

# BARDIN HILL LOAN ADVISORS EUROPEAN FUNDING 2019-1 DESIGNATED ACTIVITY COMPANY

(a designated activity company incorporated under the laws of Ireland with registered number 633172, having its registered office in Ireland)

€1,500,000 Class X Senior Secured Floating Rate Notes due 2032  
€214,000,000 Class A Senior Secured Floating Rate Notes due 2032  
€20,000,000 Class B-1 Senior Secured Floating Rate Notes due 2032  
€15,000,000 Class B-2 Senior Secured Fixed Rate Notes due 2032  
€6,500,000 Class C-1 Senior Secured Deferrable Floating Rate Notes due 2032  
€15,000,000 Class C-2 Senior Secured Deferrable Fixed Rate Notes due 2032  
€21,000,000 Class D Senior Secured Deferrable Floating Rate Notes due 2032  
€22,500,000 Class E Senior Secured Deferrable Floating Rate Notes due 2032  
€8,000,000 Class F Senior Secured Deferrable Floating Rate Notes due 2032  
€2,000,000 Class M Notes due 2032  
€35,500,000 Subordinated Notes due 2032

The assets securing the Notes (as defined below) will consist of a portfolio of primarily Secured Senior Loans, Secured Senior Bonds, Unsecured Senior Obligations, Second Lien Loans, High Yield Bonds and Mezzanine Obligations managed by Bardin Hill Loan Advisors (UK) LLP (the “**Collateral Manager**”).

Bardin Hill Loan Advisors European Funding 2019-1 Designated Activity Company (the “**Issuer**”) will issue the Class X Notes, the Class A Notes, the Class B-1 Notes, the Class B-2 Notes (the Class B-1 Notes together with the Class B-2 Notes, the “**Class B Notes**”), the Class C-1 Notes, the Class C-2 Notes (the Class C-1 Notes together with the Class C-2 Notes, the “**Class C Notes**”), the Class D Notes, the Class E Notes, the Class F Notes, the Class M Notes and the Subordinated Notes (each as defined herein) on or about 7 May 2019 (the “**Issue Date**”).

The Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, Class D Notes, the Class E Notes and the Class F Notes (such Classes, the “**Rated Notes**”) together with the Class M Notes and 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 the Issue Date, made between (amongst others) the Issuer and Citibank, N.A., London Branch in its capacity as trustee (the “**Trustee**”).

Interest on the Notes will be payable (i) quarterly in arrear on 20 January, 20 April, 20 July and 20 October prior to the occurrence of a Frequency Switch Event (as defined herein) and (ii) semi-annually in arrear on 20 January and 20 July (where the Payment Date (as defined herein) immediately following the occurrence of a Frequency Switch Event is in either January or July) or 20 April and 20 October (where the Payment Date immediately following the occurrence of a Frequency Switch Event is in either April or October) following the occurrence of a Frequency Switch Event (or, in each case, if such day is not a Business Day (as defined herein), then on the next succeeding Business Day (unless it would fall in the following month, in which case it shall be moved to the immediately preceding Business Day)) in each year, commencing on 20 January 2020 and ending on the Maturity Date (as defined below) in accordance with the Priorities of Payments described herein.

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

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

This Offering Circular does not constitute a prospectus for the purposes of Article 5 of Directive 2003/71/EC (as such directive may be amended or superseded from time to time, the “**Prospectus Directive**”). The Issuer is not offering the Notes in any jurisdiction in circumstances that would require a prospectus to be prepared pursuant to the Prospectus Directive. Application has been made to The Irish Stock Exchange Plc trading as Euronext Dublin (“**Euronext Dublin**”) for the Notes to be admitted to the official list (the “**Official List**”) and trading on the Global Exchange Market of Euronext Dublin (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/EU (as amended) (“**MiFID II**”). There can be no assurance that any such listing will be maintained. This Offering Circular constitutes listing particulars for the purpose of such application and has been approved by Euronext Dublin.

The Notes are limited recourse obligations of the Issuer which are payable solely out of amounts received by or on behalf of the Issuer in respect of the Collateral (as defined herein). The net proceeds of the realisation of the security over the Collateral upon acceleration of the Notes following a Note Event of Default (as defined herein) may be insufficient to pay all amounts due 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 Irish Account and the rights of the Issuer under the Corporate Services Agreement (each as defined herein)) of the Issuer will not be available for payment of such shortfall, all claims in respect of which shall be extinguished. See Condition 4(c) (*Limited Recourse and Non-Petition*).

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and will be offered only: (a) outside the United States to non-U.S. Persons (in compliance with 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 for the purposes of Section 3(c)(7) of the United States Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The Issuer will not be registered under the Investment Company Act. Interests in the Notes will be subject to certain restrictions on transfer, and each purchaser of the Notes offered hereby in making its purchase will make or be deemed to have made certain acknowledgements, representations and agreements (actual or deemed). See “*Plan of Distribution*” and “*Transfer Restrictions*”.

The United States Court of Appeals for the D.C. Circuit has issued a ruling invalidating the application of the U.S. Risk Retention Rules to managers of “**open market CLOs**”. Based on this ruling and the related District Court’s implementing order, none of the Collateral Manager, any “majority-owned affiliate” thereof or any other person will acquire a risk retention interest in the Notes for the purposes of satisfying the U.S. Risk Retention Rules. See “*Risk Factors – Regulatory Initiatives – Risk Retention and Due Diligence Requirements – U.S. Risk Retention Rules*”.

Payments under the Rated Notes (other than the Class B-2 Notes and the Class C-2 Notes) are calculated by reference to EURIBOR, which is administered by the European Money Markets Institute (the “**Administrator**”). As at the date of this Offering Circular, the Administrator does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmarks Regulation (as defined below). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the Administrator is not currently required to obtain authorisation or registration.

The Notes are being offered by the Issuer through Merrill Lynch International in its capacity as initial purchaser of such Notes (other than certain of the Class M Notes and the Retention Notes) (the “**Initial Purchaser**”) subject to prior sale, when, as and if delivered to and accepted by the Initial Purchaser, and subject to certain conditions as to acceptance. It is expected that delivery of the Notes will be made on or about the Issue Date. Each of the Issuer and the Initial Purchaser may offer the Notes at prices as may be negotiated at the time of sale which may vary among different purchasers and may be different to the issue price of the Notes.

**Initial Purchaser**

**BofA Merrill Lynch**

**The date of this Offering Circular is 3 May 2019**

*The Issuer accepts responsibility for the information contained in this document and, to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information included in this document 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”. To the best of the knowledge and belief of the Collateral Manager (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Collateral Administrator accepts responsibility for the information contained in the sections of this document headed “Description of the Collateral Administrator”. To the best of the knowledge and belief of the Collateral Administrator (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Retention Holder accepts responsibility for the information contained in the section of this document headed “The Retention Holder and the EU Retention and Transparency Requirements – Description of the Retention Holder”, the third and fourth paragraphs contained in the section of this document headed “The Retention Holder and the EU Retention and Transparency Requirements – Securitisation Regulation” (entitled “Comparable Assets” and “Credit Granting Criteria” respectively), “The Retention Holder and the EU Retention and Transparency Requirements – Origination of Collateral Obligations” and the first sentence of the second paragraph of the section of this document headed “The Retention Holder and the EU Retention and Transparency Requirements - EU Retention and Transparency Requirements – The Retention”. To the best of the knowledge and belief of the Retention Holder (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Except for the sections of this document headed “Risk Factors – Conflicts of Interest – Certain Conflicts of Interest Involving or Relating to the Collateral Manager and its Affiliates” and “Description of the Collateral Manager”, in the case of the Collateral Manager, “Description of the Collateral Administrator”, in the case of the Collateral Administrator and “The Retention Holder and the EU Retention and Transparency Requirements – Description of the Retention Holder”, the third and fourth paragraphs contained in the section of this document headed “The Retention Holder and EU Retention and Transparency Requirements – Securitisation Regulation” (entitled “Comparable Assets” and “Credit Granting Criteria” respectively), “The Retention Holder and the EU Retention and Transparency Requirements – Origination of Collateral Obligations” and the first sentence of the second paragraph of the section of this document headed “The Retention Holder and the EU Retention and Transparency Requirements - EU Retention and Transparency Requirements – The Retention”, in the case of the Retention Holder, none of the Collateral Manager, the Retention Holder nor the Collateral Administrator accept any responsibility for the accuracy and completeness of any information contained in this Offering Circular. The delivery of this Offering Circular at any time after its date does not imply that the information herein is correct at any time subsequent to the date of this Offering Circular.*

*None of the Initial Purchaser, the Trustee, the Collateral Manager (save in respect of the sections headed “Risk Factors – Conflicts of Interest – Certain Conflicts of Interest Involving or Relating to the Collateral Manager and its Affiliates” and “Description of the Collateral Manager”), the Collateral Administrator (save in respect of the section headed “Description of the Collateral Administrator”), any other Agent, any Hedge Counterparty, the Retention Holder (save in respect of the sections headed “The Retention Holder and the EU Retention and Transparency Requirements – Description of the Retention Holder”, the third and fourth paragraphs contained in the section of this document headed “The Retention Holder and EU Retention and Transparency Requirements – Securitisation Regulation” (entitled “Comparable Assets” and “Credit Granting Criteria” respectively), “The Retention Holder and the EU Retention and Transparency Requirements – Origination of Collateral Obligations” and the first sentence of the second paragraph of the section of this document headed “The Retention Holder and the EU Retention and Transparency Requirements - EU Retention and Transparency Requirements – The Retention” or any other party has separately verified the information contained in this Offering Circular and, accordingly, none of the Initial Purchaser, the Trustee, the Collateral Manager (save as specified above) the Collateral Administrator (save as specified above), any other Agent, the Retention Holder (save as specified above), any Hedge Counterparty, or any other party (save for the Issuer as specified above) makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained in this Offering Circular or in any further notice or other document which may at any time be supplied in connection with the Notes or their distribution or accepts any responsibility or liability therefor. None of the Initial Purchaser, the Trustee, the Collateral Manager, the Collateral Administrator, any other Agent, the Retention Holder, 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 (in the case of the Collateral Manager, other than pursuant to the Collateral Management and Administration Agreement) nor to advise any investor or potential investor in the*

*Notes of any information coming to the attention of any of the aforementioned parties which is not included in this Offering Circular. None of the Initial Purchaser, the Trustee, the Collateral Manager, the Collateral Administrator, any other Agent, the Retention Holder, 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 or any document or agreement relating to the Notes or any Transaction Document. None of the Initial Purchaser, the Trustee, the Collateral Manager, the Collateral Administrator, any other Agent, the Retention Holder, any Hedge Counterparty shall be responsible for, any matter which is the subject of, any statement, representation, warranty or covenant of the Issuer contained in the Notes or any Transaction Documents, or any other agreement or document relating to the Notes or any Transaction Document, or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof.*

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

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

*In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to “**Euro**”, “**euro**”, “**€**” and “**EUR**” are to the lawful currency of the member states of the European Union that have adopted and retain the single currency in accordance with the Treaty establishing the European Community, as amended from time to time; provided that if any member state 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.*

Each of Moody’s Investors Service Ltd. (“**Moody’s**”) and Fitch Ratings Limited (“**Fitch**” and, together with Moody’s, the “**Rating Agencies**”) is established in the EU and is registered under Regulation (EC) No 1060/2009 (as amended) (“**CRA3**”).

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 Merrill Lynch International will not be acting as stabilising manager in respect of the Notes.

### **IRISH REGULATORY POSITION**

The Issuer is not and will not be regulated by the Central Bank of Ireland (the “**Central Bank**”) 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 TRANSPARENCY REQUIREMENTS

In accordance with the EU Retention and Transparency Requirements, the Collateral Manager, in its capacity as the Retention Holder, will undertake to the Issuer, the Initial Purchaser and the Trustee in the Retention Undertaking Letter, amongst other matters, to subscribe for and retain a material net economic interest of not less than five per cent. of the Principal Amount Outstanding of each Class of Notes by subscribing for and holding, on an ongoing basis, and for so long as any Notes are Outstanding, no less than five per cent. of the Principal Amount Outstanding of each Class of Notes (such Notes being the “**Retention Notes**”). See further “*The Retention Holder and the EU Retention and Transparency Requirements*”.

Each prospective investor in the Notes is required to independently assess and determine whether the information provided herein and in any reports provided to investors in relation to this transaction is sufficient to comply with the EU Retention and Transparency Requirements or any similar retention requirements. Notwithstanding anything in this Offering Circular to the contrary, none of the Issuer, the Collateral Manager, the Initial Purchaser, the Collateral Administrator, the Retention Holder, the Trustee, the Agents, their respective Affiliates, corporate officers or professional advisers or any other person makes any representation, warranty or guarantee that any such information is sufficient for such purposes or any other purpose and no such person shall have any liability to any prospective investor or any other person with respect to the insufficiency of such information or any failure of the transactions contemplated hereby to satisfy the EU Retention and Transparency Requirements, or any other applicable legal, regulatory or other requirements. Each prospective investor in the Notes which is subject to the EU Retention and Transparency Requirements or any similar regulatory requirement 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 Transparency Requirements or similar requirements of which it is uncertain. See “*Risk Factors – “Regulatory Initiatives – Risk Retention and Transparency Requirements” and “The Retention Holder and the EU Retention and Transparency Requirements”*” below for further information.

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

In addition, in relation to the reporting obligations under the Transparency Requirements (as defined below), (a) the Issuer will be designated as the entity responsible to fulfil such reporting obligations, (b) the Collateral Manager shall, on behalf of and at the expense of the Issuer and subject to any confidentiality undertaking given by the Collateral Manager or to which the Collateral Manager is subject, co-operate with and provide to the Collateral Administrator and the Issuer any reports, data and other information relating to the Portfolio, and, to the extent necessary, the business and/or operations of the Collateral Manager that the Issuer or the Collateral Administrator may reasonably require in connection with the proper performance by the Issuer, as the designated reporting entity, of its obligations pursuant to the Transparency Requirements (as defined below) (see “*Description of the Reports*”) (the “**Required Information**”) provided that (i) such Required Information is in the possession of or reasonably available to the Collateral Manager and (ii) the Issuer and/or the Collateral Administrator do not otherwise have access to such Required Information; and (c) following the adoption of the final disclosure templates in respect of the Transparency Requirements, the Issuer and the Collateral Manager will propose in writing to the Collateral Administrator the form, content, timing and method of distribution of such reports and other information. The Collateral Administrator shall consult with the Issuer and the Collateral Manager and, if it agrees to provide such reporting on such proposed terms, shall confirm in writing to the Issuer and the Collateral Manager and shall make such information available via a website which shall be accessible (subject to receipt of a certification in the form set out in the Collateral Management and Administration Agreement) to the competent authorities, any Noteholder and, upon request, any potential investor in the Notes. If the Collateral Administrator does not agree to provide such reporting services on behalf of the Issuer, the Issuer (with the consent of the Collateral Manager and at the cost and expense of the Issuer, subject to and in accordance with the Priorities of Payments) shall appoint another entity to make such additional information available to the competent authorities, any Noteholder and, upon request, any potential investor in the Notes. For the avoidance of doubt, the Collateral Administrator will not assume any responsibility for the Issuer’s obligations as the entity responsible to fulfil the reporting obligations under the Transparency Requirements. If the Collateral Administrator agrees to provide any reporting services hereunder, the Collateral Administrator assumes no responsibility or liability to the Noteholders, any potential investor in the Notes or any other party (including for their use and/or onward disclosure of such information or documentation) and shall have the benefit of the powers, protections and indemnities granted to it under the Transaction Documents.

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

### U.S. RISK RETENTION RULES

The U.S. Risk Retention Rules require the “**sponsor**” of a “**securitization transaction**” to retain (either directly or through its “**majority-owned affiliates**”) not less than 5 per cent. of the “**credit risk**” of “**securitized assets**” (as such terms are defined in the U.S. Risk Retention Rules). The U.S. Risk Retention Rules prohibit the “**sponsor**” or its “**majority-owned affiliates**”, as applicable, from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the “**credit risk**” during the period of time that the U.S. Risk Retention Rules require that the risk be retained.

Based on the LSTA Decision and the Mandate (as defined below), it should be assumed by each prospective investor that no party involved in the transaction will obtain on the Issue Date and retain any Notes intended to satisfy the U.S. Risk Retention Rules. None of the Issuer, the Initial Purchaser, the Collateral Manager, the Trustee or any of their respective affiliates makes any representation, warranty or guarantee to any prospective investor or purchaser of the Notes and no such person shall have any liability to any prospective investor or purchaser of the Notes or any other person with respect to the application of the U.S. Risk Retention Rules to the Issuer, or to such investor’s investment in the Notes on the Issue Date or at any time in the future.

### VOLCKER RULE

Section 619 of the Dodd-Frank Act and the corresponding implementing rules (the “**Volcker Rule**”) prevents “**banking entities**” as defined under the Volcker Rule (which would include U.S. and non-U.S. affiliates of U.S. and non-U.S. banking institutions) subject to the rule 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 (ii) except as permitted by the rule, acquiring or retaining any equity, partnership, or other ownership interest in, or in sponsoring, certain investment entities referred to in the Volcker Rule as “**covered funds**” subject to certain exemptions and exclusions. In addition, in certain circumstances, the Volcker Rule restricts relevant banking entities from entering into certain credit exposure related transactions with covered funds with respect to which such banking entity serves as the sponsor, investment manager, investment adviser or similar role. Full conformance with the Volcker Rule was required from 21 July 2015, subject to certain exceptions and extensions provided by the Volcker Rule. In general, there is limited interpretive guidance regarding the Volcker Rule.

An “**ownership interest**” is broadly defined and may arise through a holder’s exposure to the profit and losses of the covered fund, as well as through certain rights of the holder to participate in the selection or removal of an investment advisor, manager, managing member, investment or collateral manager, general partner, trustee, or member of the board of directors or similar governing body of the covered fund.

It should be noted that the Subordinated Notes will be characterised as ownership interests in the Issuer for this purpose and it is uncertain whether any of the Rated Notes or the Class M Notes may be similarly characterised as ownership interests. For instance, there is currently uncertainty as to whether the rights of Noteholders to participate in the removal of, and/or selection of a replacement for, the Collateral Manager in and of itself will be construed as indicative of an ownership interest by the Noteholders of the relevant Class.

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. Furthermore, the holders of any Class A Notes, Class B Notes, Class C Notes and or Class D Notes in the form of CM Non-Voting Exchangeable Notes or CM Non-Voting Notes are disenfranchised in respect of any CM Removal Resolution or CM Replacement Resolution. However, there can be no assurance that these features will be effective in resulting in such investments in the Issuer by U.S. or non-U.S. banking institutions and other banking entities subject to the Volcker Rule not being characterised as an “**ownership interest**” in the Issuer.

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

The Class M Notes shall not carry any rights to vote or count towards any quorum or voting results except pursuant to and in accordance with Condition 14(b)(vi) (*Unanimous Resolution of Class M Noteholders*). There can be no assurance that this feature will be effective in ensuring that investments in the Class M Notes by U.S. banking institutions and other “**banking entities**” subject to the Volcker Rule are not characterised as an “**ownership interest**” in the Issuer.

A “**covered fund**” is defined widely, and includes any issuer which would be an investment company under the Investment Company Act but is exempt from registration solely in reliance on section 3(c)(1) or 3(c)(7) of the Investment Company Act, subject to certain exemptions found in the Volcker Rule’s implementing regulations, which would extend to the Issuer given its intention to rely on section 3(c)(7). Exemptions or exclusions from registration as an investment company under the Investment Company Act other than those set out in sections 3(c)(1) and 3(c)(7) of the Investment Company Act may be available to the Issuer, but it is unlikely, and there can be no assurance, that any such exemptions or exclusions will be available or that the Issuer will elect to rely on such exemptions or exclusions.

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 and its related regulatory provisions, will severely limit the ability of “**banking entities**” and their affiliates to hold an ownership interest in the Issuer or 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.

There is limited interpretive guidance regarding the Volcker Rule, and implementation of the regulatory framework for the Volcker Rule is still evolving. The Volcker Rule’s prohibitions and lack of interpretive guidance could negatively impact the liquidity and value of the Notes. Any entity that is a “**banking entity**” as defined under the Volcker Rule and is considering an investment in the Notes should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally. Each purchaser must determine for itself whether it is a banking entity subject to regulation under the Volcker Rule. None of the Issuer, the Collateral Manager, the Initial Purchaser, the Collateral Administrator, the Agents, the Trustee, the Retention Holder, their respective Affiliates or any other Person makes any representation regarding (i) the status of the Issuer under the Volcker Rule or (ii) the ability of any purchaser to acquire or hold the Notes, now or at any time in the future. See “*Risk Factors – Regulatory Initiatives – Volcker Rule*” below for further information.

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

The Notes of each Class offered pursuant to an exemption from the registration requirements under Rule 144A (the “**Rule 144A Notes**”) will be sold only within the United States to persons and outside the United States to U.S. Persons (as such term is defined in Regulation S), in each case, who are “**qualified institutional buyers**” (as defined in Rule 144A) (“**QIBs**”) that are also “**qualified purchasers**” for purposes of Section 3(c)(7) of the Investment Company Act (“**QPs**”). The Rule 144A Notes of each Class (including, where applicable, the CM Voting Notes, the CM Non-Voting Exchangeable Notes and the CM Non-Voting Notes of such Class) 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 subsequently, in some cases, by definitive certificates of such Class (each, a “**Rule 144A Definitive Certificate**” and together, the “**Rule 144A Definitive Certificates**”), in each case in fully registered form, without interest coupons or principal receipts, which will be deposited on or about the Issue Date with, and registered in the name of, a nominee of a common depository for Euroclear Bank SA/NV, as operator of the Euroclear system (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”). The Notes of each Class (including, where applicable, the CM Voting Notes, the CM Non-Voting Exchangeable Notes and the CM Non-Voting Notes of such Class) sold outside the United States to non-U.S. Persons (as defined in Regulation S) 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 subsequently, 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, in the case of the Regulation S Global Certificates, a nominee of a common depository for Euroclear and Clearstream, Luxembourg. Neither U.S. Persons (as defined in Regulation S) 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 each case, purchasers and transferees of Notes will be deemed and in certain circumstances will be required to have made certain representations and agreements. See “*Form of the Notes*”, “*Book Entry Clearance Procedures*”, “*Plan of Distribution*” and “*Transfer Restrictions*” below.

As at the Issue Date, the Issuer has not been registered under the Investment Company Act in reliance on Section 3(c)(7) of the Investment Company Act. Exemptions or exclusions from registration as an investment company under the Investment Company Act other than those set out in sections 3(c)(1) and 3(c)(7) of the Investment Company Act may be available to the Issuer, but it is unlikely, and there can be no assurance that, any such exemptions or exclusions will be available or that the Issuer will elect to rely on such exemptions or exclusions. 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 a QIB/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 Initial Purchaser) 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 and a QP, in a transaction meeting the requirements of Rule 144A, or (3) outside the United States to a non-U.S. Person in an offshore transaction in reliance on Regulation S, in each case, in compliance with the Trust Deed and all applicable securities laws of any state of the United States or any other jurisdiction. See “*Transfer Restrictions*”.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes and the offering thereof described herein, including the merits and risks involved, including the possibility that any purchaser of any Note may not fully recoup its initial investment, including as a result of certain origination expenses and expenses incurred by the Issuer in connection with the offering.

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

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

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

NOTWITHSTANDING ANYTHING IN THIS OFFERING CIRCULAR TO THE CONTRARY, EACH PROSPECTIVE INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF EACH

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

#### **Available Information**

To permit compliance with the Securities Act in connection with the sale of the Notes in reliance on Rule 144A, the Issuer will be required under the Trust Deed to furnish upon request to a holder or beneficial owner 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 NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE ISSUER OR THE INITIAL PURCHASER, THE COLLATERAL MANAGER, THE TRUSTEE OR THE COLLATERAL ADMINISTRATOR SPECIFIED HEREIN (IN EACH CASE OR ANY OF THEIR RESPECTIVE AFFILIATES) SHALL HAVE ANY RESPONSIBILITY THEREFOR.

THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 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 HEDGE AGREEMENTS OR HEDGE TRANSACTIONS (OR ANY OTHER AGREEMENT THAT WOULD FALL WITHIN THE DEFINITION OF “SWAP” AS SET OUT IN THE U.S. COMMODITY EXCHANGE ACT OF 1936, AS AMENDED (THE “CEA”)) FOLLOWING RECEIPT OF LEGAL ADVICE FROM REPUTABLE COUNSEL TO THE EFFECT THAT NONE OF THE ISSUER, ITS DIRECTORS OR OFFICERS, OR THE COLLATERAL MANAGER OR ANY OF ITS DIRECTORS, OFFICERS OR EMPLOYEES, SHOULD BE REQUIRED TO REGISTER WITH THE CFTC AS EITHER A “COMMODITY POOL OPERATOR” (“CPO”) OR A “COMMODITY TRADING ADVISOR” (“CTA”) (AS SUCH TERMS ARE DEFINED IN THE CEA) IN RESPECT OF THE ISSUER. IN THE EVENT THAT TRADING OR ENTERING INTO HEDGE AGREEMENTS WOULD RESULT IN THE ISSUER’S ACTIVITIES FALLING WITHIN THE DEFINITION OF A “COMMODITY POOL” UNDER THE CEA, THE COLLATERAL MANAGER WOULD EITHER SEEK TO UTILISE ANY EXEMPTIONS FROM REGISTRATION AS A CPO AND/OR A CTA WHICH THEN MAY BE AVAILABLE, OR SEEK TO REGISTER AS A CPO/CTA. ANY SUCH EXEMPTION MAY IMPOSE ADDITIONAL COSTS ON THE COLLATERAL MANAGER, AND MAY SIGNIFICANTLY LIMIT ITS ABILITY TO ENGAGE IN HEDGING ACTIVITIES ON BEHALF OF THE ISSUER. SEE “*RISK FACTORS – REGULATORY INITIATIVES – COMMODITY POOL REGULATION*”.

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

### **MIFID II Product Governance**

Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in EU Directive 2014/65/EU and EU Regulation 600/2014/EU on Markets in Financial Instruments (as amended, “**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 manufacturers’ 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**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (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 (iii) not a “qualified investor” and defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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## OVERVIEW

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

Issuer .....	Bardin Hill Loan Advisors European Funding 2019-1 Designated Activity Company, a designated activity company incorporated under the laws of Ireland with registered number 633172 and having its registered office at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.
Collateral Manager .....	Bardin Hill Loan Advisors (UK) LLP
Trustee .....	Citibank, N.A., London Branch
Initial Purchaser .....	Merrill Lynch International
Collateral Administrator .....	Virtus Group L.P.

### Notes

Class of Notes	Principal Amount	Initial Stated Interest Rate <sup>1</sup>	Alternative Stated Interest Rate <sup>2,3</sup>	Moody's Ratings of at least <sup>4</sup>	Fitch Ratings of at least <sup>4</sup>	Maturity Date	Issue Price <sup>5</sup>
X	€1,500,000	3 month EURIBOR + 0.50 per cent.	6 month EURIBOR + 0.50 per cent.	“Aaa(sf)”	“AAAAsf”	2032	100.00 per cent.
A	€214,000,000	3 month EURIBOR + 1.15 per cent.	6 month EURIBOR + 1.15 per cent.	“Aaa(sf)”	“AAAAsf”	2032	100.00 per cent.
B-1	€20,000,000	3 month EURIBOR + 1.85 per cent.	6 month EURIBOR + 1.85 per cent.	“Aa2(sf)”	“AAsf”	2032	100.00 per cent.
B-2	€15,000,000	2.50 per cent.	2.50 per cent.	“Aa2(sf)”	“AAsf”	2032	100.00 per cent.
C-1	€6,500,000	3 month EURIBOR + 2.80 per cent.	6 month EURIBOR + 2.80 per cent.	“A2(sf)”	“Asf”	2032	100.00 per cent.
C-2	€15,000,000	3.10 per cent.	3.10 per cent.	“A2(sf)”	“Asf”	2032	100.00 per cent.
D	€21,000,000	3 month EURIBOR + 4.07 per cent.	6 month EURIBOR + 4.07 per cent.	“Baa2(sf)”	“BBB-sf”	2032	99.75 per cent.
E	€22,500,000	3 month EURIBOR + 6.58 per cent.	6 month EURIBOR + 6.58 per cent.	“Ba2(sf)”	“BB-sf”	2032	95.50 per cent.
F	€8,000,000	3 month EURIBOR + 8.58 per cent.	6 month EURIBOR + 8.58 per cent.	“B3(sf)”	“B-sf”	2032	93.50 per cent.
M	€2,000,000	Variable	Variable	Not Rated	Not Rated	2032	0.01 per cent.
Subordinated	€35,500,000	N/A	N/A	Not Rated	Not Rated	2032	95.00 per cent.

- 1 Applicable at all times prior to the occurrence of a Frequency Switch Event, provided that the rate of interest of the Notes of each Class (other than the Class B-2 Notes and the Class C-2 Notes) for the first interest period will be determined by reference to a straight line interpolation of 6 month EURIBOR and 12 month EURIBOR.
- 2 Applicable at all times following the occurrence of a Frequency Switch Event, provided that the rate of interest of the Notes of each Class (other than the Class B-2 Notes and the Class C-2 Notes) for the period from, and including, the final Payment Date before the Maturity Date to, but excluding, the Maturity Date will, if such final Payment Date falls in April 2032, be determined by reference to 3 month EURIBOR.
- 3 Any Class of Notes may be issued with a fixed rate, a floating rate or a combination of both. Any floating rate classes shall be subject to a floor of zero on EURIBOR.
- 4 The ratings assigned to the Class X Notes, the Class A Notes and Class B Notes by Fitch address the timely payment of interest and the ultimate payment of principal. The ratings assigned to the Class C Notes, Class D Notes, Class E Notes and Class F Notes by Fitch address the ultimate payment of principal and interest. The ratings assigned to the Notes by Moody's address the expected loss posed to investors by the legal final maturity on the Maturity Date. 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. As of the date of this Offering Circular, each of the Rating Agencies is established in the European Union (“EU”) and is registered under the “CRA3”. As such each Rating Agency is included in the list of credit rating agencies published by the European Securities and Markets Authority (“ESMA”) on its website in accordance with the CRA3.

- 5 Each of the Issuer and the Initial Purchaser may offer the Notes at other prices as may be privately negotiated at the time of sale, which may vary among different purchasers and may be different from the issue price of the Notes.

Eligible Purchasers ..... The Notes of each Class will be offered:

- (a) outside of the United States to non-U.S. Persons (as defined in Regulation S) in “offshore transactions” in reliance on Regulation S; and
- (b) within the United States to persons and outside of the United States to U.S. Persons (as defined in Regulation S), in each case, who are QIB/QPs in reliance on Rule 144A,

and in accordance with other restrictions. See “*Plan of Distribution*” below.

### DISTRIBUTIONS ON THE NOTES

Payment Dates ..... 20 January, 20 April, 20 July and 20 October prior to the occurrence of a Frequency Switch Event and on 20 January and 20 July (where the Payment Date immediately following the occurrence of a Frequency Switch Event is in either January or July) or on 20 April and 20 October (where the Payment Date immediately following the occurrence of a Frequency Switch Event is in either April or October) following the occurrence of a Frequency Switch Event, in each year commencing on 20 January 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).

The Issuer and the Collateral Manager may (and shall if so directed by an Ordinary Resolution of the Subordinated Noteholders) designate a date other than a scheduled Payment Date as a Payment Date provided that, inter alia, it falls on a Business Day falling on or after the redemption in full of all Classes of Rated Notes (see Condition 3(m) (*Unscheduled Payment Dates*)).

Stated Note Interest ..... Interest in respect of the Notes of each Class will be payable quarterly in arrear prior to the occurrence of a Frequency Switch Event and semi-annually in arrear following the occurrence of a Frequency Switch Event, in each case on each Payment Date (with the first Payment Date occurring in January 2020) in accordance with the Interest Priority of Payments.

Payments of the Class M Distribution Amount shall only be made to the extent that Interest Proceeds and Principal Proceeds are available to pay the Class M Distribution Amount subject to and in accordance with the Priorities of Payments and will be calculated as a proportion of the Collateral Principal Amount, measured as of the beginning of the related Due Period in accordance with the definition thereof.

Non-payment and Deferral of Interest ..... Failure on the part of the Issuer to pay the Interest Amounts due and payable on the Class X Notes, the Class A Notes or the Class B Notes pursuant to Condition 6 (*Interest*) in accordance with the Priorities of Payments by reason solely that there are insufficient funds standing to the credit of the Payment Account shall not constitute a Note Event of Default unless and until such failure continues for a period of at least five Business Days (including in the case of an administrative error or omission as described in Condition

10(a)(i) (*Non-payment of interest*)), save as the result of any deduction therefrom or the imposition of any withholding tax thereon as set forth in Condition 9 (*Taxation*).

Failure on the part of the Issuer to pay the Interest Amounts due and payable on the Class C Notes, Class D Notes, Class E Notes, Class F Notes or Class M Notes pursuant to Condition 6 (*Interest*) and the Priorities of Payments will not constitute a Note Event of Default. To the extent that interest payments on the Class C Notes, Class D Notes, Class E Notes or Class F Notes are not made on the relevant Payment Date in such circumstances, an amount equal to such unpaid interest will be added to the principal amount of the Class C Notes, Class D Notes, Class E Notes and Class F Notes (as applicable), and from the date such unpaid interest is added to the applicable Principal Amount Outstanding of the relevant Class of Notes, such unpaid amount will accrue interest at the rate of interest applicable to the relevant Notes. See Condition 6(b) (*Deferral of Interest*), whereas any unpaid interest on the Class M Notes will not be added to the principal amount of the Class M Notes or accrue 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 (see Condition 7(a) (*Final Redemption*));
- (b) on any Payment Date following a Determination Date on which a Coverage Test is not satisfied (to the extent such test is required to be satisfied on such Determination Date) (see Condition 7(c) (*Mandatory Redemption upon Breach of Coverage Tests*));
- (c) if, as at the Business Day prior to the Payment Date following the Effective Date, an Effective Date Rating Event has occurred and is continuing, the Rated Notes shall be redeemed in accordance with the Note Payment Sequence on such Payment Date and thereafter on each subsequent Payment Date (to the extent required) out of Interest Proceeds and thereafter out of Principal Proceeds subject to the Priorities of Payments, in each case until the Rated Notes are redeemed in full or, if earlier, until an Effective Date Rating Event is no longer continuing (see Condition 7(e) (*Redemption upon Effective Date Rating Event*));
- (d) after the expiry of 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*)) (other than in respect of the Class M Notes, subject to Condition 7(m) (*Mandatory Redemption of Class M Notes*)) in connection with a redemption of all Classes of Notes in whole);
- (e) on any Payment Date during the Reinvestment Period at the 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 or liability) that, using commercially reasonable efforts, it 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 (see Condition 7(d) (*Special Redemption*)) (other than in respect of the Class M Notes, subject to Condition 7(m) (*Mandatory Redemption of Class M Notes*) in connection with a redemption of all Classes of Notes in whole);

- (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 either from Sale Proceeds or Refinancing Proceeds (or any combination thereof) at the direction of the Subordinated Noteholders (acting by way of Ordinary Resolution), subject to the satisfaction of certain conditions as set out in Condition 7(b)(i)(A) (*Optional Redemption of the Rated Notes 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 falling on or after the expiry of the Non-Call Period either if the Subordinated Noteholders (acting by way of Ordinary Resolution) or the Collateral Manager directs the Issuer to redeem such Class 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 and subject to the satisfaction of certain other conditions as set out in Condition 7(b)(ii) (*Optional Redemption of the Rated Notes in Part – Subordinated Noteholders or Collateral Manager*);
- (h) the Subordinated Notes may be redeemed in whole but not in part at the direction of the Subordinated Noteholders (acting by way of Ordinary Resolution), on any Business Day falling on or after the redemption in full of all Classes of Rated Notes (see Condition 7(b)(viii) (*Optional Redemption of Subordinated Notes*));
- (i) on any Business Day following the occurrence of a Collateral Tax Event in whole (with respect to all Classes of Rated Notes) but not in part at the option of the Subordinated Noteholders acting by way of Ordinary Resolution subject to the satisfaction of certain conditions as set out in Condition 7(b)(i)(B) (*Optional Redemption of the Rated Notes in Whole – Subordinated Noteholders*);
- (j) in whole (with respect to all Classes of Notes) but not in part from Sale Proceeds on any Business Day falling on or after the expiry of the Non-Call Period if the Collateral Principal Amount is less than 15.0 per cent. of the Target Par Amount after the expiry of the Non-Call Period and if the Issuer is directed in writing by the Collateral Manager, subject to the satisfaction of certain conditions as set out in Condition 7(b)(iii) (*Optional Redemption in Whole – Collateral Manager Clean-up Call*);
- (k) in whole (with respect to all Classes of Notes) but not in part on any Payment Date at the option of the Controlling Class or the Subordinated Noteholders, in each case acting by way of Extraordinary Resolution, following the occurrence of a Note

Tax Event, subject to (i) the Issuer having certified to the Trustee that it is not able to cure such Note Tax Event by taking any of the actions set out in Condition 7(g) (*Redemption Following Note Tax Event*), (ii) certain minimum time periods and (iii) certain other conditions as set out in Condition 7(g) (*Redemption Following Note Tax Event*);

- (l) 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*)) at the discretion of the Trustee and/or by the Trustee if directed to do so by the Controlling Class acting by way of Ordinary Resolution (subject to being indemnified and/or secured and/or prefunded to its satisfaction);
- (m) the Class X Notes shall be subject to mandatory redemption in part on each Payment Date from and including the second Payment Date until the fifth Payment Date, in each case in an amount equal to the relevant Class X Principal Amortisation Amount in accordance with and subject to the Priorities of Payments (see condition 7(l) (*Mandatory Redemption of Class X Notes*)); and
- (n) the Class M Notes shall be subject to mandatory redemption in whole upon the redemption of all Classes of Notes in whole in accordance with the Conditions (See Condition 7(m) (*Mandatory Redemption of Class M Notes*)).

Non-Call Period..... During the period from the Issue Date up to, but excluding, 20 April 2021 or, if such day is not a Business Day, then the next succeeding Business Day, unless it would fall in the following month, in which case it shall be the immediately preceding Business Day (the “**Non-Call Period**”), the Notes are not subject to Optional Redemption (save for upon a Collateral Tax Event, 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 (including, in the case of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, any accrued and unpaid Deferred Interest on such Notes) plus (b) accrued and unpaid interest thereon to the day of redemption.

..... The Redemption Price of the Class M Notes will be the accrued and unpaid Class M Distribution Amount.

The Redemption Price for each Subordinated Note will be 100 per cent. of the Principal Amount Outstanding thereof (if any) or, if greater, such Subordinated Note’s *pro rata* share (calculated in accordance with paragraph (DD) of the Interest Priority of Payments, paragraph (V) of the Principal Priority of Payments or paragraph (AA) of the Post-Acceleration Priority of Payments (as applicable)) of the aggregate proceeds of liquidation of the Collateral, or realisation of the security thereover in such circumstances, remaining following application thereof in accordance with the Priorities of Payments.

The holders of any Class (except the holders of Class M Notes, which may modify the Redemption Price thereof only by way of

Unanimous Resolution) may agree to decrease the Redemption Price for such Class by way of Extraordinary Resolution.

Priorities of Payments..... Prior to the delivery of an Acceleration Notice (deemed or otherwise) 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 Note Event 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 (deemed or otherwise) in accordance with Condition 10(b) (*Acceleration*) which has not been rescinded and annulled in accordance with Condition 10(c) (*Curing of Note Event of Default*), Interest Proceeds and Principal Proceeds will be applied in accordance with the Post-Acceleration Priority of Payments, in each case as described in the Conditions.

**Collateral Management Fees and Class M Distribution Amounts**

Senior Management Fee ..... 0.15 per cent. per annum of the Collateral Principal Amount (exclusive of VAT). See “*Description of the Collateral Management and Administration Agreement — Fees of the Collateral Manager*”.

Incentive Collateral Management Fee ..... The Collateral Manager will be entitled to an Incentive Collateral Management Fee on each Payment Date on which the Incentive Collateral Management Fee IRR Threshold of 12.0 per cent. has been met or surpassed, such Incentive Collateral Management Fee being equal to 20.0 per cent. of any Interest Proceeds and Principal Proceeds (after any payment required to satisfy the Incentive Collateral Management Fee IRR Threshold) that would otherwise be available to distribute to the Subordinated Noteholders in accordance with the Priorities of Payments on such Payment Date (exclusive of VAT). See “*Description of the Collateral Management and Administration Agreement — Fees of the Collateral Manager*”

Other than the Senior Management Fee and the Incentive Collateral Management Fee (as described above), the Collateral Manager will not be paid a fee by the Issuer for providing its services. However, on the Issue Date the Collateral Manager (and/or, at its discretion a Collateral Manager Related Party) will subscribe for certain of the Class M Notes. On each Payment Date, a Class M Distribution Amount shall be payable on the Class M Notes (unless deferred in accordance with Condition 6(b) (*Deferral of Interest*)). The Class M Distribution Amount shall be an amount equal to 0.35 per cent. per annum of the Collateral Principal Amount.

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 exercise rights under Collateral Enhancement Obligations which the Collateral Manager determines on behalf of the Issuer should be exercised, the Collateral Manager may, at its discretion, on no more than three separate occasions, pay amounts required in order to fund such 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 as agreed between the Issuer and the Collateral Manager from time to time and notified by the Collateral Manager to the Collateral Administrator as soon as reasonably practicable provided that such rate of interest shall not exceed a rate of EURIBOR plus 2.0 per cent. per annum. All such Collateral Manager Advances shall be repaid out of Interest Proceeds and Principal Proceeds on each Payment Date subject to and in accordance with the Priorities of Payments. The aggregate principal amount outstanding of all Collateral Manager Advances shall not, at any time, exceed €7,500,000 or such greater number as the Subordinated Noteholders may approve, acting by way of an Ordinary Resolution.

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

Hedge Arrangements ..... Subject to satisfaction of the Hedging Condition, the Issuer (or the Collateral Manager on its behalf) may enter into Hedge Transactions to hedge interest rate or currency risk around or after the Issue Date.

Subject to satisfaction of the Hedging Condition, the Collateral Manager, on behalf of the Issuer (subject to the following paragraph), will arrange, in relation to any Non-Euro Obligation, for the Issuer to enter into a Currency Hedge Transaction in relation to such Non-Euro Obligation. The Currency Hedge Transaction will pay Euro in return for the United States dollars, pounds sterling or any other Qualifying Currency payable under such Non-Euro Obligation.

Subject to satisfaction of the Hedging Condition, the Collateral Manager, on behalf of the Issuer (subject to the following paragraph), is also authorised to enter into Interest Rate Hedge Transactions that are interest rate protection transactions 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) in order to mitigate certain interest rate mismatches from time to time.

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 (other than the Class B-2 Notes and the Class C-2 Notes). Should the Issuer enter into such transactions on the Issue Date, the Issuer will pay a premium to such Interest Rate Hedge Counterparty or Interest Rate Hedge Counterparties. The Issuer (or the Collateral Manager on its behalf) would be required to exercise such Issue Date Interest Rate Hedge Transactions if at any time EURIBOR was greater than the strike price set out in the applicable Issue Date Interest Rate Hedge Transaction. The Issuer (or the

Collateral Manager on its behalf) will be permitted to novate for value any Issue Date Interest Rate Hedge Transaction on any date (a) upon which the Rated Notes have been redeemed in whole or (b) upon receipt of Rating Agency Confirmation.

The Issuer is required to 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 delegates authority to the Collateral Manager to carry out certain functions in relation to the Portfolio and any Hedge Transactions. See “*Description of the Collateral Management and Administration Agreement*” and “*The Portfolio*”.

**PURCHASE OF COLLATERAL OBLIGATIONS**

Initial Portfolio ..... The Collateral Manager has selected the Collateral Obligations purchased by the Issuer on or prior to the Issue Date pursuant to the Warehouse Arrangements and has independently reviewed and assessed each such Collateral Obligation.

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) 7 November 2019 or, if such date is not a Business Day, the next succeeding Business Day, unless it would fall in the following month, in which case such date shall be the immediately preceding Business Day,

(such earlier date, the “**Effective Date**” and such period, the “**Initial Investment Period**”), 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 – Discretionary Sales*”.

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 Improved Obligations and Credit Risk Obligations and Unscheduled Principal Proceeds received after the

Reinvestment Period may, but are not required to, be reinvested (provided that the Sale Proceeds from the sale of Credit Improved Obligations may only be reinvested provided (i) such reinvestment is made no later than one year following the expiry of the Reinvestment Period; or (ii) following such reinvestment the Adjusted Collateral Principal Amount is greater than the Reinvestment Target Par Balance)) 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 described herein. See “*The Portfolio — Sale of Issue Date Collateral Obligations*” and “*The Portfolio — Reinvestment of Collateral Obligations*”.

Eligibility Criteria ..... In order to qualify as a Collateral Obligation, an obligation must satisfy certain specified Eligibility Criteria. 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 only satisfy the Eligibility Criteria on the Issue Date. 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 at the applicable Restructuring Date. See “*The Portfolio — Restructured Obligations*”.

Collateral Quality Tests..... The Collateral Quality Tests will comprise the following:

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

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

For so long as any 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.

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):

	<u>Minimum</u>	<u>Maximum</u>
(a) Secured Senior Loans and Secured Senior Bonds in aggregate (which include the Balances standing to	90.0%	N/A

	<u>Minimum</u>	<u>Maximum</u>
the credit of the Principal Account and the Unused Proceeds Account and Eligible Investments (excluding accrued interest thereon))		
(b) Secured Senior Loans	70.0%	N/A
(c) Unsecured Senior Obligations, Second Lien Loans, High Yield Bonds and/or Mezzanine Obligations in aggregate	N/A	10.0%
(d) Collateral Obligations of a single Obligor	N/A	3.0%
(e) Secured Senior Loans and Secured Senior Bonds of a single Obligor	N/A	2.5% provided that not more than three Obligors may each represent up to 3.0%
(f) Unsecured Senior Obligations, Second Lien Loans, Mezzanine Obligations and High Yield Bonds of a single Obligor	N/A	1.5%
(g) Non-Euro Obligations (conditional upon a corresponding Currency Hedge Transaction being entered into by the Issuer)	N/A	20.0%
(h) Participations	N/A	5.0%
(i) Current Pay Obligations	N/A	2.5%
(j) Annual Pay Obligations	N/A	2.5%
(k) Unfunded Amounts/Funded Amounts under Revolving Obligations/Delayed Drawdown Collateral Obligations	N/A	5.0%
(l) CCC Obligations	N/A	7.5%
(m) Caa Obligations	N/A	7.5%
(n) Bridge Loans	N/A	5.0%
(o) Corporate Rescue Loans	N/A	5.0% provided that any one Corporate Rescue Loan may not comprise more than 2.0%
(p) Fixed Rate Collateral Obligations	N/A	7.5%
(q) Maximum Fitch industry category in any single Fitch industry	N/A	17.5% provided that the three largest Fitch industry categories may not comprise in aggregate more than 40.0%.
(r) Moody's Rating derived from S&P Rating	N/A	10.0%
(s) Domicile of Obligors 1	N/A	10.0% Domiciled in countries or jurisdictions with a Fitch country ceiling below "AAA" by Fitch unless Rating Agency Confirmation from Fitch is obtained
(t) Domicile of Obligors 2	N/A	10.0% Domiciled in countries or jurisdictions with a Moody's local currency country risk bond ceiling rating equal to or below "A1", provided that the Aggregate Principal Balance Domiciled in countries or jurisdictions with a Moody's local currency country risk bond ceiling rating equal to or below "Baa1" shall not be greater than 2.5%, and that the Issuer may not invest in Collateral Obligations of Obligors Domiciled in countries or jurisdictions with a Moody's local currency country risk bond

	<u>Minimum</u>	<u>Maximum</u>
		ceiling rating below “Baa3” unless Rating Agency Confirmation from Moody’s is obtained
(u) Cov-Lite Loans	N/A	35.0%
(v) Obligations of Obligor with total original indebtedness of an amount equal to or more than EUR 150,000,000 and less than EUR 200,000,000 (or its equivalent in any currency), provided that each such Obligor shall have total original indebtedness of an amount equal to or more than EUR 150,000,000 (or its equivalent in any currency)	N/A	5.0%
(w) PIK Obligations	N/A	5.0%
(x) Bivariate Risk Table	N/A	See limits set out in “ <i>The Portfolio-Bivariate Risk Table</i> ”
(y) Discount Obligations	N/A	25.0%

Coverage Tests ..... Each of the Par Value Tests and Interest Coverage Tests shall be satisfied in the case of (i) the Par Value Tests (other than the Class F Par Value Test), on and after the Effective Date; (ii) the Class F Par Value Test, after the Reinvestment Period, and (iii) 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.

<u>Class</u>	<u>Required Par Value Ratio</u>
A/B	131.56%
C	122.39%
D	114.07%
E	106.46%
F	104.70%

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

Collateral 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, the Reinvestment Par Value Test and all other tests and criteria applicable to the Portfolio at any time as if such purchase had been completed. Collateral 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, the Reinvestment Par Value Test and all other tests and criteria applicable to the Portfolio at any time as if such sale had been completed.

Reinvestment Par Value Test..... If the Class F Par Value Ratio is less than 105.20 per cent., as of any Determination Date on and after the Effective Date and during the

Reinvestment Period, on the related Payment Date, Interest Proceeds shall be paid to the Principal Account to be applied for the purpose of the acquisition of additional Collateral Obligations in an amount (such amount, the “**Required Diversion Amount**”) equal to the lesser of (1) 50 per cent. of all remaining Interest Proceeds available for payment pursuant to paragraph (W) of the Interest Priority of Payments and (2) the amount which, after giving effect to such payment, would be sufficient to cause the Reinvestment Par Value Test to be satisfied as of such Payment Date after giving effect to such payment.

Authorised Denominations ..... The Regulation S Notes of each Class will be issued in Minimum Denominations of €100,000 and Authorised Integral Amounts in excess thereof.

The Rule 144A Notes of each Class (other than the Class X Notes) will be issued in Minimum Denominations of €250,000 and Authorised Integral Amounts in excess thereof.

The Rule 144A Notes of the Class X Notes will be issued in minimum denominations of €100,000 and Authorised Integral Amounts in excess thereof.

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

The Regulation S Notes of each Class (other than, in certain circumstances, the Class E Notes, the Class F Notes, the Class M Notes and the Subordinated Notes as described below) sold outside the United States to non-U.S. Persons (as defined in Regulation S) in offshore transactions in reliance on Regulation S will be represented on issue by beneficial interests in one or more Regulation S Global Certificates in fully registered form, without interest coupons or principal receipts, which will be deposited on or about the Issue Date with, and registered in the name of, a nominee of a common depository for Euroclear Bank SA/NV, 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 (as defined in Regulation S) or U.S. Resident.

The Rule 144A Notes of each Class (other than, in certain circumstances, the Class E Notes, the Class F Notes, the Class M Notes and the Subordinated Notes as described below) sold in reliance on Rule 144A within the United States to persons and outside of the United States to U.S. Persons (as defined in Regulation S), in each case, who are QIBs and also 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 nominee 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 Regulation S Global Certificates and the Rule 144A Global Certificates will bear a legend and such Regulation S Global Certificates and Rule 144A Global Certificates, or any interest

therein, may not be transferred except in compliance with the transfer restrictions set out in such legend. See “*Transfer Restrictions*”.

No beneficial interest in a Rule 144A Global Certificate may be transferred to a person who takes delivery thereof through a Regulation S Global Certificate unless the transferor provides the Transfer Agent with a written certification substantially in the form set out in the Trust Deed regarding compliance with certain of such transfer restrictions. Any transfer of a beneficial interest in a Regulation S Global Certificate to a person who takes delivery through an interest in a Rule 144A Global Certificate is also subject to certification requirements substantially in the form set out in the Trust Deed and each purchaser thereof shall be deemed to represent that such purchaser is 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 (as defined in Regulation S) or U.S. Resident. See “*Form of the Notes*” and “*Book Entry Clearance Procedures*”.

Except in the limited circumstances described herein, Notes in definitive, certificated, fully registered form (“**Definitive Certificates**”) will not be issued in exchange for beneficial interests in either the Regulation S Global Certificates or the Rule 144A Global Certificates. See “*Form of the Notes – Exchange for Definitive Certificates*”.

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

Each initial investor and each transferee of a Class E Note, a Class F Note, a Class M Note or a Subordinated Note (a) shall be required or shall be deemed to represent (among other things) whether it is a Controlling Person, a Benefit Plan Investor or acting on behalf of a Benefit Plan Investor and (b) if it is a Controlling Person, a Benefit Plan Investor or acting on behalf of a Benefit Plan Investor, it may not acquire such Class E Note, Class F Note, Class M Note or Subordinated Note unless such transferee: (i) obtains the written consent of the Issuer (other than in the case of the Notes purchased by the Retention Holder); and (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 A (*Form of ERISA Certificate*)). No proposed transfer of Class E Notes, Class F Notes, Class M Notes or Subordinated Notes (or interests therein) will be permitted or recognised if a transfer to a transferee will cause 25 per cent. or more of the total value of the Class E Notes, Class F Notes, Class M Notes or Subordinated Notes (determined separately by class) to be held by Benefit Plan Investors, disregarding Class E Notes, Class F Notes, Class M Notes or Subordinated Notes (or interests therein) held by Controlling Persons. See “*Certain ERISA Considerations*”.

Each purchaser or transferee 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 Voting Notes, CM Non-Voting Notes  
and CM Non-Voting  
Exchangeable Notes .....

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

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

CM Voting Notes shall be exchangeable at any time upon request by the relevant Noteholder into CM Non-Voting Exchangeable Notes or CM Non-Voting Notes. CM Non-Voting Exchangeable Notes shall be exchangeable for (a) upon request by the relevant Noteholder, CM 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 Voting Notes. CM Non-Voting Notes shall not be exchangeable at any time into CM Voting Notes or CM Non-Voting Exchangeable Notes.

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

The Class M Notes shall not carry any rights to vote or count towards any quorum or voting results except pursuant to and in accordance with Condition 14(b)(vi) (*Unanimous Resolution of Class M Noteholders*).

Governing Law .....

The Notes, the Trust Deed, the Collateral Management and Administration Agreement, the Agency and Account Bank Agreement, any Hedge Agreement, any Reporting Delegation Agreement and all other Transaction Documents (save for the Corporate Services Agreement, which is governed by the laws of Ireland) will be governed by English law.

Listing.....

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List of Euronext Dublin 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 Directive 2014/65/EU (as amended) (the “**MiFID II**”). There can be no assurance that any such listing will be maintained. See “*General Information*”.

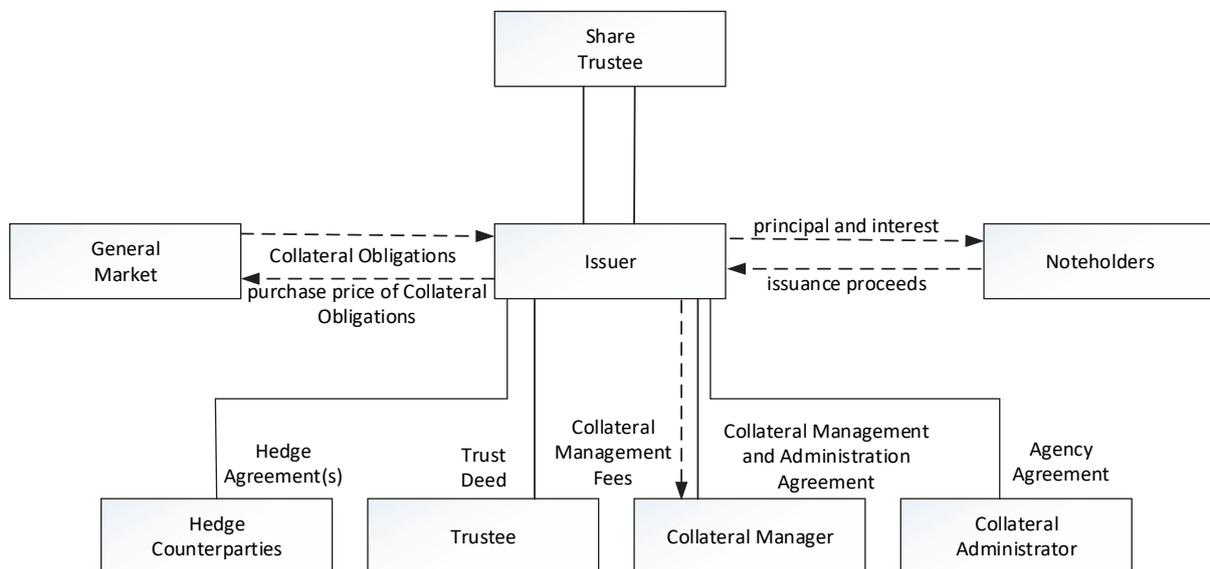
Tax Status .....	See “ <i>Tax Considerations</i> ”.
Certain ERISA Considerations .....	See “ <i>Certain ERISA Considerations</i> ”.
Withholding Tax.....	No gross up of any payments will be payable to the Noteholders. See Condition 9 ( <i>Taxation</i> ).
Additional Issuances.....	Subject to certain conditions being satisfied, additional Notes of all existing Classes (other than Class X Notes and the Class M Notes but including, for the avoidance of doubt, the Subordinated Notes) may be issued and sold. See Condition 17 ( <i>Additional Issuances</i> ).
EU Retention and Transparency Requirements.....	The Retention Notes will be acquired by the Retention Holder on the Issue Date and, pursuant to the Retention Undertaking Letter, the Retention Holder will undertake to retain the Retention Notes on an ongoing basis, with the intention of complying with the EU Retention and Transparency Requirements. See “ <i>The Retention Holder and the EU Retention and Transparency Requirements</i> ” and “ <i>Risk Factors – Regulatory Initiatives – Risk Retention and Transparency Requirements</i> ”.

The Retention Holder intends to obtain financing for the acquisition of the Retention Notes. See “*The Retention Holder and the EU Retention and Transparency Requirements*” and “*Risk Factors – Regulatory Initiatives – Retention Financing*”.

In addition, in relation to the reporting obligations under the Transparency Requirements, (a) the Issuer will be designated as the entity responsible to fulfil such reporting obligations, (b) the Collateral Manager shall, on behalf of and at the expense of the Issuer and subject to any confidentiality undertaking given by the Collateral Manager or to which the Collateral Manager is subject, co-operate with and provide to the Collateral Administrator and the Issuer any reports, data and other information relating to the Portfolio, and, to the extent necessary, the business and/or operations of the Collateral Manager that the Issuer or the Collateral Administrator may reasonably require in connection with the proper performance by the Issuer, as the designated reporting entity, of its obligations pursuant to the Transparency Requirements (as defined below) (see “*Description of the Reports*”) (the “*Required Information*”) provided that (i) such Required Information is in the possession of or reasonably available to the Collateral Manager and (ii) the Issuer and/or the Collateral Administrator do not otherwise have access to such Required Information; and (c) following the adoption of the final disclosure templates in respect of the Transparency Requirements, the Issuer and the Collateral Manager will propose in writing to the Collateral Administrator the form, content, timing and method of distribution of such reports and other information. The Collateral Administrator shall consult with the Issuer and the Collateral Manager and, if it agrees to provide such reporting on such proposed terms, shall confirm in writing to the Issuer and the Collateral Manager and shall make such information available via a website which shall be accessible (subject to receipt of a certification in the form set out in the Collateral Management and Administration Agreement) to the competent authorities, any Noteholder and any potential investor in the Notes. If the Collateral

Administrator does not agree to provide such reporting services on behalf of the Issuer, the Issuer (with the consent of the Collateral Manager and at the cost and expense of the Issuer, subject to and in accordance with the Priorities of Payments) shall appoint another entity to make such additional information available to the competent authorities, any Noteholder and, upon request, any potential investor in the Notes. For the avoidance of doubt, the Collateral Administrator will not assume any responsibility for the Issuer's obligations as the entity responsible to fulfil the reporting obligations under the Transparency Requirements. If the Collateral Administrator agrees to provide any reporting services hereunder, the Collateral Administrator assumes no responsibility or liability to the Noteholders, any potential investor in the Notes or any other party (including for their use and/or onward disclosure of such information or documentation) and shall have the benefit of the powers, protections and indemnities granted to it under the Transaction Documents.

**Diagrammatic Overview of the Transaction**



## RISK FACTORS

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

### 1. GENERAL

#### 1.1 General

It is intended that the Issuer will invest in loans, bonds and other financial assets with certain risk characteristics as described below and subject to the investment policies, restrictions and guidelines described in “*The Portfolio*”. There can be no assurance that the Issuer’s investments will be successful, that its investment objectives will be achieved, that the Noteholders will receive the full amounts payable by the Issuer under the Notes or that they will receive any return on their investment in the Notes. Prospective investors are therefore advised to review this entire Offering Circular carefully and should consider, among other things, the risk factors set out in this section before deciding whether to invest in the Notes. Except as is otherwise stated below, such risk factors are generally applicable to all Classes of Notes, although the degree of risk associated with each Class of Notes will vary in accordance with the position of such Class of Notes in the Priorities of Payments. See Condition 3(c) (*Priorities of Payments*). In particular (i) payments in respect of the Class X Notes and the Class A Notes are generally higher in the Priorities of Payments than those of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class M Notes and the Subordinated Notes; (ii) payments in respect of the Class B Notes are generally higher in the Priorities of Payments than those of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class M Notes and the Subordinated Notes; (iii) payments in respect of the Class C Notes are generally higher in the Priorities of Payments than those of the Class D Notes, the Class E Notes, the Class F Notes, the Class M Notes and the Subordinated Notes; (iv) payments in respect of the Class D Notes are generally higher in the Priorities of Payments than those of the Class E Notes, the Class F Notes, the Class M Notes and the Subordinated Notes; (v) payments in respect of the Class E Notes are generally higher in the Priorities of Payments than those of the Class F Notes, the Class M Notes and the Subordinated Notes; and (vi) payments in respect of the Class F Notes are generally higher in the Priorities of Payments than those of the Class M Notes and the Subordinated Notes. Neither the Initial Purchaser 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 Initial Purchaser or the Trustee which is not included in this Offering Circular.

#### 1.2 Suitability

Prospective purchasers of the Notes of any Class should ensure that they understand the nature of such Notes and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, 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 Payments. In the event that such funds are not sufficient to pay the expenses incurred by the Issuer, the ability of the Issuer to operate effectively may be impaired, and it may not be able to defend or prosecute legal proceedings brought against it or which it might otherwise bring to protect its interests or be able to pay the expenses of legal proceedings against persons it has indemnified.

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

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

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

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

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

As discussed further in 1.7 (*Euro and Eurozone 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 Eurozone 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 current economic conditions. These risks include, among others, (i) the likelihood that the Issuer will find it more difficult to sell any of its assets or to purchase new assets in the secondary market, (ii) the possibility that, on or after the Issue Date, the price at which assets can be sold by the Issuer will have deteriorated from their effective purchase price and (iii) the illiquidity of the Notes. These additional risks may affect the returns on the Notes to investors and/or the ability of investors to realise their investment in the Notes prior to their Maturity Date, if at all. In addition, the primary market for a number of financial products, including leveraged loans, has not fully recovered from the effects of the global credit crisis. As well as reducing opportunities for the Issuer to purchase assets in the primary market, this is likely to increase the refinancing risk in respect of maturing assets. Although there have recently been signs that the primary market for certain financial products is recovering, particularly in the United States of America, the impact of the economic crisis on the primary market may adversely affect the flexibility of the Collateral Manager to invest and, ultimately, reduce the returns on the Notes to investors.

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

The ability of the Issuer to make payments on the Notes can depend on the general economic climate and the state of the global economy. The business, financial condition or results of operations of the Obligor of the Collateral 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 Class M Notes or 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 the administrative agent of a leveraged loan, 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.

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

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

#### **1.7 Euro and Eurozone Risk**

Investors should carefully consider how changes to the Eurozone 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 Eurozone.

As a confidence building measure, the European Commission created the European Financial Stability Facility (the "EFSF") and the European Financial Stability Mechanism (the "EFSM") to provide funding to Eurozone countries in financial difficulties that seek such support. Subsequently, the European Council agreed that Eurozone 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 Eurozone countries which has been active since July 2013.

Despite these measures, concerns persist regarding the growing risk that other Eurozone countries could be subject to an increase in borrowing costs and could face an economic crisis similar to that of Cyprus, Greece, Ireland, Italy, Portugal and Spain, together with the risk that some countries could leave the Eurozone (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 Eurozone sovereign debt crisis could worsen may lead to the reintroduction of national currencies in one or more Eurozone 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 Eurozone 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 **Referendum on the UK's EU Membership**

On 23 June 2016, 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 has 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. Article 50 provides for a two year period for such negotiations to take place (unless the European Council, in agreement with the UK unanimously decides to extend this period) (the “**Article 50 Period**”).

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

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

It is at present unclear what type of relationship between the UK and the EU will be established, or at what date (whether by the time when, or after, the UK ceases to be a member of the EU), or what would be the content of such a relationship. It is possible that a new relationship would preserve the applicability of certain EU rules (or equivalent rules) in the UK. At this time it is not possible to state with any certainty to what extent that might be so.

Upon any withdrawal from the EU by the UK, and subject to agreement on (and the terms of) any future EU-UK relationship, EU laws (other than those EU laws transposed into English law (see below)) will cease to apply within the UK pursuant to the terms and timing of a future withdrawal agreement. This would be achieved by the UK ceasing to be party to the Treaty on European Union and the Treaty on the Functioning of the European Union, and by the parallel repeal of the European Communities Act 1972. Article 50 provides that the UK will cease to be a member of the EU from the date of entry into force of a withdrawal agreement or, if a withdrawal agreement has not been concluded, two years after the notification under Article 50 was served, unless the European Council, in agreement with the UK, unanimously decides to extend this period.

On 25 November 2018, a negotiated withdrawal agreement was endorsed by leaders at a special meeting of the European Council. The negotiated withdrawal agreement provided for a transition or implementation period, which would start on the date of entry into force of the agreement, and end 21

months later, unless extended by a single decision for up to one or two years. The negotiated withdrawal agreement stated that, unless otherwise provided in the agreement, EU law would be applicable to and in the UK during the transition period.

However, the UK government needed the approval of the UK Parliament in order to ratify the negotiated withdrawal agreement, which has not yet been forthcoming.

In response to a second UK request to extend the Article 50 Period, on 11 April 2019 the European Council adopted its decision to extend the Article 50 Period until 31 October 2019. However, the UK may leave the EU before 31 October 2019 in the following circumstances:

(i) if the withdrawal agreement is ratified by both the UK and the EU during the Article 50 Period, the UK's withdrawal from the EU will take place on the first day of the month following such ratification; or

(ii) if the UK is still a member of the EU on 23-26 May 2019, and if it has not ratified the withdrawal agreement by 22 May 2019, it must hold elections to the European Parliament. If those elections do not take place in the UK, the extension will cease on 31 May 2019.

At this time it is not possible to state with certainty if and when a withdrawal agreement will be entered into, what might be the final terms and effective date of such a withdrawal agreement or the date on which the transition period will end. Until such date, EU law is expected to remain applicable to and in the UK.

Upon any withdrawal from the EU by the UK, 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. Consequently, English law may change and it is impossible at this time to predict the consequences on the Portfolio or the Issuer's business, financial condition, results of operations or prospects. Such changes could be materially detrimental to Noteholders.

#### *Regulatory Risk*

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

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

#### *Regulatory Risk – UK manager/Retention Holder*

In particular, if the UK were, as a consequence of leaving the EU, no longer within the scope of EU Directive 2014/65/EU and EU Regulation 600/2014/EU on Markets in Financial Instruments (collectively referred to as “**MiFID II**”) and a passporting regime or third country recognition of the UK is not in place, then a UK manager such as the Collateral Manager may be unable to continue to provide

collateral management services to the Issuer in reliance upon the passporting of relevant regulated services within the EU on a cross-border basis provided for under MiFID II.

MiFID II, which has applied since 3 January 2018, provides (among other things) for the ability for non-EU investment firms to provide collateral management services in the EU on a cross-border basis provided that certain conditions are fulfilled. In order to qualify to provide collateral management services in the EU on a cross-border basis, non-EU investment firms will be required (i) to be authorised in a third country to provide collateral management services which are regulated under MiFID II (A) in respect of which the Commission has adopted an equivalency decision and (B) where the European Securities and Markets Authority (“ESMA”) has established cooperation arrangements with the relevant competent authorities, and (ii) to be registered with ESMA to do so. It is not possible to guarantee or predict the timing of any Commission equivalency decision, cooperation arrangements or registration by ESMA.

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

The European Union (Markets in Financial Instruments) Regulations 2017 S.I. No. 375 of 2017 (the “2017 MiFID Regulations”) implemented Directive 2014/65/EU into Irish law, effective 3 January 2018. The 2017 MiFID Regulations contain a “safe-harbour” for non-EU investment firms, however, services to ‘retail clients’ (as defined in MiFID II) are excluded.

Until non-EU investment firms qualify under the MiFID II measures to provide collateral management services in the EU on a cross-border basis, the “safe harbour” provision for non-EU investment firms providing services into Ireland to Irish persons contained in the 2017 MiFID Regulations will apply, provided that:

- (i) the non-EU investment firm’s headquarters are in a non-EU country;
- (ii) the non-EU investment firm is subject to authorisation and supervision in its country of origin and that country observes Financial Action Task Force anti-money laundering recommendations;
- (iii) there are co-operation agreements in place between the Central Bank and the relevant non-EU country; and
- (iv) the non-EU investment firm’s services are provided only to professional clients or eligible counterparties (i.e. as defined in Directive 2014/65/EU) and are not provided to retail clients.

#### *Market Risk*

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

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

#### *Exposure to Counterparties*

The Issuer will be exposed to a number of counterparties (including in relation to any Assignments, Participations and Hedge Transactions and also each of the Agents) throughout the life of the Notes. Investors should note that if the UK does leave the EU, such counterparties may be unable to perform their obligations due to changes in regulation, including the loss of, or changes to, existing regulatory

rights to do cross-border business in the EU or the costs of such transactions with such counterparties may increase. In addition, counterparties may be adversely affected by rating actions or volatile and illiquid markets (including currency markets and bank funding markets) arising from the result of the Referendum, therefore increasing the risk that such counterparties may become unable to fulfil their obligations. Such inability could adversely impact the Issuer and could be materially detrimental to Noteholders. For further information on counterparties, see “*Counterparty Risk*” below.

#### *Ratings actions*

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

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

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

### 1.9 **Reliance on Rating Agency Ratings**

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 restrictions, 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 permitted 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 payments (such as the Priorities of Payments) which purport to alter the priority in which a particular secured creditor is paid as a result of the occurrence of one or more specified trigger events, including the insolvency of such creditor (“**flip clauses**”), have been challenged recently in the English and U.S. courts on the basis that the operation of a flip clause as a result of such creditor’s insolvency breaches the “anti-deprivation” principles of English and U.S. insolvency law. This principle prevents a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency.

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

In the U.S. courts, the U.S. Bankruptcy Court for the Southern District of New York in *Lehman Brothers Special Financing Inc. v. BNY Corporate Trustee Services Limited. (In re Lehman Brothers Holdings Inc.)*, Adv. Pro. No. 09-1242-JMP (Bankr. S.D.N.Y. May 20, 2009) examined a flip clause contained in an indenture related to a swap agreement and held that such a provision, which seeks to modify one creditor’s position in a priority of payments when that creditor files for bankruptcy, is unenforceable under the U.S. Bankruptcy Code. Judge Peck also found that the Code’s safe harbour provisions, which

protect certain contractual rights under swap agreements, did not apply to the flip clause because the flip clause provisions were contained in the indenture, and not in the swap agreement itself. Judge Peck acknowledged that this has resulted in the U.S. courts coming to a decision “directly at odds with the judgement of the English Courts”. While BNY Corporate Trustee Services Ltd filed a motion for and was granted leave to appeal with the U.S. Bankruptcy Court, the case was settled before the appeal was heard.

On 28 June 2016, the U.S. Bankruptcy Court issued a decision in *Lehman Brothers Special Financing Inc. v. Bank of America National Association, et al. Case No. 10-3547 (In re Lehman Brothers Holdings Inc.)*, Chapter 11 Case No. 10-03547 (Bankr S.D.N.Y. June 2016). In this decision, the court held that not all priority of payment provisions would be unenforceable ipso facto clauses under the U.S. Bankruptcy Code. Instead, the court identified two materially distinct approaches to such provisions. Where a counterparty’s automatic right to payment priority ahead of the noteholders is “flipped” or modified upon, for example, such counterparty’s default under the swap document, the court confirmed that such priority provisions were unenforceable ipso facto clauses. Conversely, the court held that priority provisions where no right of priority is established until after a termination event under the swap documents has occurred were not ipso facto clauses, and, therefore, fully enforceable. Moreover, even where the provisions at issue were ipso facto clauses, the Court found that they were nonetheless enforceable under the Code’s safe harbour provisions. Specifically, the Court concluded that priority of distribution was a necessary part of liquidation of a swap agreement, which the safe harbour provisions expressly protect. The Court effectively limited the analysis in the *BNY* case to instances where the flip provisions are only in an indenture, and do not constitute part of the swap agreement. This judgment highlights the difference in approach taken between U.S. and English law on this subject, although it significantly reduces the practical differences in outcome. Lehman filed a notice of appeal as to this decision on 6 February 2017, but Judge Chapman’s decision was affirmed in its entirety by the district court on 15 March 2018. 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.

## 1.11 **LIBOR and EURIBOR Reform**

### *Proposals to reform LIBOR*

The London Interbank Offered Rate (“**LIBOR**”) has been reformed, with developments including:

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

- (d) the introduction of a LIBOR code of conduct for contributing banks.

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

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

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

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

#### *Proposals to Reform EURIBOR and other Benchmark Indices*

The Euro Interbank Offered Rate (for the purposes of this risk factor, "EURIBOR"), together with LIBOR, and other so-called "benchmarks" are the subject of reform measures by a number of international authorities and other bodies.

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

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

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

Potential effects of the Benchmarks 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; and

- (b) the methodology or other terms of the “benchmark” could be changed in order to comply with the terms of the Benchmarks Regulation, and such changes could (among other things) have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level of the benchmark.

Investors should be aware that:

- (a) any of the international, national or other measures or proposals for reform, or general increased regulatory scrutiny of “benchmarks” could have a material adverse effect on the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain “benchmarks”, trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the disappearance of certain “benchmarks”;
- (b) any of these changes or any other changes could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;
- (c) if the applicable rate of interest on any Collateral 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 Transaction. This could lead to the Issuer receiving amounts from affected Collateral Obligations which are insufficient to make the due payment under the Hedge Transaction, and potential termination of the Hedge Transaction and/or Hedge Agreement;
- (d) if any of the relevant EURIBOR benchmarks referenced in Condition 6 (*Interest*) is discontinued, interest on the Notes (other than the Class B-2 Notes and the Class C-2 Notes) will be calculated under Condition 6(d) (*Interest on the Rated Notes*); and
- (e) 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 Notes (other than the Class B-2 Notes and the Class C-2 Notes).

Any of the above or any other significant changes to LIBOR, 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 LIBOR or EURIBOR rate or other benchmark (as applicable), and (ii) the Notes (other than the Class B-2 Notes and the Class C-2 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 Floating Rate Notes without the consent of Noteholders, but subject always to the veto right of each Hedge Counterparty pursuant to Condition 14(c) (*Modification and Waiver*), 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 (unless the replacement rate is the Designated Base Rate, in which case such consent shall not be required). See Condition 14(c) (*Modification and Waiver*).

If any proposed changes when implemented change the way in which LIBOR or EURIBOR is calculated with respect to floating rate Collateral Obligations, this could result in the rate of interest being lower than anticipated, which would adversely affect the value of the Notes. As the substantial majority of the interest payments due on the Issuer's assets are expected to be calculated based upon EURIBOR and the Rated Notes (other than the Class B-2 Notes and the Class C-2 Notes) pay interest based upon EURIBOR, an inaccurate EURIBOR setting could have adverse effects on the Issuer and/or the holders of the Notes. For example, holders of the Rated Notes (other than the Class B-2 Notes and the Class C-2 Notes) would receive lower Euro amounts as interest payments if EURIBOR was artificially lower than a properly functioning market would otherwise set EURIBOR. Other negative consequences of the perceived inaccuracy of EURIBOR could include fewer loans utilising EURIBOR as an index for interest payments and/or erratic swings in EURIBOR, both of which could result in interest rate mismatches between the Issuer's assets and its liabilities and expose the Issuer to cash shortfalls. Furthermore, questions surrounding the integrity in the process for determining EURIBOR may have other unforeseen consequences, including potential litigation against banks and/or obligors on loans, which could result in a material and adverse effect on the Issuer or the holders of the Notes. Similar issues could arise with respect to LIBOR.

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

#### 1.12 **Anti-Money Laundering, Anti-Terrorism, Anti-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 Initial Purchaser, the Collateral Manager, the Agents 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 Initial Purchaser, the Collateral Manager, the Agents and the Trustee will comply with AML Requirements to which they are or may become subject and to interpret such AML Requirements broadly in favour of disclosure. Failure to honour any request by the Issuer, the Initial Purchaser, the Collateral Manager, the Agents or the Trustee to provide requested information or take such other actions as may be necessary or advisable for the Issuer, the Initial Purchaser, the Collateral Manager, the Agents 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 Initial Purchaser, the Collateral Manager, the Agents and the Trustee intends to comply with applicable anti-money laundering and anti-terrorism, economic and trade sanctions, and anti-corruption or anti-bribery laws, and regulations of the United States and other countries, and will disclose any information required or requested by authorities in connection therewith. A Noteholder may also be obliged to provide information they may have previously identified or regarded as confidential to satisfy AML Requirements.

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

Investment activities such as the purchase, selling, holding and participation in voting or the restructuring of Collateral Obligations may subject the Issuer to the risks of becoming involved in litigation by third parties. This risk may be greater where the Issuer exercises control or significant influence over a company's direction. The expense of defending claims against the Issuer by third parties (including bankruptcy or insolvency proceedings) and paying any amounts pursuant to settlements or judgments would, except in the unlikely event that that Issuer is indemnified for such amounts, be borne by the Issuer and would reduce the funds available for distribution and the Issuer's net assets. The 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 amounts available in accordance with the Priorities of Payments. If such funds are not sufficient to pay the expenses incurred by the Issuer, the ability of the Issuer to operate effectively may be impaired, and the Issuer may not be able to defend or prosecute legal proceedings that may be brought against it or that the Issuer might otherwise bring to protect its interests.

## 1.14 Investment Company Act

The Issuer has not been and will not be 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 investor 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 that any holder of an interest in a Rule 144A Note (1) is a U.S. Person (as defined in Regulation S) and (2) is not a QIB/QP at the time it acquires an interest in a Rule 144A Note (any such person, a “**Non-Permitted Noteholder**”), the Issuer shall, promptly after discovery 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 to a person that is not a Non-Permitted Noteholder within 30 calendar days of the date of such notice. If such Non-Permitted Noteholder fails to effect the transfer required within such 30 calendar day period, (a) the Issuer, or the Collateral Manager on its behalf, 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 (as defined in Regulation S) or is a QIB/QP and (b) pending such transfer, no further payments will be made in respect of such beneficial interest.

## 1.15 Preferred creditors under Irish law

Under Irish law, upon an insolvency of an Irish company such as the Issuer, when applying the proceeds of assets subject to fixed security that may have been realised in the course of a liquidation or receivership, the claims of a limited category of preferential creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company (that may include any borrowings made by an examiner to fund the company’s requirements for the duration of his appointment) that have been approved by the Irish courts. See “*Examinership*” below.

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

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

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

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

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

The essence of a fixed charge is that the chargor does not have liberty to deal with the assets that are the subject matter of the security in the sense of disposing of such assets or expending or appropriating the moneys or claims constituting such assets and accordingly, if and to the extent that such liberty is given to the Issuer, any charge constituted by the Trust Deed may operate as a floating, rather than a fixed charge. In particular, the Irish courts have held that in order to create a fixed charge on receivables, it is necessary to oblige the chargor to pay the proceeds of collection of the receivables into a designated bank account and to prohibit the chargor from withdrawing or otherwise dealing with the moneys standing to the credit of such account without the consent of the chargee.

Depending upon the level of control actually exercised by the chargor, there is therefore a possibility that the fixed security purported to be created by the Trust Deed would be regarded by the Irish courts as a floating charge.

Floating charges have certain weaknesses, including the following:

- (a) they have weak priority against purchasers (who are not on notice of any negative pledge contained in the floating charge) and the chargees of the assets concerned and against lien holders, execution creditors and creditors with rights of set-off;
- (b) as discussed above, they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up;
- (c) they rank after certain insolvency remuneration expenses and liabilities;
- (d) the examiner of a company has certain rights to deal with the property covered by the floating charge; and
- (e) they rank after fixed charges.

#### 1.16 **Examinership**

Examinership is a court procedure available under the Irish Companies Act 2014 (as amended, the “**Irish Companies Act**”), as amended to facilitate the survival of Irish companies in financial difficulties.

The Issuer, the directors, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer, are each entitled to petition the court for the appointment of an examiner. The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the company after his appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to his appointment.

Furthermore, the examiner may sell assets which are 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 them out of the proceeds of sale.

During the period of protection, the examiner will formulate proposals for a compromise or scheme of arrangement to assist the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the Irish High Court or Circuit Court (as applicable) 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 the implementation of the scheme of arrangement.

In considering proposals by the examiner, it is likely that secured and unsecured creditors would form separate classes of creditors. In the case of the Issuer, if the Trustee represented the majority in number

and value of claims within the secured creditor class, the Trustee would be in a position to reject any proposal not in favour of the Noteholders. The Trustee would also be entitled to argue at the 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 include a writing down of the value of amounts due by the Issuer to the Noteholders. The primary risks to the holders of Notes if an examiner were to be appointed in respect of the Issuer are as follows:

- (a) the potential for a scheme of arrangement to be approved involving the writing down of the debt owed by the Issuer to the Noteholders as secured by the Trust Deed;
- (b) the potential for the examiner to seek to set aside any negative pledge in the Notes prohibiting the creation of security or the incurring of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and
- (c) in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the relevant Irish court) will take priority over the moneys and liabilities which from time to time are or may become due, owing or payable by the Issuer to each of the secured creditors under the Notes or under any other secured obligations.

#### 1.17 **Centre of Main Interests**

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

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

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

## 2. **TAXATION RISKS**

### 2.1 **EU Financial Transaction Tax**

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

Under the Commission Proposal, the proposed FTT would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member

State or the financial instrument in which the parties are dealing is issued in a Participating Member State. The FTT may apply to both transaction parties where one of these circumstances applies. The FTT may also apply to dealings in the Collateral to the extent the Collateral constitutes financial instruments within its scope, such as bonds. In such circumstances, it is not possible to predict with certainty what effect the proposed FTT might have on the business of the Issuer, there will be no gross-up by any party to the transaction and amounts due to Noteholders may be adversely affected.

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

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

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

## 2.2 **OECD Action Plan on Base Erosion and Profit Shifting**

At a meeting in Paris on 29 May 2013, the Organisation for Economic Co-operation and Development (“**OECD**”) Council at Ministerial Level adopted a declaration on base erosion and profit shifting urging the OECD's Committee on Fiscal Affairs to develop an action plan to address base erosion and profit shifting in a comprehensive manner. In July 2013, the OECD launched an Action Plan on Base Erosion and Profit Shifting (“**BEPS**”), identifying fifteen specific actions to achieve this. Subsequently, the OECD published discussion papers and held public consultations in relation to those actions, also publishing interim reports, analyses and sets of recommendations in September 2014 for seven of the actions. On 5 October 2015, the OECD published final reports, analyses and sets of recommendations for all of the fifteen actions it identified as part of its Action Plan, which G20 finance ministers then endorsed during a meeting on 8 October 2015 in Lima, Peru (the “**Final Report**”). The Final Report was endorsed by G20 Leaders during their annual summit on 15-16 November 2015 in Antalya, Turkey.

The focus of one of the actions (Action 6) is the prevention of treaty abuse by developing model treaty provisions to prevent the granting of treaty benefits in inappropriate circumstances. The Final Report recommends, as a minimum, that countries should include in their tax treaties: (i) an express statement that the common intention of each contracting state which is party to such treaties is to eliminate double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance; and one, or both, of (ii) a “limitation-on-benefits” (“**LOB**”) rule; and (iii) a “principal purposes test” (“**PPT**”) rule.

The 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.

On 24 November 2016, the OECD published the text and explanatory statement of the “Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting”, developed by an ad hoc group of 99 countries which included Ireland and the UK (the “**Multilateral Instrument**”). 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.

The United Kingdom and Ireland signed the Multilateral Instrument 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 Multilateral Instrument. The United Kingdom deposited its instrument of ratification with the OECD on 29 June 2018 and therefore the Multilateral Instrument came into force in respect of the United Kingdom on 1 October 2018. Ireland deposited its instrument of ratification with the OECD on 29 January 2019 and therefore the Multilateral Instrument will come into force in respect of Ireland on 1 May 2019.

Upon ratifying the multilateral convention Ireland provided a list of reservations and notifications to be made pursuant to it. Upon ratifying the multilateral convention the United Kingdom deposited a non-provisional list of reservations and notifications to be made pursuant to it. Based on the information contained in these documents and the multilateral convention Action 6 would be implemented into the double tax treaties Ireland has entered into with the United Kingdom and other jurisdictions by the inclusion of a PPT rule.

In particular it remains to be seen what the impact will be of specific changes will be made to the UK/Ireland double tax treaty and 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 (as a result of the adoption of the recommendations of the Final Report by way of the Multilateral Instrument or otherwise) 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 its double tax treaties on a bilateral basis in the future which may affect the ability of the Issuer to obtain the benefits of those treaties.

Investors should note that other action points which form part of the OECD BEPS project (such as Action 4, which can deny deductions for financing costs (see “*EU Anti-Tax Avoidance Directive and EU Anti-Tax Avoidance Directive 2*”)) may be implemented in a manner which affects the tax position of the Issuer.

### 2.3 Irish Value Added Tax Treatment of the Collateral Management Fees

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

If Irish VAT were imposed on the Collateral Management Fees, the amount of tax due would likely be significant, but this will not constitute a Note Tax Event in accordance with the Conditions.

### 2.4 Changes in Irish Tax Laws

Changes in Irish tax laws may adversely impact the business of the Issuer and the value of the Noteholders’ investment. The Issuer is treated as a securitisation vehicle which is taxed pursuant to

Section 110 of the TCA. There is no guarantee that the tax treatment of an Irish securitisation company will not change in the future. The tax deductibility of the Issuer's interest costs will depend on the applicability of Section 110 of the TCA and the current practice of the Irish Revenue Commissioners in relation thereto. Any change to these rules may have an impact on Noteholders.

Interest payments on the Notes may be subject to Irish withholding tax if there is a change in Irish tax law or if the various exemption conditions set forth under "*Tax Considerations – Irish Taxation – Withholding Tax*" are not fulfilled. The Issuer is not obliged to gross up or otherwise compensate Noteholders for withholding taxes incurred. This may, therefore, affect the return that Noteholders receive on the Notes.

## 2.5 U.S. Federal Income Tax Risks

### *Changes in Tax Law; Imposition of Tax on Non-U.S. Holders*

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

### *U.S. Trade or Business*

If the Issuer were to breach certain of its covenants and acquire certain assets (for example, a "United States real property interest" or an equity interest in an entity that is treated as a partnership for U.S. federal income tax purposes and that is itself engaged in a trade or business in the United States), including upon a foreclosure, or breach certain of its other covenants, the Issuer could be 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 Note Event of Default and may not give rise to a claim against the Issuer or the Collateral Manager. A change in law or its interpretation also could result in the Issuer being treated as engaged in a trade or business in the United States for U.S. federal income tax purposes, or otherwise subject to U.S. federal income tax on a net income basis. If it is determined that the Issuer is treated as engaged in a trade or business in the United States for 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

### *FATCA*

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 regulations that require the Issuer to provide the name, address and taxpayer identification number of, and certain other information with respect to, certain Noteholders to the Office of the Revenue Commissioners of Ireland, which would then provide this information to the IRS. The Issuer will use reasonable best efforts to comply with the intergovernmental agreement and these regulations; however, there can be no assurance that the Issuer will be able to do so. Moreover, the intergovernmental agreement or the Irish implementing regulations could be amended to require the Issuer to withhold on "passthru" payments to holders that fail to provide certain information to the Issuer or are certain "foreign financial institutions" that do not comply with FATCA.

If a Noteholder fails to provide the Issuer or its agents with any correct, complete and accurate information or documentation that may be required for the Issuer to comply with FATCA and to prevent the imposition of 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

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

The Class E Notes and Class F Notes could be treated as representing equity in the Issuer for U.S. federal income tax purposes. If the Class E Notes or Class F Notes are so treated, gain on the sale of a Class E Note or Class F Note could be treated as ordinary income and subject to an additional tax in the nature of interest, and certain interest on the Class E Notes or Class F Notes could be subject to the additional tax. U.S. Holders (as defined in "Tax Considerations - Certain U.S. Federal Income Tax Considerations") may be able to avoid these adverse consequences by filing a "protective" qualified electing fund election with respect to their Class E Notes and Class F Notes. Alternatively, if the Class E Notes or Class F Notes are treated as equity for U.S. federal income tax purposes, U.S. Holders of those Notes could be subject to the rules pertaining to 10 per cent United States shareholders of CFCs. See "Tax Considerations - Certain U.S. Federal Income Tax Considerations - U.S. Federal Tax Treatment of U.S. Holders of Rated Notes - Possible Treatment of Class E Notes and Class F Notes as Equity for U.S. Federal Tax Purposes."

*U.S. federal income tax consequences of an investment in the Notes are uncertain*

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

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

At the time when they are acquired by the Issuer (or, in the case of the Issue Date Collateral Obligations, on the Issue Date), the Eligibility Criteria require that payments of interest on the Collateral Obligations to the Issuer either will not be subject to any withholding tax imposed by any jurisdiction (other than U.S. withholding tax on commitment fees, amendment fees, waiver fees, consent fees, extension fees or other similar fees), whether by virtue of an applicable double taxation treaty or otherwise, or, if and to the extent that any such withholding tax does apply, the relevant Obligor will be required to make "gross-up" payments to the Issuer that cover the full amount of any such withholding on an after-tax basis. However, there can be no assurance that, as a result of any change in any applicable law, rule or regulation or interpretation thereof, or as a result of a Collateral Obligation being restructured or otherwise, the payments on the Collateral Obligations might not 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; (b) any domestic exemption or procedural formality under the current applicable law in the jurisdiction of the relevant Obligor or (c) the fact that the Issuer has taken a Participation in such Collateral Obligations from a Selling Institution (as defined below) which is able to pay interest payable under such Participation gross.

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 withholding 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 or 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 may result in the occurrence of a Collateral Tax Event pursuant to which the Rated Notes may be subject to early redemption at the option of the Subordinated Noteholders in the manner described in Condition 7(b)(i)(B) (*Optional Redemption*).

## 2.7 United Kingdom corporation tax

In the context of the activities to be carried on under the Transaction Documents, the Issuer will be subject to United Kingdom corporation tax if and only if it is (i) tax resident in the United Kingdom or (ii) carries on a trade in the United Kingdom through a permanent establishment. The Issuer will not be treated as being tax resident in the United Kingdom provided that it is not incorporated in the United Kingdom and the central management and control of the Issuer is not in the United Kingdom. The Directors intend to conduct the affairs of the Issuer in such a manner so that it does not become resident in the United Kingdom for taxation purposes. The Issuer will be regarded as having a permanent establishment in the United Kingdom if it has a fixed place of business in the United Kingdom or it has a dependent agent in the United Kingdom who has and habitually exercises authority in the United Kingdom to do business on the Issuer's behalf. The Issuer does not intend to have a fixed place of business in the United Kingdom. The Collateral Manager will, however, have and is expected to habitually exercise authority to do business on behalf of the Issuer in the United Kingdom. The Issuer should not be subject to United Kingdom corporation tax in consequence of the activities which the Collateral Manager carries out on its behalf provided that the Issuer's activities are regarded as investment activities rather than trading activities.

Even if the Issuer is regarded as carrying on a trade in the UK through the agency of the Collateral Manager for the purposes of UK taxation, it will not be subject to UK corporation tax if the domestic UK tax exemption for profits generated in the UK by an investment manager on behalf of its non-resident clients (section 1146 of the Corporation Tax Act 2010) (the “**Investment Manager Exemption**”) applies. This domestic exemption will be available in the context of this transaction if, amongst other conditions, the Collateral Manager (and certain connected entities) holds no more than 20 per cent. of the Subordinated Notes. However, if the Investment Manager Exemption is not available, the Issuer may nonetheless be able to rely on Article 8(1) of the UK/Ireland double tax treaty to exclude a charge to UK corporation tax or UK income tax on its profits resulting from the agency of Collateral Manager, provided that the Collateral Manager is regarded as an independent agent acting in the ordinary course of its business for the purpose Article 5(6) of the UK/Ireland double tax treaty.

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

## 2.8 Withholding Tax on the Notes

So long as the Notes remain listed on the Global Exchange Market of Euronext Dublin or another recognised stock exchange for the purposes of Section 64 of the TCA and the Notes are held in a “recognised clearing system” for the purposes of Section 64 of the TCA or interest on the Notes is paid by a paying agent that is not in Ireland, no withholding tax under current law is expected to be imposed in Ireland on payments of interest on the Notes. However, there can be no assurance that the law will not change. In addition, as described under Condition 9 (*Taxation*), the Issuer is authorised to withhold amounts otherwise distributable to a holder if the holder fails to provide the Issuer or its agents with any correct, complete and accurate information that may be required for the Issuer to comply with FATCA and the CRS and to prevent the imposition of U.S. federal withholding tax under FATCA on payments

to or for the benefit of the Issuer, or if the holder's ownership of any Notes would otherwise cause the Issuer to be subject to tax under FATCA, and/or fines or penalties under CRS.

In the event that any deduction or withholding for or on account of 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 either the Controlling Class or the Subordinated Notes (in each case acting by way of an Extraordinary Resolution) subject to certain conditions including a threshold test pursuant to which determination is made as to whether the anticipated proceeds of liquidation of the security over the Collateral would be sufficient to pay all amounts due and payable on the Rated Notes in such circumstances in accordance with the Priorities of Payments.

## 2.9 **Taxation Implications of Contributions**

A Noteholder (other than a Class M Noteholder) may, in certain circumstances, provide the Issuer with cash by way of a Contribution in accordance with Condition 3(d) (*Contributions*). Such Noteholders may become subject to taxation in relation to the making of a Contribution. Such Noteholders are responsible for any and all taxation liabilities that may be applicable in such circumstances. Such Noteholders should consult their own tax advisers as to the tax treatment to them of making a Contribution in accordance with Condition 3(d) (*Contributions*).

## 2.10 **Diverted Profits Tax**

The Finance Act 2015 introduced a new tax in the United Kingdom called the "diverted profits tax" which is charged at 25 per cent. of any "taxable diverted profits". The tax has effect from 1 April 2015 and may apply in circumstances including where arrangements are designed to ensure that a non-UK resident company does not carry on a trade in the United Kingdom through a permanent establishment, the non-resident company supplies goods, services or other property in the course of that non-resident company's trade and it is reasonable to assume that arrangements are in place the main purpose or one of the main purposes of which is to avoid United Kingdom corporation tax.

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

## 2.11 **EU Anti-Tax Avoidance Directive and EU Anti-Tax Avoidance Directive 2**

As part of its anti-tax avoidance package the EU Commission published a draft Anti-Tax Avoidance Directive on 28 January 2016, which was formally adopted by the EC Council on 12 July 2016 in Council Directive (EU) 2016/1164 (the "**Anti-Tax Avoidance Directive**"). The Anti-Tax Avoidance Directive must be implemented by each Member State by 2019, subject to derogations for Member States which have equivalent measures in their domestic law. Amongst the measures contained in the Anti-Tax Avoidance Directive is an interest deductibility limitation rule similar to the recommendation contained in the BEPS Action 4 proposals. The Anti-Tax Avoidance Directive provides 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". Accordingly, as the Issuer will generally fund interest payments it makes under the Notes from interest payments to which it is entitled under Collateral Obligations (that is such that the Issuer pays limited or no net interest), the restriction may be of limited relevance to the Issuer even if the Anti-Tax Avoidance Directive were implemented as originally published. There is also

a carve out in the Anti-Tax Avoidance Directive for financial undertakings, although as currently drafted the Issuer would not be treated as a financial undertaking. The European Commission is also pursuing other initiatives, such as the introduction of a common corporate tax base, the impact of which, if implemented, is uncertain. On 21 February 2017, the Economic and Financial Affairs Council of the European Union agreed an amendment to the Anti-Tax Avoidance Directive to provide for minimum standards for counteracting hybrid mismatches involving EU Member States and third countries (“**Anti-Tax Avoidance Directive 2**”). Anti-Tax Avoidance Directive 2 requires EU Member States to either delay deduction of payments, expenses or losses or include payments as taxable income, in case of hybrid mismatches. Anti-Tax Avoidance Directive 2 needs to be implemented in the EU Member States’ national laws and regulations by 31 December 2019 and will have to apply as of 1 January 2020, except for the provision on reverse hybrid mismatches for which implementation can be postponed to 31 December 2021, and will apply as of 1 January 2022.

## 2.12 The Common Reporting Standard

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

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

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

Over 100 jurisdictions have committed to exchanging information under the CRS and a group of 50 countries, including Ireland and all EU Member States (known as the “**Early Adopter Group**”) committed to the early adoption of the CRS from 1 January 2016. The Early Adopter Group activated their exchange relationships under the CRS and commenced the exchange of data in September 2017. In November 2017, a further 53 jurisdictions committed to activating their exchange relationships by September 2018.

The Regulations implement the requirements of the CRS and DAC II into Irish law under which Irish FIs (such as the Issuer) are obliged to make a single return in respect of CRS and DAC II. For the purposes of complying with its obligations under CRS and DAC II, an Irish FI (such as the Issuer) shall be entitled to require Noteholders to provide any information regarding their and, in certain circumstances, their controlling persons’ tax status, identity or residence in order to satisfy any reporting requirements which the Issuer may have as a result of CRS and DAC II and Noteholders will be deemed, by their holding to have authorised the automatic disclosure of such information by the Issuer (or any nominated service provider) or any other person to the Irish Revenue Commissioners. The information will be provided to the Irish Revenue Commissioners who will exchange the information with the tax authorities of other participating jurisdictions, as applicable. Failure by an Irish FI to comply with its CRS and DAC II obligations may result in the Issuer being deemed to be non-compliant in respect of its CRS obligations and monetary penalties may be imposed on a non-compliant FI under Irish legislation.

The Issuer (or any nominated service provider) will agree that information (including the identity of any Noteholder) supplied for the purposes of CRS and DAC II compliance is intended for the Issuer’s (or any nominated service provider’s) use for the purposes of satisfying CRS and DAC II requirements and the Issuer (or any nominated service provider) will agree, to the extent permitted by applicable law, that it will take reasonable steps to treat such information in a confidential manner, except that the Issuer may

disclose such information (i) to its officers, directors, agents and advisors, (ii) to the extent reasonably necessary or advisable in connection with tax matters, including achieving CRS and DAC II compliance, (iii) to any person with the consent of the applicable Noteholder, or (iv) as otherwise required by law or court order or on the advice of its advisors. Further information in relation to CRS can be found on the Automatic Exchange of Information webpage on [www.revenue.ie](http://www.revenue.ie).

### 3. REGULATORY INITIATIVES

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

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

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

None of the Issuer, the Initial Purchaser, the Collateral Manager, the Trustee nor any of their respective affiliates makes any representation as to the proper characterisation of the Notes for permitted investment, financial institution regulatory, financial reporting or other purposes, as to the ability of particular investors to invest in the Notes under applicable laws and regulations, regulatory capital requirements 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 laws and regulations, regulatory capital requirements, other restrictions 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 permitted investments for them or are subject to investment or other regulatory restrictions, unfavourable accounting treatment, capital charges, reserve requirements or other consequences.

