateral Obligation, the S&P Rating in respect thereof shall be "CCC-", pending receipt from S&P of such estimate and S&P may elect not to provide such estimate until a period of six months have elapsed after the withdrawal or suspension of the public rating; *provided further that* such credit estimate shall expire twelve months after the acquisition of such Collateral Obligation, following which such Collateral Obligation shall have an S&P Rating of "CCC-" unless, during such twelve-month period, the Issuer (or the Collateral Manager acting on behalf of the Issuer) applies for renewal thereof in accordance with the Collateral Management and Administration Agreement in which case such credit estimate shall continue to be the S&P Rating of such Collateral Obligation until S&P has confirmed or revised such credit estimate, upon which such confirmed or revised credit estimate shall be the S&P Rating of such Collateral Obligation; *provided further that* such confirmed or revised credit estimate shall expire on the next succeeding twelve-month anniversary of the date of the acquisition of such Collateral Obligation and (when renewed annually in accordance with the Collateral Management and Administration Agreement) on each twelve month anniversary thereafter; and
- (f) with respect to a Collateral Obligation that is not a Defaulted Obligation, the S&P Rating of such Collateral Obligation will at the election of the Issuer (at the direction of the Collateral Manager) be "CCC-"; *provided that* (i) neither the Obligor of such Collateral Obligation nor any of its Affiliates are subject to any bankruptcy or reorganisation proceedings; (ii) the Obligor thereof has not defaulted on any payment obligation in respect of any debt security or other obligation of such Obligor at any time within the two year period ending on such date of determination and all such debt securities and other obligations of the Obligor are current and the Collateral Manager reasonably expects them to remain current; and (iii) the Collateral Obligation is current and the Collateral Manager reasonably expects it to remain current; and
- (g) if an S&P Rating cannot be determined in any of the circumstances described in paragraphs (a) to (f) above, the S&P Rating of such Collateral Obligation will be "CC",

and *provided that*, for purposes of the determination of the S&P Rating, (x) if the applicable rating assigned by S&P to an Obligor or its obligations is on "credit watch positive" by S&P, such rating will be treated as being one sub-category above such assigned rating, (y) if the applicable rating assigned by S&P to an Obligor or its obligations is on "credit watch negative" by S&P, such rating will be treated as being one sub-category below such assigned rating and (z) only ratings assigned on the basis of ongoing surveillance (including any rating assigned by Moody's) will be applicable for the purposes of determining the S&P Rating of a Collateral

Obligation, and *provided further that* in the case only where the S&P Rating is derived from a rating assigned by Moody's then the rating assigned by Moody's from which such S&P Rating is derived shall (x) if the applicable rating assigned by Moody's to an Obligor or its obligations is on "credit watch positive" by Moody's, be treated as being one sub-category above such assigned rating and (y) if the applicable rating assigned by Moody's to an Obligor or its obligations is on "credit watch negative" by Moody's, such rating will be treated as being one sub-category below such assigned rating.

**"S&P Issuer Credit Rating"** means, in respect of a Collateral Obligation, a publicly available issuer credit rating by S&P in respect of the Obligor thereof.

#### *Fitch Ratings Definitions*

The **"Fitch Rating"** of any Collateral Obligation will be determined in accordance with the below methodology (with the sub-paragraph earliest in this definition applying in the case where more than one paragraph would otherwise be applicable):

- (a) with respect to any Collateral Obligation in respect of which there is a Fitch issuer default rating, including credit opinions, whether public or privately provided to the Collateral Manager following notification by the Collateral Manager that the Issuer has entered into a binding commitment to acquire such Collateral Obligation (the **"Fitch Issuer Default Rating"**), the Fitch Rating shall be such Fitch Issuer Default Rating;
- (b) 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;
- (c) 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;
- (d) if in respect of the Collateral 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;
- (e) if in respect of the Collateral Obligation, there is an Insurance Financial Strength Rating, then the Fitch Rating shall be one notch lower than such Insurance Financial Strength Rating;
- (f) if in respect of the Collateral 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;
- (g) 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 Obligation shall either be deemed to have a Fitch Rating of "B-", subject to the Collateral Manager believing (in its reasonable judgement) that such credit assessment will be at least "B-" or the rating specified as applicable thereto by Fitch pending receipt of such credit assessment; provided further that if no credit opinion from Fitch is expected (in the opinion of the Collateral Manager) to become available for the relevant Collateral Obligation and (i) the relevant Collateral Obligation is not a Defaulted Obligation or a Collateral Obligation with a Fitch IDR Equivalent of "CCC+" or lower; (ii) the relevant Collateral Obligation has a private rating by Moody's; and (iii) the Principal Balance of the relevant Collateral Obligation when added to the Principal Balances of other such Collateral Obligations satisfying clauses (i) and (ii) does not exceed 10 per cent. of the Collateral Principal Amount, then the Fitch Rating of the relevant Collateral Obligation shall be deemed to be "B-", and if any of the paragraphs (i) to (iii) in the foregoing proviso are not met, then the relevant Collateral Obligation will be deemed to have a Fitch Rating of "CCC"; or
- (h) if such Collateral 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;
- (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*:

- (A) if a debt security or obligation of the Obligor has been in default during the past two years, the Fitch Rating of such Collateral Obligation shall be treated as "D"; and
- (B) with respect to any Current Pay Obligation that is rated "CC" or below (save for the purposes of determining the Fitch Weighted Average Rating Factor at the time the Issuer enters into a binding commitment to purchase such Collateral Obligation), the Fitch Rating of such Current Pay Obligation will be "CCC",

and provided further that:

- (i) if the applicable Collateral Obligation has been put on rating watch negative or negative credit watch for possible downgrade by:
  - (1) Fitch, then the rating used to determine the Fitch Rating above shall be one rating subcategory below such rating by Fitch;
  - (2) Moody's, then in the case only where the Fitch Rating is derived from a rating assigned by Moody's then the Fitch Rating shall be one rating subcategory below what would otherwise be the Fitch Rating determined pursuant to paragraphs (a) to (h) above; or
  - (3) S&P, then in the case only where the Fitch Rating is derived from a rating assigned by S&P then the Fitch Rating shall be one rating subcategory below what would otherwise be the Fitch Rating determined pursuant to paragraphs (a) to (h) above;
- (ii) for the purposes of calculating the Fitch Maximum Weighted Average Rating Factor Test when determining whether the Effective Date Determination Requirements are satisfied only, if the applicable Collateral Obligation has been put on negative outlook by:
  - (1) Fitch, then the rating used to determine the Fitch Rating above shall be one rating subcategory below such rating by Fitch;
  - (2) Moody's, then only in the case where the Fitch Rating is derived from a rating assigned by Moody's then the Fitch Rating shall be one rating subcategory below what would otherwise be the Fitch Rating determined pursuant to paragraphs (a) to (h) above; or
  - (3) S&P, then only in the case where the Fitch Rating is derived from a rating assigned by S&P then the Fitch Rating shall be one rating subcategory below what would otherwise be the Fitch Rating determined pursuant to paragraphs (a) to (h) above,

*provided that* if both paragraphs (2) and (3) above apply, then the Fitch Rating shall be the lower of that derived from paragraphs (2) and (3) and *provided further that* this paragraph (ii) may be disapplied by the Collateral Manager subject to Rating Agency Confirmation from Fitch; and

- (C) notwithstanding the rating definition described above, Fitch reserves the right to use a credit opinion or a rating estimate for any Collateral Obligations at any time.

**"Fitch Deemed Rating Excess"** means each Collateral Obligation to which a Fitch Rating of "B-" would have been applied in accordance with the second proviso in paragraph (g) above, but for the Principal Balance of which, when added to the Principal Balance of each other such Collateral Obligation (and for the avoidance of doubt excluding for the purposes of this definition all such Collateral Obligations to which the Collateral Manager has assigned a Fitch Rating of "CCC" pursuant to paragraph (g) above), exceeding 10 per cent. of the Aggregate Principal Balance (where the latest Collateral Obligations to have been purchased shall be deemed to constitute such excess).

**"Fitch IDR Equivalent"** means, in respect of any rating described in the Fitch Rating Mapping Table, the equivalent Fitch Issuer Default Rating determined by increasing (or reducing, in the case of a negative number) such rating (or the nearest Fitch equivalent thereof) by the number of notches specified under **"Mapping Rule"** in the fourth column of the Fitch Rating Mapping Table.

**"Fitch Rating Mapping Table"** means the following table:

Rating Type	Applicable Rating Agency(ies)	Issue rating	Mapping Rule
Corporate family rating or long term issuer rating	Moody's	N/A	+0
Issuer credit rating	S&P	N/A	+0
Senior unsecured	Fitch, Moody's or S&P	Any	+0
Senior secured or subordinated secured	Fitch or S&P	"BBB-" or above	+0
Senior secured or subordinated secured	Fitch or S&P	"BB+" or below	-1
Senior secured or subordinated secured	Moody's	"Ba1" or above	-1
Senior secured or subordinated secured	Moody's	"Ba2" or below	-2
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 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 Obligation, a publicly available corporate family rating by Moody's in respect of the Obligor thereof.

**"Moody's Issue Rating"** shall mean the rating or the unpublished loan rating or the credit estimate expressly assigned to a debt obligation (or facility) by Moody's.

**"Moody's Long Term Issuer Rating"** means, in respect of a Collateral 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 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 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 Obligation, as of any date of determination, the rating assigned to such Collateral Obligation by S&P.

## The Coverage Tests

The Coverage Tests will consist of the Class A Par Value Test, the Class B Par Value Test, the Class C Par Value Test, the Class D Par Value Test, the Class A Interest Coverage Test, the Class B Interest Coverage Test, the Class C Interest Coverage Test and the Class D Interest Coverage Test. The Coverage Tests will be used primarily to determine whether interest may be paid on the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes, whether Principal Proceeds may be reinvested in Substitute Collateral Obligations, or whether Interest Proceeds which would otherwise be used to pay interest on the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes must instead be used to pay principal on the Notes in accordance with the Note Payment Sequence, 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 Par Value Test, the Class A Interest Coverage Test, the Class B Par Value Test, the Class B Interest Coverage Test, the Class C Par Value Test, the Class C Interest Coverage Test, the Class D Interest Coverage Test and the Class D Par Value Test shall be satisfied on any Measurement Date (i) on and after the Effective Date in the case of the Par Value Tests, and (ii) on and after the Determination Date immediately preceding the second Payment Date in the case of the Interest Coverage Tests, 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

Coverage Test and Ratio	Percentage at which Test is satisfied
Class A Par Value	134.60%
Class A Interest Coverage	120.00%
Class B Par Value	123.30%
Class B Interest Coverage	110.00%
Class C Par Value	115.41%
Class C Interest Coverage	105.00%
Class D Par Value	110.80%
Class D Interest Coverage	101.00%

## DESCRIPTION OF THE COLLATERAL MANAGEMENT AND ADMINISTRATION AGREEMENT

*The following description of the Collateral Management and Administration Agreement consists of a summary of certain provisions of the Collateral Management and Administration 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 and Administration Agreement.*

### General

The Collateral Manager will perform certain investment management functions, including, without limitation, supervising and directing the investment and reinvestment of the Collateral Obligations and Eligible Investments, and perform certain administrative and advisory functions on behalf of the Issuer in accordance with the applicable provisions of the Collateral Management and Administration Agreement. The Collateral Management and Administration Agreement contains procedures whereby the Collateral Manager will have discretionary authority of the Issuer in relation to the composition, acquisition and management of the Portfolio.

### Standard of Care of the Collateral Manager

Pursuant to the Collateral Management and Administration Agreement, the Collateral Manager will agree with the Issuer that it will exercise reasonable care in performing its obligations under the Collateral Management and Administration Agreement using a degree of skill and attention no less than that which it employs when managing assets for others and that is comparable to other institutional managers of national reputation and standing in the jurisdiction it primarily operates in and the industry that manages 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 standards and procedures when performing its duties under the Collateral Management and Administration Agreement.

### Responsibilities of the Collateral Manager, Indemnities

Neither the Collateral Manager nor any other Indemnified Party will be liable (whether directly or indirectly, in contract or tort or otherwise) to the Issuer, the Trustee, the Noteholders or any other Person for any loss incurred by the Issuer, the Trustee, the Noteholders or any other Person that arises out of or in connection with the performance by the Collateral Manager of its duties in accordance with the Standard of Care under the Collateral Management and Administration Agreement, except to the extent that losses are incurred as a result of acts or omissions constituting bad faith, wilful misconduct or gross negligence (with such term given its meaning under New York law) in the performance of, or reckless disregard by the Collateral Manager with respect to, its obligations under the express terms of the Collateral Management and Administration Agreement (but excluding any act or omission of the Collateral Manager causing the Issuer to be subject to any U.S. federal, state or local income tax liabilities to the extent the Collateral Manager complies with the relevant provisions of the Collateral Management and Administration Agreement) (each a "**Collateral Manager Breach**"). Investors should note that, for such purpose and notwithstanding that the Notes and the Transaction Documents are governed by English law, the interpretation of "gross negligence" will be pursuant to New York law. Under New York law, the concept of gross negligence is a significantly lower standard of care than negligence under English law, requiring conduct akin to intentional wrongdoing or reckless indifference under English law. As a result, the Collateral Manager may in some circumstances have no liability for its actions or inactions under the Transaction Documents where it would otherwise have been liable if a mere negligence standard was applied under English law or if New York law was not designated as the law pursuant to which the concept of gross negligence for this purpose would be interpreted.

The Collateral Manager and any other Indemnified Party 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 and Administration Agreement or the inurrence of any liabilities incurred in connection therewith, which will be payable in accordance with the Priorities of Payment, (including any pecuniary sanctions to which the Collateral Manager may become liable pursuant to Article 32 of the Securitisation Regulation) other than to the extent resulting from (i) a Collateral Manager Breach and (ii) a breach by the Collateral Manager of its obligations under Article 6, Article 7 or Article 9(1) of the Securitisation Regulation resulting in a pecuniary fine imposed on the Collateral Manager unless the Collateral Manager has acted upon guidance, rules, directions and/or statements of good practice provided to it (or to a reputable law firm on the Collateral Manager's behalf which passes on such guidance to the Collateral Manager) from, or published by, the relevant competent authority (as determined under

the Securitisation Regulation), the European Securities and Markets Authority or the European Banking Authority.

The Collateral Manager shall indemnify the Issuer and the Trustee for certain losses that are incurred as a direct result of a Collateral Manager Breach except for any loss incurred by negligence, wilful default or fraud by the Issuer or the Trustee provided that the Collateral Manager shall only indemnify the Trustee to the extent that there are insufficient proceeds to pay the Trustee pursuant to the indemnity provided by the Issuer to the Trustee. The Collateral Manager shall not indemnify the Issuer or the Trustee for any loss in respect of or arising from any untrue statement or alleged untrue statement of material fact in the Collateral Manager Information or any omission or alleged omission to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, although the Issuer may have statutory, contractual or other liability in respect of the Collateral Manager Information.

Pursuant to the Collateral Management and Administration Agreement, the Collateral Manager and, to the extent agreed by the Collateral Administrator, the Collateral Administrator will assist the Issuer in fulfilling its obligations as the designated reporting party for this transaction under the EU Disclosure Requirements (including, in relation to the Collateral Manager, agreeing with the Issuer the form, content, timing and manner of distribution of any reports and information necessary to fulfil the reporting requirements). See "*The EU Retention and Disclosure Requirements*" section of the Offering Circular for more details.

### **Compensation of the Collateral Manager**

As compensation for the performance of its obligations under the Collateral Management and Administration Agreement, the Collateral Manager (and/or, at its direction, a Collateral Manager Related Person) will be entitled to receive from the Issuer on each Payment Date a senior collateral management fee exclusive of any VAT equal to 0.20 per cent. per annum (calculated on the basis of a 360 day year and the actual number of days elapsed in such Due Period) of the Collateral Principal Amount measured as of the first day of the Due Period (or if such day is not a Business Day, the next day which is a Business Day) 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 in accordance with the Priorities of Payment (such fee, the "**Senior Management Fee**").

The Collateral Management and Administration Agreement provides that the Collateral Manager (and/or, at its direction, a Collateral Manager Related Person) will receive from the Issuer on each Payment Date a subordinated collateral management fee exclusive of any VAT equal to 0.10 per cent. per annum (calculated on the basis of a 360 day year and the actual number of days elapsed in such Due Period) of the Collateral Principal Amount measured as of the first day of the Due Period (or if such day is not a Business Day, the next day which is a Business Day) relating to the applicable Payment Date, as determined by the Collateral Administrator, which collateral management fee will be payable senior to the payments on the Subordinated Notes, but subordinated to the Rated Notes (such fee, the "**Subordinated Management Fee**"). Each of the Senior Management Fee and the Subordinated Management Fee shall be calculated based upon the actual number of days elapsed in the applicable Due Period divided by 360 and shall not include any VAT payable thereon. In the event that any supply to which the Senior Management Fee or the Subordinated Management Fee relates is or becomes subject to VAT payable by the Collateral Manager, then an amount equal to such VAT will be paid by the Issuer to the Collateral Manager or the relevant tax authority, as applicable, in addition to such Senior Management Fee or Subordinated Management Fee against delivery of a valid VAT invoice, provided that the Collateral Manager may agree to bear and not receive amounts in respect of such VAT (so that the Senior Management Fee or the Subordinated Management Fee is paid inclusive of VAT).

If amounts distributable on any Payment Date in accordance with the Priorities of Payment are insufficient to pay the Senior Management Fee or the Subordinated Management Fee in full, then a portion of the Senior Management Fee or Subordinated Management Fee, as applicable, 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 Payment.

The Collateral Management and Administration Agreement provides that the Collateral Manager (and/or, at its direction, a Collateral Manager Related Person) will be entitled to a Further Subordinated Management Fee exclusive of any VAT on each Payment Date on which the Further Subordinated Management Fee Threshold has been met or surpassed, such fee being payable pursuant to the Interest Priority of Payments and/or Post-Acceleration Priority of Payments (such fee, the "**Further Subordinated Management Fee**").



The Collateral Management and Administration Agreement also provides that the Collateral Manager (and/or, at its discretion, a Collateral Manager Related Person) will be entitled to an Incentive Collateral Management Fee exclusive of any VAT on each Payment Date on which the Incentive Collateral Management Fee IRR Threshold has been met or surpassed, such fee being in an amount equal to and payable from the Supplemental Reserve Account and/or 20 per cent. of any Interest Proceeds and Principal Proceeds that would otherwise be available to distribute to the Subordinated Noteholders subject to and in accordance with the Priorities of Payment. In the event that any supply to which the Incentive Collateral Management Fee relates is or becomes subject to VAT payable by the Collateral Manager, then an amount equal to such VAT will be paid by the Issuer to the Collateral Manager or the relevant tax authority, as appropriate, in addition to such Incentive Collateral Management Fee against delivery of a valid VAT invoice, provided that the Collateral Manager may agree to bear and not receive amounts in respect of such VAT (so that the Incentive Collateral Management Fee is paid inclusive of VAT).

The Collateral Manager may elect to defer any Senior Management Fees and Subordinated Management Fees. Any amounts so deferred shall be applied in accordance with the Priorities of Payment. To the extent that the Collateral Manager elects to defer all or a portion thereof and later rescinds such deferral election, the Senior Management Fee and/or Subordinated Management Fee so deferred, as applicable, will be payable on subsequent Payment Dates in accordance with the Priorities of Payment. No Deferred Senior Collateral Management Amounts shall accrue interest, but Deferred Subordinated Collateral Management Amounts shall accrue interest at a rate per annum equal to three month EURIBOR or, if a Frequency Switch Event has occurred, six month EURIBOR (in each case calculated on the basis of a 360 day year consisting of twelve 30 day months from the date due and payable to the date of actual payment), where EURIBOR shall be floored at zero. Any due and unpaid Collateral Management Fees (excluding any Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts) shall accrue interest at a rate per annum equal to three month EURIBOR or, if a Frequency Switch Event has occurred, six month EURIBOR (in each case calculated on the basis of a 360 day year consisting of twelve 30 day months from the date due and payable to the date of actual payment), where EURIBOR shall in each case be floored at zero. In accordance with Condition 3(c) (*Priorities of Payment*), the Collateral Manager may, in its sole discretion, elect to designate that the Senior Management Fee, Subordinated Management Fee and/or Incentive Collateral Management Fee be designated for reinvestment or deferred to be used to purchase Substitute Collateral Obligations. Furthermore, the Collateral Manager may elect to irrevocably waive any Collateral Management Fees. Any amounts so waived shall no longer fall due to the Collateral Manager and shall be applied in accordance with the Priorities of Payment.

The Collateral Management and Administration Agreement provides that any reasonable expenses incurred by the Collateral Manager in the performance of such obligations (including, but not limited to, any reasonable expenses incurred by it to employ outside lawyers or consultants reasonably necessary in connection with the default or restructuring of any Collateral Obligation, the fees, costs and expenses incurred in assisting the Issuer with compliance with the Securitisation Regulation and its own fees, costs and expenses related to the compliance or other unusual matters arising in the performance of its duties under the Collateral Management and Administration Agreement) shall be reimbursed by the Issuer as an Administrative Expense to the extent funds are available therefor in accordance with the Priorities of Payment and the order of priority set out in the definition of Administrative Expenses. If the Collateral Management and Administration Agreement is terminated or the Collateral Manager resigns or is removed pursuant to the Collateral Management and Administration Agreement or otherwise, the Collateral Management Fee shall be pro-rated for any partial periods between Payment Dates during which the Collateral Management and Administration Agreement was in effect and shall be due and payable on the first Payment Date following the date of such termination, resignation or removal subject to the Priorities of Payment. In addition, all Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts shall be due and payable upon the first Payment Date following the date of such termination or resignation or removal and the Collateral Manager shall be entitled to the same.

### **Cross Transactions and Affiliate Transactions**

The Collateral Manager and its Collateral Manager Related Persons may at certain times seek to purchase or sell investments from or to the Issuer as principal. Under the Collateral Management and Administration Agreement, the Collateral Manager, at its option and sole discretion, may effect principal transactions between such entities. In addition, the Collateral Manager and its Collateral Manager Related Persons will be authorised to engage in certain cross transactions, including "agency cross" transactions (i.e. transactions in which either the Collateral Manager or one of its Collateral Manager Related Persons or another person acts as a broker for both the Issuer and another person on the other side of the same transaction, which person may be an account or client for which the Collateral Manager or any Collateral Manager Related Person serves as investment adviser). The Issuer has agreed to permit cross transactions; provided that such consent can be revoked at any time by the Issuer and to

the extent that the Issuer's consent with respect to any particular cross transaction is required by applicable law. By purchasing a Note, a holder shall be deemed to have consented to the procedures described therein relating to cross transactions and principal transactions. The Collateral Manager or its Collateral Manager Related Persons may receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to any such principal transaction or cross transactions. See *"Risk Factors – Conflicts of Interest"*.

The Collateral Manager may also conduct transactions for its own account, for the account of its Collateral Manager Related Persons, 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 – Conflicts of Interest – Certain Conflicts of Interest Involving or Relating to the Collateral Manager and its Affiliates"*. 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 Obligations to, or buy Collateral Obligations from, the Collateral Manager, any Collateral Manager Related Person, or any fund managed by the Collateral Manager (some or all of which Collateral Manager Related Persons 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, a Collateral Manager Related Person or such fund acts as principal on the other side of the transaction from the Issuer and buys or sells the Collateral 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 and Administration Agreement.

### **Removal following a Collateral Manager Event of Default**

Subject to the paragraph below, the Collateral Management and Administration Agreement may be terminated, and the Collateral Manager may be removed, upon the occurrence of a Collateral Manager Event of Default (i) by the Issuer at the direction of the Controlling Class (acting by Extraordinary Resolution) or (ii) by Subordinated Noteholders acting by Extraordinary Resolution (in each case, excluding any CM Removal and Replacement Non-Voting Notes or CM Removal and Replacement Exchangeable Non-Voting Notes and any Collateral Manager Notes) upon 30 days' prior written notice to the Collateral Manager, the Trustee, the Hedge Counterparties and each Rating Agency.

Pursuant to the terms of the Collateral Management and Administration Agreement, if the Collateral Manager becomes aware that a Collateral Manager Event of Default has occurred, the Collateral Manager will be required to give prompt written notice thereof to the Issuer, the Trustee, the Collateral Administrator, the Noteholders, the Hedge Counterparties and each Rating Agency.

Any removal of the Collateral Manager is without prejudice and subject to fulfilment of the Collateral Manager's obligations in respect of the Retention Notes (unless the same are transferred in accordance with the Collateral Management and Administration Agreement (as described herein)).

