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

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

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Confirmation of Your Representation: In order to be eligible to view the document or make an investment decision with respect to the Notes, investors must either be (a) U.S. Persons that are QIBs that are also QPs or (b) non-U.S. Persons (in compliance with Regulation S under the Securities Act). The document is being sent at your request and by accepting the e-mail and accessing the document, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) both QIBs and QPs or (b) non-U.S. Persons and that the electronic email address that you gave us

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The document has been sent to you in the belief that you are (a) a person of the kind described in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or who otherwise fall within an exemption set out in such Order so that Section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer and (b) a person to whom the document can be sent lawfully in accordance with all other applicable securities laws. If this is not the case then you must return the document immediately.

The document has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently *Intermediate Capital Managers Limited* (or any person who controls it or any director, officer, employee or agent, or affiliate of any such person) does not accept any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version available to you on request from us.

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St. Paul's CLO II Limited

(a private company with limited liability incorporated under the laws of Ireland, with a registered number of 527856)

€240,000,000 Class A Secured Floating Rate Notes due 2026
€40,000,000 Class B Secured Floating Rate Notes due 2026
€26,000,000 Class C Secured Deferrable Floating Rate Notes due 2026
€17,000,000 Class D Secured Deferrable Floating Rate Notes due 2026
€15,000,000 Class E Secured Deferrable Floating Rate Notes due 2026
€62,000,000 Subordinated Notes due 2026

The assets securing the Notes will consist primarily of a portfolio of Senior Secured Loans, Senior Secured Floating Rate Notes and Secured High Yield Bonds in respect of which Intermediate Capital Managers Limited is acting as investment manager (the "**Investment Manager**").

St. Paul's CLO II Limited (the "**Issuer**") issued the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes (each as defined herein) on 24 July 2013 (the "**Existing Notes**"). As of the date of this Offering Circular, the Issuer will deem the Existing Notes which are Rated Notes to be in the form of IM Voting Notes (as defined herein) and permit holders of Existing Notes which are Rated Notes to exchange their Notes into new sub-classes comprising IM Non-Voting Exchangeable Notes and IM Non-Voting Notes (each as defined herein) (the "**New Notes**").

The Class A Notes (including the Class A IM Voting Notes, the Class A IM Non-Voting Notes and the Class A IM Non-Voting Exchangeable Notes), the Class B Notes (including the Class B IM Voting Notes, the Class B IM Non-Voting Notes and the Class B IM Non-Voting Exchangeable Notes), the Class C Notes (including the Class C IM Voting Notes, the Class C IM Non-Voting Notes and the Class C IM Non-Voting Exchangeable Notes), the Class D Notes (including the Class D IM Voting Notes, the Class D IM Non-Voting Notes and the Class D IM Non-Voting Exchangeable Notes) and the Class E Notes (including the Class E IM Voting Notes, the Class E IM Non-Voting Notes and the Class E IM Non-Voting Exchangeable Notes) (such Classes of Notes the "**Rated Notes**") together with the Subordinated Notes are collectively referred to herein as the "**Notes**". The Existing Notes have been and the New Notes will be issued and secured pursuant to a trust deed (the "**Trust Deed**") dated 24 July 2013 (the "**Issue Date**" of the Existing Notes) as amended and restated on or about 22 December 2015, made between (amongst others) the Issuer and Citibank, N.A., London Branch, in its capacity as trustee (the "**Trustee**").

The New Notes are not further or additional Notes for the purposes of Condition 17 (*Additional Issuances*). This Offering Circular constitutes listing particulars with respect to the New Notes only (as more fully described below).

Subject as provided herein, interest on the Notes has been and will be payable in arrear on 15 February and 15 August in each year, commencing on 17 February 2014 and ending on the Maturity Date (as defined below) in accordance with the Priorities of Payment described herein.

The Notes have been and will be subject to optional, mandatory and other redemptions as described herein. See Condition 7 (*Redemption and Purchase*).

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

This Offering Circular does not constitute a prospectus for the purposes of Article 5 of Directive 2003/71/EC (as such directive may be amended from time to time, the "**Prospectus Directive**"). The Issuer is not offering the Notes in any jurisdiction in circumstances that would require a prospectus to be prepared pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the New Notes to be admitted to the official list (the "**Official List**") and trading on the Global Exchange Market of the Irish Stock Exchange (the "**Global Exchange Market**"). There can be no assurance that any such approval will be granted or, if granted, that such listing will be maintained. The Existing Notes were admitted to the Official List and to trading on the Global Exchange Market on 24 July 2013. This Offering Circular constitutes listing particulars for the purpose of the application with respect to the New Notes only, and has been approved by the Irish Stock Exchange.

The Rated Notes shall be in the form of either IM Voting Notes, IM Non-Voting Exchangeable Notes or IM Non-Voting Notes. IM Voting Notes carry a right to vote and be counted for the purposes of determining a quorum and the result of voting on all matters in respect of which Noteholders have a right to vote, including any IM Removal Resolutions or IM Replacement Resolutions. IM Non-Voting Exchangeable Notes and IM Non-Voting Notes will not carry any rights in respect of, or be counted for the purposes of determining a quorum and the result of voting on, any IM Removal Resolutions or any IM Replacement Resolutions but will carry a right to vote on and be counted in respect of all other matters in respect of which the Noteholders have a right to vote and be counted.

IM Voting Notes will be exchangeable at any time upon request by the relevant Noteholder into: (a) IM Non-Voting Exchangeable Notes of the relevant Class; or (b) IM Non-Voting Notes of the relevant Class. IM Non-Voting Exchangeable Notes will be exchangeable at any time upon request by the relevant Noteholder into: (a) IM Voting Notes of the relevant Class; or (b) IM Non-Voting Notes of the relevant Class. IM Non-Voting Notes shall not be exchangeable at any time into IM Voting Notes of the relevant Class or IM Non-Voting Exchangeable Notes of the relevant Class. A beneficial interest in a Global Certificate representing IM Voting Notes, IM Non-Voting Exchangeable Notes or the IM Non-Voting Notes may be exchanged for a beneficial interest in a different form of Rated Note, subject to the restrictions set out in Condition 2(l) (Exchange of IM Voting Notes / IM Non-Voting Exchangeable Notes / IM Non-Voting Notes). Neither the Registrar nor Transfer Agent, in processing such exchange shall have any liability to any Noteholder as to the compliance by such Noteholder with any legal or regulatory requirements applicable to such Noteholder. Noteholders holding Existing Notes which are Rated Notes will be deemed to hold such Existing Notes in the form of IM Voting Notes at the date of this Offering Circular.

The Existing Notes have the following ratings from Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("**S&P**") and Fitch Ratings, Ltd ("**Fitch**") and, together with S&P, the "**Rating Agencies**", and each a "**Rating Agency**"): the Class A Notes: "AAA(sf)" from S&P and "AAA(sf)" from Fitch; the Class B Notes: "AA(sf)" from S&P and "AA(sf)" from Fitch; the Class C Notes: "A(sf)" from S&P and "A(sf)" from Fitch; the Class D Notes: "BBB(sf)" from S&P and "BBB(sf)" from Fitch; and the Class E Notes: "BB+(sf)" from S&P and "BB+(sf)" from Fitch. The New Notes will have the same ratings as each corresponding Class of Existing Notes. The Subordinated Notes are not rated. A security rating is not a recommendation to buy, sell or hold the Rated Notes and may be subject to revision, suspension or withdrawal at any time by the Rating Agencies.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and have been offered only: (a) outside the United States to non-U.S. Persons (as defined in Regulation S under the Securities Act ("**Regulation S**")); and (b) within the United States to persons and outside the United States to U.S. Persons (as such term is defined in Regulation S ("**U.S. Persons**")), in each case, who are both qualified institutional buyers (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A under the Securities Act and qualified purchasers for the purposes of Section

3(c)(7) of the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The Issuer has not been and will not be registered under the Investment Company Act. Interests in the Notes are subject to certain restrictions on transfer, and each Noteholder is deemed to have made certain acknowledgements, representations and agreements. See "*Subscription and Sale*" and "*Transfer Restrictions*".

The date of this Offering Circular is 22 December 2015

NOTE DEFINITIONS

The Class A Secured Floating Rate Notes due 2026 are referred to herein as the "**Class A Notes**". The Class B Secured Floating Rate Notes due 2026 are referred to herein as the "**Class B Notes**". The Class C Secured Deferrable Floating Rate Notes due 2026 are referred to herein as the "**Class C Notes**". The Class D Secured Deferrable Floating Rate Notes due 2026 are referred to herein as the "**Class D Notes**". The Class E Secured Deferrable Floating Rate Notes due 2026 are referred to herein as the "**Class E Notes**". The Subordinated Notes due 2026 are referred to herein as the "**Subordinated Notes**". The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes are collectively referred to herein as the "**Rated Notes**". The Rated Notes and the Subordinated Notes are collectively referred to herein as the "**Notes**".

PRIORITIES OF PAYMENT

The Class A Notes will rank *pari passu* and rateably without any preference among themselves for all purposes and (except in the case of a Refinancing where Rated Notes may be redeemed in any order) in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes. The Class B Notes will rank *pari passu* and rateably without any preference among themselves for all purposes and (except in the case of a Refinancing where Rated Notes may be redeemed in any order) in priority to the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes. The Class C Notes will rank *pari passu* and rateably without any preference among themselves for all purposes and (except in the case of a Refinancing where Rated Notes may be redeemed in any order) in priority to the Class D Notes, the Class E Notes and the Subordinated Notes. The Class D Notes will rank *pari passu* and rateably without any preference among themselves for all purposes and (except in the case of a Refinancing where Rated Notes may be redeemed in any order) in priority to the Class E Notes and the Subordinated Notes. The Class E Notes will rank *pari passu* and rateably without any preference among themselves for all purposes and in priority to the Subordinated Notes. The Subordinated Notes will rank *pari passu* and rateably without any preference among themselves for all purposes but subordinate to, *inter alia*, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes pursuant to the Interest Priority of Payments, the Principal Priority of Payments and the Acceleration Priority of Payments.

LIMITED RECOURSE AND NON-PETITION

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. The net proceeds of the realisation of the security over the Collateral following an Event of Default or the aggregate proceeds of liquidation of the Collateral may be insufficient to pay all amounts due to the Noteholders 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 (as defined herein) and the rights of the Issuer under the Administration Agreement (as defined herein)) of the Issuer will not be available for payment of, such shortfall and all claims in respect of which shall be extinguished. See Condition 4 (*Security*).

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this "**Offering Circular**" (save for the information contained in the sections of this document headed "*Risk Factors – Certain Conflicts of Interest – Investment Manager*", "*Description of the Investment Manager*", "*Description of the Collateral Administrator*", "*The Investment Manager and Retention Requirements*", "*Retention Requirements under the Capital Requirements Regulation*" *and the final paragraph of* "*Risk Factors – Risk Retention and Due Diligence Requirements in Europe*"). To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. None of the Trustee, the Agents nor any of their respective affiliates accept responsibility for the accuracy, adequacy, reasonableness or completeness of the information contained therein.

The Investment Manager accepts responsibility for the information contained in the sections of this Offering Circular headed "*Risk Factors – Certain Conflicts of Interest – Investment Manager*", "*Description of the Investment Manager*", "*The Investment Manager and Retention Requirements*", "*Retention Requirements under the Capital Requirements Regulation*" *and the final paragraph of* "*Risk*

Factors – Risk Retention and Due Diligence Requirements in Europe". To the best of the knowledge and belief of the Investment 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. None of the Issuer, the Trustee, the Collateral Administrator, any other Agent nor any of their respective affiliates accepts responsibility for the accuracy, adequacy, reasonableness or completeness of the information contained therein.

The Collateral Administrator accepts responsibility for the information contained in the section of this Offering Circular 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. None of the Issuer, the Trustee, the Agents nor any of their respective affiliates accepts responsibility for the accuracy, adequacy, reasonableness or completeness of the information contained therein.

DISCLAIMER

None of the Trustee, the Investment Manager (save in respect of the sections headed "*Risk Factors – Certain Conflicts of Interest – Investment Manager*", "*Description of the Investment Manager*", "*Investment Manager and Retention Requirements*" and "*Retention Requirements under the Capital Requirements Regulation*"), the Collateral Administrator (save in respect of the section headed "*Description of the Collateral Administrator*"), any Agent, any Asset Swap Counterparty, or any other party has separately verified the information contained in this Offering Circular and, accordingly, none of the Trustee, the Investment Manager (save as specified above), the Collateral Administrator (save as specified above), any Agent, any Asset Swap Counterparty, or any other party (save for the Issuer as specified above in relation to the acceptance of responsibility) 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 Trustee, the Investment Manager, the Collateral Administrator, any Agent, any Asset Swap Counterparty, or any other party undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the aforementioned parties which is not included in this Offering Circular.

IRISH REGULATORY POSITION

The Issuer is not and will not be regulated by the Central Bank of Ireland (the "**Central Bank**") by virtue of the issue of the Notes. Any investment in the Notes does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Central Bank.

OFFER/INVITATION/DISTRIBUTION RESTRICTIONS

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF THE ISSUER, THE TRUSTEE, THE INVESTMENT MANAGER, THE COLLATERAL ADMINISTRATOR, ANY AGENT, ANY ASSET SWAP COUNTERPARTY 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 TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS. IN PARTICULAR, THE COMMUNICATION CONSTITUTED BY THIS OFFERING CIRCULAR IS DIRECTED ONLY AT PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM AND ARE OFFERED AND ACCEPT THIS OFFERING CIRCULAR IN COMPLIANCE WITH SUCH RESTRICTIONS OR (II) ARE PERSONS FALLING WITHIN ARTICLES 19 OR 49 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 OR WHO OTHERWISE FALL WITHIN AN EXEMPTION SET OUT 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 SALES OF NOTES AND DISTRIBUTION OF THIS OFFERING CIRCULAR, SEE "*SUBSCRIPTION AND SALE*" BELOW.

UNAUTHORISED INFORMATION

IN CONNECTION WITH THE 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 TRUSTEE, THE INVESTMENT MANAGER, THE COLLATERAL ADMINISTRATOR OR ANY OTHER TRANSACTION PARTY. THE DELIVERY OF THIS OFFERING CIRCULAR AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION CONTAINED IN IT IS CORRECT AS AT ANY TIME SUBSEQUENT TO ITS DATE.

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

RETENTION REQUIREMENTS UNDER THE CAPITAL REQUIREMENTS REGULATION

Pursuant to the Investment Management Agreement, Intermediate Capital Managers Limited ("**ICML**") undertakes and agrees:

(a) to retain, on an ongoing basis, a material net economic interest in the transaction which will be comprised of an interest in the first loss tranche within the meaning of paragraph 1(d) of Article 122a (as defined below) by way of holding Subordinated Notes with a Principal Amount Outstanding at any time equal to not less than 5 per cent of the Aggregate Collateral Balance (the "**Retention Notes**");

(b) that it will not sell, hedge or otherwise mitigate its credit risk under or associated with the Retention Notes or the Portfolio, except to the extent permitted in accordance with Article 122a, provided that in relation to both paragraph (a) and (b) above (i) if at any time ICML resigns or is removed from its role as Investment Manager or its role as Investment Manager is otherwise terminated, then ICML may transfer the Retention Notes (whether or not to a replacement Investment Manager) provided that such transfer is at such time permitted in accordance with Article 122a and provided that such transfer would not cause the transaction described in this Offering Circular to cease to be compliant with Article 122a; and (ii) ICML may at any time transfer the Retention Notes to an Affiliate which is part of the same consolidated accounting group as the Investment Manager provided that such transfer is at such time permitted in accordance with Article 122a and provided that such transfer would not cause the transaction described in this Offering Circular to cease to be compliant with Article 122a;

(c) to take such further action, provide such information and enter into such other agreements as may reasonably be required to satisfy Article 122a provided that (i) as regards the provision of information relating to the Portfolio, such information is in the possession of it and/or the Issuer and is not subject to a duty of confidentiality and (ii) as regards the provision of all information, its disclosure is not contrary to any requirement of law;

(d) to confirm its continued compliance with the covenants set out at paragraphs (a) and (b) above on a monthly basis to the Issuer and the Collateral Administrator in writing (which may be by way of email) and authorise the Collateral Administrator to include such confirmation in the Reports; and

(e) that it shall immediately notify the Issuer, the Collateral Administrator and the Trustee if for any reason: (i) it ceases to hold the Retention Notes in accordance with (a) above; or (ii) it fails to comply with the covenants set out in (b) in any way.