#### 3.1 Basel III

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

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

### 3.2 Risk Retention and Transparency Requirements

#### *EU Retention and Transparency Requirements*

Investors should be aware and in some cases are required to be aware of the risk retention and due diligence requirements in Europe which currently apply in respect of various types of EU regulated investors including institutions for occupational retirement, credit institutions, alternative investment fund managers who manage or market alternative investment funds in the EU, investment firms, insurance and reinsurance undertakings and management companies of UCITS funds (or internally managed UCITS) which are set out in Regulation (EU) 2017/2402 (the “**Securitisation Regulation**”). These requirements restrict such investors from investing in securitisations unless such investors have verified that: (i) the originator, sponsor or original lender will retain, on an ongoing basis, a material net economic interest of not less than five per cent. in the securitisation in accordance with Article 6 of the Securitisation Regulation and the risk retention is disclosed to the investor (and where the originator, original lender, sponsor or SSPE is established in the EU such disclosure is made in accordance with Article 7 of the Securitisation Regulation); (ii) the originator, sponsor or SSPE has, where applicable, made available the information required by the Transparency Requirements (as defined below); and (iii) where the originator or original lender is established in the EU, and is not a credit institution or an investment firm as defined in points (1) and (2) of Article 4(1) of the CRR, the originator or original lender grants all the credits giving rise to the underlying exposures on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those credits and has effective systems in place to apply those criteria and processes in accordance with Article 9(1) of the Securitisation Regulation. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a punitive capital charge on the Notes acquired by the relevant investor. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear.

Relevant investors are required to independently assess and determine the sufficiency of the information described herein for the purposes of complying with any relevant requirements and none of the Issuer, the Initial Purchaser, the Collateral Manager, the Trustee or the Retention Holder, nor any of their respective Affiliates or any other person makes any representation that the information described herein is sufficient in all circumstances for such purposes or any other purpose or that the structure of the Notes, the Retention Holder (including its holding of the Retention Notes) and the transactions described herein are compliant with the EU Retention and Transparency Requirements described herein 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 any deficiency in such information or any failure of the transactions or structure contemplated hereby to comply with or otherwise satisfy such requirements. Furthermore, any relevant regulator's views with regard to the EU Retention and Transparency Requirements may not be based exclusively on technical standards, guidance or other information known at this time.

Prospective investors should therefore make themselves aware of the EU Retention and Transparency Requirements (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. If a regulator determines that the transaction did not comply or is no longer in compliance with the EU Retention and Transparency Requirements or any applicable legal, regulatory or other requirement, then investors may be required by their regulator to set aside additional capital against their investment in the Notes or take other remedial measures in respect of their investment in the Notes.

The Securitisation Regulation imposes a direct obligation on the originator, sponsor or original lender of a securitisation to retain on an ongoing basis a material net economic interest in the securitisation of not less than five per cent. A failure by the Retention Holder to comply with the Securitisation Regulation's direct retention requirement may result in administrative and/or criminal penalties being imposed on the

Retention Holder including, in the case of a legal person, pecuniary sanctions of at least EUR 5,000,000 (or its equivalent) or 10 per cent. of total annual net turnover (the “**Pecuniary Sanctions**”). Any changes in the law or regulation, the interpretation or application of any law or regulation or changes in the regulatory capital treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, may have a negative impact on the price and liquidity of the Notes in the secondary market. Without limitation to the foregoing, no assurance can be given that the EU Retention and Transparency Requirements, or the interpretation or application thereof, will not change, and, if any such change is effected, whether such change would affect the regulatory position of current or future investors in the Notes. The Retention Holder does not have an obligation to change the quantum or nature of its holding of the Retention Notes due to any future changes in the EU Retention and Transparency Requirements or in the interpretation thereof. Any costs incurred by the Issuer in connection with satisfying the requirements of the EU Securitisation Laws shall be paid by the Issuer as Administrative Expenses.

With respect to the commitment of the Retention Holder to retain a material net economic interest in the transaction, please see the summary set out in “*The Retention Holder and The EU Retention and Transparency Requirements*” below.

The transparency requirements contained in Article 7 of the Securitisation Regulation (including any implementing regulation, technical standards and official guidance related thereto, in each case as may be amended, varied or substituted from time to time) (the “**Transparency Requirements**”) require the originator, sponsor and securitisation special purpose entity (“**SSPE**”) of a securitisation to make certain prescribed information relating to the securitisation available to investors, competent authorities and, upon request, to potential investors. The Transparency Requirements also require that one party is designated as the reporting entity and the Issuer has been designated as such as further described below.

The Transparency Requirements impose ongoing reporting obligations which include quarterly portfolio level disclosure (“**Loan Reports**”); quarterly investor reports (“**Investor Reports**”); any inside information relating to the securitisation that the reporting entity is obliged to make public under the Market Abuse Regulation (“**Inside Information**”); and any significant events (“**Significant Events**”). On the basis of the ESMA Final Report (as defined below), it is expected that Loan Reports and Investor Reports will be required to be produced in the form of reporting templates mandated by ESMA for both “public transactions” and “private transactions”. However, the ESMA forms of reporting templates for Inside Information and Significant Events are expected to be applicable to “public transactions” only.

The Loan Reports and the Investor Reports are to be made available simultaneously on a quarterly basis and at the latest one month after each Payment Date. To the extent required by the Transparency Requirements, disclosures relating to any Inside Information and Significant Events are required to be made available without delay.

The originator, sponsor and SSPE must designate amongst themselves one entity to fulfil the Transparency Requirements (the “**reporting entity**”). The Issuer has undertaken to act as the reporting entity in relation to the issuance of the Notes and shall be liable for ensuring the satisfaction of the Transparency Requirements.

The Collateral Manager has, in accordance with the Collateral Management and Administration Agreement, on behalf of and at the expense of the Issuer and subject to any confidentiality undertaking given by the Collateral Manager or to which the Collateral Manager is subject, agreed to co-operate with and provide to the Collateral Administrator and the Issuer any reports, data and other information relating to the Portfolio, and, to the extent necessary, the business and/or operations of the Collateral Manager that the Issuer or the Collateral Administrator may reasonably require in connection with the proper performance by the Issuer, as the designated reporting entity, of its obligations pursuant to the Transparency Requirements (as defined below) (see “Description of the Reports”) (the “Required Information”) provided that (i) such Required Information is in the possession of or reasonably available to the Collateral Manager and (ii) the Issuer and/or the Collateral Administrator do not otherwise have access to such Required Information; and (c) following the adoption of the final disclosure templates in respect of the Transparency Requirements, the Issuer and the Collateral Manager will propose in writing to the Collateral Administrator the form, content, timing and method of distribution of such reports and other information. The Collateral Administrator shall consult with the Issuer and the Collateral Manager and, if it agrees to provide such reporting on such proposed terms, shall confirm in writing to the Issuer and the Collateral Manager and shall make such information available via a website which shall be

accessible (subject to receipt of a certification in the form set out in the Collateral Management and Administration Agreement) to the competent authorities, any Noteholder and any potential investor in the Notes. If the Collateral Administrator does not agree to provide such reporting services on behalf of the Issuer, the Issuer (with the consent of the Collateral Manager and at the cost and expense of the Issuer, subject to and in accordance with the Priorities of Payments) shall appoint another entity to make such additional information available to the competent authorities, any Noteholder and, upon request, any potential investor in the Notes. For the avoidance of doubt, the Collateral Administrator will not assume any responsibility for the Issuer's obligations as the entity responsible to fulfil the reporting obligations under the Transparency Requirements. In providing any reporting services hereunder, the Collateral Administrator assumes no responsibility or liability to the Noteholders, any potential investor in the Notes or any other party (including for their use and/or onward disclosure of such information or documentation) and shall have the benefit of the powers, protections and indemnities granted to it under the Transaction Documents. Any failure by the Issuer to fulfil its obligations in respect of the Transparency Requirements may cause the transaction to be non-compliant with the EU Securitisation Laws. If a regulator determines that the transaction did not comply or is no longer in compliance with the Transparency Requirements, then investors may be required by their regulator to set aside additional capital against their investment in the Notes or take other remedial measures in respect of their investment in the Notes and the Issuer or, to the extent that a regulator were to deem the Collateral Manager responsible for such compliance notwithstanding the designation of the Issuer as responsible for compliance with the Transparency Requirements, and the Collateral Manager may be subject to administrative sanctions in the case of negligence or intentional infringement of the requirements of the Transparency Requirements, including Pecuniary Sanctions. In the event that any such Pecuniary Sanctions are levied on the Issuer may materially adversely affect the Issuer's ability to perform its obligations under the Notes and could have a negative impact on the price and liquidity of the Notes in the secondary market. Any such Pecuniary Sanctions levied on the Collateral Manager may materially adversely affect the Collateral Manager's ability to perform its obligations under the Collateral Management and Administration Agreement. Investors should note that the Collateral Manager may, in certain circumstances, be entitled to indemnification from the Issuer of any such Pecuniary Sanctions levied on the Collateral Manager. See "*Description of the Collateral Management and Administration Agreement – Duties of the Collateral Manager*" below. The Collateral Manager will also be required to indemnify the Issuer for a Collateral Manager Breach (see "*Description of the Collateral Management and Administration Agreement*" below). Investors should note that in respect to such indemnity, the Collateral Manager shall only indemnify the Issuer in instances where it has acted in a manner constituting bad faith, fraud, wilful misconduct or gross negligence (as defined under New York law), whereas the administrative sanctions under Article 32 of the Securitisation Regulation may be applied to the Issuer on the basis of ordinary negligence. Accordingly, should the Issuer be subject to any such administrative sanction due to the Collateral Manager's negligence in respect of its duties under the Collateral Management and Administration Agreement, the Issuer may be unable to have recourse to the Collateral Manager under the Collateral Manager's indemnity.

On 22 August 2018, ESMA published its final report (the "**ESMA Final Report**") on the technical standards on the Transparency Requirements. The ESMA Final Report followed on from ESMA's consultation paper dated 19 December 2017 and consists of draft regulatory technical standards and draft implementing technical standards. The ESMA Final Report includes detailed reporting templates that are required to be completed with respect to the Loan Reports, Investor Reports and, in relation to "public transactions" only, Inside Information and Significant Events (the "**Transparency RTS**"). The European Commission stated that it did not endorse the draft Transparency RTS in its letter to ESMA dated 30 November 2018. ESMA submitted revised Transparency RTS to the Commission on 31 January 2019. The Commission will now decide whether to adopt these revised Transparency RTS. The European Parliament and the Council then have a period of three months following the Commission's adoption in which they may object to the Transparency RTS. The application date of the technical standards has not yet been specified. There remains significant uncertainty as to the scope and application of the reporting requirements contained in the Transparency RTS.

On 30 November, 2018 the EBA, ESMA and the European Insurance and Occupational Pensions Authority (collectively the "**European Supervising Authorities**" or "**ESAs**") published a joint statement (the "**Joint Statement**") regarding the reporting templates under the Transparency Requirements. In the Joint Statement, the ESAs noted that the reporting templates to be prepared by ESMA for the purposes of fulfilling the ongoing Transparency Requirements applicable to the relevant reporting entities under the Transparency Requirements were unlikely to be adopted by 1 January 2019.

Instead the transitional provisions of Article 43(8) of the Securitisation Regulation (the “**Transitional Requirements**”) will apply to the underlying exposure and investor reporting obligations under Article 7(1)(a) and (e) of the Securitisation Regulation until the regulatory technical standards relating to the Transparency Requirements to be adopted by the European Commission apply.

The Transitional Requirements provide that, for the purposes of the Loan Reports and the Investor Reports, the reporting entity shall make available the information referred to in the Annexes of the CRA3 RTS. However, there is no dedicated template within Annexes I to VII of the CRA3 RTS for underlying exposure reporting in respect of CLO transactions nor is it expected that one will be developed in accordance with the CRA3 RTS. Annex VIII of the CRA3 RTS sets out the investor reporting obligations and will apply to CLO transactions. Accordingly, the Issuer intends to initially seek to comply with Article 7(1)(a) and (e) of the Securitisation Regulation through preparation of the Reports (including making available the information referred to in Annex VIII of the CRA3 RTS through the Reports, see “*Description of the Reports*”).

The ESAs have stated that they expect national 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 national competent authorities can, when examining reporting entities’ compliance with the Transparency Requirements (which will apply from 1 January 2019, albeit in a non-standardised manner), take into account the type and extent of information already being disclosed by reporting entities. The ESAs also noted that they expect that difficulties with compliance will be solved with the final adoption of the reporting templates in respect of the Transparency Requirements. As such, the Joint Statement from the ESAs should be viewed as a temporary measure. The Joint Statement goes on to state that this approach does not entail general forbearance, but a case-by-case assessment by the competent authorities of the degree of compliance with the EU Securitisation Laws.

In light of the Joint Statement, the transaction described herein will initially seek to comply with subparagraphs (a) and (e) of Article 7(1) of the Securitisation Regulation through preparation of the Monthly Reports and the Payment Date Reports (see “*Description of the Reports*”) and which will not be in the form prescribed under the CRA3 RTS as no underlying asset template exists for CLO transactions (other than with respect to content set out in Annex VIII of the CRA3 RTS, as described above). Investors should note that it is for relevant competent authorities to determine whether they consider that this form of reporting satisfies the Transparency Requirements and none of the Issuer, the Collateral Manager, the Initial Purchaser, the Trustee or any other person gives any assurance as to whether this form of reporting will satisfy the Transparency Requirements. As the Joint Statement does not “grandfather” transactions that are issued after 1 January 2019 but before the final reporting templates are formally adopted, such transactions, including the transaction described herein, will need to comply with the reporting templates required by the Transparency Requirements once they are adopted.

With respect to the commitment of the Retention Holder to retain a material net economic interest in the securitisation, please see the statements set out in “*The Retention Holder and EU Retention and Transparency Requirements*” below.

#### *U.S. Risk Retention Rules*

On October 21, 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. Except with respect to asset-backed securities transactions that satisfy certain exemptions, the U.S. Risk Retention Rules generally require a “sponsor” of asset-backed securities or its “majority-owned affiliate” (as defined in the U.S. Risk Retention Rules) to retain not less than 5 per cent. of the credit risk of the assets collateralizing asset-backed securities (the “**Minimum Risk Retention Requirement**”). On February 9, 2018, a three-judge panel (the “**Panel**”) of the United States Court of Appeals for the District of Columbia Circuit ruled in favor of the Loan Syndicates and Trading Association in its lawsuit against the Securities and Exchange Commission and the Board of Governors of the Federal Reserve System and held 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 “**LSTA Decision**”). The Panel’s opinion in the LSTA Decision became effective on April 5, 2018, when the district court entered its order following the issuance of the appellate mandate on April 3, 2018 (the “**Mandate**”) in respect thereof.

As a result of the foregoing, none of the Collateral Manager or its affiliates are expected to retain any Notes in order to comply with the Minimum Risk Retention Requirement pursuant to the U.S. Risk Retention Rules; provided, however, that the Collateral Manager in its capacity as Retention Holder will retain the Retention Notes on the Issue Date, with the intention of complying with the EU Risk Retention and Due Diligence Retention Requirements. Accordingly 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 the type of transaction contemplated herein (a “**New Risk Retention Rule**” and together with the U.S. Risk Retention Rules, “**U.S. Retention Regulations**”), and the effect (and extent) of such actions, if any, cannot be known or predicted.

If any determination is made that this transaction is subject to the U.S. Risk Retention Rules, 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.

In the event that the U.S. Retention Regulations become applicable to this transaction in the future, the Issuer’s ability to effect any additional issuance of Notes, any Refinancing or any material amendment may be impaired or limited due to the consent rights of the Collateral Manager with respect to each such action. 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 Issuers and/or any holders of Notes).

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

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

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

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

Notwithstanding the fact that the Retention Holder is purchasing on the Issue Date and retaining Notes of each Class with the intention of satisfying the EU Retention and Transparency Requirements, no party including, without limitation, the Issuer, the Initial Purchaser, the Collateral Manager, the Retention

Holder, the Trustee or any of their respective affiliates makes any representation, warranty or guaranty that such retention would enable any Affected Japanese Investor to comply with the JFSA Securitisation Regulation.

Furthermore, no party including, without limitation, the Issuer, the Initial Purchaser, the Collateral Manager, the Trustee or any of their respective affiliates, makes any representation, warranty or guaranty that the Collateral Obligations were not, or will not be, “inadequately or inappropriately formed,” that the information made available with respect to the Collateral Obligations is sufficient to make such a determination or that this transaction otherwise satisfies the JFSA Securitisation Regulation.

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

### 3.3 **Retention Financing**

The Collateral Manager intends to enter into financing arrangements in respect of the Retention Notes that it is required to acquire in order to comply with the EU Retention and Transparency Requirements (any such arrangements, the “**Retention Financing Arrangements**”). Any such Retention Financing Arrangements, may involve the Collateral Manager either granting security over, or transferring title to, the Retention Notes in connection with such financing; the Collateral Manager intends, on the Issue Date, that the Retention Financing Arrangements will involve title transfer. If the collateral arrangements in respect of such Retention Financing Arrangements are by way of title transfer, the Collateral Manager would retain the economic risk in the Retention Notes but not legal ownership of them. None of the Collateral Manager, the Retention Holder, any Agent, the Issuer, the Trustee, the Initial Purchaser, or any of their respective Affiliates makes any representation, warranty or guarantee that such Retention Financing Arrangements will comply with the EU Retention and Transparency Requirements. In particular, should the Collateral Manager default in the performance of its obligations under the Retention Financing Arrangements, the lender or lenders thereunder would have the right to enforce the security granted by the Collateral Manager, including effecting the sale or appropriation of some or all of the Retention Notes or, if the collateral arrangements in respect of such Retention Financing Arrangements are by way of title transfer, as is intended on the Issue Date, the Collateral Manager would not be entitled to have the Retention Notes (or equivalent securities) returned to it. In exercising its rights pursuant to any Retention Financing Arrangements, any lender would not be required to have regard to the EU Retention and Transparency Requirements and any such sale or appropriation may therefore cause the transaction described in this Offering Circular to be non-compliant with the EU Retention and Transparency Requirements. See “*Certain Conflicts of Interest – Certain Conflicts of Interest Involving or Relating to the Initial Purchaser and its Affiliates*”.

The term of any Retention Financing Arrangements may be considerably shorter than the effective term of the Notes, and separately, or as a result of other terms of the Retention Financing Arrangements may require the Collateral Manager to repay or refinance the Retention Financing Arrangements whilst some or all Classes of Notes are Outstanding. If refinancing opportunities were limited at such time and the Collateral Manager was unable to repay the retention financing from other its own resources, the Collateral Manager could be forced to sell some or all of the Retention Notes in order to obtain funds to repay the retention financing without regard to the EU Retention and Transparency Requirements, and such sales may therefore cause the transaction described in this Offering Circular to be non-compliant with the EU Retention and Transparency Requirements.

The establishment and running costs of any Retention Financing Arrangements (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 **European Market Infrastructure Regulation EU 648/2012 (“EMIR”)**

The European Market Infrastructure Regulation EU 648/2012 (“EMIR”) and its various delegated regulations and technical standards impose a range of obligations on parties to “over-the-counter” (“OTC”) derivative contracts according to whether they are “financial counterparties” such as

investment firms, alternative investment funds (see 3.5 (*Alternative Investment Fund Managers Directive*) below), credit institutions and insurance companies, or other entities which are “non-financial counterparties” (or third country entities equivalent to “financial counterparties” or “non-financial counterparties”).

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

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

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

#### *Clearing obligation*

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

#### *Margin requirements*

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

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

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

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

The Conditions of the Notes allow the Issuer and oblige the Trustee without the consent of any of the Noteholders, to amend the Transaction Documents and/or the Conditions of the Notes to comply with the requirements of EMIR which may become applicable in future.

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

Prospective investors should also be aware that on 4 May 2017, the European 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 impact 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 under "*Margin requirements*" 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 acquire Non-Euro Obligations and/or manage interest rate risk. The Council of the European Union has published its amendments to the Proposal in "compromise proposals" dated 15 and 28 November 2017. The Council of the European Union compromise proposals delete the inclusion of securitisation special purpose entities ("**SSPEs**") in the FC definition. The Proposal is now also subject to scrutiny in the European Parliament. The European Parliament's Economic and Monetary Affairs Committee published a draft report dated 26 January 2018 on the Proposal, in which they also proposed that SSPEs would remain outside the category of FC. This position was confirmed in the text adopted by the European Parliament in plenary session on 12 June 2018.

### 3.5 **Alternative Investment Fund Managers Directive**

EU Directive 2011/61/EU on Alternative Investment Fund Managers ("**AIFMD**") introduced authorisation and regulatory requirements for managers of alternative investment funds ("**AIFs**"). If the Issuer were to be considered to be an AIF within the meaning in AIFMD, it would need to be managed by a manager authorised under AIFMD (an "**AIFM**"). The Collateral Manager is not authorised under AIFMD but is authorised under MiFID II. As the Collateral Manager is not permitted to be authorised under both AIFMD and under MiFID II, it will not be able to apply for an authorisation under AIFMD unless it gives up its authorisation under MiFID II. If considered to be an AIF managed by an authorised AIFM, the Issuer would also be classified as an FC under EMIR and may be required to comply with clearing obligations and/or other risk mitigation techniques (including obligations to post margin to any

central clearing counterparty or market counterparty) with respect to Hedge Transactions (under the Proposal, all AIFs will be FCs whether or not managed by an authorised AIFM). See also 3.4 “*European Market Infrastructure Regulation EU 648/2012 (“EMIR”)*” above.

There is an exemption from the definition of AIF in AIFMD for “securitisation special purpose entities” (the “**SSPE Exemption**”). The European Securities and Markets Authority (“**ESMA**”) has not yet given any formal guidance on the application of the SSPE Exemption or whether a vehicle such as the Issuer would fall within it. However, as regards the position in Ireland, the Central Bank has confirmed that pending such further clarification from ESMA, “registered financial vehicle corporations” with the meaning of Article 1(2) of Regulation (EC) No 24/2009 of the European Central Bank, such as the Issuer, do not need to seek authorisation as an AIF or appoint an AIFM unless the Central Bank issues further guidance advising them to do so.

If the SSPE Exemption does not apply and the Issuer is considered to be an AIF, the Collateral Manager may not be able to continue to manage the Issuer’s assets, or its ability to do so may be impaired. As a result, implementation of the AIFMD may affect the return investors receive from their investment.

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

### 3.6 **CRA**

#### *CRA Regulation in Europe*

Regulation (EU) 462/2013 of the European Parliament and of the European Council amending Regulation EC 1060/2009 on credit rating agencies (“**CRA3**”) came into force on 20 June 2013. CRA3 has subsequently been supplemented by Delegated Regulation (EU) 2015/3 of 30 September 2014 (the “**CRA3 RTS**”).

Article 8(c) of CRA3 has introduced a requirement that where an issuer or a related third party intends to solicit a credit rating of a structured finance instruments, it shall obtain two independent ratings for such instruments. Article 8(d) of CRA3 has introduced a requirement that where an issuer or a related third party intends to appoint at least two credit rating agencies to rate the same instrument, the issuer or a related third party shall consider appointing at least one rating agency having less than a 10 per cent. market share among agencies capable of rating that instrument. The Issuer intends to have two rating agencies appointed, but does not make any representation as to market share of either agency, and any consequences for the Issuer, related third parties and investors if an agency does not have a less than 10 per cent. market share are not specified. Investors should consult their legal advisors as to the applicability of CRA3 and any consequence of non-compliance in respect of their investment in the Notes.

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

The Securities and Exchange Commission (the “SEC”) proposed changes to Regulation AB (as defined under the Securities Act) under the Securities Act which would have had the potential to impose new disclosure requirements on securities offerings pursuant to Rule 144A under the Securities Act or pursuant to other SEC regulatory exemptions from registration. Such rules, if adopted, could have restricted the use of this Offering Circular or require the publication of a new 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.

None of the Issuer, the Collateral Manager or the Initial Purchaser 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 and continue to promulgate a range of new regulatory requirements that may affect the pricing, terms and compliance costs associated with the entry into any Hedge Transaction by the Issuer and the availability of such Hedge Transactions. Some or all of the Hedge Transactions that the Issuer may enter into may be affected by (i) the requirement that certain swaps be centrally cleared and traded on a designated contract market or swap execution facility, (ii) initial or variation margin requirements of any central clearing organisation (with respect to cleared swaps) or initial or variation margin requirements with respect to uncleared swaps, (iii) swap reporting and recordkeeping obligations, and other matters. These new requirements may (x) significantly increase the cost to the Issuer and/or the Collateral Manager of entering into Hedge Transactions such that the Issuer may be unable to purchase certain types of Collateral Obligations, (y) have unforeseen legal consequences on the Issuer or the Collateral Manager or (z) have other material adverse effects on the Issuer or the Noteholders. Furthermore, regulations requiring the posting of variation margin on uncleared swaps entered into by entities such as the Issuer entered into effect in the United States on 1 March 2017. Hedge Transactions may be subject to such requirements, depending on the identity of the Hedge Counterparty. The Trust Deed does not permit the Issuer to post variation margin. Accordingly, the application of United States regulations to a Hedge Transaction or a proposed Hedge Transaction could have a material adverse effect on the Issuer’s ability to hedge its interest or currency rate exposure, or on the cost of such hedging.

### 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, as amended (“CEA”) and the Collateral Manager to be a “commodity pool operator” (“CPO”) and/or a “commodity trading advisor” (a “CTA”), each as defined in the CEA in respect of the Issuer. The CEA, as amended by the Dodd-Frank Act, defines a “commodity pool” to include certain investment vehicles operated for the purpose of trading in “commodity interests” which includes swaps. CPOs and CTAs are subject to regulation by the CFTC and must register with the CFTC unless an exemption from registration is available. Based on applicable CFTC interpretive guidance, the Issuer is not expected to fall within the definition of a “commodity pool” under the CEA and as such, the Issuer (or the Collateral Manager on the Issuer’s behalf) may enter into Hedge Agreements (or any other agreement that would fall within the definition of “swap” as set out in the CEA) following receipt of legal advice from reputable counsel to the effect 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.

In the event that trading or entering into one or more Hedge Agreements would result in the Issuer’s activities falling within the definition of a “commodity pool”, the Collateral Manager may cause the Issuer to be operated in compliance with the exemption set forth in CFTC Rule 4.13(a)(3) for CPOs to pools whose interests are sold to qualifying investors pursuant to an exemption from registration under the Securities Act, and that limit transactions in commodity interests to the trading thresholds set forth in the Rule. Specifically, under CFTC Rule 4.13(a)(3), the Issuer would be required to limit transactions

in commodity interests so that either (i) no more than 5 per cent. of the liquidation value of the Issuer's assets is used as margin, premiums and required minimum security deposits to establish such positions, or (ii) the aggregate net notional value of the Issuer's positions in commodity interests does not exceed 100 per cent. of the Issuer's liquidation value. If the Collateral Manager elects to file for a registration exemption under CFTC Rule 4.13(a)(3), then unlike a CFTC-registered CPO, the Collateral Manager would not be required to deliver a CFTC-mandated disclosure document or a certified annual report to investors, or otherwise comply with the requirements applicable to CFTC-registered CPOs and CTAs. Utilising any such exemption from registration may impose additional costs on the Collateral Manager and the Issuer and may significantly limit the Collateral Manager's ability to engage in hedging activities on behalf of the Issuer.

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

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

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

### 3.10 **Volcker Rule**

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

An "ownership interest" is defined widely and may arise through a holder's exposure to the profits and losses of the "covered fund", as well as through certain rights of the holder to participate in the selection or removal of an investment advisor, investment manager, or general partner, trustee, or member of the board of directors of the "covered fund". A "covered fund" is defined widely, and includes any issuer which would be an investment company under the Investment Company Act 1940 (the "**ICA**") but is exempt from registration solely in reliance on section 3(c)(1) or 3(c)(7) of that Act, subject to certain exemptions found in the Volcker Rule's implementing regulations.

It should be noted that a commodity pool as defined in the CEA (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 Transaction Documents provide that the Noteholders' rights in respect of the removal of the Collateral Manager and selection of a replacement Collateral Manager shall only be exercisable upon an

Collateral Manager Event of Default. Furthermore, the holders of any of the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes in the form of CM Non-Voting Exchangeable Notes or CM Non-Voting Notes are disenfranchised in respect of any CM Removal Resolution or CM Replacement Resolution. However, there can be no assurance that these features will be effective in resulting in instruments issued by the Issuer not being characterised as “ownership interests” in the Issuer.

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

The Class M Notes shall not carry any rights to vote or count towards any quorum or voting results except pursuant to and in accordance with Condition 14(b)(vi) (*Unanimous Resolution of Class M Noteholders*). There can be no assurance that this feature will be effective in ensuring that investments in the Class M Notes by U.S. banking institutions and other “banking entities” subject to the Volcker Rule are not characterised as an “ownership interest” in the Issuer.

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

On 21 December 2018, the five federal agencies responsible for implementing the Volcker Rule approved for issuance a notice of proposed rulemaking which would amend certain aspects of the implementing regulations. As part of that notice, though, the agencies also requested public comment on the need for potential changes to virtually all aspects of the implementing regulations, including those aspects of the regulations relevant to securitisations and their treatment under the Volcker Rule’s covered fund provisions. It is unclear at this time what changes ultimately will be made to the Volcker Rule’s implementing regulations arising from this public comment process, and whether any such changes will affect the ability of banking entities to acquire and retain any of the Notes or to exercise voting rights with respect to the selection or replacement of the Collateral Manager.

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

### 3.11 EU Bank Recovery and Resolution Directive

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

not be able to recover any liabilities owed by such an entity to the Issuer. In addition, a relevant Resolution Authority may exercise its discretions in a manner that produces different outcomes amongst institutions resolved in different EU Member States. It should also be noted that similar powers and provisions are being considered in the context of financial institutions of other jurisdictions.

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

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

The resolution mechanisms under the BRRD correspond closely to those available to the Single Resolution Board (the “**SRB**”) and the European Commission under the single resolution mechanism provided for in Regulation (EU) No 806/2014 (the “**SRM Regulation**”). The SRM Regulation applies to participating Member States (including Member States outside the Eurozone 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 Eurozone (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.

### 3.12 **Regulated Banking Activity**

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

Collateral Obligations subject to these local law requirements may restrict the Issuer’s ability to purchase the relevant Collateral Obligation or may require it to obtain exposure via a Participation. Moreover, these regulatory considerations may differ depending on the country in which each Obligor is located or domiciled, on the type of Obligor and other considerations. Therefore, at the time when Collateral 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.

## 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 can be no assurance as to the presence or extent of a market for the Notes themselves. The Initial Purchaser or its Affiliates, as part of their activities as broker and dealer in fixed income securities, may make a secondary market in relation to the Notes (other than the Subordinated Notes), but are not obliged to do so and may terminate their secondary market making activities at any time without notice. Any indicative prices provided by the Initial Purchaser or its Affiliates shall be determined by the Initial Purchaser in its sole discretion taking into account prevailing market conditions and shall not be a representation by the Initial Purchaser or its Affiliates that any instrument can be purchased or sold at such prices (or at all). Notwithstanding the above, the Initial Purchaser or its 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 for an indefinite period of time or 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 its 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, the Class X Notes are disenfranchised in respect of any CM Removal Resolution or CM Replacement Resolution and such restriction may limit the liquidity of the Class X Notes.

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

### 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 bonds 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 ability to direct a redemption of the Rated Notes in whole on any Business Day falling on or after the expiry of the Non-Call Period, as set out in Condition 7(b)(i) (*Optional Redemption of the Rated Notes in Whole – Subordinated Noteholders*). There can be no assurance, however, that such optional redemption provision will be capable of being exercised as any such exercise is subject to the relevant conditions set out in Condition 7(b) (*Optional Redemption*) being satisfied. These conditions 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, the Class M Notes and to the other creditors of the Issuer pursuant to Condition 11(b) (*Enforcement*) which rank in priority to payments in respect of the Subordinated Notes in accordance with the Priorities of Payments.

#### 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 expiry of the Non-Call Period, at the direction of the Subordinated Noteholders acting by way of Ordinary Resolution, or (B) on any Business Day following a Collateral Tax Event, at the direction of the Subordinated Noteholders acting by Ordinary Resolution. The Notes may also be redeemed in whole if a Note Tax Event has occurred, on any Payment Date following the earlier of (a) the date upon which the Issuer certifies (upon which certification the Trustee may rely without enquiry or liability) to the Trustee that it is not able to mitigate or cure such Note Tax Event and (b) the date which is 90 calendar days from the date upon which the Issuer first becomes aware of such Note Tax Event (provided that such 90 calendar day period shall be extended by a further 90 calendar days in the event that during the former period the Issuer has notified (or procured the notification of) the Trustee and the Noteholders that, based on advice received by it, it expects that it shall have changed the location of the Principal Paying Agent and/or the listing of the Notes or its place of residence or taken such other steps to avoid the occurrence of the Note Tax Event by the end of the latter 90 calendar day period), at the direction of either the Controlling Class or the Subordinated Noteholders acting by Extraordinary Resolution. It should be noted that the Issuer will not be required to change the territory in which it is resident for tax purposes or take any other steps to avoid a Note Tax Event if to do so would impose legal, regulatory, tax or other obligations on the Issuer which would have a materially adverse effect upon it. The Collateral Manager may also direct the Issuer to redeem the Notes in whole from Sale Proceeds on any Business Day falling on or after the expiry of the Non-Call Period, if the Collateral Principal Amount is less than 15.0 per cent. of the Target Par Amount.

In addition, the Rated Notes may be redeemed in part by entire Class from Refinancing Proceeds at the applicable Redemption Prices, from any Refinancing Proceeds on any Business Day falling on or after expiry of the Non-Call Period if the Subordinated Noteholders (acting by way of Ordinary Resolution) or the Collateral Manager direct the Issuer 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)(iv) (*Terms and Conditions of an Optional Redemption*).

As described in Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*), Refinancing Proceeds may be used in connection with either a redemption in whole of the Rated Notes or a redemption in part of the Rated Notes by Class. In the case of a Refinancing upon a redemption of the Rated Notes in whole but not in part, such Refinancing will only be effective if (i) the Issuer provides prior written notice thereof to the Rating Agencies and, if applicable, each Hedge Counterparty; (ii) the Refinancing Proceeds, all Sale Proceeds from the sale of Collateral Obligations and Eligible Investments received in accordance with the procedures set forth in the Trust Deed, and all other available funds will be at least sufficient to pay any Refinancing Costs and all amounts due and payable in respect of all Classes of Notes (including, without limitation, Deferred Interest on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes) save for the Subordinated Notes and all amounts payable in priority thereto pursuant to the Priorities of Payments (subject to any election of a holder of a Rated Note 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; (iii) all Principal Proceeds, Refinancing Proceeds, Sale Proceeds, if any, and other available funds are used (to the extent necessary) to make such redemption; (iv) 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; (v) all Refinancing Proceeds and all Sale Proceeds from the sale of Collateral Obligations and Eligible Investments received in accordance with the procedures set forth in the Trust Deed are received by (or on behalf of) the Issuer on or before the Business Day prior to the applicable Redemption Date; and (vi) any issuance of replacement notes would not result in non-compliance by the Collateral Manager with the EU Retention and Transparency Requirements or the U.S. Retention Regulations.

Subordinated Noteholders and Class M Noteholders should note that any optional redemption of Rated Notes in whole from Refinancing Proceeds may result in material changes to the Conditions (such as the Maturity Date, Reinvestment Period and Weighted Average Life Test) with such amendments being binding on all Subordinated Noteholders (whether or not they directed such redemption) and the Class M Noteholders following an Ordinary Resolution in accordance with the Conditions.

In the case of a Refinancing upon a redemption of the Rated Notes in part by Class, such Refinancing will be effective only if: (i) the Issuer provides prior written notice thereof to the Rating Agencies and,

if applicable, each Hedge Counterparty; (ii) the Refinancing Obligations are in the form of notes; (iii) any redemption of a Class of Notes is a redemption of the entire Class which is subject to the redemption; (iv) 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 in connection with such Refinancing; (v) if the Partial Redemption Date is not a Payment Date, the amount the Collateral Manager reasonably determines would be available for distribution under the Interest Proceeds Priorities of Payments on the immediately following Payment Date will be at least sufficient to pay in full (a) all accrued and unpaid Trustee Fees and Expenses and Administrative Expenses due on the immediately following Payment Date (excluding any such amounts incurred in connection with such Refinancing); plus (b) all accrued and unpaid interest on the Rated Notes (excluding any such amounts paid in connection with the Refinancing); (vi) the Refinancing Proceeds are used (to the extent necessary) to make such redemption; (vii) 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; (viii) 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 pursuant to Condition 7(b)(ii) (*Optional Redemption of the Rated Notes in Part – Subordinated Noteholders or Collateral Manager*); (ix) the maturity date of each class of Refinancing Obligation is the same as the Maturity Date of the Class of Notes being redeemed pursuant to Condition 7(b)(ii) (*Optional Redemption of the Rated Notes in Part – Subordinated Noteholders or Collateral Manager*); (x) the ‘Margin’ of any Refinancing Obligations will be equal to or less than the Margin of the Rated Notes subject to such Optional Redemption; (xi) payments in respect of the Refinancing Obligations are subject to the Priorities of Payments and rank at the same priority pursuant to the Priorities of Payments as the relevant Class or Classes of Rated Notes being redeemed; (xii) the voting rights, consent rights, redemption rights and all other rights of the Refinancing Obligations are the same as the rights of the corresponding Class of Rated Notes being redeemed; (xiii) all Refinancing Proceeds are received by (or on behalf of) the Issuer on or prior to the applicable Redemption Date; and (xiv) any issuance of replacement notes would not result in non-compliance by the Collateral Manager with the EU Retention and Transparency Requirements or the U.S. Retention Regulations.

Following a Refinancing, the Trustee is obliged to agree to any modifications to the Trust Deed and the other Transaction Documents if requested to do so by the Issuer or the Collateral Manager on its behalf to the extent that the Issuer certifies that such modifications are necessary to reflect the terms of the Refinancing and no further consent for such modifications shall be required from the Noteholders. No assurance can be given that any such modifications to the Trust Deed and/or the other Transaction Documents and/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 Subordinated Noteholders who do not direct such redemption).

The Subordinated Notes may be redeemed at their Redemption Price, in whole but not in part, on any Business Day on or after the redemption or repayment in full of the Rated Notes, at the direction of the Subordinated Noteholders (acting by way of Ordinary Resolution). Any such direction by Ordinary Resolution will be binding on all Subordinated Noteholders whether or not they directed such redemption.

The Class M Notes are subject to mandatory redemption in whole upon the redemption in whole of all other Classes of Notes in accordance with the Conditions on the applicable Redemption Date thereof, in each case in an amount equal to the Class M Distribution Amount due and payable and unpaid as at such date.

In the event of an early redemption, the Noteholders 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 and to other parties senior to the Subordinated Noteholders in accordance with the applicable Priorities of Payments. 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. Investors should note that the Notes may be redeemed on a date other than a scheduled Payment Date and the Issuer will not be responsible for any expenses or costs an Investor may incur by terminating any financing or hedging arrangements it has entered into in relation to the Notes prior to a scheduled Payment Date.

#### 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 notifies the Trustee (on which the Trustee may rely without further enquiry) that it 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 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. On the Special Redemption Date, the Special Redemption Amount will be applied in accordance with the Priorities of Payments. Application of funds in such manner will result in Noteholders being repaid, at least in part, prior to the Maturity Date and could result in a reduction of amounts ultimately available to make payments with respect to the Notes.

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

Certain mandatory redemption arrangements may result in an elimination, deferral or reduction in the interest payments or principal repayments made to the Noteholders of the Rated Notes or the level of the returns to the Class M Noteholders or the Subordinated Noteholders, including following the breach of any of the Coverage Tests or the occurrence of an Effective Date Rating Event.

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

The Reinvestment Period may terminate early if any of the following occur: (a) acceleration of the Notes following a Note Event of Default or (b) the Collateral Manager notifies the Issuer 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 Class M Notes and 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 in respect of Collateral Obligations and the Sale Proceeds from the sale of Credit Risk Obligations and Credit Improved Obligations (provided that the Sale Proceeds from the sale of Credit Improved Obligations may only be reinvested provided (i) such reinvestment is made no later than one year following the expiry of the Reinvestment Period; or (ii) following such reinvestment the Adjusted Collateral Principal Amount is greater than the Reinvestment Target Par Balance), subject to certain conditions set forth in the Collateral Management and Administration Agreement. See “*The Portfolio – Management of the Portfolio – Following the Expiry of the Reinvestment Period*” below. 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 **Certain Actions May Prevent the Failure of Coverage Tests and a Note Event of Default**

Investors should note that, pursuant to the Conditions and the Transaction Documents:

##### (a) **Additional Issuances**

At any time, subject to certain conditions, the Issuer may issue additional Notes (other than the Class X Notes and the Class M Notes) and apply the net proceeds to acquire Collateral Obligations or (in the case of a further issuance of Subordinated Notes) apply such net proceeds as Interest Proceeds pursuant to the Interest Priority of Payments or for other Permitted Uses (see Condition 17 (*Additional Issuances*)).

##### (b) **Redirection of funds to reinvestment**

The Collateral Manager may, pursuant to the Priorities of Payments, apply funds by either deferring, designating for reinvestment in Collateral Obligations or the purchase of Rated Notes pursuant to Condition 7(k) (*Purchase*) or irrevocably waiving all or a portion of the Collateral Management Fees that would otherwise have been payable to it or designating a Supplemental Reserve Amount.

(c) Contributions

A Noteholder (other than a Class M Noteholder) may, in certain circumstances, provide the Issuer with cash by way of a Contribution, to be applied toward a specified Permitted Use.

(d) Collateral Manager Advances

The Collateral Manager may make Collateral Manager Advances pursuant to Condition 3(l) (*Collateral Manager Advances*) from time to time, on no more than three separate occasions, to the extent there are insufficient sums standing to the credit of the Supplemental Reserve Account to exercise rights under Collateral Enhancement Obligations which the Collateral Manager determines on behalf of the Issuer should be exercised. Outstanding Collateral Manager Advances may accrue interest at a rate of EURIBOR plus 2.0 per cent. per annum.

Any of the above actions 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 securing the Notes. Payments on the Notes both prior to and following enforcement of the security over the Collateral are subordinated to the prior payment of certain fees and expenses of, or payable by, the Issuer and to payment of principal and interest on prior ranking Classes of Notes. See Condition 4(c) (*Limited Recourse and Non-Petition*). None of the Collateral Manager, the Noteholders of any Class, the Initial Purchaser, the Trustee, the Collateral Administrator, the Custodian, any Agent, any Hedge Counterparty, the Retention Holder 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 securing the Notes for the payment of principal, discount, interest and premium, if any, thereon. There can be no assurance that the distributions on the Collateral Obligations and other Collateral securing the Notes will be sufficient to make payments on any Class of Notes after making payments on more senior Classes of Notes and certain other required amounts to other creditors ranking senior to or *pari passu* with such Class pursuant to the Priorities of Payments. If distributions on the Collateral securing the Notes are insufficient to make payments on the Notes, no other assets (and, in particular, no assets of the Collateral Manager, the Noteholders, the Initial Purchaser, the Trustee, the Collateral Administrator, the Custodian, any Agent, any Hedge Counterparty, the Retention Holder or any Affiliates of any of the foregoing) will be available for payment of the deficiency and following realisation of the Collateral securing the Notes and the application of the proceeds thereof in accordance with the Priorities of Payments, the obligations of the Issuer to pay such deficiency shall be extinguished. Such shortfall will be borne by the Noteholders and the other Secured Parties in reverse order in accordance with the Priorities of Payments.

In addition, at any time while the Notes are Outstanding, none of the Noteholders nor the Trustee nor any other Secured Party (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of any bankruptcy, reorganisation, arrangement, insolvency, examinership, winding up or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the Notes, the Trust Deed or otherwise owed to the Noteholders or any other Secured Party, 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, and a winding-up (or similar) position was presented in respect of the Issuer, then the presentation of such a petition could (subject to certain Conditions) result in one or more payments on the Notes made during the period prior to such presentation being deemed to be preferential transfers subject to avoidance by the bankruptcy trustee or similar official exercising authority with respect to the Issuer's bankruptcy estate. It could also result in the bankruptcy court, trustee or receiver liquidating the assets of the Issuer without regard to any votes or directions required for such liquidation pursuant to the Trust Deed and could result in any payments under the Notes made during the period prior to such presentation being deemed to be a fraudulent or improper disposition of the Issuer's assets.

#### 4.11 **Subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class M Notes and the Subordinated Notes**

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

The payment of principal and interest on any other Classes of Notes may not be made until all payments of principal and interest due and payable on any Classes of Notes ranking in priority thereto pursuant to the Priorities of Payments have been made in full, subject to and as more fully described in the Priorities of Payments. Payments on the Class M Notes and the Subordinated Notes will be made by the Issuer to the extent of available funds and no payments thereon will be made until the payment of certain fees and expenses have been made and until interest on the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes has been paid and, subject always to the right of the Collateral Manager on behalf of the Issuer to transfer amounts which would have been payable on the Subordinated Notes to the Supplemental Reserve Account to be applied in the acquisition of Substitute Collateral Obligations or to be applied in the exercise of rights under Collateral Enhancement Obligations or to the Principal Account in the event that the Reinvestment Par Value Test is not satisfied on any Determination Date on or after the Effective Date and during the Reinvestment Period, will instead be applied in the acquisition of Collateral Obligations to the extent necessary to cause such threshold to be satisfied following such acquisition.

Investors should note that amounts credited to the Supplemental Reserve Account may, at the discretion of the Collateral Manager, be applied to make payments to the Subordinated Noteholders without regard to the Note Payment Sequence in accordance with Condition 3(k)(vi) (*Supplemental Reserve Account*), respectively. Application of funds in such manner will result in the Subordinated Noteholders being repaid, at least in part, prior to the Maturity Date and could result in a reduction of amounts ultimately available to make payments with respect to the Rated Notes and the Class M Notes.

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

In the event of any acceleration of the Class A Notes, (i) the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class M Notes and the Subordinated Notes will also be subject to automatic acceleration and (ii) the Collateral will, in each case, be liquidated. Liquidation of the Collateral at such time or remedies pursued by the Trustee upon enforcement of the security over the Collateral could be adverse to the interests of the Class X Noteholders, the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class M 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 M Noteholders, then

by the Class F Noteholders, then by the Class E Noteholders, then by the Class D Noteholders, then by the Class C Noteholders, then by the Class B Noteholders and, finally, by the Class X Noteholders and the Class A Noteholders (on a *pro rata* and *pari passu* basis). Remedies pursued on behalf of the Class X Noteholders and the Class A Noteholders could be adverse to the interests of the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class M Noteholders and the Subordinated Noteholders. Remedies pursued on behalf of the Class B Noteholders could be adverse to the interests of the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class M Noteholders and the Subordinated Noteholders. Remedies pursued on behalf of the Class C Noteholders could be adverse to the interests of the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class M Noteholders and the Subordinated Noteholders. Remedies pursued on behalf of the Class D Noteholders could be adverse to the interests of the Class E Noteholders, the Class F Noteholders, the Class M Noteholders and the Subordinated Noteholders. Remedies pursued on behalf of the Class E Noteholders could be adverse to the interests of the Class F Noteholders, the Class M Noteholders and the Subordinated Noteholders. Remedies pursued on behalf of the Class F Noteholders could be adverse to the interests of the Class M Noteholders and the Subordinated Noteholders. Remedies pursued on behalf of the Class M Noteholders could be adverse to the interests of the Subordinated Noteholders.

The Trust Deed provides that in the event of any conflict of interest among or between the Class X Noteholders, the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class M Noteholders and the Subordinated Noteholders, the interests of the Controlling Class will prevail. If the holders of the Controlling Class do not have an interest in the outcome of the conflict, the Trustee shall give priority to the interests of: (i) the Class X Noteholders and the Class A Noteholders over the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class M Noteholders and the Subordinated Noteholders, (ii) the Class B Noteholders over the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class M Noteholders and the Subordinated Noteholders; (iii) the Class C Noteholders over the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class M Noteholders and the Subordinated Noteholders; (iv) the Class D Noteholders over the Class E Noteholders, the Class F Noteholders, the Class M Noteholders and the Subordinated Noteholders; (v) the Class E Noteholders over the Class F Noteholders, the Class M Noteholders and the Subordinated Noteholders; (vi) the Class F Noteholders over the Class M Noteholders and the Subordinated Noteholders; and (vii) the Class M Noteholders over the Subordinated Noteholders. In the event that the Trustee shall receive conflicting or inconsistent requests from two or more groups of holders of the Controlling Class (or another Class is given priority as described in this paragraph), the Trustee shall give priority to the group which holds the greater 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 Calculation of Rate of Interest

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

If a EURIBOR screen rate does not appear, or the relevant page is unavailable, and the Issuer is unable to select Reference Banks to provide quotations in the manner described in Condition 6(d)(i)(B) (*Floating Rate of Interest*), the relevant Rate of Interest in respect of such Payment Date shall be determined, pursuant to Condition 6(d)(i)(D) (*Floating Rate of Interest*), as the Rate of Interest in effect as at the immediately preceding Accrual Period that was determined by reference to a EURIBOR screen rate or through quotations provided by four Reference Banks provided that, in respect of any Accrual Period immediately following the occurrence of a Frequency Switch Event occurs, the relevant Rate of Interest shall be calculated using the offered rate for six month Euro deposits using the rate available as

at the previous Interest Determination Date. To the extent interest amounts in respect of the Notes are determined by reference to a previously calculated rate, Noteholders may be adversely affected. In such circumstances, the Calculation Agent shall not have any obligation to determine the Rate of Interest on any other basis.

#### **4.13 Amount and Timing of Payments**

To the extent that interest payments on the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes are not made on a relevant Payment Date, such unpaid interest amounts will be deferred and the amount thereof added to the principal amount Outstanding of the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, as the case may be, and earn interest at the interest rate applicable to such Notes, whereas Deferred Interest on the Class M Notes will not be added to the principal amount of the Class M Notes or earn interest. Any failure to pay scheduled interest on the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class M Notes or any interest on the Subordinated Notes at any time, due to there being insufficient funds available to pay such interest in accordance with the applicable Priorities of Payments, will not be a Note Event of Default. Payments of interest and principal on the Class M Notes and the Subordinated Notes will only be made to the extent that there are Interest Proceeds and Principal Proceeds available for such purpose in accordance with the Priorities of Payments. No interest or principal may therefore be payable on the Class M Notes and 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 the 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.

#### **4.14 Reports Will Not Be Audited**

The Monthly Reports and Payment Date 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 provided by a public accounting firm.

#### **4.15 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 these credit ratings are not a guarantee of such quality. There is no assurance that a rating accorded to any of the Rated Notes will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a Rating Agency if, in its judgement, circumstances in the future so warrant. In the event that a rating initially assigned to any of the Rated Notes is subsequently lowered for any reason, no person or entity is required to provide any additional support or credit enhancement with respect to any such Rated Notes and the market value of such Rated Notes is likely to be adversely affected.

Prospective investors in the Rated Notes should be aware that, as a result of recent economic events (see 1.5 (*Events in the CLO and Leveraged Finance Markets*) above), 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 Rated 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 may have

previously provided confirmation that such occurrence would not result in the rating of such Rated Note being lowered. Additionally, any Rating Agency may, at any time and without any change in its published ratings criteria or methodology, lower or withdraw any rating assigned by it to any Class of Rated Notes. If any rating initially assigned to any Rated Note is subsequently lowered or withdrawn for any reason, holders of these Rated Notes may not be able to resell their Rated 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 Rated 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 CRA3. As such each Rating Agency is included in the list of credit rating agencies published by ESMA on its website in accordance with CRA3. ESMA may determine that one or both of the Rating Agencies no longer qualifies for registration under CRA3 and that determination may also have an adverse effect on the market prices and liquidity of the Rated Notes.

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

Historically, many actions by issuers of 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 Noteholders.

If a Rating Agency announces or informs the Trustee, the Collateral Manager or the Issuer that confirmation from such Rating Agency is not required for a certain action or that its practice is to not give such confirmations for certain types of actions, the requirement for confirmation from such Rating Agency will not apply. Further, in connection with the Effective Date, if either Rating Agency has not yet confirmed 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 (which will not include any reports or certificates from the Issuer's independent public accountants) 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 (“**Unsolicited Ratings**”) 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. Issuance of an Unsolicited Rating lower than the ratings assigned by the Rating Agencies on the applicable Rated Notes might adversely affect the liquidity and market value 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 liquidity and market value of the Rated Notes.

#### 4.16 **Actions of any Rating Agency can adversely affect the market value or liquidity of the Notes**

The SEC adopted Rule 15Ga-2 and Rule 17g-10 to the United States Securities Exchange Act of 1934, on 27 August 2014, which require certain filings or certifications to be made in connection with the performance of “due diligence services” for rated asset-backed securities on or after 15 June 2015. Under Rule 17g-10, a provider of third-party due diligence services must provide to each nationally recognised statistical rating organisation that is rating the applicable transaction, a written certification in a prescribed form (which obligation may be satisfied if the Issuer posts such certification in the required form to the Rule 17g-5 website referred to above, maintained in connection with the transaction). 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 Issuer and the Collateral Manager, 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. 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 Notes (and any beneficial owner of Rated Notes that relies on ratings of securities for regulatory or other compliance purposes) may be adversely affected.

#### 4.17 **Average Life and Prepayment Considerations**

The Maturity Date is 20 July 2032 (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) in respect of the Notes. 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, prepayment, redemption, default or other liquidation or disposition). The actual average lives and actual maturities of the Notes will be affected by the financial condition of the obligors of the underlying Collateral Obligations and the characteristics of such assets, including the existence and frequency of exercise of any optional or mandatory redemption features, the prevailing level of interest rates, the redemption price, any prepayment fees, the actual default rate, the actual level of recoveries on any Defaulted Obligations and the timing of defaults and recoveries, and the frequency of tender or exchange offers for such Collateral 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 remaining Portfolio and the rate of payment thereon and, accordingly, may affect the actual average lives of the Notes. The rate of and timing of future defaults and the amount and timing of any cash realisation from Defaulted Obligations also will affect the maturity and average lives of the Notes.

*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 prepayment, 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; and mismatches between the time of accrual and receipt of Interest Proceeds from the Collateral Obligations. None of the Issuer, the Collateral Manager, the Trustee, the Initial Purchaser, the Collateral Administrator or any other party to this transaction or any of their respective Affiliates has any obligation to update or otherwise revise any projections, forecasts or estimates, including any revisions to reflect changes in economic conditions or other circumstances arising after the date of this Offering Circular or to reflect the occurrence of unanticipated events.

#### **4.18 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 and the Class M Notes may be subject to a partial or a complete loss of invested capital. The Subordinated Notes represent the most junior securities in a leveraged capital structure. As a result, any deterioration in performance of the asset portfolio, including defaults and losses, a reduction of realised yield or other factors, will be borne first by Subordinated Noteholders, and then by the holders of the Rated Notes and the Class M Notes in reverse order of seniority.

In addition, the failure to meet certain Coverage Tests will result in cash flows that may have been otherwise available for distribution to the Subordinated Noteholders, to pay interest on one or more subordinate Classes of Rated Notes and/or the Class M 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/or the Class M Notes and cause temporary or permanent suspension of distributions to the Subordinated Noteholders and/or one or more subordinate Classes of Rated Notes and/or the Class M Notes. See 4.5 (*Mandatory Redemption of the Rated 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.

#### **4.19 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 in full upon the occurrence of a Note Event of Default on or about that date.

#### **4.20 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. The Custodian will hold such assets which

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

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

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

#### *Fixed Security*

Although the security constituted by the Trust Deed over the Collateral held from time to time, including the security over the Accounts, is expressed to take effect as a fixed charge, it may (as a result of, among other things, the substitutions of Collateral 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.

In addition, the Trust Deed is governed by English law but certain of the Collateral Obligations, Collateral Enhancement Obligations, Exchanged Equity Securities and Eligible Investments may be governed by the laws of jurisdictions other than England and/or will be obligations of obligors situated in jurisdictions other than England. The security granted by the Issuer under the Trust Deed may not be recognised in all such jurisdictions. In such case, a creditor of the Issuer may be able, by way of legal proceedings or otherwise in the relevant jurisdiction, to attach against the relevant Collateral Obligation, Collateral Enhancement Obligation, Exchanged Equity Security or Eligible Investment so that such creditor is able to have the asset transferred to it or sold and the proceeds paid to it, in each case, in discharge of the debt owed by the Issuer to such creditor. In addition, to the extent that the security over any Collateral Obligations, Collateral Enhancement Obligations, Exchanged Equity Securities or Eligible Investments is not recognised in a jurisdiction, the priority of the claims of the Secured Parties in respect of such Collateral Obligations, Collateral Enhancement Obligations, Exchanged Equity Securities and Eligible Investments would not be recognised in insolvency proceedings in respect of the Issuer in such jurisdiction.

#### **4.21 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 (and in the case of the Class M Notes, solely by way of Unanimous Resolution in accordance with Condition

14(b)(vi) (*Unanimous Resolution of Class M Noteholders*)), 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 held or represented by any person or persons entitled to vote which are present at such meeting and are voted and not by the aggregate Principal Amount Outstanding of all such Notes which are entitled to be voted in respect of such Resolution. This means that a lower percentage of Noteholders may pass a Resolution which is put to a meeting of Noteholders than would be required for a Written Resolution in respect of the same matter.

There are, however, quorum provisions which provide that a minimum number of Noteholders representing a minimum amount of the aggregate Principal Amount Outstanding of the applicable Class or Classes of Notes be present at any meeting to consider an Extraordinary Resolution or an Ordinary Resolution. The quorum required for a meeting of Noteholders (other than an adjourned meeting or a meeting of a particular Class or Classes) to pass an Extraordinary Resolution is one or more persons holding or representing not less than 66 $\frac{2}{3}$  per cent. of the aggregate Principal Amount Outstanding of each Class of Notes (or the relevant Class or Classes only, if applicable), 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). In the case of Extraordinary Resolutions and Ordinary Resolutions, the quorum is less at an adjourned meeting. The voting threshold at any Noteholders' meeting in respect of an Ordinary Resolution or an Extraordinary Resolution of all Noteholders is, respectively, more than 50 per cent. or at least 66 $\frac{2}{3}$  per cent. of the aggregate of the Principal Amount Outstanding of the Notes of each Class represented at the meeting and voted. Accordingly, it is likely that, at any meeting of the Noteholders, an Ordinary Resolution or an Extraordinary Resolution may be passed with less than 50 per cent. or 66 $\frac{2}{3}$  per cent. respectively of all the Noteholders of each Class of Notes or relevant Class or Classes of Notes, as applicable. Such quorum provisions still, however, require considerably lower thresholds (other than a Unanimous Resolution of any Class M Noteholders) than would be required for a Written Resolution.

Investors should note that the Retention Holder has a right of veto in relation to certain matters which may be voted upon by Noteholders. In particular, provided that no Retention Event has occurred and is continuing, no modification or any Resolution to approve the modification of the Eligibility Criteria, the Portfolio Profile Tests, the Collateral Quality Tests, the Reinvestment Criteria, or any material changes to them, in each case, that would affect the Retention Holder's ability to comply with the EU Retention and Transparency Requirements, or any Resolution in respect of the appointment of a replacement Collateral Manager (other than where the outgoing Collateral Manager is the Retention Holder or any Affiliate of the Retention Holder), will be effective without the consent in writing of the Retention Holder. See Condition 14(b)(x) (*Retention Holder Veto*). 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 solely by the Noteholders of the relevant Class or Classes (acting by Extraordinary Resolution).

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

Any Notes (including Rated Notes, Class M Notes and Subordinated Notes) held by or on behalf of any Collateral Manager Related Party, shall have no voting rights with respect to, and shall not be counted

for the purposes of determining a quorum and the results of voting on any CM Removal Resolution or CM Replacement Resolution.

Notes constituting the Controlling Class that are in the form of CM Non-Voting Notes or CM Non-Voting Exchangeable 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. As a result, for so long as any of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes constitute the Controlling Class, only Notes in the form of CM Voting Notes may form a small percentage of the Controlling Class and/or be held by a concentrated group of Noteholders. Investors should be aware that such CM Voting Notes will be entitled to vote to pass a CM Removal Resolution or a CM Replacement Resolution and the remaining percentage of the Controlling Class (in the form of CM Non-Voting Notes and/or CM Non-Voting Exchangeable 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 Class A Notes should be aware that for so long as the Class A Notes have not been redeemed and paid in full, if no Class A Notes are held in the form of CM Voting Notes, such Class A 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 in accordance with the definition of Controlling Class.

Similarly, investors in the other Classes of 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.

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

The Class M Notes shall not carry any rights to vote or count towards any quorum or voting results except pursuant to and in accordance with Condition 14(b)(vi) (*Unanimous Resolution of Class M Noteholders*).

Notwithstanding the foregoing, in connection with any Resolution, the Class M Notes shall not carry any rights to vote or count towards any quorum or voting results except pursuant to and in accordance with Condition 14(b)(vi) (*Unanimous Resolution of Class M Noteholders*).

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 Criteria or the Collateral Quality Tests and the related definitions, provided that Rating Agency Confirmation has been obtained, (to the extent provided in Condition 14(c) (*Modification and Waiver*)) the Controlling Class has consented by way of Ordinary Resolution and the Retention Holder has not exercised its veto in relation to those matters.

Investors should note that for the purposes of determining voting rights attributable to the Notes and the applicable quorum at any meeting of the Noteholders pursuant to Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*), (i) the Class B-1 Notes and the Class B-2 Notes shall together be deemed to constitute a single Class and (ii) the Class C-1 Notes and the Class C-2 Notes shall together be deemed to constitute a single Class in respect of any voting rights specifically granted to them (including as the Controlling Class). As a consequence, holders of (i) the Class B-1 Notes and Class B-2 Notes shall act not separately, but together as a single Class for voting purposes and (ii) the Class C-1 Notes and Class C-2 Notes shall act not separately, but together as a single Class for voting purposes, including in relation to amendments where the interests of such Noteholders may not be aligned.

Certain entrenched rights relating to the Conditions can only be amended or waived by the passing of an Extraordinary Resolution or in the case of the Class M Notes, a Unanimous Resolution. It should, however, be noted that certain amendments may still be effected and waivers may still be granted in

respect of such provisions in circumstances where not all Noteholders agree with the terms thereof and any amendments or waivers once passed in accordance with the provisions of the Conditions and the provisions of the Trust Deed will be binding on all such dissenting Noteholders. Noteholders should further note that any amendments that would otherwise require an Extraordinary Resolution may be passed by an Ordinary Resolution if made contemporaneously with a Refinancing in respect of all of the Classes of Rated Notes. In addition to the Trustee's right to agree to changes to the Transaction Documents to correct a manifest error, or to changes which, in its opinion, are not materially prejudicial to the interests of the Noteholders of any Class without the consent of the Noteholders, modifications may also be made and waivers granted in respect of certain other matters, which the Trustee is obliged to consent to without the consent of the Noteholders as set out in Condition 14(c) (*Modification and Waiver*). Without prejudice to the generality of the foregoing, such modifications may include the modification of any Transaction Document to comply with changes in the EU Retention and Transparency Requirements or which result from the implementation of the implementing technical standards relating thereto or any subsequent risk retention legislation or official guidance.

Furthermore, the prior consent of each Hedge Counterparty may be required to the extent provided for in the applicable Hedge Agreement in respect of a modification, amendment or supplement to any provision of a Transaction Document. Any such consent, if withheld in accordance with the terms of the applicable Hedge Agreement, may prevent the Transaction Documents from being modified in a manner beneficial to the Noteholders or in a manner required in order to ensure regulatory compliance.

#### 4.22 Concentrated Ownership of one or more Classes of Notes

If at any time one or more investors that are affiliated hold a majority of one or more Classes of Notes, it may be more difficult for other investors to take certain actions that require consent of the one or more Classes of Notes without their consent. For example, a majority of the Subordinated Notes may by way of an Ordinary Resolution direct an optional redemption of all of the Notes.

#### 4.23 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 paragraph 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 Condition 11(b) (*Enforcement*)) 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 C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class M Notes) and all amounts payable in priority thereto pursuant to the Priorities of Payments; or otherwise (B) in the case of any Note Event of Default, the Controlling Class acting by way of Ordinary Resolution (and no other Class of Notes) may direct the Trustee to take Enforcement Action without regard to any other Note Event of Default which has occurred prior to, contemporaneously with 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 Payments 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.

#### 4.24 **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, as amended, (the “Code”) or entities whose underlying assets are treated as assets of such plans or arrangements (collectively, “Plans”) invest in a Class of Notes that is treated as equity under that regulation (which could include the Class E Notes, the Class F Notes, the Class M Notes and 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*” below.

#### 4.25 **Forced Transfer**

Each initial investor 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. In addition, each Noteholder will be deemed or in some cases required to make certain representations in respect of ERISA.

The Trust Deed will provide that if, notwithstanding the restrictions on transfer contained therein (if applicable), the Issuer determines 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 a QIB/QP at the time it acquires an interest in a Rule 144A Note (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, 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”), the Issuer shall, promptly after determination that such person is a Non-Permitted Noteholder or Non-Permitted ERISA Noteholder by the Issuer, send notice to such Non-Permitted Noteholder or Non-Permitted ERISA Noteholder (as applicable) demanding that such Noteholder transfer its interest to a person that is not a Non-Permitted Noteholder or Non-Permitted ERISA Noteholder (as applicable) within 30 calendar days in the case of a Non-Permitted Noteholder or 10 calendar days in the case of a Non-Permitted ERISA Noteholder (as applicable) of the date of such notice. If such Noteholder fails to effect the transfer required within such 30-calendar day period or 10-calendar day period (as applicable), (a) the Issuer, or the Collateral Manager on its behalf, shall cause such beneficial interest to be transferred in a commercially reasonable 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 (as defined in Regulation S) or is a QIB/QP and is not a Non-Permitted ERISA Noteholder and (b) pending such transfer, no further payments will be made in respect of such beneficial interest.

In addition, the Trust Deed generally provides that, 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/or the CRS and to prevent the imposition of 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

### 5. **RELATING TO THE COLLATERAL OBLIGATIONS**

#### 5.1 **The Portfolio**

The decision by any prospective holder of Notes to invest in such Notes should be based, among other things (including, without limitation, the identity of the Collateral Manager), on the Eligibility Criteria (and Reinvestment Criteria, when applicable) 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, Reinvestment Par Value Test and Target Par Amount that the Portfolio is required to satisfy as at the Effective Date (other than (i) in respect of the Class F Par Value Test, which is required to be satisfied after the Reinvestment Period, and (ii) in respect of the Interest Coverage Tests, which are required to be

satisfied as at the Determination Date immediately 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 judgement and ability of the Collateral Manager in acquiring investments for purchase on behalf of the Issuer over time. No assurance can be given that the Issuer will be successful in obtaining suitable investments or that, if such investments are made, the objectives of the Issuer will be achieved.

None of the Issuer or the Initial Purchaser 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 Initial Purchaser, the Custodian, the Collateral Manager, the Collateral Administrator, any Hedge Counterparty, the Retention Holder 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, the Collateral Administrator, any Hedge Counterparty, the Initial Purchaser, the Retention Holder or any of their Affiliates has any liability to the Noteholders as to the amount or value of, or any decrease in the value of, the Collateral Obligations from time to time.

Furthermore, pursuant to the Collateral Management and Administration Agreement, the Collateral Manager is required to carry out due diligence in accordance with the standard of care specified in the Collateral Management and Administration Agreement, to ensure the Eligibility Criteria will be satisfied prior to the entry by the Issuer (or the Collateral Manager (acting on behalf of the Issuer)) into a commitment to purchase an asset intended to constitute a Collateral Obligation 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.

## 5.2 Nature of Collateral; Defaults

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

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

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

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

The financial markets periodically experience substantial fluctuations in prices for obligations of the types that may be Collateral Obligations and limited liquidity for such obligations. No assurance can be made that the conditions giving rise to such price fluctuations and limited liquidity will not occur, subsist or become more acute following the Issue Date. During periods of limited liquidity and higher price volatility, the ability of the Collateral Manager (on behalf of the Issuer) to acquire or dispose of Collateral

Obligations at a price and time that the Collateral Manager deems advantageous may be impaired. As a result, in periods of rising market prices, the Issuer may be unable to participate in price increases fully to the extent that it is either unable to dispose of Collateral Obligations whose prices have risen or to acquire Collateral Obligations whose prices are on the increase; the Collateral Manager's inability to dispose fully and promptly of positions in declining markets will conversely cause its net asset value to decline as the value of unsold positions is marked to lower prices. A decrease in the Market Value of the Collateral Obligations would also adversely affect the proceeds of sale 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 Notes. 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 Payments. Moreover, there can be no assurance as to the amount or timing of any recoveries received in respect of Defaulted Obligations.

The composition of the Portfolio may be influenced by discussions that the Collateral Manager and/or, prior to the Issue Date, the Initial Purchaser may have with investors, and there is no assurance that (i) any investor would have agreed with any views regarding the initial proposed portfolio that are expressed by another investor in such discussions, (ii) the composition of the Portfolio was not at the Issue Date, and will not be, influenced more heavily by the views of certain investors, particularly if those investors' participation in the transaction is necessary for the transaction to occur, and without such influence the Collateral Manager or the Initial Purchaser may not receive the benefits of such investors' role in the transaction, and in order to preserve the possibility of future business opportunities between the Collateral Manager or the Initial Purchaser and such investors, (iii) those views, and any modifications made to the portfolio as a result of those discussions, will not adversely affect the performance of a holder's Notes, or (iv) the views of any particular investors that are expressed in such discussions will influence the composition of the collateral pool. For the avoidance of doubt, the Collateral Manager will have the ultimate sole authority to select, and sole responsibility for selecting, the Collateral Obligations within the parameters of the Collateral Management and Administration Agreement and the Eligibility Criteria, subject to the overall discretion and control of the Issuer and the Collateral Manager is under no obligation to follow any preferences of the investors or the Initial Purchaser.

### 5.3 The Warehouse Arrangements

On behalf of the Issuer, the Collateral Manager has acquired, and will continue to enter into binding commitments to acquire, Collateral Obligations on or prior to the Issue Date (the "**Warehouse Assets**") pursuant to financing arrangements (the "**Warehouse Arrangements**"). The Warehouse Arrangements were provided by a senior lender and junior lenders (the "**Warehouse Providers**"). The Warehouse Arrangements must be terminated in all respects on the Issue Date, and all amounts owing to the Warehouse Providers in connection with such arrangements must be repaid on or prior to the Issue Date, including from the proceeds of the issuance of the Notes.

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

The prices paid for such Collateral Obligations will be the market value thereof on the date the Issuer entered into the commitment to purchase, which may be greater or less than the market value thereof on the Issue Date. Events occurring between the date of the Issuer first acquiring a Collateral 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 the Issue Date.

In addition, any interest or other amounts paid or accrued on such Collateral Obligations during the period prior to the Issue Date will be paid to the Warehouse Providers on the Issue Date. Investors in the Notes

will be assuming the risk of market value and credit quality changes in the Collateral Obligations from the date such Collateral Obligations are acquired during the period prior to the Issue Date but will not receive the benefit of interest earned on the Collateral Obligations during such 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 Warehouse Providers.

#### 5.4 **Acquisitions of Collateral Obligations and Purchase Price for such Acquisitions**

Although the Collateral Manager is required to determine in accordance with the Collateral Management and Administration Agreement that such obligations satisfy the Eligibility Criteria at the time of entering into a binding commitment to purchase them, 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 (save for an Issue Date Collateral Obligation which must only satisfy the Eligibility Criteria on the Issue Date) and any failure by such Collateral 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.

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 each of the Coverage Tests, 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 satisfied. 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 Currency Hedge Counterparty with whom the Issuer may enter into Currency Hedge Transactions. See also 3.4 “*European Market Infrastructure Regulation EU 648/2012 (“EMIR”)*” above. 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 Subordinated Noteholders. 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.

## 5.6 **Characteristics and Risks relating to the Portfolio**

The Collateral on which the Notes and the claims of the other Secured Parties are secured will be subject to credit, liquidity, interest rate and exchange rate risks. The Portfolio of Collateral Obligations which will secure the Notes will be predominantly comprised of Secured Senior Loans, Unsecured Senior Obligations, Second Lien Loans, High Yield Bonds and Mezzanine Obligations lent to or issued by a variety of Obligor with a principal place of business in an Eligible Investment Qualifying 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 Rated 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 Payments. 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, 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 Payments.

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

The Portfolio Profile Tests provide that, as of the Effective Date, at least 90.0 per cent. of the Collateral Principal Amount must consist of Secured Senior Loans and Secured Senior Bonds in aggregate (which shall comprise for this purpose the aggregate of the Aggregate Principal Balance of the Secured Senior Loans and Secured Senior Bonds and the Balances standing to the credit of the Principal Account and the Unused Proceeds Account, in each case as at the relevant Measurement Date) and not more than 70.0 per cent. of the Collateral Principal Amount can consist of Collateral obligations that are Unsecured Senior Obligations, Second Lien Loans, High Yield Bonds and/or Mezzanine Obligations. Secured Senior Loans, Secured Senior Bonds, Unsecured 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 Loans, Secured Senior Bonds, Unsecured Senior Obligations and, in some but not all cases, High Yield Bonds, are typically at the most senior level of the capital structure with Second Lien Loans also having a senior debt claim but with a subordinated security claim to Secured Senior Loans and Secured Senior Bonds and Mezzanine Obligations being subordinated to any other Secured Senior Loans, Unsecured Senior Obligations or to any other senior debt of the Obligor. High Yield Bonds may represent a senior or subordinated claim, both in respect of security and of ranking of the debt claim represented thereby, Secured Senior Loans, Secured Senior Bonds and (to a lesser extent) High Yield Bonds are often secured by specific collateral, including but not limited to, trademarks, patents, accounts receivable, inventory, equipment, buildings, real estate, franchises and common and preferred stock of the Obligor and its subsidiaries and any applicable associated liens relating thereto. In continental Europe, security is often limited to shares in certain group companies, accounts receivable, bank account balances and intellectual property rights. Secured Senior Loans will be in the form of loans and Secured Senior Bonds will be in the form of securities, 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 at paragraph "*Interest Rate Risk*" below. Additionally, Secured Senior Bonds and High Yield Bonds typically contain bondholder collective action clauses permitting specified majorities of bondholders to approve matters which, in a typical Secured Senior Loan or Unsecured Senior Obligation, would require unanimous lender consent. The Obligor under a Secured Senior Bond or High Yield Bond may therefore be able to amend the terms of the bond, including terms as to the amount and timing of payments, with the consent of a specified majority of bondholders, either voting by written resolution or as a majority of those attending and voting at a meeting, and the Issuer is unlikely to have a blocking minority position in respect of any such resolution. The Issuer may further be restricted by the Collateral Management 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.

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), they will carry a higher rate of interest to reflect the greater risk of them 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.

Some Collateral Obligations may bear interest at a fixed rate, for example high yield bonds. Risks associated with fixed rate obligations are discussed at 5.17 "*Interest Rate Risk*" below.

The majority of Secured Senior Loans, Unsecured Senior Obligations and Mezzanine Obligations bear interest based on a floating rate index, for example EURIBOR or LIBOR, a certificate of deposit rate, a prime or base rate (each as defined in the applicable Underlying Instrument) 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 Secured Senior Loan, Secured Senior Bond, Unsecured Senior Obligations or Mezzanine Obligations may receive certain syndication or participation fees in connection with its purchase. Other fees payable in respect of a Secured Senior Loan, Secured Senior Bond, Unsecured Senior Obligations or Mezzanine Obligations, which are separate from interest payments on such loan, may include facility, commitment, amendment and prepayment fees.

Secured Senior Loans, Secured Senior Bonds, Unsecured Senior Obligations and Mezzanine Obligations also generally provide for restrictive covenants designed to limit the activities of the Obligors thereunder in an effort to protect the rights of lenders to receive timely payments of interest on, and repayment of,

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

*Limited Liquidity, Prepayment and Default Risk in relation to Secured Senior Loans, Secured Senior Bonds, Unsecured Senior Obligations, Mezzanine Obligations and High Yield Bonds*

In order to induce banks and institutional investors to invest in a Secured Senior Loan, Secured Senior Bond, Unsecured Senior Obligation 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 Underlying Instrument including such Secured Senior Loan, Secured Senior Bond, Unsecured Senior Obligation or Mezzanine Obligation, and the private syndication of the loan, the trading volume of Secured Senior Loans, Secured Senior Bonds, Unsecured Senior Obligations 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 Secured Senior Loans, Secured Senior Bonds, Unsecured Senior Obligations, Mezzanine Obligations and High Yield Bonds have been predominantly commercial banks and investment banks. The range of investors for such loans and bonds has broadened significantly to include money managers, insurance companies, arbitrageurs, bankruptcy investors and mutual funds seeking increased potential total returns and collateral managers of trusts or special purpose companies issuing collateralised bond and loan obligations. As secondary market trading volumes increase, new loans are frequently adopting more standardised documentation to facilitate loan trading which should improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide the degree of liquidity which currently exists in the market at the date of this Offering Circular. 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 Secured Senior Loans, Unsecured Senior Obligations and Secured Senior Bonds, resulting in increased disposal risk for such obligations.

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

*Increased Risks for Mezzanine Obligations*

The risk of non-payment of a Mezzanine Obligations in an enforcement situation is increased by the fact that Mezzanine Obligations are generally subordinated to any Secured Senior Loan and Secured Senior Bond and potentially other indebtedness of the relevant Obligor thereunder, may have a longer maturity than such Secured Senior Loans, Secured Senior Bonds, Unsecured Senior Obligations or other indebtedness and will generally only have a second ranking security interest over any security granted in respect thereof.

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 Secured Senior Loans, Secured Senior Bonds and Unsecured Senior Obligations. They are often entered into in connection with leveraged acquisitions or recapitalisations in which the Obligors thereunder incur a substantially higher

amount of indebtedness than the level at which they previously operated and, as referred to above, sit at a subordinated level in the capital structure of such companies.

#### *Prepayment Risk*

Loans are generally prepayable in whole or in part at any time at the option of the obligor thereof at par plus accrued and unpaid interest thereon. Secured Senior Bonds may include obligor call or prepayment features, with or without a premium or 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 that satisfy the Reinvestment Criteria may adversely affect the timing and amount of payments and distributions received by the Noteholders and the yield to maturity of the Notes. There can be no assurance that the Issuer will be able to reinvest proceeds in Collateral Obligations with comparable interest rates that satisfy the Reinvestment Criteria or (if it is able to make such reinvestments) as to the length of any delays before such investments are made.

#### *Defaults and Recoveries*

There is limited historical data available as to the levels of defaults and/or recoveries that may be experienced on Secured Senior Loans, Secured Senior Bonds, Unsecured Senior Obligations, Mezzanine Obligations and High Yield Bonds and no assurance can be given as to the levels of default and/or recoveries that may apply to any Secured Senior Loans, Secured Senior Bonds, Unsecured Senior Obligations, High Yield Bonds and Mezzanine Obligations purchased by the Issuer. As referred to above, although any particular Secured Senior Loan, Secured Senior Bond, Unsecured Senior Obligation, Mezzanine Obligation or High Yield Bonds often will share many similar features with other loans, securities and obligations of its type, the actual terms of any particular Secured Senior Loan, Secured Senior Bond, Unsecured Senior Obligation, Mezzanine Obligation or High Yield Bond will have been a matter of negotiation and will thus be unique. The types of protection afforded to creditors will therefore vary from investment to investment. Recoveries on Secured Senior Loans, Secured Senior Bonds, Unsecured Senior Obligations, Mezzanine Obligations and High Yield Bonds may also be affected by the different bankruptcy regimes applicable in different jurisdictions, the availability of comprehensive security packages in different jurisdictions and the enforceability of claims against the Obligor 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 Secured Senior Loans, Secured Senior Bonds, Unsecured Senior Obligations, High Yield Bonds, and Mezzanine Obligations are more diverse than ever before, including not only banks and specialist finance providers but also alternative collateral managers, specialist debt and distressed debt investors and other financial institutions. The increasing diversification of the investor base has also been accompanied by an increase in the use of hedges, swaps and other derivative instruments to protect against or spread the economic risk of defaults. All of these developments may further increase the risk that historic recovery levels will not be realised. The returns on Secured Senior Loans, Secured Senior Bond, Unsecured Senior Obligations, High Yield Bonds and/or Mezzanine Obligations therefore may not adequately reflect the risk of future defaults and the ultimate recovery rates.

A non-investment grade loan or debt obligation or an interest in a non-investment grade loan is generally considered speculative in nature and may become a Defaulted Obligation for a variety of reasons. Upon any Collateral 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 Obligor continues to service more senior tranches of debt on improved terms for the senior lenders. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in uncertainty with respect to the ultimate recovery on such Defaulted Obligation. Forum shopping for a favourable legal regime for a restructuring is not uncommon, English law schemes of arrangement having become a popular tool for European incorporated companies, even for Obligor with little connection to the UK.

The liquidity for Defaulted Obligations may be limited, and to the extent that Defaulted Obligations are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon. Furthermore, there can be no assurance that the ultimate recovery on any Defaulted Obligation will be at least equal either to the minimum recovery rate assumed by the Rating Agencies in rating the Notes or any recovery rate used in the analysis of the Notes by investors in determining whether to purchase the Notes.

In some European jurisdictions, obligors or lenders may seek a “scheme of arrangement”. In such instance, a lender may be forced by a court to accept restructuring terms. Recoveries on Secured Senior Loans, Unsecured Senior Obligations, Secured Senior Bonds, High Yield Bonds and Mezzanine Obligations will also be affected by the different bankruptcy regimes applicable in different European jurisdictions and the enforceability of claims against the Obligor thereunder. See “*Lender Liability Considerations; Equitable Subordination*” below.

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

The Portfolio Profile Tests provide that not more than 35.0 per cent. of the Collateral Principal Amount can consist of Cov-Lite Loans. 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, they usually have incurrence covenants in the same manner as a High Yield Bond. Ownership of Cov-Lite Loans may expose the Issuer to different risks, including with respect to liquidity, price volatility and ability to restructure loans, than is the case with obligations 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 obligations. This may make it more likely that any default arising under a Cov-Lite Loan will arise at a time when the relevant Obligor is in a greater degree of financial stress. Such a delay may make a successful restructuring more difficult to achieve and/or result in a greater reduction in the value of the Cov-Lite Loans as a consequence of any restructuring affected in such circumstances.

#### *Characteristics of High Yield Bonds*

High Yield Bonds are generally unsecured, may be subordinated to other obligations of the applicable obligor and generally involve greater credit and liquidity risks than those associated with investment grade corporate obligations. They are often issued in connection with leveraged acquisitions or recapitalisations in which the obligors thereunder incur a substantially higher amount of indebtedness than the level at which they previously operated.

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

The lower rating of securities in the high yield sector reflects a greater possibility that adverse changes in the financial condition of an issuer thereof, or in general economic conditions (including a sustained period of rising interest rates or an economic downturn), or both, may affect the ability of such issuer to make payments of principal and interest on its debt. Many issuers of High Yield Bonds are highly leveraged, and specific developments affecting such issuers, including reduced cash flow from operations or inability to refinance debt at maturity, may also adversely affect such issuers’ ability to meet their debt service obligations. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced on the High Yield Bonds in the Portfolio.

European High Yield Bonds are generally subordinated structurally, as opposed to contractually, to senior secured debtholders. Structural subordination is when a high yield security investor lends to a holding company whose primary asset is ownership of a cash-generating operating company or companies. The debt investment of the high yield investor is serviced by passing the revenues and tangible assets from the operating companies upstream through the holding company (which typically has no revenue-generating capacity of its own) to the security holders. In the absence of upstream guarantees from operating or asset owning companies in the group, such a process 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 – see further “*Investing in Second Lien Loans involves certain risks*” below.

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 “*Lender Liability Considerations; Equitable Subordination*” below. It must be noted, however, that the overall probability of default (based on credit rating) remains similar for both U.S. and European credits; it is the severity of the effect of any default that differs between the two markets as a result of the aforementioned factors.

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

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

The Portfolio Profile Tests provide that not more than 10.0 per cent. of the Collateral Principal Amount can consist of Second Lien Loans (together with Unsecured Senior Obligations, Mezzanine Obligations and/or High Yield Bonds in aggregate). The Collateral Obligations may include Second Lien Loans, each of which will be secured by a pledge of collateral, but which is subordinated (with respect to liquidation preferences with respect to pledged collateral) to other secured obligations of the 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 any 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 in connection with a Second Lien Loan 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 governmental 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 Obligations.

## 5.8 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. Any such amendment, waiver or modification must comply with the terms of the Collateral Management and Administration Agreement. See further "*The Portfolio – Amendments to Collateral Obligations Stated Maturities*".

## 5.9 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 Underlying Instrument. The Issuer, as an assignee, will generally have the right to receive directly from the Obligor all payments of principal and interest to which it is entitled, provided that notice of such Assignment has been given to the Obligor. As a purchaser of an Assignment, the Issuer typically will have the same voting rights as other lenders under the applicable Underlying Instrument 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 Obligor with the terms of the Underlying Instrument, to set off claims against the Obligor 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 Obligor once the novation or assignment is complete. The Issuer will, however, assume the credit risk of the Obligor. 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 Underlying Instrument 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 Underlying Instruments, 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.

The Portfolio Profile Tests provide that not more than 5.0 per cent. of the Collateral Principal Amount can consist of Participations. 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 Obligor 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 Obligor. In purchasing Participations, the Issuer generally will have no right to enforce compliance by the Obligor with the terms of the applicable Underlying Instrument 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 Obligor 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 Obligor and the Issuer may suffer a loss to the extent that the Obligor 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 Underlying Instrument and the continuing creditworthiness of the Obligor. 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 an Obligor. A Selling Institution voting in connection with a potential waiver of a restrictive covenant may have interests which are different from those of the Issuer and such Selling Institutions may not be required to consider the interest of the Issuer in connection with the exercise of its votes. Whilst the Issuer may have a right to elevate a Participation to a direct interest in the participated loan, such right may be limited by a number of factors.

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

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

#### 5.10 **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.

#### 5.11 **Corporate Rescue Loans**

The Portfolio Profile Tests provide that not more than 5.0 per cent. of the Collateral Principal Amount may comprise of Corporate Rescue Loans, and that any one Corporate Rescue Loan may not comprise more than 2.0 per cent. of the Collateral Principal Amount. 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 the Corporate Rescue Loan or the prospects for a successful reorganisation or similar action and accordingly the Issuer could suffer significant losses on its investments in such Corporate Rescue Loan. In any reorganisation or liquidation case relating to a company in which the Issuer invests, the Issuer may lose its entire investment, may be required to accept cash or securities with a value less than the Issuer’s original investment and/or may be required to accept payment over an extended period of time.

Distressed company and other asset-based investments require active monitoring and may, at times, require participation by the Issuer in business strategy or bankruptcy proceedings. To the extent that the Issuer becomes involved in such proceedings, the Issuer’s more active participation in the affairs of the

bankruptcy debtor could result in the imposition of restrictions limiting the Issuer's ability to liquidate its position in the debtor.

Although a Corporate Rescue Loan is secured, where the Obligor is subject to U.S. bankruptcy law, it has a priority permitted by Section 364(c) or section 364(d) under the United States Bankruptcy Code. This will not typically be the case for Obligors who are not subject to U.S. bankruptcy proceedings. At the time a Corporate Rescue Loan is acquired by the Issuer it is required to be current with respect to scheduled payments of interest and principal (if any).

#### 5.12 **Bridge Loans**

The Portfolio Profile Tests provide that not more than 5.0 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.

#### 5.13 **Collateral Enhancement Obligations**

All funds required in respect of the exercise price of any rights or options under any Collateral Enhancement Obligations may only be paid out of the Balance standing to the credit of the Supplemental Reserve Account at the relevant time. 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 Payments rather than being paid to the Subordinated Noteholders. The aggregate amount which may be credited to the Supplemental Reserve Account in accordance with the Priorities of Payments is subject to the following caps: (i) €1,000,000 in aggregate on any particular Payment Date and (ii) the cumulative maximum aggregate total in respect of all Payment Dates may not exceed €2,000,000.

To the extent that there are insufficient sums standing to the credit of the Supplemental Reserve Account from time to time to exercise rights under Collateral Enhancement Obligations which the Collateral Manager determines on behalf of the Issuer should be exercised, the Collateral Manager may, at its discretion, on no more than three separate occasions, pay amounts required in order to fund such 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 Payments.

The Collateral Manager is under no obligation whatsoever to exercise its discretion (acting on behalf of the Issuer) to take any of the actions described above and there can 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. If sufficient amounts are not so available, the Collateral Manager may, at its discretion, on no more than three separate occasions, fund the payment of any shortfall by way of a Collateral Manager Advance. However, the Collateral Manager is under no obligation to make any Collateral Manager Advance. Failure to exercise any such right or option may result in a reduction of the returns to the Subordinated Noteholders (and, potentially, Noteholders of other Classes).

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

#### 5.14 **Counterparty Risk**

Assignments, 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 in respect of any such payments.

If the counterparty was a regulated entity, it could become subject to a special resolution regime, if implemented in its jurisdiction of incorporation, applicable in circumstances in which the competent supervisory authorities consider its failure has become likely and if certain other conditions are satisfied (depending on the relevant power granted to the supervisory authorities), for example to protect and enhance the stability of the financial system in which the counterparty is incorporated. A special resolution regime may consist of stabilisation options, including bail-in, and special insolvency procedures. In general terms, the purpose of the stabilisation options is to address the situation where all or part of a business of the counterparty has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. It is therefore possible that one of the stabilisation options could be exercised prior to the point at which any insolvency proceedings with respect to the counterparty could be initiated. Bail-in means that certain claims of creditors of the counterparty could be reduced to the extent required, in proportion to the losses of that counterparty, written down to zero and/or converted to equity. The exact scope of the stabilisation options depends on the implementation of the special resolution regime in the jurisdiction in which the counterparty is incorporated.

Each counterparty is further 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, the terms of the applicable Hedge Agreement will generally provide for a termination event unless 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 of the Issuer to make payments on the Notes as the Issuer may not receive payments it would otherwise be entitled to from such Hedge Counterparty to cover its interest rate risk exposure or currency risk exposure in respect of Non-Euro Obligations for so long as the Issuer has not entered into a replacement Hedge Transaction (see 5.17 (*Interest Rate Risk*) and 5.18 (*Currency Risk*) below). For further information, see “*Hedging Arrangements*” below.

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

Transactions with counterparties that are relevant institutions for the purposes of the BRRD may be subject to the exercise of the “bail-in” powers attributed to Resolution Authorities under the BRRD or similar resolution mechanisms provided for in the SRM Regulation. See “*EU Bank Recovery and Resolution Directive*” above.

#### 5.15 **Concentration Risk**

The Issuer will invest in Collateral Obligations consisting primarily of Secured Senior Loans, Secured Senior Bonds, Unsecured Senior Obligations, Second Lien Loans, High Yield Bonds and Mezzanine Obligations. Although no significant concentration with respect to any particular Obligor, industry or country is expected to exist at the Effective Date, the concentration of the Portfolio in any one Obligor would subject the Notes to a greater degree of risk with respect to defaults by such Obligor, and the concentration of the Portfolio in any one industry would subject the Notes to a greater degree of risk with respect to economic downturns relating to such industry. The Portfolio Profile Tests and Collateral Quality Tests attempt to mitigate any concentration risk in the Portfolio. See “*The Portfolio – Portfolio Profile Tests and Collateral Quality Tests*” section of this Offering Circular. Although the resulting diversification of Collateral may reduce the risk described above, the diversification requirements

applicable to the Issuer may cause the Issuer to invest in obligors or industries that suffer more defaults than if the Issuer were not required to invest in a diversified portfolio.

#### 5.16 Credit Risk

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

#### 5.17 Interest Rate Risk

The Notes (other than the Class B-2 Notes, the Class C-2 Notes, the Subordinated Notes and the Class M Notes) accrue interest at a floating rate. The Class B-2 Notes and the Class C-2 Notes accrue interest at a fixed rate. It is possible that Collateral Obligations (in particular Secured Senior Bonds and High Yield Bonds) may bear interest at fixed rates and there is no requirement that the amount or portion of Collateral Obligations securing the Notes must bear interest on a particular basis, save for the Portfolio Profile Test which requires that not more than 7.5 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 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 “*Commodity Pool Regulation*” above. In particular, the Issuer may enter into 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 the Rated Notes (other than the Class B-2 Notes and the Class C-2 Notes) as further described in “*Hedging Arrangements*” and subject to certain regulatory considerations in relation to swaps, discussed in 3.4 “*European Market Infrastructure Regulation EU 648/2012 (“EMIR”)*” and 3.9 “*Commodity Pool Regulation*” above. However, the Issuer will depend on each Interest Rate Hedge Counterparty to perform its obligations under any Interest Rate Hedge Transaction to which it is a party and if any Interest Rate Hedge Counterparty defaults or becomes unable to perform due to insolvency or otherwise, the Issuer may not receive payments it would otherwise be entitled to from such Interest Rate Hedge Counterparty to cover its interest rate risk exposure. Furthermore, the terms of the Interest Rate Hedge Agreements may provide for the ability of the Hedge Counterparty to terminate such Interest Rate Hedge Agreement upon the occurrence of certain events, including related to certain regulatory matters. Any such termination in the case of an Interest Rate Hedge Transaction would result in the Issuer’s exposure to interest rate exposure increasing, and may result in the Issuer being required to pay a termination amount to the relevant Interest Rate Hedge Counterparty. See further “*Hedging Arrangements*” below.

Interest Amounts are due and payable in respect of the 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

mis-match, prior to the occurrence of a Frequency Switch Event, the Issuer will be required to hold back a portion of the interest received on Collateral 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. In addition, to mitigate reset risk, a Frequency Switch Event shall occur if (amongst other things) sufficient Collateral Obligations reset from quarterly to semi-annual pay, as more particularly described in the definition of “Frequency Switch Event”. There can be no assurance that Interest Smoothing and the occurrence of a Frequency Switch Event shall be sufficient to mitigate such timing and reset risks.

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

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 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 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 of, 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. Any such payments shall be paid as Administrative Expenses, subject to and in accordance with the Priorities of Payments and may, accordingly, have a negative impact on the amounts available to the Issuer to apply as payments on the Notes.

## 5.18 **Currency Risk**

Subject to the satisfaction of the Hedging Condition and the limit in the Portfolio Profile Tests to Non-Euro Obligations comprising no more than 20.0 per cent. of the Collateral Principal Amount, 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.

Notwithstanding that Non-Euro Obligations are required to have an associated Currency Hedge Transaction, 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 and/or Currency Hedge Agreement. 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 Currency Hedge Agreements may provide for the ability of the Currency Hedge Counterparty to terminate such Currency Hedge Agreement and/or any Currency Hedge Transactions 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 Currency Hedge Counterparty. The Collateral Manager may also be unable to find suitable Currency Hedge Counterparties willing to enter into Currency Hedge Transactions with the Issuer. There are currently a number of regulatory initiatives which may make it difficult or impossible for the Issuer to enter into Currency Hedge Transactions or Interest Rate Hedge Transactions. See 3.4 “*European Market Infrastructure Regulation EU 648/2012 (“EMIR”)*”, 3.8 “*CFTC Regulations*” and 3.9 “*Commodity Pool Regulation*” above. See also “*Hedging Arrangements*” below.

In addition, it may be necessary for the Issuer to make substantial up-front payments in order to enter into currency hedging arrangements on the terms required by the Collateral Management 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, trading and other events increase the risk of a mismatch between the foreign exchange 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 Currency Hedge Counterparty to perform its obligations under any Currency Hedge Transaction to which it is a party and if any Currency 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 Currency Hedge Counterparty to cover its currency risk exposure.

#### 5.19 **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.

#### 5.20 **Reinvestment Risk and 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. In addition, following the expiry of the Reinvestment Period, the Collateral Manager may reinvest some types of Principal Proceeds (see "*The Collateral Manager may Reinvest After the End of the Reinvestment Period*" above). 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 Portfolio. Any decrease in the yield on the Portfolio will have the effect of reducing the amounts available to make distributions on the Notes which will adversely affect cash flows available to make payments on the Notes, especially the most junior Class or Classes of Notes. There can be no assurance that in the event Collateral 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 Underlying Instruments 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 Obligors 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. Secured Senior Loans and Unsecured 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 Subordinated Noteholders, then by holders of the Class M 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 Class M Notes and the payment of distributions to the Subordinated Notes on the first Payment Date.

#### 5.21 **Ratings on Collateral Obligations**

The Collateral Quality Tests, the Portfolio Profile Tests and the Coverage Tests are sensitive to variations in the ratings applicable to the underlying Collateral 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, a Caa Obligation or 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 Moody's Rating and the Fitch Rating. In most instances, the Moody's Rating and the Fitch Rating will not be based on or derived from a public rating of the Obligor or the actual Collateral Obligation. In most cases, the Moody's Rating and Fitch Rating in respect of a Collateral Obligation will be based on a confidential credit estimate determined separately by Moody's and/or Fitch. Such confidential credit estimates are private and therefore not capable of being disclosed to Noteholders. In addition, some ratings will be derived by the Collateral Manager based on, among other things, Obligor group or Affiliate ratings, comparable ratings provided by a different Rating Agency and, in certain circumstances, temporary ratings applied by the Collateral Manager. In certain cases, the Moody's Rating and/or Fitch Rating of a Collateral Obligation may be derived from a rating assigned to such Collateral Obligation by a different rating agency. Such 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 and the Coverage Tests) without necessarily reflecting comparable variation in the actual credit quality of the Collateral Obligation in question. Please see "*Ratings of the Notes*" and "*The Portfolio*".

There can be no assurance that rating agencies will continue to assign such ratings utilising the same methods and standards utilised today despite the fact that such Collateral Obligation might still be performing fully to the specifications set forth in its Underlying Instrument. Any change in such methods and standards could result in a significant rise in the number of CCC Obligations and Caa Obligations or Defaulted 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 Par Value Test, which failure could cause a reduction in the amounts available for distribution to the Subordinated Noteholders.

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

## 5.23 **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 Obligors 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 Obligor or has assumed a degree of control over the Obligor resulting in the creation of a fiduciary duty owed to the Obligor 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 the Obligor to the detriment of other creditors of such Obligor, (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 the Obligor to the detriment of other creditors of such Obligor, 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.

## 5.24 **Loan Repricing**

Leveraged loans may experience volatility in the spread that is paid on such leveraged loans. Such spreads will vary based on a variety of factors, including, but not limited to, the level of supply and demand in the leveraged loan market, general economic conditions, levels of relative liquidity for leveraged loans, the actual and perceived level of credit risk in the leveraged loan market, regulatory changes, changes in credit ratings and the methodology used by credit rating agencies in assigning credit ratings, and such other factors that may affect pricing in the leveraged loan market. Since leveraged loans

may generally be prepaid at any time without penalty, the obligors of such leveraged loans would be expected to prepay or refinance such leveraged loans if alternative financing were available at a lower cost. For example, if the credit ratings of an obligor were upgraded, the obligor were recapitalised or if credit spreads were declining for leveraged loans, such obligor would likely seek to refinance at a lower credit spread. Declining credit spreads in the leveraged loan market and increasing rates of prepayments and refinancings will likely result in a reduction of portfolio yield and interest collections on the Collateral Obligations, which would have an adverse effect on the amount available for distributions on the Notes, beginning with the Subordinated Notes as the most junior Classes.

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.