### **Automatic Termination**

The Collateral Management and Administration Agreement will automatically terminate upon the earliest to occur of (i) the payment in full of the Notes, in accordance with their terms, (ii) the liquidation of the Collateral and the final distribution of the proceeds of such liquidation as provided in the Transaction Documents, and (iii) the determination in good faith by the Issuer that the Issuer or the Portfolio has become required to be registered under the Investment Company Act, and the Issuer notifies the Collateral Manager thereof.

### **Resignation**

The Collateral Manager may resign, upon at least 90 days' written notice to the Issuer, the Trustee, the Collateral Administrator, each Hedge Counterparty and each Rating Agency (or upon such shorter notice as is acceptable to the Issuer). 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 and Administration Agreement. Any such resignation is without prejudice and subject to fulfilment of the Collateral Manager's obligations in respect of the Retention Notes (unless the same are subsequently transferred in accordance with the Collateral Management and Administration Agreement (as described herein)).

## 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 and Administration 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 and Administration Agreement.

The successor collateral manager will be selected by the Issuer, subject to the approval of the holders of the Subordinated Notes (including any Collateral Manager Notes) (acting by way of Ordinary Resolution) and subject to the satisfaction of the following conditions:

- (A) the holders of the Controlling Class (acting by way of Ordinary Resolution) do not disapprove such successor institution within 30 days after the giving of notice of such appointment;
- (B) each Rating Agency has received notice of such appointment;
- (C) such institution has demonstrated an ability to professionally and competently perform duties similar to those imposed upon the Collateral Manager pursuant to the Collateral Management and Administration Agreement;
- (D) such institution is legally qualified and has the capacity to act as "Collateral Manager" under the Collateral Management and Administration Agreement;
- (E) the appointment of such institution does not cause or result in the Issuer becoming, or require the Collateral to be registered as, an investment company under the Investment Company Act;
- (F) such successor collateral manager will not by its appointment or by the performance of its duties as Collateral Manager (i) cause the Issuer or any Noteholder to be subject to income tax, corporation tax or diverted profits tax in any jurisdiction where it would not otherwise be subject to net income tax, (ii) cause the Issuer to be subject to any additional withholding taxes or to not be entitled to relief from taxes under any relevant double tax treaty, (iii) cause the Notes to be subject to additional withholding tax or (iv) cause the Issuer to incur additional costs in respect of VAT in respect of any fees payable to the successor collateral manager; and
- (G) such successor collateral manager has either (i) effected the novation of each rating application letter that was executed by a predecessor collateral manager in connection with the rating or surveillance of any class of Notes (and any related side letters) so that the successor collateral manager is substituted for the predecessor collateral manager for all purposes under such letters on and after the date such successor collateral manager is appointed as collateral manager or (ii) agreed to indemnify such predecessor collateral manager that has executed any such letters (and any related side letters) and its related parties to the satisfaction of the predecessor collateral manager from any liability and expense that the predecessor collateral manager and such related parties may incur arising out of or relating to such letters from the date of the successor collateral manager's appointment thereafter.

In connection with the appointment of a successor collateral manager, the Issuer may make such arrangements for the compensation of such successor as the Issuer and such successor shall agree, provided, however, that no compensation payable to a successor from payments on the Collateral shall be greater than that provided hereunder without the prior written consent of the Subordinated Noteholders and the holders of the Rated Notes, in each case acting by way of Ordinary Resolution.

If a successor collateral manager has not been appointed pursuant to the above or evidence of acceptance of appointment has not been delivered to the resigning or removed collateral manager within 60 days after the date of the applicable notice of resignation or removal, then the Collateral Manager or the holders of the Subordinated Notes (acting by way of Ordinary Resolution) will be entitled to appoint a successor within the subsequent 60 days after the first 60 days, subject to the following conditions:

- (i) such successor satisfies the provisions in paragraphs (A) to (G) above;

- (ii) if such successor is proposed by the Collateral Manager, the appointment of such successor has been approved by the holders of the Subordinated Notes (acting by way of Ordinary Resolution); and
- (iii) if such successor is proposed by the holders of the Subordinated Notes (acting by way of Ordinary Resolution), the holders of each Class of Rated Notes, voting separately by Class (acting by way of Ordinary Resolution) has not objected to the appointment of such successor within 10 Business Days after the holders of Notes have received notice thereof.

If the successor collateral manager appointed by the resigning or removed Collateral Manager is objected to by the holders of each Class of Rated Notes, voting separately by Class (acting by way of Ordinary Resolution), the resigning or removed Collateral Manager, the holders of the Subordinated Notes (acting by way of Ordinary Resolution) or the holders of the Controlling Class (acting by way of Ordinary Resolution) may petition any court of competent jurisdiction for the appointment of a successor collateral manager, which appointment will not require the consent of, nor be subject to the disapproval of, the Issuer or any Noteholder. With respect to any vote in connection with the approval of a successor Collateral Manager if the appointment of the Collateral Manager is being terminated pursuant to the occurrence of a Collateral Manager Event of Default, and such vote is described herein as a vote on the Subordinated Notes but all Subordinated Notes are Collateral Manager Notes, then such vote shall instead be a vote of the most senior Class of Rated Notes (acting by way of Ordinary Resolution) that is not comprised entirely of Collateral Manager Notes.

The Retention Notes may be transferred to a successor collateral manager following its appointment as referred to in "*The EU Retention and Disclosure Requirements*" above, but the appointment of such successor shall not be conditional upon such a transfer. For the avoidance of doubt, no Notes either held in the form of CM Removal and Replacement Non-Voting Notes or CM Removal and Replacement Exchangeable Non-Voting Notes or Collateral Manager Notes shall have any voting rights with respect to and shall not be counted for the purposes of determining a quorum and the results of any CM Replacement Resolution.

#### **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 and Administration Agreement, purchases and sales of Collateral Obligations shall be only made in relation to sale of Margin Stock, Credit Risk Obligations and Defaulted Obligations (in addition to any purchase or sale trades initiated prior to such removal, termination or resignation).

#### **Delegation and Transfers**

The Collateral Manager may not assign its material rights or delegate material responsibilities under the Collateral Management and Administration Agreement without the 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 any Collateral Manager Notes and any Notes held in the form of CM Removal and Replacement Non-Voting Notes or CM Removal and Replacement Exchangeable Non-Voting Notes, and subject to Rating Agency Confirmation and to such assignee or delegate having the requisite Irish regulatory capacity; provided, that, to the extent permitted by the Collateral Management and Administration Agreement, such consent and Rating Agency Confirmation shall not be required in the case of a Permitted Assignee. A "**Permitted Assignee**", for the purposes of the Collateral Management and Administration Agreement, means an Affiliate of the Collateral Manager that (i) is legally qualified and has the Irish regulatory capacity to act as Collateral Manager under the Collateral Management and Administration Agreement; (ii) employs the principal personnel performing the duties required under the Collateral Management and Administration Agreement prior to such assignment; (iii) the appointment of which will not cause either of the Issuer or the Collateral to become required to register under the provisions of the Investment Company Act; (iv) the appointment and conduct of which will not cause the Issuer to become chargeable to taxation outside its jurisdiction of incorporation, be engaged in a trade or business in the United States for U.S. federal income tax purposes, result in the Collateral Management Fees becoming subject to any additional value added or similar tax or cause any other material adverse tax consequences to the Issuer; and (v) the appointment and conduct of which will not cause the transaction described in this Offering Circular to be non-compliant with the EU Retention and Disclosure Requirements.

The Issuer may not assign its rights under the Collateral Management and Administration 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.

In the event of any assignment, delegation or transfer by a party to the Collateral Management and Administration Agreement, the assignee, delegate or transferee shall execute and deliver such documents as may be necessary to effect fully such assignment, delegation or transfer and the assignee, delegate or transferee shall be required to make all the representations, mutatis mutandis, as set out therein as on the date of assignment, delegation or transfer, provided that the relevant party thereto will not thereby be relieved of any of its duties or obligations which arose prior to such assignment, delegation or transfer in respect of the Retention Notes (other than if the Retention Notes are transferred in accordance with the terms thereof and of the Collateral Management and Administration Agreement as described herein) or otherwise unless the assignee, delegate and/or transferee agrees in writing with all other parties to the Collateral Management and Administration Agreement to assume such duties or obligations. Any assignment, delegation or transfer made in accordance with the Collateral Management and Administration Agreement shall bind the assignee, delegate or transferee in the same manner as the relevant party who is the transferor or assignor is bound. In addition, in the case of an assignment or delegation by the Collateral Manager, the assignee or delegate shall execute and deliver to the Trustee and the Rating Agencies then rating the Notes a counterpart of the Collateral Management and Administration Agreement naming such assignee or delegate as the Collateral Manager (with or without any changes to or omission of the provisions relating to the Retention Notes as may be required in accordance with the terms of such provisions). Upon the execution and delivery of such a counterpart by the assignee or delegate, the Collateral Manager shall be released from further obligations pursuant to the Collateral Management and Administration Agreement, except with respect to its agreements and obligations arising under various sections of the Collateral Management and Administration Agreement in respect of acts or omissions occurring prior to such assignment or delegation and except with respect to its obligations under certain provisions relating to confidentiality, limited recourse and non-petition and only if the Retention Notes have not been transferred to the assignee or delegate in accordance with the terms of the Collateral Management and Administration Agreement, in respect of the Retention Notes. Any rights of the Collateral Manager stated to survive the termination of the Collateral Management and Administration Agreement shall remain vested in the Collateral Manager after the termination in accordance with the terms of the Collateral Management and Administration Agreement.

### **No Voting Rights**

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

Any Collateral Manager Notes will have no voting rights with respect to and shall not be counted for the purposes of determining a quorum and the results of any CM Removal Resolution or CM Replacement Resolution.

In connection with any vote, in determining whether the holders of the requisite Principal Amount Outstanding of Notes have given any request, demand, authorisation, direction, notice, consent or waiver or made any proposal, if Collateral Manager Notes are disregarded and deemed not to be Outstanding in connection with such vote and a Class of Notes entitled to vote is comprised entirely of Collateral Manager Notes, then the most senior Class of Notes that is not comprised entirely of Collateral Manager Notes shall be entitled to exercise the specified voting rights, disregarding Collateral Manager Notes, in lieu of such other Class of Notes.

## 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 Placement Agent or any other party. None of the Placement Agent or any other party other than the Collateral Administrator assumes any responsibility for the accuracy or completeness of such information.*

*The Issuer has taken reasonable care to ensure that this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information provided by the Collateral Administrator, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

### **General**

The Bank of New York Mellon SA/NV is a Belgian limited liability company established September 30, 2008 under the form of a Société Anonyme/Naamloze Vennootschap. It was granted its banking license by the CBFA (former Belgian supervisor prior to the implementation of the Twin Peaks model) on March 10 2009. It has its headquarters and main establishment at 46 rue Montoyerstraat, 1000 Bruxelles/Brussels. The Bank of New York Mellon SA/NV is a subsidiary of BNY Mellon (BNYM), the main banking subsidiary of The BNY Mellon Corporation. It is under the prudential supervision of the National Bank of Belgium and regulated by the Belgian Financial Services and Markets Authority in respect of Conduct of Business. The Bank of New York Mellon SA/NV engages in asset servicing, global collateral management, global markets, corporate trust and depositary receipts. The Bank of New York Mellon SA/NV operates from locations in Belgium, the Netherlands, Germany, London, Luxembourg, Paris and Dublin.

### **Termination and Resignation of Appointment of the Collateral Administrator**

Pursuant to the terms of the Collateral Management and Administration Agreement, the Collateral Administrator may be removed: (a) without cause at any time upon at least 90 days' prior written notice; or (b) with cause upon at least 10 days' prior written notice in each case by the Issuer at its discretion or the Trustee acting upon the written directions of the holders of the Subordinated Notes acting by way of Extraordinary Resolution and subject to the Trustee being secured and/or indemnified and/or prefunded to its satisfaction. In addition the Collateral Administrator may also resign 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 and Administration Agreement.

## HEDGING ARRANGEMENTS

*The following section consists of a summary of certain provisions which, pursuant to the Collateral Management and Administration 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 the satisfaction of the Hedging Condition, the Issuer (or the Collateral Manager on its behalf) may enter into transactions documented under a 1992 ISDA Master Agreement (Multicurrency - Cross Border) or a ISDA 2002 Master Agreement or such other form published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"). Each Hedge Transaction will be evidenced by a confirmation entered into pursuant to a Hedge Agreement.

Each Hedge Transaction will be for the purposes of:

- (A) in the case of an Interest Rate Hedge Transaction, hedging any interest rate mismatch between the Rated Notes and the Collateral Obligations; and
- (B) in the case of a Currency Hedge Transaction, exchanging payments of principal, interest and other amounts in respect of any Non-Euro Obligation for amounts denominated in Euro at the Currency Hedge Transaction Exchange Rate,

in each case subject to receipt of Rating Agency Confirmation in respect thereof (save in the case of a Form Approved Hedge) and provided that the Hedge Counterparty satisfies the applicable Rating Requirement (taking into account any rating provisions of the relevant Hedging Agreement) and has the Irish regulatory capacity to enter into derivatives transactions with Irish residents. If the relevant counterparty criteria of a Rating Agency change following the receipt of Rating Agency Confirmation or approval of a Form Approved Hedge, as applicable, the Collateral Manager (on behalf of the Issuer) may be required to seek a further Rating Agency Confirmation or approval in respect of any new Hedge Transaction and/or Hedge Agreement, as applicable.

For the avoidance of doubt, the ability of the Issuer or the Collateral Manager on its behalf to enter into any Currency Hedge Transactions, and therefore the ability of the Issuer or the Collateral Manager on its behalf to acquire Non-Euro Obligations, is subject to the satisfaction of the Hedging Condition.

### Replacement Hedge Transactions

**Currency Hedge Transactions:** In the event that any Currency Hedge Transaction terminates in whole at any time in circumstances in which the applicable Currency Hedge Counterparty is the "Defaulting Party" or sole "Affected Party" (each as defined in the applicable Currency Hedge Agreement), the Issuer (or the Collateral Manager on its behalf) shall use commercially reasonable endeavours to enter into a replacement Currency Hedge Transaction within 30 days of the termination thereof with another counterparty in compliance with the applicable Rating Requirement and which has the Irish regulatory capacity to enter into derivatives transactions with Irish residents.

**Interest Rate Hedge Transactions:** In the event that any Interest Rate Hedge Transaction terminates in whole at any time in circumstances in which the applicable Interest Rate Hedge Counterparty is the "Defaulting Party" or sole "Affected Party" (each as defined in the applicable Interest Rate Hedge Agreement) the Issuer (or the Collateral Manager on its behalf) shall use commercially reasonable endeavours to enter into a replacement Interest Rate Hedge Transaction within 30 days of the termination thereof with another counterparty in compliance with the applicable Rating Requirement and which has the Irish regulatory capacity to enter into derivatives transactions with Irish residents.

### Standard Terms of Currency Hedge Transactions

Any Currency Hedge Transaction shall contain the following terms (provided that the Issuer may enter into Currency Hedge Transactions on different terms than those set forth below, subject to receipt of Rating Agency

Confirmation in respect thereof or without Rating Agency Confirmation if such Currency Hedge Transactions constitute Form Approved Hedges):

- (A) on the effective date of such transaction, the Issuer pays to the Currency Hedge Counterparty an initial exchange amount in Euro equal to the purchase price of such Non-Euro Obligation, converted into Euro at the Currency Hedge Transaction Exchange Rate in exchange for payment by the Currency Hedge Counterparty of an initial exchange amount in the relevant currency equal to the purchase price of such Non-Euro Obligation;
- (B) on the scheduled date of termination of such transaction, which shall be the date falling two Business Days after the date on which the Non-Euro Obligation is scheduled to mature or such later date as otherwise specified in the relevant confirmation, the Issuer pays to the Currency Hedge Counterparty a final exchange amount equal to the amount payable upon maturity of the Non-Euro Obligation in the relevant currency (the "**Proceeds on Maturity**") in exchange for payment by the Currency Hedge Counterparty of a final exchange amount denominated in Euro, such final exchange amount to be an amount equal to the Proceeds on Maturity converted into Euro at the Currency Hedge Transaction Exchange Rate;
- (C) two Business Days following the date of each scheduled payment of interest on the related Non-Euro Obligation or such later date as otherwise specified in the relevant confirmation, the Issuer pays to the Currency Hedge Counterparty an amount in the relevant non-Euro currency based on the principal amount outstanding from time to time of the relevant Non-Euro Obligation (the "**Non-Euro Notional Amount**") and equal to the interest payable in respect of the Non-Euro Obligation and the Currency Hedge Counterparty will pay to the Issuer a EURIBOR coupon amount based on the outstanding principal amount of the related Non-Euro Obligation converted into Euro at the Currency Hedge Transaction Exchange Rate (the "**Euro Notional Amount**"); and
- (D) following the sale of any Non-Euro Obligation, the Issuer shall pay to the Currency Hedge Counterparty an amount equal to the sale proceeds of such Non-Euro Obligation in the relevant currency (the "**Proceeds on Sale**") in exchange for payment by the Currency Hedge Counterparty of an amount denominated in Euro, such amount to be an amount equal to the Proceeds on Sale converted into Euro at the Currency Hedge Transaction Exchange Rate less any amounts payable to the Currency Hedge Counterparty in respect of the early termination of the relevant Currency Hedge Transaction (but, for the avoidance of doubt, no breakage or other costs will be payable to the Currency Hedge Counterparty in connection with a prepayment, repayment or redemption of the related Non-Euro Obligation).

The Collateral Manager, acting on behalf of the Issuer, shall convert all amounts received by it in respect of any Non-Euro Obligation which is not the subject of a related Currency Hedge Transaction into Euro promptly upon receipt thereof at the then prevailing spot rate available to the Issuer under the Agency and Account Bank Agreement and shall procure that such amounts are paid into the Principal Account or the Interest Account, as applicable. The Collateral Manager (on behalf of the Issuer) is also authorised to enter into spot exchange transactions, as necessary, to fund the Issuer's payment obligations under any Currency Hedge Transaction.

All amounts received by the Issuer in respect of Non-Euro Obligations shall be paid into the applicable Currency Account and all amounts payable by the Issuer under any Currency Hedge Transaction (other than any initial exchange amounts payable in Euro by the Issuer, any Currency Hedge Replacement Payments and any Currency Hedge Issuer Termination Payments save to the extent otherwise provided in Condition 3(j)(ix) (*Currency Accounts*)), will be paid out of the applicable Currency Account, in each case to the extent amounts are available therein.

The Issuer shall only be obliged to pay Scheduled Periodic Currency Hedge Issuer Payments to a Currency Hedge Counterparty if and to the extent it actually receives the corresponding amount in respect of the relevant Non-Euro Obligation.

Upon the insolvency of the Issuer and/or the acceleration of the Notes in accordance with Condition 10(b) (*Acceleration*), the Currency Hedge Counterparty may, but shall not be obliged to, terminate any or all Currency Hedge Transactions in which case any Currency Hedge Issuer Termination Payment would be paid (following acceleration of the Notes) in accordance with Condition 10(b) (*Acceleration*) and the Post-Acceleration Priority of Payments.



## Interest Rate Cap Transactions

On or around the Issue Date, the Issuer may enter into the Issue Date Interest Rate Hedge Transactions. The Issuer will have no payment obligations in respect of any such Issue Date Interest Rate Hedge Transactions other than the payment of a premium in respect of each such transaction to the applicable Interest Rate Hedge Counterparty upon entry into such transactions. The Issuer (or the Collateral Manager on its behalf) shall exercise any such Issue Date Interest Rate Hedge Transaction on any Business Day when EURIBOR is greater than the strike price set out in the applicable Issue Date Interest Rate Hedge Transaction. The Issuer (or the Collateral Manager on its behalf) may be permitted to novate any Issue Date Interest Rate Hedge Transaction in certain circumstances.

## Standard Terms of 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 applicable Hedge Counterparty and subject to receipt of Rating Agency Confirmation in respect thereof (other than in respect of any Form Approved Hedges).

### *Gross up*

Under each Hedge Agreement the Issuer will not 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. The relevant Hedge Counterparty may or may not be obliged gross up any payments to Issuer in the event of any withholding or deduction for or on account of tax required to be paid on such payments depending on the terms of the relevant Hedge Agreement. Any such event may result in a "Tax Event" which is a "Termination Event" (as defined in such Hedge Agreement) for the purposes of the relevant Hedge Agreement. In the event of the occurrence of a Tax Event, each Hedge Agreement will include provision for the relevant Affected Party (as defined therein) to use reasonable efforts 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) 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 Payment set out in Condition 3(c) (*Priorities of Payment*); provided that any Counterparty Downgrade Collateral standing to the credit of a Counterparty Downgrade Collateral Account shall be applied and delivered by the Issuer (or by the Collateral Manager on its behalf) in accordance with Condition 3(j)(v) (*Counterparty Downgrade Collateral Accounts*). 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 earlier to occur of certain 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) in certain circumstances, upon a regulatory change or change in the regulatory status of the Issuer, as further described in the relevant Hedge Agreement;

- (E) any amendment to any provisions of the Transaction Documents without the written consent of the Hedge Counterparty which has a material adverse effect on its rights thereunder, subject to the terms of the relevant Hedge Agreement;
- (F) failure by a Hedge Counterparty to comply with the requirements of the Rating Agencies in the event that the applicable Rating Requirement is not satisfied;
- (G) upon the early redemption in full or acceleration of the Notes; and
- (H) any other event as specified in the relevant Hedge Agreement.

Hedge Agreements commonly also contain provisions which allow a Hedge Counterparty to terminate a Hedge Transaction upon the occurrence of certain credit events or restructurings related to the underlying Non-Euro Obligation. These events could potentially be triggered in circumstances where the related Collateral Obligation would not constitute a Defaulted Obligation.

A termination of a Hedge Agreement or a Hedge Transaction will not constitute a Note Event of Default under the Notes though the repayment in full of the Notes may be an additional termination event under a Hedge Agreement.

Upon the occurrence of any Event of Default or Termination Event (each as defined in the applicable Hedge Agreement), a Hedge Agreement may be terminated by the Hedge Counterparty or the Issuer (or the Collateral Manager on its behalf) in accordance with the detailed provisions thereof and a lump sum (the "**Termination Payment**") may become payable by the Issuer to the applicable Hedge Counterparty or vice versa. 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 of a replacement swap(s) on the same terms as that terminated or as otherwise described in the applicable Hedge Agreement or, under certain circumstances, any loss suffered by a party.

#### *Rating Downgrade Requirements*

Each Hedge Agreement shall contain the terms and provisions required by the Rating Agencies for the type of derivative transaction represented by the Hedge Transactions in the event that a rating withdrawal or downgrade by the Rating Agencies causes the applicable Rating Requirement not to be satisfied. Such provisions may include a requirement that a Hedge Counterparty (or, if applicable, its guarantor) must provide collateral or transfer the Hedge Agreement to another entity or procure that a guarantor guarantees its obligations under the Hedge Agreement, in each case in a manner that satisfies the applicable Rating Requirement, or otherwise 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 Hedge 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 has the regulatory capacity to enter into derivatives transactions with Irish residents.

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**") for the delegation of certain derivative reporting obligations to one or more Hedge Counterparties or third parties (each, in such capacity, a "**Reporting Delegate**").