"**Article 122a**" means Article 122a of the European Union Directive 2006/48/EC (as amended from time to time and as implemented by the Member States of the European Union) together with any guidelines and technical standards published in relation thereto by the European Banking Authority (or any successor or replacement agency or authority), provided that any reference to Article 122a shall be deemed to include any successor or replacement provisions included in any European Union directive or regulation subsequent to the European Union Directives 2006/48/EC or 2006/49/EC and where required includes CRD4.

In addition, ICML intends that it will be regarded as a "sponsor" for the purposes of Article 405 of Regulation (EU) No. 575/201 (the "**CRR**") and will hold the Retention Notes in that capacity.

The undertakings and agreements set out above are contained in the Investment Management Agreement and will be made to and with the Issuer, the Trustee and the Arranger (as a third party beneficiary under the Investment Management Agreement).

Neither the termination, resignation or removal of the Investment Manager nor the appointment of a replacement investment manager may take effect unless and until a replacement investment manager has been appointed pursuant to and in accordance with the Investment Management Agreement and given representations and covenants on substantially the same terms as the representations and covenants set out in the Investment Management Agreement (including with respect to compliance with Article 122a).

Potential investors are referred to Risk Factor paragraph 1.7 (Risk Retention and Due Diligence Requirements in Europe).

Each prospective investor in the Notes is required to independently assess and determine whether the information provided herein and otherwise included in any reports provided to investors in relation to this transaction is sufficient to comply with Article 122a. None of the Issuer, the Investment Manager, the Collateral Administrator, the Trustee, their respective Affiliates or any other Person makes any representation, warranty or guarantee that any such information is sufficient for such purposes or any other purpose and no such Person shall have any liability to any prospective investor or any other Person with respect to the insufficiency of such information or any failure of the transactions contemplated hereby to satisfy the requirements of Article 122a or any other applicable legal, regulatory or other requirements. Potential investors should note that the Investment Manager's undertaking in respect of the Retention Notes is made as of the date of the Investment Management Agreement. The Investment Manager does not have any obligation to change the quantum or nature of its holding of the Retention Notes due to any future changes in the requirements of Article 122a or in the interpretation thereof. Each prospective investor in the Notes which is subject to Article 122a should consult with its own legal, accounting and other advisors and/or its national regulator to determine whether, and to what extent, such information is sufficient for such purposes and any other Article 122a requirements of which it is uncertain. See Risk Factors – "*Risk Retention and Due Diligence Requirements in Europe*".

INFORMATION AS TO PLACEMENT

The New Notes which are Rule 144A Notes of each Class (the "**Rule 144A Notes**") will be sold only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act ("**Rule 144A**")) ("**QIBs**") that are also "qualified purchasers" for purposes of Section 3(c)(7) of the Investment Company Act ("**QPs**"). New Notes which are Rule 144A Notes of each Class (and in respect of any Class of Rated Notes, the IM Voting Notes, the IM Non-Voting Exchangeable Notes and the IM 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 may in some cases be represented 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 of the New Notes with, and registered in the name of, a nominee of a common depositary for Euroclear Bank SA/NV, as operator of the Euroclear system ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") or in the case of Rule 144A Definitive Certificates, the registered holder thereof. The New Notes which are Regulation S Notes of each Class (and in respect of any Class of Rated Notes, the IM Voting Notes, the IM Non-Voting Exchangeable Notes and the IM Non-Voting Notes of such Class) (the "**Regulation S Notes**") sold outside the United States to non-U.S. Persons in reliance on Regulation S ("**Regulation S**") under the Securities Act 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 may in some cases be represented 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 of the New Notes with, and registered in the name of, a nominee of a common depositary for Euroclear and Clearstream, Luxembourg or, in the case of Regulation S Definitive Certificates, the registered holder thereof. Neither U.S. Persons nor U.S. residents (as determined for the purposes of the Investment Company Act) ("**U.S. Residents**") may hold an interest in a Regulation S Global Certificate or a Regulation S Definitive Certificate. Ownership interests in the Regulation S Global Certificates and the Rule 144A Global Certificates (together, the "**Global Certificates**") will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg and their respective participants. New 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*", "*Subscription and Sale*" and "*Transfer Restrictions*" below.

The Issuer has not been registered under the Investment Company Act. Each purchaser of an interest in the New Notes (other than a non-U.S. Person outside the U.S.) will be deemed to have represented and agreed that it is a QP and will also be deemed to have made the representations set out in

"**Transfer Restrictions**" herein. The purchaser of any New Note by such purchase, agrees that such New Note is being acquired for its own account and not with a view to distribution and may be resold, pledged or otherwise transferred only (1) to the Issuer (upon redemption thereof or otherwise), (2) to a person the purchaser reasonably believes is a QIB which is also a QP, in a transaction meeting the requirements of Rule 144A, or (3) outside the United States to a non-U.S. Person in an offshore transaction in reliance on Regulation S, in each case, in compliance with the Trust Deed and all applicable securities laws of any state of the United States or any other jurisdiction. See "*Transfer Restrictions*".

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the New Notes described herein, including the merits and risks involved.

THE SECURITIES DESCRIBED 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 OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

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 described herein is prohibited.

DISCLOSURE OF U.S. TAX TREATMENT

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 NEW NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION AT ANY TIME IN WHICH IT PURCHASES, OFFERS OR SELLS SUCH NEW 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 NEW NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE ISSUER, THE INVESTMENT MANAGER, THE TRUSTEE, THE

COLLATERAL ADMINISTRATOR, ANY AGENT OR ANY OTHER TRANSACTION PARTY SHALL HAVE ANY RESPONSIBILITY THEREFOR.

INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

FOR A DISCUSSION OF CERTAIN FACTORS REGARDING THE ISSUER AND THE NEW NOTES THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE NEW NOTES, SEE "*RISK FACTORS*".

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE NEW NOTES DESCRIBED HEREIN, INCLUDING THE MERITS AND RISKS INVOLVED.

THIS OFFERING CIRCULAR HAS BEEN PREPARED BY THE ISSUER SOLELY FOR USE IN CONNECTION WITH THE LISTING OF THE NEW NOTES DESCRIBED HEREIN AND THE ADMISSION TO TRADING OF THE NEW NOTES ON THE GLOBAL EXCHANGE MARKET (THE "**LISTING**"). THIS OFFERING CIRCULAR IS PERSONAL TO EACH PROSPECTIVE INVESTOR TO WHOM IT HAS BEEN DELIVERED BY THE ISSUER AND DOES NOT CONSTITUTE AN OFFER TO ANY OTHER PERSON OR TO THE PUBLIC GENERALLY TO SUBSCRIBE FOR OR OTHERWISE ACQUIRE THE NEW NOTES. DISTRIBUTION OF THIS OFFERING CIRCULAR TO ANY PERSONS OTHER THAN SUCH PROSPECTIVE INVESTOR AND THOSE PERSONS, IF ANY, RETAINED TO ADVISE SUCH PROSPECTIVE INVESTOR WITH RESPECT THERETO IS UNAUTHORISED AND ANY DISCLOSURE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER, IS PROHIBITED.

CURRENCIES

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "**Euro**", "**euro**" and "**€**" are to the lawful currency of the Member States of the European Union that have adopted and retain the single currency in accordance with the Treaty establishing the European Community, as amended from time to time; provided that if any member state or states ceases to have such single currency as its lawful currency (such member state(s) being the "**Exiting State(s)**"), the euro shall, for the avoidance of doubt, mean 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) but for the avoidance of doubt shall not affect any definition of euro used in respect of the Collateral and any references to "**US Dollar**", "**US dollar**", "**USD**", "**U.S. Dollar**" or "**$**" shall mean the lawful currency of the United States of America and references to "**GBP**" and "**Sterling**" are to the lawful currency of the United Kingdom.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the audited financial statements of the Issuer for the financial year ended 31 March 2014, together with the audit report thereon. Such documents shall be incorporated in, and form part of this Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular. Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular may be obtained (without charge) by physical or electronic means at the specified offices of the Paying Agents during normal business hours.

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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 and related documents referred to herein. Capitalised terms not specifically defined in this overview have the meanings set out in Condition 1 (*Definitions*) under "Terms and Conditions of the Notes" below or are defined elsewhere in this Offering Circular. An index of defined terms appears at the back of this Offering Circular. References to a "**Condition**" are to the specified Condition in the "Terms and Conditions of the Notes" below and references to "**Conditions of the Notes**" are to the "Terms and Conditions of the Notes" below.

Issuer:	St. Paul's CLO II Limited
Investment Manager:	Intermediate Capital Managers Limited
Trustee:	Citibank, N.A., London Branch
Registrar:	Citigroup Global Markets Deutschland AG
Collateral Administrator:	Virtus Group L.P.
Custodian:	Citibank, N.A., London Branch
Account Bank:	Citibank, N.A., London Branch
Principal Paying Agent:	Citibank, N.A., London Branch
Transfer Agent:	Citibank, N.A., London Branch

Notes:

Class of Notes	Principal Amount	Stated Interest Rate at the Issue Date of the Existing Notes[(1)]	S&P ratings of at least[(2)]	Fitch ratings of at least[(2)]	Maturity Date	Initial Offer Price[(3)]
A	€240,000,000	6 month EURIBOR +1.35%	"AAA(sf)"	"AAA(sf)"	August 2026	100.0%
B	€40,000,000	6 month EURIBOR + 1.75%	"AA(sf)"	"AA(sf)"	August 2026	100.0%
C	€26,000,000	6 month EURIBOR + 2.90%	"A(sf)"	"A(sf)"	August 2026	100.0%
D	€17,000,000	6 month EURIBOR + 4.25%	"BBB(sf)"	"BBB(sf)"	August 2026	100.0%
E	€15,000,000	6 month EURIBOR + 5.50%	"BB+(sf)"	"BB+(sf)"	August 2026	100.0%
Subordinated	€62,000,000	N/A	Not Rated	Not Rated	August 2026	100.0%

(1) The Applicable Margin or spread over EURIBOR may, in the case of the Rated Notes, be reduced pursuant to a refinancing in accordance with Condition 7(b)(ii) (*Optional Redemption by Refinancing*).

(2) The S&P and Fitch ratings assigned to the Class A Notes and the Class B Notes address the timely payment of interest and ultimate payment of principal and the S&P and Fitch ratings assigned to the Class C Notes, the Class D Notes and the Class E Notes address the ultimate payment of interest and principal. A security rating is not a recommendation to buy, sell or hold the Rated Notes and may be subject to revision, suspension or withdrawal at any time by the applicable Rating Agency.

(3) Pursuant to and in accordance with the conditions set out in Condition 17 (*Additional Issuances*), further Notes may be issued from time to time. Pursuant to and in accordance with the conditions set out in Condition 18 (*Intervening Notes*), new Intervening Notes which will rank senior to the Subordinated Notes may, subject to certain conditions, be issued from time to time.

Eligible Purchasers: The Notes have not been registered under the Securities Act and the Existing Notes have been and the New Notes will be offered only outside the United States to non-U.S. Persons (as defined in Regulation S under the Securities Act) in "offshore transactions" in reliance on Regulation S and within the United States to persons and outside the United States to U.S. Persons, in each case, who are QIB/QPs.

Distributions on the Notes:

Payment Dates: 15 February and 15 August in each year, commencing on 17 February 2014 and ending on the Maturity Date (subject to adjustment for non-Business Days in accordance with the Conditions of the Notes), including any Redemption Date.

Interest in respect of the Notes of each Class will be payable semi-annually in arrear on each Payment Date in accordance with the Interest Priority of Payments.

Consequences of Non-Payment of Interest: Failure on the part of the Issuer to pay the Interest Amounts due and payable on any Class of Notes pursuant to Condition 6 (*Interest*) and the Priorities of Payment shall not be an Event of Default unless and until:

(a) such failure continues for a period of at least five Business Days; and

(b) in respect of any non-payment of interest due and payable on (i) the Class B Notes, the Class A Notes have been redeemed in full, (ii) the Class C Notes, the Class A Notes and the Class B Notes have been redeemed in full, (iii) the Class D Notes, the Class A Notes, the Class B Notes and the Class C Notes have been redeemed in full and (iv) the Class E Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have been redeemed in full.

To the extent that interest payments on the Class C Notes, the Class D Notes or the Class E 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, the Class D Notes or the Class E Notes, and thereafter will accrue interest on such unpaid amount at the rate of interest applicable to such Notes. See Condition 6(c) (*Deferral of Interest*).

Non-payment of interest on the Subordinated Notes as a result of the non-availability of Interest Proceeds will not constitute an Event of Default.