## 5.25 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 the performance of its duties in accordance with the standard of care under the Collateral Management and Administration Agreement except those resulting from acts or omissions constituting bad faith, fraud, gross negligence (with such term given its meaning under New York law) or wilful misconduct of the Collateral Manager. Investors should note that, for such purpose and notwithstanding that the Notes and the Transaction Documents are governed by English law, the interpretation of "gross negligence" will be made pursuant to New York law. Under New York law, the concept of gross negligence is a significantly lower standard than negligence, requiring conduct akin to intentional wrongdoing or reckless indifference. As a result, the Collateral Manager may in some circumstances have no liability for its actions or inactions under the Collateral Management and Administration Agreement where it would otherwise have been liable if a mere negligence standard was applied 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**") 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 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. Because the composition of the Collateral Obligations will vary over time, the performance of the Collateral Obligations depends heavily on the skills of the Collateral Manager in analysing, selecting and managing the Collateral Obligations. As a result, the Issuer will be highly dependent on the financial and managerial experience of the investment professionals employed by the Collateral Manager who are assigned to select and manage the Collateral Obligations and perform the other obligations of the Collateral Manager under the Collateral Management and Administration Agreement. There is no assurance that such persons will continue to be employed by the Collateral Manager or involved in investment activities of the Issuer throughout the life of the transaction. The Issuer is not a direct beneficiary of employment arrangements between the Collateral Manager and its employees, which arrangements are in any event subject to change without notice to, or without the consent of, the Issuer. The loss of any such persons could have a material adverse effect on the Collateral Obligations. Furthermore, the Collateral Manager may hire replacement employees that may not have the same level of experience in selecting and managing loans and high-yield debt securities and performing such other obligations as the persons they replace. Any such change in personnel performing such obligations may have an adverse effect on the Collateral and the Issuer's ability to make payments on the Notes.

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 Noteholders. Actions taken by the Collateral Manager may differentially affect the interests of the various Classes of Notes (whose Noteholders may themselves have different interests), and except as provided in the Collateral Management and Administration Agreement or the other Transaction Documents, the Collateral Manager has no obligation to consider such differential effects or different interests.

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*". There can be no assurance that any successor manager would have the same level of skill in performing the obligations of the Collateral Manager, in which event payments on the Notes could be reduced or delayed.

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

The past performance of any portfolio or investment vehicle managed by the Collateral Manager, any of its Affiliates or their current personnel at prior places of employment may not be indicative of the results that the Issuer may be able to achieve with the Collateral Obligations. Similarly, the past performance of the Collateral Manager, any of its Affiliates and their current personnel at a prior place of employment over a particular period may not be indicative of the results that may occur in future periods. Furthermore, the nature of, and risks associated with, the Issuer's investments may differ from those investments and strategies undertaken in connection with such other portfolios or investment vehicles. There can be no assurance that the Issuer's investments will perform as well as such past investments, that the Issuer will be able to avoid losses or that the Issuer will be able to make investments similar to such past investments. In addition, such past investments may have been made utilising a capital structure and an asset mix that are different from the anticipated capital structure and/or asset mix of the Issuer. Moreover, because the investment criteria that govern investments in the Portfolio do not govern

the investments and investment strategies of the Collateral Manager generally, the Portfolio, and the results it yields, are not directly comparable with, and may differ substantially from, other portfolios advised by the Collateral Manager or any of its Affiliates and its current personnel at prior places of employment.

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

The Initial Purchaser does not take any responsibility for, nor has any obligation in respect of, the Issuer and the Initial Purchaser will not have any obligation to monitor the performance of the Portfolio or the actions of the Collateral Manager or the Issuer or any authority to advise the Collateral Manager or the Issuer or to direct their actions, which will be solely the responsibility of the Collateral Manager and the Issuer. If the Initial Purchaser or any of its Affiliates own Notes, they will have no responsibility to consider the interests of any other owner of Notes with respect to actions they take or refrain from taking in such capacity.

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

The estimated net proceeds of the issue of the Notes after payment of fees and expenses payable on or about the Issue Date (including, without duplication, amounts deposited into the Expense Reserve Account) are expected to be approximately € 349,030,091.43. Such proceeds will be used by the Issuer to repay the financing provided to the Issuer pursuant to the Warehouse Arrangements (together with any interest thereon) and all other amounts due in order to finance the acquisition of warehoused Collateral Obligations purchased by the Issuer prior to the Issue Date and to fund the First Period Reserve Account on the Issue Date. The remaining proceeds shall be deposited into the Unused Proceeds Account to be utilised to fund the acquisition of Collateral Obligations complying with the Eligibility Criteria purchased by the Issuer during the Initial Investment Period (as defined in the Conditions). 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 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 and, in addition, 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 Subordinated Noteholders, then by holders of the Class M 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.

#### 5.28 **Local Regulatory Requirements in Obligor jurisdictions**

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.

#### 5.29 **Valuation Information; Limited Information**

None of the Initial Purchaser, 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.

#### 5.30 **Recharacterisation of Trading Gains**

The Collateral Manager may, in its discretion, at any time until the expiry of the Reinvestment Period, direct that any Trading Gains which would have been deposited into the Principal Account and designated for reinvestment or used to redeem the Notes in accordance with the Principal Proceeds Priority of Payments are instead deposited into the Interest Account, subject to certain conditions, including the Class F Par Value Ratio being at least equal to the Class F Par Value Ratio on the Effective Date after giving effect to any such deposit. Such Trading Gains will then be distributed as Interest Proceeds in accordance with the Priorities of Payments. As a result, such Trading Gains would not be available to be reinvested in Collateral Obligations and therefore the Aggregate Principal Balance of Collateral Obligations securing the Notes may be less than what would have otherwise been the case if such amounts had been reinvested in Collateral Obligations. See Condition 3(k)(ii) (*Interest Account*).

### 6. **CONFLICTS OF INTEREST**

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

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

The Issuer will be subject to various conflicts of interest involving the Collateral Manager and its Affiliates and clients.

The Collateral Manager, its Affiliates and their respective clients and its employees may invest or have already invested in obligations that would also be appropriate as Collateral Obligations. Such investments may be different from or identical to those made on behalf of the Issuer. The Collateral Manager's, its Affiliates' and their respective clients' trading activities generally are carried out without reference to positions held by the Issuer and may have an effect on the value of the positions so held, or may result in the Collateral Manager, its Affiliates or their respective clients having an interest in the applicable obligor adverse to that of the Issuer. In addition, the Collateral Manager, its Affiliates or their respective clients may create, write, sell, purchase or issue derivative instruments (including, without limitation, for the purchase or sale of credit protection) with respect to which the underlying obligations or securities may be those in which the Issuer invests or which may be based on the performance of the Issuer. The Collateral Manager, its Affiliates and their respective clients and employees may also have or establish relationships with issuers whose obligations are Collateral Obligations (and with the managers of such issuers) and may now or in the future own or seek to acquire equity securities or debt obligations issued by issuers of Collateral Obligations. As a result, officers or Affiliates of the Collateral Manager may possess information relating to obligors of Collateral Obligations that 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. The Collateral Manager, its Affiliates and their respective clients and its employees may have investment objectives, programs, strategies and positions that are similar or dissimilar to or may conflict with those of the Issuer. In addition, the Collateral Manager, its Affiliates and their respective clients and employees may invest in debt obligations that compete with, have interests different from or adverse to, or are Affiliated with the issuers of the obligations or securities that are Collateral Obligations, which could adversely affect the performance of the Issuer. The Collateral Manager and its Affiliates may also serve as investment managers of other collateralised debt obligations, funds, private accounts and other investment vehicles. The terms of these arrangements, including the fees attributable thereto, may differ significantly from those of the Issuer. In particular, certain investment vehicles and accounts managed by the Collateral Manager or its Affiliates may provide for fees (including incentive fees) to the Collateral Manager or its Affiliates that are higher than the management fees payable by the Issuer under the Collateral Management and Administration Agreement. In addition, the Collateral Manager, its Affiliates and their respective clients and employees may serve as a general partner and/or manager of limited partnerships or other entities organised to issue notes or certificates, which are secured by obligations similar to the Collateral Obligations. The Collateral Manager may often be seeking simultaneously to purchase or sell investments for the Issuer, itself and any similar entity or other investment account for which it serves as Collateral Manager or for its clients or Affiliates, and the Collateral Manager will have the discretion to apportion such investments among such entities; accordingly, the Collateral Manager cannot assure equal treatment across its investment clients. Although the principals and employees of the Collateral Manager or its Affiliates will devote as much time to the Issuer as the Collateral Manager deems appropriate, such principals and employees may have conflicts in allocating their time and services among the Issuer and the Collateral Manager's or its Affiliates' other accounts and businesses.

Neither the Collateral Manager nor any of its Affiliates is under any obligation to offer investment opportunities of which they become aware to the Issuer or to the account of the Issuer (or share with the Issuer any such transaction or any benefit received by the Collateral Manager or its Affiliates from any such transaction or to inform the Issuer of any such transaction or any benefit received by the Collateral Manager or its Affiliates from any transaction) or to inform the Issuer of any investment opportunities before offering any investment opportunities to other funds or accounts that the Collateral Manager and/or its Affiliates manage or advise. Affirmative obligations may exist or may arise in the future, whereby the Collateral Manager and/or its Affiliates are obligated to offer certain investments to funds or accounts that they manage or advise before or without the Collateral Manager offering those investments to the Issuer. Research and other services obtained by the Collateral Manager or produced by the Collateral Manager for one client may be used to service other clients, including the Issuer. The Collateral Manager may also provide investment banking services or other advisory services for a customary fee to issuers whose debt obligations or securities are Collateral Obligations and neither the holders of assets nor the Issuer shall have any right to such fees. In connection with the foregoing activities and the Collateral Manager's other business activities, the Collateral Manager and its Affiliates may from time to time come into possession of material non-public information that limits the ability of the Collateral Manager to make an investment 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. Furthermore, the Collateral Manager may elect not to receive material, non-public confidential information in respect of a Collateral Obligation if its receipt of such information would restrict the Collateral Manager, its Affiliates or their respective clients and employees from purchasing or selling obligations or securities for themselves or their clients or otherwise engaging in transactions in respect of the issuer or obligor of such Collateral Obligation. The Collateral Manager seeks to minimise such restrictions when possible, consistent with applicable law and its internal policies, but there can be no assurance that its efforts will be successful and that restrictions will not occur. The Collateral Manager also may be unable, as a result of restrictions placed on it in the Trust Deed and the Collateral Management and Administration Agreement, to buy or sell obligations or securities or to take other actions that it might consider to be in the best interests of the Issuer and the holders of Notes.

The Collateral Manager and its Affiliates may have economic interests in or other relationships with issuers in whose obligations or securities the Issuer may invest and/or with the collateral managers for such issuers. In particular, such persons may make and/or hold an investment in an issuer's obligations or securities that may be *pari passu*, senior or junior in ranking to an investment in such issuer's obligations or securities made and/or held by the Issuer or in which partners, security holders, officers,

directors, agents or employees of such persons serve on boards of directors or otherwise have ongoing relationships. Except as otherwise provided in the Collateral Management and Administration Agreement or the Trust Deed, the Collateral Manager and its Affiliates and their owners, managing directors, directors, officers and employees may obtain and keep any profits, commissions and fees accruing to them in connection with their activities in transactions for the Issuer's account and other activities for themselves and other clients and their own accounts, and the Collateral Manager's fees as set forth in the Collateral Management and Administration Agreement shall not be abated thereby. 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.

Further, the Collateral Manager or its Affiliates may hold equity or other interests in the collateral managers of issuers in whose obligations or securities the Issuer may invest. The purchase, holding and sale of such investments by the Issuer may enhance the profitability of the Collateral Manager's own investments in such companies. The Collateral Manager and/or its Affiliates may act as an underwriter, arranger or initial purchaser, or otherwise participate in the origination, structuring, negotiation, syndication or offering of Collateral Obligations purchased by the Issuer. Each of such ownership and other relationships may result in securities laws restrictions on transactions in such obligations or securities by the Issuer and otherwise create conflicts of interest for the Issuer. In such instances, the Collateral Manager and its respective Affiliates may in their discretion make investment recommendations and decisions that may be the same as or different from those made with respect to the Issuer's investments. The Collateral Manager will have no obligation to purchase, sell or exchange any obligation, security or other financial instrument for the Issuer which the Collateral Manager may purchase, sell or exchange for any other investment account for which the Collateral Manager, its Affiliates or their respective employees serves as collateral manager. 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.

A broker may from time to time sell assets to the Issuer or purchase assets from the Issuer as broker both for the Issuer and another Person on the other side of the transaction, in which case such broker will act as broker for, receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to such transaction. So long as the Collateral Manager and such broker satisfy their respective duties and obligations to the Issuer under the Collateral Management and Administration Agreement and comply with applicable law, the Issuer pursuant to the Collateral Management and Administration Agreement authorises and consents to such broker engaging in any such transaction and acting in such capacities. In addition, pursuant to the Collateral Management and Administration Agreement, the Collateral Manager shall not direct the Issuer to (i) purchase any Collateral Obligation for inclusion in the Portfolio from the Collateral Manager as principal, any Affiliate of the Collateral Manager or any account or portfolio for which the Collateral Manager or any of its Affiliates serves as investment adviser, or (ii) sell directly any Collateral Obligation to the Collateral Manager as principal, any Affiliate of the Collateral Manager or any account or portfolio for which the Collateral Manager or any of its Affiliates serves as investment advisor unless (x) such transactions are exempt from the prohibited transaction rules of ERISA and the Code and comply with the requirements of the Investment Advisers Act of 1940 (the "**Advisers Act**") and will be consummated on terms prevailing in the market and (y) the terms thereof are substantially as advantageous to the Issuer as the terms the Collateral Manager would obtain in a comparable arm's length transaction with a non-Affiliate.

The Collateral Manager may from time to time rely on the brokerage, trading, settlement and other capital markets capabilities of its Affiliates and other third-party providers in performing its duties under the Collateral Management and Administration Agreement.

On the Issue Date, the Collateral Manager in its capacity as the Retention Holder will purchase the Retention Notes and the Collateral Manager and/or its Affiliates may from time to time hold other Notes of any Class. The Collateral Manager will also hold a portion of the Class M Notes. The Collateral Manager, in its capacity as Retention Holder, intends to enter into financing arrangements in respect of the Retention Notes, as to which see "*Regulatory Initiatives – Retention Financing*" above.

The Collateral Manager may seek to aggregate or “bunch” orders when it determines it is in the best interest of the client. Orders to purchase or sell the same obligations or securities may be aggregated or “bunched” as one order, consistent with the principle of obtaining best execution. Obligations or securities purchased or sold in connection with such orders will be allocated pursuant to procedures adopted by the Collateral Manager.

Prospective investors in the Notes should note that Condition 14(b)(x) (*Retention Holder Veto*), gives the Retention Holder the right to veto any modification or any Resolution to approve the modification of any of the Eligibility Criteria, the Portfolio Profile Tests or the Collateral Quality Tests, the Reinvestment Criteria, that would affect the Retention Holder’s ability to comply with the EU Retention and Transparency Requirements (as certified in writing to the Trustee by the Retention Holder upon which certification the Trustee may rely absolutely and without liability). Subordinated Noteholders should also note the Retention Holder has the right to direct the Issuer to issue further Subordinated Notes pursuant to Condition 17 (*Additional Issuances*) subject to the conditions set out therein.

In addition, prospective investors in the Notes should note that the Collateral Manager may direct an optional redemption of the Notes in certain circumstances. See further paragraphs 4.21 (*Resolutions, Amendments and Waivers*) 4.2 (*Optional Redemption and Market Volatility*), 4.3 (*The Notes are subject to Optional Redemption in whole or in part by Class*) and 4.21 (*Resolutions, Amendments and Waivers*) above.

Other present and future activities of the Collateral Manager and/or its Affiliates and their respective clients and employees may give rise to additional conflicts of interest.

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 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 holders of Notes 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.

## 6.2 Rating Agencies

Fitch and Moody’s have been engaged by the Issuer to provide their ratings on the Rated Notes. Either Rating Agency may have a conflict of interest where the issuer of a security pays the fee charged by the Rating Agency for its rating services, as is the case with the rating of the Rated Notes (with the exception of unsolicited ratings).

## 6.3 Certain Conflicts of Interest Involving or Relating to the Initial Purchaser and its Affiliates

Each of the Initial Purchaser and its Affiliates (the “**BAML Parties**”) will play various roles in relation to the offering, including the roles described below.

The BAML Parties have been involved (together with the Collateral Manager) in the formulation of the Portfolio Profile Tests, Coverage Tests, Collateral Quality Tests, the Priorities of Payments and other criteria in and provisions of the Trust Deed and the Collateral Management and Administration Agreement. These may have been influenced by discussions that the Initial Purchaser may have had with investors and there is no assurance that investors would agree with the views of one another or that the resulting modifications will not adversely affect the performance of the Notes or any particular Class of Notes.

The Initial Purchaser will purchase the Notes (other than the Retention Notes and certain of the Class M Notes) from the Issuer on the Issue Date and resell them in individually negotiated transactions at varying prices, which may result in a higher or lower fee being paid to the Initial Purchaser in respect of those Notes. In addition, the Initial Purchaser may pay a portion of its fees in respect of the Retention Notes to the Collateral Manager. The Initial Purchaser may assist clients and counterparties in transactions related to the Notes (including assisting clients in future purchases and sales of the Notes and hedging transactions). The Initial Purchaser expects to earn fees and other revenues from these transactions. The BAML Parties may retain a certain proportion of the Notes in their portfolios with an intention to hold to maturity or to trade. The holding or any sale of the Notes by these parties may adversely affect the

liquidity of the Notes and may also affect the prices of the Notes in the primary or secondary market. The BAML Parties are part of a global investment banking and securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. As such, they actively make markets in and trade financial instruments for their own account and for the accounts of customers in the ordinary course of their business. The BAML Parties may have positions in and may 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 BAML Parties and their clients may invest in debt obligations and securities that are senior to, or have interests different from or adverse to, Collateral Obligations. Each of the BAML Parties will act in its own commercial interest in its various capacities without regard to whether its interests conflict with those of the Noteholders or any other party. Moreover, the Issuer may invest in loans of Obligors Affiliated with the BAML Parties or in which one or more BAML Parties hold an equity, participation or other interest. The purchase, holding or sale of such Collateral Obligations by the Issuer may increase the profitability of the BAML Parties' own investments in such Obligors.

It is expected that, from time to time, the Collateral Manager may purchase or sell Collateral Obligations through, from or to the BAML Parties (including a portion of the Collateral Obligations to be purchased on or prior to the Issue Date). One or more BAML Parties may also act as the selling institution with respect to participation interests and/or as a counterparty under a Hedge Agreement. The BAML Parties may act as placement agent and/or initial purchaser or investment manager in other transactions involving issues of collateralised debt obligations or other investment funds with assets similar to those of the Issuer, which may have an adverse effect on the availability of collateral for the Issuer and/or on the price of the Notes. The BAML Parties do not disclose specific trading positions or their hedging strategies, including whether they are in long or short positions in any Notes or obligations referred to in this Offering Circular except where required in accordance with the applicable law. Nonetheless, in the ordinary course of business, BAML Parties and employees or customers of the BAML Parties may actively trade in and/or otherwise hold long or short positions in the Notes, Collateral 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 BAML Party becomes an owner of any of the Notes, through market-making activity or otherwise, any actions that it takes in its capacity as owner, including voting, providing consents or otherwise will not necessarily be aligned with the interests of other owners of the same Class or other Classes of the Notes. To the extent a BAML Party makes a market in the Notes (which it is under no obligation to do), it would expect to receive income from the spreads between its bid and offer prices for the Notes. In connection with any such activity, it will have no obligation to take, refrain from taking or cease taking any action with respect to these transactions and activities based on the potential effect on an investor in the Notes. The price at which a BAML Party may be willing to purchase Notes, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price for the Notes and significantly lower than the price at which it may be willing to sell the Notes.

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

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

The Collateral Manager intends to enter into the Retention Financing Arrangements, as to which see "*Regulatory Initiatives – Retention Financing*" above. Noteholders should also be aware that the terms of the Retention Financing Arrangements 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 Arrangements, the relevant parties have no duties or obligations to consider the effect of any such actions to the Noteholders.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes (the “Conditions”) which (subject to amendment and completion) will be endorsed or attached on each Global Certificate and each Note in definitive form (if applicable) and (subject to the provisions thereof) will apply to each such Note.*

The issue of the €1,500,000 Class X Senior Secured Floating Rate Notes due 2032 (the “**Class X Notes**”), the €214,000,000 Class A Senior Secured Floating Rate Notes due 2032 (the “**Class A Notes**”), the €20,000,000 Class B-1 Senior Secured Floating Rate Notes due 2032 (the “**Class B-1 Notes**”), the €15,000,000 Class B-2 Senior Secured Fixed Rate Notes due 2032 (the “**Class B-2 Notes**” and together with the Class B-1 Notes, the “**Class B Notes**”), the €6,500,000 Class C-1 Senior Secured Deferrable Floating Rate Notes due 2032 (the “**Class C-1 Notes**”), the €15,000,000 Class C-2 Senior Secured Deferrable Fixed Rate Notes due 2032 (the “**Class C-2 Notes**”, and together with the Class C-1 Notes, the “**Class C Notes**”), the €21,000,000 Class D Senior Secured Deferrable Floating Rate Notes due 2032 (the “**Class D Notes**”), the €22,500,000 Class E Senior Secured Deferrable Floating Rate Notes due 2032 (the “**Class E Notes**”), the €8,000,000 Class F Senior Secured Deferrable Floating Rate Notes due 2032 (the “**Class F Notes**” and, together with the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the “**Rated Notes**”), the €2,000,000 Class M Notes due 2032 (the “**Class M Notes**”) and the €35,500,000 Subordinated Notes due 2032 (the “**Subordinated Notes**” and, together with the Class M Notes and the Rated Notes, the “**Notes**”) of Bardin Hill Loan Advisors European Funding 2019-1 Designated Activity Company (the “**Issuer**”) was authorised by resolutions of the board of Directors of the Issuer passed on 1 May 2019. 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 7 May 2019 (the “**Issue Date**”) between (amongst others) the Issuer and Citibank, N.A., London Branch (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) in its capacity as trustee for itself and for the Noteholders and as security trustee for the other 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) and the other Transaction Documents. The following agreements have been entered into by, *inter alios*, the Issuer in relation to the Notes: (a) an agency and account bank agreement dated the Issue Date (the “**Agency and Account Bank Agreement**”) between, amongst others, the Issuer, Citigroup Global Markets Europe AG as registrar (the “**Registrar**” which shall include any successor or substitute registrar appointed pursuant to the terms of the Agency and Account Bank Agreement), Virtus Group L.P. as collateral administrator (the “**Collateral Administrator**”, which shall include any successor or substitute collateral administrator appointed pursuant to the terms of the Collateral Management and Administration Agreement), Citibank, N.A., London Branch as transfer agent, principal paying agent, account bank, calculation agent, information agent and custodian (respectively, “**Transfer Agent**”, “**Principal Paying Agent**”, “**Account Bank**”, “**Calculation Agent**”, “**Information Agent**” and “**Custodian**”, which terms shall include any successor or substitute transfer agent, principal paying agent, account bank, calculation agent, information agent or custodian, respectively, appointed pursuant to the terms of the Agency and Account Bank Agreement or the Collateral Management and Administration Agreement, as applicable) and the Trustee; (b) a Collateral Management and Administration Agreement dated the Issue Date (the “**Collateral Management and Administration Agreement**”) between Bardin Hill Loan Advisors (UK) LLP, as collateral manager in respect of the Portfolio (the “**Collateral Manager**”, which term shall include any successor collateral manager appointed pursuant to the terms of the Collateral Management and Administration Agreement), the Issuer, the Trustee, the Custodian, the Information Agent and the Collateral Administrator; (c) a corporate services agreement dated 18 October 2018 between, amongst others, the Issuer and the Corporate Services Provider (the “**Corporate Services Agreement**”, which term shall include any subsequent corporate services agreements entered into between the Issuer and any such successor or replacement corporate services provider); and (d) a retention undertaking letter dated the Issue Date (the “**Retention Undertaking Letter**”) between the Issuer, the Trustee, the Collateral Administrator, the Initial Purchaser and Bardin Hill Loan Advisors (UK) LLP as the retention holder (the “**Retention Holder**”, which term shall include its permitted assigns from time to time). Copies of the Trust Deed, the Agency and Account Bank Agreement, the Collateral Management and Administration Agreement and the Corporate Services Agreement are available for inspection during usual business hours at the registered office of the Issuer (presently at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland) and at the specified office of the Principal Paying Agent for the time being. The holders of each Class of Notes are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Trust Deed, and are deemed to have notice of and be bound by 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, the Counterparty Downgrade Collateral Accounts, the Currency Account, the Hedge Termination Account, the First Period Reserve Account, the Interest Smoothing Account, the Unfunded Revolver Reserve Account and the Collection Account, all of which shall be held within the United Kingdom and in any event outside of Ireland.

“**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 (or in the case of a Class that is subject to Refinancing, the first Payment Date following the Refinancing) and each successive period from and including each Payment Date to, but excluding, the following Payment Date *provided that*, for the purposes of calculating the interest payable in accordance with Condition 6(d)(iii) (*Calculation of Class B-2 and Class C-2 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 thereof.

“**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 Obligations); *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 (to the extent such amounts represent Principal Proceeds) (including Eligible Investments therein which represent Principal Proceeds); *plus*
- (d) in relation to a Deferring Obligation or a Defaulted Obligation, the lesser of (i) its Moody’s 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/Caa 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 Obligation and/or that falls into the Excess CCC/Caa 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 on any date of determination; and
- (ii) in respect of paragraph (b) 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 Spot Rate multiplied by the Unhedged Haircut.

“**Administrative Expenses**” means amounts due and payable by the Issuer in the following order of priority (in each case, including any unpaid applicable VAT (including any reverse charge VAT) thereon, whether payable to that party or to the relevant tax authority):

- (a) on a *pro-rata* and *pari passu* basis, to:
  - (i) 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;
  - (ii) the Agents pursuant to the Agency and Account Bank Agreement (including, without limitation, payments to the Account Bank of all costs and expenses properly incurred by the Account Bank in relation to the accounts of the Issuer held with the Account Bank arising directly from the imposition of negative deposit interest rates by the European Central Bank or any other applicable rate setting authority) including by way of indemnity; and
  - (iii) the Collateral Administrator and the Information Agent pursuant to the Collateral Management and Administration Agreement including amounts by way of indemnity;
- (b) the Corporate Services Provider in respect of fees payable under the Corporate Services Agreement;
- (c) on a *pro-rata* and *pari passu* basis, to each Reporting Delegate pursuant to any Reporting Delegation Agreement (including amounts by way of indemnity);
- (d) on a *pro-rata* and *pari passu* basis:
  - (i) taking into account any amounts paid pursuant to paragraph (A) below, 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) taking into account any amounts paid pursuant to paragraph (B) below, to the independent certified public accountants, auditors, agents and counsel of, or persons providing advice to or for the benefit of, the Issuer (other than amounts payable to the Agents pursuant to paragraph (a) above);
  - (iii) to the Collateral Manager pursuant to the Collateral Management and Administration Agreement (including, but not limited to, amounts by way of indemnity and all ordinary expenses, costs, fees, out-of-pocket expenses, brokerage fees incurred by the Collateral Manager and the costs and expenses of any agents providing systems administration services to the Collateral Manager), but excluding any Collateral Management Fees or any VAT payable thereon and any amounts in respect of Collateral Manager Advances (and for the avoidance of doubt, any amounts due under (xi) and (xii) below);
  - (iv) to any other Person in respect of any governmental fee or charge (for the avoidance of doubt excluding any taxes) or any statutory indemnity;
  - (v) 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 otherwise provided for in this definition or in the Priorities of Payments, including, without limitation, amounts payable to (i) any listing agent and any amount 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 and (ii) any Person in connection with the Issuer achieving compliance with FATCA and the CRS;
  - (vi) to the Initial Purchaser pursuant to the Subscription Agreement in respect of any indemnity 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 payment of any amounts necessary to ensure the orderly dissolution of the Issuer;
  - (x) to the payment of any costs and expenses incurred by the Issuer in order to comply with any requirements under EMIR, the CRA3, the EU Securitisation Laws, AIFMD, the Dodd-Frank Act, Rule 17g-5 of the Exchange Act or any other law or regulation in any applicable jurisdiction which are applicable to it or the transactions entered into by it and to the payment of the costs of complying with FATCA and the CRS;
  - (xi) on a *pro rata* basis to any other Person (including the Collateral Manager and any third party appointed by the Issuer pursuant to the Collateral Management and Administration Agreement to assist with the Issuer's reporting obligations) in connection with satisfying the Transparency Requirements;
  - (xii) on a *pro rata* basis, any pecuniary sanctions levied on the Issuer arising under Article 32 of the Securitisation Regulation in relation to a failure by the Issuer to satisfy the Transparency Requirements; and
  - (xiii) to the payment of the reasonable fees, costs and expenses of the Issuer and the Collateral Manager (including their 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) incurred in relation to the transactions entered into pursuant to the Transaction Documents;
- (e) any Refinancing Costs not otherwise covered above and to the extent not already paid as Trustee Fees and Expenses;
  - (f) at the direction of the Collateral Manager, the establishment and running costs of any retention financing arrangements entered into by the Collateral Manager in connection with the Notes (including, for the avoidance of doubt, legal fees and the cost of establishing and maintaining a special purpose vehicle for the purposes of such arrangements);
  - (g) except to the extent already provided for above, on a *pro rata* basis to the payment of any indemnities payable to any Person as contemplated in these Conditions or the Transaction Documents; and
  - (h) on a *pro rata* basis to the payment of all other costs, expenses and fees reasonably incurred by the Issuer which are contemplated in the Transaction Documents or any other documents delivered pursuant to or in connection with the issue and sale of the Notes and which are not otherwise provided for in this definition or in the Priorities of Payments,

*provided that:*

- (A) notwithstanding the order of priority above, amounts due and payable to a Rating Agency may be paid by the Issuer (as directed by the Collateral Manager) at any time if the Collateral Manager or Issuer has been advised by that Rating Agency that non-payment of its fees will immediately result in the withdrawal of any ratings on any Rated Notes but only if amounts due to be paid under paragraph (a) above on the Payment Date immediately following such payment have been paid or provided for in full at the time of such payment; and
- (B) notwithstanding the order of priority above, the Collateral Manager, in its commercially reasonable judgement, may determine and direct a payment at any time if due or required in order to ensure the delivery of certain accounting services and

reports to it or the Issuer but only if amounts due to be paid under paragraph (a) above on the Payment Date immediately following such payment have been paid or provided for in full at the time of such payment and, if such payment would decrease an amount otherwise payable to the Initial Purchaser pursuant to paragraph (d)(vi) above, the prior consent of the Initial Purchaser is obtained.

“**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;
- (b) any account, fund, client or portfolio established and controlled by such Person or an Affiliate thereof or for which such Person or an Affiliate thereof acts as the investment adviser or with respect to which such Person or an Affiliate thereof exercises discretionary control thereover; and
- (c) any other Person who is a director, officer or employee:
  - (i) of such Person;
  - (ii) of any subsidiary or parent company of such Person; or
  - (iii) of any Person described in paragraphs (a) or (b) 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.

For the avoidance of doubt, “**Affiliate**” or “**Affiliates**” in relation to the Issuer and the Collateral Manager shall not include portfolio companies in which funds managed or advised by the Collateral Manager or its Affiliates hold an interest).

“**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.

“**Annual Pay Obligations**” means Collateral Obligations which in accordance with their terms, at the relevant date of determination, pay interest less frequently than semi-annually.

“**Applicable Margin**” has the meaning given to that term in Condition 6(d)(i)(E)(5) (*Floating Rate of Interest*).

“**Appointee**” means any attorney, manager, agent, delegate or other person properly appointed by the Trustee in accordance with the terms of the Trust Deed to discharge any of its functions or to advise in relation thereto.

“**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, (i) for the Class M Notes, €1.00 and (ii) for each other Class of Notes, €1,000.

**“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 in respect thereof, amounts standing to the credit of the Currency Account 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;
- (iii) Principal Proceeds which are to be used to purchase Collateral Obligations in respect of which the Issuer has entered into a binding commitment to purchase the relevant Collateral Obligations but such purchase(s) have not yet settled shall be excluded from the calculation of the Portfolio Profile Tests, Collateral Quality Tests, the Coverage Tests, the Reinvestment Par Value Test and all other tests and criteria applicable to the Portfolio at any time as if such purchase(s) had been completed;
- (iv) Principal Proceeds which are to be received from Collateral Obligations in respect of which the Issuer has entered into a binding commitment to sell the relevant Collateral Obligations but such sale(s) have not yet settled shall be included in the calculation of the Portfolio Profile Tests, Collateral Quality Tests, the Coverage Tests, the Reinvestment Par Value Test and all other tests and criteria applicable to the Portfolio at any time as if such sale(s) had been completed; and
- (v) in the event that a default as to payment of principal and/or interest has occurred and is continuing (disregarding any grace periods provided for pursuant to the terms thereof) in respect of any Eligible Investment or any material obligation of the obligor thereunder which is senior or equal in right of payment to such Eligible Investment, such Eligible Investment shall have a value equal to the lesser of its Moody’s Collateral Value and its Fitch Collateral Value (determined as if such Eligible Investment were a Collateral Obligation).

**“Basel Convention”** means the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, which entered into force on 5 May 1992, as amended on 6 November 1998.

**“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's or plan's investment in such entity.

“**Bivariate Risk Table**” has the meaning given to it 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 and Dublin (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.

“**Caa Obligations**” means all Collateral Obligations, excluding Defaulted Obligations, with a Moody's Rating of “Caa1” or lower.

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

“**CCC/Caa Excess**” means, in respect of any date of determination, an amount equal to the greater of:

- (a) the excess of the aggregate Principal Balance of all Caa Obligations over an amount equal to 7.5 per cent. of the Collateral Principal Amount; and
- (b) the excess of the aggregate Principal Balance of all CCC Obligations over an amount equal to 7.5 per cent. of the Collateral Principal Amount,

in each case as determined as at such date of determination, provided that:

- (i) in determining the Collateral Principal Amount for the purposes of paragraph (a) and (b) above, the Principal Balance of Defaulted Obligations shall be excluded;
- (ii) in determining which of the Caa Obligations shall be included under part (a) above, the Caa Obligations 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 excess of the aggregate Principal Balance of all Caa Obligations; and
- (iii) in determining which of the CCC Obligations shall be included under part (b) above, the CCC Obligations 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 excess of the aggregate Principal Balance of all CCC Obligations.

“**Class A Noteholders**” means the holders of any Class A Notes from time to time, as further described in the Trust Deed.

“**Class A/B Coverage Tests**” means the Class A/B Interest Coverage Test and the Class A/B Par Value Test.

“**Class A/B Interest Coverage Ratio**” means, as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date, the ratio (expressed as a percentage) obtained by dividing (a) the Interest Coverage Amount; by (b) the sum of (i) the Class X Principal Amortisation Amount, (ii) the Unpaid Class X Principal Amortisation Amount, and (iii) the scheduled interest payments due on the Class X Notes, the Class A Notes and the Class B Notes on the following Payment Date. For the purposes of calculating the Class A/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 X Notes, the Class A Notes and the Class B Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

**“Class A/B Interest Coverage Test”** means the test which will apply as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date and which will be satisfied on such Measurement Date if the Class A/B Interest Coverage Ratio is at least equal to 120.00 per cent.

**“Class A/B Par Value Ratio”** means, as of any Measurement Date on and after the Effective Date, the ratio (expressed as a percentage) obtained by dividing (a) the amount equal to the Adjusted Collateral Principal Amount by (b) the sum of the Principal Amount Outstanding of each of the Class A Notes and the Class B Notes.

**“Class A/B Par Value Test”** means the test which will apply as of any Measurement Date on and after the Effective Date and which will be satisfied on such Measurement Date if the Class A/B Par Value Ratio is at least equal to 131.56 per cent.

**“Class A CM Non-Voting Exchangeable Notes”** means the Class A Notes in the form of CM Non-Voting Exchangeable Notes.

**“Class A CM Non-Voting Notes”** means the Class A Notes in the form of CM Non-Voting Notes.

**“Class A CM Voting Notes”** means the Class A Notes in the form of CM Voting Notes.

**“Class B CM Non-Voting Exchangeable Notes”** means the Class B Notes in the form of CM Non-Voting Exchangeable Notes.

**“Class B CM Non-Voting Notes”** means the Class B Notes in the form of CM Non-Voting Notes.

**“Class B CM Voting Notes”** means the Class B Notes in the form of CM Voting Notes.

**“Class B Noteholders”** means the Class B-1 Noteholders and the Class B-2 Noteholders.

**“Class B-1 CM Non-Voting Exchangeable Notes”** means the Class B-1 Notes in the form of CM Non-Voting Exchangeable Notes.

**“Class B-1 CM Non-Voting Notes”** means the Class B-1 Notes in the form of CM Non-Voting Notes.

**“Class B-1 CM Voting Notes”** means the Class B-1 Notes in the form of CM Voting Notes.

**“Class B-1 Noteholders”** means holders of any Class B-1 Notes from time to time, as further described in the Trust Deed.

**“Class B-2 CM Non-Voting Exchangeable Notes”** means the Class B-2 Notes in the form of CM Non-Voting Exchangeable Notes.

**“Class B-2 CM Non-Voting Notes”** means the Class B-2 Notes in the form of CM Non-Voting Notes.

**“Class B-2 CM Voting Notes”** means the Class B-2 Notes in the form of CM Voting Notes.

**“Class B-2 Noteholders”** means holders of any Class B-2 Notes from time to time, as further described in the Trust Deed.

**“Class C-1 CM Non-Voting Exchangeable Notes”** means the Class C-1 Notes in the form of CM Non-Voting Exchangeable Notes.

**“Class C-1 CM Non-Voting Notes”** means the Class C-1 Notes in the form of CM Non-Voting Notes.

**“Class C-1 CM Voting Notes”** means the Class C-1 Notes in the form of CM Voting Notes.

**“Class C-1 Noteholders”** means holders of any Class C-1 Notes from time to time, as further described in the Trust Deed.

**“Class C-2 CM Non-Voting Exchangeable Notes”** means the Class C-2 Notes in the form of CM Non-Voting Exchangeable Notes.

**“Class C-2 CM Non-Voting Notes”** means the Class C-2 Notes in the form of CM Non-Voting Notes.

**“Class C-2 CM Voting Notes”** means the Class C-2 Notes in the form of CM Voting Notes.

**“Class C-2 Noteholders”** means holders of any Class C-2 Notes from time to time, as further described in the Trust Deed.

**“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 sum of (i) the Class X Principal Amortisation Amount, (ii) the Unpaid Class X Principal Amortisation Amount, and (iii) the scheduled interest payments due on the Class X Notes, the Class A Notes, the Class B Notes and the Class C Notes on the following Payment Date (excluding Deferred Interest but including any interest on Deferred Interest). For the purposes of calculating the Class C Interest Coverage Ratio, the expected interest income on Collateral Obligations, Eligible Investments and the Accounts (to the extent applicable) and the expected interest payable on the Class X Notes, the Class A Notes, the Class B Notes and the Class C Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

**“Class C Interest Coverage Test”** means the test which will apply as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date and which will be satisfied on such Measurement Date if the Class C Interest Coverage Ratio is at least equal to 110.00 per cent.

**“Class C Noteholders”** means Class C-1 Noteholders and the Class C-2 Noteholders..

**“Class C Par Value Ratio”** means, as of any Measurement Date on and after the Effective Date, the ratio (expressed as a percentage) obtained by dividing (a) the amount equal to the Adjusted Collateral Principal Amount by (b) the sum of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes and the Class C Notes.

**“Class C Par Value Test”** means the test which will apply as of any Measurement Date on or 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 122.39 per cent.

**“Class D CM Non-Voting Exchangeable Notes”** means the Class D Notes in the form of CM Non-Voting Exchangeable Notes.

**“Class D CM Non-Voting Notes”** means the Class D Notes in the form of CM Non-Voting Notes.

**“Class D CM Voting Notes”** means the Class D Notes in the form of CM Voting Notes.

**“Class 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 the sum of (i) the Class X Principal Amortisation Amount, (ii) the Unpaid Class X Principal Amortisation Amount, and (iii) the scheduled interest payments due on the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes on the following Payment Date (excluding Deferred Interest but including any interest on Deferred Interest). For the purposes of calculating the Class D Interest Coverage Ratio, the expected interest income on Collateral Obligations, Eligible Investments and the Accounts (to the extent applicable) and the expected interest payable on the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

**“Class D Interest Coverage Test”** means the test which will apply as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date and which will be satisfied on such Measurement Date if the Class D Interest Coverage Ratio is at least equal to 105.00 per cent.

**“Class D Noteholders”** means the holders of any Class D Notes from time to time, as further described in the Trust Deed.

**“Class D Par Value Ratio”** means, as of any Measurement Date on and after the Effective Date, the ratio (expressed as a percentage) obtained by dividing (a) the amount equal to the Adjusted Collateral Principal Amount by (b) the sum of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, 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 or 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 114.07 per cent.

**“Class E Noteholders”** means the holders of any Class E Notes from time to time, as further described in the Trust Deed.

**“Class E Par Value Ratio”** means, as of any Measurement Date on and after the Effective Date, the ratio (expressed as a percentage) obtained by dividing (a) the amount equal to the Adjusted Collateral Principal Amount by (b) the sum of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

**“Class E Par Value Test”** means the test which will apply as of any Measurement Date on or after the Effective Date and which will be satisfied on such Measurement Date if the Class E Par Value Ratio is at least equal to 106.46 per cent.

**“Class F Noteholders”** means the holders of any Class F Notes from time to time, as further described in the Trust Deed.

**“Class F Par Value Ratio”** means, as of any Measurement Date on and after the Effective Date, the ratio (expressed as a percentage) obtained by dividing (a) the amount equal to the Adjusted Collateral Principal Amount by (b) the sum of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes.

**“Class F Par Value Test”** means the test which will apply as of any Measurement Date after the Reinvestment Period which will be satisfied on such Measurement Date if the Class F Par Value Ratio is at least equal to 104.70 per cent.

**“Class M Distribution Amount”** has the meaning given thereto in Condition 6(e) (*Interest on the Class M Notes*).

**“Class M Noteholders”** means the holders of any Class M Notes from time to time.

**“Class of Notes”** means each of the Classes of Notes, being:

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

- (h) the Class E Notes;
- (i) the Class F Notes
- (j) the Class M Notes; and
- (k) the Subordinated Notes,

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

- (i) notwithstanding that the Class B-1 Notes and the Class B-2 Notes are separate Classes, they shall be treated as a single Class for the purposes of any consent, direction, objection, approval, vote or determination of quorum under the Trust Deed and in relation to compliance with the EU Retention and Transparency Requirements, except as expressly provided in the Trust Deed, with each holder of Class B-1 Notes and Class B-2 Notes voting based on the aggregate Principal Amount Outstanding of Class B Notes held by such holder (other than in relation to a Refinancing, in which case each of the Class B-1 Notes and the Class B-2 Notes shall constitute separate Classes);
- (ii) notwithstanding that the Class C-1 Notes and the Class C-2 Notes are separate Classes, they shall be treated as a single Class for the purposes of any consent, direction, objection, approval, vote or determination of quorum under the Trust Deed and in relation to compliance with the EU Retention and Transparency Requirements, except as expressly provided in the Trust Deed, with each holder of Class C-1 Notes and Class C-2 Notes voting based on the aggregate Principal Amount Outstanding of Class C Notes held by such holder (other than in relation to a Refinancing, in which case each of the Class C-1 Notes and the Class C-2 Notes shall constitute separate Classes); and
- (iii) notwithstanding that (1) the Class A CM Voting Notes, Class A CM Non-Voting Exchangeable Notes and the Class A CM Non-Voting Notes are in the same Class, (2) the Class B-1 CM Voting Notes, Class B-1 CM Non-Voting Exchangeable Notes and the Class B-1 CM Non-Voting Notes are in the same Class, (3) the Class B-2 CM Voting Notes, Class B-2 CM Non-Voting Exchangeable Notes and the Class B-2 CM Non-Voting Notes are in the same Class, (4) the Class C-1 CM Voting Notes, Class C-1 CM Non-Voting Exchangeable Notes and the Class C-1 CM Non-Voting Notes are in the same Class, (5) the Class C-2 CM Voting Notes, Class C-2 CM Non-Voting Exchangeable Notes and the Class C-2 CM Non-Voting Notes are in the same Class, and (6) the Class D CM Voting Notes, Class D CM Non-Voting Exchangeable Notes and the Class D CM Non-Voting Notes are in the same Class, they shall not be treated as a single Class in respect of any consent, direction, objection, approval, vote or determination of quorum under the Trust Deed in connection with any CM Removal Resolution or CM Replacement Resolution and, instead, the CM Voting Notes shall be treated as the relevant Class solely for such purpose.

“**Class X Noteholders**” means the holders of any Class X Notes from time to time.

“**Class X Principal Amortisation Amount**” means, for each Payment Date beginning on (and including the second Payment Date immediately following the Issue Date and each Payment Date thereafter prior to (and including) the fifth Payment Date, the lesser of (a) the Principal Amount Outstanding of the Class X Notes (for the avoidance of doubt, taking into account all prior principal payments on the Class X Notes); and (b) (i) in respect of each such Payment Date prior to the occurrence of a Frequency Switch Event, €375,000 and (ii) in respect of each such Payment Date following the occurrence of a Frequency Switch Event, €750,000.

“**Clearing System**” means Euroclear or Clearstream, Luxembourg.

“**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 Non-Voting Exchangeable Notes”** means Notes which:

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

**“CM Non-Voting Notes”** means Notes which:

- (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 Voting Notes have a right to vote and be so counted; and
- (b) are not exchangeable into CM Voting Notes or CM Non-Voting Exchangeable 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.

**“CM 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 voting on a CM Removal Resolution or a CM Replacement Resolution and all other matters as to which Noteholders have a right to vote and be counted; and
- (b) are, at any time, exchangeable into:
  - (i) CM Non-Voting Notes; or
  - (ii) CM Non-Voting Exchangeable Notes.

**“Code”** means the United States Internal Revenue Code of 1986, as amended from time to time.

**“Collateral”** means the property, assets and rights described in Condition 4 (*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 and other debt obligations not satisfying the Eligibility Criteria (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

(but in all cases, excluding, for the avoidance of doubt, a Restructured Obligation). For the avoidance of doubt, the acquisition of Collateral Enhancement Obligations will not be required to satisfy the Eligibility Criteria.

**“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 and the Incentive Collateral Management Fee.

**“Collateral Manager Advance”** has the meaning given to that term in Condition 3(l) (*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 Related Party”** means each of the Collateral Manager, any of its Affiliates, any director, officer or employee of the Collateral Manager or any of its Affiliates or any fund or account for which the Collateral Manager or any of its Affiliates exercises discretionary management services or authority on behalf of such fund or account.

**“Collateral Manager Tax Event”** means that:

- (a) the Issuer has become subject either (i) to any United Kingdom income or corporation tax liability (including, without limitation, by virtue of the Collateral Manager causing the Issuer to be carrying on a trade in the United Kingdom through a United Kingdom permanent establishment) or (ii) to any U.S. federal income tax (other than any U.S. federal income tax resulting from compliance with the Trading Restrictions), in either case on a net income or profits basis, or there being a substantial likelihood that the Issuer will become subject to such United Kingdom tax or such U.S. federal income tax (other than any U.S. federal income tax resulting from compliance with the Trading Restrictions) in each case as a result of the activities of the Collateral Manager; and
- (b) the Collateral Manager has not (i) changed the location from which it provides its collateral management services under the terms of the Collateral Management and Administration Agreement so as to remedy or (ii) otherwise remedied or eliminated the occurrence of such event described in paragraph (a) above (including by the appointment of a replacement Collateral Manager in its place) within 90 calendar days of the date that the Collateral Manager is notified or otherwise first becomes aware of the occurrence of such event.

**“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) which the Collateral Manager determines in accordance with the Collateral Management and Administration Agreement satisfies the Eligibility Criteria at the time that any commitment to purchase is entered into by or on behalf of the Issuer (or the Participation Agreement is entered into in respect of a Participation) save for an Issue Date Collateral Obligation which must only satisfy the Eligibility Criteria on the Issue Date. References to Collateral Obligations shall include Non-Euro Obligations but shall not include Collateral Enhancement Obligations, Eligible Investments or Exchanged Equity Securities. Collateral 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, the Reinvestment Par Value Test and all other tests and criteria applicable to the Portfolio at any time as if such purchase had been completed. Collateral 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 in respect of which such sale has not yet settled, shall be excluded from being Collateral Obligations solely for the purpose of the calculation of the Portfolio Profile Tests, the Collateral Quality Tests, the Coverage Tests, the Reinvestment Par Value Test and all other tests and criteria applicable to the Portfolio at any time as if such sale had been completed. The failure of any obligation to satisfy the Eligibility Criteria at any time after the Issuer or the Collateral Manager on behalf of the Issuer has entered into a binding agreement to purchase it shall not cause such obligation to cease to constitute a Collateral Obligation unless it is an Issue Date Collateral Obligation which does not satisfy the Eligibility Criteria on the Issue Date. 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) shall only constitute a Collateral Obligation for the purpose of the calculation of the Portfolio Profile Tests, Collateral Quality Tests, Coverage Tests, Reinvestment Par Value Test and all other tests and criteria applicable to the Portfolio 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 date of determination, the amount equal to the aggregate of the following amounts, as at such date of determination:

- (a) the Aggregate Principal Balance of all Collateral Obligations, provided however that the Principal Balance of Defaulted Obligations shall be excluded in calculating the Collateral Principal Amount for the purposes only of:
  - (i) the Portfolio Profile Tests and Collateral Quality Tests (unless otherwise expressly stated in the Collateral Management and Administration Agreement);
  - (ii) determining whether a Note Event of Default has occurred in accordance with Condition 10(a)(iv) (*Collateral Obligations*); and
  - (iii) where otherwise expressly stated herein or in the Transaction Documents;
- (b) for the purpose solely of calculating the Collateral Management Fees, (A) the aggregate amount of all accrued and unpaid interest purchased with Principal Proceeds (other than with respect to Defaulted Obligations) and (B) without duplication with (A), 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; and
- (c) the Balances standing to the credit of the Principal Account and the Unused Proceeds Account to the extent such amounts represent Principal Proceeds, and including the principal amount of any Eligible Investments purchased with such Balance but excluding any interest accrued on Eligible Investments.

**“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 Moody’s are Outstanding:
  - (i) the Moody’s Minimum Diversity Test;
  - (ii) the Moody’s Minimum Weighted Average Recovery Rate Test; and
  - (iii) the Moody’s Maximum Weighted Average Rating Factor Test; and
- (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.

**“Collateral Tax Event”** means at any time, as a result of the introduction of a new, or any change in, any home jurisdiction or foreign tax statute, treaty, regulation, rule, published ruling, generally applicable practice, procedure or judicial decision or interpretation (whether proposed, temporary or final) in any jurisdiction:

- (a) interest, discount or premium payments due from the Obligors of any Collateral Obligations (or from Selling Institutions in the case of Participations) in relation to any Due Period becoming properly subject to the imposition of withholding tax (other than where such withholding tax is compensated for by a “gross up” provision in the terms of the Collateral Obligation or such requirement to withhold is eliminated, or any withholding can be recovered pursuant to a double taxation treaty or otherwise so that in each case the Issuer, as holder thereof, either directly or indirectly through a Participation is held completely harmless from the full amount of such withholding tax on an after tax basis); or
- (b) the Issuer becomes subject to tax on its net income or profits, diverted profits tax or similar tax in the United Kingdom, the United States of America, Ireland or any or any other jurisdiction, or any political sub-division thereof (other than any US federal, state or local income or franchise tax imposed solely with respect to an equity security or “United States real property interest” (as defined for US federal income tax purposes) received in an Offer, so long, as the Issuer disposes of such equity security or United States real property interest within 60 Business Days after receipt),

so that the aggregate amount of such withholding taxes and taxes falling within paragraph (b) in respect of all Collateral Obligations 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, but in all cases only if a substitution or a relocation of the Issuer or other reasonable measures would fail to remedy the same.

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

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

**“Consolidated Group”** means a group of companies comprising a holding company and one or more subsidiaries (as such terms are defined in section 1159 of the Companies Act 2006), and where the holding company has control over each subsidiary (as the term control is defined in the IFRS 10 (Consolidated Financial Statements) accounting standard).

**“Contribution”** has the meaning given to it in Condition 3(d) (*Contributions*).

**“Contributor”** has the meaning given to it in Condition 3(d) (*Contributions*).

**“Controlling Class”** means:

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

the Class B Notes; or

- (c)
  - (i) following redemption and payment in full of the Class A Notes and the Class B Notes; or

- (ii) prior to the redemption and payment in full of the Class A Notes and the Class B Notes and solely in connection with a CM Removal Resolution or a CM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of each of the Class A Notes and the Class B Notes is held in the form of CM Non-Voting Notes and/or CM Non-Voting Exchangeable Notes and/or by or on behalf of the Collateral Manager or any Collateral Manager Related Party,

the Class C Notes; or

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

the Class D Notes; or

- (e) (i) following redemption and payment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; or
- (ii) prior to the redemption and payment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and solely in connection with a CM Removal Resolution or a CM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes is held by or on behalf of the Collateral Manager or any Collateral Manager Related Party,

the Class E Notes; or

- (f) following redemption and payment in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the Class F Notes; or

- (g) following redemption and payment in full of the Rated 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 Non-Voting Notes or CM Non-Voting Exchangeable Notes and/or by or on behalf of the Collateral Manager or any Collateral Manager Related Party shall (A) constitute or form part of the Controlling Class, (B) be entitled to vote in respect of such CM Removal Resolution or CM Replacement Resolution or (C) be counted for the purposes of determining a quorum or the result of voting in respect of such CM Removal Resolution or CM Replacement Resolution.

**“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).

**“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).

**“Corporate Rescue Loan”** means any interest in a loan or financing facility that is acquired directly by way of a new advance or an assignment which is paying principal and interest on a current basis, has a Moody’s Rating determined in accordance with paragraphs (a)(i), (ii) or (iii) or (b)(i), (ii), (iii) or (iv) of the definition of “Moody’s Rating” of not lower than “Caa3” and either:

- (a) if the Obligor is organised under the laws of the United States or any State therein, 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**”), the terms of which have been approved by an order of the United States Bankruptcy Court, the United States District Court, or any other court of competent jurisdiction, the enforceability of which order is not subject to any pending contested matter or proceeding (as such terms are defined in the Federal Rules of Bankruptcy Procedure) and which order provides that (x) such Corporate Rescue Loan is secured by liens on the Debtor’s otherwise unencumbered assets pursuant to § 364(c)(2) of the United States Bankruptcy Code; or (y) such Corporate Rescue Loan is secured by liens of equal or senior priority on property of the Debtor’s estate that is otherwise subject to a lien pursuant to § 364(d) of the United States Bankruptcy Code; or (z) such Corporate Rescue Loan is secured by junior liens on the Debtor’s encumbered assets and such Corporate Rescue Loan is fully secured based upon a current valuation or appraisal report; or (aa) 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) if the Obligor is not organised under the laws of the United States or any State therein, is a credit facility or other advance made available to a company or group in a restructuring or insolvency process 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.

“**Corporate Services Provider**” means TMF Administration Services Limited and its permitted successors and/or assigns.

“**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, the account of the Issuer with the Custodian into which all Counterparty Downgrade Collateral (other than cash) is to be deposited or (as the case may be) each account of the Issuer with the Account Bank into which all Counterparty Downgrade Collateral (in the form of cash) is to be deposited, in each case 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/B Par Value Test, the Class A/B Interest Coverage Test, Class C Par Value Test, the Class C Interest Coverage Test, the Class D Par Value Test, the Class D Interest Coverage Test, the Class E Par Value Test and the Class F Par Value Test.

“**Cov-Lite Loan**” means a Collateral Obligation, as determined by the Collateral Manager in accordance with the standard of care specified in the Collateral Management and Administration Agreement, that is an interest in a loan, the Underlying Instruments for which do not (i) contain any financial covenants or (ii) 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*, a Collateral Obligation described in (i) or (ii) above that either contains a cross-default provision or is *pari passu* with or is senior to another obligation (including for the benefit of the doubt a revolving obligation) of the Obligor that requires the Obligor to comply with one or more Maintenance Covenants shall be deemed not to be a Cov-Lite Loan.

“**CPO Condition**” means, in respect of a Hedge Agreement or a Hedge Transaction, receipt by the Collateral Manager (with a copy to the Issuer and Trustee) of legal advice from reputable legal counsel to the effect that the entry into such arrangements shall not require any of the Issuer, its Directors or officers or the Collateral Manager or its directors, officers or employees to register with the United States Commodities Futures Trading Commission as a commodity pool operator or a commodity trading advisor pursuant to the United States Commodity Exchange Act of 1936, as amended.

“**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) including any implementing and/or delegated regulations, technical standards and guidelines relating thereto.

“**Credit Improved Obligation**” means any Collateral Obligation which, in the Collateral Manager’s commercially reasonable judgement (which judgement will not be called into question as a result of subsequent events), has significantly improved in credit quality after it was acquired by the Issuer or which satisfies the Credit Improved Obligation Criteria, *provided that* during a Restricted Trading Period, a Collateral Obligation will qualify as a Credit Improved Obligation only if: (i) the Credit Improved Obligation Criteria are satisfied with respect to such Collateral Obligation; or (ii) the Controlling Class acting by Ordinary Resolution approves the treatment of such Collateral Obligation as a Credit Improved Obligation.

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

- (a) in the case of a Floating Rate Collateral Obligation, 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 date of determination by a percentage either at least 0.25 per cent. more positive or at least 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 selected by the Collateral Manager over the same period;
- (b) in the case of a Fixed Rate Collateral Obligation, 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 either at least 1.00 per cent. more positive or at least 1.00 per cent. less negative than the percentage change in the Eligible Bond Index selected by the Collateral Manager over the same period;
- (c) in the case of a Floating Rate Collateral Obligation, 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 with a spread (prior to such decrease) less than or equal to 2.00 per cent.), (2) 0.375 per cent. or more (in the case of a loan obligation with a spread (prior to such decrease) greater than 2.00 per cent. but less than or equal to 4.00 per cent.) or (3) 0.50 per cent. or more (in the case of a loan obligation with a spread (prior to such decrease) greater than 4.00 per cent.) due, in each case, to an improvement in the Obligor’s financial ratios or financial results; or
- (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 in a commercially reasonable manner) 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;
- (e) such Collateral Obligation has been upgraded or put on a watch list for possible upgrade or on positive outlook by either of the Rating Agencies since the date on which such Collateral Obligation was acquired by the Issuer; or

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

- (a) in the case of a Floating Rate Collateral Obligation, 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 Loans or Secured Senior Bonds, either at least 0.25 per cent. more negative or at least 0.25 per cent. less positive and (ii) in the case of Unsecured Senior Obligations, Second Lien Loans, Mezzanine Obligations or High Yield Bond, either at least 0.50 per

cent. more negative or at least 0.50 per cent. less positive, in each case, than the percentage change in the average price of an Eligible Loan Index selected by the Collateral Manager over the same period;

- (b) in the case of a Fixed Rate Collateral Obligation, 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 either at least 1.00 per cent. more negative or at least 1.00 per cent. less positive than the percentage change in the average price of an Eligible Loan Index selected by the Collateral Manager over the same period;
- (c) such Collateral Obligation has been downgraded or put on a watch list for possible downgrade or on negative outlook by either of the Rating Agencies since the date on which such Collateral Obligation was acquired by the Issuer;
- (d) in the case of a Floating Rate Collateral Obligation, 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 with a spread (prior to such increase) less than or equal to 2.00 per cent.), (2) 0.375 per cent. or more (in the case of a loan obligation with a spread (prior to such increase) greater than 2.00 per cent. but less than or equal to 4.00 per cent.) or (3) 0.50 per cent. or more (in the case of a loan obligation with a spread (prior to such increase) greater than 4.00 per cent.) due, in each case, to a deterioration in the Obligor's financial ratios or financial results;
- (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) of the Obligor of such Collateral Obligation is less than 1.00 or is expected to be less than 0.85 times the current year's projected cash flow interest coverage ratio; or

**“Credit Risk Obligation”** means any Collateral Obligation (other than a Defaulted Obligation) that, in the Collateral Manager's commercially reasonable judgement (which judgement will not be called into question as a result of subsequent events), has a significant risk of declining in credit quality or price or which satisfies the Credit Risk Criteria, *provided that* 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 by Ordinary Resolution approves the treatment of such Collateral Obligation as a Credit Risk Obligation.

**“CRR”** means Regulation No 575/2013 of the European Parliament and of the Council.

**“CRS”** means the automatic exchange of information regime implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU), and which implements in the European Union the common reporting standard more fully described as the Standard for Automatic Exchange of Financial Account Information in Tax Matters published by the Council of the Organisation for Economic Cooperation and Development on 21 July 2014.

**“Currency Account”** means the accounts in the name of the Issuer held with the Account Bank which shall comprise separate accounts denominated in the relevant currencies of Non-Euro Obligations.

**“Currency Hedge Agreement”** means each 1992 ISDA Master Agreement (Multicurrency-Cross Border) or 2002 ISDA 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 entered into a Currency Hedge Agreement or any permitted successor or assignee thereof pursuant to the terms of such Currency Hedge Agreement which (i) is required to satisfy the applicable Rating Requirement, (ii) whose obligations are

guaranteed by a guarantor which is required to satisfy the applicable Rating Requirement, or (iii) in respect of which Rating Agency Confirmation has been obtained, on such date of entry, succession or assignment.

**“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 but excluding for all purposes other than determining the amount payable by the Issuer to the Currency Hedge Counterparty thereto upon such termination or modification under the relevant Currency Hedge Agreement and the payment thereof pursuant to the Priorities of Payments, any due and unpaid Scheduled Periodic Hedge Issuer Payments payable thereunder.

**“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 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 the Collateral Manager believes, in its commercially reasonable judgement, that:

- (a) the Obligor of such Collateral Obligation will continue to make scheduled payments of interest thereon in cash and will pay the principal thereof in cash by maturity or as otherwise contractually due;
- (b) if the Obligor is subject to bankruptcy or insolvency proceedings, a bankruptcy court has authorised the payment of interest and principal payments when due thereunder;
- (c) the Collateral Obligation has a Market Value of at least 80 per cent. of its current Principal Balance;
- (d) the Collateral Obligation has either:
  - (i) a Moody’s Rating of at least “Caa1”; or
  - (ii) a Moody’s Rating of at least “Caa2” and a Market Value of at least 85 per cent. of its current Principal Balance; and
- (e) if the Eligible Loan Index is trading below 90 per cent., such Collateral Obligation has either (x) a Market Value of at least 85 per cent. of the average price of such Eligible Loan Index and a Moody’s Rating of at least “Caa2” or (y) a Market Value of at least 80 per cent. of the average price of such Eligible Loan Index and a Moody’s Rating of at least “Caa1”.

**“Custody Account”** means the custody account or accounts held within the United Kingdom and in any event 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 is a Defaulting Hedge Counterparty, including any due and unpaid Scheduled Periodic Hedge Issuer Payments payable 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 is a Defaulting Hedge Counterparty, including any due and unpaid Scheduled Periodic Hedge Issuer Payments payable thereunder.

**“Defaulted Obligation”** means a Collateral Obligation as determined by the Collateral Manager using reasonable commercial judgement based on circumstances at the time of determination (which judgement will not be called

into question as a result of subsequent events which change the position from that which existed on the date of the original determination):

- (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, seven calendar days or any grace period applicable thereto (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 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 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, save for obligations constituting trade debts which the applicable Obligor is disputing in good faith (and such default has not been cured), but only if both such other obligation and the Collateral Obligation are either (A) both full recourse and unsecured obligations or (B) 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 (other than in the case of a default that, in the Collateral Manager’s commercially reasonable judgement, as certified to the Trustee in writing, is not due to credit-related causes) the passage of five Business Days, seven calendar days or any grace period applicable thereto, 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 (x) 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 and (y) a Collateral Obligation shall not constitute a Defaulted Obligation under this paragraph (c) if the Collateral Manager has notified the Rating Agencies and the Trustee in writing of its decision not to treat the Collateral Obligation as a Defaulted Obligation;
- (d) which (i) has a Moody’s Rating of “Ca” or “C” or below; or (ii) has a Fitch Rating of “RD” or “CC” or below (or, in either case, had such rating immediately prior to it being withdrawn by Moody’s or Fitch, as applicable);
- (e) in respect of a Collateral Obligation that is a Participation,
  - (i) the Selling Institution has defaulted in respect of any of its payment obligations under the terms of such Participation;
  - (ii) the obligation which is the subject of such Participation would constitute a Defaulted Obligation if the Issuer had a direct interest therein; or
  - (iii) the Selling Institution (A) has a Moody’s Rating of “D” / “Ca” or “C” or below; or (B) has a Fitch Rating of “RD” or “CC” or below (or, in either case, had such rating immediately prior to it being withdrawn by Moody’s or Fitch, as applicable);
- (f) which the Collateral Manager, acting on behalf of the Issuer, determines in its commercially reasonable judgement should be treated as a Defaulted Obligation; or
- (g) 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 stock, or debt with a lower coupon or par amount) of such Obligor and, in the opinion of the Collateral Manager, such offer has the apparent purpose of helping the Obligor avoid default; provided, however, such obligation will not be a Defaulted Obligation under this paragraph if such new obligation is (i) a

Restructured Obligation; and (ii) such Restructured Obligation does not otherwise constitute a Defaulted Obligation pursuant to any other paragraph of the definition hereof,

*provided that:*

- (A) a Collateral Obligation shall not constitute a Defaulted Obligation pursuant to clauses (b) through (g) above if such Collateral Obligation (or, in the case of a Participation, the underlying Collateral Obligation) is a Current Pay Obligation (provided that (I) in each case it, or the relevant Selling Institution in the case of a Participation, does not have a Fitch Rating of “RD” or “CC” or below and (II) the aggregate Principal Balance of Current Pay Obligations exceeding 2.5 per cent. of the Collateral Principal Amount (for which purposes the Principal Balance of each Defaulted Obligation shall be the lower of its Moody’s Collateral Value and 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 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 excess);
- (B) a Collateral Obligation shall not constitute a Defaulted Obligation if such Collateral Obligation (or, in the case of a Participation, the underlying obligation) is a Corporate Rescue Loan (provided that, in each case, (I) it does not have a Fitch Rating of “RD” or “CC” or below, and (II)(x) the Aggregate Principal Balance of Corporate Rescue Loans does not exceed 5.0 per cent. of the Collateral Principal Amount (for which purposes the Principal Balance of each Defaulted Obligation shall be the lower of its Moody’s Collateral Value and Fitch Collateral Value) or (y) in the case of Corporate Rescue Loans of a single Obligor, the Aggregate Principal Balance of such Corporate Rescue Loans does not exceed 2.0 per cent. of the Collateral Principal Amount (for which purposes the Principal Balance of each Defaulted Obligation shall be the lower of its Moody’s Collateral Value and Fitch Collateral Value)); 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 (a) the Principal Balance of such Defaulted Obligation immediately outstanding prior to receipt of such amounts and (b) any outstanding Purchased Accrued Interest related thereto.

“**Defaulting Hedge Counterparty**” means a Hedge Counterparty which is either:

- (a) the “Defaulting Party” in respect of an “Event of Default” (each as such terms are defined in the applicable Hedge Agreement); or
- (b) the sole “Affected Party” in respect of either:
  - (i) a “Tax Event Upon Merger”; or
  - (ii) an “Additional Termination Event” as a result of such Hedge Counterparty failing to comply with the requirements of the Rating Agencies in the event that it (or, as relevant, its guarantor) is subject to a rating withdrawal or downgrade by the Rating Agencies to below the applicable Rating Requirement,

each such term as defined in the applicable Hedge Agreement.

“**Deferred Interest**” has the meaning given thereto in Condition 6(b) (*Deferral of Interest*).

“**Deferred Senior Collateral Management Amounts**” has the meaning given thereto in Condition 3(c)(i) (*Application of Interest Proceeds*).

“**Deferring Obligation**” means a PIK Obligation that is deferring the payment of the current cash interest due thereon and has been so deferring the payment of such interest due thereon: (i) with respect to Collateral Obligations that have a Moody’s Rating of at least “Baa3”, for the shorter of two consecutive accrual periods or one year; and (ii) with respect to Collateral Obligations that have a Moody’s Rating of “Ba1” 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 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.

“**Designated Base Rate**” means either (x) the 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 Market Association, the Loan Syndication and Trading Association (or any successor organisations thereto) or the U.S. Federal Reserve Alternative Reference Rates Committee as a replacement rate for LIBOR or EURIBOR (as applicable) or (y) the successor rate for LIBOR or EURIBOR (as applicable) being used in at least 50 per cent. of the quarterly paying Floating Rate Collateral Obligations included in the Portfolio, in each case as determined by the Collateral Manager in its sole discretion.

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

“**Directors**” means Martin Carr and Deirdre Brennan or such 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 a Floating Rate Collateral Obligation, is acquired by the Issuer for a purchase price that is less than 80 per cent. of the Principal Balance of such Collateral Obligation (or, if such Collateral Obligation has a Moody’s Rating below “B3” or a Fitch Rating below “B-”, such Collateral Obligation is acquired by the Issuer for a purchase price of lower than 85 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 (expressed as a percentage of the Principal Balance of such Collateral Obligations as of the relevant date of determination) of such Collateral Obligation, as determined for any period of 20 consecutive Business Days since the acquisition by the Issuer of such Collateral Obligation, equals or exceeds 90 per cent. of the Principal Balance of such Collateral Obligation; or
- (b) in the case of any Fixed Rate Collateral Obligation, is acquired by the Issuer for a purchase price that is less than 75 per cent. of the Principal Balance of such Collateral Obligation (or, if such Collateral Obligation has a Moody’s Rating below “B3” or a Fitch Rating below “B-”, such Collateral Obligation is acquired by the Issuer for a purchase price of lower than 80 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 (expressed as a percentage of the Principal Balance of such Collateral Obligations as of the relevant date of determination) of such Collateral Obligation, as determined for any period of 20 consecutive Business Days since the acquisition by the Issuer of such Collateral Obligation, equals or exceeds 85 per cent. of the Principal Balance of such Collateral Obligation,

*provided that:*

- (i) if such Collateral Obligation is a Revolving Obligation or a Delayed Drawdown Collateral Obligation, the purchase price of such Revolving Obligation or Delayed Drawdown Collateral Obligation for such purpose shall be deemed to include any amount equal to the Unfunded Amount of such Revolving Obligation or Delayed Drawdown Collateral Obligation which is required to be transferred to the Unfunded Revolver Reserve Account upon acquisition of such Revolving Obligation by the Issuer; and
- (ii) the purchase price of each Collateral Obligation shall be net of any amounts expended by or payable by the Issuer or the Collateral Administrator (on behalf of the Issuer) in connection with acquisition thereof.

**“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 Dodd-Frank Wall Street Reform and Consumer Protection Act.

**“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 commercially reasonable judgement, a substantial portion of such Obligor’s operations are located or from which a substantial portion of its revenue or earnings are 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 or earnings, if any, of such Obligor).

**“Due Period”** means (as applicable):

- (a) in the case of any Payment Date which is not an unscheduled Payment Date or the Final Distribution Date, the period commencing on and including the relevant Due Period Start Date and ending on and including the eighth Business Day prior to such Payment Date;
- (b) in the case of any Payment Date which is not a scheduled Payment Date, a Redemption Date or the Final Distribution Date, the period commencing on and including the relevant Due Period Start Date and ending on and including the third Business Day prior to such Payment Date; and
- (c) in the case of any Payment Date that is the Final Distribution Date, the period commencing on and including the relevant Due Period Start Date and ending on and including the Business Day preceding the Final Distribution Date.

**“Due Period Start Date”** means:

- (a) in the case of the period relating to the first Payment Date, the Issue Date; and
- (b) in the case of any subsequent Due Period, the day immediately following, if the immediately preceding Payment Date was a scheduled Payment Date, the tenth Business Day prior to the preceding Payment Date or, if the immediately preceding Payment Date was an unscheduled Payment Date, the third Business Day prior to the preceding Payment Date.

**“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) 7 November 2019 or, if such date is not a Business Day, then on the next succeeding Business Day, unless it would fall in the following month, in which case it shall be the immediately preceding Business Day.

**“Effective Date Determination Requirements”** means, as at the Effective Date, each of the Portfolio Profile Tests, the Collateral Quality Tests and the Coverage Tests (save for the Interest Coverage Tests) being satisfied on such date, and the Issuer having acquired or having entered into binding commitments to acquire Collateral Obligations the Aggregate Principal Balance of which equals or exceeds the Target Par Amount by such date, (*provided that*, for the purposes of determining the Aggregate Principal Balance as provided above, any repayments or prepayments of any Collateral Obligations subsequent to the Issue Date and not subsequently reinvested shall be disregarded and the Principal Balance of a Collateral Obligation which is a Defaulted Obligation will be the lower of its (i) Moody’s Collateral Value and (ii) Fitch Collateral Value) and the Collateral Principal Amount being equal to or exceeding the Target Par Amount (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 (i) Moody’s Collateral Value and (ii) Fitch Collateral Value).

**“Effective Date Moody’s Condition”** means a condition satisfied if (a) the Issuer is provided with an accountants’ certificate stating that the Effective Date Determination Requirements are satisfied and (b) Moody’s is provided with the Effective Date Report (for the avoidance of doubt, the Effective Date Report will not include the accountants’ certificate or sections or excerpts of it).

**“Effective Date Rating Event”** means:

- (a) the Effective Date Determination Requirements have not been satisfied as at the Effective Date (unless Rating Agency Confirmation from each Rating Agency has been received in respect of such failure to satisfy any of the Effective Date Determination Requirements) and either (i) the Collateral Manager (acting on behalf of the Issuer) has failed to present a Rating Confirmation Plan to Moody’s and Fitch or (ii) Rating Agency Confirmation from Moody’s and Fitch has not been obtained for the Rating Confirmation Plan; or
- (b) Rating Agency Confirmation from Fitch has not been received following the Effective Date,

*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, notwithstanding paragraphs (a) and/or (b) above applying.

**“Effective Date Report”** has the meaning given to it in the Collateral Management and Administration Agreement.

**“Eligibility Criteria”** means the Eligibility Criteria specified in the Collateral Management and Administration Agreement which are required to be satisfied 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 and, in the case of Issue Date Collateral Obligations, the Issue Date.

**“Eligible Bond Index”** means the Markit iBoxx EUR High Yield Index, the Credit Suisse Western European High Yield Index (or any subsequent names given to these indices) as chosen by the Collateral Manager or any other index proposed by the Collateral Manager, by written notice to the Rating Agencies.

**“Eligible Investment Minimum Rating”** means:

- (a) for so long as any Notes rated by Moody’s are Outstanding:
- (i) where such commercial paper or debt obligations do not have a short-term senior unsecured debt or issuer (as applicable) credit rating from Moody’s, a long-term senior unsecured debt or issuer (as applicable) credit rating of “Aaa” from Moody’s; or
- (ii) where such commercial paper or debt obligations have a short-term senior unsecured debt or issuer (as applicable) credit rating, such short-term rating is “P-1” from Moody’s and the long-term senior unsecured debt or issuer (as applicable) credit rating is at least “A1” from Moody’s;

- (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 calendar days:
    - (A) a long-term senior unsecured debt or issuer (as applicable) credit rating of at least “AA-” from Fitch; and/or
    - (B) a short-term senior unsecured debt or issuer (as applicable) credit rating of “F1+” from Fitch; and/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 calendar days or less:
    - (A) a long-term senior unsecured debt or issuer (as applicable) credit rating of “A” from Fitch; and/or
    - (B) a short-term senior unsecured debt of issuer (as applicable) credit rating of “F1” from Fitch; and/or
- (b) such other ratings as confirmed by Fitch.

“**Eligible Investment Qualifying Country**” means any of Austria, Belgium, Canada, the Channel Islands, Denmark, Finland, France, Germany, Iceland, Republic of Ireland, Italy, Liechtenstein, Luxembourg, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom or the United States and any other country which has a Moody’s local currency country risk bond ceiling rating of, at the time of acquisition of the relevant Collateral Obligation or Eligible Investment, at least “Baa3” or “P-2” and the foreign currency country issuer rating of which is rated, at the time of acquisition of the relevant Collateral Obligation or Eligible Investment, at least “BBB-” by Fitch (provided that Rating Agency Confirmation is received in respect of any such other country which is not in the Eurozone) or any other country in respect of which, at the time of acquisition of the relevant Collateral Obligation or Eligible Investment, Rating Agency Confirmation is received.

“**Eligible Investments**” means any investment denominated in Euro that is one or more of the following obligations (other than obligations which are Zero Coupon Obligations), including, without limitation, any Eligible Investments for which the Custodian, the Trustee or the Collateral Manager or an Affiliate of any of them provides services:

- (a) direct obligations of, and obligations the timely payment of principal and interest on which is fully and expressly guaranteed by (such guarantee to comply with the relevant Fitch criteria on guarantees), an Eligible Investment Qualifying Country or any agency or instrumentality of an Eligible Investment Qualifying Country, the obligations of which are expressly backed by an Eligible Investment Qualifying Country, which, in each case, has a rating of not less than the applicable Eligible Investment Minimum Rating;
- (b) demand and time deposits in, certificates of deposit of, trust accounts with, bankers’ acceptances issued by or, in the case of federal funds, sold by any depository institution (including the Account Bank) or trust company incorporated under the laws of an Eligible Investment Qualifying Country with, in each case, a maturity of no more than 90 calendar days or, following the occurrence of a Frequency Switch Event, 180 calendar days and subject to supervision and examination by governmental banking authorities so long as the depository institution or trust company at the time of such investment or contractual commitment providing for such investment have a rating of not less than the applicable Eligible Investment Minimum Rating;
- (c) commercial paper which has, at the time of such investment, a credit rating of not less than the applicable Eligible Investment Minimum Rating and that either is bearing interest or is sold at a discount to the face amount thereof and has a maturity of not more than 90 calendar days (or 180 calendar days at any time following the first Payment Date after the occurrence of a Frequency Switch Event) from its date of issuance (excluding extendible commercial paper or asset-backed commercial paper);

- (d) non-U.S. funds investing in the money markets rated, at all times, “AAAmf” by Fitch and “Aaa-mf” by Moody’s, provided that such fund issues shares, units or participations that may be lawfully acquired in Ireland; and
- (e) any other investment similar to those described in paragraphs (a) to (d) (inclusive) above (which shall not, for the avoidance of doubt, include any obligations which are Zero Coupon Obligations):
  - (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 calendar days, a long-term credit rating not less than the applicable Eligible Investment Minimum Rating,

and, in each case, such investment provides for payment of a predetermined fixed amount of principal on maturity that is not subject to change, and has a Collateral Obligation Stated Maturity (giving effect to any applicable grace period) which is the earlier of (x) 365 days and (y) the Business Day immediately preceding the next following Payment Date, *provided that* Eligible Investments shall not include any mortgage backed security, interest only security, security subject to withholding or similar taxes, security rated with an “f”, “L”, “p”, “pi”, “prelim”, “sf” or “t” subscript by Fitch, or security purchased at a price in excess of 100 per cent. of par, security whose repayment is subject to substantial non-credit related risk (as determined by the Collateral Manager in its discretion); *provided further that* only assets which are “qualifying assets” within the meaning of Section 110 of the TCA and which do not give rise to 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 index selected by the Collateral Manager and notified to Moody’s.

“**EMIR**” means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, including any implementing and/or delegated regulation, technical standards and guidance related thereto as the same may be amended, varied or substituted from time to time.

“**Endangered or Protected Wildlife**” means wildlife or wildlife products of:

- (a) any species described as ‘endangered’ or ‘critically endangered’ in the most recent publication of the International Union for Conservation of Nature (IUCN) Red List; or
- (b) any species subject to protection under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (1973).

“**Equity Security**” means any security (other than in the nature of 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.

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

“**ESG Collateral Obligation**” means any debt obligation or debt security where the Consolidated Group to which the relevant obligor belongs is a group whose Primary Business Activity is:

- (a) the speculative extraction of oil and gas (including tar sands and arctic drilling), thermal coal mining or the generation of electricity using coal;
- (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) Ozone Depleting Substances; or

- (ii) Endangered or Protected Wildlife;
- (d) the production of or trade in pornography or prostitution;
- (e) the production of or trade in Tobacco or Tobacco Products; or
- (f) the provision of services relating to:
  - (i) Gambling; or
  - (ii) Subprime Lending or Payday Lending,

in each case as reasonably determined by the Collateral Manager based on the information available to the Collateral Manager and which may include consideration of relevant environmental issues and factors including the relevant obligor's Environmental, Social and Governance (ESG) policy and track record.

**"EU Retention and Transparency Requirements"** means Article 6, Article 7 and Article 9 of the Securitisation Regulation (as implemented by the Member States of the European Union), together with any other guidelines and technical standards published in relation thereto by the EBA or contained in any European Commission delegated regulation as may be effective from time to time, in each case together with any amendments to those provisions or any successor or replacement provisions included in any European Union directive or regulation.

**"EU Securitisation Laws"** means Regulation EU 2017/2401 amending the CRR and the Securitisation Regulation, in each case as amended, varied or substituted from time to time including any implementing regulation, technical standards and official guidance related thereto (including, in respect of Ireland, the Irish STS Regulation), in each case as amended, varied or substituted from time to time.

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

**"Euro", "Euros", "euro" and "€"** means the lawful currency of the member states of the European Union that have adopted and retain the single currency in accordance with the Treaty establishing the European Community, as amended from time to time; provided that if any member state ceases to have such single currency as its lawful currency (such member state(s) being the **"Exiting State(s)"**), the euro shall, for the avoidance of doubt, mean for all purposes the single currency adopted and retained as the lawful currency of the remaining member states and shall not include any successor currency introduced by the Exiting State(s).

**"Euroclear"** means Euroclear Bank SA/NV, as operator of the Euroclear system.

**"Euronext Dublin"** means The Irish Stock Exchange Plc trading as Euronext Dublin.

**"Eurozone"** means the region comprised of member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended.

**"Excess CCC/Caa 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/Caa Excess; over
- (b) the sum of the products of the Market Value and the Principal Balance of each Collateral Obligation included in the CCC/Caa Excess.

**"Exchange Act"** means the United States 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, provided that such equity security is received by the Issuer in the ordinary course of the workout, foreclosure or collection of a debt previously contracted in good faith.

**“Expense Reserve Account”** means an account in the name of the Issuer so entitled and held by the Account Bank.

**“Extraordinary Resolution”** means an extraordinary resolution as described in Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and as further described in, and as defined in, the Trust Deed.

**“FATCA”** means:

- (a) Sections 1471 to 1474 of the Code or any associated regulations or other official guidance;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementations of any treaty law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdictions.

**“Final Distribution Date”** means the date upon which the Notes will be redeemed in full or upon which the proceeds from the realisation of the security will be distributed in full.

**“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 secured 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 interest bearing account described as such in the name of the Issuer with the Account Bank.

**“Fitch”** means Fitch Ratings Limited, and any successor or successors thereto.

**“Fitch Collateral Value”** means:

- (a) for each Defaulted Obligation and Deferring Obligation, the lower of:
  - (i) its prevailing Market Value; and
  - (ii) the relevant Fitch Recovery Rate,multiplied by its Principal Balance, provided that (1) as of any Measurement Date during the first 30 days on which the obligation is a Defaulted Obligation or Deferring Obligation or (2) 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 Maximum Weighted Average Rating Factor Test”** has the meaning given to it in the Collateral Management and Administration Agreement.

**“Fitch Minimum Weighted Average Recovery Rate Test”** has the meaning given to it in the Collateral Management and Administration Agreement.

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

**“Fitch Recovery Rate”** means in respect of any Collateral Obligation, the Fitch recovery rate determined in accordance with the Collateral Management and Administration Agreement.

“**Fitch Tests Matrices**” 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 B-2 Notes and the Class C-2 Notes.

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

“**Floating Rate Notes**” means the Class X Notes, the Class A Notes, the Class B-1 Notes, the Class C-1 Notes, the Class D Notes, the Class E Notes and the Class F Notes.

“**Floating Rate of Interest**” has the meaning given thereto in Condition 6(d)(i) (*Floating Rate of Interest*).

“**Floor Obligation**” means, as of any date, a Floating Rate Collateral Obligation (a) for which the related Underlying Instruments allow a GBP-LIBOR or EURIBOR (as applicable) rate option, (b) that provides that such GBP-LIBOR or EURIBOR (as applicable) rate is (in effect) calculated as the greater of (i) a specified “floor” rate *per annum* and (ii) the interbank offered rate for the applicable interest period of such Collateral Obligation and (c) that, as of such date, bears interest based on such GBP-LIBOR rate option or EURIBOR rate option (as applicable), but only if as of such date the interbank offered rate for the applicable interest period is less than such floor rate.

“**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 transaction 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 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 transaction 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**” shall occur on a Frequency Switch Measurement Date if either the Collateral Manager declares in its sole discretion that a Frequency Switch Event has occurred (provided that, for so long as any of the Class X Notes, Class A Notes or the Class B Notes remain outstanding, the requirements of paragraph (c) below are satisfied) or, for so long as any of the Class X Notes, Class A Notes or the Class B Notes remain Outstanding:

- (a) the Aggregate Principal Balance (determined in accordance with the definition thereof, excluding Defaulted Obligations and Deferring Obligations) of all Collateral Obligations which have become Semi-Annual Pay Obligations or Annual Pay Obligations in the Due Period ending on such Frequency Switch Measurement Date as a result of the change in the frequency of interest payment on such Collateral Obligations, is equal to or greater than 20.0 per cent. of the Collateral Principal Amount (the Collateral Principal Amount being determined in accordance with the definition thereof, excluding Defaulted Obligations and Deferring Obligations); and
- (b) the ratio (expressed as a percentage) obtained by dividing:
  - (i) the sum of:
    - (A) the aggregate of scheduled and projected interest payments (and any commitment fees in respect of any Revolving Obligations or Delayed Drawdown Collateral Obligations) which will be due to be paid on each Collateral Obligation during the immediately following Due Period (which, in the case of each such Non-Euro Obligation, to the extent that a related Currency Hedge Transaction 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

Transaction is in place, shall be converted into Euro at the Spot Rate) but excluding (i) such payments on Defaulted Obligations (other than Current Pay Obligations) and Deferring Obligations; and (ii) any such payments as to which the Issuer or the Collateral Manager has actual knowledge that such payment will not be made when due; and

(B) an amount (which may be positive, negative or zero) equal to the Balance that will be standing to the credit of the Interest Smoothing Account on the first Payment Date immediately following such Frequency Switch Measurement Date minus the Balance projected to be standing to the credit of the Interest Smoothing Account on the second Payment Date scheduled to occur following such Frequency Switch Measurement Date (on the assumption that no Frequency Switch Event occurs, the composition of the Portfolio remains the same and no further Collateral Obligations become Semi-Annual Pay Obligations or Annual Pay Obligations during the period until such second Payment Date); by

(ii) the sum of the scheduled Interest Amounts which will fall due on the Class X Notes, the Class A Notes and the Class B Notes on the second Payment Date following such Frequency Switch Measurement Date and all amounts which the Collateral Manager reasonably determines will fall due and payable pursuant to paragraphs (A) to (F) of the Interest Priority of Payments on such Payment Date,

is less than 120.0 per cent.; and

(c) the sum of:

(i) the amount determined pursuant to paragraph (b)(i) above (provided that scheduled and projected principal payments that become due to be paid in the circumstances described therein shall be deemed to be included in addition to scheduled and projected interest payments); 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 end of the immediately following Due Period in respect of each Collateral Obligation that has become a Semi-Annual Pay Obligation or an Annual Pay Obligation within the period described in paragraph (a) above (which, in the case of each such Non-Euro Obligation, to the extent that a related Currency Hedge Transaction 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 Transaction is in place, shall be converted into Euro at the Spot Rate), but excluding (i) such payments on Defaulted Obligations (other than Current Pay Obligations) and Deferring Obligations; and (ii) any such payments as to which the Issuer or the Collateral Manager has actual knowledge that such payment will not be made when due,

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 X Notes, the Class A Notes and the Class B Notes at all times following such Frequency Switch

Measurement Date shall be equal to EURIBOR as determined as at such Frequency Switch Measurement Date.

**“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.

**“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.

**“Gambling”** means gaming or betting as such terms are defined in the Gambling Act 2005, and excludes licensed lotteries and speculative derivatives transactions regulated under the Financial Services and Markets Act 2000.

**“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) and **“Hedge Agreements”** means any of them.

**“Hedge Counterparty”** means any Interest Rate Hedge Counterparty or Currency Hedge Counterparty (as applicable) and **“Hedge Counterparties”** means any of them.

**“Hedge Counterparty Termination Payment”** means the amount payable by a Hedge Counterparty to the Issuer upon termination or modification of the applicable Hedge Transaction, but excluding for all purposes other than determining the amount payable by the Hedge Counterparty thereto to the Issuer upon such termination or modification under the relevant Hedge Agreement any due and unpaid Scheduled Periodic Hedge Counterparty Payments 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 or modification of the applicable Hedge Transaction, but excluding for all purposes other than determining the amount payable by the Issuer to the Hedge Counterparty thereto upon such termination or modification under the relevant Hedge Agreement, and the payment thereof pursuant to the Priorities of Payments any due and unpaid Scheduled Periodic Hedge Issuer Payments 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) and **“Hedge Transactions”** means any of them.

**“Hedging Condition”** means, in respect of a Hedge Agreement or a Hedge Transaction, (a) the Issuer obtains written advice of reputable legal counsel and a certification from the Collateral Manager that (A) the written terms of the derivative directly relate to the Collateral Obligations and the Notes and (B) such derivative reduces the interest rate and/or foreign exchange risks related to the Collateral Obligations and the Notes and (b) the CPO Condition is satisfied.

**“High Yield Bond”** means a debt security other than a Secured Senior Bond which, on acquisition by the Issuer, is either rated below investment grade by at least one internationally recognised credit rating agency (provided that, if such debt security is, at any time following acquisition by the Issuer, no longer rated by at least one internationally recognised credit rating agency as below investment grade it will not, as a result of such change in rating, fall outside this definition) or which is a high yielding debt security, in each case as determined by the Collateral Manager, excluding any Structured Finance Security.

**“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 equal to 20.0 per cent. of any Interest Proceeds and Principal Proceeds that would otherwise be available to distribute to the Subordinated Noteholders in accordance with paragraph (DD) of the Interest Priority of Payments, paragraph (V) of the Principal Priority of Payments and paragraph (AA) of the Post-Acceleration Priority of Payments (exclusive of 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) of at least 12.0 per cent. on the investment of the Subordinated Notes and calculated by reference to the issue price of the Subordinated Notes on the Issue Date and 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 at their own issue price and not the issue price of the Subordinated Notes on the Issue Date. The annualised rate of return will be calculated based on distributions made on the Subordinated Notes and without taking into account any additional Subordinated Notes issued after the Issue Date pursuant to Condition 17 (*Additional Issuances*).

**“Inhumane Weapons Convention”** means the Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects (1980).

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

**“Initial Purchaser”** means Merrill Lynch International.

**“Initial Ratings”** means, in respect of any Class of Notes and any Rating Agency, the ratings (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 Account Bank into which Interest Proceeds are to be paid.

**“Interest Amount”** means in respect of a Class of Notes:

- (a) in the case of the Floating Rate Notes, the amount calculated by the Calculation Agent in accordance with Condition 6(d)(ii) (*Determination of Floating Rate of Interest and Calculation of Interest Amount*);
- (b) in the case of the Fixed Rate Notes, the amount calculated by the Calculation Agent in accordance with Condition 6(d)(iii) (*Calculation of Class B-2 and Class C-2 Fixed Amounts*);
- (c) in the case of the Class M Notes, the Class M Distribution Amount calculated by the Collateral Administrator in accordance with Condition 6(e) (*Interest on the Class M Notes*), and
- (d) in the case of the Subordinated Notes, the amount calculated by the Collateral Administrator in accordance with Condition 6(f) (*Proceeds in respect of Subordinated Notes*).

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

- (a) the Balance standing to the credit of the Interest Account;

- (b) *plus* the scheduled interest payments (and any net commitment fees due but not yet received in respect of any Revolving Obligations or Delayed Drawdown Collateral Obligations, 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), 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 on the Collateral Obligations (which, to the extent that the Hedging Condition has been satisfied and a Currency Hedge Agreement is in place, in the case of each Non-Euro Obligation, shall be deemed to be converted into Euro at the applicable Currency Hedge Transaction Exchange Rate for the related Currency Hedge Transaction and, to the extent that no Currency Hedge Agreement is in place, in the case of each Non-Euro Obligation, shall be converted into Euro at the Spot Rate), excluding:
- (i) accrued and unpaid interest on Defaulted Obligations or Deferring Obligation (excluding all Current Pay Obligations, irrespective of the limitation in the Portfolio Profile Tests);
  - (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 (including for the avoidance of doubt as a result of FATCA), except to the extent that such withholding or deduction can be prevented by an application that has been made under an applicable double tax treaty or otherwise;
  - (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;
- (c) *minus* the amounts payable pursuant to paragraphs (A) through to (F) of the Interest Priority of Payments on the following Payment Date;
- (d) *minus* any of the above amounts that would be payable into the Interest Smoothing Account on the Business Day after the Determination Date at the end of the Due Period in which such Measurement Date falls;
- (e) *plus* any amounts that would be payable from the Expense Reserve Account, the Interest Smoothing Account and/or the Currency Account to the Interest Account in the Due Period relating to such Measurement Date (without double counting any such amounts which have been already transferred to the Interest Account);
- (f) *plus* any Scheduled Periodic Hedge Counterparty Payments payable to the Issuer under any Interest Rate Hedge Transaction or Currency Hedge Transaction (as determined by the Issuer with the reasonable assistance of the Collateral Manager) to the extent not already included in accordance with (b) above; and
- (g) *minus* any interest in respect of a PIK Obligation that has been deferred (but only to the extent such amount has not already been excluded in accordance with (b)(ii) or (iii) above).

For the purposes of calculating any Interest Coverage Amount, the expected or scheduled interest income on Floating Rate Collateral 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 the then current interest rates applicable thereto.

“**Interest Coverage Ratio**” means the Class A/B Interest Coverage Ratio, the Class C Interest Coverage Ratio and the Class D Interest Coverage Ratio. 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/B Interest Coverage Test, the Class C Interest Coverage Test and the Class D Interest Coverage Test.

“**Interest Determination Date**” means, in respect of the Rated Notes, the second Business Day prior to the commencement of each Accrual Period. For the avoidance of doubt, in respect of the Issue Date, the Calculation Agent will determine a straight line interpolation of the offered rate for 6 and 12 month EURIBOR 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 priorities 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(j) (*Accounts*).

“**Interest Rate Hedge Agreement**” means each 1992 ISDA Master Agreement (Multicurrency-Cross Border) or 2002 ISDA 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 any financial institution with which the Issuer has entered into an Interest Rate Hedge Agreement or any permitted successor or assignee thereof pursuant to the terms of such Interest Rate Hedge Agreement which, (i) is required to satisfy the applicable Rating Requirement, (ii) whose obligations are guaranteed by a guarantor which is required to satisfy the applicable Rating Requirement, or (iii) in respect of which Rating Agency Confirmation has been obtained, on such date of entry, succession or assignment.

“**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, but excluding for all purposes other than determining the amount payable by the Issuer to the Interest Rate Hedge Counterparty thereto upon such termination or modification under the relevant Interest Rate Hedge Agreement and the payment thereof pursuant to the Priorities of Payments, any due and unpaid Scheduled Periodic Hedge Issuer Payments payable thereunder.

“**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, or an asset specific interest rate swap, including for the avoidance of doubt any Issue Date Interest Rate Hedge Transaction, in each case, entered into under an Interest Rate Hedge Agreement.

“**Interest Smoothing Account**” means the account described as such in the name of the Issuer with the Account Bank to which the Issuer will procure amounts are deposited in accordance with Condition 3(k)(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 excess, if any, of:

- (a) the aggregate of all payments of interest received during the related Due Period in respect of each Semi-Annual Pay Obligation and Annual Pay Obligation (that was, respectively, either a Semi-Annual Pay Obligation or an Annual Pay Obligation at all times during such Due Period but excluding

Semi-Annual Pay Obligations and Annual Pay Obligations that are Defaulted Obligations (other than Defaulted Obligation Excess Amounts)); over

- (b) the sum of:
- (i) the product of:
- (A) 0.25; *multiplied by*
- (B) the sum of:
- (1) EURIBOR (as of the relevant Determination Date); *plus*
- (2) the Weighted Average Spread, provided that, for the purpose of calculating the Weighted Average Spread, such calculation shall only include Floating Rate Collateral Obligations which are either Semi-Annual Pay Obligations or Annual Pay Obligations and that were, respectively, either Semi-Annual Pay Obligations or Annual Pay Obligations at all times during the related Due Period; *multiplied by*
- (C) the Aggregate Principal Balance of all Semi-Annual Pay Obligations and Annual Pay Obligations that were, respectively, either Semi-Annual Pay Obligations or Annual Pay Obligations at all times during the related Due Period and which are Floating Rate Collateral Obligations (excluding any Defaulted Obligations and Deferring Obligations); and
- (ii) the product of:
- (A) 0.25; *multiplied by*
- (B) the Weighted Average Coupon, provided that, for the purpose of calculating the Weighted Average Coupon, such calculation shall only include Fixed Rate Collateral Obligations which are either Semi-Annual Pay Obligations or Annual Pay Obligations and that were, respectively, either Semi-Annual Pay Obligations or Annual Pay Obligations at all times during the related Due Period; *multiplied by*
- (C) the Aggregate Principal Balance of all Semi-Annual Pay Obligations and Annual Pay Obligations that were, respectively, either Semi-Annual Pay Obligations or Annual Pay Obligations at all times during the related Due Period and which are Fixed Rate Collateral Obligations (excluding any Defaulted Obligations and Deferring Obligations);

*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 all Semi-Annual Pay Obligations and Annual Pay Obligations (as at the last day of the related Due Period) 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 Reports”** means quarterly investor reports required pursuant to the Transparency Requirements.

**“Irish STS Regulation”** means the European Union (General Framework for Securitisation and Specific Framework for Simple, Transparent and Standardised Securitisation) Regulations 2018 of Ireland.

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

“**Issue Date**” means 7 May 2019 (or such other date as may shortly follow such date as may be agreed between the Issuer, the Initial Purchaser and the Collateral Manager and is notified to the Trustee and the Collateral Administrator).

“**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 the Interest Rate Hedge Transactions, (if any) entered into by the Issuer on or around the Issue Date.

“**Issuer Irish 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 and any Issuer Profit Amounts.

“**Issuer Profit Amount**” means the payment on each Payment Date of €250, or, following the occurrence of a Frequency Switch Event, of €500, subject always to an aggregate amount of €1,000 *per annum*, to the Issuer as a fee for entering into the transaction.

“**Limb (a) Originator Assets**” means Collateral Obligations where the Collateral Manager was directly, or, through its related entities, indirectly involved in the original agreement which created such Collateral Obligations, for the purposes of paragraph (a) of the definition of “originator” under the Securitisation Regulation.

“**Limb (b) Originator Assets**” means Collateral Obligations which the Collateral Manager has undertaken to acquire from the Issuer pursuant to a conditional sale agreement in the event that such Collateral Obligation becomes a Defaulted Obligation during the relevant Seasoning Period for such Collateral Obligation.

“**Loan Reports**” means quarterly reports containing portfolio level disclosure information required pursuant to the Transparency Requirements.

“**Maintenance Covenant**” means a covenant to comply with one or more financial covenants during each reporting period (but not more frequently than quarterly), whether or not any specified action has been taken by the parties subject to such covenant; *provided that* a covenant that otherwise satisfies the definition hereof and only applies when amounts are outstanding under the related loan shall be a Maintenance Covenant.

“**Manager Note Purchase Agreement**” means the note purchase agreement to be entered into by the Issuer, the Initial Purchaser and the Retention Holder dated the Issue Date.

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

“**Margin**” means the Applicable Margin, the Class B-2 Fixed Rate, or the Class C-2 Fixed Rate as applicable.

“**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.