## DESCRIPTION OF THE REPORTS

*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.*

### Monthly Reports

The Collateral Administrator, not later than the eighth Business Day after the sixth calendar day (or, if such day is not a Business Day, the immediately following Business Day) of each month (save in respect of any month for which a Payment Date Report or Effective Date Report has been prepared) (such month being the "**Reporting Month**"), commencing in July 2020 on behalf, and at the expense, of the Issuer and in consultation with the Collateral Manager, shall compile a monthly report (the "**Monthly Report**"), which shall contain, without limitation, the information set out below with respect to the Portfolio (and shall include portfolio data in excel or CSV format) determined by the Collateral Administrator as at the sixth calendar day of each month (or if such day is not a Business Day, the immediately following Business Day), in consultation with the Collateral Manager made available (a) via a secured website currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Placement Agent, the Trustee, the Collateral Manager and the Hedge Counterparties and as notified by the Issuer (with reasonable assistance, if the Issuer so requires, from the Collateral Manager) to the Rating Agencies and the Noteholders from time to time) which shall be accessible to any person who certifies to the Collateral Administrator substantially in the form set out in the Collateral Management and Administration Agreement or such other form as may be agreed between the Issuer, the Collateral Manager and the Collateral Administrator from time to time, which certification may be given electronically and upon which certification the Collateral Administrator shall be entitled to rely absolutely and without enquiry or liability that it is (i) the Issuer, (ii) the Arranger, (iii) the Placement Agent, (iv) the Trustee, (v) a Hedge Counterparty, (vi) the Collateral Manager, (vii) a Rating Agency, (viii) a Noteholder, (ix) a competent authority (as determined under the Securitisation Regulation), (x) a potential investor in the Notes, (xi) Intex Solutions, Inc. or (xii) Bloomberg or (b) by such other method of dissemination as is required by the Securitisation Regulation (as instructed by the Issuer or the Collateral Manager on its behalf and as agreed with the Collateral Administrator). In addition, for so long as any of the Notes are Outstanding, the Monthly Report will be available for inspection at the offices of, and copies thereof may be obtained free of charge upon request from, the Issuer. For the purposes of the Reports, obligations which are to constitute Collateral 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 Obligations as if such purchase had been completed and obligations in respect of which the Issuer has entered into a binding commitment to sell, but in respect of which such sale has not yet settled, shall be excluded from being Collateral Obligations as if such sale had been completed. Any Noteholder that receives a Monthly Report agrees to keep all non-public information therein confidential and not to use such information for any purpose other than its evaluation of its investment in the Notes.

Each Monthly Report shall include notice that: (A) each Noteholder must be either (x) a QIB that is a QP or (y) a person outside the United States that is not a U.S. Person (as defined in Regulation S); and (B) the Notes may only be transferred to investors which also meet such criteria.

The Issuer will procure that notices provided to it by verified Noteholders are published, upon request by such Noteholders, on the reporting website currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Placement Agent, the Trustee, the Collateral Manager and the Hedge Counterparties and as notified by the Issuer (with reasonable assistance, if the Issuer so requires, from the Collateral Manager) to the Rating Agencies and the Noteholders from time to time) maintained by the Collateral Administrator for viewing by other verified Noteholders. The Collateral Administrator shall have no responsibility or liability for the contents, completeness or accuracy of any such published information.

### Portfolio

- (A) the Aggregate Principal Balance of the Collateral Obligations and Eligible Investments representing Principal Proceeds;
- (B) the Collateral Principal Amount of the Collateral Obligations;
- (C) the Adjusted Collateral Principal Amount of the Collateral Obligations;

- (D) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Obligation, its Principal Balance (in the case of Deferring Securities, both including and excluding capitalised or deferring interest), LoanX ID, Bloomberg ID, CUSIP number, ISIN or identification thereof, annual interest rate, spread (and EURIBOR and applicable floor, if any) and/or commitment fee (in each case, net of any amounts expected to be withheld at source or otherwise deducted in respect of taxes and not grossed-up or eliminated in full under an applicable double tax treaty), facility, Collateral Obligation Stated Maturity, Obligor, the Domicile of the Obligor, S&P Rating, Fitch Rating, Fitch Recovery Rate, and any other public rating (other than any confidential credit estimate), its S&P industrial classification group, S&P Recovery Rate and Fitch Recovery Rate;
- (E) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Obligation, whether such Collateral Obligation is a Secured Senior Obligation, Unsecured Senior Obligation, Second Lien Loan, Mezzanine Obligation, High Yield Bond, Fixed Rate Collateral Obligation, Corporate Rescue Loan, Semi-Annual Obligation, Current Pay Obligation, Revolving Obligation, Delayed Drawdown Collateral Obligation, Bridge Loan, Discount Obligation, a Swapped Non-Discount Obligation, Deferring Security or Cov-Lite Loan;
- (F) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Enhancement Obligation and Exchanged Equity Security (to the extent applicable), its Principal Balance, face amount, annual interest rate, Collateral 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 and Collateral Obligation Stated Maturity of, respectively, any Collateral Obligations, Collateral Enhancement Obligations or Exchanged Equity Securities that were released for sale or other disposition (specifying the reason for such sale or other disposition and the section in the Collateral Management and Administration Agreement pursuant to which such sale or other disposition was made), the Aggregate Principal Balances of Collateral 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 the identity of any of the purchasers thereof (if any) that are Affiliated with the Collateral Manager;
- (H) subject to any confidentiality obligations binding on the Issuer, the purchase or sale price (and in the case of a purchase, the nature of proceeds used for such purchase) of each Collateral Obligation, Eligible Investment and Collateral Enhancement Obligation acquired or sold by the Issuer, and in the case of a sale, the number, identity and, if applicable, Principal Balance and Collateral Obligation Stated Maturity thereof, and in which the Issuer has granted a security interest to the Trustee, and each Collateral 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 Obligation which became a Defaulted Obligation or Deferring Security or in respect of which an Exchanged Equity Security has been received since the date of determination of the last Monthly Report and the identity and Principal Balance of each S&P CCC Obligation, Fitch CCC Obligation and Current Pay Obligation;
- (J) subject to any confidentiality obligations binding on the Issuer, the identity of each Collateral 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 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 Obligations and the Collateral Enhancement Obligations;
- (M) in respect of each Collateral Obligation, its S&P 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 Obligations comprising Participations in respect of which the Selling Institutions are not the lenders of record;
- (O) a commentary provided by the Collateral Manager with respect to the Portfolio; and
- (P) for so long as any Notes are rated by Fitch, the applicable point in the Fitch Tests Matrix being applied for the purposes of the Collateral Quality Tests.

#### *Accounts*

- (A) the Balances standing to the credit of each of the Accounts;
- (B) any amounts paid pursuant to Condition 3(j)(iii)(5) on the last Payment Date and in aggregate since the Issue Date;
- (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 Balances standing to the credit of the Principal Account and the Unused Proceeds Account (only in respect of such amounts that are not designated as Interest Proceeds to be credited to the Interest Account), and including the principal amount of any Eligible Investments purchased with such Balance but excluding, for the avoidance of doubt, any interest accrued on Eligible Investments, *provided that*, for such purposes Principal Proceeds to be used to purchase Collateral Obligations in respect of which the Issuer has entered into a binding commitment to purchase, but which has not yet settled, shall be excluded as if such purchase had been completed and principal proceeds to be received from the sale of Collateral Obligations in respect of which the Issuer has entered into a binding commitment to sell, but in respect of which sale has not yet settled, shall be included as if such sale had been completed.

#### *Hedge Transactions and Counterparty Rating Requirements*

- (A) the outstanding notional amount of each Hedge Transaction and the current rate of EURIBOR;
- (B) the amount scheduled to be received and paid by the Issuer pursuant to each Hedge Transaction on or before the next Payment Date;
- (C) the then current Fitch rating and, if applicable, S&P rating in respect of each Hedge Counterparty, Account Bank and Custodian and the current S&P rating in respect of the Principal Paying Agent and whether such Hedge Counterparty, Account Bank, Custodian and Principal Paying Agent 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.

#### *Coverage Tests and Collateral Quality Tests*

- (A) a statement as to whether each of the Par Value Tests is satisfied and details of the relevant Par Value Ratios;
- (B) a statement as to whether each of the Interest Coverage Tests is satisfied and details of the relevant Interest Coverage Ratios;
- (C) until the expiry of the Reinvestment Period, a statement as to whether the Reinvestment Overcollateralisation Test is satisfied;
- (D) so long as any Notes rated by S&P are Outstanding, the S&P Weighted Average Recovery Rate, the S&P Weighted Average Rating Factor, the S&P Default Rate Dispersion, the S&P Obligor Diversity Measure,

the S&P Industry Diversity Measure, the S&P Regional Diversity Measure, the S&P Weighted Average Life and a statement as to whether the S&P CDO Monitor Test is satisfied;

- (E) the Weighted Average Life and a statement as to whether the Weighted Average Life Test is satisfied;
- (F) the Weighted Average Spread (both including and excluding the Aggregate Excess Funded Spread and calculated both with and without adjustment to the Aggregate Funded Spread for any floor), the Weighted Average Coupon Adjustment Percentage and a statement as to whether the Minimum Weighted Average Spread Tests are satisfied;
- (G) the Weighted Average Fixed Coupon and the Weighted Average Coupon Adjustment Percentage;
- (H) so long as any Notes rated by Fitch are Outstanding, the Fitch Weighted Average Recovery Rate and a statement as to whether the Fitch Minimum Weighted Average Recovery Rate Test is satisfied;
- (I) so long as any Notes rated by Fitch are Outstanding, whether or not the Fitch Maximum Weighted Average Rating Factor Test is satisfied (together with the values of such Fitch Maximum Weighted Average Rating Factor Test);
- (J) a statement identifying any Collateral 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; and
- (K) a statement identifying the Fitch Tests Matrix concentration limits applicable to the largest ten Obligors by Principal Balance and a statement as to whether the concentration limits applicable to the largest ten Obligors by Principal Balance are satisfied.

#### *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 Fitch Rating and S&P Rating of each Selling Institution, together with any changes in the identity of such entities since the date of determination of the last Monthly Report and details of the aggregate amount of Participations entered into with each such entity; and
- (C) a statement as to whether the limits specified in the Bivariate Risk Table are met by reference to the Fitch Ratings and S&P Ratings of Selling Institutions and, if such limits are not met, a statement as to the nature of the non-compliance.

#### *Frequency Switch Event*

A statement indicating whether a Frequency Switch Event has occurred during the relevant Due Period (provided that where such Frequency Switch Event has been determined by the Collateral Manager, to the extent notice of the occurrence of such Frequency Switch Event has been received by the Collateral Administrator from the Collateral Manager).

#### *Risk Retention*

Confirmation that the Collateral Administrator has received written confirmation (and upon which confirmation the Collateral Administrator shall be entitled to rely without further enquiry and without liability for so relying) from the Collateral Manager that:

- (A) it continues to retain the Retention Notes; and
- (B) it has not sold, hedged or otherwise mitigated its credit risk under or associated with the Retention Notes or the underlying portfolio of Collateral Obligations, except to the extent permitted in accordance with the EU Retention Requirements.

### *Summary of Transaction Parties*

- (A) details of all the entity names of all current transaction parties, their roles and, where subject to a Rating Requirement, their credit ratings (as referred to in the definition of Rating Requirement) as notified to the Collateral Administrator by the Issuer (with reasonable assistance from the Collateral Manager) or by the relevant transaction party (if applicable);
- (B) details of the Issuer and Collateral Manager's LEI and Note ISINs as notified to the Collateral Administrator by the Issuer (with reasonable assistance from the Collateral Manager); and
- (C) details of any ratings downgrades and/or replacements of transaction parties as notified to the Collateral Administrator by the Issuer (with reasonable assistance from the Collateral Manager) or by the relevant transaction party (if applicable).

### **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 not later than 2.00 p.m. (London time) on the Business Day preceding the related Payment Date (the "**Payment Date Report**"), prepared and determined as of each Determination Date, and made available (a) via a secured website currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Placement Agent, the Trustee, the Collateral Manager and the Hedge Counterparties and as notified by the Issuer (with reasonable assistance, if the Issuer so requires, from the Collateral Manager) to the Rating Agencies and the Noteholders from time to time) which shall be accessible to any person who certifies to the Collateral Administrator substantially in the form set out in the Collateral Management and Administration Agreement or such other form as may be agreed between the Issuer, the Collateral Manager and the Collateral Administrator from time to time, which certification may be given electronically and upon which certification the Collateral Administrator shall be entitled to rely absolutely and without enquiry or liability that it is (i) the Issuer, (ii) the Arranger, (iii) the Placement Agent, (iv) the Trustee, (v) a Hedge Counterparty, (vi) the Collateral Manager, (vii) a Rating Agency, (viii) a Noteholder, (ix) a competent authority (as determined under the Securitisation Regulation), (x) a potential investor in the Notes, (xi) Intex Solutions, Inc. or (xii) Bloomberg, or (b) by such other method of dissemination as is required by the Securitisation Regulation (as instructed by the Issuer or the Collateral Manager on its behalf and as agreed with the Collateral Administrator). In addition, for so long as any of the Notes are Outstanding, the Payment Date Report will be available for inspection at the offices of, and copies thereof may be obtained free of charge upon request from, the Issuer.

Each Payment Date Report shall include notice that: (A) each Noteholder must be either (x) a QIB that is a QP or (y) a person outside the United States that is not a U.S. Person (as defined in Regulation S); and (B) the Notes may only be transferred to investors which also meet such criteria.

Upon issue of each Payment Date Report, the Collateral Administrator, in the name and at the expense of the Issuer, shall notify Euronext Dublin of the Principal Amount Outstanding of each Class of Notes after giving effect to the principal payments, if any, on the next Payment Date. The Payment Date Report shall contain the following information:

### *Portfolio*

- (A) the Aggregate Principal Balance of the Collateral Obligations as of the close of business on such Determination Date, after giving effect to (i) Principal Proceeds received on the Collateral Obligations with respect to the related Due Period and the reinvestment of such Principal Proceeds in Substitute Collateral Obligations during such Due Period and (ii) the disposal of any Collateral Obligations during such Due Period;
- (B) subject to any confidentiality obligations binding on the Issuer, a list of, respectively, the Collateral 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 Rated Notes on the next Payment Date; and
- (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.

*Payment Date Payments*

- (A) the amounts payable pursuant to the Interest Priority of Payments, the Principal 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 Defaulted Currency Hedge Termination Payments and Defaulted Interest Rate Hedge Termination Payments.

*Accounts*

- (A) the Balance standing to the credit of the Interest Account at the end of the related Due Period;
- (B) any amounts paid pursuant to Condition 3(j)(iii)(5) on the last Payment Date and in aggregate since the Issue Date;
- (C) the Balance standing to the credit of the Principal Account at the end of the related Due Period;
- (D) the Balance standing to the credit of the Interest Account immediately after all payments and deposits to be made on the next Payment Date;
- (E) the Balance standing to the credit of the Principal Account immediately after all payments and deposits to be made on the next Payment Date;
- (F) the amounts payable from the Interest Account through a transfer to the Payment Account pursuant to the Priorities of Payment on such Payment Date;
- (G) the amounts payable from the Principal Account through a transfer to the Payment Account pursuant to the Priorities of Payment on such Payment Date;
- (H) the amounts payable from any other Accounts (through a transfer to the Payment Account) pursuant to the Priorities of Payment on such Payment Date, together with details of whether such amounts constitute Interest Proceeds or Principal Proceeds;
- (I) the Balance standing to the credit of each of the other Accounts at the end of the related Due Period;
- (J) 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;
- (K) the Principal Proceeds received during the related Due Period;
- (L) the Interest Proceeds received during the related Due Period;

- (M) the Collateral Enhancement Obligation Proceeds received during the related Due Period; and
- (N) the Balances standing to the credit of the Principal Account and the Unused Proceeds Account (only in respect of such amounts that are not designated as Interest Proceeds to be credited to the Interest Account), and including the principal amount of any Eligible Investments purchased with such Balance but excluding, for the avoidance of doubt, any interest accrued on Eligible Investments, *provided that*, for such purposes Principal Proceeds to be used to purchase Collateral Obligations in respect of which the Issuer has entered into a binding commitment to purchase, but which has not yet settled, shall be excluded as if such purchase had been completed and principal proceeds to be received from the sale of Collateral Obligations in respect of which the Issuer has entered into a binding commitment to sell, but in respect of which sale has not yet settled, shall be included as if such sale had been completed.

*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
- (B) the information required pursuant to "*Monthly Reports - Portfolio Profile Tests*" above.

*Hedge Transactions*

The information required pursuant to "*Monthly Reports - Hedge Transactions and Counterparty Rating Requirements*" above.

*Frequency Switch Event*

The information required pursuant to "*Monthly Reports - Frequency Switch Event*" above.

*Risk Retention*

The information required pursuant to "*Monthly Reports – Risk Retention*" above.

*Summary of Transaction Parties*

- (D) details of all the entity names of all current transaction parties, their roles and, where subject to a Rating Requirement, their credit ratings (as referred to in the definition of Rating Requirement) as notified to the Collateral Administrator by the Issuer (with reasonable assistance from the Collateral Manager) or by the relevant transaction party (if applicable);
- (E) details of the Issuer and Collateral Manager's LEI and Note ISINs as notified to the Collateral Administrator by the Issuer (with reasonable assistance from the Collateral Manager); and
- (F) details of any ratings downgrades and/or replacements of transaction parties as notified to the Collateral Administrator by the Issuer (with reasonable assistance from the Collateral Manager) or by the relevant transaction party (if applicable).

*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 Central Bank and in respect of the preparation of its financial statements and tax returns.

**Portfolio Report and Investor Report**

Following the Securitisation Regulation Reporting Effective Date, the Issuer and the Collateral Manager will propose in writing to the Collateral Administrator the form, content, method of distribution and frequency of the Portfolio Reports and the Investor Reports. The Collateral Administrator shall consult with the Issuer and the Collateral Manager with a view to agreeing such reporting on such proposed terms (or other alternative terms as may be agreed between the Collateral Administrator, the Issuer and the Collateral Manager) and, if it agrees to provide such reporting, shall confirm the proposed terms of reporting in writing to the Issuer and the Collateral Manager. To the extent agreed by the Collateral Administrator, the Collateral Administrator shall make available the Portfolio Reports and Investor Reports in the forms agreed (a) via a secure website currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Arranger, the Placement Agent, the Trustee, the Collateral Manager and the Hedge Counterparties and as notified by the Issuer (with reasonable assistance, if the Issuer so requires, from the Collateral Manager) to the Rating Agencies and the Noteholders from time to time) which shall be accessible to any person who certifies to the Collateral Administrator substantially in the form set out in the Collateral Management and Administration Agreement or such other form as may be agreed between the Issuer, the Collateral Manager and the Collateral Administrator from time to time, which certification may be given electronically and upon which certification the Collateral Administrator shall be entitled to rely absolutely and without enquiry or liability that it is (i) the Issuer, (ii) the Arranger, (iii) the Placement Agent, (iv) the Trustee, (v) a Hedge Counterparty, (vi) the Collateral Manager, (vii) a Rating Agency, (viii) a Noteholder, (ix) a competent authority (as determined under the Securitisation Regulation), (x) a potential investor in the Notes, (xi) Intex Solutions, Inc. or (xii) Bloomberg or (b) by such other method of dissemination as is required by the Securitisation Regulation (as instructed by the Issuer or the Collateral Manager on its behalf and as agreed with the Collateral Administrator). If the Collateral Administrator does not agree on the terms of reporting, the Issuer (with the consent of the Collateral Manager) shall appoint another entity to make the relevant information available to the competent authorities, any Noteholder and any potential investor in the Notes.

## TAX CONSIDERATIONS

### 1. 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 ARE WHOLLY RESPONSIBLE FOR DETERMINING THEIR OWN TAX POSITION IN RESPECT OF THE NOTES. POTENTIAL PURCHASERS WHO ARE IN ANY DOUBT ABOUT THEIR TAX POSITION ON PURCHASE, OWNERSHIP, TRANSFER OR EXERCISE OF ANY NOTE SHOULD CONSULT THEIR OWN TAX ADVISERS. IN PARTICULAR, NO REPRESENTATION IS MADE AS TO THE MANNER IN WHICH PAYMENTS UNDER THE NOTES WOULD BE CHARACTERISED BY ANY RELEVANT TAXING AUTHORITY. POTENTIAL INVESTORS SHOULD BE AWARE THAT THE RELEVANT FISCAL RULES OR THEIR INTERPRETATION MAY CHANGE, POSSIBLY WITH RETROSPECTIVE EFFECT, AND THAT THIS SUMMARY IS NOT EXHAUSTIVE. THIS SUMMARY DOES NOT CONSTITUTE LEGAL OR TAX ADVICE OR A GUARANTEE TO ANY POTENTIAL INVESTOR OF THE TAX CONSEQUENCES OF INVESTING IN THE NOTES.**

### 2. Irish Taxation

The following is a summary of the principal Irish tax consequences for individuals and companies of ownership of the Notes based on the laws and practice of the Irish Revenue Commissioners currently in force in Ireland and may be subject to change. It deals with Noteholders who beneficially own their Notes as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes, such as dealers in securities, trusts etc. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

#### Taxation of Noteholders

##### Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent.), is required to be withheld from payments of Irish source interest which should include interest payable on the Notes.

The Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from a payment of interest on a Note so long as the interest paid on the relevant Note falls within one of the following categories:

**1. *Interest paid on a quoted Eurobond:* The Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from a payment of interest on a Note where:**

- (a) the Notes are quoted Eurobonds i.e. securities which are issued by a company (such as the Issuer), which are listed on a recognised stock exchange (such as the Global Exchange Market of Euronext Dublin) and which carry a right to interest; and
- (b) the person by or through whom the payment is made is not in Ireland, or if such person is in Ireland, either:
  - (i) the Notes are held in a clearing system recognised by the Irish Revenue Commissioners; (Euroclear and Clearstream, Luxembourg are, amongst others, so recognised); or
  - (ii) the person who is the beneficial owner of the Notes and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as a paying agent located in Ireland) in the prescribed form; and

(c) in respect of the Subordinated Notes, one of the following conditions is satisfied:

- (i) the Noteholder is resident for tax purposes in Ireland; or
- (ii) the Noteholder is subject, without any reduction computed by reference to the amount of such interest, premium or other distribution, to a tax in a relevant territory which generally applies to profits, income or gains received in that territory, by persons, from sources outside that territory; or
- (iii) the Noteholder is not a company which, directly or indirectly, controls the Issuer, is controlled by the Issuer, or is controlled by a third company which also directly or indirectly controls the Issuer, and neither the Noteholder, nor any person connected with the Noteholder, is a person or persons:
  - (A) from whom the Issuer has acquired assets;
  - (B) to whom the Issuer has made loans or advances;
  - (C) to whom loans or advances held by the Issuer were made; or
  - (D) with whom the Issuer has entered into a swap agreement,

where the aggregate value of such assets, loans, advances or swap agreements represents not less than 75 per cent. of the assets of the Issuer (such a person falling within this category of person being a specified person); or

As regards the definition of specified person, a person will be deemed to have control of the Issuer where they have the power to secure that the affairs of the Issuer are conducted in accordance with their wishes. No Noteholder should have such power merely by being a Noteholder. Finance Act 2019 has extended the definition of control. A person who has the ability to participate in the financial and operating decisions of the Issuer will be deemed to "control" the Issuer where they also hold over 20% of the principal value of, or 20% of the interest payable in respect of, any Notes which carry a results dependent return or a return which is not a commercially reasonable amount. Where interest is affected by these rules, it is treated as a distribution which is not deductible for tax purposes and thus will, form part of the taxable profits of the Issuer. It may also be subject to withholding tax, subject to any available exemptions.

or

- (iv) at the time of issue of the Notes, the Issuer was not in possession, or aware, of any information which could reasonably be taken to indicate whether or not interest payable to any beneficial owner of the Notes would be subject, without any reduction computed by reference to the amount of such interest, to a tax in a relevant territory which generally applies to profits, income or gains received in that territory, by persons, from sources outside that territory,

where the term:

**"relevant territory"** means a member state of the European Union (other than Ireland) or a country with which Ireland has signed a double tax treaty (**"Relevant Territory"**); and

**"swap agreement"** means any agreement, arrangement or understanding that—

- I. provides for the exchange, on a fixed or contingent basis, of one or more payments based on the value, rate or amount of one or more interest or other rates, currencies, commodities, securities, instruments of indebtedness, indices, quantitative measures, or other financial or economic interests or property of any kind, or any interest therein or based on the value thereof, and

- II. transfers to a person who is a party to the agreement, arrangement or understanding or to a person connected with that person, in whole or in part, the financial risk associated with a future change in any such value, rate or amount without also conveying a current or future direct or indirect ownership interest in an asset (including any enterprise or investment pool) or liability that incorporates the financial risk so transferred.

Thus, so long as the Notes continue to be quoted on the Global Exchange Market of Euronext Dublin, are held in Euroclear and/or Clearstream, Luxembourg, and, in respect of the Subordinated Notes, one of the conditions set out in paragraph 1(c) above is met, interest on the Notes can be paid by any paying agent acting on behalf of the Issuer free of any withholding or deduction for or on account of Irish income tax. If the Notes continue to be quoted but cease to be held in a recognised clearing system, interest on the Notes may be paid without any withholding or deduction for or on account of Irish income tax provided such payment is made through a paying agent outside Ireland and, in respect of the Subordinated Notes, one of the conditions set out in paragraph 1(c) above is met.