For the avoidance of doubt, non-payment of Interest Amounts due and payable on any Class of Notes as the result of any deduction therefrom or the imposition of any withholding tax thereon as set

	out in Condition 9 (*Taxation*) shall not constitute an 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) in whole but not in part from Available Proceeds on any of 15 February, 15 May, 15 August and 15 November in each year occurring after the expiry of the Non-Call Period (as adjusted for non-Business Days each a "**Call Date**") at the option of the Subordinated Noteholders (acting by Ordinary Resolution), subject to certain conditions (see Condition 7(b)(i) (*Redemption at Option of the Subordinated Noteholders*)); (c) in whole or in part by the redemption in whole of one or more Classes of Rated Notes on any Payment Date after the expiry of the Non-Call Period from Refinancing Proceeds at the option of the Subordinated Noteholders (acting by Ordinary Resolution) as long as the Class or Classes of Rated Notes, as applicable, to be redeemed represent(s) not less than the entire Class or Classes, as applicable, of such Rated Notes, subject to certain conditions (see Condition 7(b)(ii) (*Optional Redemption by Refinancing*)); (d) in whole but not in part from Available Proceeds on any Payment Date upon the occurrence of a Collateral Tax Event at the option of the Subordinated Noteholders (acting by Ordinary Resolution), subject to certain conditions (see Condition 7(b)(iii) (*Optional Redemption upon the occurrence of a Collateral Tax Event*)); (e) in whole but not in part from Available Proceeds on any Payment Date falling on or after expiry of the Non-Call Period if, upon or at any time following the expiry of the Non-Call Period, the Aggregate Collateral Balance is less than 15 per cent of the Target Par Amount and if directed in writing by the Investment Manager, subject to certain conditions (see Condition 7(b)(iv)(*Redemption at the Option of the Investment Manager for Clean-up*)); (f) on any Payment Date from the Effective Date following a breach of a Coverage Test (to the extent such test is required to be satisfied on such date) (see Condition 7(c) (*Mandatory Redemption upon Breach of Coverage Tests*)); (g) on any Payment Date from the Effective Date and during the Reinvestment Period at the discretion of the Investment Manager (acting on behalf of the Issuer) following written notification by the Investment Manager to the Trustee that it has been unable, for a period of 20 consecutive Business Days, to identify a sufficient quantity of additional Collateral Debt Obligations or Substitute Collateral Debt Obligations in which to invest or reinvest Principal Proceeds (see Condition 7(d) (*Special Redemption*));

(h) in the event that as at the second Business Day prior to the Payment Date following the Effective Date, an Effective Date Rating Event has occurred and is continuing, the Rated Notes shall be redeemed in accordance with the Note Payment Sequence on such Payment Date and thereafter on each subsequent Payment Date (to the extent required) out of Interest Proceeds and thereafter out of Principal Proceeds, subject to the Priorities of Payment in each case until redeemed in full or, if earlier, until such Effective Date Rating Event is no longer continuing (see Condition 7(e) (*Redemption upon Effective Date Rating Event*));

(i) following the expiry of the Reinvestment Period on each Payment Date occurring thereafter, out of Principal Proceeds (subject to exceptions permitted under the Investment Management Agreement) (see Condition 7(f) (*Redemption following Expiry of the Reinvestment Period*));

(j) in whole but not in part on any Payment Date, at the option of either the Controlling Class or the Subordinated Noteholders (such Class acting by Ordinary Resolution), following the occurrence of a Note Tax Event, subject to Conditions including (i) (to the extent applicable) the Issuer having failed to change the territory in which it is resident for tax purposes and (ii) certain minimum time periods (see Condition 7(g) (*Redemption following Note Tax Event*));

(k) on any Payment Date if a Retention Deficiency has occurred and is continuing and the Investment Manager has not entered into a Retention Cure Purchase, the Rated Notes shall be redeemed in accordance with the Note Payment Sequence to the extent required to cure such Retention Deficiency (see Condition 7(h) (*Redemption upon a Retention Deficiency*));

(l) if on any Payment Date following the Effective Date and each Payment Date thereafter during the Reinvestment Period, after giving effect to the payment of all amounts payable in respect of paragraphs (A) to (U) (inclusive) of the Interest Priority of Payments, the Reinvestment Test is not satisfied, the Investment Manager (acting on behalf of the Issuer) will at its discretion (1) make payment to the Principal Account for the acquisition of additional Collateral Debt Obligations or (2) redeem the Notes in accordance with the Note Payment Sequence, in either case in an amount equal to the Required Diversion Amount to the extent required to satisfy the Reinvestment Test (see Condition 7(i) (*Redemption on Breach of Reinvestment Test*)); and

(m) at any time following an Event of Default which occurs and is continuing and has not been cured, and delivery of an Acceleration Notice (see Condition 10 (*Events of Default*)).

Payments of principal in accordance with paragraphs (a) to (m) (inclusive) above on any Payment Date will be made in accordance with the applicable Priorities of Payment.

Non-Call Period:	The period from the Issue Date of the Existing Notes up to, but excluding, the Payment Date falling on or nearest to 15 August 2015 (the "**Non-Call Period**").
Redemption Prices:	The Redemption Price of each Class of Rated Notes will be (a) 100 per cent of the Principal Amount Outstanding of the Rated Notes to be redeemed (including, in the case of the Class C Notes, the Class D Notes and the Class E Notes, any accrued and unpaid Deferred Interest on such Notes) plus (b) accrued and unpaid interest thereon to the date of redemption. The Redemption Price for each Subordinated Note will be its *pro rata* share of the amounts available to be distributed to the Subordinated Noteholders in accordance with the applicable Priorities of Payment.
Priorities of Payment:	Prior to the occurrence of any of (a) the Maturity Date, (b) such other date on which all Notes are redeemed in full pursuant to Condition 7 (*Redemption and Purchase*) or (c) the delivery date of an Acceleration Notice (and, if such Acceleration Notice is subsequently rescinded or annulled in accordance with Condition 10(d) (*Curing of Default*), from and including the date on which such Acceleration Notice is rescinded or annulled until any of the events described in (a), (b) or (c) above subsequently occurs), in the case of Interest Proceeds, the Interest Priority of Payments and in the case of Principal Proceeds, the Principal Priority of Payments. Interest Proceeds, Principal Proceeds and other amounts (if any) standing to the credit of the Accounts including Sale Proceeds and/or (as relevant, following any enforcement of the Collateral) the net proceeds of enforcement of the security over the Collateral (save in respect of and for the avoidance of doubt excluding any (1) Collateral Enhancement Obligation Proceeds or amounts standing to the credit of the Collateral Enhancement Account which will be paid in accordance with the Collateral Enhancement Obligation Priority of Payments, (2) Asset Swap Counterparty Downgrade Collateral which is required to be paid or returned to the relevant Asset Swap Counterparty outside the Priorities of Payment in accordance with the relevant Asset Swap Agreement and (3) amounts standing to the credit of the Asset Swap Accounts and Asset Swap Termination Accounts (but only to the extent of such amounts as are due and payable to the relevant Asset Swap Counterparty under the relevant Asset Swap Agreement)) will be applied (a) on the Maturity Date, (b) on such other date on which the Notes are redeemed in full pursuant to Condition 7 (*Redemption and Purchase*) or (c) on and following the delivery date of an Acceleration Notice (provided that if such Acceleration Notice is subsequently rescinded or annulled in accordance with Condition 10(d) (*Curing of Default*), only up to the date on which such Acceleration Notice is rescinded or annulled), in accordance with the Acceleration Priority of Payments. At all times, Collateral Enhancement Obligation Proceeds and any other amounts standing to the credit of the Collateral Enhancement Account will only be applied in accordance with the Collateral Enhancement Obligation Priority of Payments.
Interest Priority of Payments:	Please see Condition 3(c)(i) (*Interest Priority of Payments*) for a full description.

Principal Priority of Payments:	Please see Condition 3(c)(ii) (*Principal Priority of Payments*) for a full description.
Collateral Enhancement Obligation Priority of Payments:	Please see Condition 3(c)(iii) (*Collateral Enhancement Obligation Priority of Payments*) for a full description.
Acceleration Priority of Payments:	Please see Condition 10(c) (*Acceleration Priority of Payments*) for a full description.
Investment Manager:	Pursuant to the Investment Management Agreement, the Investment Manager is required to act on behalf of the Issuer to carry out the duties and functions described therein. Pursuant to the Investment Management Agreement, the Issuer delegates authority to the Investment Manager to carry out certain functions in relation to the Portfolio and the hedging arrangements without the requirement for specific approval by the Issuer or the Trustee. See "*Description of the Investment Management Agreement*" and "*Description of the Portfolio*".
Investment Manager Advance:	The Investment Manager may also from time to time during the Reinvestment Period, at its discretion, make loan advances in Euro to the Issuer in accordance with and subject to the terms of the Investment Management Agreement, but only for the purpose of either (1) funding the purchase or exercise of one or more Collateral Enhancement Obligations or (2) designating the proceeds of such advance as Interest Proceeds in order that such proceeds will be subject to the Interest Priority of Payments or as Principal Proceeds in order that such proceeds will be subject to the Principal Priority of Payments. Each Investment Manager Advance will bear interest at the applicable EURIBOR rate plus a margin of 2.0 per cent per annum. Repayment by the Issuer of any Investment Manager Advance to the Investment Manager will only be made pursuant to and in accordance with the Interest Priority of Payments in respect of Investment Manager Advances designated as Interest Proceeds, the Principal Priority of Payments in respect of Investment Manager Advances designated as Principal Proceeds or, at the discretion of the Investment Manager, the Collateral Enhancement Obligation Priority of Payments.
Investment Management Fees:	
Senior Investment Management Fee:	The fee payable to the Investment Manager in arrear on each relevant Payment Date in respect of the immediately preceding Fees Calculation Period in an amount, as determined by the Collateral Administrator, equal to 0.15 per cent per annum (calculated semi-annually on the basis of a 360-day year and the actual number of days elapsed in such Fees Calculation Period) of the Average Aggregate Collateral Balance applicable to such Payment Date (plus any applicable value added tax payable in respect thereof). See "*Description of the Investment Management Agreement – Fees*".
Subordinated Investment Management Fee:	The fee payable to the Investment Manager in arrear on each relevant Payment Date in respect of the immediately preceding Fees Calculation Period in an amount, as determined by the Collateral Administrator, equal to 0.35 per cent per annum (calculated semi-annually on the basis of a 360-day year and the actual number of days elapsed in such Fees Calculation Period) of the Average Aggregate Collateral Balance applicable to such Payment Date (plus any applicable value added tax payable in respect thereof). See

	"*Description of the Investment Management Agreement – Fees*".
Incentive Investment Management Fee:	The fee payable to the Investment Manager in arrear on each relevant Payment Date after having met or surpassed the Incentive Investment Management Fee IRR Threshold in an amount equal to 10 per cent of any Interest Proceeds and Principal Proceeds that would otherwise be available to distribute to the Subordinated Noteholders on such Payment Date in accordance with the relevant Priorities of Payment. See "*Description of the Investment Management Agreement – Fees*".
Security for the Notes:	The Existing Notes and the New Notes will be secured in favour of the Trustee for the benefit of the Secured Parties by security over a portfolio of Collateral Debt Obligations predominantly consisting of Senior Secured Loans, Senior Secured Floating Rate Notes and Secured High Yield Bonds. The Notes will also be secured by an assignment by way of security of various of the Issuer's other rights, including its rights under certain of the agreements described herein but excluding its rights in respect of the Issuer Irish Account and the Administration Agreement. See Condition 4 (*Security*).
Non-Euro Obligations and Asset Swap Transaction:	Subject to the Eligibility Criteria, the Issuer may purchase Collateral Debt Obligations which are not denominated in Euro (each, a "**Non-Euro Obligation**"), provided that it is hedged under an Asset Swap Transaction with one or more Asset Swap Counterparties satisfying the applicable Rating Requirement (including by means of a guarantor satisfying such Rating Requirement) under which the currency risk is reduced or eliminated as described in more detail under "Hedging Arrangements" below and prior to entering into any hedging arrangements after the Issue Date, (i) the Issuer and the Investment Manager have received legal advice from reputable legal counsel to the effect that the entry into such arrangements will not require any of the Issuer, its directors or officers or the Investment Manager to register with the United States Commodity Futures Trading Commission as a commodity pool operator pursuant to the United States Commodity Exchange Act of 1936, as amended and (ii) the Issuer obtains Rating Agency Confirmation unless such hedging arrangements are in a form previously approved by the Rating Agencies (a "**Form Approved Asset Swap**"). In the event that any Asset Swap Transaction is terminated, the Issuer shall within 6 months of such termination either (a) enter into a Replacement Asset Swap Transaction in respect of such terminated Asset Swap Transaction with one or more Asset Swap Counterparties satisfying the applicable Rating Requirement (or whose obligations are guaranteed by a guarantor which satisfies the applicable Rating Requirement) under which the currency risk is reduced or eliminated as described in more detail under "Hedging Arrangements" below and prior to entering into such Replacement Asset Swap Transaction (x) the Issuer and the Investment Manager have received legal advice from reputable legal counsel to the effect that the entry into such arrangements will not require any of the Issuer, its directors or officers or the Investment Manager to register with the United States Commodity Futures Trading Commission as a commodity pool operator pursuant to the United States Commodity Exchange Act of 1936, as amended and (y) the Issuer obtains Rating Agency Confirmation unless such Replacement Asset Swap Transaction is a Form Approved Asset Swap or (b) sell the related unhedged Non-Euro-Obligation. See "*Hedging*

Arrangements".

Purchase of Collateral Debt Obligations:

Ramp-up Period:	During the Ramp-up Period the Investment Manager, on behalf of the Issuer, purchased Collateral Debt Obligations, subject to the Eligibility Criteria and certain other restrictions, such that the Aggregate Principal Balance of such Collateral Debt Obligations purchased by the Issuer was at least equal to the Target Par Amount. Notice of the occurrence of the Effective Date was given to Noteholders in accordance with Condition 16 (*Notices*).
Target Par Amount:	The Aggregate Principal Balance of the Collateral Debt Obligations in the Portfolio on the Effective Date was €400,000,000.
Reinvestment in Collateral Debt Obligations:	Subject to the conditions set out in the Investment Management Agreement, including the satisfaction of the Reinvestment Criteria, and subject also to the Priorities of Payment, Principal Proceeds may be used by the Investment Manager, on behalf of the Issuer, to purchase Substitute Collateral Debt Obligations meeting the Eligibility Criteria during the Reinvestment Period. Following expiry of the Reinvestment Period, only Sale Proceeds from the sale of Credit Improved Obligations and Credit Impaired Obligations and Unscheduled Principal Proceeds may be reinvested by the Investment Manager, on behalf of the Issuer, in Substitute Collateral Debt Obligations meeting the Eligibility Criteria and subject to the satisfaction of the Reinvestment Criteria. See "*Description of the Portfolio – Sale of Collateral Debt Obligations*" and "*Description of the Portfolio – Reinvestment of Collateral Debt Obligations*".
Eligibility Criteria:	In order to qualify as a Collateral Debt Obligation, an obligation must (i) as at the Issue Date of the Existing Notes, in respect of each Collateral Debt Obligation acquired by the Issuer pursuant to the Forward Sale Agreement and (ii) as at the time of the Investment Manager entering into a binding commitment to acquire an obligation by, or on behalf of the Issuer, satisfy certain specified Eligibility Criteria. See "*Description of the Portfolio – Eligibility Criteria*".
Restructured Obligations:	In order for a Collateral Debt Obligation which is the subject of a restructuring to qualify as a Restructured Obligation, such Collateral Debt Obligation must satisfy the Restructured Obligation Criteria as at the applicable Restructuring Date.
Collateral Quality Tests:	The Collateral Quality Tests that the Portfolio was required to satisfy as at the Effective Date and (but only to the extent described herein) thereafter comprise the following: For so long as any Notes rated by S&P are Outstanding: (i) the S&P CDO Monitor Test (from the Effective Date until the expiry of the Reinvestment Period); and (ii) the S&P Minimum Weighted Average Recovery Rate Test; and For so long as any Notes rated by Fitch are Outstanding: (i) and Fitch Maximum Weighted Average Rating Factor

Test; and

(ii) the Fitch Minimum Weighted Average Recovery Factor Test.

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

(i) the Minimum Weighted Average Spread Test;

(ii) the Minimum Weighted Average Fixed Coupon Test; and

(iii) the Maximum Weighted Average Life Test.

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

Percentage Limitations: The Percentage Limitations will consist of certain limitations on the proportion of the Aggregate Collateral Balance that may be made up of certain categories of Collateral Debt Obligations. See "*Description of the Portfolio*".

Coverage Tests: Each of the Par Value Tests and Interest Coverage Tests shall be satisfied on a Measurement Date (i) in the case of the Par Value Tests, commencing from the Effective Date; and (ii) in the case of the Interest Coverage Tests commencing from the Determination Date immediately preceding the second Payment Date following the Effective 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 Tests.