“**Market Value**” means, in respect of a Collateral Obligation (expressed as a percentage of the Principal Balance or relevant portion 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 Obligation; 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 the fair market value thereof determined by the Collateral Manager pursuant to (e)(ii) 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:
  - (i) for not more than 5 per cent. of the Collateral Principal Amount at any time, the lower of:
    - (A) the higher of (x) the lower of (1) the Fitch Recovery Rate of such Collateral Obligation and (2) the Moody's Recovery Rate of such Collateral Obligation, and (y) 70 per cent. of such Collateral Obligation's Principal Balance; and
    - (B) the fair market value thereof determined by the Collateral Manager exercising commercially reasonable judgement consistent with the manner in which it would determine the market value of an asset for purposes of other funds or accounts managed by it and using the same fair market value as is assigned by the Collateral Manager to such Collateral Obligation for all other purposes, in each case, as notified to the Collateral Administrator on the date of determination thereof; or
  - (ii) for any excess, the lower of:
    - (A) the lower of (x) the Fitch Recovery Rate of such Collateral Obligation and (y) the Moody's Recovery Rate of such Collateral Obligation; and
    - (B) the fair market value thereof determined by the Collateral Manager exercising commercially reasonable judgement consistent with the manner in which it would determine the market value of an asset for purposes of other funds or accounts managed by it and using the same fair market value as is assigned by the Collateral Manager to such Collateral Obligation for all other purposes, in each case, as notified to the Collateral Administrator on the date of determination thereof,

*provided that:*

- (i) for the purposes of this definition, "independent" shall mean: (A) that each pricing service and broker-dealer from whom a bid price is sought is independent from each of the other pricing service and broker-dealers from whom a bid price is sought and (B) each pricing service and broker-dealer is not an Affiliate of the Collateral Manager; and
- (ii) if the Collateral Manager is not subject to Directive 2014/65/EU (as amended) ("MiFID II") (or other comparable regulation), where the Market Value is determined by the Collateral Manager in accordance with (e)(i)(B) or (e)(ii)(B) above, such Market Value shall only be valid for 30 calendar 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 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 July 2032 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.

**"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 or lower ranking loan obligation or other comparable debt obligation (in each case, which is a debt obligation senior to any subordinated obligation of the relevant Obligor), including any such obligation which is evidenced by an issue of notes (other than High Yield Bonds), as determined by the Collateral Manager in its commercially reasonable judgement, or a Participation therein, but excluding any warrants attached to such obligation, which warrants shall constitute separate Collateral Enhancement Obligations (subject to the requirements specified in the definition thereof).

**“Minimum Denomination”** means:

- (a) in the case of the Regulation S Notes of each Class, €100,000;
- (b) in the case of the Rule 144A Notes of each Class (other than the Class X Notes), €250,000; and
- (c) in the case of the Rule 144A Notes that are Class X Notes, €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 made available via a secured website currently located at <https://sf.citidirect.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager, the Hedge Counterparties, the Rating Agencies and the Noteholders from time to time) which shall be accessible to any person who certifies (in the form set out in the Collateral Management and Administration Agreement) to the Collateral Administrator (which may be electronically and upon which certificate the Collateral Administrator shall be entitled to rely absolutely and without enquiry) that it is (i) the Issuer, (ii) the Initial Purchaser, (iii) the Trustee, (iv) the Collateral Manager, (v) a Hedge Counterparty, (vi) a Rating Agency, (vii) a Noteholder, (viii) a competent authority or (ix) a potential investor in the Notes.

**“Moody’s”** means Moody’s Investors Service Ltd and any successor or successors thereto.

**“Moody’s Collateral Value”** means, in the case of any Collateral Obligation or Eligible Investment, the lower of:

- (a) its prevailing Market Value; and
- (b) its Moody’s Recovery Rate,

*multiplied by its Principal Balance.*

**“Moody’s Rating”** has the meaning given to it in the Collateral Management and Administration Agreement.

**“Moody’s Recovery Rate”** has the meaning given to it in the Collateral Management and Administration Agreement.

**“Moody’s Test Matrix”** has the meaning given to it in the Collateral Management and Administration Agreement.

“**New Risk Retention Rule**” means any future credit risk retention law, rule or regulation in the United States that is applicable to the collateral manager and/or the transaction contemplated by the Trust Deed (as determined by the Collateral Manager).

“**Non-Call Period**” means the period from and including the Issue Date up to, but excluding, 20 April 2021 or, if such day is not a Business Day, then the next succeeding Business Day, unless it would fall in the following month, in which case it shall be the immediately preceding Business Day.

“**Non-Eligible Issue Date Collateral Obligation**” means any Issue Date Collateral Obligations which do not comply with the Eligibility Criteria on the Issue Date.

“**Non-Euro Obligation**” means any Collateral Obligation which is denominated in a Qualifying Currency other than Euro and, as of its date of purchase, satisfies each of the Eligibility Criteria.

“**Non-Permitted ERISA Noteholder**” means a Noteholder who has made or is deemed to have made a prohibited transaction, Benefit Plan Investor, Controlling Person, Similar Law or other ERISA representation that is subsequently shown to be false or misleading, or whose beneficial ownership otherwise causes a violation of the 25 per cent. limitation set out in the Plan Asset Regulation.

“**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 Priorities of Payments in the following order:

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

*provided that*, for the purposes of any redemption of the Notes in accordance with the Note Payment Sequence following breach of any Coverage Test, the Note Payment Sequence shall terminate immediately after the paragraph above that refers to the Class of Notes to which such Coverage Test relates.

“**Note Tax Event**” means, at any time, the introduction of a new, or any change in, any home jurisdiction or foreign tax statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation (whether proposed, temporary or final) which results in (or would on the next Payment Date result in) any payment of principal or interest on the Notes by or on behalf of the Issuer becoming subject to any withholding tax other than:

- (a) a payment in respect of Deferred Interest becoming subject to any withholding tax;

- (b) withholding tax pursuant to FATCA; or
- (c) 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.

“**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, substitution or other method), (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 offering circular relating to the Notes dated 1 May 2019.

“**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.

“**Originated Assets**” means (i) Limb (a) Originator Assets and (ii) Limb (b) Originator Assets.

“**Originator Requirement**” means the requirement which will be satisfied if, on the Issue Date:

- (a) the Aggregate Principal Balance of all Originated Assets that have been originated by the Collateral Manager; divided by
- (b) the Target Par Amount,

is greater than or equal to 5.0 per cent.

“**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.

“**Ozone Depleting Substances**” means any substance covered by the Montreal Protocol on Substances that Deplete the Ozone Layer (1989).

“**Par Value Ratio**” means the Class A/B Par Value Ratio, Class C Par Value Ratio, Class D Par Value Ratio, Class E Par Value Ratio or Class F Par Value Ratio (as applicable).

“**Par Value Test**” means the Class A/B Par Value Test, Class C Par Value Test, Class D Par Value Test, Class E Par Value Test or Class F 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 of the Rated Notes in Part – Subordinated Noteholders or Collateral Manager*) 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 immediately following 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 a Payment Date, 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 immediately 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(n) (*Application of Refinancing Proceeds and Partial Redemption Interest Proceeds on a Partial Redemption Date*).

**“Participation”** means an interest in a Collateral Obligation taken indirectly by the Issuer by way of sub-participation from a Selling Institution which shall include, for the purposes of the Bivariate Risk Table set forth in the Collateral Management 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.

**“Payday Lending”** means the extension of high-cost short-term credit as such term is defined in the FCA Handbook.

**“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 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(j) (*Accounts*) and out of which the amounts required to be paid on each Payment Date pursuant to the Priorities of Payments shall be paid.

**“Payment Date”** means:

- (a) 20 January, 20 April, 20 July and 20 October at any time prior to the occurrence of a Frequency Switch Event; and
- (b) 20 January and 20 July (where the Payment Date immediately following the occurrence of a Frequency Switch Event is in either January or July) or 20 April and 20 October (where the Payment Date immediately following the occurrence of a Frequency Switch Event is in either April or October), following the occurrence of a Frequency Switch Event,

in each case, in each year commencing on 20 January 2020 up to and including the Maturity Date (each a **“scheduled Payment Date”**), any Redemption Date, the Final Distribution Date and/or any one date following the date upon which the Rated Notes have been redeemed in full, any Business Day (other than and in addition to the dates set out in paragraph (a) and (b) above and any Redemption Date) either agreed between the Issuer and the Collateral Manager or designated by the Issuer and the Collateral Manager as directed by the Subordinated Noteholders acting by Ordinary Resolution and notified to the Principal Paying Agent, the Collateral Administrator and the Noteholders (each an **“unscheduled Payment 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 and made available by the Collateral Administrator no later than the Business Day preceding the related Payment Date via a secured website currently located at <https://sf.citidirect.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Initial Purchaser, the Trustee, the Hedge Counterparties, the Rating Agencies and the Noteholders from time to time) which shall be accessible to any person who certifies (in the form set out in the Collateral Management and Administration Agreement) to the Collateral Administrator (which may be electronically and upon which certificate the Collateral Administrator

shall be entitled to rely absolutely and without enquiry) that it is (i) the Issuer, (ii) the Initial Purchaser, (iii) the Trustee, (iv) the Collateral Manager, (v) a Hedge Counterparty, (vi) a Rating Agency, (vii) a Noteholder, (viii) a competent authority or (ix) a potential investor in the Notes.

“**Permitted Use**” has the meaning given to it in Condition 3(k)(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 Obligation**” means any Collateral Obligation which is a loan, the terms of which permit the deferral of the payment of interest thereon (excluding (i) any Collateral Obligation which permits such deferral only upon unavailability of proceeds for the obligor to make such payments, such exclusion permitted only to the extent such Collateral Obligation is not currently deferring a payment of interest or (ii) any Collateral Obligation in respect of which less than 50 per cent. of the interest payable thereon may be so deferred), including without limitation by way of capitalising interest thereon provided that, for the avoidance of doubt, Mezzanine Obligations shall not constitute PIK Obligations.

“**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.

“**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.

“**Primary Business Activity**” means, in relation to a Consolidated Group of companies, for the purposes of determining whether a debt obligation or debt security is an ESG Collateral Obligation, where such group derives more than 50% of its revenues from the relevant business, trade or production (as applicable).

“**Principal Account**” means the account described as such in the name of the Issuer with the Account Bank.

“**Principal Amount Outstanding**” means, in relation to any Class of Notes at any time, the aggregate principal amount outstanding under such Class of Notes at that time, including, in the case of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, Deferred Interest which has been capitalised pursuant to Condition 6(b) (*Deferral of Interest*) save that Deferred Interest shall not be included for the purposes of determining voting rights attributable to the Class C Notes, Class D Notes, Class E Notes and Class F Notes, as applicable, and the applicable quorum at any meeting of the Noteholders pursuant to Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*); provided that, solely in connection with a CM Removal Resolution or a CM Replacement Resolution, no Notes held in the form of CM Non-Voting Notes or CM Non-Voting Exchangeable Notes and/or by or on behalf of the Collateral Manager or any Collateral Manager Related Party shall (A) constitute or form part of the Controlling Class, (B) be entitled to vote in respect of such CM Removal Resolution or CM Replacement Resolution or (C) be counted for the purposes of determining a quorum or the result of voting in respect of such CM Removal Resolution or CM Replacement Resolution.

**“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 Obligation, any Purchased Accrued Interest), 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 any Non-Euro Obligation shall be the Euro notional amount of the related Currency Hedge Transaction and, if no Currency Hedge Transaction is effective with respect to such Non-Euro Obligation, the Principal Balance of such Non-Euro Obligation shall be zero, provided that:
  - (i) in the period prior to settlement of the purchase of a Non-Euro Obligation; or
  - (ii) following the termination of a related Currency Hedge Transaction, for a period not exceeding six calendar months, for so long as no Currency Hedge Transaction is effective with respect to such Non-Euro Obligation,

the Principal Balance of the applicable Non-Euro Obligation shall be an amount equal to the Euro equivalent of the Principal Balance of such reference Non-Euro Obligation, converted into Euro at the Spot Rate multiplied by the Unhedged Haircut;
- (d) the Principal Balance of any cash shall be the amount of such cash;
- (e) if, in respect of any Corporate Rescue Loan, where either (x) both a Fitch Rating and Moody’s Rating are unavailable or (y) no credit estimate has been assigned to it by either Fitch or Moody’s, in each case, within three months following the Issuer entering into a binding commitment to acquire such Corporate Rescue Loan, the Principal Balance of such Corporate Rescue Loan shall be zero unless and until either a Fitch Rating or a Moody’s Rating or a credit estimate is available or assigned by either Fitch or Moody’s; and
- (f) the Principal Balance of Defaulted Obligations shall be excluded for the purposes of calculating the Portfolio Profile Tests and the Collateral Quality Tests.

**“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 Payments”** means:

- (a) save for (i) in connection with any optional redemption of the Notes in whole but not in part pursuant to Condition 7(b) (*Optional Redemption*), (ii) in connection with a redemption in whole pursuant to Condition 7(g) (*Redemption Following Note Tax Event*) or (iii) following acceleration of the Notes pursuant to Condition 10(b) (*Acceleration*), which, if such acceleration is by way of the giving of an

actual or deemed Acceleration Notice which, if applicable, has not subsequently been rescinded and annulled in accordance with Condition 10(c) (*Curing of Note Event 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 acceleration of the Notes pursuant to Condition 10(b) (*Acceleration*), which, if such acceleration is by way of the giving of an actual or deemed Acceleration Notice which, if applicable, has not subsequently been rescinded and annulled in accordance with Condition 10(c) (*Curing of Note Event of Default*), the Post-Acceleration Priority of Payments; and
- (c) in the event of any optional redemption of the Rated Notes in part but not in whole pursuant to Condition 7(b)(ii) (*Optional Redemption of the Rated Notes in Part – Subordinated Noteholders or Collateral Manager*), in the case of the Refinancing Proceeds and the Partial Redemption Interest Proceeds, 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, 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 and PIK Obligation, any accrued interest which, as at the time of purchase, had been capitalised and added to the principal amount of such Mezzanine Obligation or PIK 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 and/or amounts advanced under the Warehouse Arrangements.

“**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 Euro, Sterling, U.S. Dollars, Swedish Krona, Norwegian Krone, Danish Krone, Australian Dollars and Canadian Dollars or such other currency in respect of which Rating Agency Confirmation from each of Moody’s and Fitch is received and for which the Account Bank has confirmed it is able to hold deposits.

“**Rated Notes**” means the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes.

“**Rating Agencies**” means Fitch and Moody’s, provided that if at any time Fitch and/or Moody’s ceases to provide rating services, “Rating Agencies” shall mean any other nationally recognised investment rating agency or rating agencies (as applicable) selected by the Issuer (a “**Replacement Rating Agency**”) and “**Rating Agency**” means any such rating agency. In the event that at any time a Rating Agency is replaced by a Replacement Rating Agency, references to rating categories of the original Rating Agency in these Conditions, the Trust Deed and the Collateral Management 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 (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 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 in the Collateral Management and Administration Agreement.

**“Rating Requirement”** means:

- (a) in the case of the Account Bank:
  - (i) a long-term issuer credit rating of at least “A” or a short-term issuer credit rating of at least “F1” by Fitch; and
  - (ii) a long-term senior unsecured issuer credit rating of at least “A3” by Moody’s;
- (b) in the case of the Custodian or any sub-custodian appointed thereby:
  - (i) a long-term issuer credit rating of at least “A” or a short-term issuer credit rating of at least “F1” by Fitch; and
  - (ii) a long-term senior unsecured issuer credit rating of at least “A3” by Moody’s;
- (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; and
- (e) in the case of the Principal Paying Agent:
  - (i) a long-term senior unsecured issuer credit rating of at least “Baa3” by Moody’s; or
  - (ii) if the Principal Paying Agent has no long-term senior unsecured issuer credit rating by Moody’s, a short-term senior unsecured issuer credit rating of at least “P-3” by Moody’s,

in each case, (x) such other rating or ratings as may be agreed by the relevant Rating Agency as would maintain the then rating of the Rated Notes, and (y) if any of the requirements are not satisfied, by any of the parties referred to herein, Rating Agency Confirmation from the relevant Rating Agency is received in respect of such party.

**“Record Date”** means:

- (a) in respect of Notes represented by a Definitive Certificate, the fifteenth calendar day before the relevant due date for payment of principal and interest in respect of such Note; and
- (b) in respect of Notes represented by a Global Certificate, the close of business on the Clearing System Business Day before the relevant due date for payment of principal and interest in respect of such Note.

**“Redemption Date”** means any date(s) specified for a redemption of the Notes of any Class pursuant to Condition 7 (*Redemption and Purchase*) and notified to Noteholders in accordance with Condition 16 (*Notices*) or the date on which the Notes are accelerated pursuant to Condition 10(b) (*Acceleration*).

**“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 set out in the Agency and Account Bank Agreement available from the Principal Paying Agent.

**“Redemption Price”** means, when used with respect to:

- (a) any Subordinated Note, 100.0 per cent. of the Principal Amount Outstanding thereof (if any) or, if greater, such Subordinated Note’s *pro rata* share (calculated in accordance with paragraph (DD) of the Interest Priority of Payments, paragraph (V) of the Principal Priority of Payments and paragraph (AA) of the Post-Acceleration Priority of Payments) of the aggregate proceeds of liquidation of the Collateral, or realisation of the security thereover in such circumstances, remaining following application thereof in accordance with the Priorities of Payments;
- (b) any Class M Notes, the accrued and unpaid Class M Distribution Amount; and
- (c) any Rated Note, 100.0 per cent. of the Principal Amount Outstanding thereof (if any), together with any accrued and unpaid interest in respect thereof to the relevant Redemption Date and in respect of the Class C Notes, Class D Notes, the Class E Notes and the Class F Notes, any Deferred Interest,

*provided that*, in each case, the Redemption Price for a Class may be such lower amount as may be agreed by the Noteholders of such affected Class acting by way of an Extraordinary Resolution.

**“Redemption Threshold Amount”** means the aggregate of all amounts which would be due and payable on redemption of the Rated Notes on the applicable Redemption Date together with any other amounts which rank in priority to payments in respect of the Subordinated Notes (to the extent such amounts are ascertainable by the Collateral Administrator or have been provided to the Collateral Administrator by the relevant Secured Party) in accordance with the Post-Acceleration Priority of Payments.

**“Reference Banks”** has the meaning given thereto in paragraph (B) of Condition 6(d)(i) (*Floating Rate of Interest*).

**“Refinancing”** has the meaning given to it in Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*).

**“Refinancing Costs”** means the fees, costs, charges and expenses incurred by or on behalf of the Issuer in respect of a Refinancing, provided that such fees, costs, charges and expenses have been incurred as a direct result of a Refinancing, as determined by the Collateral Manager.

**“Refinancing Proceeds”** means the cash proceeds from a Refinancing.

**“Register”** means the register of holders of the legal title to the Notes kept by the Registrar pursuant to the terms of the Agency 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.

**“Reinvestment Criteria”** means, during the Reinvestment Period, the criteria set out under “*During the Reinvestment Period*” and following the expiry of the Reinvestment Period, the criteria set out under “*Following the Expiry of the Reinvestment Period*”, each in schedule 5 of the Collateral Management and Administration Agreement.

**“Reinvestment Par Value Test”** means the test which will apply as of any Measurement Date on and after the Effective Date and during the Reinvestment Period which will be satisfied on such Measurement Date if the Class F Par Value Ratio is at least equal to 105.20 per cent.

**“Reinvestment Period”** means the period from and including the Issue Date up to and including the earliest of: (i) 20 October 2023 or, if such day is not a Business Day, then the next succeeding Business Day, unless it would fall in the following month, in which case it shall be the immediately preceding Business Day; (ii) the date of the acceleration of the Notes pursuant to Condition 10(b) (*Acceleration*) (provided that such Acceleration Notice has not been rescinded or annulled in accordance with Condition 10(c) (*Curing of Note Event 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, an amount equal to:

- (a) the Target Par Amount; *minus*
- (b) the amount of any reduction in the Principal Amount Outstanding of the Notes (other than (i) in respect of the Class X Notes and the Class M Notes and (ii) the repayment of any Deferred Interest); *plus*
- (c) 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 (after giving effect to such issuance of 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 and Payment Date Report.

**“Reporting Delegate”** means a Hedge Counterparty or third party that undertakes to provide delegated reporting in connection with certain derivative transaction reporting obligations of the Issuer.

**“Reporting Delegation Agreement”** means an agreement for the delegation by the Issuer of certain derivative transaction reporting obligations to one or more Reporting Delegates.

**“Reporting Month”** means any month for which a Payment Date Report or Effective Date Report shall be or has been prepared.

**“Resolution”** means any Ordinary Resolution, Extraordinary Resolution or Unanimous Resolution, as the context may require.

**“Restricted Trading Period”** means the period during which:

- (a) the Fitch rating and the Moody’s rating of the Class X Notes or the Class A Notes are one or more sub categories below the rating on the Issue Date, provided the Class X Notes or the Class A Notes are Outstanding;
- (b) the Fitch rating or the Moody’s rating of the Class X Notes, the Class A Notes or the Class B Notes are two or more sub categories below the rating on the Issue Date, provided such Classes of Notes are Outstanding; or
- (c) the Fitch rating or the Moody’s rating of the Class C Notes are three or more sub categories below its rating on the Issue Date, provided the Class C Notes are Outstanding,

*provided further 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 (other than, following the expiry of the Reinvestment Period, the Moody’s Minimum Diversity Test); or
- (ii) 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
- (iii) upon the direction of the Issuer with the consent of the Controlling Class acting by Ordinary Resolution,

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.

**“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 Event”** means an event which occurs if at any time the Retention Holder (a) sells, hedges or otherwise mitigates its credit risk under or associated with the Retention Notes or the underlying Portfolio, except to the extent permitted (i) under the Retention Undertaking Letter, to a successor collateral manager upon a removal of the Retention Holder as the Collateral Manager or (ii) in accordance with the EU Retention and Transparency Requirements or (b) materially breaches the terms of the Retention Undertaking Letter.

**“Retention Holder”** means Bardin Hill Loan Advisors (UK) LLP in its capacity as initial retention holder and any successor, assign or transferee to the extent permitted under the Retention Undertaking Letter and the EU Retention and Transparency Requirements.

**“Retention Notes”** means, for so long as any Class of Notes remains Outstanding, the Notes acquired and held on an ongoing basis by the Retention Holder representing not less than 5 per cent. of the Principal Amount Outstanding of each Class of Notes then Outstanding.

**“Retention Undertaking Letter”** means the retention undertaking letter to be dated the Issue Date from the Retention Holder to the Issuer, the Trustee (for the benefit of the Noteholders), the Collateral Administrator and the Initial Purchaser and any retention undertaking letter from any other Retention Holder from time to time.

**“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, unfunded commitments under specific facilities and other similar loans and investments) that pursuant to the terms of its Underlying Instruments may require one or more future advances to be made to the borrower by the Issuer; but any such Collateral Obligation will be a Revolving Obligation only until all commitments to make advances to the borrower expire or are terminated or reduced to zero.

**“Rotterdam Convention”** means the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (1998).

**“Rule 144A”** means Rule 144A of the Securities Act.

**“Rule 144A Notes”** means Notes offered for sale within the United States or to U.S. Persons (as defined in Regulation S) in reliance on Rule 144A.

**“Rule 17g-5”** means Rule 17g-5 of the Exchange Act.

**“S&P”** means Standard & Poor’s Credit Market Services Europe Limited and any successor or successors thereto.

**“Sale Proceeds”** means:

- (a) all proceeds received upon the sale of any Collateral Obligation or Exchanged Equity Security (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 Obligation; or (iii) proceeds representing accrued interest received in respect of any Defaulted Obligation unless and until such amounts represent Defaulted Obligation Excess Amounts;
- (b) in the case of any Non-Euro Obligation with a related Currency Hedge Transaction, all amounts in Euros (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 (as applicable),

in each case net of any amounts expended by or payable by the Issuer or the Collateral Administrator (on behalf of the Issuer) in connection with sale, disposition or termination of such Collateral Obligation.

**“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 Interest Rate Hedge Counterparty to the Issuer pursuant to the terms of such Interest Rate Hedge Agreement, excluding any 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 Interest Rate 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;
- (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(k)(v) (*Counterparty Downgrade Collateral Accounts*).

**“Seasoning Period”** means, with respect to any Collateral Obligation subject to the conditional sale agreement entered into between the Issuer and the Collateral Manager, 15 Business Days from the date when the Issuer (or the Collateral Manager on its behalf) entered into a binding commitment to acquire such Collateral Obligation.

**“Second Lien Loan”** means a Collateral 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 judgement, or a Participation therein.

**“Secured Obligations”** means all present and future obligations and liabilities (whether actual or contingent) of the Issuer to each Secured Party, as further described in the Trust Deed.

**“Secured Party”** means each of the Class X Noteholders, the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class M Noteholders, the Subordinated Noteholders, the Initial Purchaser, the Collateral Manager, the Trustee, any Receiver, any Appointee, the Agents, each Reporting Delegate, each Hedge Counterparty and the Corporate Services Provider 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 judgment, or a Participation therein, *provided that*:

- (a) it is secured by a valid and perfected security interest over (x) assets (including any intellectual property rights) of the Obligor and/or the Obligor’s group thereof if and to the extent that the provision of security over assets is permissible under applicable law (save in the case of assets where the failure to take such security is consistent with reasonable secured lending practices), and otherwise (y) at least 80.0 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 (i) above provided that a revolving loan of the Obligor that, pursuant to its terms, may require one or more future advances to be made to 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 secured senior loan obligation as determined by the Collateral Manager in its commercially reasonable judgement 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 80.0 per cent. of the equity interests in the shares of an entity owning, either directly or indirectly, such assets; and
- (b) no other obligation of the Obligor has any higher priority security interest in such assets or shares referred to in (a) above provided that a revolving loan of the Obligor that, pursuant to its terms, may require one or more future advances to be made to the borrower may have a higher priority security interest in such assets or shares in the event of an enforcement in respect of such loan representing up to the Secured Senior RCF Percentage of the Obligor's senior debt.

**"Secured Senior RCF Percentage"** means, in relation to a Secured Senior Loan, 15.0 per cent. and, in relation to a Secured Senior Bond, 20.0 per cent.

**"Securities Act"** means the United States Securities Act of 1933, as amended.

**"Securitisation Regulation"** means Regulation (EU) 2017/2402 relating to a European framework for simple, transparent and standardised securitisation, as amended, varied or substituted from time to time including any implementing regulation, technical standards and official guidance related thereto (including, in respect of Ireland, the Irish STS Regulation), in each case as amended, varied or substituted from time to time.

**"Selling Institution"** means an institution from whom (i) a Participation is taken and satisfies the applicable Rating Requirement or (ii) an Assignment is acquired.

**"Semi-Annual Pay Obligations"** means Collateral Obligations which, at the relevant date of measurement, pay interest less frequently than quarterly but which are not Annual Pay Obligations.

**"Senior Expenses Cap"** means the sum of:

- (a) in respect of each Due Period, €250,000 *per annum*, pro rated for the Due Period for the related Payment Date on the basis of a 360 day year comprised of twelve 30-day months; and
- (b) 0.0250 per cent. *per annum* (pro rated for the Due Period for the related Payment Date 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 Determination Date immediately preceding the Payment Date in respect of such Due Period,

*provided that*, for the avoidance of doubt, the Senior Expenses Cap shall include any applicable VAT on any expense expressed to be subject to the Senior Expenses Cap and provided further that if the aggregate amount of Trustee Fees and Expenses and Administrative Expenses paid on: if (i) a Frequency Switch Event has not occurred, the three immediately preceding Payment Dates or during the Due Periods relating to such Payment Dates or (ii) a Frequency Switch Event has occurred, the immediately preceding Payment Date or during the related Due Period, is less than the stated Senior Expenses Cap, the shortfall shall be added to the Senior Expenses Cap with respect to the then current Payment Date and provided further that the Senior Expenses Cap in respect of the Payment Date immediately following a Partial Redemption Date shall be reduced (subject to a minimum value of zero) by the amount distributed pursuant to Conditions 3(n)(i) (to the payment of accrued and unpaid Trustee Fees and Expenses, to the extent incurred in connection with such Optional Redemption in part) and 3(n)(ii) (*Application of Refinancing Proceeds and Partial Redemption Interest Proceeds on a Partial Redemption Date*). For the avoidance of doubt, any such shortfall may not at any time result in an increase of the Senior Expenses Cap on a *per annum* basis.

“**Senior 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 in an amount, as determined by the Collateral Administrator, equal to 0.15 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) immediately preceding such Payment Date, as determined by the Collateral Administrator (exclusive of VAT).

“**Similar 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.

“**Solvency II**” means Directive 2009/138/EC including any implementing and/or delegated regulation, technical standards and guidance related thereto as may be amended, replaced or supplemented from time to time.

“**Special Redemption**” has the meaning given to it in Condition 7(d) (*Special Redemption*).

“**Special Redemption Amount**” has the meaning given to it in Condition 7(d) (*Special Redemption*).

“**Special Redemption Date**” has the meaning given to it in Condition 7(d) (*Special Redemption*).

“**Spot Rate**” means with respect to any conversion of any currency into Euro or, as the case may be, of Euro into any other relevant currency, the relevant spot rate of exchange quoted by the Collateral Administrator in consultation with the Collateral Manager on the date of calculation.

“**Step-Up Coupon Obligation**” means a loan: (i) which does not pay interest over a specified period of time ending prior to its maturity, but which does provide for the payment of interest after the expiration of such specified period; or (ii) the interest rate of which increases over a specified period of time other than due to the increase of the floating rate index applicable to such obligation.

“**Structured Finance Security**” means any debt security:

- (a) 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;
- (b) which is issued by a specially created investment vehicle established for the purposes of issuing such debt security and acquiring such assets; and
- (c) payments under which depend primarily on the cash flows generated by such assets and other rights designed to assure timely payment, such as a liquidity facility or other credit enhancement,

including, without limitation, collateralised bond obligations, collateralised loan obligations or any similar security.

“**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.

“**Subprime Lending**” means the extension of subprime, credit impaired, credit repair or adverse credit obligations.

“**Subscription Agreement**” means the subscription agreement between the Issuer and the Initial Purchaser dated as of 7 May 2019.

“**Substitute Collateral Obligation**” means a Collateral Obligation purchased in substitution for a previously held Collateral Obligation (whether purchased with Sale Proceeds or other Principal Proceeds in respect of such 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 (BB) of the Interest Priority of Payments, at the sole discretion of the Collateral Manager, which amounts shall not exceed (i) €1,000,000 in aggregate for any particular Payment Date and (ii) an aggregate amount for all applicable Payment Dates of €2,000,000.

**“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 which will not be considered a Discount Obligation so long as such purchased Collateral Obligation:

- (a) is purchased or committed to be purchased within 20 calendar days of such sale of the Original Obligation;
- (b) is purchased at a price (as a percentage of par) equal to or greater than the sale price of the Original Obligation; and
- (c) is purchased at a price not less than 60.0 per cent. of the Principal Balance thereof,

*provided that:*

- (i) to the extent the cumulative Aggregate Principal Balance of all Swapped Non-Discount Obligations acquired by the Issuer on or after the Issue Date (for the avoidance of doubt, whether or not each such Swapped Non-Discount Obligation is currently held by the Issuer) exceeds 10.0 per cent. of the Target Par Amount, such excess will not constitute Swapped Non-Discount Obligations (and for the avoidance of doubt, such excess will instead constitute Discount Obligations (provided that if a Collateral Obligation is no longer treated as a Discount Obligation due to price appreciation, any such Collateral Obligation will not be included in the cumulative Aggregate Principal Balance calculation described herein));
- (ii) in the case of a Collateral Obligation that is an interest (including a Participation) 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 20 consecutive Business Days since the acquisition of such Collateral Obligation equals or exceeds 90.0 per cent.; and
- (iii) in the case of a 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 20 consecutive Business Days since the acquisition of such Collateral Obligation equals or exceeds 85.0 per cent.

**“Target Par Amount”** means €350,000,000.

**“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).

**“Tax Credits”** means any amounts payable by the Issuer to an Obligor under a Collateral Obligation pursuant to the terms of the Underlying Instruments relating to such Collateral Obligation 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 Obligor 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).

**“TCA”** means the Taxes Consolidation Act 1997 of Ireland.

“**Third Party Indemnity Receipts**” has the meaning given to it in Condition 3(k)(x)(D) (*Expense Reserve Account*).

“**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.

“**Trading Gains**” means, in respect of any Collateral Obligation which is repaid, prepaid, redeemed or sold, any excess of the Principal Proceeds or Sale Proceeds thereof over the greater of (a) the purchase price (inclusive of transfer costs) paid by or on behalf of the Issuer for such Collateral Obligation and (b) the principal balance of such Collateral Obligation as determined at the time of such repayment, prepayment, redemption or sale thereof, in each case net of (i) any expenses incurred in connection with any such repayment, prepayment, redemption or sale thereof and (ii) any accrued (but uncapitalised) interest included in any Sale Proceeds (if applicable).

“**Transaction Documents**” means the Trust Deed (including the Notes and these Conditions), the Agency and Account Bank Agreement, the Subscription Agreement, the Manager Note Purchase Agreement, the Collateral Management and Administration Agreement, the Retention Undertaking Letter, each Hedge Agreement, each Reporting Delegation Agreement, each Collateral Acquisition Agreement, the Corporate Services Agreement, the Warehouse Termination Agreement and any document supplemental thereto or issued in connection therewith.

“**Transparency Requirements**” means the transparency requirements contained in Article 7 of the Securitisation Regulation, including any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time.

“**Trustee Fees and Expenses**” means the fees and expenses (including, without limitation, legal fees) and all other amounts payable to the Trustee, any Receiver or any Appointee pursuant to the Trust Deed or any other Transaction Document from time to time plus any applicable VAT in respect thereof (whether payable to the Trustee under the Trust Deed or any other Transaction Document or directly to the relevant taxing authority), including indemnity payments and, in respect of any Refinancing, any fees, costs, charges and expenses (including, without limitation, legal fees) properly incurred by the Trustee.

“**Unanimous Resolution**” means a unanimous resolution as described in Condition 14(b)(vi) (*Unanimous Resolution of Class M Noteholders*) and as further described in, and as defined in, the Trust Deed.

“**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 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.

“**Unhedged Haircut**” means, in respect of a Non-Euro Obligation denominated in:

- (i) Sterling, U.S. Dollars, Swedish Krona, Norwegian Krone and Danish Krone, 0.85;
- (ii) Australian Dollars, 0.77;
- (iii) Canadian Dollars, 0.78; and

- (iv) a currency that becomes a Qualifying Currency following the Issue Date, such number as is designated by the Collateral Manager, subject to receipt of Rating Agency Confirmation from each of Moody's and Fitch.

**“Unpaid Class X Principal Amortisation Amount”** means, for any Payment Date, the aggregate amount of all or any portion of the Class X Principal Amortisation Amount for any prior Payment Dates that were not paid on such prior Payment Dates.

**“Unscheduled Principal Proceeds”** (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), (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 specified in (i) above received in respect of any Collateral Obligation under the related Currency Hedge Transaction and (iii) with respect to any Non-Euro Obligation without a related Currency Hedge Transaction such amount converted to Euro by the Collateral Administrator at the Spot Rate in consultation with the Collateral Manager.

**“Unsecured Senior Obligation”** means a Collateral Obligation that:

- (a) is a debt obligation senior to any unsecured, subordinated obligation of the Obligor as determined by the Collateral Manager in its commercially reasonable judgement; and
- (b) is not secured (i) by assets of the Obligor or guarantor thereof if and to the extent that the granting of security over assets is permissible under applicable law or (ii) by at least 80.0 per cent. of the equity interests in the stock of an entity owning such fixed assets.

**“Unused Proceeds Account”** means an interest bearing account in the name of the Issuer with the Account Bank into which the Issuer will procure amounts are deposited in accordance with Condition 3(k)(iii) (*Unused Proceeds Account*).

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

**“U.S. Retention Regulations”** means any New Risk Retention Rule and the U.S. Risk Retention Rules.

**“U.S. Risk Retention Rules”** means Section 15G of the Securities Exchange Act as amended from time to time and the joint final rules promulgated thereunder.

**“VAT”** means:

- (a) any tax, interest or penalties imposed in compliance with the European Council directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) (including, without limitation, in relation to the United Kingdom, value added tax imposed by the Value Added Tax Act 1994 and supplemental legislation and regulations and, in relation to Ireland, value added tax imposed by the Value Added Tax Consideration Act 2010 and supplemental legislation and regulations); and
- (b) any other tax, interest or penalties of a similar nature, whether imposed in a member state of the European Union in accordance with, in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or elsewhere.

**“Warehouse Arrangements”** means the warehouse financing and related arrangements entered into by the Issuer prior to the Issue Date to finance the acquisition of Collateral Obligations prior to the Issue Date.

**“Warehouse Termination Agreement”** means the termination agreement dated on or about the Issue Date relating to the termination of the Warehouse Arrangements.

**“Weighted Average 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.

“**Zero Coupon Obligation**” means a loan obligation (other than a Step-Up Coupon Obligation and a PIK Obligation) that, at the time of determination, does not provide for periodic payments of interest.

## 2. Form and Denomination, Title, Transfer and Exchange

### (a) Form and Denomination

The Notes of each Class may be issued in (i) global, certificated, fully registered form, without interest coupons, talons and principal receipts attached or (ii) definitive, certificated, fully registered form, without interest coupons, talons and principal receipts attached, in each case in the applicable Minimum Denomination and integral multiples of any Authorised Integral Amount in excess thereof. A Global Certificate or Definitive Certificate (as applicable) will be issued to each Noteholder in respect of its registered holding of Notes. Each Definitive Certificate will be numbered serially with an identifying number which will be recorded in the Register which the Issuer shall procure to be kept by the Registrar.

### (b) Title to the Registered Notes

Title to the Notes passes upon registration of transfers in the Register in accordance with the provisions of the Agency 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 Issuer shall procure that at all times the Register (or any entire counterpart thereof) is kept and maintained outside the UK.

### (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 a Global Certificate will be transferable in accordance with the rules and procedures for the time being of the relevant Clearing System.

### (d) Delivery of New Certificates

Each new Definitive Certificate to be issued pursuant to Condition 2(c) (*Transfer*) will be available for delivery within five Business Days of receipt of such form of transfer or of surrender of an existing certificate upon partial redemption. Delivery of new Definitive Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar, 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 Global Certificates or Definitive Certificates (as applicable) representing such Notes in accordance with these Conditions on registration or transfer will be effected without charge to the Noteholders by or on behalf of the Issuer, the Registrar or the Transfer Agent, 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 it.

(f) Closed Periods

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 calendar days ending on the due date for redemption (in full) of that Note or (ii) during the period of seven calendar days ending on (and including) any Record Date.

(g) Regulations Concerning Transfer and Registration

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning the transfer of Notes scheduled to the Trust Deed, including without limitation, that a transfer of Notes in breach of certain of such regulations will result in such transfer being void *ab initio*. The regulations may be changed by the Issuer in any manner which is reasonably required by the Issuer (after consultation with the Trustee) to reflect changes in legal or regulatory requirements or in any other manner which, in the opinion of the Issuer (after consultation with the Trustee and subject to not less than 60 calendar 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 U.S. holder of Rule 144A Notes is not a QIB/QP (any such person, a “**Non-Permitted Noteholder**”), the Issuer shall direct such holder to sell or transfer its Notes outside the United States to a non-U.S. Person (as defined in Regulation S) or within the United States to a U.S. Person (as defined in Regulation S) that is a QIB/QP and meets the other requirements set forth in the Trust Deed within 30 calendar days following receipt of such notice. If such holder fails to sell or transfer its Rule 144A Notes within such period, such holder shall be required by the Issuer to sell such Rule 144A Notes to a purchaser selected by the Issuer on such terms as the Issuer may choose, subject to the transfer restrictions set out herein. The Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities 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 (as defined in Regulation S). 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 (as defined in Regulation S). 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 (in each case as defined in Regulation S) 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, Similar Law or other ERISA representation that is subsequently shown to be false or misleading, or whose beneficial ownership otherwise causes a violation of the 25 per cent. limitation set out in the Plan Asset Regulation (any such Noteholder a “**Non-Permitted ERISA Noteholder**”), the Non-Permitted ERISA Noteholder shall 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, taxes 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 and CRS

Each 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) will agree to provide the Issuer and its agents with any correct, complete and accurate information or documentation that may be required for the Issuer to comply with FATCA and the CRS and to prevent the imposition of tax under FATCA on payments to or for the benefit of the Issuer, and/or fines or penalties under the CRS. In the event the Noteholder fails to provide such information or documentation for the purposes of FATCA, or to the extent that its ownership of the Notes would otherwise cause the Issuer to be subject to tax under FATCA, (A) the Issuer and its agents are authorised to withhold amounts otherwise distributable to the Noteholder as compensation for any taxes to which the Issuer is subject under FATCA as a result of such failure or the Noteholder's ownership of Notes, and (B) to the extent necessary to avoid an adverse effect on the Issuer as a result of such failure or the Noteholder's ownership of Notes, the Issuer will have the right to compel the Noteholder to sell its Notes, and, if the Noteholder does not sell its Notes within 10 Business Days after notice from the Issuer or any agent of the Issuer, the Issuer will have the right to sell such Notes at a public or private sale called and conducted in any manner permitted by law, and to remit the net proceeds of such sale (taking into account any costs, charges, and any taxes incurred by the Issuer in connection with such sale) to the Noteholder as payment in full for such Notes. The Issuer may also assign each such Note a separate securities identifier in the Issuer's sole discretion. For the avoidance of doubt, the Issuer shall have the right to sell a beneficial owner's interest in a Note in its entirety notwithstanding that the sale of a portion of such an interest would permit the Issuer to comply with FATCA.

(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 at par value (or, in the case of the Class M Notes, at the issue price thereof) and issue replacement Notes and the Issuer, the Trustee, the Agents and the Registrar (each at the expense of the Issuer) shall work with the Clearing Systems to take such action as may be necessary to effect such repayment and issue of replacement Notes. The Noteholders hereby authorise the Registrar 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*) above without the need for any further express instruction from any affected Noteholder. The Noteholders shall be bound by any actions taken by the Registrar, the Clearing Systems or any other party taken pursuant to the above-named Conditions. For the avoidance of doubt, none of the Issuer, the Trustee and the Registrar shall be liable to any Noteholder having an interest in the Notes sold or otherwise transferred as a result of any such sale or transfer.

(l) Registrar authorisation

The Noteholders hereby authorise the Registrar 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*) above without the need for any further express instruction from any affected Noteholder. The Noteholders shall be bound by any actions taken by the Registrar, the 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 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 Non-Voting Exchangeable Notes or CM Non-Voting Notes at any time.

A Noteholder holding Notes in the form of CM Non-Voting Exchangeable Notes may request by the delivery to the Registrar or a Transfer Agent of a written request that such Notes be exchanged for Notes in the form of CM Voting Notes only in connection with the transfer of such Notes to an entity that is not an Affiliate of such Noteholder.

Notes in the form of CM Non-Voting Exchangeable Notes shall not be exchanged for Notes in the form of CM Voting Notes in any other circumstances.

Notes in the form of CM Non-Voting Notes shall not be exchangeable at any time for Notes in the form of CM Voting Notes or CM Non-Voting Exchangeable Notes.

For the avoidance of doubt, the Class X Notes shall not carry any rights in respect of, or be counted for the purposes of determining a quorum and the result of voting, on any CM Removal Resolutions or CM Replacement Resolutions.

For the avoidance of doubt, no Class M Notes shall carry any rights to vote or be counted for the purposes of determining a quorum or the result of voting except pursuant to and in accordance with Condition 14(b)(vi) (*Unanimous Resolution of Class M Noteholders*).

### 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 (*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 X Notes and the Class A Notes will rank senior to payments of interest on each Payment Date in respect of each other Class; payment of interest on the Class B Notes will be subordinated in right of payment to payments of interest in respect of the Class X Notes and the Class A Notes, but senior in right of payment to payments of interest in respect of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class M Notes and the Subordinated Notes; payment of interest on the Class C Notes will be subordinated in right of payment to payments of interest in respect of the Class X Notes, the Class A Notes and the Class B Notes, but senior in right of payment to payments of interest in respect of the Class D Notes, the Class E Notes, the Class F Notes, the Class M Notes and the Subordinated Notes; payment of interest on the Class D Notes will be subordinated in right of payment to payments of interest in respect of the Class X Notes, the Class A Notes, the Class B Notes and the Class C Notes, but senior in right of payment to payments of interest on the Class E Notes, the Class F Notes, the Class M Notes and the Subordinated Notes; payment of interest on the Class E Notes will be subordinated in right of payment to payments of interest in respect of the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, but senior in right of payment to payments of interest on the Class F Notes, the Class M Notes and the Subordinated Notes; payment of interest on the Class F Notes will be subordinated in right of payment

to payments of interest in respect of the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, but senior in right of payment to payments of interest on the Class M Notes and the Subordinated Notes. Payment of interest on the Class M Notes will be subordinated in right of payment to payment of interest in respect of the Rated Notes. Payment of interest on the Subordinated Notes will be subordinated in right of payment to payment of interest in respect of the Class M Notes and the Rated Notes. Interest on the Subordinated Notes shall be paid *pari passu* and without any preference amongst themselves.

No amount of principal in respect of the Class B Notes shall become due and payable until redemption and payment in full of the Class X Notes and the Class A Notes. No amount of principal in respect of the Class C Notes shall become due and payable until redemption and payment in full of the Class X Notes, the Class A Notes and the Class B Notes. No amount of principal in respect of the Class D Notes shall become due and payable until redemption and payment in full of the Class X Notes, the Class A Notes, the Class B Notes and the Class C Notes. No amount of principal in respect of the Class E Notes shall become due and payable until redemption and payment in full of the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes. No amount of principal in respect of the Class F Notes shall become due and payable until redemption and payment in full of the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. Subject to the applicability of the Post-Acceleration Priority of Payments, the Subordinated Notes will be entitled to receive, out of Principal Proceeds, the amounts described under the Principal Priority of Payments on a *pari passu* basis. Payments on the Subordinated Notes are subordinated to payments on the Rated Notes, the Class M Distribution Amount and other amounts described in the Priorities of Payments and no payments out of Principal Proceeds will be made on the Subordinated Notes until the Rated Notes and other payments ranking prior to the Subordinated Notes (including the Class M Distribution Amount) in accordance with the Priorities of Payments are paid in full.

Payments of principal on the Class X Notes shall rank *pari passu* with payments of interest on the Class X Notes and the Class A Notes in accordance with the Interest Priority of Payments.

Collateral Enhancement Obligation Proceeds and Supplemental Reserve Amounts may, at the discretion of the Collateral Manager, be applied to make distributions to the Subordinated Noteholders without regard to the Note Payment Sequence in accordance with Condition 3(k)(vi) (*Supplemental Reserve Account*), respectively.

(c) Priorities of Payments

The Collateral Administrator shall (on the basis of the Payment Date Report prepared by the Collateral Administrator in consultation with the Collateral Manager pursuant to the terms of the Collateral Management and Administration Agreement on each Determination Date), on behalf of the Issuer on each Payment Date (i) prior to the acceleration of the Notes in accordance with Condition 10(b) (*Acceleration*) (where the Post-Acceleration Priority of Payments shall apply subsequent to such acceleration); (ii) following delivery of an Acceleration Notice which has subsequently been rescinded and annulled in accordance with Condition 10(c) (*Curing of Note Event 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 Payments:

(i) Application of Interest Proceeds

Subject as further provided below, Interest Proceeds in respect of a Due Period shall be paid on the Payment Date immediately following such Due Period in the following order of priority (and, in the case of any Payment Date that is a Partial Redemption Date, only after the application of Refinancing Proceeds and Partial Redemption Interest Proceeds in accordance with Condition 3(n) (*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 (including any Irish corporate income tax payable 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 or any other tax payable in relation to any amount payable to the Secured Parties); and (ii) secondly the Issuer Profit Amount to be retained by the Issuer, for deposit into the Issuer Irish Account from time to time;

- (B) to the payment of accrued and unpaid Trustee Fees and Expenses, up to an amount equal to the Senior Expenses Cap in respect of the related Due Period, provided that upon the occurrence of a Note Event of Default, 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 less any amounts paid pursuant to paragraph (B) above, provided that upon the occurrence of a Note Event of Default, the Senior Expenses Cap shall not apply in respect of amounts payable under paragraph (a) and (b) of the definition of Administrative Expenses;
- (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 (save for any Deferred Senior Collateral Management Amounts), provided however that the Collateral Manager may, in its sole discretion, elect to (x) irrevocably waive, (y) designate for reinvestment in Collateral Obligations or purchase of Rated Notes or (z) defer payment of some or all of the amounts that would have been payable to the Collateral Manager under this paragraph (E) (any such amounts pursuant to (y) or (z) being "**Deferred Senior Collateral Management Amounts**") on any Payment Date, provided that any such amount in the case of (y) shall (i) be used to purchase additional Collateral Obligations or Rated Notes pursuant to Condition 7(k) (*Purchase*) or (ii) be deposited in the Principal Account pending reinvestment in additional Collateral Obligations or, in the case of (x) or (z), shall be applied to the payment of amounts in accordance with paragraphs (F) through (W) and (Y) through (DD) below, subject in each case 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);
- (F) to the payment, on a *pro rata* and *pari passu* basis, of (i) any Scheduled Periodic Hedge Issuer Payments (to the extent not paid out of the Currency Account or the Interest Account), (ii) any Currency Hedge Issuer Termination Payments (to the extent not paid out of the Currency Account, any 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 any relevant Counterparty Downgrade Collateral Account or the Hedge Termination Account and other than Defaulted Interest Rate Hedge Termination Payments);
- (G) to the payment on a *pro rata* and *pari passu* basis of (1)(a) the Interest Amounts due and payable on the Class X Notes in respect of the Accrual Period ending on such Payment Date, (b) the Class X Principal Amortisation Amount due and payable on such Payment Date, and (c) any Unpaid Class X Principal Amortisation Amount as of such Payment Date, and (2) on a *pro rata* and *pari passu* basis, all Interest Amounts due and payable on the Class A Notes in respect of the Accrual Period ending on such Payment Date and all other Interest Amounts due and payable on such Class A Notes;
- (H) to the payment on a *pro rata* basis of all Interest Amounts due and payable on the Class B Notes (where the Class B-1 Notes and the Class B-2 Notes shall be treated as a single Class) in respect

of the Accrual Period ending on such Payment Date and all other Interest Amounts due and payable on such Class B Notes;

- (I) if the Class A/B Par Value Test is not satisfied on any Determination Date on and after the Effective Date or the Class A/B Interest Coverage Test is not satisfied on the Determination Date preceding the second Payment Date or any Determination Date thereafter, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause each Class A/B Coverage Test to be satisfied if recalculated immediately following such redemption;
- (J) to the payment on a *pro rata* basis of the Interest Amounts due and payable on the Class C Notes (where the Class C-1 Notes and the Class C-2 Notes shall be treated as a single Class) 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 C Notes which is due and payable pursuant to Condition 6(b) (*Deferral of Interest*);
- (L) if the Class C Par Value Test is not satisfied on any Determination Date on and after the Effective Date or the Class C Interest Coverage Test is not satisfied on the Determination Date preceding the second Payment Date or any Determination Date thereafter, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause each Class C Coverage Test to be satisfied if recalculated immediately following such redemption;
- (M) 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);
- (N) 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(b) (*Deferral of Interest*);
- (O) if the Class D Par Value Test is not satisfied on any Determination Date on and after the Effective Date or the Class D Interest Coverage Test is not satisfied on the Determination Date preceding the second Payment Date or any Determination Date thereafter, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause each Class D Coverage Test to be satisfied if recalculated immediately following such redemption;
- (P) to the payment on a *pro rata* basis of the Interest Amounts due and payable on the Class E Notes in respect of the Accrual Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Accrual Period);
- (Q) to the payment on a *pro rata* basis of any Deferred Interest on the Class E Notes which is due and payable pursuant to Condition 6(b) (*Deferral of Interest*);
- (R) if the Class E Par Value Test is not satisfied on any Determination Date on and after the Effective Date, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause the Class E Par Value Test to be satisfied if recalculated immediately following such redemption;
- (S) to the payment on a *pro rata* basis of the Interest Amounts due and payable on the Class F Notes in respect of the Accrual Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Accrual Period);
- (T) to the payment on a *pro rata* basis of any Deferred Interest on the Class F Notes which is due and payable pursuant to Condition 6(b) (*Deferral of Interest*);
- (U) if the Class F Par Value Test is not satisfied on any Determination Date after the Reinvestment Period, to the redemption of the Notes, in accordance with the Note Payment Sequence to the extent necessary to cause the Class F Par Value Test to be satisfied if recalculated immediately following such redemption;

- (V) on the Payment Date following the Effective Date and each Payment Date thereafter to the extent required, in the event of the occurrence of an Effective Date Rating Event which is continuing on the Business Day prior to such Payment Date, to redeem the Rated Notes in full in accordance with the Note Payment Sequence or, if earlier, until an Effective Date Rating Event is no longer continuing;
- (W) if, on any Determination Date on and after the Effective Date and during the Reinvestment Period, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (V) (inclusive) above, the Reinvestment Par Value Test has not been satisfied, to the payment to the Principal Account as Principal Proceeds, to be applied for the purpose of the acquisition of additional Collateral Obligations in an amount (such amount, the “**Required Diversion Amount**”) equal to the lesser of (1) 50 per cent. of all remaining Interest Proceeds available for payment and (2) the amount which, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (V) (inclusive) above, would be sufficient to cause the Reinvestment Par Value Test to be satisfied;
- (X) to the payment:
- (1) *firstly*, to the Class M Noteholders on a *pro rata* basis of any Class M Distribution Amounts payable in respect of the Due Period ending immediately prior to such Payment Date (excluding any Deferred Interest thereon);
  - (2) *secondly*, at the election of the Collateral Manager (in its sole discretion) to the Collateral Manager in payment of any Deferred Senior Collateral Management Amounts;
  - (3) *thirdly*, to the Class M Noteholders on a *pro rata* basis of any Deferred Interest attributable to any unpaid Class M Distribution Amounts which is due and payable pursuant to Condition 6(c) (*Payment of Deferred Interest*); and
  - (4) *fourthly*, to the repayment of any Collateral Manager Advances and any interest thereon;
- (Y) to the payment of Trustee Fees and Expenses (if any) not paid by reason of the Senior Expenses Cap;
- (Z) to the payment of Administrative Expenses (if any) 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;
- (AA) to the payment on a *pari passu* and *pro rata* basis of any Defaulted Currency Hedge Termination Payments due to a Currency Hedge Counterparty or Defaulted Interest Rate Hedge Termination Payment due to an 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);
- (BB) 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 Amounts;
- (CC) 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 (DD) below and paragraph (V) of the Principal Priority of Payments), to the payment to the Collateral Manager of 20.0 per cent. of any remaining Interest Proceeds (after any payment required to satisfy the Incentive Collateral Management Fee IRR Threshold including any distribution to be made to Subordinated Noteholders under paragraph (DD) below) in payment of an 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 (CC) on any Payment Date and apply such amount to, in the case of (y), (i) be used to purchase additional Collateral Obligations and/or (ii) be deposited in the Principal Account pending reinvestment in additional Collateral Obligations or, in the case of (x), be applied to the payment of amounts in accordance with paragraph (DD), subject in each case 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

(DD) any remaining Interest Proceeds to the payment of interest on the Subordinated Notes on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption).

For the avoidance of doubt, any Collateral Management Fees which are deferred, waived or designated for reinvestment pursuant to paragraphs (E) or (CC) above shall not be treated as due and payable pursuant to paragraphs (E)(1), (E)(2) or (CC) above.

(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(n) (*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 (H) (inclusive) of the Interest Priority of Payments, but only to the extent not paid in full thereunder;
- (B) if the Class A/B Par Value Test is not satisfied on any Determination Date on and after the Effective Date or the Class A/B Interest Coverage Test is not satisfied on the Determination Date preceding the second Payment Date or any Determination Date thereafter, to the redemption of the Notes in accordance with the Note Payment Sequence but only to the extent not paid in full under paragraph (I) of the Interest Priority of Payments and only to the extent necessary to cause the Class A/B Coverage Tests that are applicable on such Payment Date with respect to the Class X Notes, the Class A Notes and the Class B Notes to be satisfied if recalculated immediately following such redemption;
- (C) 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) but only to the extent not paid in full under paragraph (J) of the Interest Priority of Payments and only to the extent that the Class C Notes are the Controlling Class;
- (D) to the payment on a *pro rata* basis of any Deferred Interest on the Class C Notes which is due and payable but only to the extent not paid in full under paragraph (K) of the Interest Priority of Payments and only to the extent that the Class C Notes are the Controlling Class;
- (E) if the Class C Par Value Test is not satisfied on any Determination Date on and after the Effective Date or the Class C Interest Coverage Test is not satisfied on the Determination Date preceding the second Payment Date or any Determination Date thereafter, to the redemption of the Notes in accordance with the Note Payment Sequence but only to the extent not paid in full under paragraph (L) of the Interest Priority of Payments 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 satisfied if recalculated immediately following such redemption;
- (F) 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) but only to the extent not paid in full under paragraph (M) of the Interest Priority of Payments and only to the extent that the Class D Notes are the Controlling Class;
- (G) to the payment on a *pro rata* basis of any Deferred Interest on the Class D Notes which is due and payable but only to the extent not paid in full under paragraph (N) of the Interest Priority of Payments and only to the extent that the Class D Notes are the Controlling Class;

- (H) if the Class D Par Value Test is not satisfied on any Determination Date on and after the Effective Date or the Class D Interest Coverage Test is not satisfied on the Determination Date preceding the second Payment Date or any Determination Date thereafter, to the redemption of the Notes in accordance with the Note Payment Sequence but only to the extent not paid in full under paragraph (O) of the Interest Priority of Payments and only to the extent necessary to cause the Class D Coverage Tests that are applicable on such Payment Date with respect to the Class D Notes to be satisfied if recalculated immediately following such redemption;
- (I) to the payment on a *pro rata* basis of the Interest Amounts due and payable on the Class E Notes in respect of the Accrual Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Accrual Period) but only to the extent not paid in full under paragraph (P) of the Interest Priority of Payments and only to the extent that the Class E Notes are the Controlling Class;
- (J) to the payment on a *pro rata* basis of any Deferred Interest on the Class E Notes which is due and payable but only to the extent not paid in full under paragraph (Q) of the Interest Priority of Payments and only to the extent that the Class E Notes are the Controlling Class;
- (K) if the Class E Par Value Test is not satisfied on any Determination Date on and after the Effective Date, to the redemption of the Notes in accordance with the Note Payment Sequence but only to the extent not paid in full under paragraph (R) of the Interest Priority of Payments and only to the extent necessary to cause the Class E Par Value Test applicable on such Payment Date with respect to the Class E Notes to be satisfied if recalculated immediately following such redemption;
- (L) to the payment on a *pro rata* basis of the Interest Amounts due and payable on the Class F Notes in respect of the Accrual Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Accrual Period) but only to the extent not paid in full under paragraph (S) of the Interest Priority of Payments and only to the extent that the Class F Notes are the Controlling Class;
- (M) to the payment on a *pro rata* basis of any Deferred Interest on the Class F Notes which is due and payable but only to the extent not paid in full under paragraph (T) of the Interest Priority of Payments and only to the extent that the Class F Notes are the Controlling Class;
- (N) if the Class F Par Value Test is not satisfied on any Determination Date after the Reinvestment Period, to the redemption of the Notes in accordance with the Note Payment Sequence but only to the extent not paid in full under paragraph (U) of the Interest Priority of Payments and only to the extent necessary to cause the Class F Par Value Test applicable on such Payment Date with respect to the Class F Notes to be satisfied if recalculated immediately following such redemption;
- (O) 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 Rated Notes in full in accordance with the Note Payment Sequence or, if earlier, until an Effective Date Rating Event is no longer continuing, but only to the extent not paid in full under paragraph (V) of the Interest Priority of Payments;
- (P) if such Payment Date is a Redemption Date in respect of which the Notes are being redeemed in full (other than a Special Redemption Date or after the Reinvestment Period has ended), to redeem the Notes in accordance with the Note Payment Sequence and, if applicable, in payment of any Refinancing Costs;
- (Q) 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;
- (R) (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 Improved Obligations (provided that the Sale Proceeds from the sale of Credit Improved Obligations may only be reinvested provided (i) such reinvestment is made no later than one year following the expiry of the Reinvestment Period; or (ii) following such reinvestment the Adjusted Collateral Principal Amount is greater than the Reinvestment Target Par Balance) and Credit Risk 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 at a date (x) if a Frequency Switch Event has not occurred, the later of (i) 60 Business Days and (ii) the next Payment Date or (y) if a Frequency Switch Event has occurred, the later of (i) 90 Business Days and (ii) the next Payment Date, in each case in accordance with the Collateral Management and Administration Agreement;
- (S) after the Reinvestment Period, to redeem the Notes in accordance with the Note Payment Sequence;
- (T) after the Reinvestment Period, to the payment on a sequential basis of the amounts referred to in paragraphs (X) through (AA) (inclusive) of the Interest Priority of Payments, but only to the extent not paid in full thereunder;
- (U) 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 (V) below and paragraph (DD) of the Interest Priority of Payments) to the payment to the Collateral Manager of 20.0 per cent. of any remaining Principal Proceeds (after any payment required to satisfy the Incentive Collateral Management Fee IRR Threshold including any distribution to be made to Subordinated Noteholders under paragraph (V) below) in payment of an 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 (U) on any Payment Date and apply such amount to, in the case of (y), (i) be used to purchase additional Collateral Obligations or (ii) be deposited in the Principal Account pending reinvestment in additional Collateral Obligations or, in the case of (x), be applied to the payment of amounts in accordance with paragraph (V) below, subject in each case 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
- (V) any remaining Principal Proceeds to the payment of principal on the Subordinated Notes on a *pro rata* basis and thereafter to the payment of interest on a *pro rata* basis on the Subordinated Notes (in each case 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).

For the avoidance of doubt, any Incentive Collateral Management Fees which are waived or designated for reinvestment pursuant to paragraph (U) above shall not be treated as due and payable pursuant to such paragraph.

(iii) Taxes

- (A) Where the payment of any amount in accordance with the Priorities of Payments set out above is subject to any deduction or withholding for or on account of any tax or any other tax is payable by or on behalf of the Issuer in respect of any such amount, payment of the amount so deducted or withheld or of the tax so due shall be made to the relevant taxing authorities *pari passu* with and, so far as possible, at the same time as the payment of the amount in respect of which the relevant deduction or withholding or other liability to tax has arisen.

(B) If the Issuer must account for any VAT (whether to the recipient of any such payment or to the relevant tax authority) or amounts withheld or deducted in respect of taxes or for any other taxes attributable to any of the items referred to in the Priorities of Payments set out above (other than paragraph (A) of the Interest Priority of Payments), then such amounts in respect of taxes shall be paid *pro rata* and *pari passu* with such items.

(d) Contributions

At any time during the Reinvestment Period, any Noteholder (other than a Class M Noteholder) may notify the Issuer, the Trustee, the Collateral Manager, the Initial Purchaser and the Collateral Administrator that it proposes to make a cash contribution to the Issuer (a “**Contribution**” and each such Noteholder, a “**Contributor**”). The Collateral Manager, on behalf of the Issuer, will (A) determine, in its commercially reasonable judgement, whether to accept any proposed Contribution and (B) agree with such Contributor the Permitted Use to which such proposed Contribution will be applied. The Collateral Manager will provide written notice of such determination to the applicable Contributor thereof, the Collateral Administrator, the Issuer, the Initial Purchaser and the Trustee and such Contribution will be deemed to be accepted by the Issuer. If such Contribution is accepted by the Collateral Manager, it will be deposited by the Issuer into the Supplemental Reserve Account and applied to the Permitted Use agreed between the Collateral Manager and the Contributor. No Contribution or portion thereof will be returned to the Contributor at any time. The acceptance of Contributions by the Collateral Manager, on behalf of the Issuer, shall be subject to the conditions that: (i) no more than three Contributions in aggregate shall be accepted by the Collateral Manager on behalf of the Issuer; (ii) on each occasion, each Coverage Test is satisfied immediately prior to such acceptance and will be satisfied after such acceptance; and (iii) on each occasion each Contribution must be a minimum of €1,000,000.

(e) Non-payment of Amounts

Failure on the part of the Issuer to pay the Interest Amounts due and payable on the Class X Notes, the Class A Notes or the Class B Notes pursuant to Condition 6 (*Interest*) in accordance with the Priorities of Payments by reason solely that there are insufficient funds standing to the credit of the Payment Account shall not constitute a Note Event of Default unless and until such failure continues for a period of at least five Business Days (including in the case of an administrative error or omission as described in Condition 10(a)(i) (*Non-payment of interest*)), save as the result of any deduction therefrom or the imposition of any withholding tax thereon as set forth in Condition 9 (*Taxation*).

Failure on the part of the Issuer to pay the Interest Amounts on the Class C Notes, Class D Notes, Class E Notes, Class F Notes or Class M Notes pursuant to Condition 6 (*Interest*) in accordance with the Priorities of Payments by reason solely that there are insufficient funds standing to the credit of the Payment Account shall not constitute a Note Event of Default but instead will constitute Deferred Interest pursuant to Condition 6(b) (*Deferral of Interest*).

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

Non-payment of amounts due and payable on the Subordinated Notes as a result of the insufficiency of available Interest Proceeds will not constitute a Note Event of Default. Failure on the part of the Issuer to pay any principal when the same becomes due and payable on any Rated Note on the Maturity Date or any Redemption Date applicable to such Class of Rated Notes shall be a Note Event of Default provided that, in the case of a failure to disburse due to an administrative error or omission, such failure continues for a period of at least ten Business Days after the Issuer, 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.

Subject always, in the case of Interest Amounts payable in respect of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class M Notes to Condition 6(b) (*Deferral of Interest*) and save as otherwise provided in respect of any unpaid Collateral Management Fees (and VAT payable in respect thereof), in the event of non-payment of any amounts referred to in the Interest 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 and still outstanding in accordance with this Condition 3 (*Status*) on any preceding Payment Date.

(f) Determination and Payment of Amounts

The Collateral Administrator will, 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 Payments and will notify the Issuer and the Trustee of such amounts. The Account Bank (acting in accordance with the Payment Date Report compiled by the Collateral Administrator on behalf of the Issuer) shall, on behalf of the Issuer not later than 12.00 noon (London time) on the Business Day preceding each Payment Date, cause the amounts standing to the credit of the Principal Account, the Unused Proceeds Account and if applicable the Interest Account and the Supplemental Reserve Account (together with, to the extent applicable, amounts standing to the credit of any other Account, but excluding any amounts in respect of Hedge Issuer Tax Credit Payments received by the Issuer and payable to a Hedge Counterparty and Tax Credits received by the Issuer and payable to an Obligor under a Collateral Obligation) 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(k) (*Payments to and from the Accounts*).

(g) *De Minimis* Amounts

The Collateral Administrator may, in consultation with the Collateral Manager, adjust the amounts required to be applied in payment of principal on the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, Class E Notes, the Class F Notes, the Class M Notes and the Subordinated Notes from time to time pursuant to the Priorities of Payments so that the amount to be so applied in respect of each Class A Note, Class B Note, Class C Note, Class D Note, Class E Note, Class F Note, Class M Note and Subordinated Note is a whole amount, not involving any fraction of a 0.01 Euro or, at the discretion of the Collateral Administrator, part of a Euro.

(h) 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 12.00 p.m. (London time) on the applicable Payment Date in the Payment Date Report.

(i) 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 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 no liability to the Issuer or the Noteholders shall attach to the Collateral Administrator in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 3 (*Status*).

(j) Accounts

The Issuer shall, on or prior to the Issue Date (or, in respect of the Counterparty Downgrade Collateral Account, on or about the date of entry by the Issuer into a Hedge Agreement with a Hedge Counterparty), establish the following accounts with the Account Bank or (as the case may be) with the Custodian:

- 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 Custody Account;
- the Collection Account;
- the First Period Reserve Account; and
- the Interest Smoothing Account.

The Issuer shall establish the following accounts with the Account Bank or (as the case may be) with the Custodian upon the request of the Collateral Manager:

- the Currency Account(s);
- the Counterparty Downgrade Collateral Account(s); and
- the Hedge Termination Account(s).

The Account Bank and the Custodian 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. If the Account Bank at any time fails to satisfy the Rating Requirement, the Issuer shall use reasonable endeavours to procure that a replacement Account Bank, 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, the Counterparty Downgrade Collateral Accounts, the Collection Account and the Payment Account) from time to time may be invested by the Collateral Manager on behalf of the Issuer in Eligible Investments.

Amounts standing to the credit of the Payment Account will not accrue interest.

All interest accrued on any of the Accounts (other than any Counterparty Downgrade Collateral Accounts) 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) direct the Collateral Administrator to convert such amounts into the currency of the Account at the Spot Rate as determined by the Collateral Administrator and in consultation with the Collateral Manager.

Notwithstanding any other provisions of this Condition 3(j) (*Accounts*), all amounts standing to the credit of each of the Accounts (other than (i) the Interest Account, (ii) the Payment Account, (iii) the Expense Reserve Account, (iv) the Supplemental Reserve Account, (v) all interest accrued on the Accounts, (vi) the Currency Account (to the extent designated as Interest Proceeds or 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 Payments), (vii) the Counterparty Downgrade Collateral Accounts, (viii) the First Period Reserve Account and (ix) the Interest Smoothing Account shall be transferred to the Payment Account and shall constitute Principal Proceeds on the Business Day

prior to any redemption of the Notes in full, and all amounts standing to the credit of each of the Interest Account, the Interest Smoothing Account, the First Period Reserve Account, the Expense Reserve Account, the Supplemental Reserve Account, the Currency Account (to the extent designated as Interest Proceeds) and, to the extent not required to be repaid to any Hedge Counterparty, the relevant 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 instruct the Account Bank to 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 Payments.

(k) 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, but in each case, if applicable, excluding any Trading Gains which are paid or payable into the Interest Account in accordance with Condition 3(k)(ii)(S) (*Interest Account*) below:

(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 (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 the 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, (iv) principal proceeds received both before and after the Reinvestment Period in connection with the acceptance of an Offer (for the avoidance of doubt, to the extent that such proceeds will be reinvested automatically as consideration for the Collateral Obligation subject to such Offer, subject to the Restructured Obligation Criteria being satisfied) and (v) any amounts representing Tax Credits;

(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 Obligation;

(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 commercially reasonable judgement;

- (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 Purchased Accrued Interest;
- (H) amounts transferred to the Principal Account from any other Account as required below;
- (I) all proceeds received from any additional issuance of the Notes that are not invested in Collateral Obligations or required to be paid into the Interest Account in accordance with Condition 17(b) (*Additional Issuances*);
- (J) any other amounts received in respect of the Collateral which are not required to be paid into another Account;
- (K) all amounts transferred from the Unused Proceeds Account to the Principal Account in accordance with Condition 3(k)(iii) (*Unused Proceeds Account*) below;
- (L) all amounts transferred from the Counterparty Downgrade Collateral Accounts to the Principal Account in accordance with Condition 3(k)(v) (*Counterparty Downgrade Collateral Accounts*) below;
- (M) all amounts transferred from the Supplemental Reserve Account in accordance with Condition 3(k)(vi) (*Supplemental Reserve Account*) below;
- (N) all amounts transferred from the Expense Reserve Account in accordance with Condition 3(k)(x)(D)(2) (*Expense Reserve Account*);
- (O) all amounts payable into the Principal Account pursuant to paragraph (W) of the Interest Priority of Payments upon the failure to meet the Reinvestment Par Value Test on any Determination Date on and after the Effective Date and during the Reinvestment Period;
- (P) all principal payments and Purchased Accrued Interest 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;
- (Q) all amounts transferred to the Principal Account from the Currency Account pursuant to paragraph (B) of Condition 3(k)(ix) (*Currency Accounts*) following exchange of such amounts into Euros (to the extent not already in Euros) by the Issuer following consultation with the Collateral Manager; and
- (R) any other amounts which are not required to be paid into any other Account in accordance with this Condition 3(k) (*Payments to and from the Accounts*).

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:

- (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 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) unless the Coverage Tests will be satisfied immediately following such reinvestment and, if not so designated prior to the following Payment Date, shall be disbursed pursuant to the Principal Priority of Payments on such Payment Date and (ii) no such payment shall be made to the extent that such amounts are

not required to be distributed pursuant to the Principal Priority of Payments on such Payment Date;

- (2) at any time at the discretion of the Collateral Manager, acting on behalf of the Issuer, in accordance with the terms of, and to the extent permitted under, the Collateral Management and Administration Agreement, in the acquisition of Collateral Obligations (including any payments to a Currency Hedge Counterparty in respect of initial principal exchange amounts pursuant to any Currency Hedge Transaction entered into in respect thereof and any fees and commissions payable in connection with the purchase thereof) 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 Purchased Accrued Interest;
- (3) on any Payment Date, at the discretion of the Collateral Manager, acting on behalf of the Issuer, in accordance with and subject to the terms of the Collateral Management and Administration Agreement, in payment of the purchase price of any Notes purchased by the Issuer in accordance with Condition 7(k) (*Purchase*);
- (4) on any Redemption Date upon which a Refinancing of the Rated Notes occurs in whole or in part in accordance with these Conditions, to the Interest Account at the Collateral Manager's discretion, provided that before and immediately following any such transfer on such date (i) the ratings of each Class of Rated Notes shall be no lower than each such rating prevailing on the Issue Date and in respect of which Rating Agency Confirmation is obtained; (ii) the Collateral Principal Amount (for which purposes the Principal Balance of each Defaulted Obligation shall be the lower of its Moody's Collateral Value and its Fitch Collateral Value) shall be at least equal to the Reinvestment Target Par Balance; (iii) each condition precedent to the applicable Refinancing on such date shall have been satisfied in accordance with these Conditions and the Trust Deed; and (iv) the cumulative aggregate amount transferred or to be transferred in accordance with the foregoing in respect of all Redemption Dates upon which a Refinancing has occurred on or before such date, shall not exceed 1.0 per cent. of the Target Par Amount; and
- (5) at any time, on or after the Effective Date but prior to the third Payment Date, at the discretion of the Collateral Manager, acting on behalf of the Issuer, an amount not exceeding 1.0 per cent. of the Target Par Amount may be transferred to the Interest Account, in aggregate and without duplication, from the Principal Account and the Unused Proceeds Account (pursuant to paragraph (4) of Condition 3(k)(iii) (*Unused Proceeds Account*)), provided that as at the date of such transfer and immediately after giving effect to such transfer, (i) the Collateral Principal Amount equals or exceeds the Target Par Amount immediately following such transfer, and (ii) each of the Portfolio Profile Tests, the Collateral Quality Tests and the Coverage Tests (save for the Interest Coverage Tests, which shall apply only on and after the Determination Date falling immediately prior to the second Payment Date) is satisfied.

(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 the 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 other than the Counterparty Downgrade Collateral Account and the Payment Account (including interest on any Eligible Investments standing to the credit thereof);

- (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 commercially reasonable judgement (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, (ii) a Defaulted Obligation save for Defaulted Obligation Excess Amounts);
- (E) all proceeds received during the related Due Period from any additional issuance of Notes that are not reinvested or retained for reinvestment in Collateral Obligations;
- (F) all amounts representing the element of deferred interest (other than Purchased Accrued Interest) in any payments received in respect of any Mezzanine Obligation which by its contractual terms provides for the deferral of interest;
- (G) amounts transferred to the Interest Account from the Unused Proceeds Account in the circumstances described under Condition 3(k)(iii) (*Unused Proceeds Account*) below;
- (H) all scheduled commitment fees received by the Issuer in respect of any Revolving Obligations or Delayed Drawdown Collateral Obligations;
- (I) 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;
- (J) all amounts transferred from the Supplemental Reserve Account under Condition 3(k)(vi) (*Supplemental Reserve Account*);
- (K) on any Determination Date all amounts transferred from the Expense Reserve Account;
- (L) all Scheduled Periodic Hedge Counterparty Payments received by the Issuer under any Hedge Transaction excluding any Principal Proceeds, or Hedge Replacement Receipts, but including any amounts received by the Issuer in respect of any Issue Date Interest Rate Hedge Transactions including upon sale of any such Issue Date Interest Rate Hedge Transactions;
- (M) 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;
- (N) any amounts relating to a Hedge Issuer Tax Credit Payment received by the Issuer from the tax authorities of any jurisdiction;
- (O) any Interest Smoothing Amounts which are required to be transferred from the Interest Smoothing Account;
- (P) any amounts transferred from the First Period Reserve Account under Condition 3(k)(xiii) (*First Period Reserve Account*);
- (Q) all amounts transferred to the Interest Account from the Currency Account pursuant to paragraph (B) of Condition 3(k)(ix) (*Currency Accounts*) following exchange of such amounts

to Euros (to the extent not already in Euros) by the Issuer following consultation with the Collateral Manager;

- (R) any amounts relating to a Tax Credit received by the Issuer from the tax authorities of any jurisdiction; and
- (S) at the direction of the Collateral Manager, any Trading Gains realised in respect of any Collateral Obligation that the Collateral Manager determines shall be paid into the Interest Account subject to the following provisions:
- (1) after giving effect to the transfer of such Trading Gains to the Interest Account:
    - (a) the Collateral Principal Amount (for which purposes the Principal Balance of each Defaulted Obligation shall be the lower of its Moody's Collateral Value and Fitch Collateral Value) is greater than or equal to the Reinvestment Target Par Balance;
    - (b) the Class F Par Value Ratio is at least equal to or greater than 108.7 per cent.;
    - (c) not more than 7.5 per cent. of the Collateral Principal Amount consists of obligations which are Caa Obligations;
  - (2) for so long as any Notes are rated by Moody's, after giving effect to the transfer of such Trading Gains to the Interest Account the Moody's Maximum Weighted Average Rating Factor Test is satisfied;
  - (3) the maximum aggregate amount (on a cumulative basis) of Trading Gains that may be paid into the Interest Account after the Issue Date is 1.0 per cent. of the Target Par Amount; and
  - (4) the rating of the Class A Notes has not been downgraded by Moody's or Fitch or by one or more rating subcategories below its rating on the Issue Date (unless subsequently upgraded by Moody's or Fitch, as applicable, to the relevant rating on the Issue Date); and
- (T) any amounts transferred to the Interest Account in accordance with Condition 3(n)(iv) (*Application of Refinancing Proceeds and Partial Redemption Interest Proceeds on a Partial Redemption Date*).

The Issuer shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Interest Account:

- (1) on the Business Day prior to each Payment Date, all Interest Proceeds 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, any amounts representing any Hedge Issuer Tax Credit Payments to be disbursed pursuant to (3) below and any amounts representing any Tax Credits to be disbursed pursuant to (2) 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 the related Collateral Obligations to the extent that any such acquisition costs represent accrued interest (other than Purchased Accrued Interest) or delayed compensation payable in connection with such acquisition as determined by the Collateral Manager in its commercially reasonable judgement;
- (3) any Scheduled Periodic Interest Rate Hedge Issuer Payments and any Hedge Issuer Tax Credit Payments at any time in accordance with the relevant Hedge Agreement and without regard to the Priorities of Payments;
- (4) any Tax Credits at any time in accordance with the Underlying Instruments relating to a Collateral Obligation and without regard to the Priorities of Payments; and
- (5) on the Business Day following each Determination Date save for (i) the first Determination Date following the Issue Date; (ii) a Determination Date following the occurrence of a Note

Event of Default which is continuing; and (iii) the Determination Date immediately prior to any redemption of the Notes in full, any Interest Smoothing Amount required to be transferred to the Interest Smoothing Account.

(iii) Unused Proceeds Account

The Issuer will procure that the following amounts are credited to the Unused Proceeds Account, as applicable:

- (A) an amount transferred from the Collection Account equal to the net proceeds of issue of the Notes remaining after the payment of all amounts pursuant to Condition 3(k)(xi)(B)(1) (*Collection Account*) below; and
- (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 Interest Account in accordance with Condition 17(b) (*Additional Issuances*).

The Issuer shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the applicable sub-ledger of the Unused Proceeds Account:

- (1) on or about the Issue Date, such amounts equal to the aggregate of:
  - (a) the purchase price for certain Collateral Obligations on or prior to the Issue Date; and
  - (b) amounts required for repayment of any amounts borrowed by the Issuer (together with interest thereon) in order to finance the acquisition of certain Collateral Obligations on or prior to the Issue Date, including pursuant to the Warehouse Arrangements;
- (2) at any time up to and including the last day of the Initial Investment Period, in accordance with the terms of, and to the extent permitted under, the Collateral Management and Administration Agreement, in the acquisition of Collateral Obligations;
- (3) in the event of the occurrence of an Effective Date Rating Event, the Balance standing to the credit of the Unused Proceeds Account, on the Business Day prior to the Payment Date falling immediately after the Effective Date, to the extent required to cause such Effective Date Rating Event to no longer be continuing, to the Payment Account for application as Principal Proceeds in accordance with the Priorities of Payments;
- (4) on or after the Effective Date but prior to the third Payment Date, at the discretion of the Collateral Manager, acting on behalf of the Issuer, an amount not exceeding 1.0 per cent. of the Target Par Amount may be transferred to the Interest Account, in aggregate and without duplication, from the Unused Proceeds Account and the Principal Account (pursuant to paragraph (5) of Condition 3(k)(i) (*Principal Account*)), provided that as at the date of such transfer and immediately after giving effect to such transfer, (i) the Collateral Principal Amount equals or exceeds the Target Par Amount immediately following such transfer, and (ii) each of the Portfolio Profile Tests, the Collateral Quality Tests and the Coverage Tests (save for the Interest Coverage Tests, which shall apply only on and after the Determination Date falling immediately prior to the second Payment Date) is satisfied; and
- (5) on or about the Issue Date, any premium payable by the Issuer in connection with the Issue Date Interest Rate Hedge Transactions.

(iv) Payment Account

The Issuer, or the Collateral Administrator (acting on behalf of the Issuer), as the case may be, will, on the Business Day prior to each Payment Date, instruct the Account Bank to transfer 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(j) (*Accounts*) and Condition 3(k) (*Payments to and from the Accounts*), 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 Payments. No amounts shall be transferred to or withdrawn from the Payment Account at any other time or in any other circumstances.

(v) Counterparty Downgrade Collateral Accounts

The Issuer will procure that all Counterparty Downgrade Collateral transferred pursuant to a Hedge Agreement shall be deposited in a separate Counterparty Downgrade Collateral Account in respect of each Hedge Counterparty and such Hedge Agreement and that all interest accrued on the Balance standing to the credit of a Counterparty Downgrade Collateral Account shall be deposited into such Counterparty Downgrade Collateral Account. The Issuer will procure the payment of the following amounts out of a Counterparty Downgrade Collateral Account. 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 (and shall ensure that no other payments are made, save to the extent otherwise permitted):

- (1) prior to the occurrence or designation of an “Early Termination Date” (as defined in the relevant Hedge Agreement) in respect of all “Transactions” (as defined in 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:

- (a) any “Return Amounts” (if applicable and as defined in such Hedge Agreement);
- (b) any “Interest Amounts” and “Distributions” (if applicable and each as defined in such Hedge Agreement); and
- (c) 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 in respect of all “Transactions” thereunder),

directly to the Hedge Counterparty in accordance with the terms of such Hedge Agreement;

- (2) 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 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:

- (a) *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);
- (b) *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
- (c) *third*, the surplus amount standing to the credit of such Counterparty Downgrade Collateral Account (if any) to the Principal Account,

- (3) 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:

- (a) *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
- (b) *second*, the surplus amount standing to the credit of such Counterparty Downgrade Collateral Account (if any) to the Principal Account.

The funds or securities credited to the Counterparty Downgrade Collateral Account (and any interest or distributions thereon or liquidation proceeds thereof) are held on the Account Bank’s or the Custodian’s, as applicable, books and records separate from those of any other party and do not form part of the Principal Proceeds or the Interest Proceeds (and accordingly, are not available to fund general distributions of the Issuer).

(vi) Supplemental Reserve Account

The Issuer will procure that each Supplemental Reserve Amount, each Contribution, any Collateral Enhancement Obligation Proceeds and the proceeds of issuance of any Subordinated Notes pursuant to Condition 17(b) (*Additional Issuances*) shall be deposited into the Supplemental Reserve Account. The Issuer shall permit payments to be made out of the Supplemental Reserve Account for the following purposes (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, at the direction of the Issuer (or the Collateral Manager acting on its behalf) to the Principal Account for either (x) during the Reinvestment Period to reinvest in Substitute Collateral Obligations or invest in additional Collateral Obligations or (y) otherwise for distribution on the next following Payment Date in accordance with the Priorities of Payments;
- (2) at any time, at the direction of the Issuer (or the Collateral Manager acting on its behalf), to the Interest Account for distribution on the next following Payment Date in accordance with the Priorities of Payments;
- (3) at any time, at the direction of the Issuer (or the Collateral Manager acting on its behalf), to purchase any Rated Notes in accordance with Condition 7(k) (*Purchase*);
- (4) in the event of the occurrence of an Effective Date Rating Event, on the Business Day prior to the Payment Date falling immediately after the Effective Date, an amount equal to the lesser of the Balance standing to the credit of the Supplemental Reserve Account and the amount required to cause such Effective Date Rating Event to no longer be continuing, to the Payment Account for application as Principal Proceeds in accordance with the Priorities of Payments;
- (5) (x) at the direction of the Collateral Manager at any time prior to a Note Event of Default or (y) automatically upon an acceleration of the Notes in accordance with Condition 10(b) (*Acceleration*), the Balance standing to the credit of the Supplemental Reserve Account to the Payment Account for distribution on the next following Payment Date in accordance with the Principal Priority of Payments or the Post-Acceleration Priorities of Payments (as applicable);
- (6) for deposit into the Expense Reserve Account;
- (7) at any time in any exercise of any option or warrant comprised in, Collateral Enhancement Obligations, in accordance with the terms of the Collateral Management and Administration Agreement; and
- (8) on any Payment Date, as directed by the Issuer in its discretion (or the Collateral Manager acting on its behalf), some or all of the Supplemental Reserve Amount(s) to the payment of distributions on the Subordinated Notes in each case on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption), provided that if the Incentive Collateral Management Fee IRR Threshold has 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), 20.0 per cent. of such distribution shall instead be paid to the Collateral Manager, 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 (8) on any Payment Date and apply such amount to, in the case of (y), (i) be used to purchase additional Collateral Obligations or exercise any option under a Collateral Enhancement Obligation or (ii) remain in the Supplemental Reserve Account pending reinvestment in additional Collateral Obligations or the exercise of any option under a Collateral Enhancement Obligation or, in the case of (x), be applied to the payment of distributions on the Subordinated Notes, subject in each case 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,

each of the foregoing being a “**Permitted Use**”, provided that, for the avoidance of doubt, in respect of items (1), (2) and (6) above there is no obligation for such payment to be made to the Principal Account, Interest Account or Payment Account (as applicable) prior to any Payment Date unless the Issuer (or the Collateral Manager on its behalf) so directs.

No Contribution or portion thereof accepted by the Collateral Manager acting on behalf of the Issuer will be returned to the Contributor at any time (other than in accordance with the Priorities of Payments) and each Contribution shall be applied solely for the Permitted Use agreed between the Collateral Manager and the relevant Contributor pursuant to Condition 3(d) (*Contributions*).

(vii) The Unfunded Revolver Reserve Account

The Issuer shall procure the following amounts are paid into the Unfunded Revolver Reserve Account:

- (A) upon the acquisition by or on behalf of the Issuer of any Revolving Obligation or Delayed Drawdown Collateral 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 (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 and the Collateral Manager acting on behalf of the Issuer);

- (3) (x) at any time at the direction of the Collateral Manager (acting on behalf of the Issuer) or (y) upon the sale (in whole or in part) of a Revolving Obligation or the reduction, cancellation or expiry of any commitment of the Issuer to make future advances or otherwise extend credit thereunder, any excess of (a) the amount standing to the credit of the Unfunded Revolver Reserve Account over (b) the sum of the Unfunded Amounts of all Revolving Obligations and Delayed Drawdown Collateral Obligations after taking into account such sale or such reduction, cancellation or expiry of such commitment or notional amount; and
- (4) all interest accrued on the Balance standing to the credit of the Unfunded Revolver Reserve Account from time to time to the Interest Account (if such interest is not denominated in Euros, following conversion thereof into Euros at the Spot Rate by the Collateral Administrator in consultation with the Collateral Manager).

(viii) Hedge Termination Account

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, but excluding Hedge Replacement Receipts and Hedge Counterparty Termination Payments) to the extent not required to be paid directly to the Interest Account or Principal Account are paid into the appropriate Currency Account in the currency of receipt thereof. 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 Account:

- (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 whole or in part) 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 (in whole or in part) solely as a result of the sale or prepayment or redemption or repayment of the relevant Non-Euro Obligation) and Hedge Replacement Payments; and
- (B) cash amounts representing any excess standing to the credit of the Currency Account after paying, or provisions for the payment, of any amounts to be paid to any Currency Hedge Counterparty pursuant to paragraph (A) above shall be converted into Euro at the Spot Rate by the Collateral Administrator following consultation with the Collateral Manager and transferred to the Principal Account (if such amounts are in the nature of principal) or the Interest Account (if such amounts are in the nature of interest) at the discretion of the Collateral Manager.

(x) Expense Reserve Account

The Issuer shall procure that the following amounts are paid into the Expense Reserve Account:

- (A) on the Issue Date, an amount determined on the Issue Date for the payment of amounts due or accrued in connection with the issue of the Notes, in accordance with (1) below;
- (B) any amount applied in payment into the Expense Reserve Account pursuant to paragraph (D) of the Interest Priority of Payments;
- (C) all amounts transferred from the Supplemental Reserve Account pursuant to Condition 3(k)(vi)(6)(*Supplemental Reserve Account*) above; and
- (D) any amounts received by the Issuer by way of indemnity payments from the Collateral Manager pursuant to the Collateral Management and Administration Agreement (“**Third Party Indemnity Receipts**”).

The Issuer shall procure payment of the following amounts (and shall procure that no other amounts are paid) out of the Expense Reserve Account:

- (1) other than Third Party Indemnity Receipts, amounts due or accrued with respect to actions taken on or in connection with the Issue Date with respect to the issue of Notes and the entry into the Transaction Documents;
- (2) other than Third Party Indemnity Receipts, amounts standing to the credit of the Expense Reserve Account on the Determination Date immediately preceding the first Payment Date may be transferred to the Principal Account and/or the Interest Account in the sole discretion of the Issuer (or the Collateral Manager acting on its behalf) and on each Determination Date thereafter, amounts standing to the credit of the Expense Reserve Account may be transferred to the Interest Account in the sole discretion of the Issuer (or the Collateral Manager acting on its behalf);
- (3) other than Third Party Indemnity Receipts, at any time, the amount of, firstly, Trustee Fees and Expenses and, secondly, Administrative Expenses which have accrued and become payable prior to the immediately following Payment Date, upon receipt of invoices therefor from the relevant creditor, provided that any such payments, in aggregate, shall not cause the balance of the Expense Reserve Account to fall below zero;
- (4) other than Third Party Indemnity Receipts, to the payment of any Refinancing Costs;
- (5) on the second Business Day prior to each Payment 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 (D) above; and (ii) the amount of any indemnity payments payable by the Issuer to the Trustee. Any such amount so paid shall not be taken into account for the purposes of the application of the Senior Expenses Cap; and

- (6) any Third Party Indemnity Receipts in excess of (5) above shall be transferred to the Payment Account on the Business Day prior to each Payment Date for application in accordance with the Interest Priority of Payments on such Payment Date.

(xi) Collection Account

The Issuer will procure that the following amounts are credited to the Collection Account:

- (A) on the Issue Date, the net proceeds of issue of the Notes; and
- (B) all amounts received in respect of any Collateral (other than as otherwise provided in Condition 3(k)(v) (*Counterparty Downgrade Collateral Accounts*)).

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 Collection 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) to repay the relevant lender under the Warehouse Arrangements in respect of the funding provided by it to finance the purchase of Collateral Obligations prior to the Issue Date;
  - (c) all other fees, expenses and amounts due under the Warehouse Arrangements;
  - (d) amounts payable into the Expense Reserve Account;
  - (e) amounts payable into the First Period Reserve Account; and
  - (f) any remaining amounts to the Unused Proceeds Account; and
- (2) subject to the prior payment of all amounts pursuant to Condition 3(k)(xi)(B)(1) (*Collection Account*) above, in transfer to the other Accounts as required in accordance with Condition 3(j) (*Accounts*) on a daily basis, such that the balance standing to the credit of the Collection Account at the end of each Business Day is zero.

(xii) Interest Smoothing Account

On the Business Day following each Determination Date save for:

- (A) the first Determination Date following the Issue Date;
- (B) a Determination Date following the occurrence of a Note Event of Default which is continuing;
- (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.

(xiii) First Period Reserve Account

The Issuer shall direct the Account Bank to deposit € 1,270,000 in the First Period Reserve Account on the Issue Date. On the Determination Date relating to the first Payment Date, amounts standing to the credit of the First Period Reserve Account shall be transferred to the Interest Account for distribution on the first Payment Date.

(l) 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 exercise rights under Collateral Enhancement Obligations which the Collateral Manager determines on behalf of the Issuer should be exercised, the Collateral Manager may, at its discretion, on no more than three separate occasions, pay amounts required in order to fund such 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 as agreed between the Issuer and the Collateral Manager from time to time and notified by the Collateral Manager to the Collateral Administrator as soon as reasonably practicable provided that such rate of interest shall not exceed a rate of EURIBOR plus 2.0 per cent. *per annum*. All such Collateral Manager Advances shall be repaid out of Interest Proceeds and Principal Proceeds on each Payment Date subject to and in accordance with the Priorities of Payments. The aggregate amount outstanding of all Collateral Manager Advances shall not, at any time, exceed €7,500,000 or such greater number as the Subordinated Noteholders may approve, acting by way of an Ordinary Resolution.

(m) Unscheduled Payment Dates

The Issuer and the Collateral Manager may (and must if so directed by the Subordinated Noteholders acting by Ordinary Resolution) designate a date (other than a scheduled Payment Date and a Redemption Date) as Payment Date (each an **unscheduled Payment Date**) if the following conditions are met:

- (i) the proposed unscheduled payment date is a Business Day falling after the date upon which the Rated Notes have been repaid or redeemed in full;
- (ii) the unscheduled payment date falls no less than 5 Business Days after the Collateral Manager (on behalf of the Issuer) has notified the Collateral Administrator, the Principal Paying Agent and the Noteholders of the intended date of the unscheduled payment;
- (iii) the proposed unscheduled payment date falls more than 5 Business Days prior to a scheduled Payment Date;
- (iv) the proposed unscheduled payment date falls no less than 5 Business Days after any previous scheduled or unscheduled Payment Date.

(n) 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 cause the Account Bank to disburse Refinancing Proceeds received in respect of and any Partial Redemption Interest Proceeds transferred to the Payment Account in connection with, in each case, the Optional Redemption in part of any Class or Classes of Rated Notes in part but not in whole, in accordance with the following order of priority:

- (i) to the payment of accrued and unpaid Trustee Fees and Expenses, to the extent incurred in connection with such Optional Redemption in part;
- (ii) to the payment of Administrative Expenses in the priority stated in the definition thereof, to the extent incurred in connection with such Optional Redemption in part; and
- (iii) to the redemption of the Class or Classes of Rated Notes to be redeemed in part at the applicable Redemption Prices (and, in the case of any Partial Redemption Date that is a Payment Date, without duplication of any amounts to be received, by any Class of Notes pursuant to the Principal Proceeds Priority of Payment, the Interest Proceeds Priority of Payment or Post-Acceleration Priority of Payments);

(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 Subscription 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 each of the Counterparty Downgrade Collateral Accounts) and any other investments (other than 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 of 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 each of the Counterparty Downgrade Collateral Accounts) and any other investments (other than 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 each of the Counterparty Downgrade Collateral Accounts) and all moneys from time to time standing to the credit of such Accounts (other than each of the Counterparty Downgrade Collateral Accounts) and the debts represented thereby and including, without limitation, all interest accrued and other moneys received in respect thereof;
- (iv) a first fixed charge and first priority security interest (where the applicable assets are securities) over, or an assignment by way of security (where the applicable rights are contractual obligations) of, all present and future rights of the Issuer in respect of any Counterparty Downgrade Collateral standing to the credit of the relevant 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 the relevant Counterparty Downgrade Collateral Account and all moneys from time to time standing to the credit of the relevant Counterparty Downgrade Collateral Account and the debts represented thereby and including, without limitation, all interest accrued and other moneys received in respect thereof, subject, in each case, to the rights of any Hedge Counterparty to Counterparty Downgrade Collateral pursuant to the terms of the relevant Hedge Agreement and Condition 3(k)(v) (*Counterparty Downgrade Collateral Accounts*) and any first priority 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 (to the extent it relates to the Custody Account) and a first fixed charge over all of the Issuer's right, title and interest in and to the Custody Account (including each cash account relating to the Custody Account) and any cash held therein and the debts represented thereby;

- (vi) an assignment by way of security of all the Issuer's present and future rights under each Currency Hedge Agreement and each Interest Rate Hedge Agreement and each Currency Hedge Transaction and 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 Subscription Agreement, each Collateral Acquisition Agreement, the Retention Undertaking Letter each other Transaction Document and 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) Issuer's rights under the Corporate Services Agreement; and (B) amounts standing to the credit of the Issuer Irish Account.

The security created pursuant to paragraphs (i) to (ix) above is granted to the Trustee for itself and as trustee for the other Secured Parties as continuing security for the payment of the Secured Obligations 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(k)(v) (*Counterparty Downgrade Collateral Accounts*)) when such collateral is expressed to be available to the Issuer in accordance with the applicable Hedge Agreement and the Conditions and (if a title transfer arrangement) to the extent that no equivalent amount is owed to the relevant Hedge Counterparty pursuant to the relevant Hedge Agreement and/or Condition 3(k)(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 the relevant Counterparty Downgrade Collateral Account and any Counterparty Downgrade Collateral deposited by such Hedge Counterparty in such 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, redemption and payment thereof) as security for the Issuer's obligations to apply, repay or redeem such Counterparty Downgrade Collateral and to make any payment or delivery due to such Hedge Counterparty, in each case pursuant to the terms of the

applicable Hedge Agreement and Condition 3(k)(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(k)(vii) (*The Unfunded Revolver Reserve Account*) (including Rating Agency Confirmation).

All deeds, documents, assignments, instruments, bonds, notes, negotiable instruments, papers and any other instruments comprising, evidencing, representing and/or transferring the Portfolio will be deposited with or held by or on behalf of the Custodian until the security over such obligations is irrevocably discharged in accordance with the provisions of the Trust Deed. In the event that the ratings of the Custodian are downgraded to below the Rating Requirement or withdrawn, the Issuer shall use reasonable endeavours to procure that a replacement Custodian with the Rating Requirement and who is 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 for ensuring that the Custodian, the Account Bank, a Hedge Counterparty or the Principal Paying Agent satisfies the Rating Requirement applicable to it or, in the event of its failure to satisfy such Rating Requirement, to procure the appointment of a replacement custodian, account bank, hedge counterparty or paying agent. 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 or liability. The Trust Deed also provides that the Trustee shall accept without investigation, requisition or objection such right, benefit, title and interest, if any, as the Issuer may have in and to any of the Collateral and is not bound to make any investigation into the same or into the Collateral in any respect.

(b) Application of Proceeds upon Enforcement

The Trust Deed provides that the net proceeds of realisation of or enforcement with respect to the security over, the Collateral constituted by the Trust Deed, shall be applied in accordance with the priorities of payments set out in Condition 11 (*Enforcement*).

(c) Limited Recourse and Non-Petition

The obligations of the Issuer to pay amounts due and payable in respect of the Notes and to the other Secured Parties at any time shall be limited to the proceeds available at such time to make such payments in accordance with the Priorities of Payments and Condition 3(k) (*Payments to and from the Accounts*). 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, 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 other Secured Parties (such negative amount being referred to herein as a “**shortfall**”), the obligations of the Issuer in respect of the Notes of each Class and its obligations to the other Secured Parties in such circumstances will be limited to such net proceeds, which shall be applied in accordance with the Priorities of Payments. In such circumstances, the other assets (including the Issuer Irish Account and its rights under the Corporate Services Agreement) of the Issuer will not be available for payment of such shortfall which shall be borne by the Noteholders and the other Secured Parties in accordance with the Priorities of Payments. In such circumstances the rights of the Secured Parties to receive any further amounts in respect of such obligations shall be extinguished, none of the Noteholders or the other Secured Parties may take any further action to recover such amounts and the Notes will be delisted and cancelled. None of the Noteholders, 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 agreement 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 it being expressly understood and agreed that the obligations of the Issuer under these Conditions and the other Transaction Documents are its corporate obligations only.