**2. *Interest paid by a qualifying company to certain non-residents:***

If, for any reason, the exemption referred to above ceases to apply, interest payments may still be made free of withholding tax provided that:

- (a) the Issuer remains a "qualifying company" as defined in Section 110 of the TCA and the Noteholder is a person which is resident in a Relevant Territory, and, where the recipient is a body corporate, the interest is not paid to it in connection with a trade or business carried on by it in Ireland through a branch or agency. The test of residence is determined by reference to the law of the Relevant Territory in which the Noteholder claims to be resident. The Issuer must be satisfied that the terms of the exemption are satisfied; and
- (b) one of the following conditions is satisfied:
  - (i) the Noteholder is a pension fund, government body or other person (which satisfies paragraph 1(c)(ii) above), which is resident in a Relevant Territory and which, under the laws of that territory, is exempted from tax that corresponds to income tax or corporation tax in Ireland and which generally applies to profits, income or gains in that territory; or
  - (ii) the interest is subject, without any reduction computed by reference to the amount of such interest, to a tax in a Relevant Territory which corresponds to income tax or corporation tax in Ireland and which generally applies to profits, income or gains received in that territory, by persons, from sources outside that territory.

**Qualifying Companies Carrying on a Specified Property Business**

Section 110(5A) applies to qualifying companies which carry on a business of holding, managing or both holding and managing "specified mortgages", units in an IREF or shares that derive their value, or the greater part of their value from Irish land.

A "specified mortgage" for this purpose is:

- (a) a loan which is secured on, and which derives its value from, or the greater part of its value from, directly or indirectly, land in Ireland;
- (b) a specified agreement which derives all of its value, or the greater part of its value, directly or indirectly, from land in Ireland or a loan to which paragraph (a) above applies. A specified agreement is defined in Section 110 TCA and includes certain derivatives, swaps or similar arrangements. A specified mortgage does not include a specified agreement which derives its value or the greater part of its value from a CLO transaction, a CMBS/RMBS transaction, a loan origination business or a sub-participation transaction (as defined in Section 110 TCA); or

- (c) any portion of a security issued by another qualifying company which carries on the business of holding or managing specified mortgages and which carries a right to results dependent or non-commercial interest; or

The holding of specified mortgages, (and from 19 October 2017) units in an IREF (within the meaning of Chapter 1B of Part 27 TCA) or shares that derive their value, or the greater part of their value from, directly or indirectly land in Ireland is defined as a "specified property business". Where the qualifying company carries on a specified property business in addition to other activities, it must treat the specified property business as a separate business and apportion its expenses on a just and reasonable basis between the separate businesses.

Where the qualifying company has financed itself with loans carrying interest which is dependent on the results of that company's business or interest which represents more than a reasonable commercial return for the use of the principal, or has entered into specified agreements (such as swaps) then the interest or return payable will not be deductible for Irish tax purposes to the extent it exceeds a reasonable commercial return which is not dependent on the results of the qualifying company.

This restriction is subject to a number of exceptions. Transactions which qualify as "CLO transactions" should not be subject to the restrictions described above. A CLO transaction is defined as a securitisation transaction carried out in conformity with:

- (a) a prospectus, within the meaning of the Prospectus Directive;
- (b) listing particulars, where any securities issued by the qualifying company are listed on an exchange, other than the main exchange, of Ireland or a relevant EU member state; or
- (c) where the securities issued by the qualifying company will not be listed on an exchange in Ireland or a relevant EU member state, legally binding documents. In addition, the transaction
  - (i) may provide for a warehousing period, which means a period not exceeding 3 years during which time the qualifying company is preparing to issue securities; and
  - (ii) provide for investment eligibility criteria that govern the type and quality of assets to be acquired.

Finally, based on the documents referred to in paragraphs (a) to (c) above and the activities of the qualifying company, in order for a transaction to be a CLO transaction it must not be reasonable to consider that the main purpose, or one of the main purposes, of the qualifying company was to acquire specified mortgages.

In order to benefit from the exception, the qualifying company must not carry out any activities, other than activities which are incidental or preparatory to the transaction or business of a CLO transaction.

As such, the restrictions on deductibility should not apply if either:

- (a) the Issuer does not hold or manage specified mortgages; or
- (b) the Issuer's activities fall within the definition of a CLO transaction.

In addition, the legislation does contain other provisions which could limit or eliminate the restrictions on deductibility depending on the structuring of the transaction.

### ***Encashment Tax***

In certain circumstances, Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from interest on any Note, where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any Noteholder. There is an exemption from encashment tax where the beneficial owner of the interest is not resident in Ireland and has made a declaration to this effect in the prescribed form to the encashment agent or bank.

### ***Income Tax, PRSI and Universal Social Charge***

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish tax with respect to such interest. Noteholders resident or ordinarily resident in Ireland who are individuals may be liable to pay Irish income tax, social insurance (PRSI) contributions and the universal social charge in respect of interest they receive on the Notes.

Interest paid on the Notes may have an Irish source and therefore may be within the charge to Irish income tax, notwithstanding that the Noteholder is not resident in Ireland. In the case of Noteholders who are non-resident individuals such Noteholders may also be liable to pay the universal social charge in respect of interest they receive on the Notes.

Ireland operates a self-assessment system in respect of tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

There are a number of exemptions from Irish income tax available to certain non-residents. Firstly, interest payments made by the Issuer are exempt from income tax so long as the Issuer is a qualifying company for the purposes of Section 110 of the TCA, the recipient is not resident in Ireland and is resident in a Relevant Territory and the interest is paid out of the assets of the Issuer. Secondly, interest payments made by the Issuer in the ordinary course of its trade or business to a company are exempt from income tax provided the recipient company is not resident in Ireland and is either resident for tax purposes in a Relevant Territory which imposes a tax that generally applies to interest receivable in that territory by companies from sources outside that territory and which corresponds to income tax or corporation tax in Ireland or the interest is exempted from the charge to Irish income tax under the terms of a double tax agreement which is either in force or which will come in to force once all ratification procedures have been completed. Thirdly, interest paid by the Issuer free of withholding tax under the quoted Eurobond exemption is exempt from income tax where the recipient is a person not resident in Ireland and resident in a Relevant Territory or is a company not resident in Ireland which is under the control, whether directly or indirectly, of person(s) who by virtue of the law of a Relevant Territory are resident for the purposes of tax in a Relevant Territory and is not under the control of person(s) who are not so resident or is a company not resident in Ireland, where the principal class of shares of the company is substantially and regularly traded on a recognised stock exchange. For the purposes of these exemptions and where not specified otherwise, residence is determined under the terms of the relevant double taxation agreement or in any other case, the law of the country in which the recipient claims to be resident. Interest falling within the above exemptions is also exempt from the universal social charge.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed, may have a liability to Irish corporation tax on the interest.

Relief from Irish income tax may also be available under the specific provisions of a double tax treaty between Ireland and the country of residence of the recipient.

Interest on the Notes which does not fall within the above exemptions is within the charge to income tax, and, in the case of Noteholders who are individuals, the charge to the universal social charge.

### ***Capital Gains Tax***

A Noteholder will not be subject to Irish tax on capital gains on a disposal of Notes unless such Noteholder is either resident or ordinarily resident in Ireland or carries on a trade in Ireland through a branch or agency in respect of which the Notes were used or held.

### ***Capital Acquisitions Tax***

A gift or inheritance comprising Notes will be within the charge to capital acquisitions tax (which subject to available exemptions and reliefs, is currently levied at 33 per cent.) if either (i) the 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) on the relevant date or (ii) if the Notes are regarded as property situate in Ireland (i.e. if the Notes are physically located in Ireland or if the register of the Notes is maintained in Ireland).



### ***Stamp Duty***

No stamp duty or similar tax is imposed in Ireland (on the basis of an exemption provided for in Section 85(2)(c) of the Stamp Duties Consolidation Act, 1999 so long as the Issuer is a qualifying company for the purposes of Section 110 of the TCA and the proceeds of the Notes are used in the course of the Issuer's business), on the issue, transfer or redemption of the Notes.

## **3. United States Federal Income Taxation**

### **Introduction**

This is a discussion of certain 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 describe all of the tax consequences that may be relevant to investors in light of their particular circumstances, nor does it address any aspect of state, local or non-U.S. tax laws, alternative minimum tax or Medicare contribution tax considerations, or the possible application of U.S. federal gift or estate taxes. In particular, this discussion does not address differing tax consequences that may apply to an investor subject to special treatment, for instance:

- (i) a financial institution, insurance company, real estate investment trust, regulated investment company or grantor trust;
- (ii) a dealer or trader in securities that uses a mark-to-market method of tax accounting with respect to the Notes;
- (iii) an investor holding notes as part of a "straddle" or integrated transaction;
- (iv) a former citizen or resident of the United States;
- (v) a U.S. holder (as defined below) whose functional currency is not the U.S. dollar;
- (vi) a tax-exempt entity;
- (vii) a partnership or other pass through entity for U.S. federal income tax purposes; or
- (viii) a U.S. holder that is subject to special tax accounting rules as a result of any item of gross income with respect to the notes being taken into account on an applicable financial statement.

This discussion considers only investors that will hold Notes as capital assets, is generally limited to the tax consequences to investors that purchase Notes upon their initial issuance at their initial issue price, and, except as expressly set forth below, does not address the consequences to U.S. holders of the contribution of cash to the Issuer by a holder of Subordinated Notes as a Reinvestment Amount.

For purposes of this discussion, "**U.S. holder**" means a beneficial owner of a Note that is, for U.S. federal income tax purposes:

- (i) a citizen or individual 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; or
- (iii) an estate or trust, the income of which is subject to U.S. federal income tax regardless of the source.

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.

In the case of an investor that is a partnership for U.S. federal income tax purposes, the U.S. federal income tax treatment of such partnership and its partners will generally depend on the partnership's activities and status of the partners. 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**"), final, temporary and proposed Treasury regulations, and administrative pronouncements 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 U.S. Internal Revenue Service (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 whether the Issuer is engaged in a trade or business within the United States, the U.S. federal income tax characterisation of the Notes or the other issues discussed below.

Prospective investors 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.

### **United States Taxation of the Issuer**

*Generally.* The Issuer will be treated as a corporation for U.S. federal income tax purposes.

*United States Federal Income Taxes.* The Issuer intends to operate so as not to be engaged in a trade or business within the United States for U.S. federal income tax purposes. In this regard, the Issuer will receive an opinion of Weil, Gotshal & Manges LLP to the effect that, if the Issuer and the Collateral Manager comply with the Trust Deed and the Collateral Management and Administration Agreement, including the tax guidelines appended to the Collateral Management and Administration Agreement (the "**Tax Guidelines**"), and certain other assumptions specified in the opinion are satisfied, although no authority exists that deals with situations substantially similar to those of the Issuer, the contemplated activities of the Issuer will not cause the Issuer to be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes under current law. This opinion will be based on certain assumptions and certain representations and agreements regarding restrictions on the future activities of the Issuer and the Collateral Manager. The Issuer intends to conduct its business in accordance with the assumptions, representations and agreements upon which such opinion is based. In complying with such assumptions, representations and agreements, the Issuer and the Collateral Manager are entitled to rely in the future upon the advice and/or opinions of their selected counsel, and the opinion of Weil, Gotshal & Manges LLP will assume that any such advice and/or opinions are correct and complete. Investors should also be aware that the opinion of Weil, Gotshal & Manges LLP simply represents counsel's best judgment and is not binding on the IRS or the courts. In this regard, there are no authorities that deal with situations substantially identical to the Issuer's and the Issuer could be treated as engaged in the conduct of a trade or business within the United States as a result of unanticipated activities, changes in law, contrary conclusions by the IRS or other causes. Failure of the Issuer to comply with the Tax Guidelines or the Trust Deed may not give rise to a default or a Collateral Manager Event of Default under the Trust Deed or the Collateral Management and Administration Agreement and may not give rise to a claim against the Issuer or the Collateral Manager. In the event of such a failure, the Issuer could be engaged in a U.S. trade or business for U.S. federal income tax purposes. Moreover, a change in law or its interpretation could result in the Issuer being treated as engaged in a trade or business within the United States for U.S. federal income tax purposes.

If it were determined that the Issuer is engaged in a trade or business within the United States for U.S. federal income tax purposes, and the Issuer has taxable income that is effectively connected with such U.S. trade or business, the Issuer would be subject under the Code to the regular U.S. corporate income tax on such effectively connected taxable income (computed possibly without any allowance for deductions) and possibly to a 30 per cent. branch profits tax and state and local taxes as well. The imposition of such a tax liability could materially adversely affect the Issuer's ability to make payments on the Notes. The remainder of this discussion assumes that the Issuer will not be subject to U.S. federal income tax on its net income.

*Representations.* Each holder and beneficial owner of a Class D Note or a Subordinated Note that is not a "United States person" (as defined in Section 7701(a)(30) of the Code) will make, or by acquiring such Note or an interest therein will be deemed to make, a representation to the effect that (A) either (i) it is not a bank (within the meaning of Section 881(c)(3)(A) of the Code), (ii) it is a person that is eligible for benefits under an income tax treaty with the United States that eliminates U.S. federal income taxation of U.S. source interest not attributable to a permanent establishment in the United States, (iii) after giving effect to its purchase of such Note, it will not directly or indirectly own more than 33-1/3 per cent., by

value, of the aggregate of the Notes within such Class and any other Notes that are ranked pari passu with or are subordinated to such Notes, and will not otherwise be related to the Issuer (within the meaning of Treasury regulations section 1.881-3) or (iv) it has provided an Internal Revenue Service Form W-8 ECI representing that all payments received or to be received by it from the Issuer are effectively connected with the conduct of a trade or business in the United States and (B) it is not purchasing the Note in order to reduce its U.S. federal income tax liability pursuant to a tax avoidance plan within the meaning of U.S. Treasury Regulation Section 1.881-3.

## **U.S. Characterisation and U.S. Tax Treatment of the Rated Notes**

*Characterisation of the Rated Notes.* Upon the issuance of the Notes, Allen & Overy LLP will deliver an opinion generally to the effect that under current law, assuming compliance with the Transaction Documents, and based on certain assumptions and factual representations made by the Issuer and/or the Collateral Manager, the Class A Notes, the Class B Notes and the Class C Notes will be treated, and the Class D Notes should be treated, as debt of the Issuer for U.S. federal income tax purposes.

The Issuer has agreed and, by its acceptance of a Rated Note, each Noteholder of a Rated Note (or any interest therein) 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. The determination of whether a Rated Note will be treated as debt for United States federal income tax purposes is based on the facts and circumstances existing at the time the Rated Note is issued. Prospective investors should be aware that opinions of counsel are not binding on the IRS, 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.

Except as discussed under "*Alternative Characterisation of the Rated Notes*" below, the balance of this discussion assumes that the Rated Notes of all Classes will be characterised as debt of the Issuer for U.S. federal income tax purposes.

*Payments of 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 ("**OID**") 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). An accrual method U.S. holder of a Rated Note that uses this first method will therefore 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. 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. 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 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 to the extent that interest payments on the Class B Notes, the Class C Notes and the Class D Notes (together the "**Deferrable Notes**") are not made on a relevant Payment Date, such unpaid interest amounts will be deferred and the amount thereof added to the aggregate principal amount of such Notes. Consequently, 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 the Deferrable Notes will be treated as issued with OID.

It is possible, however, that the IRS could assert, and a court ultimately hold, that some other method of accruing OID, such as the provisions of 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) are applicable to the Rated Notes that are treated as issued with OID. 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) of the Code.

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. 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 Rated Notes (a) has an issue price that does not exceed the total non-contingent principal payments on such class of Rated 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 Rated Notes; and (ii) 15 per cent. of the total non-contingent principal payments on such class of Rated Notes; (b) provides 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 Rated 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 Euro per 100,000 Euro principal amount.

If a variable rate debt instrument provides for stated interest at either a single qualified floating rate throughout the term thereof, any stated interest on variable rate debt instrument which is unconditionally payable in cash or property at least annually will constitute qualified stated interest and will be taxed accordingly.

For a variable rate debt instrument that provides for stated interest at multiple qualified floating rates, the Note will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on such Note. The Note must be converted into an "equivalent" fixed rate debt instrument by substituting each qualified floating rate provided for under the terms of the Note with a fixed rate equal to the value of the qualified floating rate as of the Note's issue date. Once the Note is converted into an "equivalent" fixed rate debt instrument, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. holder of the Note will account for the OID and qualified stated interest as if the U.S. holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Note during the accrual period.

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 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.

Interest on the Notes received (and OID earned) 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".

*Sale, Exchange, Redemption or Repayment of the Rated Notes.* Unless a non-recognition provision applies, 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 Rated 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.

A U.S. holder will recognise exchange gain or loss upon the receipt of principal payments on a Rated Note (prior to maturity) attributable to the fluctuation in currency exchange rates with respect to such principal payment in an amount equal to the difference, if any, between the U.S. dollar value of the U.S. holder's foreign currency purchase price attributable to such principal payment, determined at the spot rate on the date such principal payment is received from the Issuer, and the U.S. dollar value of the U.S. holder's foreign currency purchase price attributable to such principal payment, determined at the spot rate on the date the U.S. holder purchased such Note. Exchange gain or loss generally will constitute ordinary income or loss and be treated as U.S. source income or loss, and generally not as an adjustment to interest income or expense.

*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 any Class of Notes are treated as equity in the Issuer, because the Issuer will be a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes, gain on the sale of such Class of

Notes could be treated as ordinary income and subject to an additional tax in the nature of interest, and certain interest on such Notes could be subject to the additional tax. A U.S. holder of such Notes might be able to avoid the ordinary income treatment and additional tax by writing “Protective QEF Election” on the top of an IRS Form 8621, filling out the form, checking Box A (Election to Treat the PFIC as a QEF) and filing the form with the IRS with respect to their Notes, or by filing a protective statement with the IRS preserving the U.S. holder’s ability to elect retroactively to treat the Issuer as a “qualified electing fund” (a “QEF”) and so electing at the appropriate time. Such a U.S. Holder also will be required to file an annual PFIC report. No later than 90 days following the end of the Issuer’s financial year, the Issuer will use commercially reasonable efforts to provide, upon request and at the Issuer’s expense, all information and documentation reasonably available to it that a U.S. holder of Class D Notes is required to obtain for U.S. federal income tax purposes in order to make and maintain a “protective” QEF election. If any Class of Notes is treated as equity, a U.S. holder of such Notes will also be required to file an annual PFIC report.

Alternatively, if any Class of Notes is treated as equity in the Issuer, the Issuer is a controlled foreign corporation (“CFC”), and a U.S. holder of such Notes also is treated as a 10 per cent. United States shareholder with respect to the Issuer, then the U.S. holder generally would be subject to the rules discussed below under “*U.S. Federal Tax Treatment of U.S. holders of Subordinated Notes— Investment in a Controlled Foreign Corporation*” with respect to such Class of Notes.

A U.S. holder of any Class of Notes that is treated as equity for U.S. federal income tax purposes may be subject to reporting requirements, as discussed below under “*U.S. Tax Treatment of U.S. holders of the Subordinated Notes*”. U.S. holders that fail to comply with these reporting requirements may be subject to adverse tax consequences, including a “tolling” of the statute of limitations with respect to their U.S. tax returns. Prospective U.S. holders, particularly U.S. holders of the Class D Notes, should read the discussion below regarding the tax treatment of holders of Subordinated Notes and consult with their tax advisors regarding whether to make protective filings of IRS Forms 8621, 926 and 5471 with respect to such Notes and the consequences to them if the Notes are treated as equity in the Issuer.

*Exchange of Foreign Currencies.* A U.S. holder will have a tax basis in any euro received as payment of stated interest, OID or principal, or upon the sale, exchange, retirement or other taxable disposition of a Note equal to the U.S. dollar value thereof at the spot rate of exchange in effect on the date of receipt of the euros. Any gain or loss realised by a U.S. holder on a sale or other disposition of euros, including their exchange for U.S. dollars, will be ordinary income or loss generally not treated as interest income or expense and generally will be income or loss from sources within the United States for U.S. foreign tax credit purposes.

## **U.S. Tax Treatment of U.S. holders of the Subordinated Notes**

The Issuer has agreed and, by its acceptance of a Subordinated Note, each Noteholder 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 U.S. 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. holders would generally be as described under “*United States Federal Income Taxes*” above. The balance of this discussion assumes that the Subordinated Notes will properly be characterised as equity in the Issuer. Prospective investors should consult their own tax advisors regarding the consequences of acquiring, holding or disposing of the Subordinated Notes.

*Investment in a Passive Foreign Investment Company.* The Issuer will be a PFIC for U.S. federal income tax purposes, and U.S. holders of Subordinated Notes will be subject to the PFIC rules, except for certain U.S. holders that are subject to the rules relating to a CFC (as described below under “*Investment in a Controlled Foreign Corporation*”). U.S. holders of Subordinated Notes should consider making an election to treat the Issuer as a QEF. Generally, a U.S. Holder makes a QEF election on IRS Form 8621, attaching a copy of that form to its U.S. federal income tax return for the first taxable year for which it held its Subordinated Notes. If a U.S. holder makes a timely QEF election with respect to the Issuer, the electing U.S. holder will be required in each taxable year to include in gross income (i) as ordinary income, the U.S. dollar value of the U.S. holder’s pro rata share of the Issuer’s ordinary earnings and (ii) as long-term capital gain, the U.S. dollar value of the U.S. holder’s pro rata share of the Issuer’s net capital gain, whether or not distributed. A U.S. holder will not be eligible for the dividends received deduction in respect of such income or gain. In addition, any losses of the Issuer in a taxable year will

not be available to the U.S. holder and may not be carried back or forward in computing the Issuer's ordinary earnings and net capital gain in other taxable years. If applicable, the rules relating to a CFC, discussed below generally override those relating to a PFIC with respect to which a QEF election is in effect.

In certain cases in which a QEF does not distribute all of its earnings in a taxable year, the electing U.S. holder may also be permitted to elect to defer payment of some or all of the taxes on the QEF's income, subject to an interest charge (which is non-deductible to individuals) on the deferred amount. In this regard, prospective purchasers of Subordinated Notes should be aware that it is expected that the Collateral Obligations will include high-yield debt obligations and such instruments may have substantial OID, the cash payment of which may be deferred, perhaps for a substantial period of time. In addition, the Issuer may use proceeds from the sale of Collateral Obligations to retire other classes of Notes. As a result, in any given year, the Issuer may have substantial amounts of earnings for U.S. federal income tax purposes that are not distributed on the Subordinated Notes. Thus, absent an election to defer payment of taxes, U.S. holders that make a QEF election with respect to the Issuer may owe tax on significant "phantom" income.

No later than 90 days following the end of the Issuer's financial year, the Issuer will use commercially reasonable efforts to provide, upon request and at the Issuer's expense, all information and documentation reasonably available to it that a U.S. holder of Subordinated Notes making a QEF election with respect to the Issuer is required to obtain for U.S. federal income tax purposes.

A U.S. holder of Subordinated Notes (other than certain U.S. holders that are subject to the rules relating to a CFC, described below) that does not make a timely QEF election will be required to report the U.S. dollar value of any gain on the disposition of its Subordinated Notes as ordinary income, rather than capital gain, and to compute the tax liability on such gain and any "Excess Distribution" (as defined below) received in respect of the Subordinated Notes as if such items had been earned ratably over each day in the U.S. holder's holding period (or a certain portion thereof) for the Subordinated Notes. The U.S. holder will be subject to tax on such gain or Excess Distributions at the highest ordinary income tax rate for each taxable year in which such gain or Excess Distributions are treated as having been earned, other than the current year (for which the U.S. holder's regular ordinary income tax rate will apply), regardless of the rate otherwise applicable to the U.S. holder. Further, such U.S. holder will also be liable for an interest charge (which is non-deductible to individuals) as if such income tax liabilities had been due with respect to each such year. For purposes of these rules, gifts, exchanges pursuant to corporate reorganisations and use of the Subordinated Notes as security for a loan may be treated as taxable dispositions of such Subordinated Notes. In addition, a stepped-up basis in the Subordinated Notes will not be available upon the death of an individual U.S. holder who has not made a timely QEF election with respect to the Issuer.

An "**Excess Distribution**" is the amount by which the U.S. dollar value of distributions during a taxable year in respect of a Note exceeds 125 per cent. of the average amount of distributions in respect thereof during the three preceding taxable years (or, if shorter, the U.S. holder's holding period for the Note).