Class	Required Par Value Ratio
A/B	133.9%
C	125.7%
D	120.3%
E	115.3%

Class	Required Interest Coverage Ratio
A/B	125.0%
C	112.0%
D	105.0%
E	102.0%

Reinvestment Test: If the Reinvestment Test is not satisfied on the Determination Date in respect of any Payment Date from (and including) the Effective Date to (and including) the end of the Reinvestment Period, then, on such Payment Date, Interest Proceeds in an amount equal to the lesser of (1) 50 per cent of the remaining Interest Proceeds available for payment at the relevant level in the Priorities of Payment and (2) the amount required to cause the Reinvestment Test (as calculated by the Collateral Administrator) to be satisfied if recalculated following such payment, is required to be applied, at the discretion of the Investment Manager, acting on behalf of the Issuer either (x) in payment into the Principal Account for use in the purchase of Collateral Debt Obligations and/or (y) to redeem the Notes, in whole or in part, in accordance with the Priorities of Payment, in each case to the extent necessary to cause the Reinvestment Test to

	be satisfied if recalculated immediately following such payment or redemption. The Reinvestment Test will be met on any date of determination if the Class E Par Value Ratio is greater than or equal to 115.8 per cent
Authorised Denominations:	The New Notes which are Regulation S Notes of each Class will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The New Notes which are Rule 144A Notes of each Class will be issued in minimum denominations of €250,000 and integral multiples of €1,000 in excess thereof.
Form, Registration and Transfer of the Notes:	The Regulation S Notes of each Class (and in respect of any Class of Rated Notes, the IM Voting Notes, the IM Non-Voting Exchangeable Notes and the IM Non-Voting Notes of such Class) sold outside the United States to non-U.S. Persons in reliance on Regulation S may be represented on issue by beneficial interests in one or more Regulation S Global Certificates or may in some cases be represented by Regulation S Definitive Certificates, in each case, in fully registered form, without interest coupons or principal receipts, which Regulation S Global Certificates will be deposited on or about the Issue Date of the New Notes with, and registered in the name of, a nominee of a common depositary for Euroclear Bank SA/NV, as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and which Regulation S Definitive Certificates will be registered in the name of the registered holder thereof. Beneficial interests in a Regulation S Global Certificate may at any time be held only through, and transfers thereof will only be effected through, records maintained by Euroclear or Clearstream, Luxembourg. See "*Form of the Notes*" and "*Book Entry Clearance Procedures*". Interests in any Regulation S Note may not at any time be held by any U.S. Person or U.S. Resident. The Rule 144A Notes of each Class (and in respect of any Class of Rated Notes, the IM Voting Notes, the IM Non-Voting Exchangeable Notes and the IM Non-Voting Notes of such Class) sold in reliance on Rule 144A within the United States to persons and outside the United States to U.S. Persons, in each case, who are QIB/QPs may be represented on issue by beneficial interests in one or more Rule 144A Global Certificates or may in some cases be represented by Rule 144A Definitive Certificates, in each case, in fully registered form, without interest coupons or principal receipts, which Rule 144A Global Certificates will be deposited on or about the Issue Date of the New Notes with, and registered in the name of, a nominee of a common depositary for Euroclear and Clearstream, Luxembourg and which Rule 144A Definitive Certificates will be registered in the name of the registered holder thereof. Beneficial interests in a Rule 144A Global Certificate may at any time only be held through, and transfers thereof will only be effected through, records maintained by Euroclear or Clearstream, Luxembourg. The Rule 144A Global Certificates will bear a legend and such Rule 144A Global Certificates, or any interest therein, may not be transferred except in compliance with the transfer restrictions set out in such legend. See "*Transfer Restrictions*".

No beneficial interest in a Rule 144A Global Certificate may be transferred to a person who takes delivery thereof through a Regulation S Global Certificate unless the transferor provides the 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/QP. In addition, interests in any of the Regulation S Notes may not at any time be held by any U.S. Person or U.S. Resident. See "*Form of the Notes*" and "*Book Entry Clearance Procedures*".

A transferee of a Class E Note or a Subordinated Note in the form of a Rule 144A Global Certificate or a Regulation S Global Certificate will be deemed to represent (among other things) that it is not a Benefit Plan Investor or a Controlling Person. If a transferee is unable to make such deemed representation, such transferee may not acquire such Class E Note or Subordinated Note in the form of a Rule 144A Global Certificate or a Regulation S Global Certificate unless such transferee: (i) obtains the written consent of the Issuer; (ii) provides an ERISA certificate to the Issuer as to its status as a Benefit Plan Investor or Controlling Person (substantially in the form of Annex C); and (iii) holds such Class E Note or Subordinated Note in the form of a Rule 144A Definitive Certificate or a Regulation S Definitive Certificate, as the case may be.

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 Exchanged for Definitive Certificates*".

Transfers of interests in the Notes are subject to certain restrictions and must be made in accordance with the procedures set out in the Trust Deed. See "*Form of the Notes*", "*Book Entry Clearance Procedures*" and "*Transfer Restrictions*". Each purchaser of Notes in making its purchase will be required to make, or will be deemed to have made, certain acknowledgements, representations and agreements. See "*Transfer Restrictions*". The transfer of Notes in breach of certain of such representations and agreements will result in affected Notes becoming subject to certain forced transfer provisions. See Condition 2(h) (*Forced transfer of Rule 144A Notes*).

IM Voting Notes, IM Non-Voting Exchangeable Notes and the IM Non-Voting Notes:

As of the date of this Offering Circular, the Issuer will deem the Existing Notes which are Rated Notes to be in the form of IM Voting Notes of the relevant Class and permit holders of Existing Notes which are Rated Notes to exchange their Notes into new sub-classes comprising IM Non-Voting Exchangeable Notes or IM Non-Voting Notes of the relevant Class. IM Voting Notes carry a right to vote and be counted for the purposes of determining a quorum and the result of voting on all matters in respect of which Noteholders have a right to vote, including any IM Removal Resolutions and IM Replacement Resolutions. IM Non-Voting Exchangeable Notes and IM Non-Voting Notes will not carry any rights in respect of, or be counted for the purposes of determining a quorum and the result of

	voting on, any IM Removal Resolutions or any IM Replacement Resolutions but will carry a right to vote on and be counted in respect of all other matters in respect of which the Noteholders have a right to vote and be counted. IM Voting Notes will be exchangeable at any time upon request by the relevant Noteholder into: (a) IM Non-Voting Exchangeable Notes of the relevant Class; or (b) IM Non-Voting Notes of the relevant Class. IM Non-Voting Exchangeable Notes will be exchangeable at any time upon request by the relevant Noteholder into: (a) IM Voting Notes of the relevant Class; or (b) IM Non-Voting Notes of the relevant Class. IM Non-Voting Notes shall not be exchangeable at any time into IM Voting Notes of the relevant Class or IM Non-Voting Exchangeable Notes of the relevant Class. A beneficial interest in a Global Certificate representing IM Voting Notes, IM Non-Voting Exchangeable Notes or the IM Non-Voting Notes may be exchanged for a beneficial interest in a different form of Rated Note, subject to the restrictions set out in Condition 2(l) (*Exchange of IM Voting Notes / IM Non-Voting Exchangeable Notes / IM Non-Voting Notes*). Neither the Registrar nor Transfer Agent, in processing such exchange shall have any liability to any Noteholder as to the compliance by such Noteholder with any legal or regulatory requirements applicable to such Noteholder. Noteholders holding Existing Notes which are Rated Notes will be deemed to hold such Existing Notes in the form of IM Voting Notes at the date of this Offering Circular.
Governing Law:	The Notes, the Trust Deed, the Investment Management Agreement, the Collateral Administration and Agency Agreement and all other Transaction Documents (save for the Euroclear Pledge Agreement, which will be governed by the laws of Belgium and the Administration Agreement, which will be governed by Irish law) will be governed by English law.
Listing:	Application has been made to the Irish Stock Exchange for the New Notes to be admitted to the Official List and trading on its Global Exchange Market. The Existing Notes were admitted to the Official List and to trading on the Global Exchange Market on 24 July 2013. References in this Offering Circular to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to the Official List. There can be no assurance that listing will be granted. See "*General Information*".
Certain ERISA Considerations:	See "*Certain Employee Benefit Plan Considerations*".
Tax Status:	See "*Tax Considerations*".
Withholding Tax:	No gross up of any payments to the Noteholders is required of the Issuer. See Condition 9 (*Taxation*). The Notes are subject to redemption at the option of the Subordinated Noteholders acting by way of Ordinary Resolution upon the occurrence of a Collateral Tax Event, subject to, and in accordance with, the terms of Condition 7(b)(iii) (*Optional Redemption upon the occurrence of a Collateral Tax Event*). The Notes are subject to redemption at the option of the Controlling Class or the Subordinated Noteholders acting by way of Ordinary

	Resolution, following the occurrence of a Note Tax Event, subject and in accordance with Condition 7(g) (*Redemption following Note Tax Event*).
Forced transfer and withholding pursuant toFATCA:	Under the Foreign Account Tax Compliance Act ("**FATCA**"), the Issuer (or an intermediary financial institution, broker or agent (each an "**Intermediary**") through which a beneficial owner holds its interests in a Note) may require each Noteholder to provide Investment certifications and identifying information about itself and certain of its owners. The Issuer may force the sale of a Noteholder's Notes in order to comply with FATCA, including Notes held by a Noteholder that fails to provide the required information (and such sale could be for less than its then fair market value). In addition, the failure to provide such information, or the failure of certain non-U.S. financial institutions to comply with FATCA, may compel the Issuer to withhold on payments to such holders (and the Issuer will not pay any additional amounts with respect to such withholding).
Investment Manager and Retention Requirements:	See "*The Investment Manager and Retention Requirements*".
Additional Issuances:	Subject to certain conditions being met, additional Notes of all existing Classes may be issued and sold. See Condition 17 (*Additional Issuances*). Subject to certain conditions, the Issuer may, during the Reinvestment Period only, (at the direction of the Subordinated Noteholders (acting by way of Ordinary Resolution)) issue and sell an additional class of secured notes that is junior in right of payment to the Rated Notes but senior to the Subordinated Notes (the "**Intervening Notes**"). See Condition 18 (*Intervening Notes*).

RISK FACTORS

An investment in the Notes of any Class involves certain risks, including risks relating to the Collateral securing such Notes and risks relating to the structure and rights of such Notes and the related arrangements. Prospective investors should carefully consider the following factors, in addition to the matters set out elsewhere in this Offering Circular, prior to investing in any Notes. Terms not defined in this section and not otherwise defined above have the meanings set out in Condition 1 (Definitions) of the "Terms and Conditions of the Notes".

1. GENERAL

1.1 General

It is intended that the Issuer will invest in Collateral Debt Obligations and other financial assets with certain risk characteristics as described below and subject to the investment policies, restrictions and guidelines described in "The Portfolio". There can be no assurance that the Issuer's investments will be successful, that its investment objectives will be achieved, that the Noteholders will receive the full amounts payable by the Issuer under the Notes or that they will receive any return on their investment in the Notes. Prospective investors are therefore advised to review this entire Offering Circular carefully and should consider, among other things, the risk factors set out in this section before deciding whether to invest in the Notes. Except as is otherwise stated below, such risk factors are generally applicable to all Classes of Notes, although the degree of risk associated with each Class of Notes will vary in accordance with the position of such Class of Notes in the Priorities of Payment. See Condition 3(c) (*Priorities of Payment*). In particular, payments in respect of the Class A Notes are generally higher in the Priorities of Payment than those of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes. None of the Trustee, the Collateral Administrator nor any Agent undertakes to review the financial condition or affairs of the Issuer or the Investment Manager at any time 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 Trustee, the Collateral Administrator or any Agent which is not included in this Offering Circular.

1.2 Suitability

Prospective purchasers of the Notes of any Class should ensure that they understand the nature of such Notes and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, accounting, regulatory treatment 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 Sources of Funds to Pay Expenses of the Issuer

The Issuer has no performance history for a prospective investor to consider in making its decision to invest in the Notes. The funds available to the Issuer to pay its expenses on any Payment Date are limited as provided in the Priorities of Payment. In the event that such funds are not sufficient to pay the expenses incurred by the Issuer, the ability of the Issuer to operate effectively may be impaired, and it may not be able to defend or prosecute legal proceedings brought against it or which it might otherwise bring to protect its interests or be able to pay the expenses of legal proceedings against persons it has indemnified. Any such outcome could have an adverse impact on the Issuer and/or the Notes.

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

Legal, tax and regulatory changes could occur over the course of the life of the Notes that may adversely affect the Issuer. The regulatory environment for vehicles of the nature of the Issuer is evolving, and changes in regulation may adversely affect the value of investments held by the Issuer and the ability of the Issuer to obtain the leverage it might otherwise obtain or to pursue its investment and trading strategies. In addition, the securities and derivatives markets are subject to comprehensive statutes, regulations and margin requirements. Certain regulators and self-regulatory organisations and

exchanges are authorised to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and vehicles that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Issuer could be substantial and adverse.

Investors in the Notes are responsible for analysing their own regulatory and tax positions and none of the Issuer, the Investment Manager, the Trustee, the Collateral Administrator, any Agent nor any of their affiliates makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory and tax treatment of their investment in the Notes on the Issue Date or at any time in the future.

1.5 Events in the CLO and Leveraged Finance Markets

European financial markets have experienced volatility and have been adversely affected by concerns over economic contraction in certain Member States, rising government debt levels, credit rating downgrades and risk of default or restructuring of government debt. These events could cause bond yields and credit spreads to increase.

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

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

There exist significant risks for the Issuer and investors as a result of adverse economic conditions. These risks include, among others: (i) the likelihood that the Issuer will find it 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. It should be noted that the primary market for a number of financial products including leveraged loans stalled during the economic downturn. As well as reducing opportunities for the Issuer to purchase assets in the primary market, this increased the refinancing risk in respect of maturing assets. Although the primary market for certain financial products (including leveraged finance) has recovered, particularly in the United States of America, any further adverse conditions in the primary market may reduce the ability of the Investment 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 funds may suffer as a result. It is also possible that the Collateral will experience higher default rates than anticipated and that performance will suffer.

Many financial institutions including banks continue to suffer from capitalisation issues. The bankruptcy or insolvency of a major financial institution may have an adverse effect on the Issuer, particularly if such financial institution is a grantor of a participation in an asset or is a hedge counterparty to a swap or hedge involving the Issuer, or a counterparty to a buy or sell trade that has not settled with respect to an asset. The bankruptcy or insolvency of a financial institution may result in the disruption of payments to the Issuer. In addition, the bankruptcy or insolvency of one or more financial institutions may trigger 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 result of the above is a significantly more restrictive regulatory environment including the implementation of new accounting and capital adequacy rules in addition to further regulation of derivative or securitised instruments. Such additional rules and regulations could, among other things, adversely affect Noteholders as well as the flexibility of the Investment Manager in managing and administering the Collateral.

1.6 **Euro and Euro zone Risk**

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. Furthermore, 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.

The deterioration of the sovereign debt of several countries, together with the risk of contagion to other, more stable, countries, has exacerbated the global economic crisis. This situation has also raised a number of uncertainties regarding the stability and overall standing of the European Economic and Monetary Union and may result in changes to the composition of the Euro zone.

As a result of the credit crisis in Europe, the European Commission created the European Financial Stability Facility (the "**EFSF**") and the European Financial Stability Mechanism (the "**EFSM**") to provide funding to Euro zone countries in financial difficulties that seek such support. In June 2013, the European Council established a permanent stability mechanism, the European Stability Mechanism (the "**ESM**"), to assume the role of the EFSF and the EFSM in providing external financial assistance to Euro zone countries.

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

Furthermore, concerns that the Euro zone sovereign debt crisis could worsen may lead to the reintroduction of national currencies in one or more Euro zone countries or, in more extreme circumstances, the possible dissolution of the Euro entirely. The departure or risk of departure from the Euro by one or more Euro zone countries and/or the abandonment of the Euro as a currency could have major negative effects on the Issuer and the Notes. Should the Euro dissolve entirely, the legal and contractual consequences for holders of Euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes. It is difficult to predict the final outcome of the Euro zone crisis. Investors should carefully consider how changes to the Euro zone may affect their investment in the Notes.