None of the Trustee, the Directors, the Corporate Services Provider, the Initial Purchaser, the Collateral Manager and any Agent has any obligation to any Noteholder of any Class for payment of any amount by the Issuer in respect of the Notes of any Class.

(d) 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 in accordance with the criteria set out in the Collateral Management and Administration Agreement;
- (ii) invest the amounts standing to the credit of the Accounts (other than the Counterparty Downgrade Collateral Accounts, the Collection 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 Non-Voting Notes or CM Non-Voting Exchangeable 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) Information Regarding the Collateral

The Issuer shall procure that a copy of each Monthly Report and any Payment Date Report is made available within two Business Days of publication, to each Noteholder of each Class upon request in writing therefor and that copies of each such Report are made available to the Trustee, the Collateral Manager, the Hedge Counterparties and each Rating Agency within two Business Days of publication thereof.

The Issuer hereby agrees to be designated as the entity required to fulfil the reporting requirements under the Transparency Requirements. The Issuer will assume all costs of complying with the reporting requirements under the Transparency Requirements (including the properly incurred costs and expenses (including legal fees) of all parties incurred amending the Transaction Documents for this purpose) and, if applicable, shall reimburse each of the Collateral Manager and/or the Collateral Administrator for any such costs incurred by the Collateral Manager or the Collateral Administrator in connection with their assisting the Issuer with the preparation and/or filing of such information and reports required pursuant to the Transparency Requirements, such costs to be paid as Administrative Expenses or Trustee Fees and Expenses, as applicable.

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 for fulfilling the reporting obligations under the EU Retention and Transparency Requirements. In providing such information and reporting, the Collateral Administrator also assumes no responsibility or liability to Noteholders, any potential investor in the Notes or any other party (including for their use and/or onward disclosure of such information or documentation) and shall have the benefit of the powers, protections and indemnities granted to it under the Transaction Documents.

**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 Noteholders 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 Services Agreement;
  - (F) under each Collateral Acquisition Agreement;
  - (G) under any Hedge Agreements;
  - (H) under the Retention Undertaking Letter; and
  - (I) under any Reporting Delegation Agreement;
- (ii) comply with its obligations under the Notes, the Trust Deed, the Agency and Account Bank Agreement, the Collateral Management and Administration Agreement, the Retention Undertaking Letter, each Reporting Delegation Agreement and each other Transaction Document to which it is a party;
- (iii) keep proper books of account;

- (iv) at all times maintain its tax residence outside the United Kingdom and the United States and will not establish a branch, agency, permanent establishment or place of business or register as a company in the United Kingdom or the United States;
  - (v) 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 Union Regulation No. 2015/848 on Insolvency Proceedings (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;
  - (vi) pay its debts generally as they fall due;
  - (vii) do all such things as are necessary to maintain its corporate existence;
  - (viii) use its best endeavours to obtain and maintain the listing and admission to trading 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 shall 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;
  - (ix) supply such information to the Rating Agencies as they may reasonably request;
  - (x) ensure that its tax residence is and remains at all times only in Ireland;
  - (xi) ensure an agent is appointed to assist in creating and maintaining the Issuer’s website to enable the Rating Agencies to comply with Rule 17g-5.
- (b) Restrictions on the Issuer

For so long as any of the Notes remain Outstanding, save as provided in the Transaction Documents, the Issuer covenants to the holders of such Outstanding Notes that (to the extent applicable) it will not, without the prior written consent of the Trustee:

- (i) sell, factor, discount, transfer, assign, lend or otherwise dispose of any of its right, title or interest in or to the Collateral, other than in accordance with the Collateral Management and Administration Agreement, nor will it create or permit to be outstanding any mortgage, pledge, lien, charge, encumbrance or other security interest (other than any customary security interest held by a Clearing System or Custodian of the Collateral) over the Collateral except in accordance with the Trust Deed, these Conditions or the Transaction Documents;
- (ii) sell, factor, discount, transfer, assign, lend or otherwise dispose of, nor create or permit to be outstanding any mortgage, pledge, lien, charge, encumbrance or other security interest (other than any customary security interest held by a Clearing System or Custodian of the Collateral) 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 other Transaction Documents;

- (iii) engage in any business other than the holding and managing or both the holding and managing of “qualifying assets” within the meaning of Section 110 of the TCA and activities ancillary thereto, and in particular 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, the Retention Undertaking Letter, the Corporate Services Agreement, any Reporting Delegation Agreement and each other Transaction Document to which it is a party, as applicable; or
  - (D) performing any act incidental to or necessary in connection with any of the above;
- (iv) amend any term or condition of the Notes of any Class (save in accordance with these Conditions and the Trust Deed);
- (v) agree to any amendment to any provision of, or grant any waiver or consent under the Trust Deed, the Agency and Account Bank Agreement, the Collateral Management and Administration Agreement, the Corporate Services Agreement, any Reporting Delegation 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) amend its constitutional documents (save in respect of mandatory changes required by law or in connection with a change of name of the Issuer);
- (viii) have any subsidiaries or establish any offices, branches or other “establishment” (as that term is used in article 2(10) of European Union Regulation No. 2015/848 on Insolvency Proceedings) outside of Ireland;
- (ix) have any employees (for the avoidance of doubt the directors of the Issuer do not constitute employees);
- (x) enter into any reconstruction, amalgamation, merger or consolidation;
- (xi) convey or transfer all or a substantial part of its properties or assets (in one or a series of transactions) to any person, otherwise than as contemplated in these Conditions;
- (xii) issue any shares (other than the share that is in issue as at the Issue Date) nor redeem or purchase any of its issued share capital and shall maintain adequate share capital in light of its contemplated business operations;
- (xiii) enter into any material agreement or contract with any Person (other than an agreement on customary market terms which for the avoidance of doubt will include agreements to buy and sell obligations and documentation relating to restructurings (including steering committee indemnity letters), which terms do not contain the provisions below) unless such contract or agreement contains “limited

recourse” and “non-petition” provisions and such Person agrees that, prior to the date that is two years and one day after all the related obligations of the Issuer have been paid in full (or, if longer, the applicable preference period under applicable insolvency law), such Person shall not take any action or institute any proceeding against the Issuer under any insolvency law applicable to the Issuer or which would reasonably be likely to cause the Issuer to be subject to or seek protection of, any such insolvency law; provided that such Person shall be permitted to become a party to and to participate in any proceeding or action under any such insolvency law that is initiated by any other Person other than one of its Affiliates;

- (xiv) otherwise than as contemplated in the Transaction Documents, release from or terminate the appointment of the Custodian or the Account Bank under the Agency and Account Bank Agreement, 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, from any executory obligation thereunder;
- (xv) comingle its assets with those of any other Person or entity;
- (xvi) enter into any lease in respect of, or own, premises;
- (xvii) take any action which would cause it to cease to be a “qualifying company” within the meaning of Section 110 of the TCA; or
- (xviii) 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.

## 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 January 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, 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 (DD) of the Interest Priority of Payments, paragraph (V) of the Principal Priority of Payments and paragraph (AA) of the Post-Acceleration Priority of Payments and from the Supplemental Reserve Account in accordance with Condition 3(k)(vi) (*Supplemental Reserve Account*), 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 each such Class of Notes remains Outstanding at all times and any amounts which are to be applied in redemption of each such Class of Notes pursuant hereto which are in excess of the Principal Amount Outstanding thereof minus €1, shall constitute interest payable in respect of such Notes and shall not be applied in redemption of the Principal Amount Outstanding thereof, provided always however that such €1 principal shall no longer remain Outstanding and each such Class of Notes shall be redeemed in full on the date on which all of the Collateral securing the Notes has been realised and is to be finally distributed to the Noteholders.

If the aggregate of income and gains earned by the Issuer during an accounting period exceeds the costs and expenses accrued for that period, such excess shall accrue as additional interest on the Subordinated Notes but shall only be payable on any Payment Date or other payment date following payment in full of amounts payable pursuant to the Priorities of Payments on such Payment Date or other payment date.

(iii) Class M Notes

The Class M Distribution Amount shall be payable on the Class M Notes to the extent funds are available and in accordance with paragraph (X) of the Interest Proceeds Priority of Payments, paragraph (T) of the Principal Proceeds Priority of Payments and paragraph (V) of the Post-Acceleration Priority of Payments on each Payment Date.

(iv) 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 calendar 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).

(v) 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 Payments.

(b) Deferral of Interest

The Issuer shall, and shall only be obliged to, pay any Interest Amount payable in respect of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class M Notes in full on any Payment Date, in each case to the extent that there are Interest Proceeds or Principal Proceeds available for payment thereof in accordance with the Priorities of Payments.

In the case of the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, an amount of interest equal to any shortfall in payment of the Interest Amount which would, but for the first paragraph of this Condition 6(b) (*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 C Notes, the Class D Notes, the Class E Notes or the Class F Notes, as applicable, and thereafter will accrue interest at the rate of interest applicable to that Class, and the failure to pay such Deferred Interest to the holders of the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, as applicable, will not be a Note Event of Default until the Maturity Date or any earlier date on which such Class of Notes is to be redeemed in full.

In the case of the Class M Notes, an amount of interest equal to any shortfall in payment of the Class M Distribution Amount which would, but for the first paragraph of this Condition 6(b) (*Deferral of Interest*) otherwise be due and payable in respect of such Class of Notes on any Payment Date (each such amount being referred to as Deferred Interest) will not be payable on such Payment Date, and will not be added to the principal amount of the Class M Notes or accrue interest but shall be payable on the next Payment Date to the extent of available funds, provided that the failure to pay such Deferred Interest to the holders of the Class M Notes will not be an Event of Default unless such non-payment constitutes an Event of Default pursuant to Condition 10(a)(iii) (*Default under Priorities of Payment*) until the Maturity Date or any earlier date on which the Notes are to be repaid or redeemed in full.

(c) Payment of Deferred Interest

Deferred Interest in respect of any Class C Note, Class D Note, Class E Note or Class F Note shall only become payable by the Issuer in accordance with 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 Payments, 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 Payments (and, if applicable, the Note Payment Sequence). For the avoidance of doubt, Deferred Interest on the Class C Notes, the Class D Notes, the Class E Notes and/or the Class F Notes, as applicable will be added to the principal amount of the relevant Class, as applicable, whereas Deferred Interest on the Class M Notes will not be added to the principal amount of the Class M Notes or accrue interest. An amount equal to any such Deferred Interest so paid shall be subtracted from the principal amount of the Class C Notes, the Class D Notes, the Class E Notes and/or the Class F Notes, as applicable.

(d) Interest on the Rated Notes

(i) Floating Rate of Interest

The rate of interest from time to time in respect of the Class X Notes (the “**Class X Floating Rate of Interest**”), in respect of the Class A Notes (the “**Class A Floating Rate of Interest**”), in respect of the Class B-1 Notes (the “**Class B-1 Floating Rate of Interest**”), in respect of the Class C-1 Notes (the “**Class C-1 Floating Rate of Interest**”), in respect of the Class D Notes (the “**Class D Floating Rate of Interest**”), in respect of the Class E Notes (the “**Class E Floating Rate of Interest**”), in respect of the Class F Notes (the “**Class F Floating Rate of Interest**”) (and each a “**Floating Rate of Interest**”) will be determined by the Calculation Agent on the following basis:

(A) On each Interest Determination Date:

- (1) in the case of the initial Accrual Period, the Calculation Agent will determine a straight line interpolation of the offered rate for 6 and 12 month Euro deposits;
- (2) prior to the occurrence of a Frequency Switch Event, the Calculation Agent will determine the offered rate for 3-months Euro deposits; and
- (3) following the occurrence of a Frequency Switch Event, the Calculation Agent will determine the offered rate for 6-month Euro deposits,

in each case as at 11.00 am (London time) on the Interest Determination Date in question and subject to a floor of zero (“**EURIBOR**”). Such offered rate will be that which appears on the display designated on the Bloomberg Screen “BTMM EU” page (or such other page or service as may replace it for the purpose of displaying EURIBOR rates). The Class X Floating Rate of Interest, the Class A Floating Rate of Interest, the Class B-1 Floating Rate of Interest, the Class C-1 Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest, and the Class F Floating Rate of Interest for each Accrual Period shall be the aggregate of the Applicable Margin (as defined below) and in respect of (i) the initial Accrual Period, the rate referred to in paragraph (1) above; (ii) each three month Accrual Period, the rate referred to in paragraph (2) above; and (iii) each six month Accrual Period, the rate referred to in paragraph (3) above, in each case as determined by the Calculation Agent.

- (B) If the offered rate so appearing is replaced by the corresponding rates of more than one bank then paragraph (A) above shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 being rounded upwards)) of the rates (being at least two) which so appear, as determined by the Calculation Agent. If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Calculation Agent will request each of four major banks in the Eurozone interbank market (selected by the Issuer) acting in each case through its principal Eurozone office (the “**Reference Banks**”) to provide the Calculation Agent with its offered quotation to leading banks for Euro deposits in the Eurozone interbank market:

- (1) in the case of the initial Accrual Period, a straight line interpolation of the offered rate for 6 and 12 month Euro deposits;
- (2) prior to the occurrence of a Frequency Switch Event, its offered quotation to leading banks for Euro deposits in the Eurozone interbank market for a period of 3 months; and
- (3) following the occurrence of a Frequency Switch Event, its offered quotation to leading banks for Euro deposits in the Eurozone interbank market for a period of 6 months,

in each case, as at 11.00 am (Brussels time) on the Interest Determination Date in question and subject to a floor of zero. The Class X Floating Rate of Interest, the Class A Floating Rate of Interest, the Class B-1 Floating Rate of Interest, the Class C-1 Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest, and the Class F Floating Rate of Interest for such Accrual Period shall be the aggregate of the Applicable Margin (if any) and the arithmetic mean, in each case (rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 being rounded upwards)), of, in respect of (i) the initial Accrual Period; the quotations referred to in paragraph (1) above; (ii) each three month Accrual Period, the quotations referred to in paragraph (2) above; and (iii) each six month Accrual Period, the quotations referred to in paragraph (3) above (or of such of them, being at least two, as are so provided), all as determined by the Calculation Agent.

- (C) Notwithstanding paragraphs (A) or (B) above, if in relation to any Interest Determination Date EURIBOR in respect of any Class of Floating Rate Notes as determined in accordance with paragraphs (A) or (B) above would yield a EURIBOR rate less than zero, such EURIBOR rate shall be deemed to be zero for the purposes of determining the floating rate of interest pursuant to this Condition 6(d) (*Interest on the Rated Notes*).
- (D) If on any Interest Determination Date one only or none of the Reference Banks provides such quotation, the Class X Floating Rate of Interest, the Class A Floating Rate of Interest, the Class B-1 Floating Rate of Interest, the Class C-1 Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest, and the Class F Floating Rate of Interest, respectively, for the next Accrual Period shall be the Class X Floating Rate of Interest, the Class A Floating Rate of Interest, the Class B-1 Floating Rate of Interest, the Class C-1 Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest, and the Class F Floating Rate of Interest in each case in effect as at the immediately preceding Accrual Period; provided that in respect of the Accrual Period immediately following the occurrence of a Frequency Switch Event, the Class X Floating Rate of Interest, the Class A Floating Rate of Interest, the Class B-1 Floating Rate of Interest, the Class C-1 Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest and the Class F Floating Rate of Interest shall be calculated using the offered rate for six month Euro deposits using the rate available as at the previous Interest Determination Date.

(E) Where:

“**Applicable Margin**” means:

- (1) in the case of the Class X Notes: 0.50 per cent. *per annum* (the “**Class X Margin**”);
- (2) in the case of the Class A Notes: 1.15 per cent. *per annum* (the “**Class A Margin**”);
- (3) in the case of the Class B-1 Notes: 1.85 per cent. *per annum* (the “**Class B-1 Margin**”);
- (4) in the case of the Class C-1 Notes: 2.80 per cent. *per annum* (the “**Class C-1 Margin**”);
- (5) in the case of the Class D Notes: 4.07 per cent. *per annum* (the “**Class D Margin**”);
- (6) in the case of the Class E Notes: 6.58 per cent. *per annum* (the “**Class E Margin**”); and
- (7) in the case of the Class F Notes: 8.58 per cent. *per annum* (the “**Class F Margin**”).

(ii) Determination of Floating Rate of Interest and Calculation of Interest Amount

The Calculation Agent will, as soon as practicable after 11.00 am (London time) on each Interest Determination Date, but in no event later than the Business Day after such date, determine the Class X Floating Rate of Interest, the Class A Floating Rate of Interest, the Class B-1 Floating Rate of Interest, the Class C-1 Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest, and the Class F Floating Rate of Interest. The Calculation Agent will calculate the interest amount payable in respect of the Class X Notes, the Class A Notes, the Class B-1 Notes, the Class C-1 Notes, the Class D Notes, the Class E Notes, and the Class F Notes for the relevant Accrual Period. The amount of interest (the “**Interest Amount**”) payable in respect of such Notes shall be calculated by applying the Class X Floating Rate of Interest in the case of the Class X Notes, the Class A Floating Rate of Interest in the case of Class A Notes, the Class B-1 Floating Rate of Interest in the case of the Class B-1 Notes, the Class C-1 Floating Rate of Interest in the case of the Class C-1 Notes, the Class D Floating Rate of Interest in the case of the Class D Notes, the Class E Floating Rate of Interest in the case of the Class E Notes and the Class F Floating Rate of Interest in the case of the Class F Notes, respectively, to an amount equal to the Principal Amount Outstanding in respect of the 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 Class B-2 and Class C-2 Fixed Amounts

The Calculation Agent will calculate the amount of interest (an “**Interest Amount**”) payable in respect of (i) the Class B-2 Notes for the relevant Accrual Period by applying the Class B-2 Fixed Rate to an amount equal to the Principal Amount Outstanding in respect of the Class B-2 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 of 360 days with 12 months of 30 days each), divided by 360 and rounding the resultant figure to the nearest €0.01 (€0.005 being rounded upwards) and (ii) the Class C-2 Notes for the relevant Accrual Period by applying the Class C-2 Fixed Rate to an amount equal to the Principal Amount Outstanding in respect of the Class C-2 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 of 360 days with 12 months of 30 days each), divided by 360 and rounding the resultant figure to the nearest €0.01 (€0.005 being rounded upwards),

where:

“**Class B-2 Fixed Rate**” means 2.50 per cent. *per annum*; and

“**Class C-2 Fixed Rate**” means 3.10 per cent. *per annum*.

(iv) Reference Banks and Calculation Agent

The Issuer will procure that, so long as any Floating Rate 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 Floating Rate Notes; and
- (2) in the event that a Floating Rate of Interest is to be calculated by Reference Banks pursuant to paragraph (2) of Condition 6(d)(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 Floating Rate of Interest for any Accrual Period, or to calculate the Interest Amount on any Class of Rated Notes, the Issuer shall (with the prior approval of the Trustee) appoint some other leading bank to act as such in its place. The Calculation Agent may not resign its duties without a successor having been so appointed.

(e) Interest on the Class M Notes

The Collateral Administrator will calculate the Interest Amount payable in accordance with paragraph (X) of the Interest Proceeds Priority of Payments, paragraph (T) of the Principal Proceeds Priority of Payments and paragraph (V) of the Post-Acceleration Priority of Payments, as applicable, being an

amount equal to 0.35 per cent. per annum 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) ending immediately prior to such Payment Date, multiplied by the number of days in the Due Period concerned and divided by 360, and rounding the resultant figure to the nearest €0.01 (€0.005 being rounded upwards) (a “**Class M Distribution Amount**”).

(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 to be applied on the Subordinated Notes on the applicable Payment Date pursuant to paragraph (DD) of the Interest Priority of Payments, paragraph (V) of the Principal Priority of Payments, paragraph (AA) of the Post-Acceleration Priority of Payments and from the Supplemental Reserve Amounts in accordance with Condition 3(k)(vi) (*Supplemental Reserve Account*) 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 each Floating Rate of Interest, the Interest Amounts payable in respect of each applicable Class of Rated Notes and the Class M Notes and the amount of any Deferred Interest due but not paid on any Class C Notes, Class D Notes, Class E Notes, Class F Notes or Class M Notes for each Accrual Period and Payment Date and the Principal Amount Outstanding of each Class of Notes as of the Payment Date on which such Interest Amount is due to be paid to be notified to the Registrar, the Principal Paying Agent, the Transfer Agent, the Trustee and the Collateral Manager, for so long as the Notes are listed on the Global Exchange Market of Euronext Dublin as soon as possible after their determination but in no event later than the fourth Business Day thereafter, and the Principal Paying Agent shall cause each such rate, amount and date to be notified to the Noteholders of each Class in accordance with Condition 16 (*Notices*) as soon as possible following notification to the Principal Paying Agent but in no event later than the third Business Day after such notification. The Interest Amounts in respect of any applicable Class of Notes so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Accrual Period. If any of the Notes become due and payable under Condition 10 (*Events of Default*), interest shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this Condition 6 (*Interest*) but no publication of the applicable Interest Amounts shall be made unless the Trustee so determines.

(h) 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 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 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

Subject to Condition 6(a)(ii) (*Subordinated Notes*), 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 at their Redemption Price in accordance with the Priorities of Payments. Notes may not be redeemed other than in accordance with this Condition 7 (*Redemption and Purchase*).

(b) Optional Redemption

(i) Optional Redemption of the Rated Notes 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) at the direction of the Subordinated Noteholders acting by way of Ordinary Resolution (as evidenced by a duly completed Redemption Notice) on any Business Day falling on or after expiry of the Non-Call Period at and at least 30 calendar days following receipt of such direction;

(B) at the direction of the Subordinated Noteholders acting by Ordinary Resolution (as evidenced by duly completed Redemption Notices) on any Business Day after the occurrence of a Collateral Tax Event at and at least 30 calendar days following receipt of such direction.

(ii) Optional Redemption of the Rated Notes in Part – Subordinated Noteholders or Collateral Manager

Subject to the provisions of Condition 7(b)(iv) (*Terms and Conditions of an Optional Redemption*) and Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*), the Rated Notes of any Class may be redeemed by the Issuer at the applicable Redemption Prices, solely from Refinancing Proceeds (in accordance with Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*) below), on any Business Day falling on or after expiry of the Non-Call Period if the Subordinated Noteholders (acting by way of Ordinary Resolution) or the Collateral Manager direct the Issuer 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 – Collateral Manager Clean-up Call

Subject to the provisions of Condition 7(b)(iv) (*Terms and Conditions of an Optional Redemption*), the Notes may be redeemed in whole but not in part by the Issuer (if so directed in writing by the Collateral Manager), at their applicable Redemption Prices, from Sale Proceeds on any Business Day falling on or after expiry of the Non-Call Period if, upon or at any time following the expiry of the Non-Call Period, the Collateral Principal Amount is less than 15.0 per cent. of the Target Par Amount if so directed in writing by the Collateral Manager.

(iv) Terms and Conditions of an Optional Redemption

In connection with any Optional Redemption:

(A) the Issuer shall procure that at least 30 calendar 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(b) (*Optional Redemption*)), including the applicable Redemption Date, and the relevant Redemption Price of the Notes therefor, is given to the Trustee and the Noteholders in accordance with Condition 16 (*Notices*);

(B) the 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 30 calendar days 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 of the Rated Notes in Part – Subordinated Noteholders or Collateral Manager*) may be effected from Refinancing Proceeds in accordance with Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*) below.

(v) Optional Redemption effected in whole or in part through Refinancing

In connection with any redemption the Issuer may:

(A) in the case of a redemption in whole of all Classes of Rated Notes (1), enter into a loan (as borrower thereunder) with one or more financial institutions; or (2) issue replacement notes; and

(B) in the case of a redemption in part of the entire Class of a Class of Rated Notes, 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*). The terms of any Refinancing are subject to the prior written consent of the Subordinated Noteholders (acting by Ordinary Resolution).

Refinancing 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 of the Rated Notes in Whole – Subordinated Noteholders*). In addition, Refinancing Proceeds may be applied in the redemption of the Rated Notes of any by Class pursuant to Condition 7(b)(ii) (*Optional Redemption of the Rated Notes in Part – Subordinated Noteholders or Collateral Manager*).

(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 of the Rated Notes 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, if applicable, each Hedge Counterparty;
- (2) all Principal Proceeds, all Refinancing Proceeds, all Sale Proceeds, if any, from the sale of Collateral Obligations, Eligible Investments, Exchanged Equity Securities and Collateral Enhancement Obligations 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 (including without limitation Deferred Interest on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes) and all amounts payable in priority thereto pursuant to the Priorities of Payments (subject to any election 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 of such Class of Rated Notes) 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, all Principal 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 would not result in non-compliance by the Collateral Manager with the EU Retention and Transparency Requirements or the U.S. Retention Regulations,

in each case, as confirmed in writing to the Issuer and the Trustee by the Collateral Manager (upon which confirmation the Trustee shall be entitled to rely absolutely and without liability or enquiry).

(D) Refinancing in relation to a Redemption of any Class of Notes

In the case of a Refinancing in relation to a redemption of the Rated Notes of any Class pursuant to Condition 7(b)(ii) (*Optional Redemption of the Rated Notes in Part – Subordinated Noteholders or Collateral Manager*), such Refinancing will be effective only if:

- (1) the Issuer provides prior written notice thereof to the Rating Agencies and, if applicable, 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 in connection with such Refinancing.
- (5) if the Partial Redemption Date is not a Payment Date, the amount the Collateral Manager reasonably determines would be available for distribution under the Interest Proceeds Priorities of Payments on the immediately following Payment Date will be at least sufficient to pay in full:
  - (a) all accrued and unpaid Trustee Fees and Expenses and Administrative Expenses due on the immediately following Payment Date (excluding any such amounts incurred in connection with such Refinancing); plus
  - (b) all accrued and unpaid interest on the Rated Notes (excluding any such amounts paid in connection with the Refinancing);
- (6) the Refinancing Proceeds are used (to the extent necessary) to make such redemption;
- (7) 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;
- (8) 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 pursuant to Condition 7(b)(ii) (*Optional Redemption of the Rated Notes in Part – Subordinated Noteholders or Collateral Manager*);
- (9) the maturity date of each class of Refinancing Obligation is the same as the Maturity Date of the Class of Notes being redeemed pursuant to Condition 7(b)(ii) (*Optional Redemption of the Rated Notes in Part – Subordinated Noteholders or Collateral Manager*);
- (10) the “Margin” of any Refinancing Obligations will be equal to or less than the Margin of the Rated Notes subject to such Optional Redemption;

- (11) payments in respect of the Refinancing Obligations are subject to the Priorities of Payments and rank at the same priority pursuant to the Priorities of Payments as the relevant Class or Classes of Rated Notes being redeemed;
- (12) the voting rights, consent rights, redemption rights and all other rights of the Refinancing Obligations are the same as the rights of the corresponding Class of Rated Notes being redeemed;
- (13) all Refinancing Proceeds are received by (or on behalf of) the Issuer on or prior to the applicable Redemption Date; and
- (14) any issuance of replacement notes would not result in non-compliance by the Collateral Manager with the EU Retention and Transparency Requirements or the U.S. Retention Regulations;

in each case, as confirmed in writing to the Issuer and the Trustee by the Collateral Manager (upon which confirmation the Trustee shall be entitled to rely absolutely and without liability or enquiry).

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 Notes and shall give notice of such cancellation to the Trustee, the Collateral Administrator, the Rating Agencies, each Hedge Counterparty and the Noteholders in accordance with Condition 16 (*Notices*).

None of the Issuer, the Collateral Manager, the Collateral Administrator or the Trustee shall be liable to any party, including the Subordinated Noteholders, for any failure to obtain a Refinancing.

(E) Consequential Amendments

Following a Refinancing, the Trustee shall agree to any modifications to the Trust Deed and the other Transaction Documents requested by the Issuer or the Collateral Manager on its behalf to the extent that the Issuer certifies (upon which certification the Trustee may rely absolutely without enquiry or liability) that such modifications are necessary to reflect the terms of the Refinancing, subject as provided below. No further consent for such amendments shall be required from the holders of Notes. The Issuer must give notice to Noteholders of any such amendments in accordance with Condition 16 (*Notices*). The foregoing is without prejudice to the rights of the Hedge Counterparties under Condition 14(c) (*Modification and Waiver*).

The Trustee will not be obliged to enter into any modification that, in its opinion, 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, discretions, indemnities or protections of the Trustee in respect of the Transaction Documents, and the Trustee will be entitled to conclusively rely upon an officer's certificate or opinion of reputable legal 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 judgement of counsel delivering such opinion of counsel) provided by the Issuer or any other party to any Transaction Document to the effect that such amendment meets the requirements specified above and is permitted under the Trust Deed without the consent of the holders of the Notes (except that such officer or counsel will have no obligation to certify or opine as to the sufficiency of the Refinancing Proceeds).

(vi) Optional Redemption 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 a direction in writing from the (i) Subordinated Noteholders (acting by way of Ordinary Resolution or Extraordinary Resolution, as applicable), (ii) the Controlling Class (acting by way of Extraordinary Resolution) or (iii) the Collateral Manager, 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*) (as applicable) to be effected solely through the liquidation or realisation of the Collateral, the Collateral Administrator shall, as soon as practicable, and in any event not later than 17 Business Days prior to the scheduled Redemption Date (the “**Redemption Determination Date**”), provided that 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 of its Affiliates 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 on the Redemption Date 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 period as agreed between the Collateral Manager and the Issuer (and notified to the Agents) and no consent for such shorter period shall be required from the Trustee) the Collateral Manager shall have furnished to the Trustee a certificate (upon which certificate the Trustee may rely absolutely and without enquiry or liability) signed by an officer of the Collateral Manager 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 senior unsecured credit rating of at least “A2” by Moody’s or, if it does not have a Moody’s long-term senior unsecured credit rating, a short-term senior unsecured rating of at least “P-1” by Moody’s, or (y) in respect of which a Rating Agency Confirmation from Moody’s has been obtained (provided, for the purposes of this clause (y), that a Rating Agency Confirmation cannot be deemed to not be required in these circumstances and must be provided as a positive confirmation) and (b) either (x) has a long-term issuer credit rating of at least “A” by Fitch or, if it does not have a long-term issuer credit rating by Fitch, has 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) subject to the receipt of Rating Agency Confirmation from both Moody’s and Fitch, a bankruptcy remote special purpose vehicle that is a fund, account, collateralised loan obligation issuer or warehouse entity managed by the Collateral Manager or its Affiliates, in each case with sufficient available funding capacity to purchase (directly or by participation or other arrangement) from the Issuer, not later than the Business Day prior to 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 duplication) the 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 on such Redemption Date, to meet the Redemption Threshold Amount; or
- (B) (i) prior to selling any Collateral Obligations and/or Eligible Investments, the Collateral Manager confirms in writing to the Trustee that, in its commercially reasonable judgement, the aggregate sum of (A) expected proceeds from the sale or maturing of Eligible Investments, and (B) for each Collateral Obligation, the product of its Principal Balance and its Market Value and (C) (without duplication) 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 on such Redemption Date, shall meet or exceed the Redemption Threshold Amount; and
  - (ii) at least five Business Days before the scheduled Redemption Date, the Issuer shall have received proceeds of disposition of all or part of the Portfolio at least sufficient, 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 duplication) 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 on such Redemption Date, to meet the Redemption Threshold Amount; and
- (C) any certification delivered by the Collateral Manager pursuant to this Condition 7(b)(v) (*Optional Redemption Effected in Whole or in Part through Refinancing*) must include (1) the prices on the date of such certification of, and expected proceeds from, the sale (directly or by participation or other arrangement) or redemption 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 on such Redemption Date and (3) all calculations required by this Condition 7(b) (*Optional Redemption*) and Condition 7(g) (*Redemption Following Note Tax Event*). Any Noteholder, the Collateral Manager or any of the Collateral Manager's Affiliates shall have the right, subject to the same terms and conditions afforded to other bidders, to bid on Collateral Obligations to be sold as part of an Optional Redemption pursuant to this Condition 7(b)(vi) (*Optional Redemption effected through Liquidation only*).

The Collateral Manager shall notify the Issuer, the Trustee, the Collateral Administrator and any Hedge Counterparty upon satisfaction of the requirements set forth in each of (A) or (B)(ii) above, as applicable.

The Trustee shall rely conclusively and without enquiry or liability on any confirmation or certificate of the Collateral Manager furnished by it pursuant to or in connection with this Condition 7(b)(vi) (*Optional Redemption effected through Liquidation only*).

If either condition (A) or (B) above is not satisfied, the Issuer shall cancel the redemption of the Notes and shall give notice of such cancellation to the Trustee, the Collateral Administrator and the Noteholders in accordance with Condition 16 (*Notices*). Such cancellation shall not constitute a Note Event of Default.

(vii) Mechanics of Redemption

Following calculation by the Collateral Administrator with the assistance of the Collateral Manager of the relevant Redemption Threshold Amount, if applicable, the Collateral Administrator shall make such other calculations as it is required to make (in consultation with the Collateral Manager) pursuant to the Collateral Management and Administration Agreement and shall notify the Issuer, the Trustee, the Collateral Manager and the Principal Paying Agent.

Any exercise of a right of Optional Redemption by the Subordinated Noteholders pursuant to this Condition 7(b) (*Optional Redemption*) or the Controlling Class or the Subordinated Noteholders pursuant to Condition 7(g) (*Redemption Following Note Tax Event*) shall be effected by delivery to the Principal Paying Agent, by the requisite amount of Subordinated Noteholders or the requisite amount of Notes comprising the Controlling Class (as applicable) held thereby (in respect of which such right is exercised and presenting such Definitive Certificate or Global Certificate for endorsement of exercise) of duly completed Redemption Notices not less than 30 calendar days prior to the proposed Redemption Date. No Redemption Notice so delivered or any direction or consent 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, the Hedge Counterparties 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 efforts 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 and this Condition 7(b) (*Optional Redemption*). 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*) (as applicable) in the Payment Account 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 Payments.

(viii) Optional Redemption of Subordinated Notes

The Subordinated Notes may be redeemed at their Redemption Price, in whole as a Class but not in part, on any Business Day on or after the redemption or repayment in full of the Rated Notes, at the direction of the Subordinated Noteholders (acting by way of Ordinary Resolution).

(c) Mandatory Redemption upon Breach of Coverage Tests

(i) Class X Notes, Class A Notes and Class B Notes

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

(ii) Class C Notes

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

(iii) Class D Notes

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

(iv) Class E Notes

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

(v) Class F Notes

If the Class F Par Value Test is not satisfied on any Determination Date after the Reinvestment Period, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes in accordance with the Note Payment Sequence, on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated immediately following such redemption.

(d) Special Redemption

Principal payments on the Notes (other than the Class M Notes, subject to Condition 7(m) (*Mandatory Redemption of Class M Notes*)) in connection with a redemption of all Classes of Notes in whole) shall be made in accordance with the Principal Priority of Payments at the discretion of the Collateral Manager (acting on behalf of the Issuer), if at any time during the Reinvestment Period, the Collateral Manager (acting on behalf of the Issuer) certifies (upon which certification the Trustee may rely without enquiry or liability) to the Trustee that, using commercially reasonable efforts, 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 and, 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 (a “**Special Redemption**”). On the first Payment Date following the Due Period in which such certification is given (a “**Special Redemption Date**”), the funds in the Principal Account representing Principal Proceeds which, using commercially reasonable efforts, cannot be reinvested in additional Collateral Obligations or Substitute Collateral Obligations by the Collateral Manager (a “**Special Redemption Amount**”) will be applied in accordance with paragraph (Q) 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 the Noteholders and to each Rating Agency. For the avoidance of doubt, the exercise of a Special Redemption shall be at the sole and absolute discretion of the Collateral Manager (acting on behalf of the Issuer) and the Collateral Manager shall be under no obligation to, or have any responsibility 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 Payments, in each case, until redeemed in full or, if earlier, until an Effective Date Rating Event is no longer continuing.

(f) Redemption Following Expiry of the Reinvestment Period

Following expiry of the Reinvestment Period, the Issuer shall, on each Payment Date occurring thereafter, apply Principal Proceeds transferred to the Payment Account immediately prior to the related Payment Date in redemption of the Notes (other than the Class M Notes, subject to Condition 7(m) (*Mandatory Redemption of Class M Notes*)) in connection with a redemption of all Classes of Notes in whole) at their applicable Redemption Prices in accordance with the Priorities of Payments.

(g) Redemption Following Note Tax Event

Upon the occurrence of a Note Tax Event, the Issuer shall, subject to and in accordance with the terms of the Trust Deed, use all reasonable efforts to first (i) change the location of the Principal Paying Agent or the listing of the Notes unless the action as described in this paragraph (i) would not avoid the occurrence of such Note Tax Event and subject as provided below, second (ii) take such other steps as may be available to it (other than changing its tax residency) to avoid the occurrence of such Note Tax Event, or third (iii) change the territory in which it is resident for tax purposes to another jurisdiction which, at the time of such change, would not give rise to a Note Tax Event. The Issuer shall not be required to change the territory in which it is resident for tax purposes or take any steps to avoid such Note Tax Event if to do so would impose legal, regulatory, tax or other obligations on the Issuer which would have a materially adverse effect on it. Upon the earlier of (a) the date upon which the Issuer certifies (upon which certification the Trustee may rely without further enquiry or liability) to the Trustee that it is not able to mitigate or cure such Note Tax Event and (b) the date which is 90 calendar days from the date upon which the Issuer first becomes aware of such Note Tax Event (provided that such 90 calendar day period shall be extended by a further 90 calendar days in the event that during the former period the Issuer has notified (or procured the notification of) the Trustee and the Noteholders that, based on advice received by it, it expects that it shall have changed the location of the Principal Paying Agent

and/or the listing of the Notes or its place of residence or taken such other steps to avoid the occurrence of the Note Tax Event by the end of the latter 90 day period), the Controlling Class or the Subordinated Noteholders, in each case acting by way of Extraordinary Resolution, may elect to direct the Issuer to redeem Notes of each Class, in whole but not in part, on any Payment Date thereafter, at their respective Redemption Prices in accordance with the Note Payment Sequence, in which case the Issuer shall so redeem the Notes on such terms, provided that such Note Tax Event would affect payment of principal or interest in respect of the Controlling Class or, as the case may be, the Subordinated Notes (in addition to any other Class of Notes) on such Payment Date; provided further that such redemption of the Notes, whether pursuant to the exercise of such option by the Controlling Class or the Subordinated Noteholders, shall take place in accordance with the procedures set out in Condition 7(b)(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 applicable 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 Payments.

(i) Cancellation and Purchase

All Notes redeemed in full by the Issuer will be cancelled and may not be reissued or resold.

No Note may be surrendered (including in connection with any abandonment, donation, gift, contribution or other event or circumstance) except for payment as provided herein for cancellation pursuant to paragraph 7(k) (*Purchase*) below, for registration of transfer, exchange or redemption, or for replacement in connection with any Note mutilated, defaced or deemed lost or stolen.

In respect of Notes represented by a Global Certificate, cancellation of any Note required by the Conditions to be cancelled will be effected by reduction in the principal amount of the Notes on the Register, with a corresponding notation made on the applicable Global Certificate.

(j) Notice of Redemption

The Issuer shall procure that notice of any redemption in accordance with this Condition 7 (*Redemption and Purchase*) (which notice shall be irrevocable unless it expressed to be conditional) is given to the Trustee and Noteholders in accordance with Condition 16 (*Notices*) and promptly in writing to the Rating Agencies.

(k) Purchase

On any Payment Date, 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 by Class), using Principal Proceeds standing to the credit of the Principal Account, amounts standing to the credit of the Supplemental Reserve Account, any Deferred Senior Collateral Management Amounts or the proceeds from the issuance of additional Subordinated Notes.

No purchase of Rated Notes by the Issuer may occur (other than pursuant to Condition 2(h) (*Forced Transfer of Rule 144A Notes*), Condition 2(i) (*Forced Transfer pursuant to ERISA*) or Condition 2(j) (*Forced Transfer pursuant to FATCA*) unless each of the following conditions is satisfied:

- (i) such purchase of Rated Notes shall occur in the following sequential order of priority: first, the Class X Notes and the Class A Notes on a *pro rata* and *pari passu* basis; second, the Class B Notes; third, the Class C Notes; fourth, the Class D Notes; fifth, the Class E Notes; and sixth, the Class F Notes;
- (ii) (A) each such purchase of Rated Notes of any Class shall be made pursuant to an offer made to all holders of the Rated Notes of such Class, by notice to such holders, which notice shall specify the purchase price (as a percentage of par) at which such purchase will be effected, the maximum amount of Principal Proceeds and 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;

- (B) subject to compliance with all applicable laws, 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
- (C) if not all holders of the Rated Notes of such Class accept such offer, no Notes of such Class may be purchased;
- (iii) each such purchase shall be effected only at prices discounted from the Principal Amount Outstanding of the relevant Notes;
- (iv) each such purchase of Rated Notes shall occur prior to the expiry of the Reinvestment Period;
- (v) (A) each Par Value Test is satisfied immediately prior to each such purchase and will be satisfied after giving effect to such purchase; and
  - (B) each Interest Coverage Test is satisfied immediately prior to each such purchase and will be satisfied after giving effect to such purchase or, if any Interest Coverage Test is not satisfied it shall be at least maintained or improved after giving effect to such purchase compared with what it was immediately prior thereto;
- (vi) if Sale Proceeds are used to consummate any such purchase, either:
  - (A) each requirement or test, as the case may be, of the Portfolio Profile Tests and the Collateral Quality Test will be satisfied after giving effect to such purchase; or
  - (B) if any requirement or test, as the case may be, of the Portfolio Profile Tests and the Collateral Quality Test was not satisfied immediately prior to such purchase, such requirement or test will be maintained or improved after giving effect to such purchase;
- (vii) no Note Event of Default shall have occurred and be continuing;
- (viii) any Rated Notes to be purchased shall be surrendered to the Registrar for cancellation and may not be reissued or resold;
- (ix) each Rating Agency is notified of such purchase; and
- (x) 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 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.

(l) Mandatory Redemption of Class X Notes

The Class X Notes shall be subject to a mandatory redemption in part on each Payment Date from and including the second Payment Date until the fifth Payment Date, in each case in an amount equal to then relevant Class X Principal Amortisation Amount in accordance with and subject to the Priorities of Payments.

(m) Mandatory Redemption of Class M Notes

The Class M Notes shall be subject to mandatory redemption in whole upon the redemption in whole of all other Classes of Notes in accordance with these Conditions on the applicable Redemption Date thereof, in each case in an amount equal to the Class M Distribution Amount due and payable and unpaid as at such date, in accordance with and subject to paragraph (X) of the Interest Proceeds Priority of Payments, paragraph (T) of the Principal Proceeds Priority of Payments and paragraph (V) of the Post-Acceleration Priority of Payments.

## 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 and, prior to redemption in full thereof, principal in respect of each Note will be made by wire transfer 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 a Euro account maintained by the payee with a bank in Western Europe.

Payments of principal and interest in respect of Notes represented by a Global Certificate will be made against presentation and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Certificate to or to the order of the Principal Paying Agent or such other Transfer Agent as shall have been notified to the relevant Noteholders for such purpose. On each occasion on which a payment of interest or principal is made in respect of the relevant Global Certificate, the Registrar shall note the same in the Register and cause the aggregate principal amount of the Notes represented by a Global Certificate to be decreased accordingly.

### (b) Payments

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, (including, for the avoidance of doubt, FATCA) but without prejudice to the provisions of Condition 9 (*Taxation*). No commission shall be charged to the Noteholders.

### (c) Payments on Presentation Days

A holder shall be entitled to present a Note for payment only on a Presentation Date and shall not, except as provided in Condition 6 (*Interest*), be entitled to any further interest or other payment if a Presentation Date falls after the due date.

If a Note is presented for payment at a time when, as a result of differences in time zones it is not practicable to transfer the relevant amount to an account as referred to above for value on the relevant Presentation Date, the Issuer shall not be obliged so to do but shall be obliged to transfer the relevant amount to the account for value on the first practicable date after the Presentation Date.

### (d) Principal Paying Agent and Transfer Agent

The Issuer reserves the right at any time 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 and shall procure that it shall at all times maintain a Custodian, Account Bank, Collateral Manager and Collateral Administrator. Any variation or termination of the appointment of the Principal Paying Agent and the Transfer Agent and/or other Agents shall be conducted in accordance with the provisions of the Agency and Account Bank Agreement, other than, in the case of the appointment of the Principal Paying Agent, where such appointment has been terminated or varied in accordance with Condition 7(g) (*Redemption Following Note Tax Event*) which shall be subject to the provisions of that Condition. 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

### (a) General

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within

any 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 (including in connection with FATCA). 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*).

Payments will be subject in all other cases to any other fiscal or other laws and regulations applicable thereto in any jurisdiction and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws or regulations.

(b) Substitution

Subject as provided below, if the Issuer certifies (upon which certification the Trustee may rely without enquiry or liability) 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 obliged by law to withhold or account for tax so that it would be unable to make payment of the full amount that would otherwise be due but for the imposition of such tax, the Issuer (save as provided below) shall use all reasonable endeavours to take such steps as are available to it as will result in there being no such requirement to withhold or account for 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 changing its tax residence to another jurisdiction approved by the Trustee, subject to receipt of Rating Agency Confirmation in relation to each such change, provided that the Trustee's approval shall be subject to confirmation of reputable legal tax counsel (at the cost of the Issuer) that such a substitution and/or change in tax residence would be effective in eliminating the imposition of such tax.

Notwithstanding the above, if any taxes referred to in this Condition 9 (*Taxation*) arise:

- (a) due to any present or former connection of any Noteholder (or between a fiduciary, settlor, beneficiary, member or shareholder of such Noteholder if such Noteholder is an estate, a trust, a partnership, or a corporation) with Ireland (including without limitation, such Noteholder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having had a permanent establishment therein) otherwise than by reason only of the holding of any Note or receiving principal or interest in respect thereof;
- (b) 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;
- (c) in connection with FATCA; or
- (d) any combination of the preceding clauses (a) through (c) inclusive,

the requirements of this Condition 9(b) (*Substitution*) 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 X Notes, the Class A Notes or the Class B Notes when the same becomes due and payable and failure to pay such interest in such circumstances continues for a period of at least five Business Days provided that, in the case of a failure to disburse due to an administrative error or omission, such failure continues for a period of at least five Business Days after the Issuer, the Collateral Administrator and the Principal Paying Agent receive written notice of, or have actual knowledge of, such administrative error or omission (save, in each case, as the result of any deduction therefrom or withholding thereon as set forth in Condition 9 (*Taxation*));

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 Rated Note on the Maturity Date or any Redemption Date provided that, in the case of a failure to disburse due to an administrative error or omission, such failure continues for a period of at least ten Business Days after the Issuer, 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; and provided further that and for the avoidance of doubt, any failure to pay the Class X Principal Amortisation Amount in respect of the Class X Notes on each of the Payment Dates beginning on (and including) the second Payment Date immediately following the Issue Date due to an insufficiency of funds available therefor subject to and in accordance with the Priorities of Payments, shall not constitute a Note Event of Default;

(iii) Default under Priorities of Payments

the failure on any Payment Date to disburse amounts (other than (i) or (ii) above) available in the Payment Account in excess of €1,000 and payable in accordance with the Priorities of Payments and continuation of such failure for a period of 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 Issuer or 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 Collateral Principal Amount plus (2) the aggregate in respect of each Defaulted Obligation of its Market Value multiplied by its Principal Balance on such date and (ii) the denominator of which is equal to the Principal Amount Outstanding of the Class A Notes, to equal or exceed 102.5 per cent.;

(v) Breach of Other Obligations

except as otherwise provided in this definition of “**Note Event of Default**”, a default in a material respect in the performance by, or breach in a material respect of any material covenant of, the Issuer under the Trust Deed and/or these Conditions (provided that any failure to meet any Portfolio Profile Test, Collateral Quality Test, Coverage Test or Reinvestment Par Value 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 calendar 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, the Hedge Counterparties 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 calendar 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 calendar days (rather than, and not in addition to, such 30 calendar 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, 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 insolvency official (a “**Receiver**”) is appointed in relation to such proceedings and the whole or any substantial part (in the opinion of the Trustee) of the undertaking or assets of the Issuer and in any of the foregoing cases, except in relation to the appointment of a Receiver, is not discharged within 30 calendar 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 Ordinary 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 calendar 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 Hedge Counterparties and the Collateral Manager 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 at their applicable Redemption Prices.

(c) Curing of Note Event of Default

At any time after an Acceleration Notice has been given pursuant to Condition 10(b) (*Acceleration*) following the occurrence of a Note Event of Default (other than with respect to a Note Event of Default occurring under paragraph (vi) of the definition thereof) and prior to enforcement of the security pursuant to Condition 11 (*Enforcement*), the Trustee may, subject to receipt of consent in writing from the Controlling Class, and shall, if so requested by the Controlling Class 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 Acceleration Notice 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 and Trustee Fees and Expenses; 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 non-payment of the interest in respect of, or principal of, the Notes that have become due solely as a result of the acceleration thereof under paragraph (b) above due to such Note Events of Default, have been cured or waived.

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.

(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, each Hedge Counterparty, the Noteholders (in accordance with Condition 16 (*Notices*)) and the Rating Agencies upon becoming aware of the occurrence of a Note Event of Default. The Trust Deed contains provision for the Issuer to provide written confirmation to the Trustee and the Rating Agencies on an annual basis that no Note Event of Default has occurred and that no condition, event or act has occurred which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition would constitute a Note Event of Default and that no other matter which is required (pursuant thereto) to be brought to the Trustee's attention has occurred.

(f) Collateral Manager Events of Default

Any of the following events shall constitute a “**Collateral Manager Event of Default**”:

- (i) the Collateral Manager wilfully breaches, or wilfully takes any action that it knows violates, any material provision of the Collateral Management and Administration Agreement, the Trust Deed, or any other Transaction Document applicable to the Collateral Manager, it being understood that any action or failure to act by the Collateral Manager that results from a good faith dispute regarding interpretation of provisions of the relevant Transaction Document(s) will not be considered a wilful breach or violation unless such breach or violation either individually or in the aggregate, in the opinion of the Trustee, is, or could reasonably be expected to be, materially prejudicial to the interests of the holders of any Class of Notes;
- (ii) the Collateral Manager breaches any material provision of the Collateral Management and Administration Agreement, the Trust Deed, or any other Transaction Document applicable to the Collateral Manager, which, in the opinion of the Trustee, either individually or in the aggregate, is, or could reasonably be expected to be, materially prejudicial to the interests of the holders of any Class of Notes, it being understood for the purposes of this clause (ii):
  - (A) that such a breach includes (but is not limited to) the failure of any representation, warranty, certification or statement made or delivered by the Collateral Manager in or pursuant to the Collateral Management and Administration Agreement or the Trust Deed to be correct in any material respect when made; but
  - (B) that failure to meet any Coverage Test, any Portfolio Profile Test, or any Collateral Quality Test is not such a breach,

and, if capable of being cured, (x) the Collateral Manager fails to cure such breach within 30 calendar days after an Authorised Officer of the Collateral Manager has actual knowledge of, or receives notice from the Trustee or the Issuer of, such breach (whichever is earlier) or (y) if such breach is

not capable of cure within 30 calendar days thereafter, the Collateral Manager fails to cure such breach within the period in which a reasonably diligent person could cure such breach, which period shall not, in any case, exceed 45 calendar days thereafter);

- (i) the Collateral Manager is wound up or dissolved or there is appointed over it or a substantial part of its assets a receiver, administrator, administrative receiver, trustee or similar officer; or the Collateral Manager (A) 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; (B) applies for or consents (by admission of material allegations of a petition or otherwise) to the appointment of a receiver, trustee, assignee, custodian, liquidator or sequestrator (or other similar official) of the Collateral Manager or of any substantial part of its properties or assets, or authorises such an application or consent, or proceedings seeking such appointment are commenced against the Collateral Manager without such authorisation, consent or application and either continue undismissed for 45 calendar days or any such appointment is ordered by a court or regulatory body having jurisdiction over it; (C) 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 proceedings, or authorises such application or consent, or proceedings to such end are instituted against the Collateral Manager without such authorisation, application or consent and remain undismissed for 45 calendar days or result in adjudication of bankruptcy or insolvency or the entry of an order for relief or the making of an order for its winding-up or liquidation; (D) permits or suffers all or substantially all of its properties or assets to be sequestered or attached by court order and the order remains undismissed for 45 calendar days; or (E) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (A) through (D);
- (ii) the occurrence of an act by the Collateral Manager that constitutes fraud or criminal activity in the performance of the Collateral Manager's obligations under the Collateral Management and Administration Agreement or the Collateral Manager being indicted for a criminal offense materially related to its asset management business;
- (iii) any officer of the Collateral Manager having responsibility for the management of the Portfolio being indicted for a criminal offence materially related to the Collateral Manager's asset management business, in the event that such officer has not been removed from having responsibility for the management of the Issuer's assets within seven calendar days of the date that an Authorised Officer of the Collateral Manager obtains actual knowledge of such indictment;
- (iv) the Collateral Manager resigning pursuant to the terms of the Collateral Management and Administration Agreement;
- (v) the Collateral Manager or one of its Affiliates (provided that such Affiliate has been established for the purposes of credit portfolio management) ceases to have an office in Europe (the "**European Office**");
- (vi) the European Office does not have (A) for any consecutive six month period (x) an officer or employee engaged as a Managing Principal, Portfolio Manager, Trader, Director of Research, or other substantially equivalent role, without regard to title (each such person a "**Type A Person**"), who has responsibility for monitoring and/or managing European bank loan positions or (y) two analysts whose primary responsibility is to provide work concerning European bank loan positions (each such person a "**Type B Person**" and the Type A Persons together with the Type B Persons, the "**Type A or B Persons**") or (B) for any consecutive three month period a Type A Person and at least one Type B Person; provided, however, that any Type A or B Person may be an officer or employee seconded to the Collateral Manager by one of its Affiliates, including those domiciled in the United States;
- (vii) the European Office knowingly fails to maintain the appropriate regulatory authorisations for the loan advisory and management business in which it is engaged in the jurisdiction in which it is domiciled, and does not cure such failure within three months of becoming aware of such failure; or
- (viii) the occurrence of a Collateral Manager Tax Event.

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) at the Issuer's discretion; (ii) by the Issuer at the direction of the Controlling Class (acting by Extraordinary Resolution) or (iii) by Subordinated Noteholders (acting by Ordinary Resolution) (in each case, any CM Non-voting Notes or CM Non-Voting Exchangeable Notes and any Notes held by or on behalf of the Collateral Manager or by any Collateral Manager Related Party will be deemed not to remain outstanding for the purposes of such resolution) upon 10 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 or resignation of the Collateral Manager following a Collateral Manager Event of Default, 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, in each case, as provided in Condition 11(b)(ii) (*Enforcement*)), 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 secured and/or prefunded to its satisfaction, the Trustee (or an agent or Appointee on its behalf) determines subject to consultation by the Trustee or such agent or appointee with the Collateral Manager 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 pursuant to paragraphs (A) to (Z) of 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, (in which case the Enforcement Threshold will be met); or

- (B) if the Enforcement Threshold will not have been met then, subject as provided in paragraph (ii) below, in the case of any Note Event 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 with or subsequent to such Note Event of Default;
- (ii) the Trustee shall not be bound to institute any Enforcement Action or take any other action unless, subject as provided above, it is directed to do so by the Controlling Class 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, 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 by the Issuer 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, the Hedge Counterparties 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 Note Event of Default*) or, as the case may be, following automatic acceleration of the Notes or pursuant to an Optional Redemption in whole in accordance with Condition 7(b) (*Optional Redemption*) or 7(g) (*Redemption Following Note Tax Event*), Interest Proceeds, Principal Proceeds and the net proceeds of enforcement of the security over the Collateral (other than with respect to any 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 Payments in accordance with the Hedge Agreement and/or Condition 3(k)(v) (*Counterparty Downgrade Collateral Accounts*))) and any amounts standing to the credit of the Interest Account which represent Tax Credits (which are required to be paid or returned to an Obligor of the relevant Collateral Obligation outside the Priorities of Payments in accordance with relevant Underlying Instruments) or amounts standing to the credit of the Currency Accounts which represent Sale Proceeds, prepayments or redemptions 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 Payments), shall be credited to the Payment Account and shall be distributed in accordance with the following order of priority but in each case only to the extent that all payments of a higher priority have been made in full (the “**Post-Acceleration Priority of Payments**”):

- (A) other than following an enforcement of security pursuant to Condition 11 (*Enforcement*) and the Trust Deed, to the payment of taxes then owed by the Issuer to any tax authority accrued (other than any Irish corporate income tax in relation to the Issuer Profit Amount referred to below), as certified by an Authorised Officer of the Issuer to the Trustee, if any (save for any VAT payable in respect of any Collateral Management Fee or any other tax payable in relation to any amount payable to the Secured Parties); and to the payment of the Issuer Profit Amount, for deposit into the Issuer Irish Account from time to time;
- (B) to the payment of accrued and unpaid Trustee Fees and Expenses up to an amount equal to the Senior Expenses Cap in respect of the related Due Period, provided that upon the occurrence of a Note Event of Default, 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 less any amounts paid pursuant to paragraph (B) above, provided that (i) upon the occurrence of a Note Event of Default, the Senior Expenses Cap shall not apply in respect of (i) amounts payable

under paragraph (a) and (b) of the definition of Administrative Expenses and (ii) following an enforcement of security pursuant to Condition 11 (*Enforcement*) and the Trust Deed, payments may only be made hereunder to Secured Parties;

- (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 save for any Deferred Senior Collateral Management Amounts; and
  - (2) *secondly*, to the Collateral Manager, any previously due and unpaid Senior Management Fees (other than Deferred Senior Collateral Management Amounts),
- (E) to the payment, on a *pro rata* and *pari passu* basis, of (i) any Scheduled Periodic Hedge Issuer Payments (to the extent not paid out of the Currency Account or the Interest Account), (ii) any Currency Hedge Issuer Termination Payments (to the extent not paid out of the Currency Account, any 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 any relevant Counterparty Downgrade Collateral Account or the Hedge Termination Account 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 X Notes and the Class A Notes;
- (G) to the redemption on a *pro rata* and *pari passu* basis of the Class X Notes and the Class A Notes, until the Class X Notes and the Class A Notes have been redeemed in full;
- (H) to the payment on a *pro rata* basis of all Interest Amounts due and payable on the Class B Notes;
- (I) to the redemption on a *pro rata* basis of the Class B Notes, until the Class B Notes have been redeemed in full;
- (J) to the payment on a *pro rata* basis of the Interest Amounts (excluding any Deferred Interest but including interest on Deferred Interest) due and payable on the Class C Notes;
- (K) to the payment on a *pro rata* basis of any Deferred Interest on the Class C Notes;
- (L) to the redemption on a *pro rata* basis of the Class C Notes, until the Class C Notes have been redeemed in full;
- (M) to the payment on a *pro rata* basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class D Notes;
- (N) to the payment on a *pro rata* basis of any Deferred Interest 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 on a *pro rata* basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class E Notes;
- (Q) to the payment on a *pro rata* basis of any Deferred Interest on the Class E Notes;
- (R) to the redemption on a *pro rata* basis of the Class E Notes, until the Class E Notes have been redeemed in full;
- (S) to the payment on a *pro rata* basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class F Notes;
- (T) to the payment on a *pro rata* basis of any Deferred Interest on the Class F Notes;

- (U) to the redemption on a *pro rata* basis of the Class F Notes, until the Class F Notes have been redeemed in full;
- (V) to the payment:
  - (1) *firstly*, to the Class M Noteholders on a *pro rata* basis of any Class M Distribution Amounts due and payable in respect of the Due Period ending immediately prior to such Payment Date (excluding any Deferred Interest thereon);
  - (2) *secondly*, to the Collateral Manager in payment of any Deferred Senior Collateral Management Amounts, the deferral of which has been rescinded by the Collateral Manager; and
  - (3) *thirdly*, to the Class M Noteholders on a *pro rata* basis of any Deferred Interest on the Class M Notes attributable to unpaid Class M Distribution Amounts which is due and payable pursuant to Condition 6(c) (*Payment of Deferred Interest*);
  - (4) *fourthly*, to the repayment of any Collateral Manager Advances and any interest thereon;
- (W) to the payment of Trustee Fees and Expenses not paid by reason of the Senior Expenses Cap (if any) provided that following an enforcement of security pursuant to Condition 11 (*Enforcement*) and the Trust Deed, payments may only be made hereunder to Secured Parties;
- (X) to the payment of Administrative Expenses in the priority stated in the definition thereof not paid by reason of the Senior Expenses Cap (if any), provided that following an enforcement of security pursuant to Condition 11 (*Enforcement*) and the Trust Deed, payments may only be made hereunder to Secured Parties;
- (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 Payment due to an 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) 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 (AA) below, paragraph (DD) of the Interest Priority of Payments and paragraph (V) of the Principal Priority of Payments) to the payment to the Collateral Manager of 20.0 per cent. of any remaining proceeds (after any payment required to satisfy the Incentive Collateral Management Fee IRR Threshold under paragraph (AA) below) in payment of an Incentive Collateral Management Fee; and
- (AA) any remaining proceeds to the payment on the Subordinated Notes on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption),

*provided that* prior to enforcement of the security pursuant to Condition 11 (*Enforcement*):

- (i) where the payment of any amount in accordance with the Priorities of Payments set out above is subject to any deduction or withholding for or on account of any tax or any other tax is payable by or on behalf of the Issuer in respect of any such amount, payment of the amount so deducted or withheld or of the tax so due shall be made to the relevant taxing authorities *pari passu* with and, so far as possible, at the same time as the payment of the amount in respect of which the relevant deduction or withholding or other liability to tax has arisen; and
- (ii) if the Issuer must account for any VAT (whether to the recipient of any such payment or to the relevant tax authority) or amounts withheld or deducted in respect of taxes or for any other taxes

attributable to any of the items referred to in the Priorities of Payments (other than paragraph (A)) above, then such amounts in respect of taxes shall be paid *pro rata* and *pari passu* with such items.

(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 calendar days following receipt of such notice by the Trustee. Any proceeds received by a Noteholder or other Secured Party pursuant to any such proceedings shall be paid promptly following receipt thereof to the Trustee for application pursuant to the terms hereof. After realisation of the security which has become enforceable and distribution of the net proceeds in accordance with the Priorities of Payments, no Noteholder or other Secured Party may take any further steps against the Issuer to recover any sum still unpaid in respect of the Notes or the Issuer's obligations to such Secured Party and all claims against the Issuer to recover any sum still unpaid in respect of the Notes or the Issuer's obligations to such Secured Party and all claims against the Issuer in respect of such sums unpaid shall be extinguished. In particular, none of the Trustee, any Noteholder or any other Secured Party shall be entitled in respect thereof to petition or take any other step for the winding up of the Issuer except to the extent permitted under the Trust Deed.

(d) Purchase of Collateral by Noteholders 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 of its Affiliates 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 (including the Collateral Manager in such capacity) may deliver Notes held by it in place of payment of the purchase price for such Collateral where the amount payable to such Noteholder in respect of such Notes pursuant to the Priorities of Payments, 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 or Transfer Agent 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 (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 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 (other than the Class M Noteholders) by way of Ordinary Resolution or Extraordinary Resolution, in each case, either acting together (subject as provided in paragraph (ix) below) or, to the extent specified in any applicable Transaction Document or these Conditions, by a Class of Noteholders acting independently, or in the case of the Class M Notes, by Unanimous Resolution solely in the circumstances set out in Condition 14(b)(vi) (*Unanimous Resolution of Class M Noteholders*). Such Resolutions, or in the case of the Class M Notes, by Unanimous Resolution in the circumstances set out in Condition 14(b)(vi) (*Unanimous Resolution of Class M Noteholders*), 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. in principal amount of the Notes Outstanding of a particular Class, subject to certain conditions including minimum notice periods. Where decisions are required to be taken by a Written Resolution of a Class or Classes under the Trust Deed or these Conditions, such decision may only be made in accordance with paragraph (iv) (*Written Resolutions*) below.

The holder of each Global Certificate will be treated as being one person for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each €1,000 of principal amount of Notes for which the relevant Global Certificate may be exchanged.

Notice of any Resolution passed by the Noteholders will be given by the Issuer to Moody’s and Fitch in writing.

#### (ii) Quorum

The quorum required for any meeting convened to consider an Ordinary Resolution or Extraordinary Resolution, in each case, of all the Noteholders or of any Class or Classes 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.

Type of meeting	Required principal proportion of Notes Outstanding	Required principal proportion of Notes Outstanding
Type of meeting	Any meeting other than a meeting adjourned for want of quorum	Meeting previously adjourned for want of quorum
Unanimous Resolution of Class M Noteholders in relation to the matters set out in Condition 14(b)(vi) ( <i>Unanimous Resolution of Class M Noteholders</i> ) only	One or more persons holding or representing 100 per cent. of the aggregate Principal Amount Outstanding of Class M Noteholders	One or more persons holding or representing 100 per cent. of the aggregate Principal Amount Outstanding of Class M Noteholders
Extraordinary Resolution of all Noteholders (or a certain Class or Classes only)	One or more persons holding or representing not less than 66⅔ per cent. of the aggregate Principal Amount Outstanding of the Notes (or the 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 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 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 of the relevant Class or Classes only, if applicable)

Solely in connection with a CM Removal Resolution or a CM Replacement Resolution, no Notes held in the form of CM Non-Voting Notes or CM Non-Voting Exchangeable Notes and/or by or on behalf of the Collateral Manager or any Collateral Manager Related Party shall (A) constitute or form part of the Controlling Class, (B) be entitled to vote in respect of such CM Removal Resolution or CM Replacement Resolution or (C) be counted for the purposes of determining a quorum or the result of voting in respect of such CM Removal Resolution or CM Replacement Resolution.

In connection with any Resolution, no Class M Notes shall carry any rights to vote or be counted for the purposes of determining a quorum or the result of voting except pursuant to and in accordance with Condition 14(b)(vi) (*Unanimous Resolution of Class M Noteholders*).

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

The Class X Notes shall not carry any rights in respect of, or be counted for the purposes of determining on quorum and the result of voting on, any CM Removal Resolutions or CM Replacement Resolutions.

(iii) Minimum Voting Rights

Set out in the table “*Minimum Percentage Voting Requirements*” below are the minimum percentages required to pass the Resolutions specified in such table which, (A) in the event that such Resolution is being considered at a duly convened meeting of Noteholders, shall be determined by reference to the percentage which the aggregate Principal Amount Outstanding of Notes held or represented by any person or persons who vote in favour of such Resolution represents of the aggregate Principal Amount Outstanding of all applicable Notes which are represented at such meeting and are voted or, (B) in the case of any Written Resolution, shall be determined by reference to the percentage which the aggregate Principal Amount Outstanding of Notes entitled to be voted in respect of such Resolution and which are voted in favour thereof represent of the aggregate Principal Amount Outstanding of all the Notes entitled to vote in respect of such Written Resolution.

## Minimum Percentage Voting Requirements

Type of Resolution	Per cent.
Unanimous Resolution of Class M Noteholders only	100 per cent.
Extraordinary Resolution of all Noteholders (or of a certain Class or Classes only)	At least 66⅔ per cent.
Ordinary Resolution of all Noteholders (or of a certain Class or Classes only)	More than 50 per cent.

For the purposes of determining voting rights attributable to the Notes and the applicable quorum at any meeting of the Noteholders pursuant to this Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*), (i) the Class B-1 Notes and the Class B-2 Notes and (ii) the Class C-1 Notes and the Class C-2 Notes shall together be deemed to constitute a single Class, in respect of any voting rights specifically granted to them including as the Controlling Class.

### (iv) Written Resolutions

Any Written Resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant Noteholders and the date of such Written Resolution shall be the date on which the latest such document is signed. Any Extraordinary Resolution or Ordinary Resolution may be passed by way of a Written Resolution. Any Unanimous Resolution of the Class M Notes (passed in accordance with Condition 14(b)(vi) (*Unanimous Resolution of Class M Noteholders*)) 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) Unanimous Resolution of Class M Noteholders

Any Resolution to sanction any of the following items will be required to be passed by a Unanimous Resolution of the Class M Noteholders:

- (A) any change in the Priorities of Payments or of any payment items in the Priorities of Payments in each case relating to the payments to be made in respect of the Class M Notes;
- (B) the definition of “Class M Distribution Amount” (including any associated definitions); and
- (C) any modification of the Redemption Price in relation to the Class M Notes.

### (vii) Extraordinary Resolution

Subject to the right of veto of the Retention Holder referred to in paragraph (x) (*Retention Holder Veto*), 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):

- (A) any modification of any Transaction Document having a material adverse effect on the security over the Collateral constituted by the Trust Deed;
- (B) any item expressly requiring an Extraordinary Resolution pursuant to the Transaction Documents;
- (C) 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;

- (D) 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);
- (E) 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;
- (F) any change in the Priorities of Payments or of any payment items in the Priorities of Payments;
- (G) the modification of the provisions concerning the quorum required at any meeting of Noteholders to consider a Resolution or the minimum percentage required to pass a Resolution;
- (H) 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*);
- (I) a change in the currency of payment of the Notes of a Class;
- (J) the modification of the provisions concerning the quorum required at any meeting of Noteholders to consider an Extraordinary Resolution or the minimum percentage required to pass an Extraordinary Resolution; and
- (K) any modification of this paragraph (vii) (*Extraordinary Resolution*) or schedule 5 (*Provisions for meetings of the Noteholders of each Class*) of the Trust Deed,

*provided that* (i) any such modification, adjustment or change will not require an Extraordinary Resolution but may be passed by an Ordinary Resolution of the holders of the relevant Class if being effected as part of a Refinancing in respect of all of the Classes of Rated Notes; and (ii) in relation to an Optional Redemption of the Rated Notes in whole through Refinancing, the Subordinated Noteholders (subject to Condition 14(b)(vi) (Unanimous Resolution of Class M Noteholders)) may sanction any of the items above by Ordinary Resolution in consenting to the terms of the Refinancing pursuant to Condition 7(b)(v) (Optional Redemption effected in whole or in part through Refinancing).

(viii) Ordinary Resolution

Subject to the right of veto of the Retention Holder referred to in paragraph (x) (*Retention Holder Veto*) below, any meeting of the Noteholders (other than the Class M Noteholders) shall (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) have power by Ordinary Resolution to approve any other matter relating to the Notes not referred to in paragraph (vii) (*Extraordinary Resolution*) above.

(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 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.

(x) Retention Holder Veto

Provided that no Retention Event has occurred and is continuing, no modification or any Resolution to approve the modification of the Eligibility Criteria, the Portfolio Profile Tests, the Collateral Quality Tests, the Reinvestment Criteria, or any material changes to them, in each case, that would affect the Retention Holder's ability to comply with the EU Retention and Transparency Requirements (as certified in writing to the Trustee by the Retention Holder upon which certification the Trustee may rely absolutely and without liability), or any Resolution in respect of the appointment of a replacement Collateral Manager (other than where the outgoing Collateral Manager is the Retention Holder or any Affiliate of the Retention Holder), will be effective without the consent in writing of the Retention Holder. For the avoidance of doubt, if a Retention Event has occurred and is continuing, the Retention Holder shall have no veto rights in accordance with this Condition, however, this shall not affect the rights of the Retention Holder to exercise its rights as a Noteholder.

(c) Modification and Waiver

The Trust Deed and the Collateral Management and Administration Agreement both provide that, without the consent of the Noteholders (other than as otherwise provided in paragraphs (xii), (xvi), (xix), (xxiv), (xxxiii) and (xxxiv) below and subject to the veto right of the Retention Holder in certain circumstances (see Condition 14(b)(x) (*Retention Holder Veto*)) and the Collateral Manager's consent provided for in paragraph (xi) 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 (without the consent of Noteholders, subject as provided in paragraphs (xii), (xvi), (xix), (xxiv), (xxxiii) and (xxxiv) below) consent to 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), (xiii) or (xxiv) below, which shall be subject to the prior written consent of the Trustee in accordance with the relevant paragraph), for any of the following purposes (other than, in each case, but without affecting the rights of the Trustee under paragraphs (xi), (xiii) and (xxiv) below, any such amendment, modification, supplement and/or waiver that would have the effect of sanctioning an item which is required to be passed by an Extraordinary Resolution under Condition 14(b)(vi) (*Extraordinary Resolution*) or by way of Unanimous Resolution in accordance with Condition 14(b)(vi) (*Unanimous Resolution of Class M Noteholders*)):

- (i) to add to the covenants of the Issuer for the benefit of the Noteholders;
- (ii) to charge, convey, transfer, assign, mortgage or pledge any property to or with the Trustee;
- (iii) to correct or amplify the description of any property at any time subject to the security of the Trust Deed, or to better assure, convey and confirm unto the Trustee any property subject or required to be subject to the security of the Trust Deed (including, without limitation, any and all actions necessary or desirable as a result of changes in law or regulations) or subject to the security of the Trust Deed any additional property;
- (iv) to evidence and provide for the acceptance of appointment under the Trust Deed by a successor Trustee subject to and in accordance with the terms of the Trust Deed and to add to or change any of the provisions of the Trust Deed as shall be necessary to facilitate the administration of the trusts under the Trust Deed by more than one Trustee, pursuant to the requirements of the relevant provisions of the Trust Deed;
- (v) to make such changes as shall be necessary or advisable in order for the Notes of each Class to be (or to remain) listed on the Global Exchange Market of Euronext Dublin or any other exchange and to authorise the appointment of any listing agent, transfer agent, paying agent or additional registrar for any Class of Notes required or advisable in connection with the listing of such Notes, and otherwise to amend the Trust Deed to incorporate any changes required or requested by any

governmental authority, stock exchange authority, listing agent, transfer agent, paying agent or additional registrar for any Class of Notes in connection therewith;

- (vi) to amend, modify, enter into, accommodate the execution or facilitate the transfer by the relevant Hedge Counterparty of any Hedge Agreement upon terms satisfactory to the Collateral Manager and subject to receipt of Rating Agency Confirmation;
- (vii) save as contemplated in paragraph (d) (*Substitution*) below, to take any action advisable to prevent the Issuer from becoming subject to withholding or other taxes, fees or assessments;
- (viii) to take any action advisable to prevent the Issuer from being treated as resident in the UK for UK tax purposes, treated as trading through a permanent establishment in the UK for UK tax purposes or subject to UK VAT in respect of any Collateral Management Fees;
- (ix) to take any action advisable to reduce the risk of the Issuer being treated as engaged in a United States trade or business or otherwise be subject to United States federal, state or local income tax on a net income basis;
- (x) to enter into any additional agreements not expressly prohibited by the Trust Deed or the Collateral Management and Administration Agreement (as applicable);
- (xi) to make any other modification of any of the provisions of any 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 in writing of the Collateral Manager;
- (xii) subject to Condition 14(c)(xxxiv) (*Modification and Waiver*), Rating Agency Confirmation and the consent of the Controlling Class acting by Ordinary Resolution, to make any modifications to the Collateral Quality Tests, Portfolio Profile Tests, Reinvestment Criteria or Eligibility Criteria and all related definitions (including in order to reflect changes in the methodology applied by the Rating Agencies);
- (xiii) 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;
- (xiv) to amend the name of the Issuer;
- (xv) to make any amendments to the Trust Deed or any other Transaction Document to enable the Issuer to comply with FATCA and/or the CRS;
- (xvi) to modify or amend any components of the Moody's Test Matrix or the Fitch Test Matrices in order that they may be consistent with the criteria of the Rating Agencies, subject to receipt of Rating Agency Confirmation from Fitch or Moody's, as applicable; provided that the Controlling Class (acting by Ordinary Resolution) does not object in writing to such modification or amendment within 30 days of being notified by the Issuer of the proposed modification and amendment in accordance with Condition 16 (*Notices*);
- (xvii) 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*);
- (xviii) to modify the Transaction Documents in order to comply with Rule 17g-5 of the Exchange Act;
- (xix) without prejudice to paragraph (xvi) above and subject to Condition 14(c)(xxxiv) (*Modification and Waiver*), 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, subject to receipt of Rating Agency Confirmation in respect of the Rated Notes from each Rating Agency then rating the Rated Notes, provided that

the Controlling Class do not object to the same acting by Ordinary Resolution within 10 Business Days of notice of such proposed modifications being sent by or on behalf of the Issuer in accordance with Condition 16 (*Notices*);

- (xx) 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 (A) to comply with changes in the EU Retention and Transparency Requirements or which result from the implementation of the implementing technical standards relating thereto or any subsequent risk retention legislation or official guidance, or (B) for the Collateral Manager, its Affiliates or the Issuer to comply with, or not be subject to, any U.S. Retention Regulations (to the extent applicable);
- (xxi) 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*);
- (xxii) 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 Rating Requirement and any other applicable requirements in the Transaction Documents;
- (xxiii) subject to certification of the necessity of such amendment by the Issuer to the Trustee (upon which certification the Trustee shall be entitled to rely absolutely and without enquiry or liability), to modify the Transaction Documents in order to comply with the CRA3, EMIR, the AIFMD, the Dodd-Frank Act, any requirements of the CFTC and the CRS and/or any other law or regulation in any applicable jurisdiction, including any implementing regulation, technical standards and guidance related thereto;
- (xxiv) subject to the below, to enter into any additional agreements as well as any amendment, modification or waiver of such additional agreements if the Trustee determines that such entry, amendment, modification or waiver would not upon becoming effective be materially prejudicial to the interests of the Noteholders of any Class of Notes, provided that the Controlling Class acting by Ordinary Resolution within 15 Business Days from notification of any proposed entry or amendment, modification or waiver pursuant to this paragraph (xxiv) having been given by the Issuer pursuant to Condition 16 (*Notices*) may prohibit the Trustee from undertaking any such proposed entry or amendment, modification or waiver;
- (xxv) to amend, modify or supplement any Hedge Agreement, subject to receipt of Rating Agency Confirmation or such Hedge Agreement being a Form Approved Hedge following such amendment 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;
- (xxvi) to modify the restrictions on and procedures for resales and other transfers of Notes to reflect any changes in applicable law or regulation (or the interpretation thereof);
- (xxvii) to evidence the succession of another person to the Issuer and the assumption by any such successor person of the covenants of the Issuer in the Transaction Documents and in the Notes, provided that any such successor issuer shall not have a worse position than the Issuer in respect of any tax, legal or regulatory requirement or tax treatment;
- (xxviii) subject to certification of the necessity of such amendment by the Issuer to the Trustee (upon which certification the Trustee shall be entitled to rely absolutely and without enquiry or liability) 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 Moody's or a Rating Agency Confirmation of Fitch;
- (xxix) to accommodate the settlement of the Notes in book-entry form through the facilities of DTC and/or Euroclear and/or Clearstream, Luxembourg or otherwise;

- (xxx) to reduce the permitted Minimum Denomination of the Notes, provided that any such reduction in Minimum Denomination shall not adversely affect the Issuer (in respect of any legal or regulatory requirement or tax treatment of the Issuer);
- (xxxii) to change the date within the month on which Reports are required to be delivered;
- (xxxiii) to modify the Transaction Documents in terms agreed by the parties thereto for the purpose of complying with or implementing the EU Securitisation Laws;
- (xxxiii) to enter into one or more supplemental trust deeds or any other modification, authorisation or waiver of the provisions of the Transaction Documents (save in respect of any such modification, authorisation or waiver to the provisions of a Hedge Agreement which shall be made only in accordance with the terms as set out therein) to:
  - (A) change the reference rate in respect of the Floating Rate Notes from EURIBOR to an alternative base rate (such rate, the “**Alternative Base Rate**”);
  - (B) to replace references to “LIBOR”, “EURIBOR”, “London Interbank Offered Rate” and “Euro Interbank Offered Rate” (or similar terms) to the Alternative Base Rate when used with respect to a Floating Rate Collateral 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;
  - (D) in the case of any Hedge Agreement, amend, in accordance with its terms, the reference rate applicable to any Hedge Transaction thereunder and make any other consequential changes (including, without limitation, to allow for the operation of any fallbacks contained in such Hedge Agreement relating to the discontinuance, cessation, disruption or change in methodology of such rate and, accordingly, make any adjustment payment or spread adjustment); and
  - (E) to make such other amendments as are necessary or advisable in the reasonable judgment of the Collateral Manager to facilitate the foregoing changes,

*provided that:*

- (1) unless the Alternative Base Rate is the Designated Base Rate, the Controlling Class and the Subordinated Noteholders (each acting by Ordinary Resolution) consent to such supplemental trust deed or other modification, authorisation or waiver (excluding any modification, authorisation or waiver in respect of a Hedge Agreement made in respect of sub-paragraph (D) only);
  - (2) such amendments and modifications are being undertaken due to (x) a material disruption to LIBOR, EURIBOR or another applicable or related index or benchmark, (y) a change in the methodology of calculating LIBOR, EURIBOR or another applicable or related index or benchmark or (z) LIBOR, EURIBOR or another applicable or related index or benchmark ceasing to exist (or the reasonable expectation of the Collateral Manager (or any Hedge Counterparty for amendments in respect of sub-paragraph (D) above only) that any of the events specified in paragraphs (x), (y) or (z) will occur);
  - (3) the Alternative Base Rate shall apply to each Class of Floating Rate Notes; and
  - (4) any such amendment does not affect the applicability of any floor in respect of the relevant reference rate (including, without limitation the zero floor described in Condition 6(d)(i)(C) (*Floating Rate of Interest*)); and
- (xxxiv) notwithstanding Condition 14(c)(xii) (*Modification and Waiver*) and Condition 14(c)(xix) (*Modification and Waiver*) above, to modify the Weighted Average Life Test definition by amending the date contained therein (1) with the consent of the Controlling Class acting by Ordinary Resolution and (2) following any modification in accordance with Condition 14(c)(xxxiv)(A)

(*Modification and Waiver*) above, with the consent of each Class of Notes acting by Ordinary Resolution, in each case, subject to Rating Agency Confirmation.

Any such modification, authorisation or waiver shall be binding upon the Noteholders and shall be notified by the Issuer as soon as 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) a Hedge Counterparty, without such Hedge Counterparty's prior written consent or (b) if such change shall have a material adverse effect on the rights and obligations of the Collateral Manager, without the Collateral Manager's prior written consent.

The Issuer shall notify each Hedge Counterparty of any proposed amendment to any Transaction Document and seek the prior written 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. If a Hedge Agreement allows a certain period for the relevant Hedge Counterparty to consider and respond to a consent request, during such period and pending a response from the relevant Hedge Counterparty, the Issuer shall not make such proposed amendment.

For the avoidance of doubt, and subject to the veto right of the Retention Holder referred to in Condition 14(b)(x) (*Retention Holder Veto*), the Trustee shall, without the consent or sanction of any of the Noteholders (other than as otherwise provided in paragraphs (xii), (xvi), (xix), (xxiv), (xxxiii) and (xxxiv) 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 absolutely and without enquiry or liability) is required pursuant to the paragraphs above (other than a modification, waiver or authorisation pursuant to paragraph (xi), (xiii) and (xxiv) 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 (i) have the effect of 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) have the effect of adding to or increasing the obligations, liabilities or duties, or decreasing the rights, powers, authorisations, discretions, indemnities 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 paragraph (xi), (xiii) or (xxiv) above, under no circumstances shall the Trustee be required to give such consent on less than 21 calendar days' notice and the Trustee shall be entitled to obtain legal, financial or other expert advice, at the expense of the Issuer, and rely on such advice in connection with determining whether or not to give such consent (if applicable or required) as it sees fit.

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, this Trust Deed or such other conditions made pursuant to Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) shall be notified to Euronext Dublin.

(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.

(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 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 where in the opinion of the Trustee there is a conflict of interest between or among the holders of the Class X Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class M Notes and the Subordinated Notes, the interests of the holders of the Controlling Class will prevail. If the holders of the Controlling Class do not have an interest in the outcome of the conflict, the Trustee shall give priority to the interests of (i) the Class X Noteholders and the Class A Noteholders over the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class M Noteholders and the Subordinated Noteholders, (ii) the Class B Noteholders over the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class M Noteholders and the Subordinated Noteholders; (iii) the Class C Noteholders over the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class M Noteholders and the Subordinated Noteholders; (iv) the Class D Noteholders over the Class E Noteholders, the Class F Noteholders, the Class M Noteholders and the Subordinated Noteholders; (v) the Class E Noteholders over the Class F Noteholders, the Class M Noteholders and the Subordinated Noteholders; (vi) the Class F Noteholders over the Class M Noteholders and the Subordinated Noteholders; and (vii) the Class M 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, 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 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 Euronext Dublin. Any such notice shall be deemed to have been given to the Noteholders (a) in the case of inland mail, three calendar days after the date of dispatch thereof, (b) in the case of overseas mail, seven calendar 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, subject to the approval of the Subordinated Noteholders and the Class A Noteholders for so long as the Class A Notes are outstanding, in each case acting by Ordinary Resolution, and subject to the approval of the Retention Holder create and issue further Notes (other than the Class X Notes and the Class M 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 satisfied:

- (i) such additional issuances in relation to the applicable Class of Notes may not exceed 100 per cent. in the aggregate of the original aggregate principal amount of such Class of Notes;
- (ii) such additional Notes must be issued for a cash sale price and the net proceeds invested in Collateral Obligations or, pending such investment, during the Initial Investment Period deposited in the Unused Proceeds Account or, thereafter, deposited in the Principal Account and, in each case, invested in Eligible Investments;
- (iii) 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;
- (iv) the Issuer must notify the Trustee and the Rating Agencies then rating any Notes of such additional issuance and obtain Rating Agency Confirmation;
- (v) the Par Value Tests will be satisfied after giving effect to such additional issuance of Notes;
- (vi) the holders of the relevant Class of Notes in respect of which further Notes are issued shall have been notified in writing by the Issuer 30 calendar 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;
- (vii) (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 of Euronext Dublin (for so long as the rules of Euronext Dublin so requires);
- (viii) 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;
- (ix) the Issuer and the Trustee will have received advice of tax counsel of nationally recognised standing in the United States experienced in such matters to the effect that any additional Class A Notes, Class B Notes, Class C Notes and Class D Notes will be treated, and any additional Class E Notes should be treated, as indebtedness for U.S. federal income tax purposes, *provided that* the advice of tax counsel described in this clause (ix) will not be required with respect to any additional Notes that bear a different securities identifier from the Notes of the same Class that were issued on the Issue Date and are Outstanding at the time of the additional issuance;
- (x) any issuance of additional Rated Notes shall be accomplished in a manner that will allow the Issuer to provide the information described in United States Treasury Regulation Section 1.1275-3(b)(1) to the holders of such additional Notes;
- (xi) any issuance of additional Notes would not result in non-compliance by the Retention Holder or its Affiliates with the EU Retention and Transparency Requirements or any U.S. Retention Regulations (to the extent applicable);
- (xii) such additional Notes must be of each Class of Notes (other than the Class X Notes) and issued in a proportionate amount among the Classes (for such purpose excluding the Class X Notes) so that the relative proportions of aggregate principal amount of the Classes of Notes (for such purpose excluding the Class X 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); and

- (xiii) if any such additional Notes are Rated Notes, such additional issuances may not occur after the expiry of the Reinvestment Period;
- (b) The Issuer may and shall, following the written request of the Retention Holder and subject to the approval of the Subordinated Noteholders acting by Ordinary Resolution, 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 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 subscription price, and the net proceeds are invested in Collateral Obligations, Eligible Investments, Collateral Enhancement Obligations or for other Permitted Uses or, pending such application, deposited in, the Supplemental Reserve Account and invested in Eligible Investments, provided that the Issuer or the Collateral Manager (acting on behalf of the Issuer) shall not enter into any binding commitments to purchase Collateral Obligations with such proceeds, until such proceeds have been deposited into the Unused Proceeds Account or the Principal Account (as applicable) or (b) paid into the Interest Account and used to make payments on any Payment Date in accordance with the Priorities of Payments;
  - (iv) the Issuer must notify the Trustee and the Rating Agencies then providing any solicited rating any Notes of such additional issuance;
  - (v) the Subordinated Noteholders shall have been notified in accordance with Condition 16 (*Notices*) 30 calendar 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;
  - (vi) such issuance of additional Subordinated Notes is in accordance with all applicable laws including, without limitation, the securities and banking laws and regulations of Ireland and do not adversely affect the Irish tax position of the Issuer; and
  - (vii) any issuance of additional Subordinated Notes would not result in non-compliance by the Retention Holder or its Affiliates with the EU Retention and Transparency Requirements or any U.S. Retention Regulations (to the extent applicable).
- (c) Upon the Collateral Manager having received legal advice from reputable legal counsel to the effect that the U.S. Retention Regulations have become applicable to the transaction described herein, the Issuer shall, at the direction of the Collateral Manager, issue and sell such additional Notes of one or more Classes as may be required to ensure compliance with the U.S. Retention Regulations, in each case, having the same terms and conditions as existing Classes of Notes and which shall be consolidated and form a single series with the Outstanding Notes of each such Class. The proceeds of any such issuance hereunder shall be deposited in the Principal Account and shall constitute Principal Proceeds.

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 securities forming a single series with Notes constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

For the avoidance of doubt, no additional issuance of Class X Notes is permitted in connection with an additional issuance of Class A Notes (or any other Class of Notes).

## 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 Services 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 exclusive jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders and the Trustee and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

### (c) Agent for Service of Process

The Issuer appoints TMF Global Services (UK) Limited (having an office, at the date hereof, at 6 St Andrew Street, 5<sup>th</sup> Floor, London EC4A 3AE, England) 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 € 349,030,091.43. Such proceeds will be used by the Issuer to fund the First Period Reserve Account and to repay the relevant lenders under the Warehouse Arrangements in respect of the funding provided by them to finance the purchase of Collateral Obligations prior to or on the Issue Date. The remaining proceeds shall be deposited into the Unused Proceeds Account to be utilised to fund the acquisition of Collateral Obligations complying with the Eligibility Criteria and the other requirements of the Collateral Management and Administration Agreement purchased by the Issuer during the Initial Investment Period (as defined in the Conditions) or otherwise as prescribed by the Conditions and the Transaction Documents.

## FORM OF THE NOTES

*The following description of the Notes does not purport to be complete and is qualified by reference to the detailed provisions of such Notes. Capitalised terms used in this section and not defined in this Offering Circular shall have the meaning given to them in the Conditions.*

References below to Notes and to the Global Certificates and the Definitive Certificates representing such Notes are to each respective Class of Notes, except as otherwise indicated.

### Initial Issue of Notes

The Notes which are Regulation S Notes of each Class sold outside the United States to non-U.S. persons (as defined in Regulation S) in reliance on Regulation S, including, where applicable, the CM Voting Notes, the CM Non-Voting Exchangeable Notes and the CM Non-Voting Notes of such Class, will be represented on issue by a Regulation S Global Certificate deposited with, and registered in the name of, a nominee of a common depository 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 (as defined in Regulation S) 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 (as defined in Regulation S), and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest only to a person whom the seller reasonably believes (a) to be a non-U.S. Person (as defined in Regulation S) 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. See “*Transfer Restrictions*”.

The Notes which are Rule 144A Notes of each Class sold in reliance on Rule 144A within the United States to persons and outside of the United States to U.S. persons (as defined in Regulation S), in each case, who are QIBs and also QPs, including, where applicable, the CM Voting Notes, the CM Non-Voting Exchangeable Notes and the CM Non-Voting Notes of such Class, will be represented on issue by a Rule 144A Global Certificate deposited with, and registered in the name of, a nominee of a common depository 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 Denomination and Authorised Integral Amounts thereof 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 (as defined in Regulation S) 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 Voting and Non-Voting Notes**

A beneficial interest in a Rule 144A Global Certificate in the form of CM Non-Voting Exchangeable 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 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 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 a 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 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 Non-Voting Notes or CM Non-Voting Exchangeable Notes in denominations greater than or equal to the minimum denominations applicable to interests in such Rule 144A Global Certificate only upon receipt by a Transfer Agent of a written 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 Non-Voting Exchangeable 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 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 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 a 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 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 Non-Voting Notes or CM Non-Voting Exchangeable Notes in denominations greater than or equal to the minimum denominations applicable to interests in such Regulation S Global Certificate only upon receipt by a 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 Non-Voting Exchangeable Notes may request by the delivery to a 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 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 Non-Voting Exchangeable Notes shall not be exchanged for a beneficial interest in a Global Certificate representing Notes in the form of CM Voting Notes in any other circumstances.

Beneficial interests in a Global Certificate representing Notes in the form of CM 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 Voting Notes or CM Non-Voting Exchangeable 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.

Each initial purchaser (other than the Initial Purchaser) or a transferee of: (a) any Class E Notes, Class F Notes, Class M Notes or Subordinated Notes in the form of Rule 144A Notes; (b) any Class M Notes or Subordinated Notes in the form of Regulation S Notes; or (c) any Class E Notes or Class F Notes in the form of Regulation S Notes, which is a Controlling Person or a Benefit Plan Investor will be required to enter into a subscription agreement with the Initial Purchaser in which such investor will certify as to, among other matters, its status under the Securities Act, the Investment Company Act and ERISA.

Each initial investor and each transferee of a Class E Note, a Class F Note, a Class M Note or a Subordinated Note (a) shall be required or shall be deemed to represent (among other things) whether it is a Controlling Person, a

Benefit Plan Investor or acting on behalf of a Benefit Plan Investor and (b) if it is a Controlling Person, a Benefit Plan Investor or acting on behalf of a Benefit Plan Investor, it may not acquire such Class E Note, Class F Note, Class M Note or Subordinated Note unless such purchaser or transferee: (i) obtains the written consent of the Issuer (other than in the case of the Notes purchased by the Retention Holder); and (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 A (*Form of ERISA Certificate*)). No proposed transfer of Class E Notes, Class F Notes, Class M Notes or Subordinated Notes (or interests therein) will be permitted or recognised if a transfer to a transferee will cause 25 per cent. or more of the total value of the Class E Notes, Class F Notes, Class M Notes or Subordinated Notes (determined separately by class) to be held by Benefit Plan Investors, disregarding Class E Notes, Class F Notes, Class M Notes or Subordinated Notes (or interests therein) held by Controlling Persons.

The Retention Notes will be offered outside the United States to the Collateral Manager as a non-U.S. Person (as defined in Regulation S) in reliance on Regulation S and will be issued in global, fully registered form without interest coupons or principal receipts, which will be deposited on or about the Issue Date with, and registered in the name of, a nominee of a common depositary for Euroclear Bank SA/NV, as operator of the Euroclear system and Clearstream Banking, *société anonyme*.

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 calendar days (other than by reason of holiday, statutory or otherwise) or announces its intention to permanently cease business or does in fact do so.

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 any principal or interest in respect of the Notes.

If only one of the Global Certificates (the “**Exchanged Global Certificate**”) becomes exchangeable for Definitive Certificates as described in 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 Certificates.

“**Definitive Exchange Date**” means a day falling not less than 30 calendar 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 such circumstances, the relevant Global Certificate shall be exchanged in full for Definitive Certificates and the Issuer will, at its own cost (and against such indemnity as the Registrar or any Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Certificate must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Certificates and (b) in the case of the Rule 144A Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Definitive Certificates issued in exchange for a beneficial interest in the Rule 144A Global Certificate shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under “*Transfer Restrictions*” below.

### *Legends*

The holder of a Definitive Certificate in registered definitive form, as applicable, may transfer the Notes represented thereby in whole or in part in the applicable Minimum Denomination and Authorised Integral Amounts thereof 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, written consent of the Issuer and a duly completed certificate substantially in the form of Annex A (*Form of ERISA Certificate*). Upon the transfer, exchange or replacement of a Definitive Certificate in registered definitive form, as applicable, bearing the legend referred to under “*Transfer Restrictions*” below, or upon specific request for removal of the legend on a Definitive Certificate in registered definitive form, as applicable, the Issuer will deliver only Definitive Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of reputable legal counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act.

## BOOK ENTRY CLEARANCE PROCEDURES

The information set out below has been obtained from sources that the Issuer believes to be reliable, but prospective investors are advised to make their own enquiries as to such procedures. In particular, such information is subject to any change in or interpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (together, the “**Clearing Systems**”) currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Trustee, the Collateral Manager, the Initial Purchaser 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 depository links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading (see “*Settlement and Transfer of Notes*” below).

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders (“**Direct Participants**”) or indirectly (“**Indirect Participants**”) and together with Direct Participants, “**Participants**”) through organisations which are accountholders therein.

### **Book Entry Ownership**

#### *Euroclear and Clearstream, Luxembourg*

Each Regulation S Global Certificate and each Rule 144A Global Certificate will have an ISIN and a Common Code and will be registered in the name of, and deposited with, a nominee of the common depository 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 (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes represented by a Global Certificate, the common depository by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants’ or accountholders’ accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Certificate as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Certificate held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Certificate and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Certificate in respect of each amount so

paid. None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

#### *Settlement and Transfer of Notes*

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct Participant and Indirect Participant's records. Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Certificate held within a Clearing System is exchanged for Definitive Certificates.

No Clearing System has knowledge of the actual Beneficial Owners of the Notes held within such Clearing System and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

#### *Trading between Euroclear and/or Clearstream, Luxembourg Participants*

Secondary market sales of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

## RATINGS OF THE NOTES

### General

It is a condition of the issue and sale of the Notes that the Notes (except for the Subordinated Notes) be issued with at least the following ratings: the Class X Notes “Aaa(sf)” from Moody’s and “AAAsf” from Fitch; the Class A Notes “Aaa(sf)” from Moody’s and “AAAsf” from Fitch; the Class B-1 Notes: “Aa2(sf)” from Moody’s and “AAsf” from Fitch; the Class B-2 Notes: “Aa2(sf)” from Moody’s and “AAsf” from Fitch; the Class C-1 Notes: “A2(sf)” from Moody’s and “Asf” from Fitch; the Class C-2 Notes: “A2(sf)” from Moody’s and “Asf” from Fitch; the Class D Notes: “Baa2(sf)” from Moody’s and “BBB-sf” from Fitch; the Class E Notes: “Ba2(sf)” from Moody’s and “BB-sf” from Fitch; and the Class F Notes: “B3(sf)” from Moody’s and “B-sf” from Fitch. The Class M Notes and the Subordinated Notes being offered hereby will not be rated.

The ratings assigned to the Class X Notes, the Class A Notes and the Class B Notes by Fitch address the timely payment of interest and the ultimate payment of principal. The ratings assigned to the other Rated Notes by Fitch address the ultimate payment of principal and interest. The ratings assigned to the Rated Notes by Moody’s address the expected loss posed to investors by the legal final maturity on the Maturity Date.

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.

As of the date of this Offering Circular, each of the Rating Agencies is established in the European Union (“EU”) and is registered under Regulation (EC) No 1060/2009 (as amended) (the “CRA3”). As such each Rating Agency is included in the list of credit rating agencies published by the European Securities and Markets Authority (“ESMA”) on its website in accordance with the CRA3.

### Moody’s Ratings

The ratings assigned to the Rated Notes by Moody’s are based upon its assessment of the probability that the Collateral Obligations will provide sufficient funds to pay each such Class of Notes, based largely upon Moody’s statistical analysis of historical default rates on debt obligations with various ratings, the asset and interest coverage required for such Class of Rated Notes (which in the case of a Class of Rated Notes is achieved through the subordination of each Class of Notes ranking below such Class of Rated Notes) and the diversification requirements that the Collateral Obligations are required to satisfy.

Moody’s ratings address the expected loss posed to investors by the legal final maturity on the Maturity Date. The structure allows for timely payment of interest and ultimate payment of principal with respect to the Class X Notes, the Class A Notes and the Class B Notes by the legal final maturity on the Maturity Date.

Moody’s analysis of the likelihood that each Collateral Obligation will default is based on historical default rates for similar debt obligations, the historical volatility of such default rates (which increases as securities with lower ratings are added to the portfolio) and an additional default assumption to account for future fluctuations in defaults. Moody’s then determines the level of credit protection necessary to achieve the expected loss associated with the rating of the structured securities, taking into account the expected volatility of the default rate of the portfolio based on the level of diversification by region, obligor and industry. There can be no assurance that the actual default rates on the Collateral Obligations held by the Issuer will not exceed the rates assumed by Moody’s in its analysis.