In many cases, the U.S. federal income tax on any gain on disposition or receipt of Excess Distributions is likely to be substantially greater than the tax if a timely QEF election is made. **A U.S. HOLDER OF SUBORDINATED NOTES SHOULD STRONGLY CONSIDER MAKING A QEF ELECTION WITH RESPECT TO THE ISSUER.**

*Investment in a Controlled Foreign Corporation.* The Issuer will be a CFC if more than 50 per cent. of the equity interests in the Issuer, measured by reference to combined voting power or value, are owned directly, indirectly, or constructively by 10 per cent. United States shareholders. For this purpose, a "**10 per cent. United States shareholder**" is any United States person that possesses directly, indirectly, or constructively 10 per cent. or more of the combined voting power or value of all classes of equity in the Issuer. Thus, a U.S. holder of Subordinated Notes possessing directly, indirectly, or constructively 10 per cent. or more of the aggregate outstanding amount of the Subordinated Notes would be treated as a 10 per cent. United States shareholder. If more than 50 per cent. of the Subordinated Notes (and any Rated Notes that are treated as equity in the Issuer for U.S. federal income tax purposes), determined with respect to aggregate value or aggregate outstanding principal amount, are owned directly, indirectly, or constructively by such 10 per cent. United States shareholders, the Issuer will be treated as a CFC. If, for any given taxable year, the Issuer is treated as a CFC, a 10 per cent. United States shareholder of the

Issuer will be required to include as ordinary income an amount equal to the U.S. dollar value of that person's pro rata share of the Issuer's "subpart F income" at the end of such taxable year. Among other items, and subject to certain exceptions, "subpart F income" includes dividends, interest, annuities, gains from the sale of shares and securities, certain gains from commodities transactions, certain types of insurance income and income from certain transactions with related parties. It is likely that, if the Issuer were a CFC, all of its income would be subpart F income.

If the Issuer is treated as a CFC and a U.S. holder is treated as a 10 per cent. United States shareholder of the Issuer, the Issuer will not be treated as a PFIC with respect to the U.S. holder for the period during which the Issuer remains a CFC and the U.S. holder remains a 10 per cent. United States shareholder of the Issuer (the "qualified portion" of the U.S. holder's holding period for the Subordinated Notes). As a result, to the extent the Issuer's subpart F income includes net capital gains, such gains will be treated as ordinary income to the 10 per cent. United States shareholder under the CFC rules, notwithstanding the fact that the character of such gains generally would otherwise be preserved under the QEF rules. If the qualified portion of the U.S. holder's holding period for the Subordinated Notes subsequently ceases (either because the Issuer ceases to be a CFC or the U.S. holder ceases to be a 10 per cent. United States shareholder), then solely for purposes of the PFIC rules, the U.S. holder's holding period for the Subordinated Notes will be treated as beginning on the first day following the end of such qualified portion, unless the U.S. holder has owned any Subordinated Notes for any period of time prior to such qualified portion and has not made a QEF election with respect to the Issuer. In that case, the Issuer will again be treated as a PFIC which is not a QEF with respect to the U.S. holder and the beginning of the U.S. holder's holding period for the Subordinated Notes will continue to be the date upon which the U.S. holder acquired the Subordinated Notes, unless the U.S. holder makes an election to recognise gain with respect to the Subordinated Notes and a QEF election with respect to the Issuer. In the event that the Issuer is a CFC, then, upon the request of any U.S. holder that is a 10 per cent. United States shareholder with respect to the Issuer, and at the Issuer's expense, the Issuer will provide the information necessary for the U.S. holder to comply with any filing requirements that arise as a result of the Issuer's classification as a CFC.

*Indirect Interests in PFICs and CFCs.* If the Issuer owns a Collateral Obligation that is treated as equity in a foreign corporation for U.S. federal income tax purposes, U.S. holders of Subordinated Notes could be treated as owning an indirect equity interest in a PFIC or a CFC and could be subject to certain adverse tax consequences.

In particular, a U.S. holder of an indirect equity interest in a PFIC is treated as owning the PFIC directly. The U.S. holder, and not the Issuer, would be required to make a QEF election with respect to each indirect interest in a PFIC. However, certain PFIC information statements are necessary for U.S. holders that have made QEF elections, and there can be no assurance that the Issuer can obtain such statements from a PFIC, and thus there can be no assurance that a U.S. holder will be able to make the election with respect to any indirectly held PFIC.

Accordingly, if the U.S. holder has not made a QEF election with respect to the indirectly held PFIC, the U.S. holder would be subject to the adverse consequences described above under "*Investment in a Passive Foreign Investment Company*" with respect to any Excess Distributions of such indirectly held PFIC, any gain indirectly realised by such U.S. holder on the sale by the Issuer of such PFIC, and any gain indirectly realised by such U.S. holder with respect to the indirectly held PFIC on the sale by the U.S. holder of its Subordinated Notes (which may arise even if the U.S. holder realises a loss on such sale). Moreover, if the U.S. holder has made a QEF election with respect to the indirectly held PFIC, the U.S. holder will be required to include in income the U.S. dollar value of its pro rata share of the indirectly held PFIC's ordinary earnings and net capital gain as if the indirectly held PFIC were held directly (as described above), and the U.S. holder will not be permitted to use any losses or other expenses of the Issuer to offset such ordinary earnings and/or net capital gains. Accordingly, if any of the Collateral Obligations are treated as equity interests in a PFIC, U.S. holders could experience significant amounts of "phantom" income with respect to such interests.

If a Collateral Obligation is treated as an indirect equity interest in a CFC and a U.S. holder owns directly, indirectly, or constructively 10 per cent. or more of the CFC's voting power or value for U.S. federal income tax purposes, the U.S. holder generally will be required to include the U.S. dollar value of its pro rata share of the CFC's "subpart F income" as ordinary income at the end of each taxable year, as described above under "*Investment in a Controlled Foreign Corporation*," regardless of whether the



CFC distributed any amounts to the Issuer during such taxable year or whether the U.S. Holder made a QEF election with respect to the indirectly held CFC. In addition, the U.S. dollar value of gain realised by the U.S. holder on the sale by the Issuer of the CFC, and the U.S. dollar value of gain realised by the U.S. holder on the sale by the U.S. holder of its Subordinated Notes (as described below), generally will be treated as ordinary income to the extent of the U.S. holder's pro rata share of the CFC's current and accumulated earnings and profits, reduced by any amounts previously taxed pursuant to the CFC rules. U.S. holders should consult their own tax advisors regarding the tax issues associated with such investments in light of their own individual circumstances.

*Phantom Income.* U.S. holders may be subject to U.S. federal income tax on the amounts that exceed the distributions they receive on the Subordinated Notes. For example, if the Issuer is a CFC and a U.S. holder is a 10 per cent. United States shareholder with respect to the Issuer, or a U.S. holder makes a QEF election with respect to the Issuer, the U.S. holder will be subject to federal income tax with respect to its share of the Issuer's income and gain (to the extent of the Issuer's "earnings and profits"), which may exceed the Issuer's distributions. It is expected that the Issuer's income and gain (and earnings and profits) will exceed cash distributions with respect to (i) debt instruments that were issued with OID and are held by the Issuer and (ii) the acquisition at a discount of the Rated Notes by the Issuer (including by reason of a Refinancing or any deemed exchange that occurs for U.S. federal income tax purposes as a result of a modification of the Trust Deed). U.S. holders should consult their tax advisors regarding the timing of income and gain on the Subordinated Notes.

*Distributions.* The treatment of actual distributions of cash on the Subordinated Notes will vary depending on whether the U.S. holder of such Subordinated Notes has made a timely QEF election (as described above). See "*Investment in a Passive Foreign Investment Company*". If a timely QEF election has been made, distributions should be allocated first to amounts previously taxed pursuant to the QEF election (or pursuant to the CFC rules, if applicable) and to this extent will not be taxable to such U.S. holder. Distributions in excess of such previously taxed amounts will be treated first as a non taxable return of capital, to the extent of the U.S. holder's adjusted tax basis in the Subordinated Notes (as described below under "*Sale, Redemption, or Other Disposition*"), and then as a disposition of a portion of the Subordinated Notes. In addition, a U.S. holder will recognise exchange gain or loss with respect to amounts previously taxed pursuant to the QEF election (or pursuant to the CFC rules, if applicable) equal to the difference, if any, between the U.S. dollar value of the distribution on the date received and the U.S. dollar value of the previously taxed amount. Any exchange gain or loss will generally be treated as ordinary income or loss.

If a U.S. holder has not made a timely QEF election with respect to the Issuer then, except to the extent that distributions are attributable to amounts previously taxed pursuant to the CFC rules, some or all of any distributions with respect to the Subordinated Notes may constitute Excess Distributions, taxable as described above under the heading "*Investment in a Passive Foreign Investment Company*". Distributions that do not constitute Excess Distributions will be taxable to U.S. holders as ordinary income upon receipt to the extent of untaxed current and accumulated earnings and profits of the Issuer. Distributions that do not constitute Excess Distributions and are in excess of untaxed current and accumulated earnings and profits of the Issuer will be treated first as a non taxable return of capital, to the extent of the distributions in excess of a U.S. holder's adjusted tax basis in the Subordinated Notes and then as a disposition of a portion of the Subordinated Notes and subject to an additional tax reflecting a deemed interest charge, as described below under "*Sale, Redemption, or Other Disposition*".

Distributions on the Subordinated Notes will not be eligible for the dividends received deduction, and will not qualify as "qualified dividend income".

*Sale, Redemption, or Other Disposition.* In general, a U.S. holder of Subordinated Notes will recognise gain or loss upon the sale, redemption, or other disposition of the Subordinated Notes (including a distribution that is treated as a disposition of the Subordinated Notes, as described above under "*Distributions*") equal to the difference between the U.S. dollar value of the amount realised and the U.S. holder's adjusted tax basis in the Subordinated Notes. The U.S. dollar value of the amount realised generally is based on the euro-to-U.S. dollar spot exchange rate on the date of the disposition. However, if the Subordinated Notes are treated under applicable Treasury regulations as stock or securities traded on an established securities market and the U.S. holder uses the cash method of accounting, then the U.S. dollar value of the amount realised is based instead on the euro-to-U.S. dollar spot exchange rate on the

settlement date for the disposition. U.S. holders that use the accrual method of accounting also may elect to use the settlement date valuation, provided that they apply it consistently from year to year.

A U.S. holder's tax basis in its Subordinated Notes initially will equal the U.S. dollar value of the amount paid by the U.S. holder for the Subordinated Notes, determined under rules analogous to the rules for determining the U.S. dollar value of the amount realised. The U.S. holder's tax basis in the Subordinated Notes will be increased by amounts taxable to the U.S. holder by reason of any QEF election, or by reason of the CFC rules, as applicable, and decreased by the U.S. dollar value of actual distributions by the Issuer that are deemed to consist of such previously taxed amounts or are treated as a non taxable return of capital, as described above under "*Distributions*".

If the U.S. holder has made a timely QEF election with respect to the Issuer, then, except to the extent that the Issuer is treated as a CFC and the U.S. holder is treated as a 10 per cent. United States shareholder of the Issuer, gain or loss upon the sale, redemption, or other disposition of the Subordinated Notes generally will be treated as foreign currency exchange gain or loss, and taxable as ordinary income or loss, to the extent of the positive or negative change in the U.S. dollar value of any amounts previously taxed pursuant to the QEF election from the date of each deemed distribution pursuant to the election (based on the euro-to-U.S. dollar spot exchange rate on that date) to the date of the disposition. Any gain or loss in excess of foreign currency exchange gain or loss will be capital gain or loss, and generally will be long-term capital gain or loss if the U.S. holder has held the Subordinated Notes for more than one year at the time of the disposition. In certain circumstances, U.S. Holders who are individuals may be entitled to preferential tax rates for net long-term capital gains; however, the ability of U.S. holders to offset capital losses against ordinary income is limited.

If a U.S. holder does not make a timely QEF election with respect to the Issuer as described above and is not subject to the CFC rules, any gain realised on the sale, redemption, or other disposition of a Subordinated Note (or any gain deemed to accrue prior to the time a non-timely QEF election is made) will be taxed as ordinary income and subject to an additional tax reflecting a deemed interest charge under the special tax rules described above. See "*Investment in a Passive Foreign Investment Company*".

If the Issuer is treated as a CFC and a U.S. holder is treated as a 10 per cent. United States shareholder of the Issuer, then any gain or loss realised by the U.S. holder upon a sale, redemption, or other disposition of the Subordinated Notes, other than gain or loss subject to the PFIC rules, if applicable, generally will be treated as foreign currency exchange gain or loss, and taxable as ordinary income or loss, to the extent of the positive or negative change in the U.S. dollar value of any amounts previously taxed pursuant to the CFC rules from the date of each deemed distribution pursuant to the CFC rules (based on the euro-to-U.S. dollar spot exchange rate on that date) to the date of the disposition. Any gain in excess of foreign currency exchange gain will be treated as ordinary income to the extent of the U.S. dollar value of the U.S. holder's pro rata share of the Issuer's previously untaxed earnings and profits.

In addition, as described above under "*Indirect Interests in PFICs and CFCs*", the U.S. dollar value of any gain attributable to interests in PFICs or CFCs owned by the Issuer may be treated as ordinary income to a U.S. holder upon the sale, redemption, or other disposition of the U.S. holder's Subordinated Notes.

*Foreign Currency Gain or Loss.* A U.S. holder of Subordinated Notes (or other Notes treated as equity interests in the Issuer) that recognises income from the Subordinated Notes under the rules discussed above will recognise foreign currency gain or loss attributable to movement in foreign exchange rates between the date when it recognised income under those rules and the date when the income actually is distributed. Any such foreign currency gain or loss will be treated as ordinary income or loss from the same source as the associated income inclusion.

A U.S. holder that purchases Subordinated Notes with previously owned foreign currency generally will recognise foreign currency gain or loss in an amount equal to any difference between the U.S. holder's tax basis in the foreign currency and the U.S. dollar value of the foreign currency at the spot rate on the date the Notes are purchased. 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.

## **Reporting Requirements**

A U.S. holder that purchases the Subordinated Notes will be required to file an IRS Form 926 with the IRS if (i) such person is treated as owning, directly or by attribution, immediately after the U.S. holder's purchase of Notes at least 10 per cent. by vote or value of the Issuer or (ii) the amount of cash transferred by such person (or any related person) to the Issuer during the 12-month period ending on the date of such transfer exceeds \$100,000.

Prospective investors in the Subordinated Notes (or any Class of Notes or other interest that could be recharacterised as equity in the Issuer) should consult with their own tax advisors regarding whether they are required to file IRS Form 8886 in respect of this transaction. Such filing generally will be required if such investors file U.S. federal income tax returns or U.S. federal information returns and recognise losses in excess of a specified threshold. Such filing will also generally be required by a U.S. holder of the Subordinated Notes if the Issuer both participates in certain types of transactions that are treated as "reportable transactions," such as a transaction in which its loss exceeds a specified threshold. If the Issuer does participate in a reportable transaction, it will make reasonable efforts to make such information available.

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 certain U.S. dollar thresholds.

A U.S. holder of Subordinated Notes (or any Class of Rated Notes that are treated as equity in the Issuer for U.S. federal income tax purposes) may be required to file FinCEN Form 114 with respect to foreign financial accounts in which the Issuer has a financial interest if the U.S. holder holds more than 50 per cent. of the aggregate outstanding principal amount of such Notes or is otherwise treated as owning more than 50 per cent. of the total value or voting power of the Issuer's outstanding equity.

A U.S. holder that is treated as owning (actually or constructively) at least 10 per cent. by vote or value of the equity of the Issuer for U.S. federal income tax purposes will be required to file an information return on IRS Form 5471, and may be required to provide additional information regarding the Issuer annually on IRS Form 5471 if it is treated as owning (actually or constructively) more than 50 per cent. by vote or value of the equity of the Issuer for U.S. federal income tax purposes.

In addition, U.S. holders of Subordinated Notes (and any other Class of Notes treated as equity) generally will be required to file an annual PFIC report.

U.S. holders that fail to comply with applicable reporting requirements may be subject to adverse tax consequences, including a "tolling" of the statute of limitations with respect to their U.S. tax returns and in some cases significant penalties. U.S. holders should consult their tax advisors with respect to these and any other reporting requirements that may apply with respect to their acquisition or ownership of the Notes.

## **U.S. Tax Treatment of Non-U.S. holders of Notes**

Subject to the discussions below under "*Information Reporting and Backup Withholding*" and "*Foreign Account Tax Compliance Act*", payments, including interest and OID, on a Rated 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 U.S. 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 calendar days or more in the taxable year of sale and certain other conditions are satisfied.

## **Information Reporting and Backup Withholding**

The amount of interest 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. payor 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. middleman or U.S. payor to a U.S. person. Backup withholding tax generally applies only if the U.S. person: (a) fails to furnish its other taxpayer identification number within a reasonable time after the request therefore; (b) furnishes an incorrect taxpayer identification number; (c) is notified by the IRS that it has failed to properly report interest OID 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. holders 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. The amount of any backup withholding collected from a payment will be allowed as a credit against the recipient's U.S. federal income tax liability and may entitle the recipient to a refund, so long as the required information is properly furnished to the IRS. 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 NOTEHOLDER'S OWN CIRCUMSTANCES.

#### **4. Foreign Account Tax Compliance Act**

FATCA imposes a new reporting regime and potentially a 30% 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 comply with or is not exempt from FATCA and (ii) any investor 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. The Issuer expects to be a foreign financial institution for these purposes. A number of jurisdictions (including Ireland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining the term foreign passthru payment are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

Each Noteholder may be required to provide certifications and identifying information about itself and its owners (or beneficial owners) in order to enable the Issuer (or an Intermediary) to determine whether such Noteholder is subject to FATCA withholding, and 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 Revenue Commissioners. 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 if it fails to provide the required information or otherwise prevents the Issuer from complying with FATCA, the Issuer generally have the right to force the sale of the Noteholder's Notes (and such sale could be for less than its then fair market value).

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.**

## CERTAIN ERISA CONSIDERATIONS

ERISA imposes certain requirements on "employee benefit plans" subject thereto including entities (such as collective investment funds, insurance company separate accounts and some insurance company general accounts) the underlying assets of which include the assets of such plans (collectively, "**ERISA Plans**"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of prudence, diversification, and that investments be 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 non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to federal, state, local or non-U.S. laws that are substantially similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code, and may be subject to the prohibited transaction rules of Section 503 of the Code.

Under ERISA and a regulation issued by the United States Department of Labor (29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA, (the "**Plan Asset Regulation**")), if a Plan invests in an "equity interest" of an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act of 1940, the Plan's assets are deemed to include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established (a) that the entity is an "operating company," as that term is defined in the Plan Asset Regulation, or (b) that less than 25 per cent. of the total value of each class of equity interest in the entity, disregarding the value of any equity interests held by persons (other than Benefit Plan Investors) with discretionary authority or control over the assets of the entity or who provide investment advice for a fee with respect to such assets (such as the Collateral Manager), and their respective Affiliates (each a "**Controlling Person**"), is held by Benefit Plan Investors (the "**25 per cent. Limitation**"). A "Benefit Plan Investor" means (1) an employee benefit plan (as defined in Section 3(3) of ERISA), subject to the provisions of Part 4 of Subtitle B of Title I of ERISA, (2) a plan to which Section 4975 of the Code applies, or (3) any entity whose underlying assets include plan assets by reason of such an employee benefit plan or plan's investment in such entity.

If the underlying assets of the Issuer are deemed to be Plan assets, the obligations and other responsibilities of Plan sponsors, Plan fiduciaries and Plan administrators, and of Parties in Interest, under Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code, as applicable, may be expanded, and there may be an increase in their exposure to liability under these and other provisions of ERISA and the Code. In addition, various providers of fiduciary or other services to the Issuer, 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-1 Notes, the Class A-2 Notes and the Class B Notes and Class C Notes offered hereby will be treated by the Issuer as indebtedness with no substantial equity features for purposes of ERISA. The treatment of the Class A-1 Notes, the Class A-2 Notes, the Class B Notes and the Class C 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. The characteristics of the Class D Notes and the Subordinated Notes for purposes of the Plan Asset Regulation are less certain. The Class D 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 such Class D Notes and the Subordinated Notes. In reliance on representations (deemed and actual) made by investors in the Class D Notes and the Subordinated Notes, the Issuer intends to limit investment by Benefit Plan Investors in each of the Class D Notes and the Subordinated Notes to less than 25 per cent. of the total value of the Class D Notes and the Subordinated Notes (determined separately by class) at all times (excluding for purposes of such calculation the Class D Notes and Subordinated Notes (and interests therein) held by a Controlling Person). Each prospective purchaser (including a transferee) of a Class D Note or a Subordinated Note (or any interest in any such Note) will be required to make, or will be deemed to have made, 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 D Notes or Subordinated Notes will be sold or transferred to purchasers that have represented that they are Benefit Plan Investors or Controlling Persons to the extent that such sale may result in Benefit Plan Investors owning 25 per cent. or more of the total value of the Class D Notes or the Subordinated Notes (determined separately by class and in accordance with the Plan Asset Regulation and the Trust Deed). Except as otherwise provided by the Plan Asset Regulation, each Class D Note and Subordinated Note (and any interest therein) 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-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes are not 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 Placement Agent, the Collateral Manager, a Collateral Manager Related Person or their respective Affiliates may be the sponsor of, or investment adviser with respect to one or more Plans. Because such parties may receive certain benefits in connection with the sale of the Notes to such Plans, whether or not the Notes are treated as equity interests in the Issuer, the purchase of such Notes using the assets of a Plan over which any of such parties has investment authority might be deemed to be a violation of the prohibited transaction rules of ERISA and/or Section 4975 of the Code for which no exemption may be available. Accordingly, the Notes may not be acquired using the assets of any Plan if any of the Issuer, the Placement Agent, the Collateral Manager, a Collateral Manager Related Person 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-1 Note, Class A-2 Note, Class B Note or Class C Note or any interest in such Note will be deemed to have represented, warranted and agreed that (i) either (A) it is not, and is not acting on behalf of (and for so long as it holds 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 substantially similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code ("**Other Plan Law**"), and no part of the assets to be used by it to acquire or hold such Note or any interest therein constitutes the assets of any Benefit Plan Investor or such governmental, church, non-U.S. or other plan, or (B) its acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, or, in the case of a governmental, church, non-U.S. or other plan, a violation of any Other Plan Law, and (ii) it will not sell or transfer such Note (or interest therein) to a transferee acquiring such Note (or interest therein) unless the transferee makes or is deemed to make the foregoing representations, warranties and agreements described in clause (i) hereof.

Each initial investor (other than the Placement Agent):

- (i) in a Class D Note or a Subordinated Note that holds such Note in the form of a Definitive Certificate;
- (ii) that holds an interest in the Class D Notes or the Subordinated Notes in the form of a Rule 144A Global Certificate; and
- (iii) that holds an interest in the Subordinated Notes in the form of a Regulation S Global Certificate,

in each case purchased on the Issue Date, will be required to enter into an agreement with the Placement Agent in which such investor will certify as to, among other matters, its status under the Securities Act, the Investment Company Act and ERISA.

A purchaser or transferee of a Class D Note or Subordinated Note in the form of a Regulation S Global Certificate or a Rule 144A Global Certificate, or any interest in such Note, will be deemed to represent, warrant and agree that (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, provide an ERISA certificate to the Issuer as to its status as a Benefit Plan Investor or Controlling Person and the written consent of the Issuer and the Trustee is obtained that such Note is not required to be held in the form of a Definitive Certificate; and (ii) (A) if it is, or is acting on behalf of, a Benefit Plan Investor, its acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, 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 Note or interest therein will not be, subject to any federal, state, local non-U.S. or other law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or any interest therein) by virtue of its interest and thereby subject the Issuer or the Collateral Manager (or other persons responsible for the investment and operation of the Issuer's assets) to any Other Plan Law ("**Similar Law**"), (2) its acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a violation of any Other Plan Law and (3) it agrees to certain transfer restrictions regarding its interest in such Note.

If it is a purchaser or transferee of a Class D Note or Subordinated Note in the form of a Definitive Certificate, it will be required to (i) represent and warrant in writing to the Issuer (1) 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, (2) whether or not, for so long as it holds such Note or interest therein, it is a Controlling Person and (3) that (a) if it is, or is acting on behalf of, a Benefit Plan Investor, its acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code and (b) if it is a governmental, church, non-U.S. plan or other plan, (x) it is not, and for so long as it holds such Note or interest therein will not be, subject to any Similar Law and (y) its acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a violation of any Other Plan Law, and (ii) it agrees to certain transfer restrictions regarding its interest in such Note.