Many European financial institutions including banks continue to suffer from capitalisation issues. The bankruptcy or insolvency of a major financial institution may have an adverse effect on the Issuer, particularly if such financial institution is a grantor of a participation in an asset or is a hedge counterparty to a swap or hedge involving the Issuer, or a counterparty to a buy or sell trade that has not settled with respect to an asset. The bankruptcy or insolvency of a financial institution may result in the disruption of payments to the Issuer. In addition, the bankruptcy or insolvency of one or more financial institutions may trigger 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 result of the above is a significantly more restrictive regulatory environment including the implementation of new accounting and capital adequacy rules in addition to further regulation of derivative or securitised instruments. Such additional rules and regulations could, among other things, adversely affect Noteholders as well as the flexibility of the Investment Manager in managing and administering the Collateral.

1.7 **Risk Retention and Due Diligence Requirements in Europe**

Investors should be aware of the risk retention and due diligence requirements in Europe ("**EU Risk Retention and Due Diligence Requirements**") which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, pension funds and UCITS funds ("**Affected Investors**"). Amongst other things, such requirements restrict an Affected Investor from investing in securitisations unless: (i) the originator, sponsor or

original lender in respect of the relevant securitisation has explicitly disclosed that it will retain, on an on-going basis, a net economic interest of not less than five per cent. in respect of certain specified credit risk tranches or securitised exposures; and (ii) is able to demonstrate that they have undertaken certain due diligence in respect of various matters including but not limited to its note position, the underlying assets and (in the case of certain types of Affected Investor) the relevant sponsor or originator. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those Affected investors subject to regulatory capital requirements, the imposition of a punitive capital charge on the Notes acquired by the relevant investor, and possible further regulatory sanctions.

Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear. Furthermore, Noteholders should note that on 30 September 2015 the EU Commission proposed a new draft of the retention and due diligence regulations (the "**Proposed Securitisation Regulation**") which will in due course replace current provisions applicable to Affected Investors. The requirements which apply at the date of purchase of the Notes may change during their term with no guarantee that existing Noteholders will be exempt from future requirements. These requirements and any other changes to the regulation or regulatory treatment of securitisations or of the Notes for investors may negatively impact the regulatory position of individual holders. In addition such regulations could have a negative impact on the price and liquidity of the Notes in the secondary market.

The EU Risk Retention and Due Diligence Requirements described above apply, or are expected to apply, in respect of the Notes. Each investor should consult with its own legal, accounting, regulatory and other advisors and/or its regulator to determine whether, and to what extent, the information set out in this Offering Circular and in any investor report provided in relation to the transaction is sufficient for the purpose of satisfying such requirements. Investors are required to independently assess and determine the sufficiency of such information. None of the Issuer, the Investment Manager, the Trustee, any Agent, the Retention Holder, their respective Affiliates or any other Person makes any representation, warranty or guarantee that any such information is sufficient for such purposes or any other purpose or that the structure of the Notes and the transactions described herein are compliant with the EU Risk Retention and Due Diligence Requirements or any other applicable legal 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 contemplated hereby to comply with or otherwise satisfy such requirements.

If a regulator determines that the transaction does not comply or is no longer in compliance with the EU Risk Retention and Due Diligence Requirements or any other applicable legal, regulatory or other requirement, then investors may be required by their regulator to hold additional capital or take other remedial measures in respect of their investment in the Notes. In addition such regulations and any changes to such regulations during the life of the Notes could have a negative impact on the price and liquidity of the Notes in the secondary market.

Investors should therefore make themselves aware of the EU Risk Retention and Due Diligence Requirements (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. With respect to the commitment of the Investment Manager to retain a material net economic interest in the securitisation, please see the statements set out in "*The Investment Manager and Retention Requirements*" below.

1.8 Alternative Investment Fund Managers Directive

EU Directive 2011/61/EU on Alternative Investment Fund Managers ("**AIFMD**") became effective on 22 July 2013, and introduces 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 the AIFMD, it would need to be managed by a manager authorised under the AIFMD (an "**AIFM**"). The Investment Manager is not authorised under the AIFMD but is authorised under the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) ("**MiFID**"). As the Investment Manager is not permitted to be authorised under the AIFMD and also to conduct certain regulated activities under MiFID, it will not be able to apply for an authorisation under the AIFMD unless it gives up its authorisation under MiFID (in which case it will not be able to qualify as a "sponsor" for purposes of the CRR (see "*Risk Retention and Due Diligence Requirements in Europe*"

above and "*The Investment Manager and Retention Requirements*" below). If considered to be an AIF, the Issuer would also be classified as a "financial counterparty" under EMIR and may be required to comply with clearing obligations with respect to Asset Swap Transactions including obligations to post margin to any central clearing counterparty or market counterparty. See also "EMIR" below.

There is an exemption from the definition of AIF in the AIFMD for "securitisation special purpose entities" (the "**SSPE Exemption**"), defined by reference to securitisation within the meaning of Article 1(2) of Regulation (EC) No 24/2009 of the European Central Bank of 19 December 2008. 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, the Central Bank has confirmed that, pending such further clarification from ESMA, "registered financial vehicle corporations" within 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 Investment 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.

If the Investment Manager cannot continue to manage the Issuer's assets, the Issuer may delegate the management of its assets to a duly licensed AIFM. Such an AIFM would need to comply with a number of requirements under the AIFMD, including the appointment of a depositary in respect of the Issuer's assets and compliance with certain reporting and disclosure obligations. Compliance with the AIFMD by any AIFM appointed by the Issuer will involve significant additional costs which again may affect the return investors receive from their investment.

1.9 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 very comprehensive change to financial regulation in the United States, and affects virtually every area of the capital markets. Implementation of the Dodd-Frank Act requires many lengthy rulemaking processes that will ultimately result in the adoption of a multitude of new regulations potentially applicable to the Investment Manager and its subsidiaries and affiliates and the Issuer as they transact business in the U.S. or with U.S. persons outside the U.S. Once fully implemented, the Dodd-Frank Act will affect many aspects of the U.S and non-U.S. business of the Investment Manager, including securitisation, proprietary trading, investing, creation and management of investment funds, OTC derivatives and other activities. While certain regulations implementing various provisions of the Dodd-Frank Act have been finalised and adopted, many implementing regulations currently exist only in draft form and are subject to comment and revision, while other implementing regulations have not yet been proposed. It is therefore difficult to predict whether and to what extent the businesses of the Investment Manager and its subsidiaries and affiliates and the Issuer, will be affected by the Dodd-Frank Act as implementing regulations are finalised over time and come into effect.

In addition, the SEC had proposed changes to Regulation AB (as defined in 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 required the publication of a new offering circular in connection with the issuance and sale of any additional Notes or any Refinancing. While on 27 August 2014, the SEC adopted final rules amending Regulation AB that did not implement these proposals, 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.

1.10 U.S. Risk Retention

On 21 October 2014, the final rules implementing the credit risk retention requirements of Section 941 of the Dodd-Frank Act (the "**U.S. Risk Retention Rules**") were issued. The U.S. Risk Retention Rules generally (absent circumstances where an originator or lead arranger would qualify as the retention holder) require the investment manager of a collateralised loan obligation transaction (a "**CLO**") (or a

"majority-owned affiliate", as defined in the U.S. Risk Retention Rules) to retain not less than 5% of the credit risk of the assets collateralising the CLO issuer's securities. The U.S. Risk Retention Rules will become effective on 24 December 2015 for RMBS and from 24 December 2016 for all other types of securitisation transaction, including CLOs. While the U.S. Risk Retention Rules would not apply to the issuance of the New Notes, for several reasons, the U.S. Risk Retention Rules may have other adverse effects on the Issuer and/or the holders of the Notes. While the impact of the U.S. Risk Retention Rules on the loan securitisation market and the leveraged loan market generally is uncertain, it is possible that any negative impact on secondary market liquidity for the Notes may be experienced immediately, notwithstanding the effective date of the U.S. Risk Retention Rules as to new transactions, due to effects of the U.S. Risk Retention Rules on market expectations, the relative appeal of alternative investments not impacted by the U.S. Risk Retention Rules or other factors. In addition, it is possible that the U.S. Risk Retention Rules may reduce the number of investment managers active in the market, which may result in fewer new issue CLOs and reduce the liquidity provided by CLOs to the leveraged loan market generally. A contraction or reduced liquidity in the loan market could reduce opportunities for the Investment Manager to sell Collateral Debt Obligations or to invest in Collateral Debt Obligations when it believes it is in the interest of the Issuer to do so, which in turn could negatively impact the return on the Portfolio and reduce the market value or liquidity of the Notes. Any reduction in the volume and liquidity provided by CLOs in the leveraged loan market could also reduce opportunities to redeem or refinance the Notes in an optional redemption. In addition, the U.S. Risk Retention Rules may impose retention requirements in the event of a Refinancing, or additional issuance of notes effected after the effective date of the U.S. Risk Retention Rules, which may impair or limit the ability of the Issuer to effect a Refinancing, or an additional issuance of Notes.

In addition, the U.S. Risk Retention Rules are substantially different in many respects from the CRR retention requirements and a transaction or structure that is compliant with the CRR retention requirements will not, solely by virtue of such compliance, be compliant with the U.S. Risk Retention Rules, and therefore must be independently assessed under the requirements of the U.S. Risk Retention Rules. For example, the requirements for which entity may serve as the permitted risk retention holder are different under the U.S. Risk Retention Rules and the CRR retention requirements, and each such set of rules has different methods for how the 5% required retention interest is to be calculated and reported. After the effective date of the U.S. Risk Retention Rules (or upon a refinancing or additional issuance that occurs after such date, as noted above), it will be necessary for certain CLO transactions to be in compliance with both sets of rules. Compliance with both sets of rules could necessitate having two separate retention holders, unless a CLO transaction is structured to take advantage of the overlapping areas between the two sets of rules in this respect. See also "*Risk Retention and Due Diligence Requirements in Europe*".

1.11 **CFTC Regulations**

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

1.12 **Commodity Pool Regulation**

The U.S. Commodity Futures Trading Commission (the "**CFTC**") regulates the operators and advisors of "commodity pools" as "commodity pool operators" (a "**CPO**") under the U.S. Commodity Exchange Act, as amended (the "**CEA**") and the rules and regulations thereunder.

The Issuer's ability to enter into swaps may cause the Issuer to be a "commodity pool" as defined in the CEA and the Investment Manager to be a CPO 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 are subject to regulation by the CFTC and must register with the CFTC, unless an exemption from registration is available. The CFTC has taken an extremely expansive interpretation of these definitions, and has expressed the view that entering into a single swap (apparently without distinguishing between trading and holding a swap position) could make an entity a "commodity pool" subject to regulation under the CEA. It should also be noted that the definition of "swaps" under the CEA, as amended by the Dodd Frank Act, is itself extremely broad, and expressly includes interest rate swaps and cross currency swaps. If no exemption from registration is available, registration of the Investment Manager as a CPO could cause the Investment Manager to be subject to extensive compliance and reporting requirements.

However, the Division of Swap Dealer and Intermediary Oversight of the CFTC has recently provided no-action relief that certain types of securitisation vehicles, including certain types of CLOs, are excluded from the definition of "commodity pool". In principle, certain securitisation vehicles may be properly excluded from the definition of commodity pool, provided that the use of swaps is no greater than that contemplated by Securities and Exchange Commission (the "**SEC**") Regulation AB or Rule 3a-7 under the U.S. Investment Company Act of 1940, such swaps are not used in any way to create investment exposure and the securitisation vehicle complies with the requirement that its activities are limited to the holding of financial assets. This no-action relief was provided by staff of a division of the CFTC. This may be overturned by subsequent decisions of the staff or by further rulemaking activity of the CFTC. In addition, no assurance can be made that the United States federal government or any U.S. regulatory body (or other authority or regulatory body) will not continue to take further legislative or regulatory action, and the effect of such actions, if any, cannot be known or predicted.

In light of the foregoing, the Investment Manager will not permit the Issuer to enter into an Asset Swap Agreement or any other agreement that would fall within the definition of "swap" as set out in the CEA and the CFTC rules thereunder, unless it shall have received legal advice from reputable counsel to the effect that none of the Issuer, its officers or Directors, the Investment Manager or any of its or their affiliates or any other person would be required to register as a CPO with the CFTC with respect to the Issuer as a result of such Asset Swap Agreement or such other agreement.

However, the conditions of such no-action relief may constrain the extent to which the Issuer may be able to enter into swaps. In particular, the conditions imposed by the relief may prevent the Issuer from entering into a swap that the Investment Manager believes would be advisable or result in the Issuer incurring financial risks that would have been hedged pursuant to swap transactions absent such Conditions.

As of the Issue Date of the Existing Notes, the Issuer and the Investment Manager have received advice of counsel that the Issuer satisfies the requirements of the no-action relief for the Asset Swap Agreements it is entering into concurrently with the issuance of the Notes, and therefore would be excluded from the definition of "commodity pool". However, no assurance can be given that the Issuer would be so excluded at all times in the future.

1.13 **Volcker Rule**

On 10 December 2013, the final Volcker Rule was published under Section 619 of the Dodd Frank Act (the "**Volcker Rule**"). Among other things, the Volcker Rule will prohibit "banking entities" (including certain non-U.S. affiliates of U.S. banking entities) from certain proprietary trading activities and will restrict sponsorship or ownership of "covered funds". The definition of "covered fund" in the Volcker Rule includes (generally) any entity that would be an investment company under the Investment Company Act but for the exemption provided under Sections 3(c)(1) or 3(c)(7) thereunder. Because the Issuer relies on Section 3(c)(7) of the Investment Company Act for its exemption from registration thereunder, it is likely to be considered to be a covered fund.

Since the Issuer is likely to be considered a "covered fund", certain entities (including, without limitation, a "banking entity") may be prohibited from, among other things, acting as a "sponsor" to, or having an "ownership interest" in the Issuer. The Volcker Rule and interpretations thereunder are still uncertain, may restrict or discourage the acquisition of Notes by such entities, and may adversely affect the liquidity of the Notes. "Ownership interest" is defined to include, among other things, interests arising through a holder’s exposure to profits and losses in a covered fund or through the right of a

holder to participate in the selection of an investment manager or advisor or the board of directors of a "covered fund". While the definition of "ownership interest" does not explicitly address securities of a collateralised loan obligation fund, the Subordinated Notes would likely constitute an ownership interest in the Issuer. It is uncertain whether any of the other Notes may be similarly characterised as an ownership interest in the Issuer.

The holders of any Rated Notes in the form of IM Non-Voting Exchangeable Notes or IM Non-Voting Notes may not vote for or against any IM Removal Resolution or IM Replacement Resolution and are not included for the purposes of determining the outcome of any such vote. However, there can be no assurance that the absence of voting rights with respect to IM Removal Resolutions and IM Replacement Resolutions will avoid such investments in the Issuer by U.S. banking institutions and other banking entities subject to the Volcker Rule being characterised as an "ownership interest" in a "covered fund". See also paragraph 2.16 (*Resolutions, Amendments and Waivers*) below.

Although the Volcker Rule provides limited exceptions to its prohibitions, each investor in the Notes must make its own determination as to whether it is subject to the Volcker Rule, whether its investment in the Notes would be restricted or prohibited under the Volcker Rule, whether any investment in any Class of Notes constitutes an "ownership interest" and the potential impact of the Volcker Rule on its investment, any liquidity in connection therewith and on its portfolio generally.

Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Investment Manager, the Trustee, the Collateral Administrator nor any of their affiliates makes any representation to any prospective investor or purchaser of the Notes regarding the application of the Volcker Rule to the Issuer, or to such investor's investment in the Notes on the Issue Date of the Existing Notes or at any time in the future.