In addition to these quantitative tests, Moody’s ratings take into account qualitative features of a transaction, including the experience of the Collateral Manager, the legal structure and the risks associated with such structure and other factors that they deem relevant.

### Fitch Ratings

The ratings assigned to the Rated Notes by Fitch are based upon Fitch’s statistical analysis of historical default rates on debt obligations with similar characteristics to the Collateral 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 securities with lower

ratings are added to the portfolio) and an additional default assumption to account for future fluctuations in defaults. Fitch then determines the level of credit protection necessary based on a specific percentile of the portfolio default distribution determined by the Fitch "Portfolio Credit Model" which takes into account the correlation between assets in the portfolio based on the level of diversification by region, issuer and industry. The results of a statistical analysis are incorporated into a cash flow model built to mimic the structure of the transaction. In this regard, the results of several default scenarios, in conjunction with various qualitative tests (e.g. analysis of the strength of the Collateral Manager), are used to determine the credit enhancement required to support a particular rating.

Fitch's ratings of the Rated Notes 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 Fitch in its analysis, or that recovery rates with respect thereto (and, consequently, loss rates) will not differ from those assumed by Fitch.

In addition to those quantitative tests, Fitch ratings take into account qualitative features of a transaction, including the experience of the Collateral Manager, the legal structure and the risks associated with such structure and other factors that Fitch deems relevant.

## THE ISSUER

### General

The Issuer is a special purpose vehicle established for the purpose of issuing 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 on 31 August 2018 under the Companies Acts 2014 (as amended) with the name of Halcyon Loan Advisors European Funding 2018-2 Designated Activity Company and with the company registration number of 633172. The Issuer changed its name to Halcyon Loan Advisors European Funding 2019-1 DAC on 30 January 2019, and subsequently changed its name to Bardin Hill Advisors European Funding 2019-1 DAC on 12 February 2019. The registered office of the Issuer is at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland. The telephone number of the registered office of the Issuer is +353 1 614 6240 and the facsimile number is +353 1 614 6250.

The authorised share capital of the Issuer is €100,000,000 divided into 100,000,000 ordinary shares of €1.00 each (the “**Shares**”). The Issuer has issued one Share, which is fully paid up and is held on trust by TMF Management (Ireland) Limited (as “**Share Trustee**”) under the terms of a declaration of trust (the “**Declaration of Trust**”) dated 18 October 2018, whereby the Share Trustee holds the Share on trust for charitable purposes. The Share Trustee will have no beneficial interest in and will derive no benefit (other than its fees for acting as Share Trustee) from its holding of the shares of the Issuer. The Share Trustee will apply any income derived from the Issuer solely for the above purposes.

TMF Administration Services Limited (the “**Corporate Services Provider**”), an Irish company, acts as the corporate services provider for the Issuer. The office of the Corporate Services Provider serves as the general business office of the Issuer. Through the office and pursuant to the terms of the corporate services agreement entered into on the Issue Date between the Issuer and the Corporate Services Provider (the “**Corporate Services Agreement**”), the Corporate Services Provider 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 Services Agreement. In consideration of the foregoing, the Corporate Services Provider 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 Services Agreement provide that either party may terminate the Corporate Services Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Corporate Services Agreement which is either incapable of remedy or has not been remedied within 30 days from the date on which it was notified of such breach. In addition, either party may terminate the Corporate Services Agreement at any time by giving at least two months’ written notice to the other party.

The Corporate Services Provider’s principal office is at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

### Business

The principal objects of the Issuer are set forth in clause 3 of the memorandum of association of 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 Services Agreement, the Warehouse Termination Agreement, any Collateral Acquisition Agreements, the Subscription 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 €1.00 representing the proceeds of its issued and paid up share capital and the remainder of the amounts standing to the credit of the Issuer Irish Account. The only assets of the Issuer available to meet claims of the holders of the Notes and the other Secured Parties are the assets comprised in the Collateral.

The Notes are obligations of the Issuer alone and are not the obligation of, or guaranteed in any way by, the Directors, the Corporate Services Provider, 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.

The Directors of the Issuer as at the date of this Offering Circular are Martin Carr and Deirdre Brennan. The business address of the Directors is 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

The Company Secretary is TMF Administration Services Limited of 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, 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 under the Warehouse Arrangements will be fully repaid on the Issue Date using the proceeds from the issuance of the Notes.

The Issuer has not previously carried on any business or activities other than those incidental to its incorporation, the authorisation and entry into 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 Transaction Documents, the Warehouse Arrangements 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 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 the date of its incorporation, other than entering into the Warehouse Arrangements and acquiring certain Collateral Obligations, the authorisation and issue of the Notes and the entry into the Transaction Documents and activities incidental to the exercise of its rights and compliance with its obligations under the Warehouse Arrangements, the Collateral Acquisition Agreements, the Notes, the Transaction Documents and the other documents and agreements entered into in connection with the issue of the Notes and the purchase of the Portfolio, the Issuer has not commenced operations and has not produced as at the date of this Offering Circular any financial

statements. The Issuer intends to publish its first financial statements in respect of the period ending on 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'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.

## DESCRIPTION OF THE COLLATERAL MANAGER

*The Issuer has accurately reproduced the information contained in this section from information provided to it by the Collateral Manager but it has not independently verified such information. As far as the Issuer is aware and is able to ascertain from the information published by the Collateral Manager, the information has been accurately reproduced and no facts have been omitted which would render the reproduced information inaccurate or misleading. The information appearing in this section has been prepared by the Collateral Manager and has not been independently verified by the Issuer, the Initial Purchaser or any other party. None of the Initial Purchaser or any other party other than the Collateral Manager assumes any responsibility for the accuracy or completeness of such information. To the best knowledge of the Collateral Manager the information contained in this section is in accordance with the facts and does not omit anything likely to affect the import of such information.*

### General

The Collateral Manager is a United Kingdom limited liability partnership, the indirect parent of which is Bardin Hill Loan Management LLC (“**BHLM**”). The Collateral Manager and BHLM are both registered with the U.S. Securities and Exchange Commission (“**SEC**”) as investment advisors under the Investment Advisor Act of 1940 (the “**Advisors Act**”), each relying on the registration of BHLM’s parent, Bardin Hill Investment Partners LP (“**BHIP**” and together with its affiliates “**Bardin Hill**”). Founded in 1981, Bardin Hill constitutes a global investment firm with approximately \$10.2 billion in AUM as of 1 January 2019. Of that \$10.2 billion, BHLM, through its Affiliates manages approximately \$7.6 billion in bank loan strategies, including CLOs and separately managed accounts. The Collateral Manager is authorised and regulated by the Financial Conduct Authority (the “**FCA**”).

Details regarding the Collateral Manager, as an authorised and regulated FCA investment firm, are publicly available through the FCA’s Financial Services Register. The Collateral Manager’s address is 70 Jermyn Street, London SW1Y 6NY, United Kingdom.

Jason Dillow is Chief Executive Officer and Chief Investment Officer for BHLM and its subsidiaries and has over 18 years of experience investing in credit instruments. Ross Smead is a Portfolio Manager with over 33 years of experience investing in and managing portfolios of corporate credit instruments, including bank loans since 1998. David Snyder, Portfolio Manager, has 32 years of investing experience. Philip Raciti is a Portfolio Manager and has over 17 years of investing experience. The loan team employs a global, industry-focused investment process that invests in various strategies throughout the capital structure, including stressed and distressed debt, DIP lending, capital structure arbitrage, and structured finance opportunities. The BHLM team manages assets in various vehicle types, including separate accounts, 14 US CLOs, and 5 European CLOs.

### Personnel

Set forth below is information regarding certain persons who currently hold positions within Bardin Hill and may perform services for the Collateral Manager, although such persons may not necessarily continue to hold such positions or be involved in the performance of asset management services for the Issuer during the entire term of the Collateral Management and Administration Agreement. Additional personnel may be retained by the Collateral Manager and/or be made available to the Collateral Manager without notice to the Issuer or the holders of the Notes.

#### **Jason Dillow, Chief Executive Officer and Chief Investment Officer**

Jason Dillow is the Chief Executive Officer and Chief Investment Officer of Bardin Hill. Mr. Dillow chairs the firm’s Operating Committee and Executive Committee and is a member of the Risk Oversight Committees. Mr. Dillow rose through the leadership ranks of the firm over more than a decade, becoming the firm’s Chief Investment Officer in January 2016 and Chief Executive Officer in October 2018. Prior to joining the firm, Mr. Dillow worked in the Special Situations Group at Goldman Sachs, a global multi-billion dollar investing business specializing in stressed and distressed debt and event-driven equities investing within Goldman Sachs’ Fixed Income, Currency and Commodities Division. In that role he was responsible for investments in the energy, power, industrial, and financial industries. He began his career in the Financial Institutions Group of Goldman Sachs’ Investment Banking Division. Mr. Dillow received an A.B. with Honors from Princeton University.

### **Ross Smead, Performing Credit Portfolio Manager and Managing Principal**

Ross Smead is a Performing Credit Portfolio Manager. Prior to joining the firm, Mr. Smead was a Managing Director and Portfolio Manager at Prudential Investment Management, where he worked for over 21 years. As head of Prudential's bank loan team, he was responsible for over \$3.5 billion of assets under management, through structured products and institutional accounts. Prior to joining the U.S. Bank Loan Desk, Mr. Smead worked in Private Fixed Income at Prudential Investment Management, where he held several positions of increasing responsibility. Mr. Smead received an M.B.A. from the University of Chicago and a B.B.A. from the University of Texas at Austin.

### **David Snyder, European Performing Credit Portfolio Manager and Managing Principal**

David Snyder is the European Performing Credit Portfolio Manager of Bardin Hill. Prior to joining the Firm, Mr. Snyder had been President of IKB Capital Corporation, as well as senior portfolio manager for the Bacchus (U.S.) 2006-1 Ltd. CLO. Mr. Snyder received a Masters from Johns Hopkins University, and a B.A. from Harvard University.

### **Philip Raciti, Head of U.S. Performing Credit, Portfolio Manager and Managing Principal**

Philip Raciti is Head of U.S. Performing Credit and a Portfolio Manager at Bardin Hill. Prior to joining the firm, Mr. Raciti was a Senior Managing Director and Portfolio Manager of CVC Credit Partners' U.S. Performing Credit business. Mr. Raciti's responsibilities included managing the U.S. Performing Credit Business across research, trading and technology initiatives. Mr. Raciti joined Apidos Capital, a predecessor to CVC Credit Partners, as a Credit Analyst and Trader. Prior to CVC, Mr. Raciti was a Credit Analyst and Technology Specialist for INVESCO. Mr. Raciti received a B.A. from Binghamton University.

### **Rehan Virani, Head of Credit Product Development and Business Development**

Rehan Virani is Head of Credit Product Development and Business Development for Bardin Hill. Prior to joining the firm, Mr. Virani was the Director of Business Development and Marketing for Citi Capital Advisors, where he focused on Bank Loan Strategies and Mortgage Strategies and was a Portfolio Manager in the Mortgage Credit Opportunity Fund. Prior to joining Citi Capital Advisors, Mr. Virani was a Portfolio Manager for a Bardin Hill affiliate where he focused on CLOs and Structured Products. Prior to that role, Mr. Virani was a Vice President in the Global Securitization Group at Merrill Lynch where he structured several CLOs. Prior to Merrill Lynch, he was an Associate in the CLO group at Morgan Stanley (UK) and an Analyst in the Structured Credit Group at Credit Suisse. Mr. Virani received a B.A. from Georgetown University and an International Diploma from L'Institut d'Etudes Politiques de Paris.

### **Michael Rosner, Managing Principal**

Michael Rosner is a Managing Principal of Bardin Hill focusing on the firm's performing credit strategy. Prior to joining the firm, Mr. Rosner worked at Sumitomo Trust & Banking, where he was a Vice President in the Structured Products Investment Department. Prior to Sumitomo, Mr. Rosner worked at Prudential Investment Management holding various analyst roles in the High Yield and CLO teams. Mr. Rosner received his M.B.A. from NYU's Stern School of Business and his B.A. from Franklin and Marshall College.

### **Kevah Konner, Chief Risk Officer, Portfolio Manager and Senior Managing Principal**

Kevah Konner is the Chief Risk Officer of Bardin Hill and a portfolio manager of its merger arbitrage, event-driven, litigation finance, and opportunistic credit strategies. Mr. Konner Chairs the firm's Risk Oversight Committees and is a member of the Operating Committee and the Executive Committee. Prior to joining the firm, Mr. Konner was Co-head of the proprietary Risk Arbitrage Department for Smith New Court. Prior to Smith New Court, Mr. Konner was a Senior Analyst specializing in event-driven situations for two proprietary trading operations: Gruss & Co. and Ladenburg Thalmann & Company. Mr. Konner's professional career started at Asiel & Company, where he traded for clients and for the firm's account in merger arbitrage, convertible arbitrage and other situations. Mr. Konner received an M.B.A. from the Stern School of New York University, and a B.S. from The Wharton School of the University of Pennsylvania.

## THE RETENTION HOLDER AND THE EU RETENTION AND TRANSPARENCY REQUIREMENTS

*The following description consists of a summary of certain provisions of the Retention Undertaking Letter which does not purport to be complete and is qualified by reference to the detailed provisions of such agreement.*

On the Issue Date, the Collateral Manager expects to obtain financing for the acquisition of the Retention Notes. See “*Risk Factors – Regulatory Initiatives – Retention Financing*”.

### Description of the Retention Holder

*The Issuer has accurately reproduced the information contained in the section entitled “The Retention Holder and the EU Retention and Transparency Requirements – Description of the Retention Holder” from information provided to it by the Collateral Manager but it has not independently verified such information. So far as the Issuer is aware and is able to ascertain from information published by the Collateral Manager, no facts have been omitted which would render the reproduced information inaccurate or misleading. The information appearing in this section has been prepared by the Collateral Manager and has not been independently verified by the Issuer, the Initial Purchaser or any other party and none of such Persons assumes any responsibility for the accuracy, completeness or applicability of such information.*

The Collateral Manager shall act as the Retention Holder for the purposes of the EU Retention and Transparency Requirements. The description and the address of the Collateral Manager are set out in the “*The Collateral Manager*” section of this Offering Circular.

Prospective investors should consider the discussion in “*Risk Factors – Risk Retention and Transparency Requirements – EU Retention and Transparency Requirements*” and “*Risk Factors – Regulatory Initiatives – Retention Financing*” above.

### EU Retention and Transparency Requirements – The Retention

*The following description consists of a summary of certain provisions of the Retention Undertaking Letter which does not purport to be complete and is qualified by reference to the detailed provisions of such agreement.*

On the Issue Date, the Retention Holder will execute the Retention Undertaking Letter addressed to the Issuer, the Trustee (for the benefit of the Noteholders), the Collateral Administrator and the Initial Purchaser.

The Collateral Manager reasonably believes that it is an “originator” for the purposes of Article 2(3) of the Securitisation Regulation (as in effect on the date of this Offering Circular). In its capacity as the Retention Holder, it will represent and warrant in the Retention Undertaking Letter that the Originator Requirement (as defined below) has been satisfied on the Issue Date and that the Collateral Manager has “established” and is “managing” (as such terms are used in Article 3(4)(a) of the Commission Delegated Regulation (EU) No. 625/2014), which, pursuant to Article 43(7) of the Securitisation Regulation (as in effect on the date of this Offering Circular), remains applicable until such time as the regulatory technical standards to be adopted by the Commission pursuant to Article 6(7) of the Securitisation Regulation (as in effect on the date of this Offering Circular) are effective) the transaction as contemplated by the Transaction Documents.

“**Originated Assets**” means (i) Limb (a) Originator Assets (as defined below) and (ii) Limb (b) Originator Assets (as defined below).

“**Originator Requirement**” means the requirement which will be satisfied if, on the Issue Date:

- (a) the Aggregate Principal Balance of all Originated Assets that have been originated by the Collateral Manager; divided by
- (b) the Target Par Amount,

is greater than or equal to 5.0 per cent.

Under the Retention Undertaking Letter, the Retention Holder will, subject as provided below, pursuant to the Retention Undertaking Letter,

- (a) covenant and undertake on an ongoing basis so long as any Notes remain outstanding:
- (i) to purchase (at the initial issuance and each subsequent date of additional issuance of Notes) from the Issuer and retain, for its own account, a material net economic interest in the transaction comprising not less than 5 per cent. of the Principal Amount Outstanding of each Class of Notes pursuant to paragraph 3(a) of Article 6 of the Securitisation Regulation (the “Retention Notes”) as in effect on the Issue Date;
  - (ii) that it and its Affiliates will not sell, hedge or otherwise mitigate its credit risk under or associated with the Retention Notes unless expressly permitted by the EU Retention and Transparency Requirements;
  - (iii) to confirm in writing (which may be by email) its continued compliance with the requirements set out in paragraphs (i) and (ii) above:
    - (A) on a monthly basis, commencing in July 2019, to the Issuer, the Collateral Manager, the Trustee, the Collateral Administrator and the Initial Purchaser (such confirmation to be included in each Monthly Report, commencing in respect of the Reporting Month of July 2019); and
    - (B) upon any written request thereof by or on behalf of the Issuer, the Trustee, the Collateral Administrator or the Initial Purchaser following a material (1) change in (x) the performance of the Notes, (y) the risk characteristics of the Notes, or (z) the Collateral Obligations and/or the Eligible Investments from time to time, or (2) breach of any Transaction Document to which it is a party;
  - (iv) that it will, promptly on becoming aware of the occurrence thereof, provide a written notice to the Issuer, the Trustee, the Collateral Administrator and the Initial Purchaser of (i) any failure to hold the Retention Notes in accordance with paragraph (i) above, (ii) its failure to comply with the agreements, covenants and undertakings (as applicable) set out in paragraph (ii) above and/or (iii) for so long as it is required to retain the Retention Notes, any representations in the Retention Undertaking Letter failing to be true on any date; and
  - (v) subject to any applicable regulatory requirements, agree (i) to take such further reasonable action, provide such information, on a confidential basis, and enter into such other agreements as may reasonably be required to satisfy the EU Retention and Transparency Requirements and (ii) to provide to the Issuer, on a confidential basis, information in the possession of the Collateral Manager relating to its holding of the Retention Notes, at the cost and expense of the party seeking such information, and to the extent such information is not subject to a duty of confidentiality, at any time prior to maturity of the Notes;

*provided that* the Retention Holder may transfer the Retention Notes only:

- (1) to the extent such transfer would not cause the transaction described in this Offering Circular to be non-compliant with the EU Retention and Transparency Requirements; and
  - (2) if such transfer is to a Person which will commit to retain the Retention Notes subject to and in accordance with the EU Retention and Transparency Requirements, such Person enters into an agreement on substantially the same terms as the Retention Undertaking Letter; and
- (b) represent and warrant, inter alia, that:
- (i) the Originator Requirement has been satisfied on the Issue Date and that the Collateral Manager has “established” and is “managing” (as such terms are used in Article 3(4)(a) of the Commission Delegated Regulation (EU) No. 625/2014) the transaction as contemplated by the Transaction Documents; and
  - (ii) it was not established and does not operate for the sole purpose of securitising exposures.

Without limitation to the above, upon a resignation or removal of the Collateral Manager pursuant to the Collateral Management and Administration Agreement:

- (a) subject to satisfaction of the requirements in paragraphs (1) and (2) above, the Retention Notes may be transferred to the successor collateral manager on the basis that such successor collateral manager shall be the Retention Holder; or
- (b) otherwise, the Collateral Manager shall remain the Retention Holder and bound by the retention undertakings described above, notwithstanding that it will no longer act as collateral manager with respect to the transaction described in this Offering Circular.

### **Origination of Collateral Obligations**

*The Issuer has accurately reproduced the information contained in the section entitled “The Retention Holder and the EU Retention and Transparency Requirements – Origination of Collateral Obligations” from information provided to it by the Collateral Manager but it has not independently verified such information. So far as the Issuer is aware and is able to ascertain from information published by the Collateral Manager, no facts have been omitted which would render the reproduced information inaccurate or misleading. The information appearing in this section has been prepared by the Collateral Manager and has not been independently verified by the Issuer, the Initial Purchaser or any other party and none of such Persons assumes any responsibility for the accuracy, completeness or applicability of such information. The delivery of this Offering Circular shall not create any implication that there has been no change in the affairs of the Collateral Manager or of its Affiliates since the date of this Offering Circular, or that the information contained or referred to herein is correct as of any time subsequent to the date of this Offering Circular.*

#### *General*

By way of background, the Securitisation Regulation definition of an “originator” refers to an entity which:

- (a) itself or through related entities, directly or indirectly, was involved in the original agreement which created the obligations or potential obligations of the debtor or potential debtor giving rise to the exposures being securitised; or
- (b) purchases third party exposures “on its own account” and then securitises them.

Article 3(1)(4) of the regulatory technical standards adopted by the EU Commission on 12 March 2014, which, pursuant to Article 43(7) of the Securitisation Regulation, remains applicable until such time as the regulatory technical standards to be adopted by the Commission pursuant Article 6(7) of the Securitisation Regulation are effective provides that, where the securitised exposures are created by multiple originators (as is the case in a managed CLO, where assets are acquired from numerous sellers in the market), the EU Retention and Transparency Requirements may be fulfilled in full by a single originator in circumstances where the relevant originator has established and is managing the scheme.

The Collateral Manager may cause the Issuer to acquire assets which are intended to form part of the Collateral Obligations in the primary market or in the secondary market from third parties.

#### *Origination under Limb (a) of the Definition of Originator*

The Collateral Manager, or one of its related entities, may originate Collateral Obligations for the purposes of paragraph (a) of the definition of “originator” under the Securitisation Regulation by virtue of having the opportunity to comment on and approve the terms of Collateral Obligations (“**Limb (a) Originator Assets**”) prior to the execution of the related transaction documents as part of the primary syndication process of such Limb (a) Originator Assets. In these circumstances the Collateral Manager will have received from the syndication agent a term sheet or draft documentation and will have been able to review and provide input on the terms of the credit as part of its decision to participate in the syndication.

#### *Origination under Limb (b) of the Definition of Originator*

The Collateral Manager may cause the Issuer to acquire certain assets for the purposes of paragraph (b) of the definition of “originator” under the Securitisation Regulation which are intended to form part of the Collateral

Obligations (“**Limb (b) Originator Assets**”), pursuant to a conditional sale agreement (“**Conditional Sale Agreement**”) between the Collateral Manager (as purchaser) and the Issuer (as seller) under which the Issuer shall, in the event any such Limb (b) Originator Asset becomes a Defaulted Obligation within 15 Business Days of the date upon which the Issuer (or the Collateral Manager on its behalf) entered into a binding commitment to acquire such Collateral Obligation, have the right to require the Collateral Manager to purchase from it the relevant Limb (b) Originator Asset for the same purchase price as the Issuer committed to purchase and settle such Limb (b) Originator Asset.

The Collateral Manager, having due regard to assets and liabilities held on its own balance sheet from time to time, shall have absolute discretion to acquire, hold and/or sell assets at any time and, if appropriate, shall also have absolute discretion to nominate any asset which is proposed to be acquired from the Issuer.

## **Securitisation Regulation**

### *Transparency Requirements*

In accordance with Article 7(2) of the Securitisation Regulation, each of the originator, the sponsor and the Issuer are required to designate amongst themselves one entity to fulfil the Transparency Requirements. The Issuer has agreed to be the designated entity.

The Collateral Manager shall, on behalf of and at the expense of the Issuer and subject to any confidentiality undertaking given by the Collateral Manager or to which the Collateral Manager is subject, co-operate with and provide to the Collateral Administrator and the Issuer any reports, data and other information relating to the Portfolio, and, to the extent necessary, the business and/or operations of the Collateral Manager that the Issuer or the Collateral Administrator may reasonably require in connection with the proper performance by the Issuer, as the designated reporting entity, of its obligations pursuant to the Transparency Requirements (as defined below) (see “Description of the Reports”) (the “Required Information”) provided that (i) such Required Information is in the possession of or reasonably available to the Collateral Manager and (ii) the Issuer and/or the Collateral Administrator do not otherwise have access to such Required Information; and (c) following the adoption of the final disclosure templates in respect of the Transparency Requirements, the Issuer and the Collateral Manager will propose in writing to the Collateral Administrator the form, content, timing and method of distribution of such reports and other information. The Collateral Administrator shall consult with the Issuer and the Collateral Manager and, if it agrees to provide such reporting on such proposed terms, shall confirm in writing to the Issuer and the Collateral Manager and shall make such information available via a website which shall be accessible (subject to receipt of a certification in the form set out in the Collateral Management and Administration Agreement) to the competent authorities, any Noteholder and any potential investor in the Notes. If the Collateral Administrator does not agree to provide such reporting services on behalf of the Issuer, the Issuer (with the consent of the Collateral Manager and at the cost and expense of the Issuer, subject to and in accordance with the Priorities of Payments) shall appoint another entity to make such additional information available to the competent authorities, any Noteholder and, upon request, any potential investor in the Notes. For the avoidance of doubt, the Collateral Administrator will not assume any responsibility for the Issuer’s obligations as the entity responsible to fulfil the reporting obligations under the Transparency Requirements. If the Collateral Administrator agrees to provide any reporting services hereunder, the Collateral Administrator assumes no responsibility or liability to the Noteholders, any potential investor in the Notes or any other party (including for their use and/or onward disclosure of such information or documentation) and shall have the benefit of the powers, protections and indemnities granted to it under the Transaction Documents.

### *Comparable Assets*

The Retention Holder has not selected Originated Assets to be transferred to, or acquired by, the Issuer in satisfaction of the Originator Requirement with the intention of rendering losses on such assets, over a maximum period of four years, higher than the losses over the same period on comparable assets held on its own balance sheet.

### *Credit Granting Criteria*

The Retention Holder is aware of its obligations under Article 9 of the Securitisation Regulation (as in effect on the date of this Offering Circular) and will endeavour, in accordance with the standard of care required under the Collateral Management and Administration Agreement, (i) to apply to exposures to be securitised the same sound and well-defined criteria for credit-granting which it applies to non-securitised exposures and (ii) as part of its due

diligence on each asset to be securitised in respect of which it has not undertaken the original credit-granting, verify to the extent required pursuant to Article 9(3) that the entity directly or indirectly involved in the original agreement which created such asset, has applied to the asset the same sound and well-defined criteria for credit-granting that such entity applies to its non-securitised exposures. Such verification may be made by confirming that the original syndicate of lenders in respect of an originator has at least one credit institution that is subject to Regulation (EU) No. 575/2013 of the European Parliament and of the Council (as the same may be amended from time to time).

## 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. Capitalised terms used in this section and not otherwise defined herein or in this Offering Circular shall have the meaning given to them in Condition 1 (Definitions) of the Terms and Conditions of the Notes.*

### 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 Loans, Secured Senior Bonds, Unsecured Senior Obligations, Second Lien Loans, High Yield Bonds and Mezzanine Obligations 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 €280 million which is approximately 80 per cent. of the Target Par Amount (provided that any repayments or prepayments of any Collateral Obligation subsequent to the date of acquisition thereof and not subsequently reinvested shall be disregarded). The proceeds of the issuance 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, (b) the payment of all amounts payable by the Issuer in connection with the termination of the Warehouse Arrangements and (c) fees and expenses payable on or about the Issue Date shall be deposited into the Expense Reserve Account, the First Period Reserve Account and the Unused Proceeds Account to be utilised to fund the acquisition of Collateral Obligations complying with the Eligibility Criteria purchased by the Issuer during the Initial Investment Period (as defined in the Conditions). The Collateral Manager acting on behalf of the Issuer shall use commercially reasonable efforts 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 Par Value 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 the Payment Date in 20 January 2020, subject to the Effective Date Determination Requirements being satisfied.

On or after the Effective Date but prior to the third Payment Date, at the discretion of the Collateral Manager, acting on behalf of the Issuer, an amount not exceeding 1.0 per cent. of the Target Par Amount may be transferred to the Interest Account, in aggregate and without duplication, from the Principal Account and the Unused Proceeds Account (pursuant to paragraph (4) of Condition 3(k)(iii) (*Unused Proceeds Account*) and paragraph (5) of Condition 3(k)(i) (*Principal Account*)).

Within 15 Business Days following the Effective Date, the Collateral Administrator shall issue a report (the “**Effective Date Report**”) containing the information required in a Monthly Report, confirming whether the Issuer has acquired or entered into a binding commitment to acquire Collateral Obligations having an Aggregate Principal Balance which equals or exceeds the Target Par Amount, copies of which shall be forwarded to the Issuer, the Trustee, the Collateral Manager, the Initial Purchaser, the Hedge Counterparties and the Rating Agencies (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 Moody’s Collateral Value and its Fitch Collateral Value and any repayments or prepayments of any Collateral Obligation subsequent to the date of acquisition thereof and not subsequently reinvested shall be disregarded) and the Issuer will provide, or cause the Collateral Manager to provide to the Trustee and the Collateral Administrator, an accountant certificate recalculating and comparing the Aggregate Principal Balance of all Collateral Obligations

purchased or committed to be purchased as at such date and the computations and results of the Portfolio Profile Tests, the Collateral Quality Tests and the Coverage Tests by reference to such Collateral Obligations.

The Collateral Manager (acting on behalf of the Issuer) shall promptly, following receipt of the Effective Date Report, request that each of the Rating Agencies (to the extent not previously received) confirm its Initial Ratings of the Rated Notes, provided that if the Effective Date Moody's Condition is satisfied then such rating confirmation shall be deemed to have been received from Moody's. If the Effective Date Moody's Condition is not satisfied within 25 Business Days following the Effective Date the Collateral Manager shall promptly notify Moody's. If (i) the Effective Date Determination Requirements are not satisfied and Rating Agency Confirmation has not been received in respect of such failure or (ii) the Collateral Manager (acting on behalf of the Issuer) does not present a Rating Confirmation Plan to the Rating Agencies or Rating Agency Confirmation is not received in respect of such Rating Confirmation Plan, an Effective Date Rating Event shall have occurred, provided that any downgrade or withdrawal 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 next Payment Date following the Effective Date, the Rated Notes shall be redeemed, pursuant to Condition 7(e) (*Redemption upon Effective Date Rating Event*) on such Payment Date and thereafter on each Payment Date (to the extent required) out of Interest Proceeds and thereafter out of Principal Proceeds subject to the Priorities of Payments, until the earlier of (x) the date on which the Effective Date Rating Event is no longer continuing and (y) the date on which the Rated Notes have been redeemed in full. The Collateral Manager shall notify the Rating Agencies upon the discontinuance of an Effective Date Rating Event.

During such time as an Effective Date Rating Event shall have occurred and be continuing, the Collateral Manager (acting on behalf of the Issuer) may prepare and present to the Rating Agencies a Rating Confirmation Plan setting forth the timing and manner of acquisition of additional Collateral 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.

The Collateral Manager has internal policies and procedures in relation to the granting of credit (in respect of the Collateral Obligations), which include criteria for the granting of credit and the process for approving, amending and re-financing credits. The Collateral Manager is obliged to exercise such policies and procedures subject to the standard of care required under the Collateral Management and Administration Agreement.

### **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, satisfy the following criteria (or, in the case of Issue Date Collateral Obligations, on the Issue Date) (the "**Eligibility Criteria**") as determined by the Collateral Manager in accordance with the Collateral Management and Administration Agreement:

- (a) it is a Secured Senior Loan, a Secured Senior Bond, a Corporate Rescue Loan, an Unsecured Senior Obligation, a Mezzanine Obligation, a Second Lien Loan or a High Yield Bond;
- (b) it is either (i) denominated in Euros and is not convertible into or payable in any other currency or (ii) other than in the case of a Revolving Obligation or a Delayed Drawdown Collateral Obligation, denominated in a Qualifying Currency and is not convertible into or payable in any other currency and the Issuer, with effect from the date no later than the settlement date thereof and conditional upon the satisfaction of the Hedging Condition, 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 the Collateral Management and Administration Agreement;
- (c) it is not a Structured Finance Security or a Synthetic Security;
- (d) it is not a Defaulted Obligation, a Current Pay Obligation or a Credit Risk Obligation (unless such Defaulted Obligation is being acquired in an Exchange Transaction);
- (e) it is not an Equity Security, including any obligation convertible into an Equity Security;

- (f) it is not a lease (including, for the avoidance of doubt, a financial lease);
- (g) 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;
- (h) it is not a Zero Coupon Obligation;
- (i) it is not a Letter of Credit;
- (j) it does not constitute “margin stock” (as defined under Regulation U issued by the Board of Governors of the United States Federal Reserve System);
- (k) other than in the case of Corporate Rescue Loans, it is an obligation which has a Moody’s Rating of “Caa3” or higher and a Fitch Rating of “CCC” or higher;
- (l) 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;
- (m) it will not result in the imposition of any present or future, actual or contingent, monetary liabilities or obligations of the Issuer other than those: (i) which may arise at its option; (ii) which are fully collateralised; (iii) which are owed to the agent bank or security agent in relation to the performance of its duties under or in connection with a Collateral Obligation; (iv) which are associated with tax credits arising in connection with grossed-up payments made to the Issuer; (v) 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 Obligation and where the Restructured Obligation satisfies the Restructured Obligation Criteria and, for the avoidance of doubt, the Issuer is not liable to pay any amounts in respect of a Restructured Obligation; or (vi) which are Delayed Drawdown Collateral Obligations or Revolving Obligations, provided that, in respect of paragraph (v) 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 Collateral Obligation;
- (n) it will not require the Issuer or the pool of collateral to be registered as an investment company under the Investment Company Act;
- (o) it is not a debt obligation that pays scheduled interest less frequently than annually (other than a PIK Obligation);
- (p) it is not a debt obligation which pays interest only and does not require the repayment of principal;
- (q) 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;
- (r) the Collateral Obligation Stated Maturity thereof falls prior to the Maturity Date of the Notes;
- (s) its acquisition by the Issuer will not result in the imposition of stamp duty, stamp duty reserve tax or any similar tax or duty payable by the Issuer (or by any other person which may recover the same from the Issuer), unless such tax or duty has been included in the purchase price of such Collateral Obligation;
- (t) upon acquisition, both the Collateral Obligation is capable of being, and will be, the subject of a first fixed charge or a first priority security interest in favour of the Trustee for the benefit of the Secured Parties;
- (u) is an obligation of an Obligor or Obligors Domiciled in an Eligible Investment Qualifying Country (as determined by the Collateral Manager acting on behalf of the Issuer);
- (v) it has not been called for, and is not subject to a pending, redemption;

- (w) it is capable of being sold, assigned or participated to, and held by, the Issuer, together with any associated security, without any breach of applicable selling restrictions or of any contractual provisions or of any legal or regulatory requirements and the Issuer does not require any authorisations, consents, approvals or filings (other than such as have been obtained or effected) as a result of or in connection with any such sale, assignment, participation or holding under any applicable law;
- (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 requires the consent of more than 50 per cent. of the lenders to the Obligor thereunder for any change that is adverse to the interests of holders thereof to the principal repayment profile or interest applicable on such obligation (for the avoidance of doubt, excluding any changes originally envisaged in the Underlying Instrument);
- (aa) it is not a Step-Down Coupon Obligation or a Step-Up Coupon Obligation;
- (bb) it is an obligation in respect of which, following acquisition thereof by the Issuer by the selected method of transfer, payments to the Issuer of interest will not be subject to withholding tax or other similar tax (other than U.S. withholding tax on commitment fees, amendment fees, waiver fees, consent fees, extension fees or other similar fees) imposed by any jurisdiction, whether by virtue of an applicable double taxation treaty or otherwise, unless 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;
- (cc) its acquisition by the Issuer will not result in the Issuer being required to be authorised as a “credit servicing firm” within the meaning of the Irish Central Bank Act, 1997 (as amended);
- (dd) it is not an obligation issued by an Obligor which has total indebtedness (for such purpose based on the amount of such indebtedness when originally incurred and disregarding any amortisation or partial repayment) of less than EUR 150,000,000 (or its equivalent in any currency);
- (ee) it is a “qualifying asset” for the purpose of Section 110 of the TCA;
- (ff) it is not an obligation that contains limited recourse provisions that limit the obligation of the Obligor thereunder to a defined portfolio or pool of assets;
- (gg) it is not an obligation of an Obligor or Obligors Domiciled in Japan;
- (hh) it is an obligation that has a minimum purchase price of 60 per cent. of the Principal Balance of such Collateral Obligation;
- (ii) it is an Eligible Interest Rate Obligation; and
- (jj) it is not an ESG Collateral Obligation.

Other than (i) Issue Date Collateral Obligations, which must satisfy the Eligibility Criteria on the Issue Date 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.

**“Eligible Interest Rate Obligation”** means an obligation that either

- (a) pays a fixed amount of interest or a floating amount of interest referenced to a published reference rate commonly used in the financial markets (for the purposes of determining satisfaction of this requirement,

having regard to the primary method to determine such floating rate and not taking in to account any fallback mechanism) based on one of the following points:

- (i) overnight;
  - (ii) 1-month;
  - (iii) 3-month;
  - (iv) 6-month; or
  - (v) 12-month;
- (b) that does not allow the Obligor to pay interest amounts in a currency that is different from the denomination of the principal amount of such obligation;
- (c) in respect of which the interest coupon or margin may not increase due to a decrease of the index or reference rate applicable to the determination of such interest amount or decrease due to an increase of the index or reference rate applicable to the determination of such interest rate;
- (d) in respect of which the index or reference rate applicable to the determination of the interest amount is not based on a derivative of any index or reference rate;
- (e) in respect of which the tenor of the index or reference rate applicable to the determination of the interest amount is not different to the tenor of the frequency of interest amount payments required to be made by the Obligor, other than in respect of the initial interest period or the final interest period prior to maturity or an acceleration or other early termination of such obligation (or both as the case may be), provided that in each case the difference of the tenor of the index or reference rate to the tenor of the frequency of interest amount payments required to be made by the Obligor is not more than one month at any time; and
- (f) in respect of which any interest amount that is deferred (including any interest amount that is automatically deferred or deferred at the option of the Obligor, and including any interest amount that is capitalised) incurs interest that is the same as the rate that is applicable to the principal amount of such obligation.

**“Exchange Transaction”** means the exchange of a debt obligation that is a Defaulted Obligation for another debt obligation that is a Defaulted Obligation, in each case which, but for the fact that such debt obligation is a Defaulted Obligation, would otherwise qualify as a Collateral Obligation and (i) in the Collateral Manager’s reasonable business judgment, at the time of the exchange, such debt obligation received in exchange has a better likelihood of recovery than the Defaulted Obligation to be exchanged, (ii) as determined by the Collateral Manager, at the time of the exchange, the debt obligation received in exchange is no less senior in right of payment vis-à-vis the obligor of such obligation’s other outstanding indebtedness than the Defaulted Obligation to be exchanged vis-à-vis its obligor’s other outstanding indebtedness, (iii) as determined by the Collateral Manager, both prior to and after giving effect to such exchange, each of the Coverage Tests is satisfied or, if any Coverage Test was not satisfied prior to such exchange, the coverage ratio relating to such test will be at least as close to being satisfied after giving effect to such exchange as it was before giving effect to such exchange, (iv) the period for which the Issuer held the Defaulted Obligation to be exchanged will be included for all purposes in the Collateral Management and Administration Agreement when determining the period for which the Issuer holds the debt obligation received in exchange, (v) such exchanged Defaulted Obligation was not itself acquired in an Exchange Transaction; provided, however that if the sale price of the exchanged obligation is lower than the purchase price of the received obligation, any cash consideration payable by the Issuer in connection with any Exchange Transaction shall be payable only from the amounts available in the Supplemental Reserve Account, (vi) the “Moody’s Default Probability Rating”, if any, of the debt obligation to be received is equal to or better than the “Moody’s Default Probability Rating” of the debt obligation to be exchanged, (vii) no Restricted Trading Period is in effect at the time of the relevant exchange, (viii) as determined by the Collateral Manager, both prior to and after giving effect to such exchange, in aggregate amount not more than 5.0 per cent. of the Aggregate Principal Balance consists of obligations received in an Exchange Transaction, and (ix) in respect of any obligations received in Exchange Transactions after the Issue Date, as determined by the Collateral Manager, both prior to and after giving effect to such exchange, the cumulative Aggregate Principal Balance of all obligations

received in Exchange Transactions held by the Issuer does not exceed an amount equal to 10.0 per cent. of the Aggregate Principal Balance as at the Issue Date.

“**Letter of Credit**” means a contract under which a bank, at the request of a buyer on the sale of specific goods, agrees to pay the beneficiary on the sale contract (such party being the seller in connection with the sale of specific goods), a certain amount against the presentation of specified documents relating to those goods.

“**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.

“**Step-Down Coupon Obligation**” means a loan (other than a Floor Obligation) the Underlying Instruments of which contractually mandate decreases in coupon payments or spread over time (in each case other than due to the decrease of the floating rate index applicable to such obligation).

“**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.

### **Restructured Obligations**

In the event a Collateral Obligation becomes 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 satisfies the criteria (the “**Restructured Obligation Criteria**”) in paragraphs (a), (b), (c), (e), (f), (g), (h), (i), (j), (l), (m), (n), (o), (p), (q), (r), (s), (t), (u), (v), (w), (x), (y), (z), (aa), (bb) (cc), (dd), (ee), (ff), (gg), (ii) and (jj) of the Eligibility Criteria and has been assigned or otherwise has a Fitch Rating and a Moody’s Rating.

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 and therefore the Eligibility Criteria and the Reinvestment Criteria will apply.

### **Management of the Portfolio**

#### *Overview*

The Collateral Manager (acting on behalf of the Issuer) is permitted 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 in accordance with the terms of the Collateral Management and Administration Agreement. 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) which satisfy the Eligibility Criteria 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.

Pursuant to the Collateral Management and Administration Agreement the Issuer authorises the Collateral Manager to undertake the activities referred to below on behalf of the Issuer in accordance with the terms of the Collateral Management and Administration Agreement subject to the Issuer's monitoring of the performance of the Collateral Manager under the Collateral Management and Administration Agreement.

#### *Sale of Issue Date Collateral Obligations*

The Collateral Manager, acting on behalf of the Issuer, shall sell any 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, no Note Event of Default having occurred which is continuing.

The Collateral Manager shall use commercially reasonable efforts to effect the sale of any Equity Securities in the Portfolio.

#### *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, 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 efforts 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 unless such sale is prohibited by applicable law, in which case such Exchanged 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 provided:

- (a) no Note Event of Default has occurred which is continuing (in the case of the Collateral Manager, to its knowledge);
- (b) after giving effect to such sale, the Aggregate Principal Balance outstanding 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 Effective Date) is not greater than 30 per cent. of the Collateral Principal Amount as of the first day of such 12 calendar month period (or as of the Effective 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 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 60 Business Days after the settlement of such sale in accordance with the Reinvestment Criteria; or

- (ii) at any time, either: (1) the Sale Proceeds of such Collateral Obligation are at least equal to the Investment Criteria Adjusted Balance of such Collateral Obligation; or (2) after giving effect to such sale, the Aggregate Principal Balance (for such purpose the Principal Balance of each Defaulted Obligation shall be the lower of its Moody's Collateral Value and its Fitch Collateral Value) of all the Collateral Obligations (excluding the Collateral Obligation being sold but including, without duplication, the expected Sale Proceeds of such sale) plus, without duplication, the Balances standing to the credit of the Principal Account and the Unused Proceeds Account (including Eligible Investments therein) will be greater than (or equal to) the Reinvestment Target Par Balance.

**“Investment Criteria Adjusted Balance”** means, with respect to a Collateral Obligation, the Principal Balance of such Collateral Obligation, provided that the Investment Criteria Adjusted Balance of:

- (a) a Defaulted Obligation or a Deferring Obligation shall be the lesser of:
  - (i) its Fitch Collateral Value; and
  - (ii) its Moody's Collateral Value;
- (b) a Discount Obligation shall be the product of such obligation's:
  - (i) purchase price (expressed as a percentage of par); and
  - (ii) Principal Balance; and
- (c) a Collateral Obligation which has been included in the calculation of the CCC/Caa Excess shall be the product of its Market Value and its Principal Balance,

*provided that* if a Collateral Obligation satisfies two or more of (a) through (c) above, the Investment Criteria Adjusted Balance of such Collateral Obligation shall be calculated using the category which results in the lowest value.

#### *Restricted Trading Period*

The Issuer or the Collateral Manager (acting on its behalf) shall promptly notify Fitch and Moody's upon the occurrence of a Restricted Trading Period.

#### *Sale of Collateral Prior to Maturity Date*

In the event of: (i) any redemption of the Rated Notes in whole prior to the Maturity Date; (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 (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 efforts to sell such asset. Such proceeds shall constitute Sale Proceeds and may be reinvested in accordance with and subject to the Reinvestment Criteria.

#### *Unsaleable Assets*

After the Reinvestment Period, at the direction and discretion of the Collateral Manager and at the expense of the Issuer, the Collateral Manager may conduct an auction of Unsaleable Assets in accordance with the following procedures.

The Collateral Manager shall notify the Issuer, the Collateral Administrator and the Principal Paying Agent of its intention to conduct such auction, and promptly after receipt of such direction, the Trustee will provide notice (in such form as is prepared by the Collateral Manager) to the Noteholders (and, for so long as any Rated Notes are Outstanding, the Rating Agencies) of such auction, setting forth in reasonable detail a description of each Unsaleable Asset and the following auction procedures:

- (a) any Noteholder may submit a written bid to purchase 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);
- (b) each bid must include an offer to purchase for a specified amount of cash on a proposed settlement date no later than 20 Business Days after the date of the auction notice;
- (c) if one Noteholder submits such a bid, the Unsaleable Asset will be sold to such Noteholder;
- (d) if more than one Noteholder submits such a bid, the Unsaleable Asset will be sold to the Noteholder who submitted the highest such bid;
- (e) if no Noteholder submits such a bid, unless delivery in kind is not legally or commercially practicable, the Issuer will provide notice thereof to each Noteholder and offer to deliver (at the Issuer's cost) a *pro rata* portion of each unsold Unsaleable Asset to the Noteholders of the most senior Class Outstanding that provide delivery instructions to the Issuer on or before the date specified in such notice, subject to minimum denominations. To the extent that minimum denominations do not permit a *pro rata* distribution, the Collateral Manager will identify and the Issuer will distribute the Unsaleable Assets on a *pro rata* basis to the extent possible and the Collateral Manager will select by lottery the Noteholder to whom the remaining amount will be delivered. The Issuer will use commercially reasonable efforts to effect delivery of such interests. For the avoidance of doubt, any such delivery to the Noteholders will not operate to reduce the Principal Amount Outstanding of the related Class of Notes held by such Noteholders; and
- (f) if no such Noteholder provides delivery instructions to the Issuer, the Issuer will promptly notify the Collateral Manager and offer to deliver (at the Issuer's cost) the Unsaleable Asset to the Collateral Manager. If the Collateral Manager declines such offer, the Issuer will take such action as directed by the Collateral Manager (on behalf of the Issuer) to dispose of the Unsaleable Asset, which may be by donation to a charity, abandonment or other means.

**“Unsaleable Assets”** means (a)(i) a Defaulted Obligation, (ii) an Equity Security or (iii) an obligation received in connection with an Offer as part of 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 Euro 1,000 and, 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 efforts to dispose of such obligation for at least 90 calendar days and (y) in its commercially reasonable judgement such obligation is not expected to be saleable in the foreseeable future.

#### *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 where such restructuring has become binding on the holders thereof, whether or not such obligation would constitute a Restructured Obligation.

*During the Reinvestment Period*

During the Reinvestment Period, the Collateral Manager (acting on behalf of the Issuer) may, at its discretion, reinvest any Principal Proceeds in the purchase of 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 (which criteria, other than the Eligibility Criteria, shall apply only after the Effective Date) must be satisfied:

- (a) to the Collateral Manager's knowledge, 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, the Determination Date immediately preceding the second Payment Date) the Coverage Tests are satisfied or if 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 when compared with the result of such test immediately prior to the sale or prepayment of the relevant Collateral Obligation the Principal Proceeds of which are being reinvested (other than with respect to the reinvestment of any proceeds received upon the sale of, or as a recovery on, any Defaulted Obligation, which proceeds may only be reinvested if the Coverage Tests are satisfied);
- (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 of all Collateral Obligations shall be maintained or improved after giving effect to such reinvestment when compared with the Aggregate Principal Balance (for such purpose the Principal Balance of each Defaulted Obligation shall be the lower of its Moody's Collateral Value and its Fitch Collateral Value) immediately prior to the sale that generates such Sale Proceeds; or
  - (iii) the sum of: (A) the Aggregate Principal Balance (for such purpose the Principal Balance of each Defaulted Obligation shall be the lower of its Moody's Collateral Value and its Fitch Collateral Value) of all Collateral Obligations (excluding each Collateral Obligation being sold but including, without duplication, each Collateral Obligation being purchased and the anticipated cash proceeds, if any, of such sale that are not applied to the purchase of such Substitute Collateral Obligation); and (B) amounts standing to the credit of the Principal Account and Unused Proceeds Account (including any Eligible Investments (save for interest accrued on Eligible Investments) acquired with cash standing to the credit of such Accounts) is equal to or greater than the Reinvestment Target Par Balance;
- (e) in the case of a Substitute Collateral Obligation purchased with Sale Proceeds of a Credit Improved Obligation either:
  - (i) the Aggregate Principal Balance of all Collateral Obligations shall be maintained or improved after giving effect to such reinvestment when compared with the Aggregate Principal Balance (for such purpose the Principal Balance of each Defaulted Obligation shall be the lower of its Moody's Collateral Value and its Fitch Collateral Value) immediately prior to the sale that generates such Sale Proceeds; or
  - (ii) the sum of: (A) the Aggregate Principal Balance (for such purpose the Principal Balance of each Defaulted Obligation shall be the lower of its Moody's Collateral Value and its Fitch Collateral Value) of all Collateral Obligations (excluding each Collateral Obligation being sold but including, without duplication, each Collateral Obligation being purchased and the

anticipated cash proceeds, if any, of such sale that are not applied to the purchase of such Substitute Collateral Obligation); and (B) amounts standing to the credit of the Principal Account and Unused Proceeds Account (including any Eligible Investments (save for interest accrued on Eligible Investments)) is equal to or greater than the Reinvestment Target Par Balance;

- (f) either: (A) each of the Portfolio Profile Tests and the Collateral Quality Tests will be satisfied; or (B) as calculated immediately prior to any purchase of a Substitute Collateral Obligation, if any of the Portfolio Profile Tests or the Collateral Quality Tests are not satisfied such tests will be maintained or improved after giving effect to such reinvestment when compared with the result of such test immediately prior to the sale or prepayment of the relevant Collateral Obligation the Principal Proceeds of which are being reinvested;
- (g) with respect to the reinvestment of Sale Proceeds (other than Sale Proceeds from Credit Improved Obligations, Credit Risk Obligations, Defaulted Obligations and Exchanged Equity Securities) either:
  - (i) the Aggregate Principal Balance of all Collateral Obligations shall be maintained or improved after giving effect to such reinvestment when compared with the Aggregate Principal Balance (for such purpose the Principal Balance of each Defaulted Obligation shall be the lower of its Moody's Collateral Value and its Fitch Collateral Value)) immediately prior to the sale that generates such Sale Proceeds; or
  - (ii) the sum of: (A) the Aggregate Principal Balance (for such purpose the Principal Balance of each Defaulted Obligation shall be the lower of its Moody's Collateral Value and its Fitch Collateral Value) of all Collateral Obligations (excluding each Collateral Obligation being sold but including, without duplication, each Collateral Obligation 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 (B) amounts standing to the credit of the Principal Account and Unused Proceeds Account (including any Eligible Investments (save for interest accrued on Eligible Investments) acquired with cash standing to the credit of such Accounts) is equal to or greater than the Reinvestment Target Par Balance, and
- (h) notwithstanding anything to the contrary herein, if the Balance of the Principal Account after giving effect to (i) all expected debits and credits in connection with such reinvestment and all other sales and purchases (as applicable) previously or simultaneously committed to, and (ii) (without duplication of amounts in the preceding sub-paragraph (i)) anticipated receipts of Principal Proceeds, would be a negative amount (the "**Negative Balance**"), the absolute value of such negative amount is not greater than three per cent. of the Adjusted Collateral Principal Amount as of the Measurement Date immediately preceding the trade date for such reinvestment, provided that this paragraph (h) shall not apply if, as per the most recent Monthly Report, the absolute value of the Negative Balance was less than or equal to three per cent. of the Adjusted Collateral Principal Amount,

*provided that*, with respect to any Collateral Obligations for which the trade date has occurred during the Reinvestment Period but which settle after the Reinvestment Period, the purchase of such Collateral Obligations shall be treated as a purchase made during the Reinvestment Period for the purposes of the Trust Deed but only if the Principal Proceeds used to purchase such Collateral Obligations are received during the Reinvestment Period.

#### *Following the Expiry of the Reinvestment Period*

Following the expiry of the Reinvestment Period, Sale Proceeds from the sale of Credit Improved Obligations (provided that the Sale Proceeds from the sale of Credit Improved Obligations may only be reinvested provided (i) such reinvestment is made no later than one year following the expiry of the Reinvestment Period; or (ii) following such reinvestment the Adjusted Collateral Principal Amount is greater than the Reinvestment Target Par Balance) and Credit Risk Obligations and from Unscheduled Principal Proceeds 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) the Aggregate Principal Balance of Substitute Collateral Obligations equals or exceeds (i) the Aggregate Principal Balance of the related Collateral Obligations that produced such Unscheduled Principal

- Proceeds, (ii) the Aggregate Principal Balance of the Credit Improved Obligations that produced such Sale Proceeds or (iii) the amount of Sale Proceeds of such Credit Risk Obligations, as the case may be;
- (b) the Moody's Maximum Weighted Average Rating Factor Test is satisfied after giving effect to such reinvestment;
  - (c) either: (I) each of the Portfolio Profile Tests (except for those tests set out in paragraphs (l) and (m) of the Portfolio Profile Tests) and the Collateral Quality Tests (except the Moody's Minimum Diversity Test, the Moody's Maximum Weighted Average Rating Factor Test and the Weighted Average Life Test) are satisfied after giving effect to such reinvestment; or (II) if any such test was not satisfied immediately prior to such reinvestment, such test will be maintained or improved after giving effect to such reinvestment when compared with the result of such test immediately prior to the sale or prepayment (in whole or in part) of the relevant Collateral Obligation the Sale Proceeds or Unscheduled Principal Proceeds of which are being reinvested;
  - (d) each of the Coverage Tests will be satisfied immediately after giving effect to such reinvestment;
  - (e) to the Collateral Manager's knowledge, no Note Event of Default has occurred that is continuing at the time of such purchase;
  - (f) 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;
  - (g) (i) if the Weighted Average Life Test was satisfied on the last day of the Reinvestment Period, the Weighted Average Life Test is satisfied, or if not satisfied, is maintained or improved immediately after giving effect to such reinvestment, or (ii) if the Weighted Average Life Test was not satisfied on the last day of the Reinvestment Period, the Weighted Average Life Test is satisfied immediately after giving effect to such reinvestment;
  - (h) after giving effect to the reinvestment, not more than 7.5 per cent. of the Collateral Principal Amount consist of obligations which are Fitch CCC Obligations;
  - (i) after giving effect to the reinvestment, not more than 7.5 per cent. of the Collateral Principal Amount consist of obligations which are Moody's Caa Obligations; and
  - (j) such Substitute Collateral Debt Obligation(s) have the same or higher Fitch Rating as the Collateral Obligation that produced such Unscheduled Principal Proceeds or Sale Proceeds, as the case may be.

Following the expiry of the Reinvestment Period, any Unscheduled Principal Proceeds and any Sale Proceeds from the sale of Credit Improved Obligations and Credit Risk 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 Improved Obligations and Credit Risk 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; *provided that* such Principal Proceeds shall not be so designated for reinvestment for more than the later of (i) 90 calendar days following receipt by the Issuer and (ii) the end of the following Due Period; *provided further that*, in each case where any of the applicable Reinvestment Criteria are not satisfied as of the Payment Date next following receipt of such 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 Payments.

#### *Amendments to Collateral Obligations Stated Maturities*

The Issuer (or the Collateral Manager on the Issuer's behalf) may vote in favour of a Maturity Amendment during the Reinvestment Period only if, after giving effect to such Maturity Amendment (i) 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 (ii) the Weighted Average Life Test is satisfied. The Issuer (or the Collateral Manager on the Issuer's behalf) may vote in favour of a Maturity Amendment following the expiry of the Reinvestment Period only if, after giving effect to such Maturity Amendment, (a) in the reasonable judgement of the Collateral Manager not voting in favour of such Maturity Amendment would be likely to have an adverse effect on the Issuer; (b) the Weighted Average Life Test is satisfied and (c) 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. 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 Par Value Test*

If, on any Determination Date on and after the Effective Date and during the Reinvestment Period, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (V) (inclusive) of the Interest Priority of Payments, the Reinvestment Par Value Test has not been satisfied, then on the related Payment Date, Interest Proceeds shall be paid to the Principal Account to be applied for the purpose of the acquisition of additional Collateral Obligations in an amount equal to the Required Diversion Amount.

#### *Designation for Reinvestment*

After the expiry of the Reinvestment Period, the Collateral Manager shall, one Business Day prior to 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 Payments.

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; (ii) any interest received in respect of 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(k) (*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 its sole discretion, 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 (for which purposes the Principal Balance of each Defaulted Obligation shall be the lower of its Moody’s Collateral Value and 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) 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 is obtained with respect to the effectiveness of additional Trading Plans (it being understood that Rating Agency Confirmation shall only be required once following any failure of a Trading Plan); and (v) no Trading Plan may be entered into following the expiry of the Reinvestment Period 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 Collateral Obligation Stated Maturities of the related Collateral Obligations forming part of such Trading Plan exceeds 4 years. For the avoidance of doubt, compliance with the Reinvestment Criteria upon completion of a Trading Plan pursuant to (iv) above shall be calculated with respect to those Collateral Obligations that were actually sold and/or purchased as part of the relevant Trading Plan on the basis of data used as at the Initial Trading Plan Calculation Date.

### *Eligible Investments*

The Issuer or the Collateral Manager (acting on behalf of the Issuer) may from time to time purchase Eligible Investments out of the Balances standing to the credit of the Accounts (other than the Counterparty Downgrade Collateral Accounts, the Collection 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.

### *Main purpose not to acquire Irish Specified Mortgages*

Each of the Issuer and the Collateral Manager (in the performance of its duties under the Collateral Management and Administration Agreement) confirms that it does not have as its main purpose, or one of its main purposes, the acquisition of “specified mortgages” within the meaning of Section 110(5A)(a) of the TCA, being, inter alia, (i) 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; (ii) a “specified agreement” (as defined in Section 110(1) of the TCA) 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 (i) applies other than a loan or 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 (in each case as defined in Section 110(5A)(a) of the TCA); or (iii) the portion of a “specified security” (as defined in Section 110(5A)(a) of the TCA) issued by a “qualifying company” and treated as attributable to the “specified property business” of the qualifying company in accordance with subsection (5A)(c)(ii) of Section 110 of the TCA.

### *Collateral Enhancement Obligations*

The Issuer may receive from time to time Collateral Enhancement Obligations in connection with a restructuring of a Collateral Obligation.

All funds required in respect of the exercise price of any rights or options under a Collateral Enhancement Obligation may be paid out of the Balance standing to the credit of the Supplemental Reserve Account at the relevant time or by means of a Collateral Manager Advance. Pursuant to Condition 3(k)(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 Payments rather than being paid to the Subordinated Noteholders and such Collateral Manager Advances as the Collateral Manager makes in its discretion.

To the extent that there are insufficient sums standing to the credit of the Supplemental Reserve Account from time to time to exercise rights under Collateral Enhancement Obligations which the Collateral Manager determines on behalf of the Issuer should be exercised, the Collateral Manager may, at its discretion, on no more than three separate occasions, pay amounts required in order to fund such 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 Payments.

Any Collateral Enhancement Obligation 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, no Note Event of Default having occurred which is continuing.

In addition to any discretionary sale of Collateral Enhancement Obligation as provided above, the Collateral Manager shall be required by the Issuer to use commercially reasonable efforts to sell (on behalf of the Issuer) any Collateral Enhancement Obligation which constitutes Margin Stock as soon as practicable upon its receipt or upon its becoming Margin Stock unless such sale is prohibited by applicable law, in which case such Collateral Enhancement Obligation shall be sold as soon as such sale is permitted by applicable law.

All Collateral Enhancement Obligation Proceeds received by the Issuer shall be deposited into the Supplemental Reserve Account.

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

#### *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.

#### *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 Euros) 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 an Issuer Order (as defined in the Collateral Management and Administration Agreement) by the Collateral Administrator, 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 individual and aggregate percentages set forth in the Bivariate Risk Table determined by reference to the credit rating of such third party (or any guarantor thereof); and
- (b) the percentage of the 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.

Each Participation entered into pursuant to a sub-participation agreement shall be substantially in the form of:

- (a) the LSTA Model Participation Agreement for par/near par trades (as published by the Loan Syndications and Trading Association Inc. from time to time); or
- (b) the LMA Funded Participation (Par) (as published by the Loan Market Association from time to time); or
- (c) such other documentation provided such agreement contains limited recourse and non-petition language substantially the same as 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).

“**Assignment**” means an interest in a loan acquired directly by way of novation or assignment.

### *Bivariate Risk Table*

The following is the bivariate risk table (the “**Bivariate Risk Table**”) and as referred to in “*Portfolio Profile Tests*” below and “*Participations*” above. For the purposes of the limits specified in the Bivariate Risk Table, the individual third party credit exposure limit shall be determined by reference to the Aggregate Principal Balance of all Participations (excluding any Defaulted Obligations) entered into by the Issuer with the same counterparty (such amount in respect of such entity, the “**Third Party Exposure**”) and the applicable percentage limits shall be determined by reference to the lower of the Fitch or Moody’s Ratings applicable to such counterparty and the aggregate third party credit exposure limit shall be determined by reference to the aggregate of Third Party Exposure of all such counterparties which share the same rating level or have a lower rating level, as indicated in the Bivariate Risk Table.

## Bivariate Risk Table

<b>Long-Term/Short-Term Senior Unsecured Debt Rating of Selling Institution</b>	<b>Individual Third Party Credit Exposure Limit*</b>	<b>Aggregate Third Party Credit Exposure Limit*</b>
<i>Moody's</i>		
Aaa	5%	5%
Aa1	5%	5%
Aa2	5%	5%
Aa3	5%	5%
A1	5%	5%
A2 and P-1	5%	5%
A2 (without a Moody's short-term rating of at least P-1) or below	0%	0%
 <b>Long-Term Issuer Credit Rating of Selling Institution</b>		
<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%

\* As a percentage of the Collateral Principal Amount (excluding any Defaulted Obligations) the aggregate third party credit exposure limit shall be determined by reference to the aggregate of the third party credit exposure of all such counterparties which share the same rating level or have a lower rating level, as indicated in the Bivariate Risk Table.

### Portfolio Profile Tests and Collateral Quality Tests

#### *Measurement of Tests*

The Portfolio Profile Tests and the Collateral Quality Tests will be used as criteria for purchasing Collateral Obligations. The Collateral Administrator will measure the Portfolio Profile Tests and the Collateral Quality Tests on each Measurement Date (save as otherwise provided herein).

Substitute Collateral 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, the Coverage Tests, the Reinvestment Par Value Test and all other tests and criteria applicable to the Portfolio. 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, the Coverage Tests, the Reinvestment Par Value Test and all other tests and criteria applicable to the Portfolio. See “*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 Loans and Secured Senior Bonds (which term, for the purposes of this paragraph (a),

shall comprise the aggregate of the Aggregate Principal Balance of the Secured Senior Loans and Secured Senior Bonds and the Balances standing to the credit of the Principal Account and the Unused Proceeds Account, including 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 (which term, for the purposes of this paragraph (b), shall comprise the aggregate of the Aggregate Principal Balance of the Secured Senior Loans and the Balances standing to the credit of the Principal Account and the Unused Proceeds Account, including Eligible Investments acquired with such Balances (excluding accrued interest thereon), in each case as at the relevant Measurement Date);
- (c) not more than 10.0 per cent. of the Collateral Principal Amount shall consist of Unsecured Senior Obligations, Second Lien Loans, High Yield Bonds and Mezzanine Obligations;
- (d) in the case of all Collateral Obligations, not more than 3.0 per cent. of the Collateral Principal Amount shall be the obligations of any one such Obligor;
- (e) with respect to Secured Senior Loans and Secured Senior Bonds not more than 2.5 per cent. of the Collateral Principal Amount shall be the obligation of any single Obligor provided that the Collateral Principal Amount of such obligations of three Obligors may each represent up to 3.0 per cent. each;
- (f) with respect to Unsecured Senior Obligations, Second Lien Loans, Mezzanine Obligations and High Yield Bonds, in aggregate, not more than 1.5 per cent. of the Collateral Principal Amount shall be the obligation of any single Obligor;
- (g) not more than 20.0 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 2.5 per cent. of the Collateral Principal Amount shall consist of Current Pay Obligations;
- (j) not more than 2.5 per cent. of the Collateral Principal Amount shall consist of Annual Pay Obligations;
- (k) not more than 5.0 per cent. of the Collateral Principal Amount shall consist of Unfunded Amounts/Funded Amounts under Revolving Obligations or Delayed Drawdown Collateral Obligations;
- (l) not more than 7.5 per cent. of the Collateral Principal Amount shall consist of CCC Obligations;
- (m) not more than 7.5 per cent. of the Collateral Principal Amount shall consist of Caa Obligations;
- (n) not more than 5.0 per cent. of the Collateral Principal Amount shall consist of Bridge Loans;
- (o) not more than 5.0 per cent. of the Collateral Principal Amount shall consist of Corporate Rescue Loans, provided that any one Corporate Rescue Loan may not comprise more than 2.0 per cent. of the Collateral Principal Amount;
- (p) not more than 7.5 per cent. of the Collateral Principal Amount shall consist of obligations which are Fixed Rate Collateral Obligations;
- (q) not more than 17.5 per cent. of the Collateral Principal Amount may consist of Collateral Obligations that are issued by Obligors that belong to any one Fitch industry category, provided that the three largest Fitch industry categories may not comprise in aggregate more than 40.0 per cent. of the Collateral Principal Amount;
- (r) not more than 10.0 per cent. of the Collateral Principal Amount shall consist of obligations whose Moody's Rating is derived from an S&P rating;

- (s) not more than 10.0 per cent. of the Collateral Principal Amount shall consist of obligations of Obligors who are Domiciled in countries or jurisdictions with a Fitch country ceiling below “AAA” by Fitch unless Rating Agency Confirmation from Fitch is obtained;
- (t) the Aggregate Principal Balance of Collateral Obligations of Obligors Domiciled in countries or jurisdictions with a Moody’s local currency country risk bond ceiling rating equal to or below:
  - (i) “A1” shall not be greater than 10.0 per cent. of the Collateral Principal Amount; and
  - (ii) “Baa1” shall not be greater than 2.5 per cent. of the Collateral Principal Amount,
 

provided that the Issuer may not invest in Collateral Obligations of Obligors Domiciled in countries or jurisdictions with a Moody’s local currency country risk bond ceiling rating below “Baa3” unless Rating Agency Confirmation from Moody’s is obtained;
- (u) not more than 35.0 per cent. of the Collateral Principal Amount shall consist of Cov-Lite Loans;
- (v) not more than 5.0 per cent. of the Collateral Principal Amount shall consist of obligations issued by Obligors with total indebtedness (for such purpose based on the amount of such indebtedness when originally incurred and disregarding any amortisation or partial repayment) of an amount equal to or more than EUR 150,000,000 and less than EUR 200,000,000 (or its equivalent in any currency), provided that each such Obligor shall have total indebtedness (for such purpose based on the amount of such indebtedness when originally incurred and disregarding any amortisation or partial repayment) of an amount equal to or more than EUR 150,000,000 (or its equivalent in any currency), in each case at the time at which the Issuer entered into a binding commitment to purchase such Collateral Obligation;
- (w) not more than 5.0 per cent. of the Collateral Principal Amount shall consist of obligations which are PIK Obligations;
- (x) the limits set forth in the Bivariate Risk Table determined by reference to the ratings of Selling Institutions shall be satisfied; and
- (y) not more than 25.0 per cent. of the Collateral Principal Amount shall consist of Discount Obligations.

The percentage requirements applicable to different types of Collateral Obligations specified in the Portfolio Profile Tests shall be determined by reference to the Aggregate Principal Balance of such type of Collateral Obligations (excluding Defaulted Obligations). Obligations for which the Issuer (or the Collateral Manager acting on behalf of the Issuer) has entered into binding commitments to purchase but have not yet settled shall be included for the purposes of calculating the Portfolio Profile Tests and Collateral 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 as Collateral Obligations for the purposes of the Portfolio Profile Tests at any time as if such sale had been completed.

“**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; and (iii) prior to its purchase by the Issuer, has a Moody’s Rating and an explicit obligation rating from Fitch (which rating may be public or private).

#### *Collateral Quality Tests*

The Collateral Quality Tests will consist of each of the following:

- (a) so long as any Notes rated by Moody’s are Outstanding:
  - (i) the Moody’s Minimum Diversity Test;
  - (ii) the Moody’s Minimum Weighted Average Recovery Rate Test; and

- (iii) the Moody's Maximum Weighted Average Rating Factor Test; and
- (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.

The Principal Balance of Defaulted Obligations shall be excluded for the purposes of calculating the Collateral Quality Tests.

*Moody's Test Matrix*

Subject to the provisions provided below, on or after the Effective Date, the Collateral Manager will have the option to elect which of the cases set forth in the below matrix (the "**Moody's Test Matrix**") shall be applicable for purposes of the Moody's Maximum Weighted Average Rating Factor Test, the Moody's Minimum Diversity Test and the Minimum Weighted Average Spread Test. For any given case:

- (1) the applicable column for performing the Moody's Minimum Diversity Test will be the column (or linear interpolation between two adjacent columns, as applicable) in which the elected case is set out;
- (2) the applicable row and column for performing the Moody's Maximum Weighted Average Rating Factor Test will be the row and column (or linear interpolation between two adjacent rows and/or two adjacent columns, as applicable) in which the elected case is set out; and
- (3) the applicable row for performing the Minimum Weighted Average Spread Test will be the row (or linear interpolation between two adjacent rows, as applicable) in which the elected test is set out.

On the Effective Date, the Collateral Manager will be required to elect which case shall apply initially. Thereafter, on one Business Days' notice to the Issuer, the Collateral Administrator and Moody's, the Collateral Manager may elect to have a different case apply, provided that the Moody's Minimum Diversity Test, the Moody's Maximum Weighted Average Rating Factor Test, the Moody's Minimum Weighted Average Recovery Rate Test and the Minimum Weighted Average Spread Test applicable to the case to which the Collateral Manager desires to change are satisfied or, in the case of any tests that are not satisfied, are closer to being satisfied. In no event will the Collateral Manager be obliged to elect to have a different case apply. The Moody's Test Matrix may be amended and/or supplemented and/or replaced by the Collateral Manager subject to Rating Agency Confirmation from Moody's.

## Moody's Test Matrix

Minimum Weighted Average Spread	Minimum Diversity Score																						
	26	28	30	32	34	36	38	40	42	44	46	48	50	52	54	56	58	60	62	64	66	68	70
2.200%	1115	1120	1130	1145	1165	1170	1171	1185	1200	1205	1210	1215	1220	1235	1242	1243	1250	1255	1260	1265	1266	1275	1278
2.400%	1465	1465	1480	1500	1515	1520	1540	1550	1558	1570	1580	1588	1595	1605	1610	1615	1620	1625	1628	1630	1640	1645	1650
2.600%	1780	1785	1815	1835	1845	1870	1880	1885	1900	1905	1920	1930	1935	1940	1955	1960	1965	1970	1975	1980	1985	1990	1995
2.800%	2025	2040	2065	2070	2100	2105	2120	2135	2150	2160	2175	2185	2195	2205	2215	2220	2230	2235	2245	2250	2255	2260	2265
3.000%	2165	2200	2225	2235	2255	2280	2300	2305	2315	2330	2355	2365	2375	2385	2390	2395	2410	2415	2420	2425	2430	2435	2448
3.200%	2305	2330	2355	2380	2400	2420	2440	2460	2470	2485	2500	2515	2525	2535	2545	2555	2565	2575	2585	2590	2600	2600	2605
3.400%	2395	2440	2485	2520	2540	2560	2580	2620	2645	2660	2665	2675	2690	2700	2710	2720	2730	2735	2745	2750	2760	2765	2770
3.500%	2455	2495	2535	2570	2600	2625	2645	2675	2690	2705	2720	2735	2770	2780	2790	2800	2805	2810	2825	2830	2832	2835	2838
3.600%	2505	2550	2585	2610	2645	2675	2700	2720	2740	2765	2785	2800	2810	2825	2837	2860	2865	2875	2885	2890	2900	2905	2915
3.700%	2555	2590	2630	2665	2695	2725	2750	2760	2775	2795	2815	2835	2850	2865	2880	2895	2905	2920	2945	2950	2965	2970	2980
3.800%	2600	2635	2680	2695	2725	2755	2780	2805	2830	2850	2865	2885	2900	2915	2930	2955	2970	2975	2985	3005	3015	3025	3035
4.000%	2660	2720	2760	2795	2825	2855	2890	2902	2925	2950	2970	2985	3000	3015	3030	3045	3060	3070	3085	3095	3105	3115	3125
4.200%	2725	2790	2845	2890	2920	2935	2965	2990	3010	3020	3040	3070	3085	3100	3115	3140	3150	3155	3170	3180	3190	3200	3210
4.400%	2785	2850	2900	2955	2995	3030	3050	3080	3105	3115	3135	3155	3170	3185	3200	3215	3235	3240	3255	3265	3275	3290	3300
4.600%	2850	2905	2970	3015	3065	3100	3140	3160	3180	3200	3220	3235	3255	3270	3290	3305	3315	3320	3335	3340	3355	3370	3380
4.800%	2910	2970	3030	3075	3125	3165	3185	3235	3250	3275	3295	3305	3325	3340	3355	3370	3385	3395	3410	3425	3435	3445	3455
5.000%	2960	3020	3075	3120	3175	3210	3260	3280	3310	3355	3380	3398	3405	3425	3440	3465	3475	3485	3500	3500	3500	3500	3500
5.200%	3015	3075	3135	3175	3225	3260	3300	3335	3370	3410	3425	3455	3490	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500
5.400%	3070	3130	3180	3235	3285	3315	3350	3405	3435	3465	3480	3490	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500
5.600%	3125	3185	3235	3285	3325	3370	3415	3455	3475	3480	3485	3490	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500
5.800%	3180	3240	3285	3345	3390	3425	3475	3485	3495	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500

### *Fitch Tests Matrices*

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 (each such matrix to have a different concentration limit for both Fixed Rate Collateral Obligations and the largest 10 Obligor by Principal Balance applicable to it) (the “**Fitch Test Matrices**”) shall be applicable for purposes of the Fitch Maximum Weighted Average Rating Factor Test, the Fitch Minimum Weighted Average Recovery Rate Test and the Minimum Weighted Average Spread Test. For any given case:

- (a) the applicable column for performing the Fitch Maximum Weighted Average Rating Factor Test will be the column (or linear interpolation between two adjacent columns in a given matrix and/or two columns (or interpolated columns) in adjacent matrices, as applicable) in the applicable Fitch Test Matrix (or adjacent matrices in the case of an interpolation) selected by the Collateral Manager;
- (b) the applicable row for performing the Minimum Weighted Average Spread Test will be the row (or linear interpolation between two adjacent rows in a given matrix and/or two rows (or interpolated rows) in adjacent matrices, as applicable) in the applicable Fitch Test Matrix (or adjacent matrices in the case of an interpolation) selected by the Collateral Manager; and
- (c) the applicable column and row for performing the Fitch Minimum Weighted Average Recovery Rate Test will be the column and row (or interpolated rows and/or columns as described in (a) and (b) above, as applicable) in the applicable Fitch Test Matrix (or adjacent matrices in the case of an interpolation) selected by the Collateral Manager in relation to (a) and (b) above.

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 Minimum Weighted Average Spread Test, Fixed Rate Collateral Obligations and the concentration limits applicable to the largest 10 Obligor by Principal Balance applicable to the case to which the Collateral Manager desires to change are satisfied or, in the case of any such tests or concentration limits that are not satisfied, are closer to being satisfied. In no event will the Collateral Manager be obliged to elect to have a different case apply. The Fitch Tests Matrices may be amended and/or supplemented and/or replaced by the Collateral Manager subject to Rating Agency Confirmation from Fitch.

Solely for the purposes of determining satisfaction of the Reinvestment Criteria (both during and following the expiry of the Reinvestment Period), the concentration limits for Fixed Rate Collateral Obligations and the largest 10 Obligor by Principal Balance applicable to the case set out in a Fitch Test Matrix (or a linear interpolation between any two adjacent Fitch Tests Matrices in the case of a linear interpolation) selected by the Collateral Manager in accordance with the foregoing paragraphs, shall be deemed to be a “Collateral Quality Test” for so long as such case remains the case selected by the Collateral Manager.

## Fitch Tests Matrices

### Fitch Tests Matrix 1: Top 10 Obligors by Principal Balance: 18%

#### Maximum 0% Fixed Rate Collateral Obligations

Minimum Weighted Average Spread	Maximum WARF										
	30	31	32	33	34	35	36	37	38	39	40
2.2%	91.1%	91.8%	92.4%	92.9%	n.a.						
2.4%	83.3%	84.1%	84.8%	85.5%	86.2%	86.9%	87.5%	88.1%	88.7%	89.2%	89.7%
2.6%	78.7%	79.5%	80.3%	81.1%	81.9%	82.6%	83.3%	83.9%	84.5%	85.1%	85.6%
2.8%	75.2%	76.2%	77.1%	78.0%	78.7%	79.5%	80.2%	80.9%	81.6%	82.2%	82.9%
3.0%	70.8%	72.2%	73.4%	74.6%	75.6%	76.5%	77.3%	78.1%	78.8%	79.5%	80.2%
3.2%	66.8%	68.1%	69.3%	70.5%	71.7%	72.9%	74.0%	75.1%	75.9%	76.8%	77.6%
3.4%	63.5%	65.1%	66.4%	67.6%	68.8%	69.9%	71.0%	72.1%	73.2%	74.2%	75.1%
3.6%	59.9%	61.4%	62.7%	63.9%	65.1%	66.3%	67.5%	68.6%	69.6%	70.6%	71.7%
3.8%	56.6%	58.2%	59.6%	60.8%	62.0%	63.1%	64.5%	65.8%	66.9%	68.0%	69.1%
4.0%	53.3%	55.0%	56.7%	58.3%	59.9%	61.3%	62.6%	63.9%	65.2%	66.4%	67.6%
4.2%	51.7%	53.4%	55.2%	56.8%	58.5%	60.0%	61.4%	62.7%	64.0%	65.2%	66.4%
4.4%	50.0%	51.9%	53.6%	55.3%	56.9%	58.5%	60.0%	61.4%	62.7%	63.9%	65.1%
4.6%	48.3%	50.2%	52.0%	53.7%	55.3%	57.0%	58.5%	60.1%	61.4%	62.7%	63.9%
4.8%	46.6%	48.5%	50.3%	52.1%	53.8%	55.4%	57.0%	58.6%	60.1%	61.4%	62.7%
5.0%	44.8%	46.8%	48.6%	50.5%	52.2%	53.9%	55.5%	57.1%	58.7%	60.2%	61.5%

### Fitch Tests Matrix 2: Top 10 Obligors by Principal Balance: 18%

#### Maximum 7.5% Fixed Rate Collateral Obligations

Minimum Weighted Average Spread	Maximum WARF										
	30	31	32	33	34	35	36	37	38	39	40
2.2%	91.1%	91.8%	92.4%	92.9%	n.a.						
2.4%	83.3%	84.1%	84.8%	85.5%	86.2%	86.9%	87.5%	88.1%	88.7%	89.2%	89.7%
2.6%	78.7%	79.5%	80.3%	81.1%	81.9%	82.6%	83.3%	83.9%	84.5%	85.1%	85.6%
2.8%	75.2%	76.2%	77.1%	78.0%	78.7%	79.5%	80.2%	80.9%	81.6%	82.2%	82.9%
3.0%	70.8%	72.2%	73.4%	74.6%	75.6%	76.5%	77.3%	78.1%	78.8%	79.5%	80.2%
3.2%	66.8%	68.1%	69.3%	70.5%	71.7%	72.9%	74.0%	75.1%	75.9%	76.8%	77.6%
3.4%	63.5%	65.1%	66.4%	67.6%	68.8%	69.9%	71.0%	72.1%	73.2%	74.2%	75.1%
3.6%	59.9%	61.4%	62.7%	63.9%	65.1%	66.3%	67.5%	68.6%	69.6%	70.6%	71.7%
3.8%	56.6%	58.2%	59.6%	60.8%	62.0%	63.1%	64.5%	65.8%	66.9%	68.0%	69.1%
4.0%	53.3%	55.0%	56.7%	58.3%	59.9%	61.3%	62.6%	63.9%	65.2%	66.4%	67.6%
4.2%	51.7%	53.4%	55.2%	56.8%	58.5%	60.0%	61.4%	62.7%	64.0%	65.2%	66.4%
4.4%	50.1%	51.9%	53.6%	55.3%	57.0%	58.5%	60.1%	61.4%	62.7%	64.0%	65.2%
4.6%	48.5%	50.3%	52.1%	53.8%	55.5%	57.1%	58.7%	60.2%	61.5%	62.8%	64.0%
4.8%	46.9%	48.8%	50.6%	52.3%	54.0%	55.7%	57.3%	58.8%	60.3%	61.6%	62.9%
5.0%	45.3%	47.2%	49.1%	50.9%	52.6%	54.3%	55.9%	57.5%	59.0%	60.5%	61.8%

**Fitch Tests Matrix 3: Top 10 Obligators by Principal Balance: 23%**

**Maximum 0% Fixed Rate Collateral Obligations**

Minimum Weighted Average Spread	Maximum WARF										
	30	31	32	33	34	35	36	37	38	39	40
2.2%	91.1%	91.8%	92.4%	92.9%	n.a.						
2.4%	83.3%	84.1%	84.8%	85.5%	86.2%	86.9%	87.5%	88.1%	88.7%	89.2%	89.7%
2.6%	78.7%	79.5%	80.3%	81.1%	81.9%	82.6%	83.3%	83.9%	84.5%	85.1%	85.6%
2.8%	75.2%	76.2%	77.1%	78.0%	78.7%	79.5%	80.2%	80.9%	81.6%	82.2%	82.9%
3.0%	70.8%	72.2%	73.4%	74.6%	75.6%	76.5%	77.3%	78.1%	78.8%	79.5%	80.2%
3.2%	66.8%	68.1%	69.3%	70.5%	71.7%	72.9%	74.0%	75.1%	75.9%	76.8%	77.6%
3.4%	63.5%	65.1%	66.4%	67.6%	68.8%	69.9%	71.0%	72.1%	73.2%	74.2%	75.1%
3.6%	60.4%	61.8%	63.1%	64.3%	65.4%	66.6%	67.6%	68.6%	69.6%	70.6%	71.7%
3.8%	57.0%	58.6%	60.0%	61.1%	62.3%	63.4%	64.6%	65.8%	67.0%	68.1%	69.3%
4.0%	54.2%	55.9%	57.5%	59.1%	60.6%	62.0%	63.3%	64.5%	65.8%	67.0%	68.1%
4.2%	52.6%	54.3%	56.0%	57.7%	59.3%	60.7%	62.1%	63.3%	64.6%	65.8%	67.0%
4.4%	51.0%	52.7%	54.4%	56.1%	57.7%	59.3%	60.7%	62.0%	63.3%	64.5%	65.7%
4.6%	49.3%	51.1%	52.8%	54.5%	56.1%	57.8%	59.3%	60.7%	62.0%	63.3%	64.5%
4.8%	47.5%	49.4%	51.2%	52.9%	54.6%	56.2%	57.8%	59.4%	60.8%	62.1%	63.3%
5.0%	45.8%	47.7%	49.6%	51.3%	53.1%	54.7%	56.3%	57.9%	59.4%	60.8%	62.1%

**Fitch Tests Matrix 4: Top 10 Obligators by Principal Balance: 23%**

**Maximum 7.5% Fixed Rate Collateral Obligations**

Minimum Weighted Average Spread	Maximum WARF										
	30	31	32	33	34	35	36	37	38	39	40
2.2%	91.1%	91.8%	92.4%	92.9%	n.a.						
2.4%	83.3%	84.1%	84.8%	85.5%	86.2%	86.9%	87.5%	88.1%	88.7%	89.2%	89.7%
2.6%	78.7%	79.5%	80.3%	81.1%	81.9%	82.6%	83.3%	83.9%	84.5%	85.1%	85.6%
2.8%	75.2%	76.2%	77.1%	78.0%	78.7%	79.5%	80.2%	80.9%	81.6%	82.2%	82.9%
3.0%	70.8%	72.2%	73.4%	74.6%	75.6%	76.5%	77.3%	78.1%	78.8%	79.5%	80.2%
3.2%	66.8%	68.1%	69.3%	70.5%	71.7%	72.9%	74.0%	75.1%	75.9%	76.8%	77.6%
3.4%	63.5%	65.1%	66.4%	67.6%	68.8%	69.9%	71.0%	72.1%	73.2%	74.2%	75.1%
3.6%	60.4%	61.8%	63.1%	64.3%	65.4%	66.6%	67.6%	68.6%	69.6%	70.6%	71.7%
3.8%	57.0%	58.6%	60.0%	61.1%	62.3%	63.4%	64.6%	65.8%	67.0%	68.1%	69.7%
4.0%	54.2%	55.9%	57.5%	59.1%	60.6%	62.0%	63.3%	64.5%	65.8%	67.0%	68.3%
4.2%	52.6%	54.3%	56.0%	57.7%	59.3%	60.7%	62.1%	63.3%	64.6%	65.8%	67.0%
4.4%	51.0%	52.8%	54.5%	56.1%	57.8%	59.3%	60.7%	62.1%	63.3%	64.6%	65.8%
4.6%	49.4%	51.2%	53.0%	54.7%	56.3%	57.9%	59.4%	60.9%	62.2%	63.4%	64.6%
4.8%	47.8%	49.7%	51.5%	53.2%	54.9%	56.5%	58.1%	59.6%	61.0%	62.3%	63.5%
5.0%	46.2%	48.1%	50.0%	51.7%	53.4%	55.1%	56.7%	58.3%	59.8%	61.1%	62.4%

### *The Moody's Minimum Diversity Test*

The “**Moody's Minimum Diversity Test**” will be satisfied as at any Measurement Date from (and including) the Effective Date if the Diversity Score is more than or equal to the number set forth in the column entitled “Minimum Diversity Score” in the Moody's Test Matrix based upon the applicable “row/column” combination chosen by the Collateral Manager (or interpolating between two adjacent rows and/or two adjacent columns, as applicable).

The “**Diversity Score**” is a single number that indicates collateral concentration in terms of both issue and industry concentration. A higher Diversity Score reflects a more diverse portfolio in terms of issue and industry concentration. For the purposes of calculating the Diversity Score, Obligor that are considered to be members of the same Affiliated Group (as of the most recent date of inclusion in the Portfolio of any of the relevant Obligor) will be considered to be one Obligor. The Diversity Score is calculated as follows:

“**Affiliated Group**”: an Obligor is a member of an affiliated group if it is owned by such group – directly or indirectly – by more than 50 per cent.

Obligor that are constituted of one or more Affiliated Groups shall be counted as being in the industry that generated the highest turnover as reported in the latest financial statements of the Obligor.

An “**Average Principal Balance**” is calculated for the Portfolio by adding the Principal Balance of Collateral Obligations and dividing the resulting sum by the number of Obligor.

An “**Equivalent Unit Score**” is calculated for each Obligor by taking the lesser of (i) one and (ii) the quotient of (A) the aggregated Principal Balance of such Obligor and (B) the Average Principal Balance.

An “**Aggregate Industry Equivalent Unit Score**” is calculated for each Geographically Based Industry Classification by adding the Equivalent Unit Scores for all Obligor in the same Geographically Based Industry Classification (or such other Geographically Based Industry Classifications and Equivalent Unit Scores as are published by Moody's from time to time).

“**Geographically Based Industry Classification**” means those Obligor that have the same Moody's Industry Classification and which are incorporated or domiciled in the same Geographic Zone. Industries that are deemed to be “global” receive no increased diversity for geography. While acknowledging that some Obligor may not ‘cleanly’ be categorised, the following sectors are deemed to be “local” in Moody's opinion:

- (a) Environmental Industries;
- (b) Sovereign & Public Finance;
- (c) Utilities: Electric;
- (d) Utilities: Oil & Gas; and
- (e) Utilities: Water.

For those groups not listed above, “**Geographically Based Industry Classification**” means those Obligor which have the same Moody's Industry Classification, irrespective of domicile or country of incorporation.

A “**Geographic Zone**” means each of (a) North America, (b) Europe and (c) Asia-Pacific. Thus a “local” company in Europe may be considered as a different Industry Group to an entity in the same sector but domiciled in the North America.

An “**Industry Diversity Score**” is established by reference to the Diversity Score Table shown below (or such other Diversity Score Table as is published by Moody's from time to time) (the “**Diversity Score Table**”) for the related Aggregate Industry Equivalent Unit Score. If the Aggregate Industry Equivalent Unit Score falls between any two such scores shown in the Diversity Score Table, the Industry Diversity Score is the lower of such scores.

The Diversity Score is then calculated by adding the Industry Diversity Scores for each Geographically Based Industry Classification and then rounding the result to the nearest one hundredth of a percentage point (with 0.005 being rounded upwards).

**Diversity Score Table**

<b>Aggregate Industry Equivalent Unit Score</b>	<b>Industry Diversity Score</b>	<b>Aggregate Industry Equivalent Unit Score</b>	<b>Industry Diversity Score</b>	<b>Aggregate Industry Equivalent Unit Score</b>	<b>Industry Diversity Score</b>	<b>Aggregate Industry Equivalent Unit Score</b>	<b>Industry Diversity Score</b>
0.0000	0.0000	5.0500	2.7000	10.1500	4.0200	15.2500	4.5300
0.0500	0.1000	5.1500	2.7333	10.2500	4.0300	15.3500	4.5400
0.1500	0.2000	5.2500	2.7667	10.3500	4.0400	15.4500	4.5500
0.2500	0.3000	5.3500	2.8000	10.4500	4.0500	15.5500	4.5600
0.3500	0.4000	5.4500	2.8333	10.5500	4.0600	15.6500	4.5700
0.4500	0.5000	5.5500	2.8667	10.6500	4.0700	15.7500	4.5800
0.5500	0.6000	5.6500	2.9000	10.7500	4.0800	15.8500	4.5900
0.6500	0.7000	5.7500	2.9333	10.8500	4.0900	15.9500	4.6000
0.7500	0.8000	5.8500	2.9667	10.9500	4.1000	16.0500	4.6100
0.8500	0.9000	5.9500	3.0000	11.0500	4.1100	16.1500	4.6200
0.9500	1.0000	6.0500	3.0250	11.1500	4.1200	16.2500	4.6300
1.0500	1.0500	6.1500	3.0500	11.2500	4.1300	16.3500	4.6400
1.1500	1.1000	6.2500	3.0750	11.3500	4.1400	16.4500	4.6500
1.2500	1.1500	6.3500	3.1000	11.4500	4.1500	16.5500	4.6600
1.3500	1.2000	6.4500	3.1250	11.5500	4.1600	16.6500	4.6700
1.4500	1.2500	6.5500	3.1500	11.6500	4.1700	16.7500	4.6800
1.5500	1.3000	6.6500	3.1750	11.7500	4.1800	16.8500	4.6900
1.6500	1.3500	6.7500	3.2000	11.8500	4.1900	16.9500	4.7000
1.7500	1.4000	6.8500	3.2250	11.9500	4.2000	17.0500	4.7100
1.8500	1.4500	6.9500	3.2500	12.0500	4.2100	17.1500	4.7200
1.9500	1.5000	7.0500	3.2750	12.1500	4.2200	17.2500	4.7300
2.0500	1.5500	7.1500	3.3000	12.2500	4.2300	17.3500	4.7400
2.1500	1.6000	7.2500	3.3250	12.3500	4.2400	17.4500	4.7500
2.2500	1.6500	7.3500	3.3500	12.4500	4.2500	17.5500	4.7600
2.3500	1.7000	7.4500	3.3750	12.5500	4.2600	17.6500	4.7700
2.4500	1.7500	7.5500	3.4000	12.6500	4.2700	17.7500	4.7800
2.5500	1.8000	7.6500	3.4250	12.7500	4.2800	17.8500	4.7900
2.6500	1.8500	7.7500	3.4500	12.8500	4.2900	17.9500	4.8000
2.7500	1.9000	7.8500	3.4750	12.9500	4.3000	18.0500	4.8100
2.8500	1.9500	7.9500	3.5000	13.0500	4.3100	18.1500	4.8200
2.9500	2.0000	8.0500	3.5250	13.1500	4.3200	18.2500	4.8300
3.0500	2.0333	8.1500	3.5500	13.2500	4.3300	18.3500	4.8400
3.1500	2.0667	8.2500	3.5750	13.3500	4.3400	18.4500	4.8500
3.2500	2.1000	8.3500	3.6000	13.4500	4.3500	18.5500	4.8600

Aggregate Industry Equivalent Unit Score	Industry Diversity Score	Aggregate Industry Equivalent Unit Score	Industry Diversity Score	Aggregate Industry Equivalent Unit Score	Industry Diversity Score	Aggregate Industry Equivalent Unit Score	Industry Diversity Score
3.3500	2.1333	8.4500	3.6250	13.5500	4.3600	18.6500	4.8700
3.4500	2.1667	8.5500	3.6500	13.6500	4.3700	18.7500	4.8800
3.5500	2.2000	8.6500	3.6750	13.7500	4.3800	18.8500	4.8900
3.6500	2.2333	8.7500	3.7000	13.8500	4.3900	18.9500	4.9000
3.7500	2.2667	8.8500	3.7250	13.9500	4.4000	19.0500	4.9100
3.8500	2.3000	8.9500	3.7500	14.0500	4.4100	19.1500	4.9200
3.9500	2.3333	9.0500	3.7750	14.1500	4.4200	19.2500	4.9300
4.0500	2.3667	9.1500	3.8000	14.2500	4.4300	19.3500	4.9400
4.1500	2.4000	9.2500	3.8250	14.3500	4.4400	19.4500	4.9500
4.2500	2.4333	9.3500	3.8500	14.4500	4.4500	19.5500	4.9600
4.3500	2.4667	9.4500	3.8750	14.5500	4.4600	19.6500	4.9700
4.4500	2.5000	9.5500	3.9000	14.6500	4.4700	19.7500	4.9800
4.5500	2.5333	9.6500	3.9250	14.7500	4.4800	19.8500	4.9900
4.6500	2.5667	9.7500	3.9500	14.8500	4.4900	19.9500	5.0000
4.7500	2.6000	9.8500	3.9750	14.9500	4.5000		
4.8500	2.6333	9.9500	4.0000	15.0500	4.5100		
4.9500	2.6667	10.0500	4.0100	15.1500	4.5200		

“Moody’s Industry Classification” means an industry classification set out in the table below or as otherwise modified, amended or replaced by Moody’s from time to time:

Aerospace & Defense  
Automotive  
Banking, Finance, Insurance & Real Estate  
Beverage, Food & Tobacco  
Capital Equipment  
Chemicals, Plastics & Rubber  
Construction & Building  
Consumer goods: Durable  
Consumer goods: Non-durable  
Containers, Packaging & Glass  
Energy: Electricity  
Energy: Oil & Gas  
Environmental Industries  
Forest Products & Paper  
Healthcare & Pharmaceuticals  
High Tech Industries  
Hotel, Gaming & Leisure  
Media: Advertising, Printing & Publishing  
Media: Broadcasting & Subscription  
Media: Diversified & Production  
Metals & Mining  
Retail  
Services: Business  
Services: Consumer  
Sovereign & Public Finance  
Telecommunications  
Transportation: Cargo  
Transportation: Consumer  
Utilities: Electric  
Utilities: Oil & Gas

*The Moody's Maximum Weighted Average Rating Factor Test*

The “**Moody's Maximum Weighted Average Rating Factor Test**” will be satisfied as at any Measurement Date from (and including) the Effective Date, if the Adjusted Weighted Average Moody's Rating Factor of the Collateral Obligations as at such Measurement Date is equal to or less than the sum of (i) the number set forth in the Moody's Test Matrix at the intersection of the applicable “row/column” combination chosen by the Collateral Manager (or interpolating between two adjacent rows and/or two adjacent columns, as applicable), (acting on behalf of the Issuer) as at such Measurement Date plus (ii) the Moody's Weighted Average Recovery Adjustment, provided, however, that the sum of (i) and (ii) may not exceed 3,500.

The “**Moody's Weighted Average Rating Factor**” is determined by summing the products obtained by multiplying the Principal Balance of each Collateral Obligation, excluding Defaulted Obligations and Equity Securities, by its Moody's Rating Factor, dividing such sum by the Aggregate Principal Balances of all such Collateral Obligations, excluding Defaulted Obligations and Equity Securities, and rounding the result down to the nearest whole number.

The “**Moody's Rating Factor**” relating to any Collateral Obligation is the number set forth in the table below opposite the Moody's Default Probability Rating of such Collateral Obligation.

<b>Moody's Default Probability Rating</b>	<b>Moody's Rating Factor</b>	<b>Moody's Default Probability Rating</b>	<b>Moody's Rating Factor</b>
Aaa	1	Ba1	940
Aa1	10	Ba2	1,350
Aa2	20	Ba3	1,766
Aa3	40	B1	2,220
A1	70	B2	2,720
A2	120	B3	3,490
A3	180	Caa1	4,770
Baa1	260	Caa2	6,500
Baa2	360	Caa3	8,070
Baa3	610	Ca or lower	10,000

The “**Moody's Weighted Average Recovery Adjustment**” means, as of any Measurement Date, the greater of:

- (a) zero; and
- (b) the product of:
  - (i) (A) the Weighted Average Moody's Recovery Rate as of such Measurement Date multiplied by 100 minus (B) 43.50; and
  - (ii) with respect to the adjustment of the Moody's Maximum Weighted Average Rating Factor Test:
    - (1) if the Weighted Average Spread is less than or equal to 2.60 per cent., 25.00;
    - (2) if the Weighted Average Spread is less than or equal to 3.50 per cent. but greater than 2.60 per cent., 55.00; or
    - (3) if the Weighted Average Spread is less than or equal to 4.20 per cent. but greater than 3.50 per cent., 65.00; or
    - (4) if the Weighted Average Spread is less than or equal to 5.00 per cent. but greater than 4.20 per cent., 70.00; or
    - (5) if the Weighted Average Spread is greater than 5.00 per cent., 75.00; and
  - (iii) with respect to the adjustment of the Minimum Weighted Average Spread Test:

- (4) if the Weighted Average Spread is greater than 4.60 per cent., 0.16 per cent.;
- (5) if the Weighted Average Spread is greater than 3.70 per cent. but less than or equal to 4.60 per cent., 0.08 per cent.;
- (6) if the Weighted Average Spread is greater than 3.00 per cent. but less than or equal to 3.70 per cent., 0.06 per cent.;
- (7) if the Weighted Average Spread is greater than 2.60 per cent. but less than or equal to 3.00 per cent., 0.03 per cent.; and
- (8) if the Weighted Average Spread is less than or equal to 2.60 per cent., 0.01 per cent.,

*provided that*, if the Weighted Average Moody's Recovery Rate for purposes of determining the Moody's Weighted Average Recovery Adjustment is greater than 60.00 per cent., then such Weighted Average Moody's Recovery Rate shall equal 60.00 per cent. or such other percentage as shall have been notified to Moody's by or on behalf of the Issuer;

*provided further that* the amount specified in clause (b)(i) above may only be allocated once on any Measurement Date and the Collateral Manager shall designate to the Collateral Administrator in writing on each such date the portion of such amount that shall be allocated to clause (b)(ii)(1) and the portion of such amount that shall be allocated to clause (b)(ii)(2) (it being understood that, absent an express designation by the Collateral Manager, all such amounts shall be allocated to clause (b)(ii)(1)).