No transfer of Class D Notes or Subordinated Notes, or any interest in such 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 D Notes or 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 Similar 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

Citigroup Global Markets Limited (in its capacity as placement agent, the "**Placement Agent**") have agreed with the Issuer, subject to the satisfaction of certain conditions, to facilitate the sale of the Notes (the "**Placed Notes**") pursuant to the Placement Agency Agreement. The Placement Agency Agreement entitles the Placement Agent to terminate it in certain circumstances prior to payment being made to the Issuer. Each of the Issuer and the Placement Agent may offer the Placed Notes at prices as may be privately negotiated at the time of sale, which may vary among different purchasers and may be different to the issue price of the Placed Notes.

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-1 Notes: €154,250,000, Class A-2A Notes: €22,250,000, Class A-2B Notes: €15,000,000, Class B Notes: €18,750,000, Class C Notes: €16,250,000, Class D Notes: €12,000,000 and Subordinated Notes: €43,150,000.

The Collateral Manager has agreed with Citigroup Global Markets Limited as Placement Agent, subject to the satisfaction of certain conditions, to purchase the Retention Notes on the Issue Date at a price not less than their respective issue prices specified herein.

The Issuer has agreed to indemnify the Placement Agent, 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, in each case pursuant to the terms of the Placement Agency Agreement.

Certain of the Collateral Obligations may have been originally underwritten or placed by the Placement Agent. In addition, the Placement Agent may have in the past performed and may in the future perform investment banking services or other services for issuers of the Collateral Obligations. In addition, the Placement Agent 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 Obligations, with a result that one or more of such issuers may be or may become controlled by the Placement Agent or its Affiliates.

No action has been or will be taken by the Issuer, the Placement Agent or the Collateral Manager 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 Placement Agent.

### *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 Placement Agent may resell the Placed 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) to U.S. Persons (directly or through its U.S. broker dealer Affiliate) in reliance on Rule 144A only to or for their own account or for the accounts of, in each case, QIBs/QPs. The Placement Agent and its Affiliates 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 Notes sold in reliance on Regulation S will be issued in minimum denominations of €100,000 and integral multiples of €1 in excess thereof.

The Notes sold in reliance on Rule 144A will be issued in minimum denominations of €100,000 and integral multiples of €1 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 Placement Agent.

The Placement Agent 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 Euronext Dublin. The Issuer and the Placement Agent 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 Placement Agent has agreed to comply with the following selling restrictions:

(a) ***United Kingdom***

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (as amended) ("**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

(b) ***Prohibition of Sales to EEA and UK Retail Investors:*** That it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area or the United Kingdom. For the purposes of this provision:

- (i) the expression "retail investor" means a person who is one (or more) of the following:
  - (A) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - (B) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (C) not a qualified investor as defined in the Prospectus Regulation; and
- (ii) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

(c) ***Australia:*** Neither this Offering Circular nor any other prospectus or 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. The Placement Agent has therefore represented and agreed that:

- (i) the Notes will 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) no recommendation to acquire, offer or invitation for issue or sale, offer or invitation to arrange the issue or sale, or issue or sale, has been or will be made to a 'retail client' (as defined in

Section 761G of the Corporations Act and applicable regulations) in Australia. This document will only be provided to 'professional investors' as defined in the Corporations Act.

- (d) **Austria:** No 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 Placement Agent. No document pursuant to Regulation 2017/2219 (as may be amended or superseded from time to time, the **Prospectus Regulation**) has been or will be drawn up and approved in Austria and no document pursuant to the Prospectus Regulation 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 Placement Agent have 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.
- (e) **Belgium:** 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 Prospectus Regulation (as may be amended or superseded from time to time) 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 Prospectus Regulation (as may be amended or superseded from time to time) that are sufficiently clear, precise and unconditional to be capable of vertical direct effect. This document will be distributed in Belgium only to such investors for their personal use and exclusively for the purposes of this offering of Notes. The Placement Agent 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, as amended or replaced from time to time and taking into account the provisions of Prospectus Regulation (as may be amended or superseded from time to time) 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 I.1 of the Code of Economic Law, as modified or replaced from time to time, otherwise than in conformity with such code and its implementing regulations.
- (f) **Cayman Islands:** That it will not make any invitation to the public in the Cayman Islands to subscribe for the Notes.
- (g) **Cyprus:** This document does not constitute an offer or solicitation to the public in Cyprus or to anyone in Cyprus other than a firm offering investment services, an insurance company or an undertaking for collective investment in transferable securities. This document does not constitute an offer or solicitation to any person to whom it is unlawful to make such an offer or solicitation.
- (h) **Denmark:** 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 Chapter 6 or Chapter 12 of the Danish Notes Trading Act (Consolidated Act No. 883 of 9 August 2011, as amended or superseded from time to time) and the Danish Executive Order No. 223 of 10 March 2010 or the Danish Executive Order No. 222 of 10 March 2010, as amended or superseded from time to time, issued pursuant thereto.

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.

- (i) **France:** Neither this Offering Circular nor any other offering material relating to the Notes has been submitted to the clearance procedures of the Autorité des Marchés Financiers ("**AMF**") or to the competent authority of another member state of the European Economic Area and subsequently notified to the AMF.

The Placement Agent has represented and agreed with the Issuer that it has offered or sold and will offer or sell, directly or indirectly, Notes to the public in France, and has distributed or caused to be distributed and will distribute or cause to be distributed to the public in France, this Offering Circular, or any other offering material relating to the Notes and that such offers, sales and distributions have been and will be made by it in France, only to qualified investors (*investisseurs qualifiés*) within the meaning of Article 2(e) of Regulation (EU) 2017/1129 (the **Prospectus Regulation**), other than individuals, in accordance with Article L.411-2 of the French Code monétaire et financier, the Règlement général of the AMF and other applicable regulations such as the Prospectus Regulation (in each case as may be amended or superseded from time to time).

The direct or indirect resale of Notes to the public in France may be made only as provided by and in accordance with Articles L.411-1, L.411-2, L.411-2-1 and L.621-8 to L.621-8-2 of the French Code monétaire et financier and Articles 5 and seq. of the Prospectus Regulation (in each case as may be amended or superseded from time to time).

- (j) **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*) (as may be amended or superseded from time to time). Accordingly, the Placement Agent 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.

- (k) **Hong Kong:** The contents of this Offering Circular have not been reviewed by any regulatory authority in Hong Kong. The Placement Agent 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 products' as defined in the Securities 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.

- (l) **Ireland:** That:

- (i) it has not and will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 (as amended), and any codes of conduct or rules issued in connection therewith and any conditions, requirements or enactments, imposed or approved by the Central Bank of Ireland, and the provisions of the Investor Compensation Act 1998 (as amended);
- (ii) it has not and will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 to 2018 (as amended) and any codes of practice made under Section 117(1) of the Irish Central Bank Act 1989 (as amended) or any regulations made pursuant to Part 8 of the Central Bank (Supervision and Enforcement) Act 2013 (as amended);

- (iii) it has not and will not underwrite the issue of, or place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of Regulation EU 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market or any delegated or implementing acts relating thereto, the European Union (Prospectus) Regulations 2019 of Ireland, the Central Bank (Investment Market Conduct) Rules 2019, the Companies Act 2014 (as amended) and any rules issued under Section 1363 of the Companies Act 2014 (as amended) by the Central Bank of Ireland; and
- (iv) it has not and will not underwrite the issue of, or place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the European Union (Market Abuse) Regulations 2016 (as amended), Regulation (EU) No 596/2014 of the European Parliament of the Council of 16 April 2014 on market abuse (as amended) and any rules issued under Section 1370 of the Companies Act 2014 (as amended) by the Central Bank of Ireland.

as each of the foregoing may be amended, restated, varied, supplemented and/or otherwise replaced from time to time.

- (m) **Italy:** The sale of the Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) and the Bank of Italy pursuant to Italian Securities Legislation and, accordingly, the Placement Agent has represented and agreed that no Notes will be offered, sold or delivered, nor will 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 under Article 34, paragraph 1, letter b), of CONSOB Regulation No. 11971 of 14 May 1999, as amended or superseded ("**Regulation 11971/1999**"); or
  - (ii) in circumstances which are exempted from the rules on offers of notes to be made to the public pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 ("**Financial Services Act**") and Article 34, first paragraph, of Regulation 11971/1999 (as such regulations may be amended or superseded from time to time).

The Placement Agent acknowledges that any offer, sale or delivery of the Notes in the Republic of Italy or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy under paragraphs (i) and (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 and Legislative Decree No. 385 of 1 September 1993, as amended; and
- (B) in compliance with any other applicable laws and regulations.

Investors should also note that in accordance with Article 100–BIS of the Financial Services Act, where no exemption under paragraph (ii) above applies, any subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the rules on offers of notes to be made to the public provided under the Financial Services Act and the regulation 11971/1999. Failure to comply with such rules may result, *inter alia*, in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the Notes for any damages suffered by the investors.

- (n) **Japan:** The Notes have not been and will not be registered pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, the Placement Agent 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 Japanese person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant

time. For this purpose, a "**Japanese person**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

- (o) **Jersey:** The Notes may not be offered to, sold to or purchased or held by persons (other than financial institutions) resident for income tax purposes in Jersey.

The Notes may only be issued or allotted exclusively to:

- (i) a person whose ordinary activities involve him in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of his business or who it is reasonable to expect will acquire, hold, arrange or dispose of investments (as principal or agent) for the purposes of his business; or
- (ii) a person who has received and acknowledged a warning to the effect that (a) the securities are only suitable for acquisition by a person who (i) has a significantly substantial asset base such as would enable him to sustain any loss that might be incurred as a result of acquiring the securities; and (ii) is sufficiently financially sophisticated to be reasonably expected to know the risks involved in acquiring the securities and (b) neither the issue of the securities nor the activities of any functionary with regard to the issue of the Notes are subject to all the provisions of the Financial Services (Jersey) Law 1998.

Each person who acquires securities will be deemed, by such acquisition, to have represented that he or it is one of the foregoing persons.

- (p) **The Grand Duchy of Luxembourg:** : The Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this offering memorandum nor any other circular, prospectus, form of application, advertisement, communication or other material may be distributed, or otherwise made available in or from, or published in Luxembourg, except in circumstances where the offer benefits from an exemption to or constitutes a transaction otherwise not subject to the requirement to publish a prospectus for the purpose of the Luxembourg law dated 16 July 2019.
- (q) **Netherlands:** The Notes may only be offered, sold or delivered in The Netherlands to qualified investors (as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*)) that do not qualify as "public" (within the meaning of the article 4(1) of the CRR, and the rules promulgated thereunder, as amended or any subsequent legislation replacing that regulation).
- (r) **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 Placement Agent 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.
- (s) **Norway:** That it has not made and will not make an offer of Notes to the public in Norway except that it may make an offer of the Notes to the public in Norway at any time:
  - (i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in notes;
  - (ii) to professional investors as defined in Section 1 of Annex II to Directive 2004/29/EC (as implemented in Norway); 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 1(4) of the Prospectus Regulation.

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.

- (t) **Portugal:** That: (i) it has not advertised, offered or sold and will not, directly or indirectly, advertise, offer or sell the Notes in circumstances which could qualify as a public offer of Notes pursuant to the Portuguese Securities Code (*Código dos Valores Mobiliários*, the "**CVM**") which would require the publication by the Issuer of a prospectus under the Prospectus Regulation or in circumstances which would qualify as an issue or public placement of Notes in the Portuguese market; (ii) it has not distributed or caused to be distributed to the public in the Republic of Portugal this Offering Circular or any other offering material relating to the Notes; (iii) all applicable provisions of the CVM, any applicable *Comissão do Mercado de Valores Mobiliários* (Portuguese Securities Market Commission, the "**CMVM**") Regulations and all applicable provisions of Regulation (EU) 2017/1129 (as may be amended or superseded from time to time, the **Prospectus Regulation**) have been complied with regarding the Notes, in any matters involving the Republic of Portugal.
- (u) **Singapore:** This Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") nor have any arrangements described in this 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 Placement Agent has represented and agreed that the Notes will not be offered or sold or made the subject of an invitation for subscription or purchase, nor will this Offering Circular or any other offering document or material in connection with the offer or sale, or invitation for subscription or purchase of such Notes be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1a) of the SFA, and in each case in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
  - (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,
 

'securities' (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

    - (A) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA or to any person where the transfer arises from an offer referred to in Section 275(1a) or Section 276(4)(i)(b) of the SFA;
    - (B) where no consideration is or will be given for the transfer;
    - (C) where the transfer is by operation of law; or
    - (D) as specified in Section 276(7) of the SFA.
- (v) **South Korea:** The Notes have not been registered with the Financial Services Commission of Korea for a public offering in Korea. The Placement Agent 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.

- (w) **Spain:** Neither the Notes nor this Offering Circular have been approved or registered with the Spanish Notes Markets Commission (*Comisión Nacional del Mercado de Valores*). Accordingly, the Placement Agent has represented and agreed that the Notes will not be offered or sold in Spain except in circumstances which do not constitute a public offering of notes within the meaning of Article 30-BIS of the Spanish Notes Market Law of 28 July 1988 (*LEY 24/1988, de 28 de julio, del Mercado de Valores*), as amended and restated, and supplemental rules enacted thereunder.
- (x) **Sweden.** That it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy Notes or distribute any draft or final document in relation to any such offer, invitation or sale except in circumstances that will result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act (lag (1991:980) om handel med finansiella instrument) or in a requirement for a key information document pursuant to PRIIPs Regulation.

The Placement Agent has represented and agreed that it has not made and will not make an offer of Notes to the public in Sweden except that it may make an offer of such Notes to the public in Sweden at any time:

- (i) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); or
- (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (i) to (ii) above shall require the Issuer, the Arranger or the Placement Agent to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an offer of Notes to the public in relation to any Notes in Sweden 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 the Notes.

- (y) **Taiwan:** 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.
- (z) **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 utilised 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.
- (aa) **United Arab Emirates.** That the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.



## 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 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 of Notes represented by a Rule 144A Global Certificate will be deemed to have represented and agreed and each purchaser of Rule 144A Notes represented by Definitive Certificates will be required to represent and agree, as follows:

- (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 €100,000 for the purchaser and for each such account and (d) will provide notice of the transfer restrictions described herein 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) to a person (i) 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 and (ii) that constitutes a QP or (b) to a non-U.S. Person in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S and 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) 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.
- (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 Placement Agent, the Trustee, the Collateral Manager or the Collateral Administrator is acting as a fiduciary or financial adviser 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 Placement Agent, 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 Placement Agent, 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 Placement Agent, 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 €100,000. 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 acquisition, holding and disposition of any Class A-1 Note, Class A-2 Note, Class B Note or Class C Note or any interest in such Note (i) either (A) it is not, and is not acting on behalf of (and for so long as it holds any such Note or interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor or a governmental, church, non-U.S. or other plan which is subject to any Other Plan Law, and no part of the assets to be used by it to acquire or hold such Note or any interest therein constitutes the assets of any Benefit Plan Investor or such governmental, church, non-U.S. or other plan, or (B) its acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, or, in the case of a governmental, church, non-U.S. or other plan, a violation of any Other Plan Law, and (ii) it will not sell or transfer such Note (or interest therein) to an acquiror acquiring such Note (or interest therein) unless the acquiror makes or is deemed to make the foregoing representations, warranties and agreements described in (i) above. 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 the acquisition, holding and disposition of the Class D Notes or the Subordinated Notes in the form of a Rule 144A Global Certificate, or any interest in such Notes: (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 the Issuer as to its status as a Benefit Plan Investor or Controlling Person and the written consent of the Issuer is obtained that such Notes are not required to be held in the form of a Definitive 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 (or interests therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA and/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 interests therein will not be, subject to any Similar Law and (2) its acquisition, holding and disposition of such Notes (or interests therein) will not constitute or result in a violation of any Other Plan Law, and (iii) it will agree to certain transfer restrictions regarding its interest in such Class D Notes or Subordinated Notes.

- (ii) With respect to the acquisition, holding and disposition of a Class D Note or Subordinated Note in the form of a Definitive Certificate (i) (A) whether or not, for so long as it holds such Class D Note or Subordinated 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 Class D Note or Subordinated 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 D Note or Subordinated Note (or interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code and (2) if it is a governmental, church, non-U.S. or other plan, (x) it is not, and for so long as it holds such Class D Note or Subordinated Note or interest therein will not be, subject to any Similar Law and (y) its acquisition, holding and disposition of such Class D Note or Subordinated Note (or interest therein) will not constitute or result in a violation of any Other Plan Law, and (ii) it will agree to certain transfer restrictions regarding its interest in such Class D Note or Subordinated Note.

Any purported purchase or transfer of the Class D Notes or Subordinated Notes or any interest in such 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 D 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 Placement Agent, 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 Global Certificates or Rule 144A Definitive Certificates, as applicable, offered in reliance on Rule 144A 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 Global Certificate may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Certificate, the transferor will be required to provide the 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 CLAUSE (1), IN A PRINCIPAL AMOUNT OF NOT LESS THAN €100,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, IN EACH CASE, TO A PURCHASER THAT (V) IS A QUALIFIED PURCHASER (AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT) FOR THE PURPOSES 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 (2), IN A PRINCIPAL AMOUNT OF NOT LESS THAN €100,000 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE UNITED STATES AND ANY APPLICABLE STATE IN WHICH AN OFFERING HAS BEEN MADE. 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 NOTEHOLDERS (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.

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-1 NOTES, CLASS A-2 NOTES, CLASS B NOTES AND CLASS C NOTES ONLY]* [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (I) EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF, 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 (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 SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE ("**OTHER PLAN LAW**"), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE, OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, A VIOLATION OF ANY OTHER PLAN LAW, AND (II) IT WILL NOT SELL OR TRANSFER THIS NOTE (OR INTEREST HEREIN) TO AN ACQUIROR ACQUIRING THIS NOTE (OR INTEREST HEREIN) UNLESS THE ACQUIROR MAKES OR IS DEEMED TO MAKE 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 D NOTES AND THE SUBORDINATED NOTES IN THE FORM OF RULE 144A GLOBAL CERTIFICATES ONLY*] [EACH HOLDER OF THIS CLASS D NOTE OR SUBORDINATED NOTE (OR ANY INTEREST HEREIN) WILL BE 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 HOLDER RECEIVES THE WRITTEN CONSENT OF THE ISSUER, PROVIDES AN ERISA CERTIFICATE TO THE ISSUER AS TO ITS STATUS AS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND THE WRITTEN CONSENT OF THE ISSUER IS OBTAINED THAT THIS NOTE IS NOT REQUIRED TO BE HELD IN THE FORM OF A DEFINITIVE CERTIFICATE AND (2) (A) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") AND/OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986 (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 SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), AND (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE ("**OTHER PLAN LAW**"). "BENEFIT PLAN INVESTOR" MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN 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 PURCHASE OR TRANSFER OF THE CLASS D NOTES OR SUBORDINATED NOTES OR ANY INTEREST IN SUCH 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 D NOTES OR SUBORDINATED NOTES TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO PURCHASE OR TRANSFER OF A CLASS D NOTE OR A SUBORDINATED NOTE OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER WILL NOT RECOGNISE ANY SUCH TRANSFER, IF IT WOULD CAUSE 25 PER CENT. OR MORE OF THE TOTAL VALUE OF THE CLASS D NOTES OR THE SUBORDINATED NOTES (DETERMINED SEPARATELY BY CLASS) TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING CLASS D NOTES OR

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 D NOTE OR SUBORDINATED NOTE WHO HAS MADE OR HAS BEEN DEEMED TO MAKE 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 OWNERSHIP OTHERWISE CAUSES A VIOLATION OF THE 25 PER CENT. LIMITATION TO SELL ITS INTEREST IN THE CLASS D NOTE OR SUBORDINATED NOTE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.]

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS D NOTES AND THE SUBORDINATED NOTES IN THE FORM OF DEFINITIVE CERTIFICATES ONLY*] [EACH HOLDER OF THIS CLASS D NOTE OR SUBORDINATED NOTE (OR ANY INTEREST HEREIN) WILL BE REQUIRED TO REPRESENT AND WARRANT IN WRITING TO THE ISSUER (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 (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") AND/OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986 (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 SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), AND (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE ("**OTHER PLAN LAW**"). EACH PURCHASER OR SUBSEQUENT TRANSFEREE, AS APPLICABLE, OF CLASS D NOTES OR 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 PURCHASE OR TRANSFER OF THE CLASS D NOTES OR THE SUBORDINATED NOTES OR ANY INTEREST SUCH 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 D NOTES OR SUBORDINATED NOTES TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO PURCHASE OR TRANSFER OF A CLASS D NOTE OR SUBORDINATED NOTE OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER WILL NOT RECOGNISE ANY SUCH TRANSFER, IF IT WOULD CAUSE 25 PER CENT. OR MORE OF THE TOTAL VALUE OF THE CLASS D NOTES OR THE SUBORDINATED NOTES (DETERMINED SEPARATELY BY CLASS) TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING CLASS D NOTES OR 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 D NOTE OR A SUBORDINATED NOTE WHO HAS MADE OR HAS BEEN DEEMED TO MAKE 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 OWNERSHIP OTHERWISE CAUSES A VIOLATION OF THE 25 PER CENT. LIMITATION TO SELL ITS INTEREST IN THE CLASS D NOTE OR SUBORDINATED NOTE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.]

THE FAILURE TO PROVIDE THE ISSUER AND THE PRINCIPAL PAYING AGENT WITH THE PROPERLY COMPLETED AND SIGNED TAX CERTIFICATIONS (GENERALLY, IN THE CASE OF U.S. FEDERAL INCOME TAX, AN INTERNAL REVENUE SERVICE FORM W-9 (OR APPLICABLE SUCCESSOR 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 THE APPROPRIATE INTERNAL REVENUE SERVICE FORM W-8 (OR APPLICABLE SUCCESSOR 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 BACKUP WITHHOLDING FROM PAYMENTS IN RESPECT OF SUCH NOTE.

EACH HOLDER AND BENEFICIAL OWNER OF A NOTE AGREES TO PROVIDE THE ISSUER WITH ANY INFORMATION REASONABLY REQUESTED (IN THE SOLE DETERMINATION OF THE ISSUER) BY THE ISSUER IN CONNECTION WITH FATCA. IT UNDERSTANDS AND ACKNOWLEDGES THAT THE ISSUER 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. THE PURCHASER UNDERSTANDS AND ACKNOWLEDGES THAT THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, (I) TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN THE NOTES THAT FAILS TO COMPLY WITH THE INFORMATION REQUIREMENTS OF ABOVE, THAT IS A NON-PARTICIPATING FFI OR THAT OTHERWISE PREVENTS THE ISSUER FROM QUALIFYING AS, OR COMPLYING WITH ANY OBLIGATIONS OR REQUIREMENTS IMPOSED ON, A "PARTICIPATING FFI" OR A "DEEMED-COMPLIANT FFI" (AS SUCH TERMS ARE USED FOR THE PURPOSES OF FATCA), TO SELL ITS INTEREST IN SUCH NOTES, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER AND (II) TO MAKE ANY AMENDMENTS TO THE TRUST DEED TO ENABLE THE ISSUER TO COMPLY WITH FATCA. THE PURCHASER ALSO UNDERSTANDS AND ACKNOWLEDGES THAT THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, 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 INFORMATION REQUIREMENTS ABOVE OR THAT IS A NON-PARTICIPATING FFI.

EACH HOLDER OF A NOTE (OR ANY INTEREST THEREIN) WILL BE DEEMED TO HAVE REPRESENTED AND AGREED TO TREAT THE ISSUER AND THE NOTES AS DESCRIBED IN THE "*TAX CONSIDERATIONS - UNITED STATES FEDERAL INCOME TAXATION*" SECTION OF THE OFFERING CIRCULAR FOR ALL U.S. FEDERAL, STATE AND LOCAL INCOME TAX PURPOSES AND TO TAKE NO ACTION INCONSISTENT WITH SUCH TREATMENT UNLESS REQUIRED BY LAW.

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A-1 NOTES, THE CLASS A-2A NOTES, THE CLASS B NOTES, THE CLASS C NOTES, AND THE CLASS D NOTES ONLY]* [THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT ("**OID**") FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY OF THIS NOTE MAY BE OBTAINED BY CONTACTING THE ISSUER.]