1.14 **Flip Clauses**

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

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

In the U.S. courts, the U.S. Bankruptcy Court for the Southern District of New York in *Lehman Brothers Special Financing Inc. v. BNY Corporate Trustee Services Limited. (In re Lehman Brothers Holdings Inc.)*, Adv. Pro. No. 09-1242-JMP (Bankr. S.D.N.Y. 20 May 2009) examined a flip clause and held that such a provision, which seeks to modify one creditor's position in a priority of payments when that creditor files for bankruptcy, is unenforceable under the U.S. Bankruptcy Code. Judge Peck acknowledged that this has resulted in the U.S. courts coming to a decision "directly at odds with the judgement of the English Courts". While BNY Corporate Trustee Services Ltd filed a motion for and was granted leave to appeal with the U.S. Bankruptcy Court, the case was settled before the appeal was heard. In 2012, a new suit was filed in the U.S. Bankruptcy Court by claimants in the Belmont case asking, among other things, for the U.S. Bankruptcy Court to recognise and enforce the decision of the English Supreme Court and to declare that flip clauses are enforceable under U.S. bankruptcy law notwithstanding that court's earlier decision. Plaintiffs in that suit have also filed a companion motion alleging that the issues in their complaint are tangential to the bankruptcy before the U.S. Bankruptcy Court and that, therefore, the suit should be removed to a U.S. district court. Given the current state of U.S. and English law, this is likely to be an area of continued judicial focus particularly in respect of multi-jurisdictional insolvencies.

The flip clause examined in the Belmont case is similar in substance to the relevant provisions in the Priorities of Payment, however the context and manner of subordination which may be applied to an Asset Swap 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 Payment would certainly be enforceable as a matter of English law, in the case of insolvency of an Asset Swap Counterparty.

Moreover, if the Priorities of Payment 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 Payment, it is possible that termination payments due to the Asset Swap Counterparties would not be subordinated as envisaged by the Priorities of Payment 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 an Asset Swap Counterparty is the subject of bankruptcy or insolvency proceedings outside England and Wales.

1.15 LIBOR and EURIBOR Reform

Concerns have been raised by a number of regulators that some of the member banks surveyed by the British Bankers' Association (the "**BBA**") in connection with the calculation of the London interbank offered rate ("**LIBOR**") across a range of maturities and currencies may have been manipulating the inter-bank lending rate. There have also been allegations that member banks may have manipulated the calculation of the Euro interbank offered rate ("**EURIBOR**") and other inter-bank lending rates. If manipulation of EURIBOR or LIBOR or another inter-bank lending rate occurred, it may have resulted in that rate being artificially lower (or higher) than it would otherwise have been.

A number of recommendations for changes with respect to LIBOR have been proposed. They include the introduction of statutory regulation of LIBOR, replacing the BBA as administrator of LIBOR with an independent administrator, changes to the method of compilation of lending rates and new regulatory oversight and enforcement mechanisms for rate-setting and reduction in the number of currencies and tenors for which LIBOR is published. It is anticipated that a reform of EURIBOR will also be implemented which may (but will not necessarily) be in a similar fashion. It is not possible to predict the effect of any changes in the methods pursuant to which the LIBOR and/or EURIBOR rates are determined and any other reforms to LIBOR and/or EURIBOR that will be enacted in the UK and elsewhere. Any such changes or reforms to LIBOR and/or EURIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR and/or EURIBOR rates and/or increased volatility in such rates.

Any new administrator of LIBOR or EURIBOR may also alter, discontinue or suspend the calculation or dissemination of LIBOR or EURIBOR.

Any such changes may have an adverse impact on the rate of interest earned on Floating Rate Collateral Debt Obligations and on the rate payable on the Rated Notes. Other consequences may be that the Issuer becomes more exposed to interest rate mismatches (and shortfalls) between the Issuer's assets and its liabilities. Furthermore, questions surrounding the integrity in the process for determining EURIBOR and other rates 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. Investors should consider these recent developments when making their investment decision with respect to the Notes.

1.16 OECD Action Plan On Base Erosion And Profit Shifting (BEPS)

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, identifying 15 specific OECD actions to achieve this.

On 5 October 2015, the OECD delivered its final proposals. There are three actions that are potentially particularly relevant to the Issuer. None of these proposals have yet been implemented into domestic law or the relevant tax treaty (as applicable) and it is currently unclear whether, when, how and to what extent particular jurisdictions will decide to adopt the recommendations in respect of these and other action points.

Action 4 recommends a best practice for countries in designing rules to prevent the reduction in taxable profits through the use of interest expense. If implemented, the rule would restrict interest deductions where the net interest expense exceeded a certain percentage (likely to be fixed between 10% and 30% under domestic law) of the company's EBITDA. If Ireland did implement rules restricting the deductibility of interest paid by the Issuer in this way that could lead to increased tax costs payable by the Issuer. However it is thought that the rules will only apply where a company actually has a net "interest" expense. The term "interest" would be defined in Irish law but the relevant definition is likely to include other returns economically equivalent to interest such as original issue discount and also profit-participating interest.

Action 6 is aimed at preventing treaty abuse by developing model treaty provisions to prevent the granting of treaty benefits in inappropriate circumstances. As a minimum, the OECD recommended that countries should include in their tax treaties one or both of a "limitation-on-benefits" provision and a "principal purposes test" provision, together with a statement that the contracting states that enter into a tax treaty intend to avoid creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance, including treaty shopping arrangements.

The Action 6 Final Report contains guidelines for a "simplified" version and a "detailed" version of the "limitation on benefits" provision. It also notes that the provisions included in the report are model provisions that would need to be adapted to the specificities of the particular contracting states for the purposes of the bilateral tax treaty in any given case.

A "limitation-on-benefits" provision (depending on how it is ultimately drafted) could limit the benefits of treaties, in the case of companies and in broad terms, to (i) certain publicly listed companies and their subsidiaries, (ii) certain not-for-profit organisations and companies which carry on a pensions business; (iii) companies owned by persons who would be eligible for treaty benefits provided that the majority of the company's gross income is not paid to a third country in a tax deductible form; (iv) companies engaged in the active conduct of a trade or business (other than of making or managing investments); (v) companies where at least 50% of the aggregate voting power and value of the company is held by five or fewer residents of the relevant contracting state who are entitled to treaty benefits under the relevant tax treaty; and (vi) companies which were not established in a particular jurisdiction with a principal purpose of obtaining treaty benefits. The Action 6 Final Report also allows the "limitation-on-benefits" article to provide for certain "collective investment vehicles" ("**CIVs**") to qualify for treaty benefits (the precise terms of such an article are to be drafted based on how CIVs are used and treated in each contracting state).

A "principal purposes test" could deny a treaty benefit (such as reduced rates 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.

The Action 6 Final Report notes that the draft "limitation-on-benefits" provisions and "principal purposes test" provisions are still subject to further review following, in particular, a review by the United States of the "limitation-on-benefits" provisions in its own tax treaties. The report also notes that further work is required as regards the policy considerations relevant to the entitlement of non-CIV funds to treaty benefits (although the report states that the OECD recognises the importance of these funds and the need to ensure that treaty benefits are granted 'where appropriate').

It is proposed that work on the model provisions and related commentary in relation to Action 6 will be finalised in the first part of 2016.

Action 7 is to develop changes to the treaty definition of a permanent establishment and the scope of the exemption for an "agent of independent status" to prevent the artificial avoidance of having a permanent establishment in a particular jurisdiction. The Action 7 Final Report recommends changes to the "permanent establishment" article of the OECD's Model Tax Convention. These changes, in broad terms, widen the circumstances in which a "permanent establishment" is created by virtue of having a "dependent agent" in a particular jurisdiction, narrow the scope of the "independent agent" exemption and narrow the specific activity exemptions from the definition of "permanent establishment". By lowering the threshold for the creation of a permanent establishment for the purposes of tax treaties, these changes, if implemented, could reduce the circumstances in which a non-

resident enterprise could claim exemption under the relevant treaty from tax in a jurisdiction arising as a result of activities in that jurisdiction.

Given the uncertainties around implementation of BEPS into tax treaties and domestic law, there can be no guarantee that the position will evolve as indicated above.

1.17 **FATCA**

FATCA potentially imposes a withholding tax of 30% on certain payments made to the Issuer, including potentially all interest paid on, and proceeds from the sale or other disposition of Collateral Debt Obligations or Eligible Investments in U.S. obligors, unless the Issuer complies with regulations in Ireland that implement the intergovernmental agreement between Ireland and the United States (the "**Ireland IGA**"). The Ireland IGA requires, among other things, that the Issuer collect and, in certain circumstances, provide to the Irish Revenue Commissioners (which will provide such information to the IRS) substantial information regarding certain direct and indirect holders of the Notes unless the Issuer qualifies as a "Non-Reporting Irish Financial Institution" (as defined in the Ireland IGA) or is otherwise entitled to an exemption under FATCA. The Issuer anticipates that withholding will not be imposed on payments made to the Issuer, or on payments made by the Issuer, unless the Issuer has otherwise assumed responsibility for withholding under U.S. tax law, or withholding on "foreign pass-thru payments" is introduced or the Issuer is in significant non-compliance with its FATCA obligations under the Ireland IGA and as a result the IRS has specifically listed the Issuer as a non-participating financial instititution. The Issuer intends to comply with its obligations under FATCA, including the Ireland IGA. However, in some cases, the ability to comply could depend on factors outside of the Issuer's control. For example, if an FFI affiliate of the Issuer is not FATCA compliant, the Issuer itself may be prevented from complying with FATCA. For this purpose, an affiliate generally is a financial entity that is deemed to be part of an affiliated group that includes the Issuer (where, in general, such financial entity and the Issuer are deemed related through more than 50 per cent. ownership). In this case, holding more than 50 per cent. of the Subordinated Notes is likely to constitute the requisite ownership. The rules under FATCA, including the Ireland IGA may also change in the future. Future guidance may subject payments on the Notes to a withholding tax of 30% if each foreign financial institution ("**FFI**"), as defined under FATCA, that holds any such Note, or any intermediary through which any such Note is held, has not entered into an information reporting agreement with the IRS under FATCA or complied with the terms of a relevant intergovernmental agreement. However, no such withholding is expected to be imposed on the Notes (other than the Subordinated Notes and any other Class of Notes treated as equity in the Issuer for U.S. federal income tax purposes) unless such Notes are modified and treated as reissued for U.S. federal income tax purposes after the date that is six months after final U.S. Treasury regulations are issued specifically addressing payments on non-U.S. source obligations such as the Notes. In general, the Issuer does not expect that an exchange of IM Non-Voting Exchangeable Notes or IM Voting Notes for another sub-class of the related Class of Notes will be treated as a reissuance for U.S. federal income tax purposes. However, whether such an exchange is treated as a reissuance for U.S. federal income tax purposes may depend on the specific facts and circumstances around the time of the exchange. Accordingly, there can be no assurances that the Notes will not be subject to FATCA withholding. Holders that do not supply information required under the Trust Deed to permit compliance by the Issuer with FATCA, including the Ireland IGA, or whose ownership of Notes may otherwise prevent the Issuer from complying with FATCA (for example by causing the Issuer to be affiliated with a non-compliant foreign financial institution), may be subjected to punitive measures under the Trust Deed, including but not limited to forced transfer of their Notes. There can be no assurance, however, that these measures will be effective, and that the Issuer and holders of the Notes will not be subject to withholding taxes under FATCA, including regulations implementing the Ireland IGA. The imposition of such taxes could materially affect the Issuer's ability to make payments on the Notes or could reduce such payments, and FATCA compliance costs may be significant. If the Issuer were to move from Ireland to another jurisdiction, the Issuer would be required to enter into an agreement with the IRS or comply with the terms of that jurisdiction's intergovernmental agreement with the United States relating to FATCA in order to avoid the imposition of FATCA withholding. FATCA may also apply to intermediaries and holders may be subject to withholding or forced transfers if they do not comply with similar information requests made by an intermediary (or if an intermediary otherwise fails to comply with FATCA).

FATCA and the provisions of the Ireland IGA and Irish regulations are complex and their application to the Issuer is not entirely certain as Irish Revenue guidance continues to be issued and revised. Each

Noteholder should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in its particular circumstance.

1.18 **Common Reporting Standard (CRS)**

The Organisation for Economic Co-operation and Development has developed a new global standard for the automatic exchange of financial information between tax authorities – the Common Reporting Standard or CRS. Ireland is a signatory jurisdiction to the CRS and intends to conduct its first exchange of information with tax authorities of other signatory jurisdictions in September 2017. While Ireland has enacted facilitating legislation the detailed requirements that will have to be complied with for the purposes of the CRS are not yet known. The requirements, when finalised, may impose additional burdens and costs on the Issuer and Noteholders as the Issuer will, subject to certain exceptions, be required to obtain (among other things) confirmation of the tax residency, tax identification number and CRS classification of Noteholders in order to fulfil its own legal obligations.

1.19 **CRA3**

On 13 May 2013, the finalised text of a Regulation of the European Parliament and of the European Council amending Regulation EC 1060/2009 on credit rating agencies ("**CRA3**") was published. CRA3 became effective on 20 June 2013 (the "**CRA3 Effective Date**"). CRA3 provides for certain additional disclosure requirements which will become applicable in relation to structured finance transactions. Such disclosures will need to be made via a website to be set up by the European Securities and Markets Authority ("**ESMA**"). Although the obligation to publish such information was effective from the CRA3 Effective Date, this website has not yet been established, so issuers, originators and sponsors cannot currently comply with such requirements. The scope and manner of such disclosure will be subject to the regulatory technical standards set out in Commission Delegated Regulation (EU) 2015/3, supplementing CRA3 (the "**CRA3 RTS**"). The CRA3 RTS were adopted by the European Commission on 30 September 2014, published in the Official Journal of the European Union on 6 January 2015 and became effective on 26 January 2015. However, with the exception of Article 6(2) of the CRA3 RTS, the disclosure and reporting requirements are not applicable until 1 January 2017. The CRA3 RTS only apply to structured finance instruments for which a reporting template has been specified by ESMA. Currently there is no template for CLO transactions. Additionally, CRA3 has introduced a requirement that issuers or related third parties of structured finance instruments solicit two independent ratings for their obligations; and should consider appointing at least one rating agency having less than a ten per cent. market share. The Issuer has engaged S&P and Fitch as independent rating agencies to rate each Class of Rated Notes.

Each of S&P and Fitch are established in the EU and are registered under CRA3..

1.20 **Financial Transaction Tax ("FTT")**

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it 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. A financial institution may be, or be deemed to be, "established" in a participating member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicated an intention to implement the FTT by 1 January 2016. However, statements made following the latest meeting of participating Member State finance ministers indicate that the target for implementation of the FTT is now 1 January 2017.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional

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

1.21 **EMIR**

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 ("**EMIR**") came into force on 16 August 2012. EMIR introduces certain requirements in respect of derivative contracts entered into by certain financial counterparties ("**FCs**"), such as European investment firms, credit institutions and insurance companies, and counterparties who are not FCs ("**NFCs**"). In connection with EMIR, various technical standards have now come into force, however, certain critical technical standards remain outstanding, including those addressing which classes of OTC derivative contracts will be subject to the clearing obligation and the scope of collateralisation obligations in respect of OTC derivative contracts which are not cleared.

FCs will be subject to a general obligation to clear all so-called "eligible" OTC derivative contracts through a duly authorised or recognised central counterparty (the "**clearing obligation**"), to 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 subject to the clearing obligation (the "**risk mitigation obligation**"), such as the timely confirmation of the terms of the OTC derivative contracts, portfolio reconciliation and compression and the implementation of dispute resolution procedures. All NFCs are subject to certain risk mitigation obligations and the reporting obligation.

NFCs are exempted from the clearing obligation and certain additional risk mitigation obligations, such as the posting of collateral, as long as they do not exceed the applicable clearing threshold established by the regulatory technical standard for the relevant class of OTC derivative contracts. OTC derivative contracts which are objectively measurable as reducing risks directly related to commercial activity or treasury financing activity of an NFC or the group to which it belongs (the "**hedging exemption**") will not be included towards the clearing threshold. It is the Issuer's intention to make use of the hedging exemption in respect of the Asset Swap Transactions.