**“Adjusted Weighted Average Moody's Rating Factor”** means, as of any Measurement Date, a number equal to the Moody's Weighted Average Rating Factor determined in the following manner: each applicable rating on credit watch by Moody's that is (a) on review for upgrade will be treated as having been upgraded by one rating subcategory, (b) on review for downgrade will be treated as having been downgraded by two rating subcategories and (c) negative outlook will be treated as having been downgraded by one rating subcategory and rounding the result down to the nearest whole number.

*The Moody's Minimum Weighted Average Recovery Rate Test*

The **“Moody's Minimum Weighted Average Recovery Rate Test”** will be satisfied, as at any Measurement Date from (and including) the Effective Date, if the Weighted Average Moody's Recovery Rate is greater than or equal to (i) 43.50 per cent. minus (ii) the Moody's Weighted Average Rating Factor Adjustment, provided however that the sum of (i) and (ii) may not be less than 35.00 per cent.

The **“Weighted Average Moody's Recovery Rate”** means, as of any Measurement Date, the number, expressed as a percentage, obtained by summing the products obtained by multiplying the Principal Balance of each Collateral Obligation (excluding Defaulted Obligations) by its corresponding Moody's Recovery Rate and dividing such sum by the Aggregate Principal Balance (excluding Defaulted Obligations) and rounding the result up to the nearest 0.1 per cent.

The **“Moody's Recovery Rate”** is, except as otherwise advised by Moody's, with respect to any Collateral Obligation, as of any Measurement Date, the recovery rate determined in accordance with the following, in the following order of priority:

- (a) if the Collateral Obligation has been specifically assigned a recovery rate by Moody's (for example, in connection with the assignment by Moody's of an estimated rating), such recovery rate;
- (b) if the preceding clause does not apply to the Collateral Obligation, except with respect to a Corporate Rescue Loan, the rate determined pursuant to the table below based on the number of rating subcategories difference between the Collateral Obligation's Moody's Rating and its Moody's Default Probability Rating (for purposes of clarification, if the Moody's Rating is higher than the Moody's Default Probability Rating, the rating subcategories difference will be positive and if it is lower, negative):

<b>Number of Moody's Ratings Subcategories Difference Between the Moody's Rating and the Moody's Default Probability Rating</b>	<b>Moody's Secured Senior Loans</b>	<b>Second Lien Loans*</b>	<b>All other Collateral Obligations</b>
+2 or more	60%	55%	45%
+1	50%	45%	35%
0	45%	35%	30%
-1	40%	25%	25%
-2	30%	15%	15%
-3 or less	20%	5%	5%

- (c) if the Collateral Obligation is a Corporate Rescue Loan (other than a Corporate Rescue Loan which has been specifically assigned a recovery rate by Moody's), 50.0 per cent.

\* If such Collateral Obligation is publicly rated by Moody's and does not have both a CFR and an Assigned Moody's Rating, such Collateral Obligation will be deemed to be an Unsecured Senior Obligation for purposes of this table.

The "**Moody's Weighted Average Rating Factor Adjustment**" means an amount, expressed as a percentage, as of any Measurement Date equal to the greater of:

- (a) zero; and
- (b) the number obtained by dividing:
- (i) (A) the number set forth in the Moody's Test Matrix at the intersection of the applicable "row/column" combination chosen by the Collateral Manager (acting on behalf of the Issuer) (or interpolating between two adjacent rows and/or two adjacent columns (as applicable)), as at such Measurement Date minus (B) the Adjusted Weighted Average Moody's Rating Factor; by
- (ii) 85.00 in all cases;
- and dividing the result by 100.

*The Fitch Maximum Weighted Average Rating Factor Test*

"**Fitch Maximum Weighted Average Rating Factor Test**" means that test that will be satisfied, on any Measurement Date, if the Fitch Weighted Average Rating Factor as at such date is less than or equal to the applicable level in the Fitch Tests Matrices.

"**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.

<u>Fitch Rating</u>	<u>Fitch Rating Factor</u>
AAA	0.19
AA+	0.35
AA	0.64
AA-	0.86
A+	1.17
A	1.58
A-	2.25
BBB+	3.19
BBB	4.54
BBB-	7.13
BB+	12.19
BB	17.43
BB-	22.80
B+	27.80
B	32.18
B-	40.60
CCC+	62.80
CCC	62.80
CCC-	62.80
CC	100.00
C	100.00
D	100.00

*The Fitch Minimum Weighted Average Recovery Rate Test*

“**Fitch Minimum Weighted Average Recovery Rate Test**” means the test that will be satisfied in respect of the Notes on any Measurement Date, if the Fitch Weighted Average Recovery Rate is greater than or equal to the applicable level in the Fitch Tests Matrices.

“**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 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, (x) if such Collateral Obligation is a Secured Senior Bond, the recovery rate applicable to such Secured Senior Bond shall be the recovery rate corresponding to the Fitch recovery rating of "RR3" in the table set forth under (a) above and (y) otherwise, 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, “**Moderate Recovery**” if it is an Unsecured Senior

Obligation and otherwise “**Weak Recovery**”, and shall fall into the country group corresponding to the country in which the Obligor thereof is Domiciled:

	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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 A:** Australia, Bermuda, Canada, Cayman Islands, New Zealand, Puerto Rico, United States.

**Group B:** 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 C:** 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.

*The Minimum Weighted Average Spread Test*

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 Determination Date plus the Weighted Average Coupon Adjustment Percentage as at such Determination 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 greater of:

- (a) 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)); and
- (b) the weighted average spread (expressed as a percentage) applicable to the current Moody’s Test Matrix based upon the option chosen by the Collateral Manager (or interpolating between two adjacent rows and/or two adjacent columns (as applicable)) reduced by the Moody’s Weighted Average Recovery Adjustment, provided such reduction may not reduce the Minimum Weighted Average Spread below 2.20 per cent.

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; by
- (b) an amount equal to the Aggregate Principal Balance of all Floating Rate Collateral Obligations as of such Measurement Date, in each case, excluding (x) Defaulted Obligations and the unfunded portion of any Delayed Drawdown Collateral Obligations and Revolving Obligations) and (y) any interest capitalised pursuant to the terms of such instruments other than, with respect to a Mezzanine Obligation and a PIK Obligation, any such interest capitalised pursuant to the terms thereof which is paid for on the date of acquisition of such Mezzanine Obligation or PIK Obligation, as of such Measurement Date,

in each case adjusted for any withholding tax deducted in respect of the relevant obligation which is neither grossed up nor recoverable under any applicable double tax treaty.

The Weighted Average Spread shall be expressed as a percentage and shall be rounded up to the next 0.01 per cent.

The “**Aggregate Excess Funded Spread**”, as of any Measurement Date, means the amount obtained by *multiplying*:

- (a) the amount equal to EURIBOR applicable to the Rated Notes during the Accrual Period in which such Measurement Date occurs; by
- (b) the amount equal to the greater of zero and:
  - (i) the Aggregate Principal Balance of the Collateral Obligations (including for this purpose any capitalised interest with respect to which required non-deferrable cash interest is being paid but excluding any portion of the Principal Balance or capitalised interest with respect to which required non-deferrable cash interest is not being paid) as of such Measurement Date; *minus*
  - (ii) the Reinvestment Target Par Balance; *minus*
  - (iii) the aggregate amount of Principal Proceeds received from the issuance of additional notes pursuant to the Trust Deed.

The “**Aggregate Funded Spread**”, as of any Measurement Date, means the sum of:

- (a) in the case of each Floating Rate Collateral Obligation that bears interest at a spread over EURIBOR:
  - (i) the stated interest rate spread (excluding Non-Euro Obligations, Defaulted Obligations, Deferring Obligations and the unfunded portion of any Delayed Drawdown Collateral Obligation and Revolving Obligation and, in respect of any Collateral Obligations that are deferring the payment of interest due thereon, only the required non-deferrable cash interest will be included) on such Collateral Obligation above EURIBOR; *multiplied by*
  - (ii) the Principal Balance of such Collateral Obligation (including for this purpose any capitalised interest with respect to which required non-deferrable cash interest is being paid but excluding any portion of the Principal Balance or capitalised interest with respect to which required non-deferrable cash interest is not being paid); and
- (b) in the case of each Floating Rate Collateral Obligation that bears interest at a spread over an index other than EURIBOR:
  - (i) the excess of the sum of such spread and such index (excluding Non-Euro Obligations, Defaulted Obligations, Deferring Obligations and the unfunded portion of any Delayed Drawdown Collateral Obligation and Revolving Obligation and, in respect of any Collateral Obligations that are deferring the payment of interest due thereon, only the required non-deferrable cash interest will be included) over EURIBOR as of the immediately preceding Interest Determination Date (which spread or excess may be expressed as a negative percentage); *multiplied by*
  - (ii) the Principal Balance of each such Collateral Obligation (including for this purpose any capitalised interest with respect to which required non-deferrable cash interest is being paid but excluding any portion of the Principal Balance or capitalised interest with respect to which required non-deferrable cash interest is not being paid);
- (c) in the case of each Floating Rate Collateral Obligation which is a Non-Euro Obligation and subject to a Currency Hedge Transaction:
  - (i) the stated interest rate spread (excluding Defaulted Obligations, Deferring Obligations and the unfunded portion of any Delayed Drawdown Collateral Obligation and Revolving Obligation and, in respect of any Collateral Obligations that are deferring the payment of interest due thereon, only the required non-deferrable cash interest will be included) on such Non –Euro Obligation over EURIBOR (in respect of the applicable Hedge Agreement) 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 (including for this purpose any capitalised interest with respect to which required non-deferrable cash interest is being paid but excluding any portion of the Principal Balance or capitalised interest with respect to which required non-deferrable cash interest is not being paid);
- (d) in the case of each Floating Rate Collateral Obligation which is a Non-Euro Obligation and which is not subject to a Currency Hedge Transaction:
- (i) the interest amount payable by the relevant obligor on such Non –Euro Obligation in respect of the current calendar year (excluding Defaulted Obligations, Deferring Obligations and the unfunded portion of any Delayed Drawdown Collateral Obligation and Revolving Obligation and, in respect of any Collateral Obligations that are deferring the payment of interest due thereon, only the required non-deferrable cash interest will be included) converted into Euro at the Spot Rate; *less*
  - (ii) the product of (A) EURIBOR *multiplied by* (B) the Principal Balance of such Non-Euro Obligation (including for this purpose any capitalised interest with respect to which required non-deferrable cash interest is being paid but excluding any portion of the Principal Balance or capitalised interest with respect to which required non-deferrable cash interest is not being paid),

*provided that*, for such purpose:

- (A) in respect to any Floating Rate Collateral Obligation, the interest rate spread will be deemed to be, with respect to any Collateral Obligation that has a EURIBOR floor, (i) the stated interest rate spread plus, (ii) if positive, (x) the EURIBOR floor value minus (y) the greater of (1) EURIBOR as in effect for the immediately preceding Interest Determination Date and (2) 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 by the Currency Hedge Counterparty to 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 Unhedged Haircut under paragraph (c) above);
- (B) in respect of any Fixed Rate Collateral Obligation which is subject to an Interest Rate Hedge Transaction which swaps the fixed rate on such Fixed Rate Collateral Obligation for a floating rate shall be deemed to be 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;
- (C) in respect of a Step-Down Coupon Obligation, the interest rate shall be deemed to be the lowest interest rate that is permissible pursuant to and in accordance with the Underlying Instruments relating thereto;
- (D) in respect of a Step-Up Coupon Obligation, the interest rate shall be the interest rate applicable thereto as of the Measurement Date; and
- (E) in respect of a Zero Coupon Obligation, the interest rate shall be zero.

The “**Aggregate Unfunded Spread**” is, as of any Measurement Date, the sum of the products obtained by *multiplying*:

- (a) for each Delayed Drawdown Collateral Obligation and Revolving Obligation (other than Defaulted Obligations and Deferring Obligations), the related net commitment fee then in effect as of such date, 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

- (b) the undrawn commitments of each such Delayed Drawdown Collateral Obligation and Revolving Obligation as of such date.

The “**Weighted Average Coupon Adjustment Percentage**” means a percentage equal as of any Measurement Date to a number obtained by multiplying (a) the result of the Weighted Average Coupon minus the Reference Weighted Average Fixed Coupon by (b) the number obtained by dividing the Aggregate Principal Balance of all Fixed Rate Collateral Obligations by the Aggregate Principal Balance of all Floating Rate Collateral Obligations, and which product may, for the avoidance of doubt, be negative.

The “**Reference Weighted Average Fixed Coupon**” means, if any of the Collateral Obligations are Fixed Rate Collateral Obligations, 4.35 per cent., and otherwise zero per cent.

The “**Weighted Average 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,

in each case excluding, for any Mezzanine Obligation and PIK 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 or PIK Obligation) and excluding Defaulted Obligations 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 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 Obligations and the unfunded portion of any Delayed Drawdown Collateral Obligations and Revolving Obligations, the product (including, in respect of any Collateral Obligations that are deferring the payment of interest due thereon, only the required, non-deferrable current cash pay interest required by the Underlying Instruments thereon) 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 Obligations and the unfunded portion of any Delayed Drawdown Collateral Obligations and Revolving Obligations, an amount equal to the Euro equivalent of the product (including, in respect of any Collateral Obligations that are deferring the payment of interest due thereon, only the required, non-deferrable current cash pay interest required by the Underlying Instruments thereon) 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 Obligations 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 (including, in respect of any Collateral Obligations that are deferring the payment of interest due thereon, only the required current cash pay interest required by the Underlying Instruments thereon), (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:

- (i) 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

- (ii) 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 Obligation, 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 Obligation, the margin applicable as at the relevant Measurement Date.

#### *The Weighted Average Life Test*

The “**Weighted Average Life Test**” will be satisfied on any Measurement Date if the Weighted Average Life of all Collateral Obligations as of such date is less than the number of years (rounded to the nearest one hundredth thereof) during the period from such Measurement Date to 7 November 2027.

“**Weighted Average Life**” is, as of any Measurement Date with respect to all Collateral Obligations other than Defaulted Obligations, 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:
- (b) the Aggregate Principal Balance at such time of all Collateral Obligations other than Defaulted Obligations.

“**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.

#### **Rating Definitions**

##### *Moody’s Ratings Definitions*

“**Assigned Moody’s Rating**” means the monitored publicly available rating or the unpublished monitored loan rating or the credit estimate expressly assigned to a debt obligation (or facility) by Moody’s.

“**CFR**” means, with respect to an Obligor of a Collateral Obligation, if such Obligor has a corporate family rating by Moody’s, then such corporate family rating; provided, if such Obligor does not have a corporate family rating by Moody’s but any entity in the Obligor’s corporate family does have a corporate family rating, then the CFR is such corporate family rating.

“**Moody’s Default Probability Rating**” means, with respect to any Collateral Obligation, as of any date of determination, the rating determined in accordance with the following methodology:

- (a) if the Obligor of such Collateral Obligation has a CFR by Moody’s, then such CFR;
- (b) if not determined pursuant to clause (a) above, if the Obligor of such Collateral Obligation has one or more senior unsecured obligations with an Assigned Moody’s Rating, then the Assigned Moody’s Rating on such obligation as selected by the Collateral Manager in its sole discretion;
- (c) if not determined pursuant to clauses (a) or (b) above, or if the Obligor of such Collateral Obligation has one or more senior secured obligations with an Assigned Moody’s Rating, then the Moody’s rating that is one subcategory lower than the Assigned Moody’s Rating on any such senior secured obligation as selected by the Collateral Manager in its sole discretion;

- (d) if not determined pursuant to clauses (a), (b) or (c) above, if a credit estimate has been assigned to such Collateral Obligation by Moody's upon the request of the Issuer, the Collateral Manager or an Affiliate of the Collateral Manager, then the Moody's Default Probability Rating is such credit estimate as long as such credit estimate or a renewal for such credit estimate has been issued or provided by Moody's in each case within the 15 month period preceding the date on which the Moody's Default Probability Rating is being determined; *provided that* if such rating estimate has been issued or provided by Moody's for a period (x) longer than 13 months but not beyond 15 months, the Moody's Default Probability Rating will be one subcategory lower than such credit estimate and (y) beyond 15 months, the Moody's Default Probability Rating will be deemed to be "Caa3";
- (e) if not determined pursuant to clauses (a), (b), (c) or (d) above, the Moody's Derived Rating; and
- (f) if not determined pursuant to clauses (a), (b), (c), (d) or (e) above, the Collateral Obligation will be deemed to have a Moody's Default Probability Rating of "Caa3".

For purposes of calculating a Moody's Default Probability Rating, each applicable rating on credit watch by Moody's with positive or negative implication at the time of calculation will be treated, respectively, as having been upgraded or downgraded by one rating subcategory, as the case may be.

"**Moody's Derived Rating**" means, with respect to a Collateral Obligation whose Moody's Rating or Moody's Default Probability Rating is determined as the Moody's Derived Rating, the rating as determined in the manner set forth below:

- (a) with respect to any Corporate Rescue Loan, one subcategory below the facility rating (whether public or private) of such Corporate Rescue Loan rated by Moody's;
- (b) if not determined pursuant to clause (a) above, if the Obligor of such Collateral Obligation has a long-term issuer rating by Moody's, then such long-term issuer rating;
- (c) if not determined pursuant to clause (a) or (b) above, if another obligation of the Obligor is rated by Moody's, then by adjusting the rating of the related Moody's rated obligations of the related Obligor by the number of rating sub-categories according to the table below:

<b>Obligation Category of Rated Obligation</b>	<b>Rating of Rated Obligation</b>	<b>Number of Subcategories Relative to Rated Obligation Rating</b>
Senior secured obligation	greater than or equal to B2	-1
Senior secured obligation	less than B2	-2
Subordinated obligation	greater than or equal to B3	+1
Subordinated obligation	less than B3	0

- (d) if not determined pursuant to clause (a), (b) or (c) above, if the Obligor of such Collateral Obligation has a corporate family rating by Moody's, then one subcategory below such corporate family rating;
- (e) if not determined pursuant to clause (a), (b), (c) or (d) above, then pursuant to the table below:

<b>Type of Collateral Obligation</b>	<b>S&amp;P Rating (Public or Private and Monitored)</b>	<b>Collateral Obligation Rated by S&amp;P</b>	<b>Number of Subcategories Relative to Moody's Equivalent of S&amp;P Rating</b>
Not Structured Finance Obligation	≥BBB-	Not a Loan or Participation in Loan	-1
Not Structured Finance Obligation	≤BB+	Not a Loan or Participation in Loan	-2
Not Structured Finance Obligation		Loan or Participation in Loan	-2

*provided that*, if such Collateral Obligation is a Corporate Rescue Loan, no Moody's Derived Rating may be determined based on a rating by S&P or any other rating agency; or

- (f) if such Collateral Obligation is not rated by Moody's or S&P and no other security or obligation of the issuer of such Collateral Obligation is rated by Moody's or S&P, and if Moody's has been requested by the Issuer, the Collateral Manager or the issuer of such Collateral Obligation to assign a rating or rating

estimate with respect to such Collateral Obligation but such rating or rating estimate has not been received, pending receipt of such estimate, the Moody's Derived Rating for purposes of the definition of Moody's Rating and Moody's Default Probability Rating (as applicable) of such Collateral Obligation shall be (x) "B3" if the Collateral Manager certifies to the Trustee and the Collateral Administrator that the Collateral Manager believes that such estimate will be at least "B3" and if the aggregate principal balance of Collateral Obligations determined pursuant to this clause (f) does not exceed 5 per cent. of the Collateral Principal Amount of all Collateral Obligations or (y) otherwise, "Caa2".

For the purposes of calculating a Moody's Derived Rating, each applicable rating on credit watch by Moody's with positive or negative implication at the time of calculation will be treated, respectively, as having been upgraded or downgraded by one rating subcategory, as the case may be.

**"Moody's Rating"** means:

- (a) with respect to a Collateral Obligation that is a Moody's Secured Senior Loan or Secured Senior Bond:
  - (i) if such Collateral Obligation has an Assigned Moody's Rating, such Assigned Moody's Rating;
  - (ii) if such Collateral Obligation does not have an Assigned Moody's Rating but the Obligor of such Collateral Obligation has a CFR, then the Moody's rating that is one subcategory higher than such CFR;
  - (iii) if neither clause (i) nor (ii) above apply, if such Collateral Obligation does not have an Assigned Moody's Rating but the Obligor of such Collateral Obligation has one or more senior unsecured obligations with an Assigned Moody's Rating, then the Moody's rating that is two subcategories higher than the Assigned Moody's Rating on any such obligation as selected by the Collateral Manager in its sole discretion;
  - (iv) if none of clauses (i) through (iii) above apply, at the election of the Collateral Manager, the Moody's Derived Rating; and
  - (v) if none of clauses (i) through (iv) above apply, the Collateral Obligation will be deemed to have a Moody's Rating of "Caa3"; and
- (b) with respect to a Collateral Obligation other than a Moody's Secured Senior Loan or Secured Senior Bond:
  - (i) if such Collateral Obligation has an Assigned Moody's Rating, such Assigned Moody's Rating;
  - (ii) if such Collateral Obligation does not have an Assigned Moody's Rating but the Obligor of such Collateral Obligation has one or more senior unsecured obligations with an Assigned Moody's Rating, then the Assigned Moody's Rating on any such obligation as selected by the Collateral Manager in its sole discretion;
  - (iii) if neither clause (i) nor (ii) above apply, if the Obligor of such Collateral Obligation has a CFR, then the Moody's rating that is one subcategory lower than such CFR;
  - (iv) if none of clauses (i), (ii) or (iii) above apply, if such Collateral Obligation does not have an Assigned Moody's Rating but the Obligor of such Collateral Obligation has one or more subordinated debt obligations with an Assigned Moody's Rating, then the Moody's rating that is one subcategory higher than the Assigned Moody's Rating on any such obligation as selected by the Collateral Manager in its sole discretion;
  - (v) if none of clauses (i) through (iv) above apply, at the election of the Collateral Manager, the Moody's Derived Rating; and
  - (vi) if none of clauses (i) through (v) above apply, the Collateral Obligation will be deemed to have a Moody's Rating of "Caa3".

For purposes of calculating a Moody's Rating, each applicable rating on credit watch by Moody's with positive or negative implication at the time of calculation will be treated as having been upgraded or downgraded by one rating subcategory, as the case may be.

**"Moody's Secured Senior Loan"** means:

- (a) a loan that:
  - (i) is not (and cannot by its terms become) subordinate in right of payment to any other debt obligation of the Obligor of the loan or no other obligation of the Obligor has any higher priority security interest in such assets or stock, provided that a revolving loan of the Obligor that, pursuant to its terms, may require one or more advances to be made to the borrower may have a higher priority security interest in such assets or stock in the event of an enforcement in respect of such loan representing up the Secured Senior RCF Percentage of the Obligor's senior debt;
  - (ii) (x) is secured by a valid first priority perfected security interest or lien in, to or on specified collateral securing the Obligor's obligations under the loan and (y) such specified collateral does not consist entirely of equity securities or common stock; provided that any loan that would be considered a Moody's Secured Senior Loan but for clause (y) above shall be considered a Moody's Secured Senior Loan if it is a loan made to a parent entity and as to which the Collateral Manager determines in good faith that the value of the common stock of the subsidiary (or other equity interests in the subsidiary) securing such loan at or about the time of acquisition of such loan by the Issuer has a value that is at least equal to the outstanding principal balance of such loan and the outstanding principal balances of any other obligations of such parent entity that are *pari passu* with such loan, which value may include, among other things, the enterprise value of such subsidiary of such parent entity; and
  - (iii) the value of the collateral securing the loan together with other attributes of the Obligor (including, without limitation, its general financial condition, ability to generate cash flow available for debt service and other demands for that cash flow) is adequate (in the commercially reasonable judgement of the Collateral Manager) to repay the loan in accordance with its terms and to repay all other loans of equal seniority secured by a first lien or security interest in the same collateral); and
- (b) the loan is not:
  - (i) a Corporate Rescue Loan; or
  - (ii) a loan for which the security interest or lien (or the validity or effectiveness thereof) in substantially all of its collateral attaches, becomes effective, or otherwise "springs" into existence after the origination thereof.

#### *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 sub-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 Moody's CFR or Moody's Long Term Issuer Rating (in each case without regard to whether any such ratings are publicly available) of "Caa1" or lower and, if the relevant Collateral Obligation has only a Moody's Issue Rating, the Fitch IDR Equivalent rating determined by applying the Fitch Rating Mapping Table to such Moody's Issue Rating, is higher than "CCC+"; (ii) the relevant Collateral Obligation has a private rating by Moody's; and (iii) the relevant Collateral Obligation does not form part of the Fitch Deemed Rating Excess (as defined below), then the Fitch Rating of the relevant Collateral Obligation shall be deemed to be "B-" (provided that the Collateral Manager may elect in its sole discretion to assign any such Collateral Obligation a Fitch Rating of "CCC"), and if any of the clauses (i) to (iii) in the foregoing proviso are not met, then the relevant Collateral Obligation will be deemed to have a Fitch Rating of "CCC" (except where a Fitch IDR Equivalent rating has been determined in accordance with paragraph (i) above and such rating is lower than "CCC", in which case the relevant Collateral Obligation shall be deemed to be a Defaulted Obligation for the purposes of this definition of "Fitch Rating"); 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 "D" or "RD", 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:

- (ii) Fitch, then the rating used to determine the Fitch Rating above shall be one rating subcategory below such rating by Fitch;
  - (iii) 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
  - (iv) 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; 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 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.

## The Coverage Tests

The Coverage Tests will consist of the Class A/B Par Value Test, the Class C Par Value Test, the Class D Par Value Test, the Class E Par Value Test, the Class F Par Value Test, the Class A/B Interest Coverage Test, the Class C Interest Coverage Test and the Class D Interest Coverage Test.

The Coverage Tests will be used primarily to determine whether interest may be paid on the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes, whether Principal Proceeds may be reinvested in Substitute Collateral Obligations, or whether Interest Proceeds and, to the extent needed, Principal Proceeds, in the event of failure to satisfy the Class A/B Coverage Tests, must instead be used to pay principal on the Class X Notes and the Class A Notes and, after redemption in full thereof, to pay principal on the Class B Notes, to the extent necessary to cause the Class A/B Coverage Tests to be satisfied if recalculated immediately following such redemption; or, in the event of failure to satisfy the Class C Coverage Tests, to pay principal on the Class X Notes and the Class A Notes and, after redemption in full thereof, principal on the Class B Notes and, after redemption in full thereof, principal on the Class C Notes to the extent necessary to cause the Class C Coverage Tests to be satisfied if recalculated immediately following such redemption; or, in the event of failure to satisfy the Class D Coverage Tests, to pay principal on the Class X Notes and the Class A Notes and, after redemption in full thereof, principal on the Class B Notes and, after redemption in full thereof, principal on the Class C Notes and, after redemption in full thereof, principal on the Class D Notes, to the extent necessary to cause the Class D Coverage Tests to be satisfied if recalculated immediately following such redemption; or, in the event of failure to satisfy the Class E Par Value Test, to pay principal on the Class X Notes and the Class A Notes and, after redemption in full thereof, principal on the Class B Notes and, after redemption in full thereof, principal on the Class C Notes and, after redemption in full thereof, principal on the Class D Notes and, after redemption in full thereof, principal on the Class E Notes, to the extent necessary to cause the Class E Par Value Test to be satisfied if recalculated immediately following such redemption; or, in the event of failure to satisfy the Class F Par Value Test, to pay principal on the Class X Notes and the Class A Notes and, after redemption in full thereof, principal on the Class B Notes and, after redemption in full thereof, principal on the Class C Notes and, after redemption in full thereof, principal on the Class D Notes and, after redemption in full thereof, principal on the Class E Notes and, after redemption in full thereof, principal on the Class F Notes, to the extent necessary to cause the Class F Par Value Test to be satisfied if recalculated immediately following such redemption.

Each of the Class A/B Par Value Test, the Class A/B Interest Coverage Test, the Class C Par Value Test, the Class C Interest Coverage Test, the Class D Par Value Test, the Class D Interest Coverage Test, the Class E Par Value Test and the Class F Par Value Test, shall apply on a Measurement Date (a)(i) on and after the Effective Date in respect of the Par Value Tests (other than the Class F Par Value Test) and (ii) after the Reinvestment Period in respect of the Class F Par Value Test, and (b) on and after the Determination Date immediately preceding the second Payment Date in the case of the Interest Coverage Tests and shall be satisfied on a Measurement Date if the corresponding Par Value Ratio or Interest Coverage Ratio (as the case may be) is at least equal to the percentage specified in the table below in relation to that Coverage Test.

<b>Coverage Test and Ratio</b>	<b>Percentage at Which Test is Satisfied</b>
Class A/B Par Value	131.56%
Class A/B Interest Coverage	120.00%
Class C Par Value	122.39%
Class C Interest Coverage	110.00%
Class D Par Value	114.07%
Class D Interest Coverage	105.00%
Class E Par Value	106.46%
Class F Par Value	104.70%

## The Reinvestment Par Value Test

If the Reinvestment Par Value Test is not satisfied as of any Determination Date on and after the Effective Date and during the Reinvestment Period, on the related Payment Date, Interest Proceeds shall be paid to the Principal Account to be applied for the purpose of the acquisition of additional Collateral Obligations in an amount equal to the Required Diversion Amount.

	<b>Percentage At Which Test Is Satisfied</b>
Reinvestment Par Value Test	105.20%

## 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 Issuer has appointed the Collateral Manager to provide certain investment management functions pursuant to the Collateral Management and Administration Agreement and to 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 Issuer has, in the Collateral Management and Administration Agreement, delegated to the Collateral Manager the discretion to select and manage the Portfolio. Pursuant to the Collateral Management and Administration Agreement, the Issuer shall delegate authority to the Collateral Manager to carry out certain of its functions in relation to the Portfolio without the requirement for specific approval by the Issuer.

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 Collateral Obligations and similar portfolios. Such policies and procedures include, in the case of the Collateral Obligations, systems for identifying Credit Risk Obligations and Defaulted Obligations.

### Duties of the Collateral Manager

Pursuant to the terms of the Collateral Management and Administration Agreement, the Collateral Manager will be responsible for the management of the Collateral Obligations, including, without limitation, evaluating, selecting and monitoring the Collateral Obligations, acquiring and selling Collateral Obligations, exercising voting or other rights with respect to the Collateral Obligations, attending meetings and otherwise representing the interests of the Issuer in connection with the management of the Collateral Obligations, providing notices to and requesting, directing, disputing and approving action on the part of the Issuer and certain related functions. In addition, pursuant to the terms of the Collateral Management and Administration Agreement, the Collateral Manager will be required to assist the Issuer with respect to any Hedge Agreements (to the extent any such agreement is entered into by the Issuer).

The Collateral Manager agrees, under the Collateral Management and Administration Agreement, to perform its obligations with reasonable care and in good faith, using a degree of skill and attention no less than that which the Collateral Manager or its Affiliates exercise with respect to comparable assets that they manage for themselves and others. To the extent consistent with the foregoing, the Collateral Manager may follow its customary standards, policies and procedures in performing its duties under the Collateral Management and Administration Agreement and the other Transaction Documents; *provided that* none of the Collateral Manager, its Affiliates, their respective shareholders, partners, members, managers, directors, officers, trustees, incorporators, employees, representatives and agents, nor any other Person controlling the Collateral Manager or any of its Affiliates (collectively, the “**Manager Related Parties**”) will be liable to the Issuer, the Trustee, the Noteholders or any other Person for any losses or damages resulting from any failure to satisfy the foregoing standard of care except for any losses or damages incurred as a result of (A) acts or omissions constituting bad faith, fraud, wilful misconduct or gross negligence (with such term given its meaning under New York law) in the performance of, or reckless disregard with respect to, the duties of the Collateral Manager under the Collateral Management and Administration Agreement; (B) the Collateral Manager Information containing any untrue statement of material fact; or (C) the Collateral Manager Information omitting to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (collectively, a “**Collateral Manager Breach**”). The Issuer will indemnify the Collateral Manager and the Manager Related Parties against liabilities incurred in performing its duties under the Collateral Management and Administration Agreement (provided that the Issuer’s indemnity in relation to Pecuniary Sanctions to which the Collateral Manager may become liable pursuant to Article 32 of the Securitisation Regulation shall only apply in the case of the Issuer’s negligence or wilful default); provided that the Issuer will not indemnify the Collateral Manager for any liabilities incurred as a result of any Collateral Manager Breach.

Pursuant to the terms of the Collateral Management and Administration Agreement, the Issuer will be required to prepare Monthly Reports and Payment Date Reports with respect to the Collateral Obligations. The Collateral Administrator will assist the Issuer and the Collateral Manager in compiling these reports.

Under the Collateral Management and Administration Agreement, subject to the standard of care required thereunder, the Collateral Manager will covenant to:

- (a) diversify the Collateral Obligations in the Portfolio in accordance with, in particular, the Portfolio Profile Tests;
- (b) measure and monitor the credit risk of the Collateral Obligations in the Portfolio as per the methodologies set out in and in accordance with the terms of the Collateral Management and Administration Agreement; and
- (c) consult with the Collateral Administrator and the Issuer 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.

“**Collateral Manager Information**” means the information under “*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*” in (i) the first Preliminary Offering Circular dated 1 March 2019, (ii) the second Preliminary Offering Circular dated 3 April 2019, and (iii) the final Offering Circular dated 1 May 2019, in each case, issued by the Issuer in connection with the Notes.

#### **Compensation of the Collateral Manager**

Other than the Senior Management Fee and the Incentive Collateral Management Fee (as described below), the Collateral Manager will not be paid a fee by the Issuer for providing its services. As compensation for the performance of its obligations under the Collateral Management and Administration Agreement, on the Issue Date the Collateral Manager (and/or, at its discretion, a Collateral Manager Related Party) will subscribe for certain of the Class M Notes. On each Payment Date, a Class M Distribution Amount shall be payable on the Class M Notes (unless deferred in accordance with Condition 6(b) (*Deferral of Interest*)). The Class M Distribution Amount shall be an amount equal to 0.35 per cent. per annum of the Collateral Principal Amount.

As compensation for the performance of its obligations under the Collateral Management and Administration Agreement, the Collateral Manager (and/or, at its direction, an Affiliate of the Collateral Manager) will be entitled to receive, in arrear, from the Issuer on each Payment Date a senior management fee (exclusive of any VAT) equal to 0.15 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) immediately preceding such Payment Date, as determined by the Collateral Administrator, 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 Payments (such fee, the “**Senior Management Fee**”).

The Senior Management Fee shall be calculated based upon the actual number of days elapsed in the applicable Due Period divided by 360 and, subject to the paragraph below, shall not include any VAT payable on such Senior Management Fee.

If amounts distributable on any Payment Date in accordance with the Priorities of Payments are insufficient to pay the Senior Management Fee in full, then a portion of the Senior Management Fee equal to the shortfall will be deferred and will be payable on subsequent Payment Dates on which funds are available therefor according to the Priorities of Payments.

The Collateral Manager, in respect of any Collateral Management Fees due to be paid to it on a Payment Date, may elect to (i) defer any Senior Management Fees, (ii) waive any Collateral Management Fees and/or (iii) direct the Issuer (or the Collateral Administrator on the Issuer’s behalf) to pay any Collateral Management Fees, or any part thereof, to a party of its choice. Any amounts so deferred pursuant to (i) above or waived pursuant to (ii) above shall be applied in accordance with the Priorities of Payments. To the extent that the Collateral Manager elects to defer all or a portion thereof and later rescinds such deferral election, the Deferred Senior Collateral Management Amounts will be payable on subsequent Payment Dates in accordance with the Priorities of

Payments. Any due and unpaid Collateral Management Fees including Deferred Senior 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). Any amounts so waived pursuant to (ii) above will cease to become due and payable and will not become due and payable at any time. Any amounts directed to be paid by the Collateral Manager to another party pursuant to (iii) above will cease to become due and payable to the Collateral Manager upon proper receipt of those amounts by the nominated party. In addition, in accordance with Condition 3(c) (*Priorities of Payments*), the Collateral Manager may, in its sole discretion, elect to designate for reinvestment in Collateral Obligations any Collateral Management Fee or designate for the purchase of Rated Notes pursuant to Condition 7(k) (*Purchase*) any Senior Management Fee.

The Collateral Management and Administration Agreement also provides that the Collateral Manager will be entitled to an incentive collateral management fee on each Payment Date on which the Incentive Collateral Management Fee IRR Threshold of 12.0 per cent. has been met or surpassed, such incentive collateral management fee being equal (exclusive of any VAT) to 20.0 per cent. of any Interest Proceeds and Principal Proceeds (after any payment required to satisfy the Incentive Collateral Management Fee IRR Threshold) that would otherwise be available to distribute to the Subordinated Noteholders in accordance with the Priorities of Payments on such Payment Date (such fee, the “**Incentive Collateral Management Fee**”). The Collateral Manager may, at its sole discretion designate, waive or reinvest in additional Collateral Obligations all or a part of the Incentive Collateral Management Fee, subject to and in accordance with the Priorities of Payments.

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, out-of-pocket expenses and 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 or other unusual matters arising in the performance of its duties under the Collateral Management and Administration Agreement) shall be reimbursed (together with any irrecoverable VAT thereon) by the Issuer as an Administrative Expense to the extent funds are available therefor in accordance with the Priorities of Payments and the order of priority set out in the definition of Administrative Expenses.

Fees payable to, and costs and expenses of, the Collateral Manager, shall accrue up to the date on which the Collateral Manager’s appointment is terminated or the Collateral Manager resigns its appointment, as described further below. The Collateral Management Fee calculated as provided in the Collateral Management and Administration Agreement will, if the Collateral Manager ceases to act as the Collateral Manager on a date other than a Payment Date continue to be payable to the Collateral Manager and will be pro-rated for any partial periods between Payment Dates during which the Collateral Manager continued to act as the Collateral Manager in accordance with the terms in the Collateral Management and Administration Agreement. If the Collateral Manager ceases to act as Collateral Manager between Payment Dates, such fees will be due and payable on the first Payment Date (and if not paid in full, each subsequent Payment Date) following the date of such termination subject to the Priorities of Payments. For the avoidance of doubt, where the Collateral Manager has resigned or has been removed, but is required to continue providing collateral management services until a successor has been appointed in accordance with the terms of the Collateral Management and Administration Agreement, the Collateral Manager shall continue to be entitled to the Collateral Management Fees and any costs and expenses of the Collateral Manager reimbursable pursuant to the terms of the Collateral Management and Administration Agreement.

### **Termination of the Collateral Management and Administration Agreement**

Subject to the paragraphs 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) at the Issuer’s discretion; (ii) by the Issuer at the direction of the Controlling Class (acting by Extraordinary Resolution) or (iii) by Subordinated Noteholders (acting by Ordinary Resolution) (in each case, any CM Non-Voting Notes or CM Non-Voting Exchangeable Notes and any Notes held by or on behalf of the Collateral Manager or by any Collateral Manager Related Party will be deemed not to remain outstanding for the purposes of such resolution) upon 10 calendar days’ prior written notice to the Collateral Manager, 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.

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 Portfolio and the final distribution of the proceeds of such liquidation as provided in the Transaction Documents, and (iii) the determination in good faith by the Issuer that the Issuer or the Portfolio has become required to be registered under the Investment Company Act, and the Issuer notifies the Collateral Manager thereof.

### **Resignation**

The Collateral Manager may resign, upon 90 calendar days' (or such shorter notice as is acceptable to the Issuer) written notice to the Issuer, the Trustee, the Collateral Administrator, each Hedge Counterparty and each Rating Agency, *provided that* the Collateral Manager will have the right to resign immediately upon the coming into effect of any material change in any applicable law or regulation which renders the performance by the Collateral Manager of its duties under the Collateral Management and Administration Agreement to be unlawful (other than as a result of a breach by the Collateral Manager of its obligations under the Collateral Management and Administration Agreement). Notwithstanding any of the foregoing, no resignation or removal of the Collateral Manager will be effective until the date as of which a successor Collateral Manager has been appointed as described below, and has accepted all of the Collateral Manager's duties and obligations in writing.

### **Appointment of Successor**

Upon any 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.

Within 90 calendar days of the resignation, termination or removal of the Collateral Manager while any of the Notes are outstanding, the Subordinated Noteholders (acting by Ordinary Resolution) may propose a successor Collateral Manager by delivering notice thereof to the Issuer, the Trustee and the Noteholders. The Controlling Class (acting by Ordinary Resolution) (excluding the holders of any CM Non-Voting Exchangeable Notes and CM Non-Voting Notes and any Notes held by or on behalf of the Collateral Manager or a Collateral Manager Related Party) may, within 60 calendar days from receipt of such notice, object to such successor Collateral Manager by delivery of notice of such objection to the Issuer and the Trustee whereupon such proposed successor Collateral Manager will not be appointed Collateral Manager by the Issuer. If no notice of objection is received by the Issuer and the Trustee within such time period, such proposed successor Collateral Manager will be appointed Collateral Manager by the Issuer. If the Subordinated Noteholders (acting by Ordinary Resolution) make no such proposal within such 90-day period, the Controlling Class (acting by Ordinary Resolution) (excluding the holders of any CM Non-Voting Exchangeable Notes and CM Non-Voting Notes and any Notes held by or on behalf of the Collateral Manager or a Collateral Manager Related Party) may propose a successor Collateral Manager by delivering notice thereof to the Issuer, the Trustee and the Noteholders; *provided that* no such proposed successor Collateral Manager may be an Affiliate of a holder of the Controlling Class. The Subordinated Noteholders (acting by Ordinary Resolution) may, within 30 calendar days from receipt of such notice, object to such successor Collateral Manager by delivery of notice of such objection to the Issuer and the Trustee. If no notice of objection is received by the Issuer and the Trustee within such time period, such proposed successor Collateral Manager will be appointed Collateral Manager by the Issuer.

Within 30 calendar days of the receipt of notice of an objection by the Controlling Class to the successor Collateral Manager proposed by the Subordinated Noteholders or receipt of notice of an objection by the Subordinated Noteholders to the successor Collateral Manager proposed by the Controlling Class, either the Controlling Class (acting by Ordinary Resolution) (excluding the holders of any CM Non-Voting Exchangeable Notes and CM Non-Voting Notes and any Notes held by or on behalf of the Collateral Manager or a Collateral Manager Related Party) or the Subordinated Noteholders (acting by Ordinary Resolution) may propose a successor Collateral Manager by written notice to the Trustee, the Issuer and the Noteholders and the Controlling Class (acting by Ordinary Resolution) (excluding the holders of any CM Non-Voting Exchangeable Notes and CM Non-Voting Notes and any Notes held by or on behalf of the Collateral Manager or a Collateral Manager Related Party) or the Subordinated Noteholders (acting by Ordinary Resolution), as the case may be, may, within 30 calendar days from receipt of such notice, deliver to the Issuer and the Trustee notice of objection thereto. If no notice of objection is received by the Issuer and the Trustee within such time period, such proposed successor Collateral Manager will

be appointed Collateral Manager by the Issuer. If a notice of objection is received within 30 calendar days, then either group of Noteholders may again propose a successor Collateral Manager in accordance with the foregoing. Notwithstanding the above, if no successor Collateral Manager has been appointed within 150 calendar days following the date of resignation, termination or removal of the Collateral Manager, the Issuer will appoint a successor Collateral Manager proposed by the Controlling Class (acting by Ordinary Resolution) (excluding the holders of any CM Non-Voting Exchangeable Notes and CM Non-Voting Notes and any Notes held by or on behalf of the Collateral Manager or a Collateral Manager Related Party) so long as such successor Collateral Manager (i) is not a Person that was previously objected to by the Subordinated Noteholders (acting by Ordinary Resolution) and (ii) is not an Affiliate of a holder of the Controlling Class. For the purposes of the above, any Notes held (x) as CM Non-Voting Exchangeable Notes or CM Non-Voting Notes or (y) by or on behalf of a Collateral Manager Related Party, shall have no voting rights with respect to the selection or appointment of the successor Collateral Manager.

Any replacement Collateral Manager must satisfy the conditions described below under “*Successor Requirements*”.

### **Assignment by Collateral Manager**

The Collateral Management and Administration Agreement provides that, except as described in the following paragraphs, no rights or obligations under the Collateral Management and Administration Agreement (or any interest therein) may be assigned or delegated by the Collateral Manager. In addition, no such assignment or delegation by the Collateral Manager will be effective if such assignment is to a transferee that does not qualify as an eligible successor as described below under “*Successor Requirements*”.

The Collateral Manager is permitted to assign its rights and delegate its duties under the Collateral Management and Administration Agreement to any transferee or delegate so long as (i) such assignment or delegation is consented to by the Issuer, the Controlling Class (acting by Ordinary Resolution) (excluding the holders of any CM Non-Voting Exchangeable Notes and CM Non-Voting Notes) and the Subordinated Noteholders (acting by Ordinary Resolution), (ii) each Rating Agency has confirmed in writing that the then-current rating assigned by such Rating Agency to any of the Rated Notes will not be reduced, withdrawn or qualified as a result of such assignment or delegation, (iii) such transferee or delegate is legally qualified and having the Irish regulatory capacity to act as such, (iv) such assignment or delegation will not cause the Issuer to become chargeable to taxation in any jurisdiction other than Ireland, (v) such assignment will not cause additional VAT to become payable by the Issuer or the assignee in respect of the Collateral Management Fees and (vi) such assignment or delegation will not cause the Retention Holder to breach the terms of the Retention Undertaking Letter or, if such transferee or delegate is to commit to retain the Retention Notes subject to and in accordance with the EU Retention and Transparency Requirements, such transferee or delegate enters into an agreement on substantially the same terms as the Retention Undertaking Letter to acquire the Retention Notes on the date of such assignment or delegation. Any transferee or delegate must satisfy the conditions described above under “*Appointment of Successor*”.

In addition, the Collateral Manager is permitted to assign its rights and delegate its duties under the Collateral Management and Administration Agreement to (a) any Affiliate of the Collateral Manager, selected by the Collateral Manager in accordance with the standard of care required under the Collateral Management and Administration Agreement, without the consent of the Issuer, the Noteholders or any other Person; provided that such agent (i) has the ability to professionally and competently perform duties similar to those imposed upon the Collateral Manager under the Collateral Management and Administration Agreement and otherwise satisfies the conditions described below under “*Successor Requirements*” and (ii) is legally qualified to and has the Irish regulatory capacity to act as Collateral Manager under the Collateral Management and Administration Agreement or benefits from an exemption or exclusion from such requirements; or (b) solely with respect to certain operational or administrative functions that would otherwise be performed by the Collateral Manager in connection with the performance of its duties under the Collateral Management and Administration Agreement, the Collateral Administrator or its agents or Affiliates, without the consent of the Issuer, Noteholders or any other Person.

Any corporation, partnership or limited liability company into which the Collateral Manager may be merged or converted or with which it may be consolidated, or any corporation, partnership or limited liability company resulting from any merger, conversion or consolidation to which the Collateral Manager will be a party, or any corporation, partnership or limited liability company succeeding to all or substantially all of the collateral management business of the Collateral Manager, will be the successor to the Collateral Manager without any

further action by the Collateral Manager, the Issuer, the Trustee, the Noteholders or any other person or entity; *provided that* (i) to the extent legally required, the Issuer consents to such action and (ii) the resulting entity qualifies as an eligible successor as described below under “*Successor Requirements*.”

Any assignment in accordance with the Collateral Management and Administration Agreement will bind the assignee in the same manner as the Collateral Manager is bound. Upon the execution and delivery of a counterpart of the Collateral Management and Administration Agreement by the assignee, the Collateral Manager will be released from further obligations under the Collateral Management and Administration Agreement, except with respect to (x) 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 and (y) its obligations under the Collateral Management and Administration Agreement in respect of acts upon termination. 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.

In addition, the Collateral Manager may employ third parties (including Affiliates) to render advice (including investment advice) and assistance to the Issuer; *provided that* (A) the Collateral Manager will not be relieved of any of its duties under the Collateral Management and Administration Agreement as a result of such employment of third parties and (B) the Collateral Manager will be solely responsible for the fees and expenses payable to any such third party except to the extent such expenses are payable by the Issuer under the Collateral Management and Administration Agreement. The Collateral Manager may not, however, assign or delegate any of its rights or responsibilities, nor permit Affiliates or third parties to perform services on its behalf, if such assignment, delegation or permission would cause the Issuer to be subject to tax in any jurisdiction outside its jurisdiction of incorporation.

### **Successor Requirements**

Any removal or resignation of the Collateral Manager as described above that occurs while any Notes are outstanding under the Trust Deed will be effective only if (i) 10 calendar days’ prior notice is given to the Rating Agencies and the Trustee, (ii) Rating Agency Confirmation has been received from each Rating Agency in respect of such termination and assumption by an eligible successor and (iii) the Issuer appoints a successor Collateral Manager (1) that has demonstrated an ability to professionally and competently perform duties similar to those imposed upon the Collateral Manager under the Collateral Management and Administration Agreement with a substantially similar (or better) level of expertise, (2) that is legally qualified and has the capacity (including Irish regulatory capacity) to act as Collateral Manager under the Collateral Management and Administration Agreement and under the applicable terms of the Trust Deed, in the assumption of all of the responsibilities, duties and obligations of the Collateral Manager under the Collateral Management and Administration Agreement and under the applicable terms of the other Transaction Documents, (3) 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, (4) the appointment and conduct of which will not cause the Issuer to be subject to net income taxation outside its jurisdiction of incorporation or to 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 value added or similar tax or cause any other material adverse tax consequences to the Issuer and (5) the appointment of which will not cause the Retention Holder to breach the terms of the Retention Undertaking Letter or, if such successor is to commit to retain the Retention Notes subject to and in accordance with the EU Retention and Transparency Requirements, such successor enters into an agreement on substantially the same terms as the Retention Undertaking Letter to acquire the Retention Notes on the date of its appointment as Collateral Manager. For the avoidance of doubt, no Notes either held in the form of CM Non-Voting Notes or CM Non-Voting Exchangeable Notes or held by or on behalf of the Collateral Manager or any Collateral Manager Related Party (if such outgoing Collateral Manager is the Retention Holder) shall have any voting rights with respect to and shall not be counted for the purposes of determining a quorum and the results of voting on any CM Replacement Resolution. The Issuer, the Trustee and the successor Collateral Manager will take such action (or cause the outgoing Collateral Manager to take such action) consistent with the Collateral Management and Administration Agreement and the terms of the other Transaction Documents as will be necessary to effectuate any such succession. No termination of the appointment of the Collateral Manager will be effective until a successor Collateral Manager is duly appointed. Any resignation, termination or removal of the Collateral Manager must satisfy the conditions described above under “*Appointment of Successor*”.

## **No Voting Rights**

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

Any Notes held by or on behalf of the Collateral Manager or any Collateral Manager Related Party will have no voting rights with respect to any vote (or written direction or consent) in connection with the removal of the Collateral Manager, the appointment of a successor Collateral Manager (if such outgoing Collateral Manager is the Retention Holder) or with respect to the assignment or delegation by the Collateral Manager of its obligations under the Collateral Management and Administration Agreement and will be deemed not to be Outstanding in connection with any such vote, *provided that* any Notes held by or on behalf of a Collateral Manager Related Party will have voting rights (including in respect of written directions and consents) with respect to all other matters as to which Noteholders are entitled to vote.

The Class X Notes shall not carry any rights in respect of, or be counted for the purposes of determining a quorum and the result of voting on, any CM Removal Resolutions or CM Replacement Resolutions.

The Class M Notes shall not carry any rights to vote or count towards any quorum or voting results except pursuant to and in accordance with Condition 14(b)(vi) (*Unanimous Resolution of Class M Noteholders*).

## DESCRIPTION OF THE COLLATERAL ADMINISTRATOR

*The information appearing in this section has been prepared by the Collateral Administrator and has not been independently verified by the Issuer, the Initial Purchaser or any other party. None of the Initial Purchaser or any other party other than the Collateral Administrator assumes any responsibility for the accuracy or completeness of such information.*

### Description

Virtus Group L.P. (“**Virtus**”) is a limited partnership incorporated under the laws of Texas and having its operating office at New Broad Street House, 35 New Broad Street, London EC2M 1NH.

Virtus provides fixed-income collateral administration services and data on structured and non-structured transactions across a broad spectrum of investment vehicles, including collateralised loan obligations (CLOs), Total Returns Swaps (TRS), hedge and private equity funds and separately managed accounts. Virtus also provides solutions for fixed-income asset managers looking to outsource their Middle Office requirements. For administrative services requiring a trustee or custodian function, such as CLOs, Virtus has partnered with Citibank Agency & Trust to offer a seamless and holistic administrative package. Established in 2005 and now with offices in Houston, Austin, London, New York and Shanghai, Virtus is one of the industry’s leading CLO Collateral Administrators. Virtus administers over 8,000 loan facilities with total assets under administration over U.S. \$250 billion across 250 portfolios and 100 managers.

### 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 calendar days’ prior written notice; or (b) with cause upon at least 10 calendar days’ prior written notice by the Issuer at its discretion or the Trustee acting upon the written direction 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 calendar days’ prior written notice and with cause upon at least 10 calendar 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.

### Reporting

Following the adoption of the final disclosure templates in respect of the Transparency Requirements, the Issuer and the Collateral Manager will propose in writing to the Collateral Administrator the form, content, timing and method of distribution of such reports and other information. The Collateral Administrator shall consult with the Issuer and the Collateral Manager and, if it agrees to provide such reporting on such proposed terms, shall confirm in writing to the Issuer and the Collateral Manager and shall make such information available via a website which shall be accessible to the competent authorities, any Noteholder and any potential investor in the Notes.

### ESMA Reporting Templates

In the Joint Statement, the ESAs noted that the reporting templates to be prepared by ESMA for the purposes of fulfilling the ongoing disclosure requirements applicable to the relevant reporting entities under the Transparency Requirements were unlikely to be adopted by 1 January 2019. Instead the Transitional Requirements will apply to the underlying exposure and investor reporting obligations under Article 7(1)(a) and (e) of the Securitisation Regulation until the regulatory technical standards relating to the Transparency Requirements to be adopted by the European Commission apply. The Transitional Requirements provide that, for the purposes of the Loan Reports and the Investor Reports, the reporting entity shall make available the information referred to in the Annexes of the CRA3 RTS. However, there is no dedicated template within Annexes I to VII of the CRA3 RTS for underlying exposure reporting in respect of CLO transactions nor is it expected that one will be developed in accordance with the CRA3 RTS. Annex VIII of the CRA3 RTS sets out the investor reporting obligations and will apply to CLO transactions. Accordingly, the Issuer intends to initially seek to comply with Article 7(1)(a) and (e) of the Securitisation Regulation through preparation of the Reports (including making available the information referred to in Annex VIII of the CRA3 RTS) through the Reports, see “*Description of the Reports*”.

Upon the adoption of the final ESMA reporting templates for the purposes of compliance with the Transparency Requirements, the Transitional Requirements shall cease to apply and the parties will seek to provide the required forms of Investor Reports and Loan Reports on a quarterly basis thereafter as described above.

## 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 2002 ISDA 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 Euros 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 guarantor thereof) and has the Irish regulatory capacity to enter into derivatives transactions with Irish residents. If the relevant counterparty criteria of a Rating Agency changes 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 and the entry into a Currency Hedge Transaction on a date no later than that settlement date of the acquisition of such Non-Euro Obligation.

### Replacement Hedge Transactions

The Issuer shall not enter into any Hedge Agreement unless (x) it obtains written advice of reputable legal counsel and a certification from the Collateral Manager that (1) the written terms of the derivative directly relate to the Collateral Obligations and the Notes and (2) such derivative reduces the interest rate and/or foreign exchange risks related to the Collateral Obligations and the Notes and (y) the CPO Condition is satisfied.

**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 efforts to enter into a replacement Currency Hedge Transaction within 30 calendar days of the termination thereof with a counterparty which (or whose guarantor) satisfies the applicable Rating Requirement and any applicable regulatory requirements.

**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 efforts to enter into a replacement Interest Rate Hedge Transaction within 30 calendar days of the termination thereof with a counterparty which (or whose guarantor) satisfies the applicable Rating Requirement and any applicable regulatory requirements.

## Standard Terms of Currency Hedge Transactions

Any Currency Hedge Transaction will 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 such Currency Hedge Transaction being a Form Approved Hedge):

- (a) on the effective date of entry into such transaction, the Issuer pays to the Currency Hedge Counterparty an initial exchange amount in Euros equal to the purchase price of such Non-Euro Obligation, converted into Euros 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 Euros, such final exchange amount to be an amount equal to the Proceeds on Maturity converted into Euros 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 an amount based on the outstanding principal amount of the related Non-Euro Obligation and equal to the interest payable in respect of the Non-Euro Obligation converted into Euros 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 Euros, such amount to be an amount equal to the Proceeds on Sale converted into Euros 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 Euros promptly upon receipt thereof at the then prevailing Spot Rate 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 appropriate Currency Account and all amounts payable by the Issuer under any Currency Hedge Transaction (other than any initial exchange amounts payable in Euros by the Issuer, any Hedge Replacement Payments and any Currency Hedge Issuer Termination Payments save to the extent otherwise provided in Condition 3(k)(ix) (*Currency Accounts*)) will be paid out of the appropriate Currency Account, in each case to the extent amounts are available therein.

The Issuer shall only 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.

Notwithstanding the above, if, in the reasonable opinion of the Collateral Manager, entry into a Hedge Agreement would require registration of the Collateral Manager as a commodity pool operator, the Issuer will not be permitted to enter into such Hedge Agreement unless such registration is made by the Collateral Manager with respect to, and at the expense of, the Issuer.

Upon the acceleration of the Notes in accordance with Condition 10(b) (*Acceleration*), and upon the Trustee (or any agent or appointee thereof), the Collateral Manager or any other agent of the Issuer (including any insolvency practitioner, receiver, examiner or equivalent such person in any relevant jurisdiction), selling the relevant Non-Euro Obligation, the Currency Hedge Counterparty shall receive the proceeds of the sale of the Non-Euro Obligation from the Currency Account of the Issuer, outside of the Post-Acceleration Priority of Payments and return the Euro equivalent amount owing, less any amount payable to the Currency Hedge Counterparty in respect of the early termination of the Currency Hedge Transaction in connection with such sale and the Currency Hedge Transaction shall terminate in accordance with its terms.

Notwithstanding the above, 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 (other than in respect to any Counterparty Downgrade Collateral which is required to be returned to a Currency Hedge Counterparty outside the Priorities of Payments in accordance with the terms of the relevant Currency Hedge Agreement and Condition 3(k)(v) (*Counterparty Downgrade Collateral Accounts*)).

### **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 behalf of the Issuer) shall not sell or transfer any Issue Date Interest Rate Hedge Transaction other than in circumstances where all of the Rated Notes have been redeemed or Rating Agency Confirmation has been obtained from each Rating Agency in respect of any such sale or transfer.

### **Standard Terms of 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. Any such event may however result in a "Tax Event" which is a "Termination Event" for the purposes of the relevant Hedge Agreement. In the event of the occurrence of a Tax Event (as defined in such Hedge Agreement), each Hedge Agreement will include provision for the relevant Affected Party (as defined therein) to use reasonable endeavours to (i) (in the case of the Hedge Counterparty) arrange for a transfer of all of its interests and obligations under the Hedge Agreement and all Transactions (as defined in the Hedge Agreement) thereunder to an Affiliate acceptable to the Issuer 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 Payments set out in Condition 3(c) (*Priorities of Payments*), 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(k)(v) (*Counterparty Downgrade Collateral Accounts*) and the terms of the relevant Hedge Agreement. 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 but are not limited to:

- (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) representations relating to certain regulatory matters prove to be incorrect when made, if the Issuer becomes subject to AIFMD, or if the Collateral Manager is required to register as a “commodity pool operator” pursuant to the United States Commodity Exchange Act of 1936, as amended;
- (f) 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, or as further described in the relevant Hedge Agreement;
- (g) failure by a Hedge Counterparty to comply with the requirements of the Rating Agencies in the event that it (or, as relevant, its guarantor) is subject to a rating withdrawal or downgrade by the Rating Agencies to below the applicable Rating Requirement;
- (h) upon the early redemption in full or acceleration of the Notes; and
- (i) any other event as specified in the relevant Hedge Agreement.

Hedge Agreements may 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 Hedge Transaction does not constitute a Note Event of Default under the Notes though the repayment in full of the Notes may be an additional termination event under a Hedge Agreement.

Upon the occurrence of any Event of Default or Termination Event (each as defined in the applicable Hedge Agreement), a Hedge Agreement may be terminated by the Hedge Counterparty or the Issuer (or the Collateral Manager on its behalf) in accordance with the detailed provisions thereof and a lump sum (the “**Termination Payment**”) may become payable by the Issuer to the applicable Hedge Counterparty or vice versa. Depending on the terms of the applicable Hedge Agreement, such Termination Payment may be determined by the applicable Hedge Counterparty and/or Issuer (or the Collateral Manager on its behalf) by reference to market quotations obtained in respect of the entry into a replacement swap(s) on the same terms that terminated or as otherwise, as described in the applicable Hedge Agreement or any loss suffered by a party. The termination of a Hedge Agreement will not of itself constitute a Note Event of Default.

#### *Rating Downgrade Requirements*

Each Hedge Agreement shall contain the terms and provisions required by the Rating Agencies (in accordance with the rating methodology of the Rating Agencies at the time of entry into such Hedge Agreements) for the type

of derivative transaction represented by the Hedge Transactions in the event that the Hedge Counterparty (or, as relevant, its guarantor) is subject to a rating withdrawal or downgrade by the Rating Agencies which causes the applicable Rating Requirement not to be satisfied. Such provisions may include a requirement that a Hedge Counterparty (or, as relevant, its guarantor) must provide collateral or transfer the Hedge Agreement to another entity meeting the Rating Requirement or procure that a guarantor meeting the Rating Requirements 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 satisfies any applicable regulatory requirements.

Any of the requirements set out herein may be modified in order to meet any new or additional requirements of any Rating Agency then rating any Class of Notes.

#### *Governing Law*

Each Hedge Agreement together with each Hedge Transaction thereunder, in each case, including any non-contractual obligations arising out of or in relation thereto, will be governed by, and construed in accordance with, the laws of England.

#### *Reporting of Specified Hedging Data*

The Collateral Manager, on behalf of the Issuer, may from time to time enter into one or more agreements (each a “**Reporting Delegation Agreement**”) for the delegation of certain derivative transaction reporting obligations to one or more Hedge Counterparties or third parties (each, in such capacity, a “**Reporting Delegate**”).

Each Reporting Delegation Agreement, 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.

## DESCRIPTION OF THE REPORTS

### Monthly Reports

The Collateral Administrator, not later than the 20<sup>th</sup> calendar day of each month or, if such day is not a Business Day, the next following Business Day (save in respect of any month for which a Payment Date Report or Effective Date Report shall be or has been prepared) (such month being the “**Reporting Month**”), commencing in respect of the Reporting Month of July 2019, on behalf, and at the expense, of the Issuer and in consultation with the Collateral Manager, shall compile a monthly report (the “**Monthly Report**”), in consultation with the Collateral Manager. Each Monthly Report shall be made available via a secured website currently located at <https://sf.citidirect.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Initial Purchaser, the Trustee, the Hedge Counterparties, the Rating Agencies and the Noteholders from time to time) which shall be accessible to any person who certifies (in the form set out in the Collateral Management and Administration Agreement) to the Collateral Administrator (which may be electronically and upon which certificate the Collateral Administrator shall be entitled to rely absolutely and without enquiry) that it is (i) the Issuer, (ii) the Initial Purchaser, (iii) the Trustee, (iv) the Collateral Manager, (v) a Hedge Counterparty, (vi) a Rating Agency, (vii) a Noteholder, (viii) a competent authority or (ix) a potential investor in the Notes. Each Monthly Report shall contain, without limitation, the following information with respect to the Portfolio, determined by the Collateral Administrator as at the date 8 Business Days prior to the due date of such Monthly Report (other than in the case of the initial Monthly Report, which shall include such information determined by the Collateral Administrator as at the date 12 Business Days prior to July 2019).

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.

### *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 Obligations, both including and excluding capitalised or deferring interest), LoanX ID or identification thereof, current *per annum* rate at which such Collateral Obligation pays interest, facility, Collateral Obligation Stated Maturity, payment frequency, Obligor, the Domicile of the Obligor, currency, Moody’s Recovery Rate, Moody’s Default Probability Rating, Fitch Recovery Rate and any other public rating (other than any confidential credit estimate) and its Fitch industry category;
- (e) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Obligation, whether such Collateral Obligation is a Secured Senior Loan, Secured Senior Bond, Unsecured Senior Obligation, Second Lien Loan, Mezzanine Obligation, High Yield Bond, Fixed Rate Collateral Obligation, Semi-Annual Pay Obligation, Annual Pay Obligations, Corporate Rescue Loan, PIK Obligation, Current Pay Obligation, Revolving Obligation, Delayed Drawdown Collateral Obligation, Bridge Loan, Discount Obligation or a Swapped Non-Discount Obligation or a Deferring Obligation;
- (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 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) and the sale price thereof and identity of any of the purchasers thereof (if any) that are Affiliated with the Collateral Manager;

- (h) subject to any confidentiality obligations binding on the Issuer, the purchase or sale price of each Collateral Obligation, Eligible Investment and Collateral Enhancement Obligation acquired by the Issuer and in which the Issuer has granted a security interest to the Trustee, and each Collateral 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 Obligation 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 Caa Obligation, CCC Obligation and Current Pay Obligation;
- (j) subject to any confidentiality obligations binding on the Issuer, the identity of each Collateral Obligation which would have become a Defaulted Obligation since the date of determination of the last Monthly Report had the Collateral Manager not confirmed to the Trustee in writing that, to the knowledge of the Collateral Manager, such default resulted from non-credit related causes in accordance with paragraphs (a) or (c) of the definition of Defaulted Obligation and either (i) the Collateral Obligation did not become a Defaulted Obligation because the default was not continuing following the greater of five Business Days, seven calendar days or any grace period applicable thereto or (ii) such period has not yet expired;
- (k) 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;
- (l) 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;
- (m) the approximate Market Value of, respectively, the Collateral Obligations and the Collateral Enhancement Obligations as provided by the Collateral Manager;
- (n) in respect of each Collateral Obligation, its Moody's Rating and Fitch Rating (other than any confidential credit estimate) as at the date of the current Monthly Report;
- (o) the Aggregate Principal Balance of Collateral Obligations comprising Participations in respect of which the Selling Institutions are not the lenders of record;
- (p) the identity (subject to any confidentiality obligations binding on the Issuer) and the Principal Balance of each Collateral Obligation which would be treated as a Cov-Lite Loan;
- (q) subject to any confidentiality obligations binding on the Issuer, the identity of each Collateral Obligation which has ceased to be treated as a Discount Obligation due to price appreciation and is therefore not included in the cumulative Aggregate Principal Balance calculation provided for under limb (i) of the definition of Swapped Non-Discount Obligation; and
- (r) to the extent provided, a commentary provided by the Collateral Manager with respect to the Portfolio.

#### *Accounts*

- (a) The Balances standing to the credit of each of the Accounts;
- (b) the amount of any Trading Gains paid into the Interest Account since the previous Payment Date; and
- (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;

### *Incentive Collateral Management Fee*

The accrued Incentive Collateral Management Fee.

### *Hedge Transactions*

- (a) The outstanding notional amount of each Hedge Transaction and the current rate of EURIBOR;
- (b) the amount scheduled to be received and paid by the Issuer pursuant to each Hedge Transaction on or before the next Payment Date;
- (c) the then current Fitch Rating and, if applicable, Moody's Rating in respect of each Hedge Counterparty and whether such Hedge Counterparty satisfies the Rating Requirements; and
- (d) the maturity date, the strike price and the underlying currency notional amount of each currency option, the upfront premium paid or payable by the Issuer thereunder and, in relation to each currency option exercised, the date of exercise, the spot foreign exchange rate at the time of exercise, the notional amount of the optional exercised, the aggregate notional amount of the option which remains unexercised and the aggregate premium received.

### *Frequency Switch Event*

Whether a Frequency Switch Event has occurred during the relevant Due Period and the date of such Frequency Switch Event.

### *Coverage Tests and Collateral Quality Tests*

- (a) A statement as to whether each of the Class A/B Par Value Test, the Class C Par Value Test, the Class D Par Value Test, the Class E Par Value Test and the Class F Par Value Test is satisfied and details of the relevant Par Value Ratios;
- (b) a statement as to whether each of the Class A/B Interest Coverage Test, the Class C Interest Coverage Test and the Class D Interest Coverage Test is satisfied and details of the relevant Interest Coverage Ratios;
- (c) from and after the Effective Date and during the Reinvestment Period, a statement as to whether the Reinvestment Par Value Test is satisfied;
- (d) the Weighted Average Life and a statement as to whether the Weighted Average Life Test is satisfied;
- (e) the Weighted Average Spread, the Moody's Weighted Average Recovery Adjustment and a statement as to whether the Minimum Weighted Average Spread Test is satisfied;
- (f) so long as any Notes rated by Moody's are Outstanding, the Adjusted Weighted Average Moody's Rating Factor, the Moody's Weighted Average Recovery Adjustment and a statement as to whether the Moody's Maximum Weighted Average Rating Factor Test is satisfied;
- (g) so long as any Notes rated by Moody's are Outstanding, the Weighted Average Moody's Recovery Rate, the Moody's Weighted Average Rating Factor Adjustment and a statement as to whether the Moody's Minimum Weighted Average Recovery Rate Test is satisfied;
- (h) so long as any Notes rated by Moody's are Outstanding, the Diversity Score and a statement as to whether the Moody's Minimum Diversity Test is satisfied;
- (i) so long as any Notes rated by Fitch are Outstanding:
  - (i) the Fitch Weighted Average Rating Factor and a statement as to whether the Fitch Maximum Weighted Average Rating Factor Test is satisfied;
  - (ii) the Fitch Weighted Average Recovery Rate and a statement as to whether the Fitch Minimum Weighted Average Recovery Rate Test is satisfied; and

- (iii) a statement identifying the Fixed Rate Collateral Obligations maximum percentage applicable and the largest 10 Obligor by Principal Balance maximum percentage applicable to the matrix (or interpolated matrix) chosen by the Collateral Manager;
- (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.

*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 Moody’s Rating of each Selling Institution, together with any changes in the identity of such entities since the date of determination of the last Monthly Report and details of the aggregate amount of Participations entered into with each such entity; and
- (c) a statement as to whether the limits specified in the Bivariate Risk Table are met by reference to the Fitch Ratings and Moody’s Ratings of Selling Institutions and, if such limits are not met, a statement as to the nature of the non-compliance.

*Risk Retention*

- (a) Confirmation that the Collateral Administrator has received written confirmation (and upon which confirmation the Collateral Administrator shall be entitled to rely without enquiry and without liability for so relying) from the Retention Holder that:
  - (i) it continues to hold an initial principal amount representing not less than 5 per cent. of each Class of Notes; and
  - (ii) it has not sold, hedged or otherwise mitigated its credit risk under or associated with the Retention Notes or the underlying Portfolio, except to the extent permitted in accordance with the EU Retention and Transparency Requirements.

*CM Voting Notes / CM Non-Voting Notes / CM Non-Voting Exchangeable Notes*

- (a) For so long as any Class A Notes are Outstanding:
  - (i) the aggregate Principal Amount Outstanding of all Class A Notes in the form of CM Voting Notes;
  - (ii) the aggregate Principal Amount Outstanding of all Class A Notes in the form of CM Non-Voting Notes; and
  - (iii) the aggregate Principal Amount Outstanding of all Class A Notes in the form of CM Non-Voting Exchangeable Notes.
- (b) For so long as any Class B Notes are Outstanding:
  - (i) the aggregate Principal Amount Outstanding of all Class B Notes in the form of CM Voting Notes;
  - (ii) the aggregate Principal Amount Outstanding of all Class B Notes in the form of CM Non-Voting Notes; and
  - (iii) the aggregate Principal Amount Outstanding of all Class B Notes in the form of CM Non-Voting Exchangeable Notes.
- (c) For so long as any Class C Notes are Outstanding:

- (i) the aggregate Principal Amount Outstanding of all Class C Notes in the form of CM Voting Notes;
  - (ii) the aggregate Principal Amount Outstanding of all Class C Notes in the form of CM Non-Voting Notes; and
  - (iii) the aggregate Principal Amount Outstanding of all Class C Notes in the form of CM Non-Voting Exchangeable Notes.
- (d) For so long as any Class D Notes are Outstanding:
- (i) the aggregate Principal Amount Outstanding of all Class D Notes in the form of CM Voting Notes;
  - (ii) the aggregate Principal Amount Outstanding of all Class D Notes in the form of CM Non-Voting Notes; and
  - (iii) the aggregate Principal Amount Outstanding of all Class D Notes in the form of CM Non-Voting Exchangeable Notes.

### **Payment Date Report**

The Collateral Administrator, on behalf, and at the expense, of the Issuer and in consultation with the Collateral Manager, shall prepare a report on the 20<sup>th</sup> calendar day of each month in which a Payment Date occurs or, if such day is not a Business Day, the next following Business Day (the “**Payment Date Report**”) determined as of the related Determination Date; provided that (i) the first Payment Date Report shall be delivered on the 20th calendar day of August 2019 (or, if such day is not a Business Day, the next following Business Day), determined as of the date falling 8 Business Days prior to such date and (ii) thereafter, and prior to the adoption of the final disclosure templates, to the extent that (x) a Frequency Switch Event has occurred or (y) the first Payment Date has not yet occurred, each Payment Date Report shall be delivered on the 20th calendar day of the month falling three months after the most recent publication thereof (or, if such day is not a Business Day, the next following Business Day), determined as of the date falling 8 Business Days prior to such date). Each Payment Date Report shall be made available via a secured website currently located at <https://sf.citidirect.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Initial Purchaser, the Trustee, the Hedge Counterparties, the Rating Agencies and the Noteholders from time to time) which shall be accessible to any person who certifies (in the form set out in the Collateral Management and Administration Agreement) to the Collateral Administrator (which may be electronically and upon which certificate the Collateral Administrator shall be entitled to rely absolutely and without enquiry) that it is (i) the Issuer, (ii) the Initial Purchaser, (iii) the Trustee, (iv) the Collateral Manager, (v) a Hedge Counterparty, (vi) a Rating Agency, (vii) a Noteholder, (viii) a competent authority or (ix) a potential investor in the Notes, not later than the second Business Day preceding the related Payment Date (with respect to Payment Date Reports that are prepared in relation to a Payment Date). Upon receipt of each Payment Date Report (other than with respect to Payment Date Reports that are not prepared in relation to a Payment Date), 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. Each Payment Date Report shall be in PDF format (with the underlying portfolio data being made available in Excel format) and shall contain, without limitation, the following information determined by the Collateral Administrator as at the Determination Date (or the applicable cut-off date in respect of a Payment Date Report prepared on a date that is not a Payment Date) in consultation with the Collateral Manager, provided that in respect of any such Report prepared for a date other than a Payment Date, such Report shall not contain any information that would otherwise only be available or obtainable in respect of a Payment Date.

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.

### *Portfolio*

- (a) the Aggregate Principal Balance of the Collateral Obligations as of the close of business on such Determination Date, after giving effect to (A) 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 (B) the purchase and 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 Amount and any Deferred Interest payable in respect of each Class of Notes on the next Payment Date;
- (c) the EURIBOR rate as determined in accordance with Condition 6(d)(i) (*Floating Rate of Interest*) for the related Accrual Period and the Floating Rate of Interest applicable to each Class of Notes during the related Accrual Period;
- (d) whether a Frequency Switch Event has occurred during the relevant Due Period and the date of such Frequency Switch Event; and
- (e) only for so long as the Transitional Requirements apply, the common code and ISIN for the Notes of each Class.

#### *Payment Date Payments*

- (a) the amounts payable and amounts paid 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) the Balance standing to the credit of the Principal Account at the end of the related Due Period;
- (c) the Balance standing to the credit of the Interest Account immediately after all payments and deposits to be made on the next Payment Date;
- (d) the Balance standing to the credit of the Principal Account immediately after all payments and deposits to be made on the next Payment Date;
- (e) the amounts payable from the Interest Account through a transfer to the Payment Account pursuant to the Priorities of Payments on such Payment Date;
- (f) the amounts payable from the Principal Account through a transfer to the Payment Account pursuant to the Priorities of Payments on such Payment Date;

- (g) the amounts payable from any other Accounts (through a transfer to the Payment Account) pursuant to the Priorities of Payments on such Payment Date, together with details of whether such amounts constitute Interest Proceeds or Principal Proceeds;
- (h) the Balance standing to the credit of each of the other Accounts at the end of the related Due Period;
- (i) the purchase price, principal amount, redemption price, annual interest rate, maturity date of and Obligor of each Eligible Investment purchased from funds in the Accounts;
- (j) the Principal Proceeds received during the related Due Period;
- (k) the Interest Proceeds received during the related Due Period;
- (l) the Collateral Enhancement Obligation Proceeds received during the related Due Period; and
- (m) only for so long as the Transitional Requirements apply, records of any Contributions received from a Noteholder since the date of determination of the last Monthly Report.

*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*

- (a) The information required pursuant to “*Monthly Reports – Hedge Transactions*” above.
- (b) only for so long as the Transitional Requirements apply, details of any collateral posted by a Hedge Counterparty to a Counterparty Downgrade Collateral Account since the date of determination of the last Monthly Report.

*Risk Retention*

The information required pursuant to “*Monthly Reports – Risk Retention*” above.

*CM Voting Notes / CM Non-Voting Notes / CM Non-Voting Exchangeable Notes*

The information required pursuant to “*Monthly Reports – CM Voting Notes / CM Non-Voting Notes / CM Non-Voting Exchangeable Notes*” above.

*CRA3 Transitional Requirements*

Only for so long as the Transitional Requirements apply:

- (a) any details of all current Transaction Parties, their entity names, roles and, if such Transaction Parties are rated, their credit ratings;
- (b) a statement that each of the defined terms set out in Condition 1 (*Definitions*) of the Conditions, which are set out in full in the Offering Circular and the Trust Deed, are incorporated by reference into the Reports together with the definitions of any technical terms which are used in the Reports and not so defined in the Offering Circular or Trust Deed;
- (c) the "legal entity identifier" number of the Issuer;
- (d) the contact details of the Issuer and the Collateral Administrator; and
- (e) details of the replacement of any Transaction Party,

in each case as notified to the Collateral Administrator by the Issuer (or by the Collateral Manager on the Issuer’s behalf).

### *ESMA Reporting Templates*

Upon the adoption of the final ESMA reporting templates for the purposes of compliance with the Transparency Requirements, the Transitional Requirements shall cease to apply and the required forms of Investor Reports and Loan Reports will be provided on a quarterly basis thereafter.

### *Miscellaneous*

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.

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.

## 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. POTENTIAL INVESTORS SHOULD NOTE THE DISCUSSION ON FATCA AND ITS POSSIBLE IMPLICATIONS FOR NOTEHOLDERS AS SET OUT BELOW.**

### 2. Irish Taxation

*The following 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.*

#### **Tax Residency**

The Issuer is incorporated in Ireland. The Issuer will be resident for tax purposes in Ireland if it is centrally managed and controlled in Ireland. It is intended that the directors of the Issuer will conduct the affairs of the Issuer in a manner that will allow for this.

#### **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 may include interest payable on the Notes. However, an exemption from withholding on interest payments exists under Section 64 of the TCA for certain securities (“**quoted Eurobonds**”) issued by a body corporate (such as the Issuer) which are interest bearing and quoted on a recognised stock exchange.

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

- (a) the person by or through whom the payment is made is not in Ireland; or
- (b) the payment is made by or through a person in Ireland, and either:
  - (i) the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (Euroclear and Clearstream Luxembourg, amongst others, are so recognised), or
  - (ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as an Irish paying agent, if any) in the prescribed form.

So long as the Notes are quoted on a recognised stock exchange and are held in any of Euroclear and Clearstream Luxembourg, interest on the Notes can be paid by any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

If, for any reason, the quoted Eurobond exemption referred to above ceases to apply, the Issuer can still pay interest on the Notes free of withholding tax provided it is a “qualifying company” (within the meaning of Section 110 of the TCA, as amended “**Section 110**”) and provided the interest is paid to a person resident in a “relevant territory” (i.e. a Member State (other than Ireland) or in a country with which Ireland has signed a double taxation agreement). For this purpose, residence is determined by reference to the law of the country in which the recipient claims to be resident. This exemption from withholding tax will not apply, however, if the interest is paid to a company in connection with a trade or business carried on by it through a branch or agency located in Ireland.

### **Encashment Tax**

Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from interest on any Note, where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any Noteholder. There is an exemption from encashment tax where the beneficial owner of the interest is not resident in Ireland and has made a declaration to this effect in the prescribed form to the encashment agent or bank.

### **Taxation of Noteholders**

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish income tax. Interest paid on the Notes may have an Irish source and therefore be within the charge to Irish income tax and levies. Ireland operates a self-assessment system in respect of income tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

However, interest on the Notes will be exempt from Irish income tax if the recipient of the interest is resident in a relevant territory provided:

- (a) the Notes are quoted Eurobonds and are exempt from withholding tax as set out above; or
- (b) in the event of the Notes ceasing to be quoted Eurobonds exempt from withholding tax, if the Issuer is a qualifying company within the meaning of Section 110 and the interest is paid out of the assets of the Issuer; or
- (c) if the Issuer has ceased to be a qualifying company, the recipient of the interest is a company resident in a relevant territory that generally taxes interest receivable by companies from foreign sources, or the interest is exempt from income tax under the provisions of a double taxation agreement that was then in force when the interest was paid or would have been exempt had a double taxation agreement that was signed at the date the interest was paid been in force at that date.

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.

In addition, provided that the Notes are quoted Eurobonds and are exempt from withholding tax as set out above, the interest on the Notes will be exempt from Irish income tax if the recipient of the interest is (i) a company under the control, directly or indirectly, of persons who by virtue of the law of a relevant territory are resident in that country and that person or persons are not themselves under the control, whether directly or indirectly, of a person who is not resident in such a country, or (ii) a company, the principal class of shares of such company, or another company of which the recipient company is a 75 per cent. subsidiary, is substantially and regularly traded on one or more recognised stock exchanges in a relevant territory or a stock exchange approved by the Irish Minister for Finance. Noteholders receiving interest on the Notes which does not fall within the above exemptions may be liable to Irish income tax.

## Capital Gains Tax

A holder of the Notes will be subject to Irish tax on capital gains (at the current rate of 33 per cent.) on a disposal of the Notes unless such holder is neither resident nor ordinarily resident in Ireland and does not carry on a trade in Ireland through a branch or agency in respect of which the Notes are used or held.

## Capital Acquisitions Tax

A gift or inheritance comprising Notes will be within the charge to capital acquisitions tax if either (i) the disponent or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponent is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Notes are regarded as property situate in Ireland. Bearer notes are generally regarded as situated where they are physically located at any particular time. Registered notes are generally regarded as situated where the principal register of noteholders is maintained or required to be maintained, but the Notes may be regarded as situated in Ireland regardless of their physical location or the location of the register as they secure a debt due by an Irish resident debtor and they may be secured over Irish property. Accordingly, if such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the disponent or the donee/successor.

## Stamp Duty

On the basis of an exemption provided for in Section 85(2)(c) to the Stamp Duties Consolidation Act, 1999 of Ireland, for so long as the Issuer remains a “qualifying company” for the purposes of Section 110 and provided the proceeds of the Notes are used in the course of the Issuer’s business, no stamp duty or similar tax is imposed in Ireland on the issue, transfer or redemption of the Notes.

## FATCA Implementation in Ireland

On 21 December 2012, the Governments of Ireland and the United States signed the Ireland IGA. In July 2014, Ireland enacted Financial Accounts Reporting (United States of America) Regulations 2014 (“the **Irish FATCA Regulations**”).

The Ireland IGA and Irish FATCA Regulations have increased the amount of tax information automatically exchanged between Ireland and the United States. They provide for the automatic reporting and exchange of information in relation to accounts held in Irish “financial institutions” by U.S. persons and the reciprocal exchange of information regarding U.S. financial accounts held by Irish residents.

The Issuer intends to carry on its business in such a way as to ensure that it is treated as complying with FATCA pursuant to the terms of the Ireland IGA and the Irish FATCA Regulations. The Issuer expects to be treated as a “financial institution”. The Issuer shall be required to register with the IRS as a “reporting financial institution” for FATCA purposes. In order for the Issuer to comply with its FATCA obligations it will be required to report certain information to the Irish Revenue Commissioners relating to Noteholders who, for FATCA purposes, are specified US persons, non-participating financial institutions or passive non-financial foreign entities (“**NFFE**s”) that are controlled by specified US persons. Any information reported by the Issuer to the Irish Revenue Commissioners will be communicated to the IRS pursuant to the Ireland IGA. It is possible that the Irish Revenue Commissioners may also communicate this information to other tax authorities pursuant to the terms of any applicable double tax treaty, intergovernmental agreement or exchange of information regime.

The Issuer shall be entitled to require Noteholders to provide any information regarding their FATCA status, identity or residency required by the Issuer to satisfy its FATCA obligations. Noteholders will be deemed, by their subscription for or holding of Notes to have authorised the automatic disclosure of such information by the Issuer or any other authorised person to the relevant tax authorities.

The Issuer should not generally be subject to FATCA withholding tax in respect of its US source income for so long as it complies with its FATCA obligations. However, FATCA withholding tax may arise on US source payments to the Issuer if the Issuer does not comply with its FATCA registration and reporting obligations and the IRS specifically identified the Issuer as being a ‘non-participating financial institution’ for FATCA purposes. In addition, the Issuer may be unable to comply with its FATCA obligations if Noteholders do not provide the required certifications or information. Noteholders should consult their own tax advisors as to the potential implication of the reporting requirements imposed on the Issuer by FATCA before investing.

## The Common Reporting Standard in Ireland

On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters was published by the OECD and this includes the Common Reporting Standard (“**CRS**”). The CRS provides that certain entities (known as Financial Institutions) shall identify “Accounts” (as defined, broadly equity and debt interests in the Financial Institution) held by persons who are tax resident in other CRS participating jurisdiction. That information is then subject to annual automatic exchange between governments in CRS participating jurisdictions.

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation (“**DAC II**”) implements CRS in a European context and creates a mandatory obligation for all EU Member States to exchange financial account information in respect of residents in other EU Member States on an annual basis. Ireland has provided for the implementation of CRS through section 891F of the TCA and the enactment of the Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the “**Irish CRS Regulations**”). Irish Financial Institutions are obliged to make a single return in respect of CRS and DAC II. CRS has applied in Ireland since 1 January 2016.

The Issuer is expected to constitute a Financial Institution for CRS purposes. In order to comply with its obligations under CRS and DAC II, the Issuer shall be entitled to require Noteholders to provide certain information in respect of the Noteholder’s and, in certain circumstances, their controlling persons’ tax status, identity or residence. Noteholders will be deemed, by their holding of the Notes, to have authorised the automatic disclosure of such information by the Issuer (or any nominated service provider) to the Irish Revenue Commissioners. The information will be reported by the Issuer to the Irish Revenue Commissioners who will then exchange the information with the tax or governmental authorities of other participating jurisdictions, as applicable. To the extent that the Notes are held within a recognised clearing system, the Issuer should have no reportable accounts in a tax year.

Provided the Issuer complies with these obligations, it should be deemed compliant for CRS and DAC II purposes. Failure by the Issuer to comply with its CRS and DAC II obligations may result in it being deemed to be non-compliant in respect of its CRS obligations and monetary penalties may be imposed pursuant to the Irish implementing legislation.

### 3. Certain U.S. Federal Income Tax Considerations

#### General

The following discussion summarises certain of the material U.S. federal income tax consequences of the purchase, beneficial ownership, and disposition of Notes.

For purposes of this summary, a “**U.S. Holder**” is a beneficial owner of a Note that is:

- an individual who is a citizen or a resident of the United States, for U.S. federal income tax purposes;
- a corporation (or other entity that is treated as a corporation for U.S. federal tax purposes) that is created or organised in or under the laws of the United States, any State thereof, or the District of Columbia;
- an estate, whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over its administration, and one or more United States persons have the authority to control all of its substantial decisions.
- For purposes of this summary, a “**Non-U.S. Holder**” is a beneficial owner of a Note that is:
  - a non-resident alien individual for U.S. federal income tax purposes;
  - a foreign corporation for U.S. federal income tax purposes;
  - an estate whose income is not subject to U.S. federal income tax on a net income basis; or

- a trust if no court within the United States is able to exercise primary jurisdiction over its administration or if no United States persons have the authority to control all of its substantial decisions.

An individual may, subject to certain exceptions, be deemed to be a resident of the United States for U.S. federal income tax purposes by reason of being present in the United States for at least 31 days in the calendar year and for an aggregate of more than 182 days during a three-year period ending in the current calendar year (counting for such purposes all of the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year).

This summary is based on interpretations of the Internal Revenue Code of 1986, as amended (the “**Code**”), regulations issued thereunder, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any such change may be applied retroactively and may adversely affect the U.S. federal income tax consequences described herein. This summary addresses only holders that purchase Notes for cash at initial issuance (and, in the case of the Rated Notes, at their issue price (which is the first price at which a substantial amount of Rated Notes within the applicable Class was sold to investors)) and beneficially own such Notes as capital assets and not as part of a “straddle,” “hedge,” “synthetic security” or a “conversion transaction” for U.S. federal income tax purposes, or as part of some other integrated investment. This summary does not discuss all of the tax consequences (such as alternative minimum tax consequences) that may be relevant to particular investors or to investors subject to special treatment under the U.S. federal income tax laws (such as banks, thrifts, or other financial institutions; insurance companies; securities dealers or brokers, or traders in securities electing mark-to-market treatment; mutual funds or real estate investment trusts; small business investment companies; S corporations; partnerships or investors that hold their Notes through a partnership or other entity treated as a partnership for U.S. federal income tax purposes; U.S. Holders whose functional currency is not the U.S. dollar; certain former citizens or residents of the United States; retirement plans or other tax-exempt entities, or persons holding the Notes in tax-deferred or tax-advantaged accounts; or “controlled foreign corporations” or “passive foreign investment companies” for U.S. federal income tax purposes). This summary also does not address the tax consequences to shareholders, or other equity holders in, or beneficiaries of, a holder of Notes, or any state, local or foreign tax consequences of the purchase, ownership or disposition of the Notes. Moreover, this discussion does not address the tax consequences of a Contribution to a Contributor. Finally, except as discussed below under “*U.S. Federal Tax Treatment of the Class M Notes and Holders of Class M Notes*,” this summary does not address the tax treatment, or the tax consequences to a holder, of the Class M Notes or of any fee arrangements entered into between an investor and the Collateral Manager.

PROSPECTIVE PURCHASERS OF NOTES SHOULD CONSULT THEIR TAX ADVISORS AS TO THE U.S. FEDERAL, STATE AND LOCAL TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES, AS WELL AS ANY CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION TO WHICH THEY MAY BE SUBJECT.

### **U.S. Federal Tax Treatment of the Issuer**

The Issuer will be treated as a foreign corporation for U.S. federal income tax purposes. The Issuer intends to operate so as not to be subject to U.S. federal income tax on its net income. In this regard, the Issuer will receive an opinion of Milbank 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 certain investment guidelines referenced therein (the “**Trading Restrictions**”), and certain other assumptions specified in the opinion are satisfied, the Issuer will not be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes under current law. Failure of the Issuer to comply with the Trading Restrictions or the Trust Deed may not give rise to a default or an 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 treated as engaged in a U.S. trade or business for U.S. federal income tax purposes. In addition, the Trading Restrictions permit the Issuer to receive advice from other nationally recognised U.S. tax counsel to the effect that any changes in its structure and operations or deviations from the Trading Restrictions will not cause the Issuer to be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes. The opinion of Milbank LLP will assume the correctness of any such advice. The opinion of Milbank LLP is not binding on the Internal Revenue Service (the “**IRS**”) or the courts. Moreover, a change in law or its interpretation could result in the Issuer being treated as engaged in a trade or business in the United States for U.S. federal income tax purposes, or otherwise subject to U.S. federal income tax on a net income basis. Finally, the opinion of Milbank LLP does not address the effects of any supplemental trust deeds.

If it is determined that the Issuer is engaged in a trade or business in the United States for U.S. federal income tax purposes, and the Issuer has taxable income that is effectively connected with such U.S. trade or business, the Issuer would be subject under the Code to the regular U.S. 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 taxes on the Issuer would materially adversely affect the Issuer's ability to make payments on the Notes. The balance of this summary assumes that the Issuer is not subject to U.S. federal income tax on its net income.

### **U.S. Federal Tax Treatment of the Class M Notes and Holders of Class M Notes**

Although the tax treatment of the Class M Notes is unclear, the Issuer intends to treat the Class M Notes as equity in the Issuer for U.S. federal income tax purposes, and each holder, by its purchase of a Class M Note, agrees to treat the Class M Notes consistently with this treatment. Under this treatment, the U.S. federal income tax consequences to U.S. Holders of acquiring, beneficially owning, and disposing of Class M Notes generally would be the same as the U.S. federal income tax consequences to U.S. Holders of acquiring, beneficially owning, and disposing of Subordinated Notes, as described herein. A purchaser of Class M Notes and other Notes will be required to allocate its purchase price between the Class M Notes and other Notes based on their relative fair market values on the Issue Date. The balance of this summary does not address the tax consequences to a holder of the Class M Notes. Holders should consult their tax advisers as to the U.S. federal, state and local tax consequences to them of the purchase, ownership, and disposition of the Class M Notes.

### **U.S. Federal. Tax Treatment of the Rated Notes**

Upon the issuance of the Notes, the Issuer will receive an opinion of Cadwalader, Wickersham & Taft LLP to the effect that, based on certain assumptions, the Class X Notes, the Class A Notes, Class B Notes, Class C Notes and Class D Notes will be treated, and the Class E Notes should be treated, as indebtedness for U.S. federal income tax purposes. No opinion will be received with respect to the Class F Notes. The Issuer intends to treat each Class of the Rated Notes as indebtedness for U.S. federal, state, and local income and franchise tax purposes. The Issuer's characterisations will be binding on all Noteholders, and the Trust Deed requires the Noteholders to treat the Rated Notes as indebtedness for U.S. federal, state and local income and franchise tax purposes. Nevertheless, the IRS could assert, and a court could ultimately hold, that the Class E Notes or Class F Notes are equity in the Issuer. If any Rated Notes were treated as equity in, rather than debt of, the Issuer for U.S. federal income tax purposes, then the Noteholders of those Notes would be subject to the special and potentially adverse U.S. tax rules relating to U.S. equity owners in PFICs and/or CFCs. See "*—U.S. Federal Tax Treatment of U.S. Holders of Rated Notes—Possible Treatment of Class E Notes, and Class F Notes as Equity for U.S. Federal Tax Purposes*" below. Except as otherwise indicated, the balance of this summary assumes that all of the Rated Notes are treated as indebtedness of the Issuer for U.S. federal, state and local income and franchise tax purposes. Prospective investors in the Rated Notes should consult their tax advisors regarding the U.S. federal, state and local income and franchise tax consequences to the investors in the event their Rated Notes are treated as equity in the Issuer.

The Issuer intends to treat the Subordinated Notes as equity in the Issuer for U.S. federal income tax purposes, and each holder by its purchase of a Subordinated Note agrees to treat the Subordinated Notes consistently with this treatment.

This discussion, and the opinion of Cadwalader, Wickersham & Taft LLP described above, do not address the effects of any supplemental trust deeds.

### **U.S. Federal Tax Treatment of U.S. Holders of Rated Notes**

*Class X Notes, Class A Notes and Class B Notes.*

*Stated Interest.* U.S. Holders of Class X Notes, Class A Notes or Class B Notes will include in gross income the U.S. dollar value of payments of stated interest accrued or received on their Notes, in accordance with their usual method of tax accounting, as ordinary interest income.

In general, U.S. Holders of Class X Notes, Class A Notes or Class B Notes that use the cash method of accounting will calculate the U.S. dollar value of payments of stated interest based on the euro-to-U.S. dollar spot exchange rate at the time a payment is received.

In general, U.S. Holders of Class X Notes, Class A Notes or Class B Notes that use the accrual method of accounting or that otherwise are required to accrue stated interest before receipt will calculate the U.S. dollar value of accrued interest based on the average euro-to-U.S. dollar spot exchange rate during the applicable Accrual Period (or, with respect to an Accrual Period that spans two taxable years, at the average euro-to-U.S. dollar spot exchange rate for the partial period within the U.S. Holder's taxable year). Alternatively, a U.S. Holder of Class X Notes, Class A Notes or Class B Notes can elect to calculate the U.S. dollar value of accrued interest based on the euro-to-U.S. dollar spot exchange rate on the last day of the applicable Accrual Period (or, with respect to an Accrual Period that spans two taxable years, at the euro-to-U.S. dollar spot exchange rate on the last day of the U.S. Holder's taxable year) or, if the last day of the Accrual Period is within five business days of the U.S. Holder's receipt of the payment, the spot exchange rate on the date of receipt. Any such election must be applied to all debt instruments held by the U.S. Holder and is irrevocable without the consent of the IRS.

Accrual basis U.S. Holders of Class X Notes, Class A Notes or Class B Notes also will recognise foreign currency exchange gain or loss on the receipt of interest payments on their Class X Notes, Class A Notes or Class B Notes to the extent that the U.S. dollar value of such payments (based on the euro-to-U.S. dollar spot exchange rate on the date such payments are received) differs from the U.S. dollar value of such payments when they were accrued. The foreign currency exchange gain or loss generally will be treated as ordinary income or loss.

*Original Issue Discount.* In addition, if the discount at which a substantial amount of the Class X Notes, Class A Notes or Class B Notes is first sold to investors is at least 0.25 per cent. of the principal amount of the Class, multiplied by the number of complete years to the weighted average maturity of the Class, then the Issuer will treat the Class as issued with original issue discount (“OID”) for U.S. federal income tax purposes. The total amount of OID with respect to a Note within the Class will equal the excess of the principal amount of the Note over its issue price (the first price at which a substantial amount of Notes within the Class was sold to investors). U.S. Holders of Notes that are issued with OID will be required to include the U.S. dollar value of OID in advance of the receipt of cash attributable to such income. In general, U.S. Holders of the Class X Notes, Class A Notes or Class B Notes will calculate the U.S. dollar value of OID based on the average euro-to-U.S. dollar spot exchange rate during the applicable Accrual Period (or, with respect to an Accrual Period that spans two taxable years, at the average euro-to-U.S. dollar spot exchange rate for the partial period within the U.S. Holder's taxable year). Alternatively, a U.S. Holder of the Class X Notes, Class A Notes or Class B Notes can elect to calculate the U.S. dollar value of OID based on the euro-to U.S. dollar spot exchange rate on the last day of the applicable Accrual Period (or, with respect to an Accrual Period that spans two taxable years, at the euro-to-U.S. dollar spot exchange rate on the last day of the U.S. Holder's taxable year) or, if the last day of the Accrual Period is within five business days of the U.S. Holder's receipt of the payment of accrued OID, the spot exchange rate on the date of receipt. Any such election must be applied to all debt instruments held by the U.S. Holder and is irrevocable without the consent of the IRS.

A U.S. Holder generally will be required to include OID in income as it accrues (regardless of the U.S. Holder's method of accounting). Accruals of any such OID generally will be made using a constant yield method, based on the weighted average life of the applicable Class rather than its stated maturity, possibly with periodic adjustments to reflect the difference between (x) the prepayment assumption under which the weighted average life was calculated and (y) actual prepayments on the Collateral Obligations. It is possible, however, that the IRS could assert and a court could ultimately hold that some other method of accruing OID should apply. Moreover, for taxable years beginning after 31 December 2018, a U.S. Holder that uses the accrual method of accounting generally will be required to include OID in ordinary income no later than the taxable year in which the U.S. Holder takes the OID into account as revenue in an “applicable financial statement”, even if the U.S. Holder would otherwise have included the OID in income during a later year under the constant yield method.