[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS D NOTES AND THE SUBORDINATED NOTES ONLY] [EACH HOLDER AND BENEFICIAL OWNER OF A NOTE THAT IS NOT A "UNITED STATES PERSON" (AS DEFINED IN SECTION 7701(A)(30) OF THE CODE) WILL MAKE, OR BY ACQUIRING SUCH NOTE OR AN INTEREST THEREIN WILL BE DEEMED TO MAKE, A REPRESENTATION TO THE EFFECT THAT (A) EITHER (I) IT IS NOT A BANK (WITHIN THE MEANING OF SECTION 881(C)(3)(A) OF THE CODE); (II) IT IS A PERSON THAT IS ELIGIBLE FOR BENEFITS UNDER AN INCOME TAX TREATY WITH THE UNITED STATES OF AMERICA THAT ELIMINATES U.S. FEDERAL INCOME TAXATION OF U.S. SOURCE INTEREST NOT ATTRIBUTABLE TO A PERMANENT ESTABLISHMENT IN THE UNITED STATES OF AMERICA; (III) AFTER GIVING EFFECT TO ITS PURCHASE OF SUCH NOTE, IT WILL NOT DIRECTLY OR INDIRECTLY OWN MORE THAN 33-1/3 PER CENT, BY VALUE, OF THE AGGREGATE OF THE NOTES WITHIN SUCH CLASS AND ANY OTHER NOTES THAT ARE RANKED PARI PASSU WITH OR ARE SUBORDINATED TO SUCH NOTES, AND WILL NOT OTHERWISE BE RELATED TO THE ISSUER (WITHIN THE MEANING OF TREASURY REGULATIONS SECTION 1.881-3); OR (IV) IT HAS PROVIDED AN INTERNAL REVENUE SERVICE FORM W-8ECI REPRESENTING THAT ALL PAYMENTS RECEIVED OR TO BE RECEIVED BY IT FROM THE ISSUER ARE EFFECTIVELY CONNECTED WITH THE CONDUCT OF A TRADE OR BUSINESS WITHIN THE UNITED STATES OF AMERICA; AND (B) IT IS NOT PURCHASING THE NOTE IN ORDER TO REDUCE ITS U.S. FEDERAL INCOME TAX LIABILITY PURSUANT TO A TAX AVOIDANCE PLAN WITHIN THE MEANING OF U.S. TREASURY REGULATION SECTION 1.881-3.]

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A-1 NOTES, CLASS A-2 NOTES, CLASS B NOTES, AND CLASS C NOTES IN THE FORM OF CM REMOVAL AND REPLACEMENT NON-VOTING NOTES OR CM REMOVAL AND REPLACEMENT EXCHANGEABLE NON-VOTING NOTES ONLY]* [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED THAT SUCH NOTE OR INTEREST HEREIN SHALL NOT CARRY ANY RIGHT TO VOTE IN RESPECT OF, OR BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF A CM REMOVAL RESOLUTION OR A CM REPLACEMENT RESOLUTION.]

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A-1 NOTES, CLASS A-2 NOTES, CLASS B NOTES AND CLASS C NOTES IN THE FORM OF CM REMOVAL AND REPLACEMENT VOTING NOTES ONLY]* [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED THAT SUCH NOTE OR INTEREST HEREIN SHALL CARRY A RIGHT TO VOTE IN RESPECT OF, AND BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF A CM REMOVAL RESOLUTION OR A CM REPLACEMENT RESOLUTION.]

- (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 Note agrees to provide the Issuer with any information reasonably requested (in the sole determination of the Issuer) by the Issuer in connection with FATCA. It understands and acknowledges that the Issuer 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. The purchaser understands and acknowledges that the Issuer has the right, under the Trust Deed, (i) to compel any beneficial owner of an interest in the Notes that fails to comply with the information requirements of the above, that is a Non-Participating FFI or that



otherwise prevents the Issuer from qualifying as, or complying with any obligations or requirements imposed on, a "Participating FFI" or a "deemed-compliant FFI" (as such terms are used for the purposes of FATCA), to sell its interest in such Notes, or may sell such interest on behalf of such owner and (ii) to make any amendments to the Trust Deed to enable the Issuer to comply with FATCA. The purchaser also understands and acknowledges that the Issuer has the right, under the Trust Deed, 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 information requirements above or that is a Non-Participating FFI.

- (11) Each holder of a Note (or any interest therein) will be deemed to have represented and agreed to treat the Issuer and the Notes as described in the "*Tax Considerations - United States Federal Income Taxation*" section of this Offering Circular for all U.S. federal, state and local income tax purposes and to take no action inconsistent with such treatment unless required by law.
- (12) No purchase or transfer of a Class D Note or Subordinated Note will be recorded or otherwise recognised unless the purchaser or transferee has provided the Issuer with a certificate substantially in the form of **ANNEX B** hereto.
- (13) The purchaser understands and acknowledges that the Issuer has the right under the Trust Deed to compel any Non-Permitted Noteholder or Non-Permitted ERISA Noteholder or Non-Permitted FATCA Noteholder to sell its interest in the Notes or may sell such interest in its Notes on behalf of such Non-Permitted Noteholder or Non-Permitted ERISA Noteholder or Non-Permitted FATCA Noteholder.
- (14) Each holder and beneficial owner of a Class D Note or a Subordinated Note that is not a "United States person" (as defined in Section 7701(a)(30) of the Code) will make, or by acquiring such Note or an interest therein will be deemed to make, a representation to the effect that (A) either (i) it is not a bank (within the meaning of Section 881(c)(3)(A) of the Code); (ii) it is a person that is eligible for benefits under an income tax treaty with the United States of America that eliminates U.S. federal income taxation of U.S. source interest not attributable to a permanent establishment in the United States of America; (iii) after giving effect to its purchase of such Note, it will not directly or indirectly own more than 33-1/3 per cent., by value, of the aggregate of the Notes within such Class and any other Notes that are ranked pari passu with or are subordinated to such Notes, and will not otherwise be related to the Issuer (within the meaning of Treasury regulations section 1.881-3), or (iv) it has provided an Internal Revenue Service form W-8ECI representing that all payments received or to be received by it from the Issuer are effectively connected with the conduct of a trade or business in the United States of America, and (B) it is not purchasing the Note in order to reduce its U.S. federal income tax liability pursuant to a tax avoidance plan within the meaning of U.S. Treasury Regulation Section 1.881-3.
- (15) No holder of Subordinated Notes will treat any income with respect to its Subordinated Notes as derived in connection with the Issuer's active conduct of a banking, financing, insurance, or other similar business for purposes of Section 954(h)(2) of the Code.
- (16) The purchaser understands that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositories.

## **Regulation S Notes**

Each purchaser of Regulation S Notes will be deemed to have made the representations set forth in paragraphs (4), (6) and (8) through (16) (inclusive) above (except that references to Rule 144A Notes shall be deemed to be references to Regulation S Notes and references to Rule 144A shall be deemed to be references to Regulation S) 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 Placement Agent 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 €100,000 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) of 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 CLAUSE (2), IN A PRINCIPAL AMOUNT OF NOT LESS THAN €100,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, IN EACH CASE, TO A PURCHASER THAT (V) IS A QUALIFIED PURCHASER (AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT) FOR THE PURPOSES 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 NOTES OF UNAFFILIATED ISSUERS AND (Z) IS NOT A PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION OR IN THE CASE OF CLAUSE (2), IN A PRINCIPAL AMOUNT NOT LESS THAN €100,000 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE UNITED STATES AND ANY APPLICABLE STATE IN WHICH AN OFFERING HAS BEEN MADE. 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 NOTEHOLDERS (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-1 NOTES, CLASS A-2 NOTES, CLASS B NOTES AND CLASS C NOTES ONLY*] [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (I) EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF, 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 (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 SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE ("**OTHER PLAN LAW**"), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE, OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, A VIOLATION OF ANY OTHER PLAN LAW, AND (II) IT WILL NOT SELL OR TRANSFER THIS NOTE (OR INTEREST HEREIN) TO AN ACQUIROR ACQUIRING THIS NOTE (OR INTEREST HEREIN) UNLESS THE ACQUIROR MAKES OR IS DEEMED TO MAKE 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 D NOTES AND THE SUBORDINATED NOTES IN THE FORM OF REGULATION S GLOBAL CERTIFICATES ONLY*] [EACH HOLDER OF THIS CLASS D NOTE OR SUBORDINATED NOTE (OR ANY INTEREST HEREIN) WILL BE 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 HOLDER RECEIVES THE WRITTEN CONSENT OF THE ISSUER AND PROVIDES AN ERISA CERTIFICATE TO THE ISSUER AS TO ITS STATUS AS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND THE WRITTEN CONSENT OF THE ISSUER IS OBTAINED THAT THIS NOTE IS NOT REQUIRED TO BE HELD IN THE FORM OF A DEFINITIVE CERTIFICATE AND (2) (A) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") AND/OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986 (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 SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), AND (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO

THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE ("**OTHER PLAN LAW**"). "BENEFIT PLAN INVESTOR" MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN 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 PURCHASE OR TRANSFER OF THE CLASS D NOTES OR SUBORDINATED NOTES OR ANY INTEREST IN SUCH 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 D NOTES OR SUBORDINATED NOTES TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO PURCHASE OR TRANSFER OF A CLASS D NOTE OR A SUBORDINATED NOTE OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER WILL NOT RECOGNISE ANY SUCH TRANSFER, IF IT WOULD CAUSE 25 PER CENT. OR MORE OF THE TOTAL VALUE OF THE CLASS D NOTES OR THE SUBORDINATED NOTES (DETERMINED SEPARATELY BY CLASS) TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING CLASS D NOTES OR 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 D NOTE OR SUBORDINATED NOTE WHO HAS MADE OR HAS BEEN DEEMED TO MAKE 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 OWNERSHIP OTHERWISE CAUSES A VIOLATION OF THE 25 PER CENT. LIMITATION TO SELL ITS INTEREST IN THE CLASS D NOTE OR SUBORDINATED NOTE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.]

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS D NOTES AND THE SUBORDINATED NOTES IN THE FORM OF DEFINITIVE CERTIFICATES ONLY]* [EACH HOLDER OF THIS CLASS D NOTE OR SUBORDINATED NOTE (OR ANY INTEREST HEREIN) WILL BE REQUIRED TO REPRESENT AND WARRANT IN WRITING TO THE ISSUER (A) WHETHER OR NOT, FOR SO LONG AS IT HOLDS THIS CLASS D NOTE OR 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 D NOTE OR 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 D NOTE OR SUBORDINATED NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") AND/OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986 (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 D NOTE OR 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 SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), AND (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS CLASS D NOTE OR SUBORDINATED NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE ("**OTHER PLAN LAW**"). EACH PURCHASER OR SUBSEQUENT TRANSFEREE, AS APPLICABLE, OF A CLASS D NOTE OR SUBORDINATED NOTE 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 PURCHASE OR TRANSFER OF THE CLASS D NOTES OR SUBORDINATED NOTES OR ANY INTEREST IN SUCH 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 D NOTES OR SUBORDINATED NOTES TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO PURCHASE OR TRANSFER OF A CLASS D NOTE OR A SUBORDINATED NOTE OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER WILL NOT RECOGNISE ANY SUCH TRANSFER, IF IT WOULD CAUSE 25 PER CENT. OR MORE OF THE TOTAL VALUE OF THE CLASS D NOTES OR SUBORDINATED NOTES TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING CLASS D NOTES OR THE 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 D NOTE OR SUBORDINATED NOTE WHO HAS MADE OR HAS BEEN DEEMED TO MAKE 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 OWNERSHIP OTHERWISE CAUSES A VIOLATION OF THE 25 PER CENT. LIMITATION TO SELL ITS INTEREST IN THE CLASS D NOTE OR SUBORDINATED NOTE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.]

THE FAILURE TO PROVIDE THE ISSUER AND THE PRINCIPAL PAYING AGENT WITH THE PROPERLY COMPLETED AND SIGNED TAX CERTIFICATIONS (GENERALLY, IN THE CASE OF U.S. FEDERAL INCOME TAX, AN INTERNAL REVENUE SERVICE FORM W-9 (OR APPLICABLE SUCCESSOR 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 THE APPROPRIATE INTERNAL REVENUE SERVICE FORM W-8 (OR APPLICABLE SUCCESSOR 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 BACKUP WITHHOLDING FROM PAYMENTS IN RESPECT OF SUCH NOTE.

EACH HOLDER AND BENEFICIAL OWNER OF A NOTE AGREES TO PROVIDE THE ISSUER WITH ANY INFORMATION REASONABLY REQUESTED (IN THE SOLE DETERMINATION OF THE ISSUER) BY THE ISSUER IN CONNECTION WITH FATCA. IT UNDERSTANDS AND ACKNOWLEDGES THAT THE ISSUER 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. THE PURCHASER UNDERSTANDS AND ACKNOWLEDGES THAT THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, (I) TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN THE NOTES THAT FAILS TO COMPLY WITH THE INFORMATION REQUIREMENTS OF ABOVE, THAT IS A NON-PARTICIPATING FFI OR THAT OTHERWISE PREVENTS THE ISSUER FROM QUALIFYING AS, OR COMPLYING WITH ANY OBLIGATIONS OR REQUIREMENTS IMPOSED ON, A "PARTICIPATING FFI" OR A "DEEMED-COMPLIANT FFI" (AS SUCH TERMS ARE USED FOR THE PURPOSES OF FATCA), TO SELL ITS INTEREST IN SUCH NOTES, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER AND (II) TO MAKE ANY AMENDMENTS TO THE TRUST DEED TO ENABLE THE ISSUER TO COMPLY WITH FATCA. THE PURCHASER ALSO UNDERSTANDS AND ACKNOWLEDGES THAT THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, 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 INFORMATION REQUIREMENTS ABOVE OR THAT IS A NON-PARTICIPATING FFI.

EACH HOLDER OF A NOTE (OR ANY INTEREST THEREIN) WILL BE DEEMED TO HAVE REPRESENTED AND AGREED TO TREAT THE ISSUER AND THE NOTES AS DESCRIBED IN THE "TAX CONSIDERATIONS - UNITED STATES FEDERAL INCOME TAXATION" SECTION OF THE OFFERING CIRCULAR FOR ALL U.S. FEDERAL, STATE AND LOCAL INCOME TAX PURPOSES AND TO TAKE NO ACTION INCONSISTENT WITH SUCH TREATMENT UNLESS REQUIRED BY LAW.

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A-1 NOTES, THE CLASS A-2A NOTES, THE CLASS B NOTES, THE CLASS C NOTES AND THE CLASS D NOTES ONLY]* [THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT ("**OID**") FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY OF THIS NOTE MAY BE OBTAINED BY CONTACTING THE ISSUER].

[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS D NOTES AND THE SUBORDINATED NOTES ONLY] [EACH HOLDER AND BENEFICIAL OWNER OF A NOTE THAT IS NOT A "UNITED STATES PERSON" (AS DEFINED IN SECTION 7701(A)(30) OF THE CODE) WILL MAKE, OR BY ACQUIRING SUCH NOTE OR AN INTEREST THEREIN WILL BE DEEMED TO MAKE, A REPRESENTATION TO THE EFFECT THAT (A) EITHER (I) IT IS NOT A BANK (WITHIN THE MEANING OF SECTION 881(C)(3)(A) OF THE CODE); (II) IT IS A PERSON THAT IS ELIGIBLE FOR BENEFITS UNDER AN INCOME TAX TREATY WITH THE UNITED STATES OF AMERICA THAT ELIMINATES U.S. FEDERAL INCOME TAXATION OF U.S. SOURCE INTEREST NOT ATTRIBUTABLE TO A PERMANENT ESTABLISHMENT IN THE UNITED STATES OF AMERICA; (III) AFTER GIVING EFFECT TO ITS PURCHASE OF SUCH NOTE, IT WILL NOT DIRECTLY OR INDIRECTLY OWN MORE THAN 33-1/3 PER CENT., BY VALUE, OF THE AGGREGATE OF THE NOTES WITHIN SUCH CLASS AND ANY OTHER NOTES THAT ARE RANKED PARI PASSU WITH OR ARE SUBORDINATED TO SUCH NOTES, AND WILL NOT OTHERWISE BE RELATED TO THE ISSUER (WITHIN THE MEANING OF TREASURY REGULATIONS SECTION 1.881-3); OR (IV) IT HAS PROVIDED AN INTERNAL REVENUE SERVICE FORM W-8ECI REPRESENTING THAT ALL PAYMENTS RECEIVED OR TO BE RECEIVED BY IT FROM THE ISSUER ARE EFFECTIVELY CONNECTED WITH THE CONDUCT OF A TRADE OR BUSINESS WITHIN THE UNITED STATES OF AMERICA; AND (B) IT IS NOT PURCHASING THE NOTE IN ORDER TO REDUCE ITS U.S. FEDERAL INCOME TAX LIABILITY PURSUANT TO A TAX AVOIDANCE PLAN WITHIN THE MEANING OF U.S. TREASURY REGULATION SECTION 1.881-3.]

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A-1 NOTES, CLASS A-2 NOTES, CLASS B NOTES AND CLASS C NOTES IN THE FORM OF CM REMOVAL AND REPLACEMENT NON-VOTING NOTES OR CM REMOVAL AND REPLACEMENT EXCHANGEABLE NON-VOTING NOTES ONLY]* [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED THAT SUCH NOTE OR INTEREST HEREIN SHALL NOT CARRY ANY RIGHT TO VOTE IN RESPECT OF, OR BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF A CM REMOVAL RESOLUTION OR A CM REPLACEMENT RESOLUTION.]

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A-1 NOTES, CLASS A-2 NOTES, CLASS B NOTES AND CLASS C NOTES IN THE FORM OF CM REMOVAL AND REPLACEMENT VOTING NOTES ONLY]* [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED THAT SUCH NOTE OR INTEREST HEREIN SHALL CARRY A RIGHT TO VOTE IN RESPECT OF, AND BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF A CM REMOVAL RESOLUTION OR A CM REPLACEMENT RESOLUTION.]

- (4) The purchaser understands that the Regulation S Notes may not, at any time, be held by, or on behalf of, U.S. Persons.
- (5) The purchaser acknowledges that the Issuer, the Placement Agent, the Trustee, the Collateral Manager or the Collateral Administrator, the Agents and their Affiliates, and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

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 have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code and International Securities Identification Number ("**ISIN**") for the Notes of each Class are:

	Regulation S Notes		Rule 144A Notes	
	ISIN	Common Code	ISIN	Common Code
Class A-1 CM Removal and Replacement Voting Notes	XS2168064926	216806492	XS2168064686	216806468
Class A-1 CM Removal and Replacement Non-Voting Notes	XS2168064843	216806484	XS2168064504	216806450
Class A-1 CM Removal and Replacement Exchangeable Non-Voting Notes	XS2168064769	216806476	XS2168064413	216806441
Class A-2A CM Removal and Replacement Voting Notes	XS2168064090	216806409	XS2168063795	216806379
Class A-2A CM Removal and Replacement Non-Voting Notes	XS2168063951	216806395	XS2168063522	216806352
Class A-2A CM Removal and Replacement Exchangeable Non-Voting Notes	XS2168063878	216806387	XS2168063449	216806344
Class A-2B CM Removal and Replacement Voting Notes	XS2168063282	216806328	XS2168062987	216806298
Class A-2B CM Removal and Replacement Non-Voting Notes	XS2168063100	216806310	XS2168062805	216806280
Class A-2B CM Removal and Replacement Exchangeable Non-Voting Notes	XS2168063019	216806301	XS2168062631	216806263
Class B CM Removal and Replacement Voting Notes	XS2168062557	216806255	XS2168062045	216806204
Class B CM Removal and Replacement Non-Voting Notes	XS2168062474	216806247	XS2168061823	216806182
Class B CM Removal and Replacement Exchangeable Non-Voting Notes	XS2168062391	216806239	XS2168061740	216806174



	Regulation S Notes		Rule 144A Notes	
	ISIN	Common Code	ISIN	Common Code
Class C CM Removal and Replacement Voting Notes	XS2168061666	216806166	XS2168061310	216806131
Class C CM Removal and Replacement Non-Voting Notes	XS2168061583	216806158	XS2168061237	216806123
Class C CM Removal and Replacement Exchangeable Non-Voting Notes	XS2168061401	216806140	XS2168061153	216806115
Class D Notes	XS2168060932	216806093	XS2168060775	216806077
Subordinated Notes	XS2168060692	216806069	XS2168060429	216806042

## Listing

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on the Global Exchange Market which is the exchange regulated market of Euronext Dublin. The Global Exchange Market is not a regulated market for the purposes of MiFID II.

## Legal Entity Identifier (LEI)

The Issuer's LEI is 635400FGLGYDZTTZLI81.

## 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 resolutions of the board of Directors of the Issuer passed on or about 13 May 2020.

## No Litigation

The Issuer is not involved, and has not been involved, in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had since the date of its incorporation a significant effect on the Issuer's financial position or profitability.

## Accounts

Since the date of its incorporation, other than entering into the Warehouse Arrangements and acquiring certain Collateral Obligations pursuant to it, the Issuer has not commenced operations.

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 Issuer during normal business hours. The first financial statements of the Issuer were in respect of the period from incorporation to 31 December 2019. 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.

## **No Material Change**

There has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2019.

## **Listing Agent**

Maples and Calder LLP is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Global Exchange Market of Euronext Dublin.

## **Documents Available**

Copies of the following documents may be inspected in electronic format (and, in the case of each of paragraphs (F) and (G) below, will be available for collection free of charge) at the registered offices of the Issuer during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the term of the Notes.

- (A) the constitution of the Issuer;
- (B) the Trust Deed (which includes the form of each Note of each Class);
- (C) the Agency and Account Bank Agreement;
- (D) the Collateral Management and Administration Agreement;
- (E) the Corporate Administration Agreement;
- (F) each Monthly Report;
- (G) each Payment Date Report; and
- (H) the audited financial statements of the Issuer for the period ended 31 December 2019.

## **Post Issuance Reporting**

The Issuer will provide post-issuance transaction information in relation to the issue of the Notes in the form of the Reports.

## **Enforceability of Judgments**

The Issuer is a company incorporated under the laws of Ireland. None of the directors and officers of the Issuer are residents of the United States, and all or a substantial portion of the assets of the Issuer and such persons may be located outside of the United States at any time. 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 met:

- (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;
- (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; or
- (F) there is no practical benefit to the party in whose favour the foreign judgment is made in seeking to have that judgment enforced in Ireland.

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## ANNEX A

### S&P RECOVERY RATES

(I) If a Collateral Obligation has an S&P Recovery Rating, or is *pari passu* with another obligation of the same Obligor that has an S&P Recovery Rating and is secured by the same collateral as such other obligation, the S&P Recovery Rate for such Collateral Obligation shall be determined as follows:

S&P Recovery Rating of Collateral Obligation	Range from published reports*	Initial Rated Note Rating						
		AAA	AA	A	BBB	BB	B	CCC
1+	100	75.0%	85.0%	88.0%	90.0%	92.0%	95.0%	95.0%
1	95	70.0%	80.0%	84.0%	87.5%	91.0%	95.0%	95.0%
1	90	65.0%	75.0%	80.0%	85.0%	90.0%	95.0%	95.0%
2	85	62.5%	72.5%	77.5%	83.0%	88.0%	92.0%	92.0%
2	80	60.0%	70.0%	75.0%	81.0%	86.0%	89.0%	89.0%
2	75	55.0%	65.0%	70.5%	77.0%	82.5%	84.0%	84.0%
2	70	50.0%	60.0%	66.0%	73.0%	79.0%	79.0%	79.0%
3	65	45.0%	55.0%	61.0%	68.0%	73.0%	74.0%	74.0%
3	60	40.0%	50.0%	56.0%	63.0%	67.0%	69.0%	69.0%
3	55	35.0%	45.0%	51.0%	58.0%	63.0%	64.0%	64.0%
3	50	30.0%	40.0%	46.0%	53.0%	59.0%	59.0%	59.0%
4	45	28.5%	37.5%	44.0%	49.5%	53.5%	54.0%	54.0%
4	40	27.0%	35.0%	42.0%	46.0%	48.0%	49.0%	49.0%
4	35	23.5%	30.5%	37.5%	42.5%	43.5%	44.0%	44.0%
4	30	20.0%	26.0%	33.0%	39.0%	39.0%	39.0%	39.0%
5	25	17.5%	23.0%	28.5%	32.5%	33.5%	34.0%	34.0%
5	20	15.0%	20.0%	24.0%	26.0%	28.0%	29.0%	29.0%
5	15	10.0%	15.0%	19.5%	22.5%	23.5%	24.0%	24.0%
5	10	5.0%	10.0%	15.0%	19.0%	19.0%	19.0%	19.0%
6	5	3.5%	7.0%	10.5%	13.5%	14.0%	14.0%	14.0%
6	0	2.0%	4.0%	6.0%	8.0%	9.0%	9.0%	9.0%

\* If a recovery range is not available for a given obligation with an S&P Recovery Rating of "2" through "5" (inclusive), the lower recovery range for the applicable S&P Recovery Rating shall apply.