Were the Issuer to be considered to be a member of a "group" or otherwise no longer makes use of the hedging exemption, there is a risk of it becoming subject to the clearing obligation and such additional risk mitigation obligations. It may not be possible for the Issuer to know if the threshold has been crossed or if it has become part of a "group" for the purposes of EMIR and this status in any event may be subject to change.

In the event that the Issuer exceeds the applicable clearing threshold, it would be required to post collateral both in respect of cleared and non-cleared OTC derivative contracts. As the Issuer is unlikely to be able to comply with the above requirements, this could result in the sale of Asset Swap Obligations and/or termination of relevant Asset Swap Transactions and/or limit the Issuer's ability to invest in Non-Euro Obligations. Any such termination could expose the Issuer to costs and increased exchange rate risk (as a result of holding unhedged Non-Euro Obligations) until such assets can be sold within the time period specified elsewhere herein.

Further regulations are expected. 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 and may adversely affect the Issuer's ability to engage in derivative contracts. As a result of such increased costs and/or increased regulatory requirements, investors may also receive significantly less or no interest or return, as the case may be. Alternatively the regulations and/or associated costs involved could preclude the Investment Manager from being able to execute its investment strategy as anticipated, Investors should be aware that such risks are material and that the Issuer could be materially and adversely affected thereby. As such, investors should consult their own independent advisers and make their own assessment about the potential risks posed by EMIR in making any investment decision in respects of the Notes.

2. **RELATING TO THE NOTES**

2.1 **Limited Liquidity and Restrictions on Transfer**

Although there is currently a limited market for notes representing collateralised debt obligations similar to the Notes, there is currently no market for the Notes themselves. There can be no assurance that any secondary market for any of the Notes will develop or, if a secondary market does develop, that it will provide the Noteholders with liquidity of investment or that it will continue for the life of such Notes. Consequently, a purchaser must be prepared to hold such Notes for an indefinite period of time or until the Maturity Date. In addition, no sale, assignment, participation, pledge or transfer of the Notes may be effected if, among other things, it would require any of the Issuer or any of 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 have not been and 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 "*Subscription and Sale*" and "*Transfer Restrictions*". Such restrictions on the transfer of the Notes may further limit their liquidity.

In addition, IM Non-Voting Notes may not be exchanged at any time into IM Voting Notes or IM Non-Voting Exchangeable Notes. Such restrictions on exchange may limit their liquidity.

2.2 **Market Volatility**

The market value of the Collateral Debt Obligations may fluctuate for a number of reasons including, among other things, changes in prevailing interest rates, foreign exchange rates, general economic conditions, the conditions of financial markets, European and international political events, events in the home countries of the Obligors of the Collateral Debt Obligations or the countries in which their assets and operations are based, developments or trends in any particular industry and the financial condition of such Obligors generally. A decrease in the market value of the Portfolio would adversely affect the amount of proceeds which could be realised upon its liquidation which may adversely impact the ability of the Issuer to redeem the Notes and/or result in increased losses borne by Noteholders.

2.3 **Optional and Mandatory Redemption**

A form of liquidity for the Subordinated Notes is the optional redemption provision set out in Condition 7(b) (*Optional Redemption*). There can be no assurance, however, that such optional redemption provision will be capable of being exercised in accordance with the conditions set out in Condition 7(b) (*Optional Redemption*) which may in some cases require a determination that the amount realisable from the Portfolio in such circumstances is greater than the aggregate of all amounts which would be due and payable on redemption of the Rated Notes and to the other creditors of the Issuer pursuant to Condition 10(c) (*Acceleration Priority of Payments*) which rank in priority to payments in respect of the Subordinated Notes in accordance with the Priorities of Payment.

The Notes are subject to optional and mandatory redemption in a variety of circumstances (see Condition 7 (*Redemption and Purchase*). Depending on which of the specific provisions of Condition 7 (*Redemption and Purchase*) are applicable, in some circumstances the Notes will be redeemed in whole and in others they will only be redeemed in part. In some instances the Notes may be redeemed at the option of either the Subordinated Noteholders, the Investment Manager or the Controlling Class. In other instances, redemption will not depend on the exercise of a discretion (as is the case, for example, with redemptions that occur after the expiry of the Reinvestment Period). There are a variety of different tests, steps, criteria and thresholds that may need to be satisfied before any such redemption can occur. In this regard potential investors should consider the terms of Condition 7 (*Redemption and Purchase*) in detail.

In general terms, optional or mandatory redemption will give rise to a number of risks including the following:

(a) Noteholders may receive a repayment of some or all their investment earlier than anticipated, and prior to the Maturity Date.

(b) Where the Notes are redeemable upon the exercise of a discretion of a transaction party or a particular Class of the Noteholders, there is no obligation that in exercising such discretion the interests of any other party or Class of Noteholders taken into account.

(c) Where one or more Classes of Rated Notes are redeemed through a Refinancing, Noteholders should be aware that any such redemption would occur outside of the Note Payment Sequence and the Priorities of Payment. In addition Noteholders of a Class of Rated Notes that are redeemed through a Refinancing should be aware that the Applicable Margin of any new notes will be equal to or lower than the Applicable Margin of such Rated Notes immediately prior to such Refinancing.

(d) Where the Notes are to be redeemed by liquidation, there can be no assurance that the Sale Proceeds realised and other Available Proceeds would permit any distribution on the Subordinated Notes after all required payments are made to the holders of the Rated Notes or, in certain circumstances, that losses would not be incurred on Rated Notes. In addition, a redemption could require the Investment Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realised value of the Collateral Debt Obligations sold.

2.4 **The Reinvestment Period may terminate early**

The Reinvestment Period may terminate early if any of the following occur (i) the acceleration of the Notes pursuant to Condition 10(b) (*Acceleration*) (provided such Acceleration Notice has not been rescinded or annulled in accordance with Condition 10(d) (*Curing of Default*)); and (ii) the Investment Manager notifying the Issuer, the Rating Agencies and the Trustee in writing that it reasonably believes that it can no longer reinvest in additional Collateral Debt Obligations in accordance with the Reinvestment Criteria. Early termination of the Reinvestment Period could adversely affect returns to the Subordinated Noteholders and may also cause the holders of Rated Notes to receive principal payments earlier than anticipated.

2.5 **Additional Issuances of Notes May Prevent the Failure of Coverage Tests and an Event of Default**

Subject to various conditions, at any time, the Issuer may issue and sell additional Notes or issue new Intervening Notes and use the net proceeds as Interest Proceeds or Principal Proceeds to acquire Collateral Debt Obligations and, if applicable, enter into additional Asset Swap Transactions. See Condition 17 (*Additional Issuances*) and Condition 18 (*Intervening Notes*). The application of the proceeds of additional Notes as Interest Proceeds or toward the acquisition of additional Collateral Debt Obligations could result in satisfaction of a Coverage Test that would otherwise be failing and could also prevent certain Events of Default from occurring and thus, potentially decrease the occurrence of principal prepayments of the highest ranking Class of Notes. Intervening Notes may only be issued during the Reinvestment Period and the proceeds of any such issue will constitute Principal Proceeds.

2.6 **Limited Recourse Obligations**

The Notes are limited recourse obligations of the Issuer and are payable solely from amounts received in respect of the Collateral Debt Obligations, the Asset Swap Transactions and other 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, expenses and other liabilities 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*). None of the Investment Manager, the Noteholders of any Class, the Trustee, the Collateral Administrator, the Custodian, any Agent, any Asset Swap Counterparty or any Affiliates of any of the foregoing or the Issuer's Affiliates or any other person or entity (other than the Issuer) will be obliged to make payments on the Notes of any Class. Consequently, Noteholders must rely solely on distributions on the Collateral Debt Obligations and amounts received under the Asset Swap Transactions and other Collateral securing the Notes for the payment of principal, discount, interest (including deferred interest) and premium, if any, thereon. There can be no assurance that the distributions on the Collateral Debt Obligations and amounts received under the Asset Swap Transactions 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 payable to other creditors ranking senior to or *pari passu* with such Class pursuant to the Priorities of Payment. If distributions on the Collateral are insufficient to make payments on the Notes, no other assets (and, in particular, no assets of the Investment Manager, the Noteholders, the Trustee, the Collateral Administrator, the Custodian, any Agent, any Asset Swap

Counterparty or any Affiliates of any of the foregoing) will be available for payment of the deficiency and following realisation of the Collateral and the application of the proceeds thereof in accordance with the Priorities of Payment, the obligations of the Issuer to pay such shortfall shall be extinguished. Such shortfall will be borne (as amongst the Noteholders) by (a) firstly, the Subordinated Noteholders; (b) secondly, the Class E Noteholders; (c) thirdly, the Class D Noteholders; (d) fourthly, the Class C Noteholders; (e) fifthly, the Class B Noteholders; and (f) lastly, the Class A Noteholders, in each case in accordance with the Priorities of Payment.

In addition, at any time while the Notes are Outstanding, none of the Noteholders, the Trustee nor any other Secured Party (nor any other person acting on behalf of any of them) shall, subject to the provisions of Condition 11(b) (*Enforcement*), be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, examinership, insolvency, winding-up or liquidation proceedings or any proceedings for the appointment of a liquidator, administrator or examiner or a similar official, 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 other Transaction Document or otherwise owed to the Noteholders, save for lodging a claim in the liquidation of the Issuer which is initiated by another party (which is not an Affiliate of such party) or taking proceedings to obtain a declaration or judgment 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.

2.7 Subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and Subordinated Notes

Except as described below, (i) the Class B Notes are fully subordinated to the Class A Notes, (ii) the Class C Notes are fully subordinated to the Class A Notes and the Class B Notes, (iii) the Class D Notes are fully subordinated to the Class A Notes, the Class B Notes and the Class C Notes, (iv) the Class E Notes are fully subordinated to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and (v) the Subordinated Notes are fully subordinated to the Rated Notes.

Except where there is a Refinancing, the payment of principal and interest on any Classes of Notes may not be made until all payments of principal and interest due and payable on any other Classes of Notes ranking in priority thereto pursuant to the Priorities of Payment have been made in full. Payments on the Subordinated Notes will be made by the Issuer to the extent of available funds and no payments thereon will be made until the payment of certain fees, expenses and other liabilities of the Issuer have been made and until interest on the Rated Notes has been paid.

Payments on the Subordinated Notes will also be subject to the exercise of certain discretions of the Investment Manager (for example to purchase Collateral Enhancement Obligations) or the satisfaction of certain other requirements (for example that the Reinvestment Test has been satisfied during the Reinvestment Period).

Liquidation of the Collateral or remedies pursued by the Trustee upon enforcement of the security over the Collateral could be adverse to the interests of the Noteholders of a particular Class. 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 E Noteholders, then by the Class D Noteholders, then by the Class C Noteholders, then by the Class B Noteholders and, finally, by the Class A Noteholders. Remedies pursued on behalf of the Class A Noteholders could be adverse to the interests of the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders 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 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 and the Subordinated Noteholders. Remedies pursued on behalf of the Class D Noteholders could be adverse to the interests of the Class E Noteholders and the Subordinated Noteholders. Remedies pursued on behalf of the Class E Noteholders could be adverse to the interests of the Subordinated Noteholders.

The Trust Deed provides that in the event of any conflict of interest among or between the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders 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 A Noteholders over the Class B Noteholders, the

Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders; (ii) the Class B Noteholders over the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders; (iii) the Class C Noteholders over the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders; (iv) the Class D Noteholders over the Class E Noteholders and the Subordinated Noteholders; and (v) the Class E Noteholders over the Subordinated Noteholders. In the event that the Trustee shall receive conflicting or inconsistent requests, instructions or directions from two or more groups of holders of the Controlling Class (or another Class is given priority as described in this paragraph 2.7), 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 (subject to being indemnified and/or secured and/or prefunded to its satisfaction) act upon the directions of the holders of the Controlling Class (or other Class given priority as described in this paragraph 2.7) in such circumstances, and shall not be obliged to consider the interests of the holders of any other Class of Notes. See Condition 14(e) (*Entitlement of the Trustee and Conflicts of Interest*).

2.8 **Amount and Timing of Payments**

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

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

2.9 **Reports Provided by the Collateral Administrator Will Not Be Audited**

The Monthly Reports made available to Noteholders will be compiled by the Collateral Administrator, on behalf of the Issuer, based on certain information provided to it by, and in consultation with, the Investment Manager. Information in the reports will not be audited nor will reports include a review or opinion by a public accounting firm.

2.10 **Average Life and Prepayment Considerations**

The Maturity Date of the Notes is the Payment Date falling in August 2026; however, the average life of each Class of the Notes is expected to be shorter than the number of years to their Maturity Date. Average life refers to the average amount of time that will elapse from the date of issue of each Class of Notes until the Principal Amount Outstanding of such Note has been paid in full to the holder thereof.

The average lives of each Class of the Notes will be determined by the amount and frequency of principal repayments in respect of such Class, which are dependent upon, among other things, the amount of any payments received at or in advance of the scheduled maturity of the Collateral Debt Obligations (whether through sale, maturity, redemption, default or other liquidation or disposition). The actual average lives and actual maturities of each Class of the Notes will be affected by the financial condition of each of the Obligors of the underlying Collateral Debt Obligations and the characteristics of such Collateral Debt Obligations, including the existence and frequency of exercise

of any optional or mandatory redemption features, the prevailing level of interest rates, the redemption price, the actual default rate, the actual level of recoveries on any Defaulted Obligations and the frequency of tender or exchange offers for such Collateral Debt Obligations. Substantially all of the Collateral Debt Obligations are expected to be subject to optional redemption or prepayment by the Obligors of such Collateral Debt Obligations. Any disposition of a Collateral Debt Obligation may change the composition and characteristics of the Collateral Debt Obligations and the rate of payment thereon, and, accordingly, may affect the actual average lives of each Class of the Notes. The ability of the Investment Manager to reinvest Principal Proceeds in the manner described under "*Description of the Portfolio*" and the decisions made regarding whether or not to reinvest such proceeds will also affect the average lives of each Class of the Notes.

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

Estimates of the average lives of the Notes, together with any projections, forecasts and estimates provided to prospective purchasers of the Notes, are forward-looking statements. Projections are necessarily speculative in nature, and it should be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, actual results will vary from the projections, and such variations may be material. Some important factors that could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates, exchange rates and default and recovery rates; market, financial or legal uncertainties; the timing of acquisitions or sales of Collateral Debt Obligations; differences in the actual allocation of Collateral Debt Obligations among asset categories from those assumed; mismatches between the time of accrual and receipt of Interest Proceeds from the Collateral Debt Obligations. None of the Issuer, the Investment Manager, the Trustee, any Agent 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.

2.11 **Volatility of the Subordinated Notes and other subordinate Classes of Notes**

The Subordinated Notes and other subordinate Classes of Notes represent a leveraged investment in the underlying Collateral Debt Obligations. Accordingly, it is expected that changes in the market value of the Subordinated Notes and other relevant Classes of Notes will be greater than changes in the market value of the underlying Collateral Debt Obligations, which themselves are subject to credit, liquidity, interest rate and other risks. Utilisation of leverage is a speculative investment technique and involves certain risks to investors and will generally magnify the Subordinated Noteholders' opportunities for gain and risk of loss. In certain scenarios, the Notes may not be paid in full, and the Subordinated Notes and one or more Classes of Rated Notes may be subject to a partial or a 100 per cent loss of invested capital. The Subordinated Notes represent the most junior securities in this leveraged capital structure. As a result, any deterioration in performance of the asset portfolio, including defaults and losses, a reduction of realised yield or other factors, will be borne first by holders of the Subordinated Notes, and then by the holders of the Rated Notes in reverse order of seniority, starting with the Class E Notes.