U.S. Holders of Class X Notes, Class A Notes or Class B Notes that are issued with OID also will recognise foreign currency exchange gain or loss on the receipt of interest payments on their Class X Notes, Class A Notes or Class B Notes to the extent that the U.S. dollar value of such payments (based on the euro-to-U.S. dollar spot exchange rate on the date such payments are received) differs from the U.S. dollar value of the corresponding amounts of OID when they were accrued. The foreign currency exchange gain or loss generally will be treated as ordinary income or loss.

*Sale, Exchange, or Retirement.* In general, a U.S. Holder will have a basis in its Class X Note, Class A Note or Class B Note equal to the U.S. dollar value of the cost of such Note (based on the euro-to-U.S. dollar spot exchange rate on the date the Note was acquired, or the settlement date for the purchase of the Note if the Note is treated under applicable Treasury regulations as a security traded on an established securities market and the U.S. Holder either uses the cash method of accounting, or uses the accrual method of accounting and so elects (which election

must be applied consistently from year to year)), (i) increased by the U.S. dollar value of any amount includable in income as OID (as described above), and (ii) reduced by the U.S. dollar value of payments of principal on such Note (based on the euro-to-U.S. dollar spot exchange rate on the date any such payments were received).

A U.S. Holder will generally recognise foreign currency exchange gain or loss on the receipt of any principal payments on a Class X Note, Class A Note or Class B Note prior to a sale, exchange, or retirement of such Note to the extent that the U.S. dollar value of each such principal payment (based on the euro-to-U.S. dollar spot exchange rate on the date any such payment was received) differs from the U.S. dollar value of the equivalent principal amount of the Note (based on the euro-to-U.S. dollar spot exchange rate on the date the Note was acquired). Any such foreign currency exchange gain or loss generally will be treated as ordinary income or loss.

Upon a sale, exchange, or retirement of a Class X Note, Class A Note or Class B Note, a U.S. Holder will generally recognise gain or loss equal to the difference between the U.S. dollar value of the amount realised on the sale, exchange, or retirement (less any accrued and unpaid interest, which will be taxable as described above) and the holder's tax basis in such Note. The U.S. dollar value of the amount realised generally is based on the euro-to-U.S. dollar spot exchange rate on the date of the disposition. However, if the Notes are treated under applicable Treasury regulations as stock or securities traded on an established securities market and the U.S. Holder uses the cash method of accounting, then the U.S. dollar value of the amount realised is based instead on the euro-to-U.S. dollar spot exchange rate on the settlement date for the disposition. U.S. Holders that use the accrual method of accounting also may elect to use the settlement date valuation, provided that they apply it consistently from year to year. Any such gain or loss will be foreign currency exchange gain or loss to the extent that the U.S. dollar value of the principal amount of the Note on the date of the sale, exchange, or retirement (based on the euro-to-U.S. dollar spot exchange rate on such date) differs from the U.S. dollar value of the equivalent principal amount of the Note (based on the euro-to-U.S. dollar spot exchange rate on the date the Note was acquired). Any such foreign currency exchange gain or loss generally will be treated as ordinary income or loss. Any gain or loss in excess of foreign currency exchange gain or loss will be capital gain or loss, and generally will be treated as long-term capital gain or loss if the U.S. Holder held the Note for more than one year at the time of disposition. In certain circumstances, U.S. Holders who are individuals may be entitled to preferential tax rates for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited.

*Class C Notes, Class D Notes, Class E Notes, and Class F Notes.*

*Original Issue Discount.* The Issuer will treat the Class C Notes, Class D Notes, Class E Notes, and Class F Notes as issued with OID for U.S. federal income tax purposes. The total amount of OID with respect to a Class C Note, Class D Note, Class E Note or Class F Note will equal the sum of all payments to be received under such Note less its issue price (the first price at which a substantial amount of Notes within the applicable Class was sold to investors). U.S. Holders of the Class C Notes, Class D Notes, Class E Notes, or Class F Notes will be required to include the U.S. dollar value of OID in advance of the receipt of cash attributable to such income. In general, U.S. Holders will calculate the U.S. dollar value of OID based on the average euro-to-U.S. dollar spot exchange rate during the applicable Accrual Period (or, with respect to an Accrual Period that spans two taxable years, at the average euro-to-U.S. dollar spot exchange rate for the partial period within the U.S. Holder's taxable year). Alternatively, a U.S. Holder can elect to calculate the U.S. dollar value of OID based on the euro-to-U.S. dollar spot exchange rate on the last day of the applicable Accrual Period (or, with respect to an Accrual Period that spans two taxable years, at the euro-to-U.S. dollar spot exchange rate on the last day of the U.S. Holder's taxable year) or, if the last day of the Accrual Period is within five business days of the U.S. Holder's receipt of the payment of accrued OID, the euro-to-U.S. dollar spot exchange rate on the date of receipt. Any such election must be applied to all debt instruments held by the U.S. Holder and is irrevocable without the consent of the IRS.

A U.S. Holder of Class C Notes, Class D Notes, Class E Notes or Class F Notes generally will be required to include OID in income as it accrues (regardless of the U.S. Holder's method of accounting). Accruals of any such OID generally will be made using a constant yield method, based on the weighted average life of the applicable Class rather than its stated maturity, possibly with periodic adjustments to reflect the difference between (x) the prepayment assumption under which the weighted average life was calculated and (y) actual prepayments on the Collateral Obligations. Accruals of OID on the Class C Notes, Class D Notes, Class E Notes, and Class F Notes will be calculated by assuming that interest will be paid over the life of the applicable Class based on the value of EURIBOR used in setting the interest rate for the first Accrual Period, and then adjusting the accrual for each subsequent Accrual Period based on the difference between the value of EURIBOR used in setting interest for that subsequent Accrual Period and the assumed rate. It is possible, however, that the IRS could assert, and a court could ultimately hold, that some other method of accruing OID on the Class C Notes, Class D Notes, Class E Notes, or Class F Notes should apply. Moreover, for taxable years beginning after 31 December 2018, a U.S.

Holder that uses the accrual method of accounting generally will be required to include OID in ordinary income no later than the taxable year in which the U.S. Holder takes the OID into account as revenue in an “applicable financial statement”, even if the U.S. Holder would otherwise have included the OID in income during a later year under the constant yield method.

U.S. Holders of Class C Notes, Class D Notes, Class E Notes, or Class F Notes also will recognise foreign currency exchange gain or loss on the receipt of interest payments on their Notes to the extent that the U.S. dollar value of such payments (based on the euro-to-U.S. dollar spot exchange rate on the date such payments are received) differs from the U.S. dollar value of the corresponding amounts of OID when they were accrued. The foreign currency exchange gain or loss generally will be treated as ordinary income or loss.

*Sale, Exchange, or Retirement.* In general, a U.S. Holder of a Class C Note, Class D Note, Class E Note or Class F Note will have a basis in such Note equal to the U.S. dollar value of the cost of such Note (based on the euro-to-U.S. dollar spot exchange rate on the date the Note was acquired, or the settlement date for the purchase of the Note if the Note is treated under applicable Treasury regulations as a security traded on an established securities market and the U.S. Holder either uses the cash method of accounting, or uses the accrual method of accounting and so elects (which election must be applied consistently from year to year)), (i) increased by any amount includable in income by such U.S. Holder as OID (as described above), and (ii) reduced by the U.S. dollar value of any payments received on such Note (based on the euro-to-U.S. dollar spot exchange rate on the date any such payments were received). A U.S. Holder will generally recognise foreign currency exchange gain or loss on the receipt of any principal payments on a Class C Note, Class D Note, Class E Note or Class F Note prior to a sale, exchange, or retirement of such Note to the extent that the U.S. dollar value of each such principal payment (based on the euro-to-U.S. dollar spot exchange rate on the date any such payment was received) differs from the U.S. dollar value of the equivalent principal amount of the Note (based on the euro-to-U.S. dollar spot exchange rate on the date the Note was acquired). Any such foreign currency exchange gain or loss generally will be treated as ordinary income or loss.

Upon a sale, exchange, or retirement of a Class C Note, Class D Note, Class E Note or Class F Note, a U.S. Holder will generally recognise gain or loss equal to the difference between the U.S. dollar value of the amount realised on the sale, exchange, or retirement and the holder’s tax basis in such Note. Any such gain or loss will be foreign currency exchange gain or loss to the extent that the U.S. dollar value of the principal amount of the Note on the date of the sale, exchange, or retirement (based on the euro-to-U.S. dollar spot exchange rate on such date) differs from the U.S. dollar value of the equivalent principal amount of the Note (based on the euro-to-U.S. dollar spot exchange rate on the date the Note was acquired). The U.S. dollar value of the amount realised generally is based on the euro-to-U.S. dollar spot exchange rate on the date of the disposition. However, if the Notes are treated under applicable Treasury regulations as stock or securities traded on an established securities market and the U.S. Holder uses the cash method of accounting, then the U.S. dollar value of the amount realised is based instead on the euro-to-U.S. dollar spot exchange rate on the settlement date for the disposition. U.S. Holders that use the accrual method of accounting also may elect to use the settlement date valuation, provided that they apply it consistently from year to year. Any such foreign currency exchange gain or loss generally will be treated as ordinary income or loss. Any gain or loss in excess of foreign currency exchange gain or loss will be capital gain or loss, and generally will be treated as long-term capital gain or loss if the U.S. Holder held the Note for more than one year at the time of disposition. In certain circumstances, U.S. Holders who are individuals may be entitled to preferential tax rates for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited.

#### *Alternative Characterisation.*

It is possible that the Rated Notes could be treated as “contingent payment debt instruments” for U.S. federal income tax purposes. In this event, the timing of a U.S. Holder’s OID inclusions could differ from that described above and any gain recognised on the sale, exchange, or retirement of such Notes would be treated as ordinary income and not as capital gain.

#### *Receipt of Euro.*

U.S. Holders will have a tax basis in any euro received in respect of the Notes on a sale, redemption, or other disposition of the Notes equal to the U.S. dollar value of the euro on that date. Any gain or loss recognised on a sale, exchange, or other disposition of those euro generally will be ordinary income or loss. A U.S. Holder that converts the euro into U.S. dollars on the date of receipt generally should not recognise ordinary income or loss in respect of the conversion.

*Possible Treatment of Class E Notes and Class F Notes as Equity for U.S. Federal Tax Purposes.*

As described above under “—U.S. Federal Tax Treatment of the Rated Notes,” the Issuer intends to treat the Class E Notes and Class F Notes as indebtedness for U.S. federal, state, and local income and franchise tax purposes, and the Trust Deed requires Noteholders to treat the Class E Notes and Class F Notes as indebtedness for U.S. federal, state and local income and franchise tax purposes. Nevertheless, the IRS could assert, and a court could ultimately hold, that the Class E Notes and Class F Notes are equity in the Issuer for U.S. federal income tax purposes.

If the Class E Notes or Class F Notes are treated as equity in the Issuer, because the Issuer will be a passive foreign investment company (a “**PFIC**”) for U.S. federal income tax purposes, gain on the sale of the Class E Notes or Class F Notes could be treated as ordinary income and subject to an additional tax in the nature of interest, and certain interest on such Notes could be subject to the additional tax. A U.S. Holder of such Notes might be able to avoid the ordinary income treatment and additional tax by 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 Class E Notes or Class F 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. The Issuer will provide, upon request, all information and documentation that a U.S. Holder of Class E Notes or Class F Notes making a “protective” QEF election with respect to the Issuer is required to obtain for U.S. federal income tax purposes. Alternatively, if the Class E Notes or Class F Notes are treated as equity in the Issuer, the Issuer is a controlled foreign corporation (“**CFC**”), and a U.S. Holder of such Notes also is treated as a 10 per cent. United States shareholder with respect to the Issuer, then the U.S. Holder generally would be subject to the rules discussed below under “—U.S. Federal Tax Treatment of U.S. Holders of Subordinated Notes—Investment in a Controlled Foreign Corporation” with respect to its Class E Notes and Class F Notes.

If the Issuer holds a Collateral Obligation that is treated as equity in a foreign corporation for U.S. federal income tax purposes, and if the Class E Notes or Class F Notes are treated as equity in the Issuer, U.S. Holders of Class E Notes or Class F Notes could be treated as owning an indirect equity interest in a PFIC or a CFC and could be subject to certain adverse tax consequences. In particular, a U.S. Holder of an indirect equity interest in a PFIC is treated as owning the PFIC directly. The U.S. Holder, and not the Issuer, would be required to make a QEF election with respect to each indirect interest in a PFIC. However, certain PFIC information statements are necessary for U.S. Holders that have made QEF elections, and there can be no assurance that the Issuer can obtain such statements from a PFIC. Thus, there can be no assurance that a U.S. Holder will be able to make the election with respect to any indirectly held PFIC.

In addition, if the Class E Notes or Class F Notes represent equity in the Issuer for U.S. federal income tax purposes, a U.S. Holder of such Notes would be required to file an IRS Form 926 with the IRS if (i) such person is treated as owning, directly or by attribution, immediately after the U.S. Holder’s purchase of Notes, at least 10 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 purchase exceeds \$100,000. U.S. Holders may wish to file a “protective” IRS Form 926 with respect to their Class E Notes and Class F Notes.

Finally, if the Class E Notes or Class F Notes represent equity in the Issuer for U.S. federal income tax purposes, a U.S. Holder of such Notes will be required to file an IRS Form 5471 with the IRS if the U.S. Holder is treated as owning (actually or constructively) at least 10 per cent. by vote or value of the equity of the Issuer for U.S. federal income tax purposes, and may be required to provide additional information regarding the Issuer annually on IRS Form 5471 if the U.S. Holder is treated as owning (actually or constructively) more than 50 per cent. by vote or value of the equity of the Issuer for U.S. federal income tax purposes. U.S. Holders may wish to file a “protective” IRS Form 5471 with respect to their Class E Notes and Class F Notes.

U.S. Holders that fail to comply with these reporting requirements may be subject to adverse tax consequences, including a “tolling” of the statute of limitations with respect to their U.S. tax returns. Prospective U.S. Holders of Class E Notes or Class F Notes should consult with their tax 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 Class E Notes or Class F Notes are treated as equity in the Issuer.

## U.S. Federal Tax Treatment of U.S. Holders of Subordinated Notes

*Investment in a Passive Foreign Investment Company.* The Issuer will be a PFIC for U.S. federal income tax purposes, and U.S. Holders of Subordinated Notes will be subject to the PFIC rules, except for certain U.S. Holders that are subject to the rules relating to a CFC (as described below under “—*Investment in a Controlled Foreign Corporation*”). U.S. Holders of Subordinated Notes should consider making an election to treat the Issuer as a QEF. Generally, a U.S. Holder makes a QEF election on IRS Form 8621, attaching a copy of that form to its U.S. federal income tax return for the first taxable year for which it held its Subordinated Notes. If a U.S. Holder makes a timely QEF election with respect to the Issuer, the electing U.S. Holder will be required in each taxable year to include in gross income (i) as ordinary income, the U.S. dollar value of the U.S. Holder’s *pro rata* share of the Issuer’s ordinary earnings and (ii) as long-term capital gain, the U.S. dollar value of the U.S. Holder’s *pro rata* share of the Issuer’s net capital gain, whether or not distributed. 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.

The Issuer will provide, upon request and at the Issuer’s expense, all information and documentation that a U.S. Holder making a QEF election with respect to the Issuer is required to obtain for U.S. federal income tax purposes.

A U.S. Holder of Subordinated Notes (other than certain U.S. Holders that are subject to the rules relating to a CFC, described below) that does not make a timely QEF election will be required to report the U.S. dollar value of any gain on the disposition of its Subordinated Notes as ordinary income, rather than capital gain, and to compute the tax liability on such gain and any “Excess Distribution” (as defined below) received in respect of the Subordinated Notes as if such items had been earned ratably over each day in the U.S. Holder’s holding period (or a certain portion thereof) for the Subordinated Notes. The U.S. Holder will be subject to tax on such gain or Excess Distributions at the highest ordinary income tax rate for each taxable year in which such gain or Excess Distributions are treated as having been earned, other than the current year (for which the U.S. Holder’s regular ordinary income tax rate will apply), regardless of the rate otherwise applicable to the U.S. Holder. Further, such U.S. Holder will also be liable for an interest charge (which is nondeductible to individuals) as if such income tax liabilities had been due with respect to each such year. For purposes of these rules, gifts, exchanges pursuant to corporate reorganizations 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 (and/or any Rated Notes that are treated as equity in the Issuer for U.S. federal income tax purposes) possessing directly, indirectly, or constructively 10 per cent. or more of the aggregate outstanding principal 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, at the request and expense of any U.S. Holder that is a 10 per cent. United States shareholder with respect to the Issuer, the Issuer will provide the information necessary for the U.S. Holder to comply with any filing requirements that arise as a result of the Issuer's classification as a CFC.

*Indirect Interests in PFICs and CFCs.* If the Issuer owns a Collateral 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, (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 and (iii) the use of Interest Proceeds to make payments of the Class X Principal Amortisation Amount.

*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 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.

Subject to the discussion above under the heading “*U.S. Federal Tax Treatment of the Class M Notes and Holders of Class M Notes*,” 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.

*Receipt of Euro.* U.S. Holders will have a tax basis in any euro received in respect of the Subordinated Notes on a sale, redemption, or other disposition of the Subordinated Notes equal to the U.S. dollar value of the euro on that date. Any gain or loss recognised on a sale, exchange, or other disposition of those euro generally will be ordinary income or loss. A U.S. Holder that converts the euro into U.S. dollars on the date of receipt generally should not recognise ordinary income or loss in respect of the conversion.

*Transfer and Information Reporting Requirements.* A U.S. Holder that purchases the Subordinated Notes will be required to file an IRS Form 926 with the IRS if (i) such person is treated as owning, directly or by attribution, immediately after the U.S. Holder’s purchase of Notes, at least 10 per cent. by vote or value of the Issuer or (ii) the amount of cash transferred by such person (or any related person) to the Issuer during the 12-month period ending on the date of such transfer exceeds \$100,000.

A U.S. Holder that is treated as owning (actually or constructively) at least 10 per cent. by vote or value of the equity of the Issuer for U.S. federal income tax purposes will be required to file an information return on IRS Form 5471, and may be required to provide additional information regarding the Issuer annually on IRS

Form 5471 if it is treated as owning (actually or constructively) more than 50 per cent. by vote or value of the equity of the Issuer for U.S. federal income tax purposes.

In addition, U.S. Holders of Subordinated Notes generally will be required to file an annual PFIC report.

U.S. Holders that fail to comply with these reporting requirements may be subject to adverse tax consequences, including a “tolling” of the statute of limitations with respect to their U.S. tax returns. U.S. Holders should consult their tax advisors with respect to these or any other reporting requirements that may apply with respect to their acquisition or ownership of the Subordinated Notes.

### **Specified Foreign Financial Asset Reporting**

Certain U.S. Holders may be subject to reporting obligations with respect to their Notes if they do not hold their Notes in an account maintained by a financial institution and the aggregate value of their Notes and certain other “specified foreign financial assets” (applying certain attribution rules) exceeds \$50,000. Significant penalties can apply if a U.S. Holder is required to disclose its Notes and fails to do so.

### **3.8 per cent. Medicare Tax on “Net Investment Income”**

U.S. Holders that are individuals or estates and certain trusts are subject to an additional 3.8 per cent. tax on all or a portion of their “net investment income,” or “undistributed net investment income” in the case of an estate or trust, which may include any income or gain with respect to the Notes, to the extent of their net investment income or undistributed net investment income (as the case may be) that, when added to their other modified adjusted gross income, exceeds \$200,000 for an unmarried individual, \$250,000 for a married taxpayer filing a joint return (or a surviving spouse), \$125,000 for a married individual filing a separate return, or the dollar amount at which the highest tax bracket begins for an estate or trust. The 3.8 per cent. Medicare tax is determined in a different manner than the regular income tax and special rules apply with respect to the PFIC and CFC rules described above. U.S. Holders should consult their advisors with respect to the 3.8 per cent. Medicare tax.

### **FBAR Reporting**

A U.S. Holder of Subordinated Notes (or any Class of Notes that are treated as equity in the Issuer for U.S. federal income tax purposes) may be required to file FinCEN Form 114 with respect to foreign financial accounts in which the Issuer has a financial interest if the U.S. Holder holds more than 50 per cent. of the aggregate outstanding principal amount of such Notes or is otherwise treated as owning more than 50 per cent. of the total value or voting power of the Issuer’s outstanding equity.

### **Reportable Transactions**

A participant in a “reportable transaction” is required to disclose its participation in such a transaction on IRS Form 8886. Any foreign currency exchange loss in excess of \$50,000 recognised by a U.S. Holder may be subject to this disclosure requirement. Failure to comply with this disclosure requirement can result in substantial penalties. U.S. Holders should consult their advisors with respect to the requirement to disclose reportable transactions.

### **U.S. Federal Tax Treatment of Non-U.S. Holders of Notes**

In general, payments on the Notes to a Non-U.S. Holder that provides appropriate tax certifications to the Issuer and gain realised on the sale, exchange or retirement of the Notes by the Non-U.S. Holder will not be subject to U.S. federal income or withholding tax unless (i) such income is effectively connected with a trade or business conducted by such Non-U.S. Holder in the United States, or (ii) in the case of gain, such Non-U.S. Holder is a non-resident alien individual who holds the Notes as a capital asset and is present in the United States for more than 182 days in the taxable year of the sale and certain other conditions are satisfied.

### **Information Reporting and Backup Withholding**

Under certain circumstances, the Code requires “information reporting” annually to the IRS and to each holder, and “backup withholding”, with respect to certain payments made on or with respect to the Notes. Backup withholding will apply to a U.S. Holder only if the U.S. Holder (i) fails to furnish its Taxpayer Identification Number (“TIN”) which, for an individual, would be his or her Social Security Number, (ii) furnishes an incorrect

TIN, (iii) is notified by the IRS that it has failed to properly report payments of interest and dividends, or (iv) under certain circumstances, fails to certify, under penalties of perjury, that it has furnished a correct TIN and has not been notified by the IRS that it is subject to backup withholding for failure to report interest and dividend payments. The exemption generally is available to U.S. Holders that provide a properly completed IRS Form W-9.

A Non-U.S. Holder that provides an applicable IRS Form W-8, together with all appropriate attachments, signed under penalties of perjury, identifying the Non-U.S. Holder and stating that the Non-U.S. Holder is not a United States person, will not be subject to IRS reporting requirements and U.S. backup withholding.

Information reporting and backup withholding may apply to the proceeds of a sale of Notes made within the United States or conducted through certain U.S. related financial intermediaries, unless the payor receives the statement described above or the Non-U.S. Holder otherwise establishes an exemption.

Backup withholding is not an additional tax and may be refunded (or credited against the holder's U.S. federal income tax liability, if any), provided that certain required information is furnished. The information reporting requirements may apply regardless of whether withholding is required. Copies of the information returns also may be made available to the tax authorities in the country in which a Non-U.S. Holder is a resident under the provisions of an applicable income tax treaty or agreement.

## **FATCA**

Under FATCA, the Issuer may be subject to a 30 per cent. withholding tax on certain income. Under an intergovernmental agreement entered into between the United States and Ireland, the Issuer will not be subject to withholding under FATCA if it complies with Irish implementing legislation that will require the Issuer to provide the name, address, and taxpayer identification number of, and certain other information with respect to, certain holders of Notes to taxing authorities in Ireland, which would then provide this information to the IRS. The Issuer expects to comply with the intergovernmental agreement and the implementing legislation. However, there can be no assurance that the Issuer will be able to do so. Moreover, the intergovernmental agreement could be amended to require the Issuer to withhold on "passthru" payments to holders that fail to provide certain information to the Issuer or are certain "foreign financial institutions" that do not comply with FATCA.

If a Noteholder fails to provide the Issuer or its agents with any correct, complete and accurate information or documentation that may be required for the Issuer to comply with FATCA and/or the CRS and to prevent the imposition of 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.

## **Future Legislation and Regulatory Changes Affecting Noteholders**

Future legislation, regulations, rulings or other authority could affect the federal income tax treatment of the Issuer and Noteholders. The Issuer cannot predict whether and to what extent any such legislative or administrative changes could change the tax consequences to the Issuer and to the Noteholders. Prospective Noteholders should consult their tax advisors regarding possible legislative and administrative changes and their effect on the federal tax treatment of the Issuer and their investment in the Notes.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR NOTEHOLDER. EACH PROSPECTIVE NOTEHOLDER IS STRONGLY URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE NOTEHOLDER'S OWN CIRCUMSTANCES.

## CERTAIN ERISA CONSIDERATIONS

ERISA imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) 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 requirements 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**”) including specified transactions with 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. Among other potential effects, 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.

Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and certain non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to substantially similar rules under federal, state, local or non-U.S. laws, and may be subject to the prohibited transaction rules of Section 503 of the Code.

Under ERISA and a regulation issued by the United States Department of Labor (29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA, (the “**Plan Asset Regulation**”)), if a Plan invests in an “equity interest” of an entity that is neither a “publicly offered security” nor a security issued by an investment company registered under the Investment Company Act of 1940, the Plan’s assets are deemed to include both the equity interest and an undivided interest in each of the entity’s underlying assets, unless it is established (a) that the entity is an “operating company,” as that term is defined in the Plan Asset Regulation, or (b) that less than 25 per cent. of the total value of each class of equity interest in the entity, disregarding the value of any equity interests held by persons (other than Benefit Plan Investors) with discretionary authority or control over the assets of the entity or who provide investment advice for a fee with respect to such assets (such as the Collateral Manager), and their respective Affiliates (each a “**Controlling Person**”), is held by Benefit Plan Investors (the “**25 per cent. Limitation**”). A “**Benefit Plan Investor**” means (1) an employee benefit plan (as defined in Section 3(3) of ERISA), subject to the provisions of Part 4 of Subtitle B of Title I of ERISA, (2) a plan to which Section 4975 of the Code applies, or (3) any entity whose underlying assets are deemed for the purposes of ERISA to include plan assets by reason of such an employee benefit plan’s or plan’s investment in such entity or otherwise.

If the underlying assets of the Issuer are deemed to be Plan assets, the obligations and other responsibilities of Plan sponsors, Plan fiduciaries and Plan administrators, and of Parties in Interest, under Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code, as applicable, may be expanded, and there may be an increase in their liability under these and other provisions of ERISA and the Code. In addition, various providers of fiduciary or other services to the 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 X Notes, the Class A Notes, Class B Notes, Class C Notes and Class D Notes offered hereby will be treated by the Issuer as indebtedness with no substantial equity features for purposes of ERISA. The treatment of the Class X Notes, Class A Notes, Class B Notes, Class C Notes and Class D Notes as not being equity interests in the Issuer could, however, be affected, subsequent to their issuance, by certain changes in the structure or financial condition of the Issuer. However, the characteristics of the Class E Notes and to a greater extent, the Class F Notes, the Class M Notes and the Subordinated Notes for purposes of the Plan Asset Regulation

are less certain. Therefore, the Class E Notes and the Class F Notes may, and the Class M Notes, and the Subordinated Notes will likely be considered “**equity interests**” for purposes of the Plan Asset Regulation. Accordingly, the Issuer intends to limit investments by Benefit Plan Investors in such Class E Notes, Class F Notes, Class M Notes and Subordinated Notes. In reliance on representations made by investors in Class E Notes, Class F Notes, Class M Notes and Subordinated Notes, the Issuer intends to limit investment by Benefit Plan Investors in each of the Class E Notes, the Class F Notes, the Class M Notes and the Subordinated Notes to less than 25 per cent. of the total value of the Class E Notes, the Class F Notes, the Class M Notes and the Subordinated Notes (determined separately by class) at all times (excluding for purposes of such calculation the Class E Notes, Class F Notes, Class M Notes and Subordinated Notes held by a Controlling Person). Each prospective purchaser (including a transferee) of a Class E Note, a Class F Note, a Class M Note or a Subordinated Note (or any interest in any such Note) will be required or deemed to make certain representations regarding its status as a Benefit Plan Investor or Controlling Person and other ERISA matters as described below and under “*Transfer Restrictions*” below. No Class E Note, Class F Note, Class M Note or Subordinated Note will be sold or transferred to purchasers that have represented that they are Benefit Plan Investors or Controlling Persons to the extent that such sale may result in Benefit Plan Investors owning 25 per cent. or more of the total value of the Class E Notes, Class F Notes, Class M Notes or 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 E Note, Class F Note, Class M Note and Subordinated Note (and any interests therein) held by a person that has represented that it is a Controlling Person will be disregarded and will not be treated as outstanding for the purposes of determining compliance with such 25 per cent. limitation.

Even assuming the Class X Notes, Class A Notes, Class B Notes, Class C Notes and Class D Notes are not treated as equity interests in the Issuer for purposes of ERISA, it is possible that an investment in such Notes as well as in any Class E Note, Class F Note, Class M Note or Subordinated Note (or any interests therein) 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. However, one or more statutory or administrative exemption(s) may be available with respect to an investment in the Notes. 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 Retention Holder, the Initial Purchaser, the Trustee, the Collateral Manager, the Collateral Administrator, 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 or provide other services 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 Retention Holder, the Initial Purchaser, the Trustee, the Collateral Manager, the Collateral Administrator or their respective Affiliates has investment authority with respect to such assets (except to the extent (if any) that a statutory or administrative exemption or exception applies, or the transaction is not otherwise prohibited).

It should be noted that an insurance company’s general account may be deemed to include assets of Plans under certain circumstances, *e.g.*, where a Plan purchases certain types of annuity contracts 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 at 29 C.F.R. Section 2550.401c-1.

If you are a purchaser or transferee of a Class X Note, Class A Note, Class B Note, Class C Note or Class D Note or any interest in such Note, you will be deemed to have represented, warranted and agreed that (i) either (A) you are not, and are not acting on behalf of (and for so long as you hold any such Note or interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor or a 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 (“**Similar Law**”), and no part of the assets to be used by you to acquire or hold such Note or any interest therein constitutes or will constitute the assets of any Benefit Plan Investor or such governmental, church, non-U.S. or other plan, or (B) your acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a non-exempt prohibited transaction

under Section 406 of ERISA and/or Section 4975 of the Code, or, in the case of a governmental, church, non-U.S. or other plan, a non-exempt violation of any Similar Law, and (ii) you will not sell or transfer such Note (or interest therein) to a transferee acquiring such Note (or interest therein) unless you make or are deemed to make the foregoing representations, warranties and agreements described in clause (i) hereof.

Each initial investor (other than the Initial Purchaser) in:

- (a) any Class E Notes, Class F Notes, Class M Notes or Subordinated Notes in the form of Rule 144A Notes;
- (b) any Class M Notes or Subordinated Notes in the form of Regulation S Notes; or
- (c) any Class E Notes or Class F Notes in the form of Regulation S Notes, which is a Controlling Person or a Benefit Plan Investor,

in each case purchased on the Issue Date will be required to enter into a subscription agreement (or, in the case of the Collateral Manager, a note purchase agreement) with the Initial Purchaser in which such investor will certify as to, among other matters, its status under the Securities Act, the Investment Company Act and ERISA.

If you are a purchaser or transferee of a Class E Note, Class F Note, Class M Note or Subordinated Note in the form of a Regulation S Global Certificate or a Rule 144A Global Certificate you will be deemed, and in the case of an initial investor on the Issue Date, will be required to represent, warrant and agree that (i) you are not, and are not acting on behalf of (and for so long as you hold any such Note or interest therein will not be, and will not be acting on behalf of) a Benefit Plan Investor or Controlling Person unless you receive the written consent of the Issuer (other than in the case of the Notes purchased by the Retention Holder) and provide an ERISA certificate to the Issuer as to your status as a Benefit Plan Investor or Controlling Person; and (ii) (A) if you are, or are acting on behalf of, a Benefit Plan Investor, your acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, and (B) if you are a governmental, church, non-U.S. or other plan, (1) you are not, and for so long as you hold such 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 Similar Law and (2) your acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a non-exempt violation of any Similar Law and (iii) you will agree to certain transfer restrictions regarding your interest in such Notes.

If you are a purchaser or transferee of a Class E Note, Class F Note, Class M Note or Subordinated Note in the form of a Definitive Certificate to the extent permitted herein, you will be required to (i) represent and warrant in writing to the Issuer (1) whether or not, for so long as you hold such Note or interest therein, you are, or are acting on behalf of, a Benefit Plan Investor, (2) whether or not, for so long as you hold such Note or interest therein, you are a Controlling Person and (3) that (a) if you are, or are acting on behalf of, a Benefit Plan Investor, your acquisition, holding and disposition of such 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 you are a governmental, church, non-U.S. plan or other plan, (x) you are not, and for so long as you hold such Note or interest therein will not be, subject to any federal, state, local, non-U.S. or other law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or any interest therein) by virtue of its interest and thereby subject the Issuer or the Collateral Manager (or other persons responsible for the investment and operation of the Issuer's assets) to Similar Law and (y) your acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a non-exempt violation of any Similar Law, and (ii) agree to certain transfer restrictions regarding your interest in such Note.

No transfer of an interest in Class E Notes, Class F Notes, Class M Notes or Subordinated Notes will be permitted or recognised if it would cause the 25 per cent. Limitation described above to be exceeded with respect to the Class E Notes, Class F Notes, Class M Notes or Subordinated Notes (determined separately by class).

In addition, each purchaser of Notes that is or is acting on behalf of or using the assets of a Benefit Plan Investor will be deemed to have represented and warranted that (i) none of the Issuer, the Initial Purchaser, the Collateral Manager or their respective Affiliates has provided any investment advice within the meaning of Section 3(21) of ERISA to the Benefit Plan Investor, or to any fiduciary or other person investing the assets of the Benefit Plan

Investor (“**Fiduciary**”), in connection with its acquisition of Notes, and (ii) the Fiduciary is exercising its own independent judgment in evaluating the investment in the Notes.

Any Plan fiduciary considering whether to acquire a Note or an interest in 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 or any interest therein 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

*The following description consists of a summary of certain provisions of the Subscription Agreement which does not purport to be complete and is qualified by reference to the detailed provisions of such agreement. Capitalised terms used in this section and not otherwise defined herein or in this Offering Circular shall have the meaning given to them in Condition 1 (Definitions) of the terms and conditions of the Notes.*

Merrill Lynch International (in its capacity as initial purchaser, the “**Initial Purchaser**”) has agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for each Class of the Notes (other than the Retention Notes and certain of the Class M Notes) (the “**Subscription Notes**”) pursuant to the Subscription Agreement. The Subscription Agreement entitles the Initial Purchaser to terminate such agreement in certain circumstances prior to payment being made to the Issuer. Each of the Issuer and the Initial Purchaser may offer the Notes at other prices as may be privately negotiated at the time of sale, which may vary among different purchasers and may be different from the issue price of the Notes.

The Retention Holder has agreed with the Initial Purchaser, subject to the satisfaction of certain conditions, to acquire the Retention Notes on the Issue Date from the Issuer at a price at least equal to the price paid for the relevant Class by investors on the Issue Date pursuant to a note purchase agreement to be entered into by the Issuer, the Initial Purchaser and the Retention Holder. In addition, the Initial Purchaser may pay a portion of its fees in respect of the Retention Notes to the Collateral Manager.

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 X Notes: €1,500,000, Class A Notes: €214,000,000, Class B-1 Notes: €20,000,000, Class B-2 Notes: €15,000,000, Class C-1 Notes: €6,500,000, Class C-2 Notes: €15,000,000, Class D Notes: €21,000,000, Class E Notes: €22,500,000, Class F Notes: €8,000,000; Class M Notes: €2,000,000 and Subordinated Notes: €35,500,000.

The Issuer has agreed to indemnify the Initial Purchaser, the Collateral Manager, the Collateral Administrator, the Trustee and certain other participants against certain liabilities or to contribute to payments they may be required to make in respect thereof.

Certain of the Collateral Obligations may have been originally underwritten or placed by the Initial Purchaser. In addition, the Initial Purchaser may have in the past performed and may in the future perform investment banking services or other services for issuers of the Collateral Obligations. In addition, the Initial Purchaser and its Affiliates may from time to time as a principal or through one or more investment funds that it or they manage, make investments in the equity securities of one or more of the issuers of the Collateral Obligations, with a result that one or more of such issuers may be or may become controlled by the Initial Purchaser or its Affiliates.

No action has been or will be taken by the Issuer, the Initial Purchaser, the Collateral Manager or the Retention Holder that would permit a public offering of the Notes or possession or distribution of this Offering Circular or any other offering material in relation to the Notes in any jurisdiction where action for the purpose is required. No offers, sales or deliveries of any Notes, or distribution of this Offering Circular or any other offering material relating to the Notes, may be made in or from any jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer or the Initial Purchaser.

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. Persons or to U.S. Residents except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act and in the manner so as not to require the registration of the Issuer as an “investment company” pursuant to the Investment Company Act.

The Issuer has been advised that the Initial Purchaser proposes to offer the Subscription Notes (a) outside the United States to non-U.S. persons in reliance on Regulation S and in accordance with applicable law and (b) to U.S. persons or to persons within the United States, in either case who are both a QIB and a QP (directly or through its U.S. broker dealer Affiliate) in reliance on Rule 144A, and only for their own account or for the accounts of, in each case, QIBs/QPs.

The Notes of each Class sold in reliance on Rule 144A (other than the Class X Notes) will be issued in Minimum Denominations of €250,000 and Authorised Integral Amounts in excess thereof. The Class X Notes sold in

reliance on Rule 144A will be issued in minimum denominations of €100,000 and Authorised Integral Amounts in excess thereof. Any offer or sale of Rule 144A Notes in reliance on Rule 144A will be made by broker dealers who are registered as such under the Exchange Act. After the Notes are released for sale, the offering price and other selling terms may from time to time be varied by the Initial Purchaser.

The Initial Purchaser has acknowledged and agreed that it will not offer, sell or deliver any Regulation S Notes to, or for the account or benefit of, any U.S. person (as defined in Regulation S) 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 Initial Purchaser reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the principal amount of Notes which may be offered. This Offering Circular does not constitute an offer to any person in the United States or to any U.S. person (as defined in Regulation S). Distribution of this Offering Circular to any such U.S. person or to any person within the United States, other than in accordance with the procedures described above, is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

## General

The Initial Purchaser has agreed to comply with the following selling restrictions:

- (a) **State of Florida:** The securities offered hereby will be sold to, and acquired by, the holder in a transaction exempt under Section 517.061 of the Florida Securities Act. The securities have not been registered under the Florida Securities Act in the state of Florida. In addition, if sales are made to five or more persons in Florida, all Florida purchasers other than exempt institutions specified in Section 517.061(7) of the Florida Securities Act shall have the privilege of voiding the purchase within three (3) days after the first tender of consideration is made by such purchaser to the Issuer, an agent of the Issuer, or an escrow agent.
- (b) **European Economic Area - Prohibition of Sales to EEA Retail Investors:** The Initial Purchaser has represented and agreed 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. 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; 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) **Austria:** No offering circular or prospectus has been or will be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz – KMG*) (the “**KMG**”) as amended. Neither this Offering Circular nor any other document connected therewith constitutes a prospectus according to the KMG and neither this Offering Circular nor any other document connected therewith may be distributed, passed on or disclosed to any other person in Austria, save as specifically agreed with the Initial Purchaser. No document pursuant to Directive 2003/71/EC has been or will be drawn up and approved in Austria and no document pursuant to Directive 2003/71/EC has been or will be passported into Austria as the Notes will be offered in Austria in reliance on an exemption from the document publication requirement under the KMG. The Initial Purchaser has represented and agreed that it will offer the Notes in Austria only in compliance with the provisions of the KMG, and Notes will therefore not be publicly

offered or (re)sold in Austria without a document being published or an applicable exemption from such requirement being relied upon.

- (d) **Belgium:** The Initial Purchaser has acknowledged and agreed that the offering of Notes has not been and will not be notified to the Belgian Financial Services and Markets Authority (*autoriteit voor financiële diensten en markten/autorité des services et marchés financiers*) nor has this Offering Circular been, nor will it be, approved by the Belgian Financial Services and Markets Authority. The Notes may not be distributed in Belgium by way of an offer of the Notes to the public, as defined in Article 3, §1 of the Act of 16 June 2006 relating to Public Offers of Investment Instruments, as amended or replaced from time to time and taking into account the provisions of Directive 2010/73/EU that are sufficiently clear, precise and unconditional to be capable of vertical direct effect, save in those circumstances (commonly called “**private placement**”) set out in Article 3 §2 of the Act of 16 June 2006 relating to public offers of investment instruments, as amended or replaced from time to time and taking into account the provisions of Directive 2010/73/EU that are sufficiently clear, precise and unconditional to be capable of vertical direct effect. This Offering Circular may be distributed in Belgium only to such investors for their personal use and exclusively for the purposes of this offering of Notes. Accordingly, this Offering Circular may not be used for any other purpose nor passed on to any other investor in Belgium. The Initial Purchaser has represented and agreed that it will not:
- (i) offer for sale, sell or market the Notes in Belgium otherwise than in conformity with the Act of 16 June 2006 taking into account the provisions of Directive 2010/73/EU that are sufficiently clear, precise and unconditional to be capable of vertical direct effect; and
  - (ii) offer for sale, sell or market the Notes to any person qualifying as a consumer within the meaning of Article 1.3 of the Law of 6 April 2010 on trade practices and consumer protection, as modified, otherwise than in conformity with such law and its implementing regulations.
- (e) **Cayman Islands:** The Initial Purchaser has represented and agreed that it will not make any invitation to the public in the Cayman Islands to subscribe for the Notes.
- (f) **Denmark:** The Initial Purchaser has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any of the Notes to the public in Denmark unless in accordance with the Danish Securities Trading Act, Consolidation Act No. 855 of 25 August 2012 as amended from time to time and any Orders issued thereunder.

For the purposes of this provision, an offer of the Notes in Denmark means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

- (g) **France:** Any person who is in possession of this Offering Circular is hereby notified that no action has or will be taken that would allow an offering of the Notes in France and neither this Offering Circular nor any offering material relating to the Notes have been submitted to the *Autorité des Marchés Financiers* (“**AMF**”) for prior review or approval. Accordingly, the Notes may not be offered, sold, transferred or delivered and neither this Offering Circular nor any offering material relating to the Notes may be distributed or made available (in whole or in part) in France, directly or indirectly, except as permitted by French law and regulation.

The Initial Purchaser has represented and agreed that:

the Notes have not been offered or sold and will not be offered or sold, directly or indirectly,

- (i) to the public in France;
- (ii) neither this Offering Circular nor any other offering material relating to the Notes has been or will be:
  - (A) released, issued, distributed or caused to be released, issued or distributed to the public in France; or
  - (B) used in connection with any offer for subscription or sale of the Notes to the public in France.

- (iii) such offers, sales and distributions will be made in France only:
  - (A) to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), all other than individuals, in each case investing for their own account, all as defined in, and in accordance with, Articles L.411-2, D.411-1, and L.533-20 of the French *Code Monétaire et Financier* (“**CMF**”);
  - (B) to investment services providers authorised to engage in portfolio management on behalf of third parties; or
  - (C) in a transaction that, in accordance with Article L.411-2 of the CMF and Article 211-2 of the *Règlement Général* of the AMF, does not constitute a public offer.
- (h) **Finland:** This Offering Circular is being distributed to a limited number of pre-selected investors in circumstances where the offer of the Notes in connection with this Offering Circular does not constitute a public offer as defined in the Securities Market Act of the Republic of Finland. The Notes may not be offered or sold, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, except pursuant to applicable Finnish laws and regulations. Specifically, the Notes may not be offered or sold, directly or indirectly, to the public in the Republic of Finland.
- (i) **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 (*Vermögensanlagegesetz*). Accordingly, the Initial Purchaser has represented and agreed that no offer of the Notes will be made to the public in Germany. This Offering Circular and any other document relating to the Notes, as well as information or statements contained therein, will not be supplied to the public in Germany or used in connection with any offer for subscription of the Notes to the public in Germany or any other means of public marketing.
- (j) **Hong Kong:** The contents of this Offering Circular have not been reviewed by any regulatory authority in Hong Kong. The Initial Purchaser has therefore represented and agreed that:
  - (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a ‘structured product’ as defined in the 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 as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.
- (k) **Ireland:** The Initial Purchaser has represented and agreed that, to the extent applicable:
  - (i) it 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 (S.I. No. 375 of 2017), as amended, including, without limitation, Parts 2, 3, 4, and 7 thereof and any codes of conduct issued in connection therewith, and the provisions of the Investor Compensation Act 1998 and the Investment Intermediaries Act 1995, as amended, and it will conduct itself in accordance with any codes and rules of conduct, conditions, requirements and any other enactment, imposed or approved by the Central Bank with respect to anything done by it in relation to the Notes;
  - (ii) it will not underwrite the issue of, or place, the Notes otherwise than in conformity with the provisions of the Central Bank Acts 1942-2018, as amended, including any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989, as amended, and any regulations

issued pursuant to Part 8 of the Central Bank (Supervision and Enforcement) Act 2013, as amended;

- (iii) it will not underwrite the issue of, or place, or do anything in respect of the Notes otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 as amended, the Prospectus (Directive 2003/71/EC) (Amendment) Regulations 2018 as amended, and any rules issued under Section 1363 of the Companies Act 2014, as amended, by the Central Bank;
  - (iv) it will not underwrite the issue of, or place, or do anything in respect of the Notes otherwise than in compliance with the provisions of (A) the Market Abuse Regulation (Regulation EU 596/2014); (B) the Market Abuse Directive on criminal sanctions for market abuse (Directive 2014/57/EU); (C) the European Union (Market Abuse) Regulations 2016 (S.I. No. 349 of 2016), as amended; and (D) any rules issued by the Central Bank pursuant thereto and/or under Section 1370 of the Companies Act 2014, as amended; and
  - (v) to the extent applicable it has complied with, and it will not underwrite the issue of, or place, or do anything in respect of the Notes otherwise than in compliance with the provisions of Companies Act 2014 of Ireland, as amended.
- (1) **Israel:** The Initial Purchaser has acknowledged and agreed that this Offering Circular has not been approved by the Israeli Securities Authority and will only be distributed to Israeli residents in a manner that will not constitute “an offer to the public” under sections 15 and 15a of the Israel Securities Law, 5728-1968 (the “**Securities Law**”).

The Initial Purchaser has represented and agreed that the Notes are being offered to a limited number of investors (35 investors or fewer during any given 12 month period) and/or those categories of investors listed in the First Addendum (the “**Addendum**”) to the Securities Law, (“**Sophisticated Investors**”) namely joint investment funds or mutual trust funds, provident funds, insurance companies, banking corporations (purchasing the Notes for themselves or for clients who are Sophisticated Investors), portfolio managers (purchasing the Notes for themselves or for clients who are Sophisticated Investors), investment advisors or investment marketers (purchasing the Notes for themselves), members of the Tel-Aviv Stock Exchange (purchasing the Notes for themselves or for clients who are Sophisticated Investors), underwriters (purchasing the Notes for themselves), venture capital funds engaging mainly in the capital market, an entity which is wholly-owned by Sophisticated Investors, corporations, other than formed for the specific purpose of an acquisition pursuant to an offer, with a shareholder’s equity in excess of NIS 50 million, and individuals in respect of whom the terms of item 9 in the Schedule to the Investment Advice Law hold true, investing for their own account, each as defined in the said Addendum, as amended from time to time, and who in each case have provided written confirmation that they qualify as Sophisticated Investors, and that they are aware of the consequences of such designation and agree thereto; in all cases under circumstances that will fall within the private placement or other exemptions of the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israeli Securities Authority.

This Offering Circular may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Any offeree who purchases the Notes will purchase such Notes for its own benefit and account and not with the aim or intention of distributing or offering such Notes to other parties (other than, in the case of an offeree which is an Sophisticated Investor by virtue of it being a banking corporation, portfolio manager or member of the Tel-Aviv Stock Exchange, as defined in the Addendum, where such offeree is purchasing the Notes for another party which is an Sophisticated Investor). Nothing in this Offering Circular should be considered investment advice or investment marketing defined in the Regulation of Investment Counselling, Investment Marketing and Portfolio Management Law, 5755-1995.

Investors are encouraged to seek competent investment counselling from a locally licensed investment counsel prior to making the investment. As a prerequisite to the receipt of a copy of this Offering Circular, a recipient shall be required by the Issuer to provide confirmation that it is a Sophisticated Investor purchasing the Notes for its own account or, where applicable, for other Sophisticated Investors.

This Offering Circular does not constitute an offer to sell or solicitation of an offer to buy any securities other than the Notes referred to herein, nor does it constitute an offer to sell to, or solicitation of an offer to buy from, any person or persons in any state or other jurisdiction in which such offer or solicitation would be unlawful, or in which the person making such offer or solicitation is not qualified to do so, or to a person or persons to whom it is unlawful to make such offer or solicitation.

- (m) **Italy:** The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:
- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (“**Regulation No. 11971**”); or
  - (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971. Any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:
    - (A) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “**Banking Act**”); and
    - (B) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
    - (C) in compliance with any other applicable laws and regulations or requirements imposed by CONSOB or another Italian authority.
- (n) **Japan:** The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “**FIEA**”) and the Initial Purchaser has represented and agreed that none of the Notes nor any interest therein will be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.
- (o) **Monaco:** The Notes may not be offered or sold, directly or indirectly, to the public in Monaco other than by a Monaco bank or a duly authorised Monegasque intermediary acting as a professional institutional investor which has such knowledge and experience in financial and business matters as to be capable of evaluating the risks and merits of an investment in the fund. Consequently, this Offering Circular may only be communicated to banks duly licensed by the Autorité de Contrôle Prudentiel and fully licensed portfolio management companies by virtue of Law No. 1.144 of 26 July 1991 and Law 1.338 of 7 September 2007, duly licensed by the Commission de Contrôle des Activités Financiers. Such regulated intermediaries may in turn communicate this Offering Circular to potential investors.
- (p) **Netherlands:** The Initial Purchaser has represented and agreed that it will not make an offer of the Notes which are the subject of the offering contemplated by this Offering Circular to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive, unless such offer is made exclusively to legal entities which are qualified investors (as defined in the Financial Markets Supervisions Act (*Wet op het financieel toezicht*)) and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands, provided that no such offer of Notes shall require the Issuer or the Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expressions (i) an “offer of Notes to the public” in relation to any Notes in The Netherlands; and (ii) “Prospectus Directive”, have the meaning given to them above in the section entitled “European Economic Area”.

- (q) **Norway:** The Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in Norway (the “**Norway Relevant Implementation Date**”) it has not made and will not make an offer of Notes to the public in Norway except that it may, with effect from and including the Norway Relevant Implementation Date, make an offer of the Notes to the public in Norway at any time:
- (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
  - (ii) to fewer than 100 or, if Norway has implemented the relevant provision of Directive 2010/73/EU, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Issuer for any such offer; or
  - (iii) in any other circumstances which do not require the publication by the Issuer or any other entity of a document pursuant to Article 3(2) of the Prospectus Directive.

For the purposes of the provision above, the expression an ‘offer of notes to the public’ in relation to any Notes in Norway means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in Norway by any measure implementing the Prospectus Directive in Norway and the expression ‘Prospectus Directive’ means Directive 2003/71/EC (as amended) and includes any relevant implementing measure in Norway.

- (r) **Singapore:** This Offering Circular has not been 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 MAS as an authorised or recognised CIS under the SFA (whether as a restricted scheme or otherwise). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Offering Circular or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Sections 274 and 304 of the SFA, (b) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.
- (s) **South Korea:** The Notes have not been registered with the Financial Services Commission of Korea for a public offering in Korea. The Initial Purchaser has therefore represented and agreed that the Notes have not been and will not be offered, sold or delivered directly or indirectly, or offered, sold or delivered to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea, except as otherwise permitted under applicable Korean Laws and regulations, including the Financial Investment Services and Capital Markets Act and the Foreign Exchange Transaction Law and the decrees and regulations thereunder.
- (t) **Spain:** Neither the Notes nor this Offering Circular have been approved or registered with the Spanish Notes Markets Commission (*Comisión Nacional Del Mercado De Valores*). Accordingly, the Initial Purchaser has represented and agreed that the Notes will not be offered or sold in Spain except in circumstances which do not constitute a public offering of notes within the meaning of Article 30-BIS of the Spanish Notes Market Law of 28 July 1988 (LEY 24/1988, de 28 de julio, del Mercado de Valores), as amended and restated, and supplemental rules enacted thereunder.
- (u) **Sweden:** The Initial Purchaser has confirmed and agreed 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 not 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*).

- (v) **Switzerland:** This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.
- (w) **Taiwan:** The Notes have not been and will not be registered or filed with, or approved by the Financial Supervisory Commission of Taiwan, the Republic of China ("**Taiwan**") and/or other regulatory authority or agency of Taiwan pursuant to relevant securities laws and regulations of Taiwan and may not be issued, offered or sold in Taiwan through a public offering or in circumstance which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that requires a registration, filing or approval of the Financial Supervisory Commission and/or other regulatory authority or agency of Taiwan. No person or entity in Taiwan has been authorised to offer or sell the Notes in Taiwan.
- (x) **United Kingdom:** The Initial Purchaser, which is authorised and regulated by the Financial Conduct Authority, has represented and agreed that:
  - (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
  - (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

## TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of the Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

### Rule 144A Notes

Each prospective purchaser of Rule 144A Notes, by accepting delivery of this Offering Circular, will or will be deemed to (as the case may be) have represented and agreed that such person acknowledges that this Offering Circular is personal to it and does not constitute an offer to any 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 Rule 144A Notes represented by a Rule 144A Global Certificate will be deemed to have represented and agreed, and each purchaser of Rule 144A Notes represented by Rule 144A Definitive Certificates will be required to represent and agree, as follows:

1. The purchaser (a) is a QIB, (b) is aware that the sale of such Rule 144A Notes to it is being made in reliance on Rule 144A, (c) is acquiring such Notes for its own account or for the account of a QIB as to which the purchaser exercises sole investment discretion, (i) in the case of each Class of Notes (other than the Class X Notes), in a principal amount of not less than €250,000 for the purchaser and for each such account, and (ii) in the case of the Class X Notes, 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)(i) to a person whom the purchaser reasonably believes is a QIB/QP purchasing for its own account or for the account of a QIB/QP as to which the purchaser exercises sole investment discretion in a transaction meeting the requirements of Rule 144A or (ii) to a non-U.S. Person (as defined in Regulation S) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S and (b) in accordance with all applicable securities laws including the securities laws of any state of the United States. The purchaser understands that the Issuer has not been registered as an investment company 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 null and void *ab initio*.
3. The purchaser is not purchasing such Rule 144A Notes with a view toward the resale, distribution or other disposition thereof in violation of the Securities Act. The purchaser understands that an investment in the Rule 144A Notes involves certain risks, including the risk of loss of its entire investment in the Rule 144A Notes under certain circumstances. The purchaser has had access to such financial and other information concerning the Issuer and the Notes as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Rule 144A Notes, including an opportunity to ask questions of, and request information from, the Issuer.
4. In connection with the purchase of the Rule 144A Notes: (a) none of the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager, the Retention Holder 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 Initial Purchaser, the Trustee, the Collateral Manager, the Retention Holder or the Collateral Administrator other than in this Offering Circular for such Notes and any representations expressly set forth in a written agreement with such party; (c) none of the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager, the Retention Holder 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 judgement and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager, the Retention Holder 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 (other than the Class X Notes) in a principal amount of not less than €250,000. In the case of the Class X Notes, 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 issues. Further, the purchaser agrees with respect to itself and each such account: (x) that it shall not hold such Rule 144A Notes for the benefit of any other person and shall be the sole beneficial owner thereof for all purposes; (y) that it shall not sell participation interests in the Rule 144A Notes or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the Rule 144A Notes; and (z) that the Rule 144A Notes purchased directly or indirectly by it constitute an investment of no more than 40 per cent. of the purchaser's and each such account's assets (except when each beneficial owner of the purchaser and each such account is a QP). The purchaser understands and agrees that any purported transfer of the Rule 144A Notes to a purchaser that does not comply with the requirements of this paragraph (5) will be of no force and effect, will be void *ab initio* and the Issuer will have the right to direct the purchaser to transfer its Rule 144A Notes to a Person who meets the foregoing criteria.
6.
  - (a) With respect to the purchase, holding and disposition of any Class X Note, Class A Note, Class B Note, Class C Note or Class D Note or any interest in such Note (i) either (A) it is not, and is not acting on behalf of (and for so long as it holds any such Note or interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor or a governmental, church, non-U.S. or other plan which is subject to any Similar Law, and no part of the assets to be used by it to acquire or hold such Note or any interest therein constitutes the assets of any Benefit Plan Investor or such governmental, church, non-U.S. or other plan, or (B) its acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, or, in the case of a governmental, church, non-U.S. or other plan, a non-exempt violation of any Similar 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 the foregoing representations, warranties and agreements described in clause (i) hereof. Any purported transfer of the Note in violation of the requirements set forth in this paragraph shall be null and void *ab initio* and the acquiror understands that the Issuer will have the right to cause the sale of such Note to another acquiror that complies with the requirements of this paragraph in accordance with the terms of the Trust Deed.
  - (b)
    - (i) With respect to the Class E Notes, Class F Notes, Class M Notes and the Subordinated Notes in the form of a Rule 144A Global Certificate (i) it is not, and is not acting on behalf of (and for so long as it holds any such Note or interest therein will not be, and will not be acting on behalf of) a Benefit Plan Investor or Controlling Person, unless it receives the written consent of the Issuer (other than in the case of the Notes purchased by the Retention Holder) and provides an ERISA certificate to the Issuer as to its status as a Benefit Plan Investor or Controlling Person 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 Similar Law and (2) its acquisition, holding and disposition of such Notes (or interests therein) will not constitute or result in a non-exempt violation of any Similar Law.

- (ii) With respect to acquiring or holding a Class E Note, Class F Note, Class M Note or Subordinated Note in the form of a Definitive Certificate to the extent permitted herein (i) (A) whether or not, for so long as it holds such Class E Note, Class F Note, Class M 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 E Note, Class F Note, Class M 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 E Note, Class F Note, Class M Note or Subordinated Note (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 (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 E Note, Class F Note, Class M Note or Subordinated 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 Similar Law and (y) its acquisition, holding and disposition of such Class E Note, Class F Note, Class M Note or Subordinated Note (or interests therein) will not constitute or result in a non-exempt violation of any Similar Law, and (ii) that it will agree to certain transfer restrictions regarding its interest in such Class E Note, Class F Note, Class M Note or Subordinated Note.
  - (c) In addition, each purchaser of Notes that is or is acting on behalf of or using the assets of a Benefit Plan Investor will be deemed to have represented and warranted that (i) none of the Issuer, the Initial Purchaser, the Collateral Manager or their respective Affiliates has provided any investment advice within the meaning of Section 3(21) of ERISA to the Benefit Plan Investor, or to any Fiduciary, in connection with its acquisition of Notes, and (ii) the Fiduciary is exercising its own independent judgment in evaluating the investment in the Notes.
  - (d) Any purported transfer of the Class E Notes, Class F Notes, Class M Notes or Subordinated Notes in violation of the requirements set forth in paragraphs (a) and (b) above shall be null and void *ab initio* and the acquiror understands that the Issuer will have the right to cause the sale of such Class E Notes, Class F Notes, Class M Notes or Subordinated Notes to another acquiror that complies with the requirements of this paragraph in accordance with the terms of the Trust Deed.
7. In respect of a purchase or transfer of a CM Voting Note, or any interest in such Note, the purchaser or transferee understands that such Note carries a right to vote with respect to matters concerning the Collateral Manager as set out in the Conditions of the Notes.
8. In respect of a purchase or transfer of a CM Non-Voting Exchangeable Note or a CM Non-Voting Note, or any interest in such Note, the purchaser or transferee understands that such Note does not carry a right

to vote with respect to matters concerning the Collateral Manager as set out in the Conditions of the Notes.

9. In respect of a purchase or transfer of a CM Non-Voting Note, the purchaser or transferee understands that such Note cannot be transferred or exchanged for a CM Non-Voting Exchangeable Note or a CM Voting Note at any time.
10. The purchaser understands that pursuant to the terms of the Trust Deed, the Issuer has agreed that the Rule 144A Notes, 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 U.S. Persons (as defined in Regulation S) that are not QIB/QPs. Before any interest in a Rule 144A Note may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Note, the transferor will be required to provide the 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 OF THE SECURITIES ACT AND, IN THE CASE OF CLAUSE (1), (I) IN THE CASE OF EACH CLASS OF NOTES (OTHER THAN THE CLASS X NOTES), IN A PRINCIPAL AMOUNT OF NOT LESS THAN €250,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING AND (II) IN THE CASE OF THE CLASS X NOTES, 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 FOR THE PURPOSE OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE APRIL 30, 1996, (Y) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS AND (Z) IS NOT A PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION OR IN THE CASE OF CLAUSE (2), IN A PRINCIPAL AMOUNT OF NOT LESS THAN €100,000 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE TRANSFER AGENT OR ANY INTERMEDIARY. IN ADDITION TO THE FOREGOING, IN THE EVENT OF A VIOLATION OF (V) THROUGH (Z), THE ISSUER MAINTAINS THE RIGHT TO DIRECT THE RESALE OF ANY NOTES PREVIOUSLY TRANSFERRED TO NON-PERMITTED HOLDERS (AS DEFINED IN THE TRUST DEED) IN ACCORDANCE WITH AND SUBJECT TO THE TERMS OF THE TRUST DEED. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE TRUST DEED TO ITS TRANSFEREE.

TRANSFERS OF THIS NOTE OR OF PORTIONS OF THIS NOTE SHOULD BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE TRUST DEED REFERRED TO HEREIN.

PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS NOTE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE REGISTRAR.

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS X NOTES, CLASS A NOTES, CLASS B NOTES, CLASS C NOTES AND CLASS D NOTES ONLY]* EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (I) EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR INTEREST HEREIN WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), AN EMPLOYEE BENEFIT PLAN, AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”), THAT IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), APPLIES, OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN’S OR PLAN’S INVESTMENT IN SUCH ENTITY (“**BENEFIT PLAN INVESTOR**”), OR A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (“**SIMILAR LAW**”), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE, OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, A NON-EXEMPT VIOLATION OF ANY SIMILAR LAW, AND (II) IT WILL NOT SELL OR TRANSFER THIS NOTE (OR INTEREST HEREIN) TO AN ACQUIROR ACQUIRING THIS NOTE (OR INTEREST HEREIN) UNLESS THE ACQUIROR MAKES THE FOREGOING REPRESENTATIONS, WARRANTIES AND AGREEMENTS DESCRIBED IN CLAUSE (I) HEREOF. ANY PURPORTED TRANSFER OF THIS NOTE IN VIOLATION OF THE REQUIREMENTS SET FORTH IN THIS PARAGRAPH SHALL BE NULL AND VOID *AB INITIO* AND THE ACQUIROR UNDERSTANDS THAT THE ISSUER WILL HAVE THE RIGHT TO CAUSE THE SALE OF THIS NOTE TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES, THE CLASS F NOTES, THE CLASS M NOTES AND THE SUBORDINATED NOTES IN THE FORM OF RULE 144A GLOBAL CERTIFICATES ONLY]* EACH PURCHASER OR TRANSFEREE OF THIS CLASS E NOTE, CLASS F NOTE, CLASS M NOTE OR SUBORDINATED NOTE WILL BE REQUIRED OR DEEMED TO REPRESENT AND WARRANT THAT (1) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS ANY SUCH NOTE OR INTEREST THEREIN WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON UNLESS SUCH PURCHASER OR TRANSFEREE RECEIVES THE WRITTEN CONSENT OF THE ISSUER (OTHER THAN IN THE CASE OF THE NOTES PURCHASED BY THE RETENTION HOLDER) AND PROVIDES AN ERISA CERTIFICATE TO THE ISSUER AS TO ITS STATUS AS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND (2) (A) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”) OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), AND (B) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST

HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY NOTE (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER OR THE COLLATERAL MANAGER (OR OTHER PERSONS RESPONSIBLE FOR THE INVESTMENT AND OPERATION OF THE ISSUER'S ASSETS) TO LAWS OR REGULATIONS THAT ARE 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 NON-EXEMPT VIOLATION OF ANY SIMILAR LAW. "**BENEFIT PLAN INVESTOR**" MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "**PLAN ASSETS**" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN'S INVESTMENT IN THE ENTITY. "**CONTROLLING PERSON**" MEANS A PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR ANY PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR ANY AFFILIATE OF ANY SUCH PERSON. AN "**AFFILIATE**" OF A PERSON INCLUDES ANY PERSON, DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH THE PERSON. "**CONTROL**" WITH RESPECT TO A PERSON OTHER THAN AN INDIVIDUAL MEANS THE POWER TO EXERCISE A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF SUCH PERSON. ANY PURPORTED TRANSFER OF THIS NOTE IN VIOLATION OF THE REQUIREMENTS SET FORTH IN THIS PARAGRAPH SHALL BE NULL AND VOID *AB INITIO* AND THE ACQUIROR UNDERSTANDS THAT THE ISSUER WILL HAVE THE RIGHT TO CAUSE THE SALE OF THIS NOTE TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO TRANSFER OF A CLASS E NOTE, CLASS F NOTE, CLASS M 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 E NOTES, CLASS F NOTES, CLASS M NOTES OR SUBORDINATED NOTES (DETERMINED SEPARATELY BY CLASS) TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING CLASS E NOTES, CLASS F NOTES, CLASS M 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 E NOTE, CLASS F NOTE, CLASS M NOTE OR SUBORDINATED NOTE WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION, BENEFIT PLAN INVESTOR, CONTROLLING PERSON, 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 TO SELL ITS INTEREST IN THE CLASS E NOTES, CLASS F NOTES, CLASS M NOTES OR SUBORDINATED NOTES, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES, CLASS F NOTES, CLASS M NOTES AND SUBORDINATED NOTES IN THE FORM OF RULE 144A DEFINITIVE CERTIFICATES TO THE EXTENT PERMITTED HEREIN ONLY]* EACH PURCHASER OR TRANSFEREE OF THIS CLASS E NOTE, CLASS F NOTE, CLASS M NOTE OR SUBORDINATED NOTE 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 EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”) OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”) AND (2) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (a) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY NOTE (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER 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 (“**SIMILAR LAW**”), AND (b) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY SIMILAR LAW. “**BENEFIT PLAN INVESTOR**” MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE “**PLAN ASSETS**” BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN’S INVESTMENT IN THE ENTITY. “**CONTROLLING PERSON**” MEANS A PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR ANY PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR ANY AFFILIATE OF ANY SUCH PERSON. AN “**AFFILIATE**” OF A PERSON INCLUDES ANY PERSON, DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH THE PERSON. “**CONTROL**” WITH RESPECT TO A PERSON OTHER THAN AN INDIVIDUAL MEANS THE POWER TO EXERCISE A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF SUCH PERSON. ANY PURPORTED TRANSFER OF THIS NOTE IN VIOLATION OF THE REQUIREMENTS SET FORTH IN THIS PARAGRAPH SHALL BE NULL AND VOID *AB INITIO* AND THE ACQUIROR UNDERSTANDS THAT THE ISSUER WILL HAVE THE RIGHT TO CAUSE THE SALE OF THIS NOTE TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO TRANSFER OF A CLASS E NOTE, CLASS F NOTE, CLASS M 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 E NOTES, CLASS F NOTES, CLASS M NOTES OR SUBORDINATED NOTES (DETERMINED SEPARATELY BY CLASS) TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING CLASS E NOTES, CLASS F NOTES, CLASS M 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 E NOTE, CLASS F NOTE, CLASS M NOTE OR SUBORDINATED NOTE WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION, BENEFIT PLAN INVESTOR, CONTROLLING PERSON, 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 TO SELL ITS INTEREST IN THE CLASS E NOTES, CLASS F NOTES, CLASS M NOTES OR SUBORDINATED NOTES, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS X NOTES, THE CLASS A NOTES, THE CLASS B NOTES THE CLASS C NOTES, THE CLASS D NOTES, THE CLASS E NOTES AND THE CLASS F NOTES 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 X NOTES AND, THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES AND CLASS D NOTES IN THE FORM OF CM NON-VOTING NOTES OR CM NON-VOTING EXCHANGEABLE NOTES ONLY]* EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED THAT SUCH NOTE OR INTEREST HEREIN SHALL NOT CARRY ANY RIGHT TO VOTE IN RESPECT OF, OR BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF VOTING ON A CM REMOVAL RESOLUTION AND/OR A CM REPLACEMENT RESOLUTION.

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES AND CLASS D NOTES IN THE FORM OF CM VOTING NOTES ONLY]* EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED THAT SUCH NOTE OR INTEREST HEREIN SHALL CARRY A RIGHT TO VOTE IN RESPECT OF, AND BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF VOTING ON A CM REMOVAL RESOLUTION AND/OR A CM REPLACEMENT RESOLUTION.

11. The purchaser will not, at any time, offer to buy or offer to sell any 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.
12. 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.
13. The purchaser will treat the Issuer and the Notes as described in the “*Tax Considerations - Certain U.S. Federal Income Tax Considerations*” section of the Offering Circular for all U.S. federal, state and local income tax purposes and will take no action inconsistent with such treatment unless required by law.
14. The purchaser will timely furnish the Issuer or its agents with any tax forms or certifications (such as an applicable IRS Form W-8 (together with appropriate attachments), IRS Form W-9, or any successors to such IRS forms) that the Issuer or its agents reasonably request in order to (A) make payments to the purchaser without, or at a reduced rate of, withholding, (B) qualify for a reduced rate of withholding in any jurisdiction from or through which they receive payments, or (C) satisfy reporting and other obligations under the Code, Treasury regulations, or any other applicable law, and will update or replace such tax forms or certifications as appropriate or in accordance with their terms or subsequent amendments. The purchaser acknowledges that the failure to provide, update or replace any such tax forms or certifications may result in the imposition of withholding or back-up withholding upon payments to such purchaser or to the Issuer. Amounts withheld pursuant to applicable tax laws by the Issuer or its agents will be treated as having been paid to the purchaser by the Issuer.
15. The purchaser will provide the Issuer or its agents with any correct, complete and accurate information and documentation that may be required for the Issuer to comply with FATCA and/or the CRS and to prevent the imposition of U.S. federal withholding tax under FATCA on payments to or for the benefit of the Issuer or penalties under the CRS. In the event the purchaser fails to provide such information or documentation for the purposes of FATCA, or to the extent that its ownership of Notes would otherwise cause the Issuer to be subject to any tax under FATCA, (A) the Issuer or its agents are authorised to withhold amounts otherwise distributable to the purchaser as compensation for any amounts withheld from payments to or for the benefit of the Issuer as a result of such failure or such ownership, and (B) to the extent necessary to avoid an adverse effect on the Issuer as a result of such failure or such ownership, the Issuer will have the right to compel the purchaser to sell its Notes and, if such purchaser does not sell its Notes within 10 Business Days after notice from the Issuer or its agents, the Issuer will have the right to sell such Notes at a public or private sale called and conducted in any manner permitted by law, and to remit the net proceeds of such sale (taking into account any taxes incurred by the Issuer in connection with such sale) to such person as payment in full for such Notes. The Issuer may also assign each such Note a separate securities identifier in the Issuer’s sole discretion. Each purchaser agrees that the Issuer, the Trustee or their agents or representatives may (1) provide any information and documentation concerning its investment in its Notes to the Office of the Revenue Commissioners of Ireland, the U.S.

Internal Revenue Service and any other relevant tax authority and (2) take such other steps as they deem necessary or helpful to ensure that the Issuer complies with FATCA and the CRS.

16. Each purchaser of Class E Notes, Class F Notes, Class M Notes or Subordinated Notes, if it is not a “United States person” (as defined in Section 7701(a)(30) of the Code), represents that either:
  - (a) it is not a bank (within the meaning of Section 881(c)(3)(A) of the Code);
  - (b) after giving effect to its purchase of Notes, it will not directly or indirectly own more than 33⅓ 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);
  - (c) it has provided an IRS Form W-8ECI representing that all payments received or to be received by it from the Issuer are effectively connected with the conduct of a trade or business in the United States and includible in its gross income; or
  - (d) it has provided an IRS Form W-8BEN-E representing that 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.
17. Each purchaser of Subordinated Notes or Class M Notes, if it owns more than 50 per cent. of the Subordinated Notes by value (or more than 50 per cent. of the Subordinated Notes and the Class M Notes, collectively, by value) or if such purchaser, its beneficial owner, or a direct or indirect owner of the foregoing is otherwise treated as a member of the Issuer's “expanded affiliated group” (as defined in Treasury regulations section 1.1471-5(i) (or any successor provision)), represents that it will (A) confirm that any member of such expanded affiliated group (assuming that the Issuer is a “model 1 reporting FFI” within the meaning of Treasury regulations section 1.1471-1(b)(114) (or any successor provision)) that is treated as a “foreign financial institution” within the meaning of Section 1471(d)(4) of the Code and any Treasury regulations promulgated thereunder is either a “participating FFI”, a “deemed-compliant FFI” or an “exempt beneficial owner” within the meaning of Treasury regulations section 1.1471-4(e) (or any successor provision), and (B) promptly notify the Issuer in the event that any member of such expanded affiliated group that is treated as a “foreign financial institution” within the meaning of Section 1471(d)(4) of the Code and any Treasury regulations promulgated thereunder is not either a “participating FFI”, a “deemed-compliant FFI” or an “exempt beneficial owner” within the meaning of Treasury regulations section 1.1471-4(e) (or any successor provision), in each case except to the extent that the Issuer or its agents have provided the purchaser with an express waiver of this requirement.
18. No purchaser of Subordinated Notes or Class M Notes will treat any income with respect to its Subordinated Notes or Class M Notes (as applicable) as derived in connection with the Issuer’s active conduct of a banking, finance, insurance or other similar business for purposes of Section 954(h)(2) of the Code.
19. No purchase or transfer of a Class E Note, Class F Note, Class M 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 A (*Form of ERISA Certificate*) hereto.
20. 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 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.
21. The purchaser acknowledges that the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager, the Retention Holder, the Agents and their Affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

## Regulation S Notes

Each purchaser of Regulation S Notes will be deemed to have made the representations set forth in clauses (4), (6) through (9), and (11) through (21) (inclusive) above (except that references to Rule 144A Notes shall be deemed to be references to Regulation S Notes) and to have further represented and agreed as follows:

1. The purchaser is located outside the United States and is not a U.S. Person (as defined in Regulation S).
2. The purchaser understands that the Notes have not been and will not be registered under the Securities Act and that the Issuer has not registered and will not register under the Investment Company Act. It agrees, for the benefit of the Issuer, the Initial Purchaser, and any of their Affiliates, that, if it decides to resell, pledge or otherwise transfer such Notes (or any beneficial interest or participation therein) purchased by it, any offer, sale or transfer of such Notes (or any beneficial interest or participation therein) will be made in compliance with the Securities Act and only (i) to a person (A) it reasonably believes is a QIB purchasing for its own account or for the account of a QIB (1) in the case of each Class of Notes (other than the Class X Notes), in a nominal amount of not less than €250,000 for it and each such account and (2) in the case of the Class X Notes, 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 (as defined in Regulation S) in an offshore transaction in accordance with Rule 903 or Rule 904 (as applicable) under Regulation S.
3. The purchaser understands that unless the Issuer determines otherwise in compliance with applicable law, such Notes will bear a legend set forth below.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “INVESTMENT COMPANY ACT”). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) TO A NON U.S. PERSON, IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S OF THE SECURITIES ACT AND, IN THE CASE OF CLAUSE (1), (I) IN THE CASE OF EACH CLASS OF NOTES (OTHER THAN THE CLASS X NOTES), IN A PRINCIPAL AMOUNT OF NOT LESS THAN €250,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING AND (II) IN THE CASE OF THE CLASS X NOTES, 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 FOR THE PURPOSE OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE APRIL 30, 1996, (Y) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS AND (Z) IS NOT A PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION OR IN THE CASE OF CLAUSE (2), IN A PRINCIPAL AMOUNT OF NOT LESS THAN €100,000 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE TRANSFER AGENT OR ANY INTERMEDIARY. IN ADDITION TO THE

FOREGOING, IN THE EVENT OF A VIOLATION OF (V) THROUGH (Z), THE ISSUER MAINTAINS THE RIGHT TO DIRECT THE RESALE OF ANY NOTES PREVIOUSLY TRANSFERRED TO NON-PERMITTED HOLDERS (AS DEFINED IN THE TRUST DEED) IN ACCORDANCE WITH AND SUBJECT TO THE TERMS OF THE TRUST DEED. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE TRUST DEED TO ITS TRANSFEREE.

TRANSFERS OF THIS NOTE OR OF PORTIONS OF THIS NOTE SHOULD BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE TRUST DEED REFERRED TO HEREIN.

PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS NOTE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE REGISTRAR.

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS X NOTES, CLASS A NOTES, CLASS B NOTES, CLASS C NOTES AND CLASS D NOTES ONLY]* EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (I) EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR INTEREST HEREIN WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), AN EMPLOYEE BENEFIT PLAN, AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”), THAT IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), APPLIES, OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN’S OR PLAN’S INVESTMENT IN SUCH ENTITY (“**BENEFIT PLAN INVESTOR**”), OR A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (“**SIMILAR LAW**”), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE, OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, A NON-EXEMPT VIOLATION OF ANY SIMILAR LAW, AND (II) IT WILL NOT SELL OR TRANSFER THIS NOTE (OR INTEREST HEREIN) TO AN ACQUIROR ACQUIRING THIS NOTE (OR INTEREST HEREIN) UNLESS THE ACQUIROR MAKES THE FOREGOING REPRESENTATIONS, WARRANTIES AND AGREEMENTS DESCRIBED IN CLAUSE (I) HEREOF. ANY PURPORTED TRANSFER OF THIS NOTE IN VIOLATION OF THE REQUIREMENTS SET FORTH IN THIS PARAGRAPH SHALL BE NULL AND VOID *AB INITIO* AND THE ACQUIROR UNDERSTANDS THAT THE ISSUER WILL HAVE THE RIGHT TO CAUSE THE SALE OF THIS NOTE TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES, THE CLASS F NOTES, THE CLASS M NOTES AND THE SUBORDINATED NOTES IN THE FORM OF REGULATION S GLOBAL CERTIFICATES ONLY]* EACH PURCHASER OR TRANSFEREE OF THIS CLASS E NOTE, CLASS F NOTE, CLASS M NOTE OR SUBORDINATED NOTE WILL BE REQUIRED OR DEEMED TO REPRESENT AND WARRANT THAT (1) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS ANY SUCH NOTE OR INTEREST THEREIN WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON UNLESS SUCH PURCHASER OR TRANSFEREE RECEIVES THE WRITTEN CONSENT OF THE ISSUER (OTHER THAN IN THE CASE OF THE NOTES PURCHASED BY THE RETENTION HOLDER) AND PROVIDES AN ERISA CERTIFICATE TO THE ISSUER AS TO ITS STATUS AS A BENEFIT PLAN INVESTOR OR CONTROLLING

PERSON AND (2) (A) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”) OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), AND (B) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY NOTE (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER OR THE COLLATERAL MANAGER (OR OTHER PERSONS RESPONSIBLE FOR THE INVESTMENT AND OPERATION OF THE ISSUER’S ASSETS) TO LAWS OR REGULATIONS THAT ARE 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 NON-EXEMPT VIOLATION OF ANY SIMILAR LAW. “BENEFIT PLAN INVESTOR” MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE “PLAN ASSETS” BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN’S INVESTMENT IN THE ENTITY. “CONTROLLING PERSON” MEANS A PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR ANY PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR ANY AFFILIATE OF ANY SUCH PERSON. AN “AFFILIATE” OF A PERSON INCLUDES ANY PERSON, DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH THE PERSON. “CONTROL” WITH RESPECT TO A PERSON OTHER THAN AN INDIVIDUAL MEANS THE POWER TO EXERCISE A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF SUCH PERSON. ANY PURPORTED TRANSFER OF THIS NOTE IN VIOLATION OF THE REQUIREMENTS SET FORTH IN THIS PARAGRAPH SHALL BE NULL AND VOID *AB INITIO* AND THE ACQUIROR UNDERSTANDS THAT THE ISSUER WILL HAVE THE RIGHT TO CAUSE THE SALE OF THIS NOTE TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO TRANSFER OF A CLASS E NOTE, CLASS F NOTE, CLASS M 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 E NOTES, CLASS F NOTES, CLASS M NOTES OR SUBORDINATED NOTES (DETERMINED SEPARATELY BY CLASS) TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING CLASS E NOTES, CLASS F NOTES, CLASS M 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 E NOTE, CLASS F NOTE, CLASS M NOTE OR SUBORDINATED NOTE WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION, BENEFIT PLAN INVESTOR, CONTROLLING PERSON, 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 TO SELL ITS INTEREST IN THE CLASS E NOTES, CLASS F NOTES, CLASS M NOTES OR SUBORDINATED NOTES, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES, CLASS F NOTES, CLASS M NOTES AND SUBORDINATED NOTES IN THE FORM OF REGULATION S DEFINITIVE CERTIFICATES TO THE EXTENT PERMITTED HEREIN ONLY]* EACH PURCHASER OR

TRANSFeree OF THIS CLASS E NOTE, CLASS F NOTE, CLASS M NOTE OR SUBORDINATED NOTE 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 EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”) OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”) AND (2) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (a) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY NOTE (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER 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 (“SIMILAR LAW”), AND (b) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY SIMILAR LAW. “BENEFIT PLAN INVESTOR” MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE “PLAN ASSETS” BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN’S INVESTMENT IN THE ENTITY. “CONTROLLING PERSON” MEANS A PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR ANY PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR ANY AFFILIATE OF ANY SUCH PERSON. AN “AFFILIATE” OF A PERSON INCLUDES ANY PERSON, DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH THE PERSON. “CONTROL” WITH RESPECT TO A PERSON OTHER THAN AN INDIVIDUAL MEANS THE POWER TO EXERCISE A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF SUCH PERSON. ANY PURPORTED TRANSFER OF THIS NOTE IN VIOLATION OF THE REQUIREMENTS SET FORTH IN THIS PARAGRAPH SHALL BE NULL AND VOID *AB INITIO* AND THE ACQUIROR UNDERSTANDS THAT THE ISSUER WILL HAVE THE RIGHT TO CAUSE THE SALE OF THIS NOTE TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO TRANSFER OF A CLASS E NOTE, CLASS F NOTE, CLASS M 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 E NOTES, CLASS F NOTES, CLASS M NOTES OR SUBORDINATED NOTES (DETERMINED SEPARATELY BY CLASS) TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING CLASS E NOTES, CLASS F NOTES, CLASS M 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 E NOTE, CLASS F NOTE, CLASS M NOTE OR SUBORDINATED NOTE WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION, BENEFIT PLAN INVESTOR, CONTROLLING PERSON, 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 TO SELL ITS INTEREST IN THE CLASS E NOTES, CLASS F NOTES, CLASS M

NOTES OR SUBORDINATED NOTES, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS X NOTES, THE CLASS A NOTES, CLASS B NOTES, THE CLASS C NOTES, THE CLASS D NOTES, THE CLASS E NOTES AND THE CLASS F NOTES ONLY]* THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT (“OID”) FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY OF THIS NOTE MAY BE OBTAINED BY CONTACTING THE ISSUER.

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS X NOTES AND, THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES AND CLASS D NOTES IN THE FORM OF CM NON-VOTING NOTES OR CM NON-VOTING EXCHANGEABLE NOTES ONLY]* EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED THAT SUCH NOTE OR INTEREST HEREIN SHALL NOT CARRY ANY RIGHT TO VOTE IN RESPECT OF, OR BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF VOTING ON A CM REMOVAL RESOLUTION AND/OR A CM REPLACEMENT RESOLUTION.

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES AND CLASS D NOTES IN THE FORM OF CM VOTING NOTES ONLY]* EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED THAT SUCH NOTE OR INTEREST HEREIN SHALL CARRY A RIGHT TO VOTE IN RESPECT OF, AND BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF VOTING ON A CM REMOVAL RESOLUTION AND/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 (as defined in Regulation S) or U.S. residents (as determined for the purposes of the Investment Company Act).

A transferor who transfers an interest in a Regulation S Note to a transferee who will hold the interest in the same form is not required to make any additional representation or certification.

## RULE 17G-5 COMPLIANCE

The Issuer, in order to permit the Rating Agencies to comply with its obligations under Rule 17g-5 promulgated under the Exchange Act (“**Rule 17g-5**”), has agreed to post (or have its agent post) on a password-protected internet website (the “**Rule 17g-5 Website**”), at the same time such information is provided to the Rating Agencies, all information (which will not include any reports from the Issuer’s independent public accountants) that the Issuer or other parties on its behalf, including the Collateral Manager, provide to the Rating Agencies for the purposes of determining the initial credit rating of the Rated Notes or undertaking credit rating surveillance of the Rated Notes (the “**17g-5 Information**”); provided, however, that, prior to the occurrence of a Note Event of Default, without the prior written consent of the Collateral Manager no party other than the Issuer or the Collateral Manager may provide information to the Rating Agencies on the Issuer’s behalf. On the Issue Date, the Issuer will engage Citibank, N.A., London 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 its officers, directors or employees, to be given or provided to such Rating Agencies pursuant to, in connection with or related, directly or indirectly, to the Trust Deed, the Collateral Management 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.

## 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:

	<b>Regulation S Notes</b>		<b>Rule 144A Notes</b>	
	<b>ISIN</b>	<b>Common Code</b>	<b>ISIN</b>	<b>Common Code</b>
Class X Notes	XS1975726800	197572680	XS1975726982	197572698
Class A CM Voting Notes	XS1975727014	197572701	XS1975727287	197572728
Class A CM Non-Voting Notes	XS1975728335	197572833	XS1975728178	197572817
Class A CM Non-Voting Exchangeable Notes	XS1975727105	197572710	XS1975727360	197572736
Class B-1 CM Voting Notes	XS1975727444	197572744	XS1975728681	197572868
Class B-1 CM Non-Voting Notes	XS1975728921	197572892	XS1975728764	197572876
Class B-1 CM Non-Voting Exchangeable Notes	XS1975728418	197572841	XS1975727527	197572752
Class B-2 CM Voting Notes	XS1975727790	197572779	XS1975729226	197572922
Class B-2 CM Non-Voting Notes	XS1975729572	197572957	XS1975729499	197572949
Class B-2 CM Non-Voting Exchangeable Notes	XS1975729069	197572906	XS1975727873	197572787
Class C-1 CM Voting Notes	XS1975727956	197572795	XS1975729739	197572973
Class C-1 CM Non-Voting Notes	XS1975729903	197572990	XS1975729812	197572981
Class C-1 CM Non-Voting Exchangeable Notes	XS1975729655	197572965	XS1975728095	197572809
Class C-2 CM Voting Notes	XS1980183419	198018341	XS1980183500	198018350
Class C-2 CM Non-Voting Notes	XS1980183849	198018384	XS1980183922	198018392
Class C-2 CM Non-Voting Exchangeable Notes	XS1980183682	198018368	XS1980183765	198018376
Class D CM Voting Notes	XS1975728251	197572825	XS1975730158	197573015
Class D CM Non-Voting Notes	XS1975730315	197573031	XS1975730232	197573023
Class D CM Non-Voting Exchangeable Notes	XS1975730075	197573007	XS1975728509	197572850
Class E Notes	XS1975728848	197572884	XS1975730588	197573058
Class F Notes	XS1975730406	197573040	XS1975729143	197572914
Class M Notes	XS1980184573	198018457	XS1980184813	198018481
Subordinated Notes	XS1975730745	197573074	XS1975730661	197573066

### Listing

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on its Global Exchange Market 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/EU (as amended) (“**MiFID II**”). There can be no assurance that any such listing will be maintained.

### Legal Entity Identifier (“**LEI**”)

The Issuer’s LEI is 6354006IDDCPIYNLI456.

### Unique Identifier

In accordance with Article 11 of the draft regulatory technical standards set out in the ESMA Final Report, the Issuer has assigned the following unique identifier to the securitisation transaction constituted by the Notes: 6354006IDDCPIYNLI456N201901.

### 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 1 May 2019.

## **No Significant or Material Change**

There has been no significant change in the financial or trading position or prospects of the Issuer since its incorporation on 31 August 2018 and there has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 31 August 2018.

## **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, the authorisation and issue of the Notes and the entry into the Transaction Documents and activities incidental to the exercise of its rights and compliance with its obligations under the Collateral Acquisition Agreements, the Notes, the Transaction Documents and the other documents and agreements entered into in connection with the issue of the Notes and the purchase of the Portfolio, the Issuer has not commenced operations and has not produced accounts.

So long as any Note remains outstanding, copies of the most recent annual audited financial statements of the Issuer can be obtained at the specified offices of the Issuer during normal business hours. The first financial statements of the Issuer will be in respect of the period from its 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 will require 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.

## **Listing Agent**

Walkers Listing Services Limited 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 and to trading on the Global Exchange Market of Euronext Dublin.

## **Documents Available**

Copies of the following documents may be inspected in electronic format (via a website which shall be accessible to the competent authorities, any Noteholder and any potential investor in the Notes and in the case of (e) and (f) below, will also be available for inspection free of charge at the registered office of the Issuer during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) as of the pricing date for the transaction described herein (and copies of the final form of such documents (which may be subject to change since the date of pricing) for the term of the Notes.

- (a) the Constitution of the Issuer;
- (b) the Trust Deed (which includes the form of the Notes of each Class);
- (c) the Agency and Account Bank Agreement;
- (d) the Collateral Management and Administration Agreement;
- (e) each Monthly Report;
- (f) each Payment Date Report;
- (g) this Offering Circular; and

- (h) any Hedge Agreements.

Drafts of the documents listed in (b), (c), (d) and (h) above in substantially agreed form shall be available on the website <https://sf.citidirect.com> as of the pricing date for the transaction described herein (and copies of the final form of such documents shall be available on such website as of the Issue Date to investors, potential investors and competent authorities).

### **Post Issuance Reporting**

The Issuer will provide post-issuance transaction information in relation to the issue of the Notes.

### **Enforceability of Judgments**

The Issuer is a designated activity company limited by shares incorporated under the laws of Ireland. None of the directors and officers of the Issuer are residents of the United States, and all or a substantial portion of the assets of the Issuer and such persons are located outside of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons or to enforce against any of them in the United States courts judgments obtained in United States courts, including judgments predicated upon civil liability provisions of the securities laws of the United States or any State or territory within the United States.

As the United States is not a party to a convention with Ireland in respect of the enforcement of judgments, common law rules apply in order to determine whether a judgment of the United States courts is enforceable in Ireland. A judgment of the United States courts will be enforced by the courts of Ireland if the following general requirements are met:

- (a) the United States courts must have had jurisdiction in relation to the particular defendant according to Irish conflict of law rules (the submission to jurisdiction by the defendant would satisfy this rule); and
- (b) the judgment must be final and conclusive and the decree must be final and unalterable in the court which pronounces it. A judgment can be final and conclusive even if it is subject to appeal or even if an appeal is pending. Where, however, the effect of lodging an appeal under the applicable law is to stay execution of the judgment, it is possible that, in the meantime, the judgment should not be actionable in Ireland. It remains to be determined whether final judgment given in default of appearance is final and conclusive.

However, the Irish courts may refuse to enforce a judgment of the United States courts which meets the above requirements for one of the following reasons:

- (a) if the judgment is not for a definite sum of money;
- (b) if the judgment was obtained by fraud;
- (c) the enforcement of the judgment in Ireland would be contrary to natural or constitutional justice;
- (d) the judgment is contrary to Irish public policy or involves certain United States laws which will not be enforced in Ireland;
- (e) jurisdiction cannot be obtained by the Irish courts over the judgment debtors in the enforcement proceedings by personal service in Ireland or outside Ireland under Order 11 of the Superior Courts Rules; 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.

### **Foreign Language**

The language of the Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct meaning may be ascribed to them under applicable law.

**Documents Incorporated By Reference**

Websites referred to in this Offering Circular do not form part of this Offering Circular

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**ANNEX A**  
**FORM OF ERISA CERTIFICATE**

The purpose of this ERISA Certificate (this “**Certificate**”) is, among other things, to (i) endeavour to ensure that less than 25 per cent. of the total value of the Class E Notes, the Class F Notes, the Class M Notes and the Subordinated Notes (determined separately by class) issued by Bardin Hill Loan Advisors European Funding 2019-1 Designated Activity Company (the “**Issuer**”) is held by (a) an employee benefit plan that is subject to the fiduciary responsibility provisions of Title I of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), (b) a plan that is subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the “**Code**”) or (c) any entity whose underlying assets include “plan assets” by reason of any such employee benefit plan or plan’s investment in the entity (collectively, “**Benefit Plan Investors**”), (ii) obtain from you certain representations and agreements and (iii) provide you with certain related information with respect to your acquisition, holding and disposition of the Class E Notes, the Class F Notes, the Class M 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 representing, warranting and agreeing that the applicable Section does not, and will not, apply to you.

1.  Employee Benefit Plans Subject to ERISA or the Code. We, or the entity on whose behalf we are acting, are an “employee benefit plan” within the meaning of Section 3(3) of ERISA that is subject to the fiduciary responsibility provisions of Title I of ERISA or a “plan” within the meaning of Section 4975(e)(1) of the Code that is subject to Section 4975 of the Code.

Examples: (i) tax qualified retirement plans such as pension, profit sharing and section 401(k) plans, (ii) welfare benefit plans such as accident, life and medical plans, (iii) individual retirement accounts or “IRAs” and “Keogh” plans and (iv) certain tax-qualified educational and savings trusts.

2.  Entity Holding Plan Assets. We, or the entity on whose behalf we are acting, are an entity or fund whose underlying assets include “plan assets” by reason of a Benefit Plan Investor’s investment in such entity.

Examples: (i) an insurance company separate account, (ii) a bank collective trust fund and (iii) a hedge fund or other private investment vehicle where 25 per cent. or more of the total value of any class of its equity is held by Benefit Plan Investors.

If you check Box 2, please indicate the maximum percentage of the entity or fund that will constitute “plan assets” for purposes of Title I of ERISA or Section 4975 of the Code: \_\_\_\_\_ per cent.

AN ENTITY OR FUND THAT CANNOT PROVIDE THE FOREGOING PERCENTAGE HEREBY ACKNOWLEDGES THAT FOR PURPOSES OF DETERMINING WHETHER BENEFIT PLAN INVESTORS OWN LESS THAN 25 PER CENT. OF THE TOTAL VALUE OF THE SUBORDINATED NOTES, 100 PER CENT. OF THE ASSETS OF THE ENTITY OR FUND WILL BE TREATED AS “PLAN ASSETS”.

ERISA and the regulations promulgated thereunder are technical. Accordingly, if you have any questions regarding whether you may be an entity described in this Section 2, you should consult with your counsel.

3.  Insurance Company General Account. We, or the entity on whose behalf we are acting, are an insurance company purchasing the Class E Notes, the Class F Notes, the Class M 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. If, after the date hereof, any of the categories described in Sections (1) through (3) above would apply, we will promptly notify the Issuer of such change.
5. No Prohibited Transaction. If we checked any of the boxes in Sections (1) through (3) above, we represent, warrant and agree that our acquisition, holding and disposition of the Class E Notes, the Class F Notes, the Class M Notes or the Subordinated Notes (or interests therein) do not and will not constitute or result in a non-exempt prohibited transaction under section 406 of ERISA and/or Section 4975 of the Code.
6. Not Subject to Similar Law and No Violation of Similar 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 E Notes, the Class F Notes, the Class M Notes or the Subordinated Notes (or interests therein) do not and will not constitute or give rise to a non-exempt violation of any law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code.
7.  Controlling Person. We are, or we are acting on behalf of any of: (i) the Collateral Manager, (ii) any person that has discretionary authority or control with respect to the assets of the Issuer, (iii) any person who provides investment advice for a fee (direct or indirect) with respect to such assets or (iv) any “affiliate” of any of the above persons. “Affiliate” shall have the meaning set forth in the Plan Asset Regulations. Any of the persons described in the first sentence of this Section 7 is referred to in this Certificate as a “Controlling Person.”

Note: We understand that, for purposes of determining whether Benefit Plan Investors hold less than 25 per cent. of the total value of the Class E Notes, the Class F Notes, the Class M Notes or the Subordinated Notes (determined separately by class), the Class E Notes, the Class F Notes, the Class M Notes or the Subordinated Notes held by Controlling Persons (other than Benefit Plan Investors) are required to be disregarded.

8. Compelled Disposition. We acknowledge and agree that:
  - (i) if any representation that we made hereunder is subsequently shown to be false or misleading or our beneficial ownership otherwise causes a violation of the 25 per cent. Limitation, the Issuer 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 10 calendar days after the date of such notice;
  - (ii) if we fail to transfer our Class E Notes, Class F Notes, Class M Notes or Subordinated Notes, the Issuer shall have the right, without further notice to us, to sell our Class E Notes, Class F Notes, Class M Notes or Subordinated Notes or our interest in the Class E Notes, the Class F Notes, the Class M Notes or the 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 E Notes, the Class F Notes, the Class M 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 E Notes, the Class F Notes, the Class M Notes or the Subordinated Notes, we agree to cooperate with the Issuer to affect such transfers;
- (v) the proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to us; and
- (vi) the terms and conditions of any sale under this sub-section shall be determined in the sole discretion of the Issuer, and the Issuer shall not be liable to us as a result of any such sale or the exercise of such discretion.

9. Required Notification and Agreement. We hereby agree that we (a) will inform the Issuer of any proposed transfer by us of all or a specified portion of the Class E Notes, the Class F Notes, the Class M Notes or the Subordinated Notes 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 E Notes, Class F Notes, Class M Notes or Subordinated Notes owned by us to a Benefit Plan Investor or a Controlling Person or receives notice of any such permitted change of status, the Issuer shall include such Class E Notes, Class F Notes, Class M Notes or Subordinated Notes in future calculations of the 25 per cent. Limitation made pursuant hereto unless subsequently notified that such Class E Notes, Class F Notes, Class M Notes or Subordinated Notes (or such portion), as applicable, would no longer be deemed to be held by Benefit Plan Investors or Controlling Persons.

10. Continuing Representation; Reliance. We acknowledge and agree that the representations, warranties, acknowledgements and agreements contained in this Certificate shall be deemed made on each day from the date we make such representations, warranties, acknowledgements and agreements through and including the date on which we dispose of our interests in the Class E Notes, the Class F Notes, the Class M Notes or the Subordinated Notes. We understand and agree that the information supplied in this Certificate will be used and relied upon by the Issuer to determine that Benefit Plan Investors own or hold less than 25 per cent. of the total value of the Class E Notes, the Class F Notes, the Class M Notes or the Subordinated Notes (determined separately by class) upon any subsequent transfer of the Class E Notes, the Class F Notes, the Class M Notes or the Subordinated Notes in accordance with the Trust Deed.

11. Further Acknowledgement and Agreement. We acknowledge and agree that (i) all of the representations, warranties, acknowledgements, agreements and assurances contained in this Certificate are for the benefit of the Issuer, the Trustee, Merrill Lynch International 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, Merrill Lynch International, the Collateral Manager, Affiliates of any of the foregoing parties and to each of the foregoing parties' respective counsel for purposes of making the determinations described above and (iii) any acquisition or transfer of the Class E Notes, the Class F Notes, the Class M Notes or the Subordinated Notes by us that is not in accordance with the provisions of this Certificate shall be null and void from the beginning, and of no legal effect.

12. Future Transfer Requirements.

Transferee Letter and its Delivery. We acknowledge and agree that we may not transfer any of the Class E Notes, Class F Notes, Class M Notes or Subordinated Notes in the form of Certificated Notes to any person unless the Issuer has received a certificate substantially in the form of this Certificate. Any attempt to transfer in violation of this section will be null and void from the beginning, and of no legal effect.

**Note:** Unless you are notified otherwise, the name and address of the Trustee is as follows: Citibank, N.A., London Branch, Canada Square, Canary Wharf, London E14 5LB, 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 E Notes / Class F Notes / Class M Notes Subordinated Notes

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