(II) If (x) a Collateral Obligation does not have an S&P Recovery Rating and such Collateral Obligation is an Unsecured Senior Loan or a Second Lien Loan and (y) the Obligor or issuer of such Collateral Obligation has issued another debt instrument that is outstanding and senior to such Collateral Obligation that is a Secured Senior Loan or Secured Senior Bond (a "**Senior Secured Debt Instrument**") that has an S&P Recovery Rating, the S&P Recovery Rate for such Collateral Obligation shall be determined as follows:

#### For Obligors Domiciled in Group A

S&P Recovery Rating of the Senior Secured Debt Instrument	Initial Rated Note Rating					
	AAA	AA	A	BBB	BB	B/CCC
1+	18.0%	20.0%	23.0%	26.0%	29.0%	31.0%
1	18.0%	20.0%	23.0%	26.0%	29.0%	31.0%
2	18.0%	20.0%	23.0%	26.0%	29.0%	31.0%
3	12.0%	15.0%	18.0%	21.0%	22.0%	23.0%
4	5.0%	8.0%	11.0%	13.0%	14.0%	15.0%
5	2.0%	4.0%	6.0%	8.0%	9.0%	10.0%
6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

#### For Obligors Domiciled in Group B

S&P Recovery Rating of the Senior Secured Debt Instrument	Initial Rated Note Rating					
	AAA	AA	A	BBB	BB	B/CCC
1+	13.0%	16.0%	18.0%	21.0%	23.0%	25.0%
1	13.0%	16.0%	18.0%	21.0%	23.0%	25.0%
2	13.0%	16.0%	18.0%	21.0%	23.0%	25.0%
3	8.0%	11.0%	13.0%	15.0%	16.0%	17.0%
4	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
5	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**For Obligor Domiciled in Group C**

S&P Recovery Rating of the Senior Secured Debt Instrument	Initial Rated Note Rating					
	AAA	AA	A	BBB	BB	B/CCC
1+	10.0%	12.0%	14.0%	16.0%	18.0%	20.0%
1	10.0%	12.0%	14.0%	16.0%	18.0%	20.0%
2	10.0%	12.0%	14.0%	16.0%	18.0%	20.0%
3	5.0%	7.0%	9.0%	10.0%	11.0%	12.0%
4	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
5	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

(III) If (x) a Collateral Obligation does not have an S&P Recovery Rating and such Collateral Obligation is not a Secured Senior Loan, a Second Lien Loan or an Unsecured Senior Loan and (y) the Obligor or issuer of such Collateral Obligation has issued another debt instrument that is outstanding and senior to such Collateral Obligation that is a Senior Secured Debt Instrument that has an S&P Recovery Rating, the S&P Recovery Rate for such Collateral Obligation shall be determined as follows:

**For Obligor Domiciled in Groups A or B**

S&P Recovery Rating of the Senior Secured Debt Instrument	Initial Rated Note Rating					
	AAA	AA	A	BBB	BB	B/CCC
1+	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
1	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
2	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
3	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
4	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
5	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**For Obligor Domiciled in Group C**

S&P Recovery Rating of the Senior Secured Debt Instrument	Initial Rated Note Rating					
	AAA	AA	A	BBB	BB	B/CCC
1+	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
1	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
2	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
3	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
4	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

(IV) If an S&P Recovery Rate cannot be determined using (I), (II) or (III) above, the S&P Recovery Rate shall be determined as follows:

**For Obligors Domiciled in Groups A, B or C**

Priority Category	Initial Rated Note Rating					
	AAA	AA	A	BBB	BB	B/CCC
<b>Secured Senior Loans (excluding Cov-Lite Loans)</b>						
Group A	50.0%	55.0%	59.0%	63.0%	75.0%	79.0%
Group B	39.0%	42.0%	46.0%	49.0%	60.0%	63.0%
Group C	17.0%	19.0%	27.0%	29.0%	31.0%	34.0%
<b>Secured Senior Loans that are Cov-Lite Loans and Secured Senior Bonds</b>						
Group A	41.0%	46.0%	49.0%	53.0%	63.0%	67.0%
Group B	32.0%	35.0%	39.0%	41.0%	50.0%	53.0%
Group C	17.0%	19.0%	27.0%	29.0%	31.0%	34.0%
<b>Unsecured Senior Loans, Mezzanine Obligations, Second Lien Loans and High Yield Bonds (if not a Subordinated obligation)</b>						
Group A	18.0%	20.0%	23.0%	26.0%	29.0%	31.0%
Group B	13.0%	16.0%	18.0%	21.0%	23.0%	25.0%
Group C	10.0%	12.0%	14.0%	16.0%	18.0%	20.0%
<b>Subordinated obligations</b>						
Group A	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Group B	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Group C	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

The tables above (or any portions thereof) may be replaced or updated from time to time at the election of the Collateral Manager, in each case, to the extent necessary to reflect any revisions to such tables (or any portions thereof) published by S&P following the Issue Date.

**CDO Evaluator Country Codes, Regions and Recovery Groups**

Country Name	Country Code	Region	Recovery Group
Afghanistan	93	5 - Asia: India, Pakistan and Afghanistan	C
Albania	355	16 - Europe: Eastern	C
Algeria	213	11 - Middle East: MENA	C
Andorra	376	102 - Europe: Western	C
Angola	244	13 - Africa: Sub-Saharan	C
Anguilla	1264	2 - Americas: Other Central and Caribbean	C
Antigua	1268	2 - Americas: Other Central and Caribbean	C
Argentina	54	4 - Americas: Mercosur and Southern Cone	C
Armenia	374	14 - Europe: Russia & CIS	C
Aruba	297	2 - Americas: Other Central and Caribbean	C
Ascension	247	12 - Africa: Southern	C
Australia	61	105 - Asia-Pacific: Australia and New Zealand	A
Austria	43	102 - Europe: Western	A
Azerbaijan	994	14 - Europe: Russia & CIS	C
Bahamas	1242	2 - Americas: Other Central and Caribbean	C
Bahrain	973	10 - Middle East: Gulf States	C
Bangladesh	880	6 - Asia: Other South	C
Barbados	246	2 - Americas: Other Central and Caribbean	C
Belarus	375	14 - Europe: Russia & CIS	C
Belgium	32	102 - Europe: Western	A
Belize	501	2 - Americas: Other Central and Caribbean	C
Benin	229	13 - Africa: Sub-Saharan	C
Bermuda	441	2 - Americas: Other Central and Caribbean	C
Bhutan	975	6 - Asia: Other South	C
Bolivia	591	3 - Americas: Andean	C
Bosnia and Herzegovina	387	16 - Europe: Eastern	C
Botswana	267	12 - Africa: Southern	C
Brazil	55	4 - Americas: Mercosur and Southern Cone	B
British Virgin Islands	284	2 - Americas: Other Central and Caribbean	C
Brunei	673	8 - Asia: Southeast, Korea and Japan	C
Bulgaria	359	16 - Europe: Eastern	C

Country Name	Country Code	Region	Recovery Group
Burkina Faso	226	13 - Africa: Sub-Saharan	C
Burundi	257	13 - Africa: Sub-Saharan	C
Cambodia	855	8 - Asia: Southeast, Korea and Japan	C
Cameroon	237	13 - Africa: Sub-Saharan	C
Canada	2	101 - Americas: U.S. and Canada	A
Cape Verde Islands	238	13 - Africa: Sub-Saharan	C
Cayman Islands	345	2 - Americas: Other Central and Caribbean	C
Central African Republic	236	13 - Africa: Sub-Saharan	C
Chad	235	13 - Africa: Sub-Saharan	C
Chile	56	4 - Americas: Mercosur and Southern Cone	C
China	86	7 - Asia: China, Hong Kong, Taiwan	C
Colombia	57	3 - Americas: Andean	C
Comoros	269	13 - Africa: Sub-Saharan	C
Congo-Brazzaville	242	13 - Africa: Sub-Saharan	C
Congo-Kinshasa	243	13 - Africa: Sub-Saharan	C
Cook Islands	682	105 - Asia-Pacific: Australia and New Zealand	C
Costa Rica	506	2 - Americas: Other Central and Caribbean	C
Cote d'Ivoire	225	13 - Africa: Sub-Saharan	C
Croatia	385	16 - Europe: Eastern	C
Cuba	53	2 - Americas: Other Central and Caribbean	C
Curaçao	599	2 - Americas: Other Central and Caribbean	C
Cyprus	357	102 - Europe: Western	C
Czech Republic	420	15 - Europe: Central	B
Denmark	45	102 - Europe: Western	A
Djibouti	253	17 - Africa: Eastern	C
Dominica	767	2 - Americas: Other Central and Caribbean	C
Dominican Republic	809	2 - Americas: Other Central and Caribbean	C
East Timor	670	8 - Asia: Southeast, Korea and Japan	C
Ecuador	593	3 - Americas: Andean	C
Egypt	20	11 - Middle East: MENA	C
El Salvador	503	2 - Americas: Other Central and Caribbean	C
Equatorial Guinea	240	13 - Africa: Sub-Saharan	C
Eritrea	291	17 - Africa: Eastern	C
Estonia	372	15 - Europe: Central	C
Ethiopia	251	17 - Africa: Eastern	C
Fiji	679	9 - Asia-Pacific: Islands	C
Finland	358	102 - Europe: Western	A
France	33	102 - Europe: Western	A
French Guiana	594	2 - Americas: Other Central and Caribbean	C
French Polynesia	689	9 - Asia-Pacific: Islands	C
Gabonese Republic	241	13 - Africa: Sub-Saharan	C
Gambia	220	13 - Africa: Sub-Saharan	C
Georgia	995	14 - Europe: Russia & CIS	C
Germany	49	102 - Europe: Western	A
Ghana	233	13 - Africa: Sub-Saharan	C
Greece	30	102 - Europe: Western	B
Grenada	473	2 - Americas: Other Central and Caribbean	C
Guadeloupe	590	2 - Americas: Other Central and Caribbean	C
Guatemala	502	2 - Americas: Other Central and Caribbean	C
Guinea	224	13 - Africa: Sub-Saharan	C
Guinea-Bissau	245	13 - Africa: Sub-Saharan	C
Guyana	592	2 - Americas: Other Central and Caribbean	C
Haiti	509	2 - Americas: Other Central and Caribbean	C
Honduras	504	2 - Americas: Other Central and Caribbean	C
Hong Kong	852	7 - Asia: China, Hong Kong, Taiwan	A
Hungary	36	15 - Europe: Central	C
Iceland	354	102 - Europe: Western	C
India	91	5 - Asia: India, Pakistan and Afghanistan	C
Indonesia	62	8 - Asia: Southeast, Korea and Japan	C
Iran	98	10 - Middle East: Gulf States	C
Iraq	964	10 - Middle East: Gulf States	C
Ireland	353	102 - Europe: Western	A
Isle of Man	101	102 - Europe: Western	C
Israel	972	11 - Middle East: MENA	A
Italy	39	102 - Europe: Western	B
Jamaica	876	2 - Americas: Other Central and Caribbean	C

Country Name	Country Code	Region	Recovery Group
Japan	81	8 - Asia: Southeast, Korea and Japan	A
Jordan	962	11 - Middle East: MENA	C
Kazakhstan	8	14 - Europe: Russia & CIS	C
Kenya	254	17 - Africa: Eastern	C
Kiribati	686	9 - Asia-Pacific: Islands	C
Kosovo	383	16 - Europe: Eastern	C
Kuwait	965	10 - Middle East: Gulf States	C
Kyrgyzstan	996	14 - Europe: Russia & CIS	C
Laos	856	8 - Asia: Southeast, Korea and Japan	C
Latvia	371	15 - Europe: Central	C
Lebanon	961	11 - Middle East: MENA	C
Lesotho	266	12 - Africa: Southern	C
Liberia	231	13 - Africa: Sub-Saharan	C
Libya	218	11 - Middle East: MENA	C
Liechtenstein	102	102 - Europe: Western	C
Lithuania	370	15 - Europe: Central	C
Luxembourg	352	102 - Europe: Western	A
Macedonia	389	16 - Europe: Eastern	C
Madagascar	261	13 - Africa: Sub-Saharan	C
Malawi	265	13 - Africa: Sub-Saharan	C
Malaysia	60	8 - Asia: Southeast, Korea and Japan	C
Maldives	960	6 - Asia: Other South	C
Mali	223	13 - Africa: Sub-Saharan	C
Malta	356	102 - Europe: Western	C
Martinique	596	2 - Americas: Other Central and Caribbean	C
Mauritania	222	13 - Africa: Sub-Saharan	C
Mauritius	230	12 - Africa: Southern	C
Mexico	52	1 - Americas: Mexico	B
Micronesia	691	9 - Asia-Pacific: Islands	C
Moldova	373	14 - Europe: Russia & CIS	C
Monaco	377	102 - Europe: Western	C
Mongolia	976	14 - Europe: Russia & CIS	C
Montenegro	382	16 - Europe: Eastern	C
Montserrat	664	2 - Americas: Other Central and Caribbean	C
Morocco	212	11 - Middle East: MENA	C
Mozambique	258	13 - Africa: Sub-Saharan	C
Myanmar	95	8 - Asia: Southeast, Korea and Japan	C
Namibia	264	12 - Africa: Southern	C
Nauru	674	9 - Asia-Pacific: Islands	C
Nepal	977	6 - Asia: Other South	C
Netherlands	31	102 - Europe: Western	A
New Caledonia	687	9 - Asia-Pacific: Islands	C
New Zealand	64	105 - Asia-Pacific: Australia and New Zealand	C
Nicaragua	505	2 - Americas: Other Central and Caribbean	C
Niger	227	13 - Africa: Sub-Saharan	C
Nigeria	234	13 - Africa: Sub-Saharan	C
North Korea	850	8 - Asia: Southeast, Korea and Japan	C
Norway	47	102 - Europe: Western	A
Oman	968	10 - Middle East: Gulf States	C
Pakistan	92	5 - Asia: India, Pakistan and Afghanistan	C
Palau	680	9 - Asia-Pacific: Islands	C
Palestinian Settlements	970	11 - Middle East: MENA	C
Panama	507	2 - Americas: Other Central and Caribbean	C
Papua New Guinea	675	9 - Asia-Pacific: Islands	C
Paraguay	595	4 - Americas: Mercosur and Southern Cone	C
Peru	51	3 - Americas: Andean	C
Philippines	63	8 - Asia: Southeast, Korea and Japan	C
Poland	48	15 - Europe: Central	A
Portugal	351	102 - Europe: Western	A
Qatar	974	10 - Middle East: Gulf States	C
Romania	40	16 - Europe: Eastern	C
Russia	7	14 - Europe: Russia & CIS	C
Rwanda	250	13 - Africa: Sub-Saharan	C
Samoa	685	9 - Asia-Pacific: Islands	C
Sao Tome and Principe	239	13 - Africa: Sub-Saharan	C
Saudi Arabia	966	10 - Middle East: Gulf States	C
Senegal	221	13 - Africa: Sub-Saharan	C

Country Name	Country Code	Region	Recovery Group
Serbia	381	16 - Europe: Eastern	C
Seychelles	248	12 - Africa: Southern	C
Sierra Leone	232	13 - Africa: Sub-Saharan	C
Singapore	65	8 - Asia: Southeast, Korea and Japan	A
Slovak Republic	421	15 - Europe: Central	C
Slovenia	386	102 - Europe: Western	C
Solomon Islands	677	9 - Asia-Pacific: Islands	C
Somalia	252	17 - Africa: Eastern	C
South Africa	27	12 - Africa: Southern	B
South Korea	82	8 - Asia: Southeast, Korea and Japan	C
Spain	34	102 - Europe: Western	A
Sri Lanka	94	6 - Asia: Other South	C
St. Helena	290	12 - Africa: Southern	C
St. Kitts/Nevis	869	2 - Americas: Other Central and Caribbean	C
St. Lucia	758	2 - Americas: Other Central and Caribbean	C
St. Vincent and the Grenadines	784	2 - Americas: Other Central and Caribbean	C
Sudan	249	17 - Africa: Eastern	C
Suriname	597	2 - Americas: Other Central and Caribbean	C
Swaziland	268	12 - Africa: Southern	C
Sweden	46	102 - Europe: Western	A
Switzerland	41	102 - Europe: Western	A
Syrian Arab Republic	963	11 - Middle East: MENA	C
Taiwan	886	7 - Asia: China, Hong Kong, Taiwan	C
Tajikistan	992	14 - Europe: Russia & CIS	C
Tanzania/Zanzibar	255	13 - Africa: Sub-Saharan	C
Thailand	66	8 - Asia: Southeast, Korea and Japan	C
Togo	228	13 - Africa: Sub-Saharan	C
Tonga	676	9 - Asia-Pacific: Islands	C
Trinidad and Tobago	868	2 - Americas: Other Central and Caribbean	C
Tunisia	216	11 - Middle East: MENA	C
Turkey	90	16 - Europe: Eastern	B
Turkmenistan	993	14 - Europe: Russia & CIS	C
Turks and Caicos	649	2 - Americas: Other Central and Caribbean	C
Tuvalu	688	9 - Asia-Pacific: Islands	C
Uganda	256	13 - Africa: Sub-Saharan	C
Ukraine	380	14 - Europe: Russia & CIS	C
United Arab Emirates	971	10 - Middle East: Gulf States	B
United Kingdom	44	102 - Europe: Western	A
Uruguay	598	4 - Americas: Mercosur and Southern Cone	C
USA	1	101 - Americas: U.S. and Canada	A
Uzbekistan	998	14 - Europe: Russia & CIS	C
Vanuatu	678	9 - Asia-Pacific: Islands	C
Venezuela	58	3 - Americas: Andean	C
Vietnam	84	8 - Asia: Southeast, Korea and Japan	C
Western Sahara	1212	11 - Middle East: MENA	C
Yemen	967	10 - Middle East: Gulf States	C
Zambia	260	13 - Africa: Sub-Saharan	C
Zimbabwe	263	13 - Africa: Sub-Saharan	C



**ANNEX B**  
**FORM OF ERISA AND TAX CERTIFICATE**

The purpose of this ERISA and Tax Certificate (this "**Certificate**") is, among other things, to (i) endeavour to ensure that less than 25 per cent. of the value of the Class D Notes and the Subordinated Notes (determined separately by class) issued by Bilbao CLO III Designated Activity Company (the "**Issuer**") is held by (a) employee benefit plans that are subject to the fiduciary responsibility provisions of Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), (b) a plan that is subject to Section 4975 of the U.S. 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 or plan's investment in the entity (collectively, "**Benefit Plan Investors**"), (ii) obtain from you certain representations and agreements and (iii) provide you with certain related information with respect to your acquisition, holding and disposition of the Class D Notes and the Subordinated Notes. By signing this Certificate, you agree to be bound by its terms.

Please be aware that the information contained in this Certificate is not intended to constitute advice and the examples given below are not intended to be, and are not, comprehensive. You should contact your own counsel if you have any questions in completing this Certificate. Capitalised terms not defined in this Certificate shall have the meanings ascribed to them in the Trust Deed.

If a box is not checked, you are 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 collective 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 total value of the Class D Notes and 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 D Notes or the 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" 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" for purposes of conducting the 25 per cent. test under the Plan Asset Regulations: \_\_\_\_\_ per cent. IF YOU DO NOT INCLUDE ANY PERCENTAGE IN THE BLANK SPACE, YOU WILL BE COUNTED AS IF YOU FILLED IN 100 PER CENT. IN THE BLANK SPACE.

4. ☐ None of Sections (1) Through (3) above Apply. We, or the entity on whose behalf we are acting, are a person that does not fall into any of the categories described in Sections (1) through (3) above. If, after the date hereof, any of the categories described in Sections (1) through (3) above would apply, we will promptly notify the Issuer of such change.
5. No Prohibited Transaction. If we checked any of the boxes in Sections (1) through (3) above, we represent, warrant and agree that our acquisition, holding and disposition of the Class D Notes or the Subordinated Notes (or interests therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code.
6. Not Subject to Similar Law and No Violation of Other Plan Law. If we are a governmental, church, non-U.S. or other plan, we represent, warrant and agree that (a) we are not subject to any federal, state, local, non-U.S. or other law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or interest therein) by virtue of its interest and thereby subject the Issuer or the Collateral Manager (or other persons responsible for the investment and operation of the Issuer's assets) to laws or regulations that are substantially similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code, and (b) our acquisition, holding and disposition of the Class D Notes or the Subordinated Notes will not constitute or result in a violation of any law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code.
7. ☐ Controlling Person. We are, or we are acting on behalf of any of: (i) the Collateral Manager, (ii) any person that has discretionary authority or control with respect to the assets of the Issuer, (iii) any person who provides investment advice for a fee (direct or indirect) with respect to such assets or (iv) any "affiliate" of any of the above persons. "Affiliate" shall have the meaning set forth in the Plan Asset Regulations. Any of the persons described in the first sentence of this Section 7 is referred to in this Certificate as a "Controlling Person."

Note: We understand that, (i) for purposes of determining whether Benefit Plan Investors hold less than 25 per cent. of the total value of the Class D Notes or the Subordinated Notes (determined separately by class), the Class D Notes or the Subordinated Notes held by Controlling Persons (other than Benefit Plan Investors) are required to be disregarded and (ii) if our acquisition of any Note (or interest in a Note) would cause the 25 per cent. Limitation to be exceeded the Issuer will not permit our acquisition of the Notes to which this certificate relates.

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 discovery, send notice to us demanding that we transfer our interest to a person that is not a Non-Permitted ERISA Noteholder within 14 days after the date of such notice;
- (ii) if we fail to transfer our Class D Notes or Subordinated Notes, the Issuer shall have the right, without further notice to us, to sell our Class D Notes or Subordinated Notes or our interest in the Class D Notes or Subordinated Notes to a purchaser selected by the Issuer that is not a Non-Permitted ERISA Noteholder 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 D Notes or the 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 D Notes or the 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 of any proposed transfer by us of all or a specified portion of the Class D Notes or the Subordinated Notes (or interests therein) and (b) will not initiate any such transfer after we have been informed by the Issuer in writing that such transfer would cause the 25 per cent. Limitation to be exceeded. We hereby agree and acknowledge that after the Issuer effects any permitted transfer of Class D Notes or Subordinated Notes (or interests therein) owned by us to a Benefit Plan Investor or a Controlling Person or receives notice of any such permitted change of status, the Issuer shall include such Class D Notes or the Subordinated Notes in future calculations of the 25 per cent. Limitation made pursuant hereto unless subsequently notified that such Class D Notes or 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 the Class D Notes or the Subordinated Notes (or our interests therein). We understand and agree that the information supplied in this Certificate will be used and relied upon by the Issuer to determine that Benefit Plan Investors own or hold less than 25 per cent. of the total value of the Class D Notes or the Subordinated Notes (determined separately by class) upon any subsequent transfer of the Class D Notes or the Subordinated Notes (or interests therein) 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, Citigroup Global Markets Limited 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, Citigroup Global, the Collateral Manager, any Collateral Manager Related Person, 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 D Notes or the Subordinated Notes (or interests therein) 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 a transferee of a Class D Note or a Subordinated Note (or interest therein) 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 or actual representation, as applicable, such transferee may not acquire such Class D Note or Subordinated Note (or interest therein) unless such transferee: (i) obtains the written consent of the Issuer; (ii) provides an ERISA certificate to the Issuer as to its status as a Benefit Plan Investor or Controlling Person; and (iii) unless the written consent of the Issuer to the contrary is obtained, holds such Class D Note or Subordinated Note in the form of a Definitive Certificate.

**Note:** Unless you are notified otherwise, the name and address of the Trustee is as follows: BNY Mellon Corporate Trustee Services Limited, One Canada Square, Canary Wharf, London E14 5AL, United Kingdom.

**IN WITNESS WHEREOF**, the undersigned has duly executed and delivered this Certificate.

---

[Insert Purchaser's Name]

By:

Name:

Title:

Dated:

This Certificate relates to €\_\_\_\_\_ of [Class D Notes]/[Subordinated Notes]

**REGISTERED OFFICE OF THE ISSUER**

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**Guggenheim Partners Europe Limited**

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**The Bank of New York  
Mellon SA/NV, Dublin  
Branch**

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**TRUSTEE  
BNY Mellon  
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TRANSFER AGENT**

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