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

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

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by any Rating Agency at any time. Credit ratings represent a rating agency's opinion regarding the credit quality of an asset but are not a guarantee of such quality. There is no assurance that a rating accorded to any of the 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, (a) no person or entity is required to provide any additional support or credit enhancement with respect to any such Rated Notes, (b) the market value of the Notes is likely to be adversely affected, resulting in holders of the Notes no longer being able to resell their Notes without a substantial discount, and (c) this may adversely affect the Issuer's ability to make certain changes to the composition of the Collateral. In accordance with the Transaction Documents and the Conditions of the Notes, certain transaction parties are subject to triggers if their rating falls below a minimum rating. In the event that one or more of such parties should be unable to maintain such minimum ratings, the ratings of the Rated Notes may be adversely affected.

Prospective investors in the Notes should be aware that as a result of recent economic events, Rating Agencies have undertaken extensive reviews of their rating methodology and criteria used to rate notes issued as part of CLO transactions. This could impact on the ratings assigned to the Rated Notes after the Issue Date and potentially result in the downgrade or withdrawal thereof following the Issue Date. Transaction Documents may be amended to or may cater for new rating methodology or criteria without the consent of Noteholders. Any such modification may be prejudicial or adverse to certain Noteholders.

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 out for such Rated Note in this Offering Circular and the Transaction Documents. The rating assigned to any Rated Note may also be lowered following the occurrence of an event or circumstance despite the fact that the related Rating Agency previously provided confirmation that such occurrence would not result in the rating of such Rated Note being lowered. Additionally, any Rating Agency may, at any time and without any change in its published ratings criteria or methodology, lower or withdraw any rating assigned by it to any Class of Rated Notes. If any rating initially assigned to any Note is subsequently lowered or withdrawn for any reason, holders of the Notes may not be able to resell their Notes without a substantial discount. Any reduction or withdrawal to the ratings on any Class of Rated Notes may significantly reduce the liquidity of the Notes and may adversely affect the Issuer's ability to make certain changes to the composition of the Collateral.

Rating Agencies may refuse to give rating agency confirmations

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

If a Rating Agency announces or informs the Investment 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. There can be no assurance that a Rating Agency will provide such rating confirmations upon request, regardless of the terms agreed to among transaction participants, or not subsequently withdraw or downgrade its ratings on one or more Classes of Rated Notes, which could materially adversely affect the value of liquidity of the Notes.

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

On 2 June 2010, certain amendments to Rule 17g-5 under the Exchange Act ("**Rule 17g-5**") promulgated by the SEC became effective. Amended Rule 17g-5 requires each rating agency

providing a rating of a structured finance product (such as this transaction) paid for by the "arranger" (defined as the issuer, the underwriter or the sponsor) to obtain an undertaking from the arranger to (i) create a password protected website, (ii) post on that website all information provided to the rating agency in connection with the initial rating of any Class of Rated Notes and all information provided to the rating agency in connection with the surveillance of such rating, in each case, contemporaneous with the provision of such information to the applicable rating agency and (iii) provide access to such website to other rating agencies that have made certain certifications to the arranger regarding their use of the information. In this transaction, the "arranger" is the Issuer. The Rating Agencies may nevertheless have (or be perceived to have) certain conflicts of interest in relation to the provision of the ratings of the Rated Notes (with the exception of unsolicited ratings), where the fee charged by the Rating Agencies for their rating service are being met from the transaction and/or one of the transaction parties.

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 Notes and may adversely affect any beneficial owner that relies on ratings of securities for regulatory or other compliance purposes.

Under Rule 17g-5, other rating agencies providing the requisite certifications described above may issue unsolicited ratings of the Rated Notes which may be lower and, in some cases, significantly lower than the ratings provided by the Rating Agencies. The unsolicited ratings may be issued prior to, on or after the Issue Date and will not be reflected herein. Issuance of any unsolicited rating will not affect the issuance of the Notes. Such unsolicited ratings could have a material adverse effect on the price and liquidity of the Notes and, for regulated entities, could adversely affect the value of the Notes as an investment or the capital treatment of the Notes.

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

2.13 **Withholding Tax on the Notes**

Although no withholding tax is currently imposed on payments on the Notes for as long as they are listed on the Irish Stock Exchange and held in Euroclear or Clearstream, Luxembourg, there can be no assurance that the law will not change. In this regard, see further paragraph 1.13 (*FATCA*) above.

In the event that any withholding tax or deduction for tax is imposed on payments on the Notes, the holders of the Notes will not be entitled to receive grossed-up amounts to compensate for such withholding tax and no 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 properly subject to any withholding tax or deduction on account of tax, the Notes may be redeemed in whole but not in part at the direction of the holders of either the Controlling Class or the Subordinated Notes, in each case acting by way of Ordinary 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 Payment.

2.14 **Security**

Clearing Systems

Any Collateral Debt Obligations or other assets forming part of the Collateral which are in the form of securities (if any) will be held by the Custodian on behalf of the Issuer. The Custodian will hold such assets which can be cleared through Euroclear in an account with Euroclear which was opened by the Custodian on or around the Issue Date of the Existing Notes (the "**Euroclear Account**") and will hold the other securities comprising the Portfolio which cannot be so cleared (i) through its accounts with Clearstream, Luxembourg and The Depository Trust Company ("**DTC**"), as appropriate, and (ii)

through its sub-custodians who will in turn hold such assets which are securities both directly and through any appropriate clearing system. Security taken over assets held with the Custodian will take effect as a security interest over the right of the Issuer to require delivery of equivalent securities from the Custodian in accordance with the terms of the Collateral Administration and Agency Agreement which may expose the Secured Parties to the insolvency of the Custodian or its sub-custodian.

On or around the Issue Date of the Existing Notes, a pledge was granted by the Issuer pursuant to Belgian law over the Collateral Debt Obligations, Collateral Enhancement Obligations, Eligible Investments and Exchanged Securities held in the Euroclear Account (the "**Euroclear Pledge Agreement**"). The effect of this security interest is to enable the Trustee, or the Custodian on its behalf, on enforcement, to sell the securities in the Euroclear Account. The Euroclear Pledge Agreement does not entitle the Trustee to require delivery of the relevant securities from the depositary or depositaries that have physical custody of such securities or allow the Trustee to dispose of such securities directly other than on enforcement.

In any event, the charge created pursuant to the Trust Deed and the security created by the Euroclear Pledge Agreement may be insufficient or ineffective to secure the Collateral Debt Obligations which are securities for the benefit of Noteholders, particularly in the event of any insolvency or liquidation of the Custodian or any sub-custodian that has priority over the right of the Issuer to require delivery of such assets from the Custodian in accordance with the terms of the Collateral Administration and Agency Agreement. In addition, custody and clearance risks may be associated with Collateral Debt Obligations or other assets comprising the Portfolio which are securities that do not clear through DTC, Euroclear or Clearstream, Luxembourg. There is a risk, for example, that such securities could be counterfeit, or subject to a defect in title or claims to ownership by other parties, including custody liens imposed by standard custody terms at various stages in the chain of intermediary ownership of such Collateral Debt Obligations.

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

Fixed Security

Although the security constituted by the Trust Deed over the Collateral held from time to time, including the security over the Accounts, is expressed to take effect as a fixed charge, it may (as a result of, among other things, the substitutions of Collateral Debt Obligations or Eligible Investments contemplated by the Investment Management Agreement and the payments to be made from the Accounts in accordance with the Conditions of the Notes and the Trust Deed) take effect as a floating charge. There are a number of consequences to any such recharacterisation including that a floating charge would rank after a subsequently created fixed charge and, in the insolvency of the Issuer, a floating charge would as a matter of statute rank behind certain preferred creditors. See paragraph 2.21 (*Preferred Creditors under Irish Law*) below.

2.15 **Resolutions, Amendments and Waivers**

Decisions may be taken by Noteholders by way of Ordinary Resolution or Extraordinary Resolution, in each case, either acting together or, to the extent specified in any applicable Transaction Document, as a Class of Noteholders acting independently. Such Resolutions can be effected either at a duly convened meeting of the applicable Noteholders or by the applicable Noteholders resolving in writing. Meetings of the Noteholders may be convened by the Issuer, the Trustee or by one or more Noteholders holding not less than 10 per cent in 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 not by the aggregate Principal Amount Outstanding of all such Notes which are entitled to be voted in respect of such Resolution. 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 $66^2/_3$ per cent of the votes cast on 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, which would be determined by reference to the aggregate Principal Amount Outstanding of the relevant Class of Notes. See Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*). 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 Ordinary Resolution. In the case of an Extraordinary Resolution, this is one or more persons holding or representing not less than $66^2/_3$ per cent of the aggregate Principal Amount Outstanding of each Class of Notes (or the relevant Class or Classes only, if applicable) and in the case of an Ordinary Resolution this is one or more persons holding or representing not less than 50 per cent of the aggregate Principal Amount Outstanding of each Class of Notes (or the relevant Class or Classes only, if applicable). Such quorum provisions still, however, require considerably lower thresholds than would be required for a Written Resolution. In addition, in the event that a quorum requirement is not satisfied at any meeting, a lower quorum threshold (when a quorum will be satisfied by any one or more persons holding any Notes (regardless of the aggregated Principal Amount Outstanding so held or represented)) will apply at any meeting previously adjourned for want of quorum, as set out in Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and in the Trust Deed. Any such Resolution may be adverse to any Class of Noteholders or to any group of Noteholders or individual Noteholders within any Class.

Certain decisions, including the removal of the Investment Manager by the Controlling Class and instructing the Trustee to sell the Collateral following the acceleration of the Notes require authorisation by resolution of the requisite majority of the holders of a Class or Classes of Notes.

For so long as any Class of Rated Notes are the Controlling Class, Notes of that Class which are in the form of IM Non-Voting Notes or IM Non-Voting Exchangeable Notes will have no right to vote or be counted in any quorum or result of voting in connection with any IM Removal Resolution or IM Replacement Resolution. As a result, only Notes of such Class that are in the form of IM Voting Notes may vote and be counted in any quorum or result of voting in respect of an IM Removal Resolution or an IM Replacement Resolution.

Rated Notes in the form of IM 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 IM Voting Notes will be entitled to vote to pass an IM Removal Resolution or an IM Replacement Resolution and the remaining percentage of the Controlling Class (in the form of IM Non-Voting Notes and/or IM Non-Voting Exchangeable Notes) will be bound by such Resolution. Holders of the IM Voting Notes may have interests that differ from other holders of the Rated Notes and may seek to profit or seek direct benefits from their voting rights.

The Controlling Class for the purposes of an IM Removal Resolution or an IM Replacement Resolution shall be determined in accordance with the definition thereof set out in the Conditions below. In particular, investors in the Rated Notes should be aware that for so long as any Class of Rated Notes have not been redeemed and paid in full, if no Notes of such Class are held in the form of IM Voting Notes, the Notes of that Class will not be entitled to vote in respect of such IM Removal Resolution or IM Replacement Resolution and such right shall pass to a more junior Class of Notes in accordance with the definition of "Controlling Class".

Certain amendments and modifications to the Transaction Documents may be made without the consent of any Noteholders and the Trustee (subject to the receipt of prior written notice and certain other conditions) will be obliged to consent to such changes. These include amendments and modifications required to reflect changes by a Rating Agency of its criteria or as may be required to comply with certain regulations (including EMIR, Article 122a and CRA3). See Condition 14(c) (*Modification and Waiver*). Any such amendment or modification could be prejudicial or adverse to certain Noteholders.

Certain entrenched rights relating to the Terms and Conditions of the Notes including the currency thereof, Payment Dates applicable thereto, the Priorities of Payment, the provisions relating to quorums and the percentages of votes required for the passing of an Extraordinary Resolution, cannot be amended or waived by Ordinary Resolution but require an Extraordinary Resolution of each Class of Noteholders. It should however be noted that amendments may still be effected and waivers may still be granted in respect of such provisions in circumstances where not all Noteholders agree with the terms thereof and any amendments or waivers once passed in accordance with the provisions of the Terms and Conditions of the Notes and the provisions of the Trust Deed will be binding on all such dissenting Noteholders. In addition to the Trustee's right to agree to changes to the Transaction Documents to correct a manifest error, or to changes which, in its opinion, are not materially prejudicial to the interests of the Noteholders of any Class without the consent of the Noteholders, 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*). Any such amendment or modification could be adverse to certain Noteholders.

2.16 **Enforcement Rights Following an Event of Default**

If an Event of Default occurs and is continuing, the Trustee may, at its discretion, and shall, at the request of the Controlling Class acting by Extraordinary Resolution (subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that all the Notes are to be immediately due and payable following which the security over the Collateral shall become enforceable and, subject as provided below, may be enforced either by the Trustee, at its discretion, or if so directed by the Controlling Class acting by Ordinary Resolution.

At any time after the Notes become due and payable and the security over the Collateral becomes enforceable, the Trustee may, at its discretion, and shall, if so directed by the Controlling Class acting by Ordinary Resolution (subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction), take an Enforcement Action in respect of the security over the Collateral, provided that no such Enforcement Action may be taken by the Trustee unless: (A) in accordance with Condition 11(b)(iii)(*Enforcement*), the Trustee determines that the anticipated proceeds realised from such Enforcement Action (after deducting any expenses properly incurred in connection therewith) would be sufficient to discharge in full all amounts due and payable in respect of all Classes of Notes other than the Subordinated Notes (including, without limitation, Deferred Interest on the Class C Notes, the Class D Notes and the Class E Notes) and all amounts payable in priority thereto pursuant to the Acceleration Priority of Payments; or (B) if the Enforcement Threshold will not have been met (or, in the case of (B)(I) only, an Enforcement Threshold Determination has not been made), then: (I) in the case of an Event of Default specified in sub-paragraphs (i), (ii) or (viii) of Condition 10(a) (*Events of Default*), the Controlling Class acting by way of Ordinary Resolution directs the Trustee to take such Enforcement Action without regard to any other Event of Default which has occurred prior to, contemporaneously or subsequent to such Event of Default or (II) in the case of any other Event of Default, only those Class(es) of Rated Notes, which the Trustee has determined will be discharged in full (including without limitation, any Deferred Interest) from the anticipated proceeds from such Enforcement Action (after deducting any expenses properly incurred in connection therewith), voting separately by Class by way of Ordinary Resolution direct(s) the Trustee to take the Enforcement Action.

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

2.17 **Certain ERISA Considerations**

Under a regulation of the U.S. Department of Labor, if certain employee benefit plans or other retirement arrangements subject to the U.S. Employee Retirement Income Security Act of 1974, as amended, ("**ERISA**") or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended, (the "**Code**") or entities whose underlying assets are treated as assets of such plans or arrangements (collectively, "**Plans**") invest in the Class E Notes or the Subordinated Notes, the assets of the Issuer

could be considered to be assets of such Plans and certain of the transactions that the Issuer might enter into, or may have entered into, in the ordinary course of its business might constitute direct or indirect non-exempt "prohibited transactions" under Section 406 of ERISA or Section 4975 of the Code and might have to be rescinded. See "*Certain Employee Benefit Plan Considerations*" below.

2.18 **Forced Transfer**

The Conditions of the Notes provide that Noteholders may be required to sell or transfer their Notes where the relevant Noteholder is a:

(a) Non-Permitted Holder (for the purposes of US selling restrictions);

(b) Non-Permitted ERISA Holder (for the purposes of the ERISA requirements); or

(c) Recalcitrant Noteholder or Non-Compliant FFI (for the purposes of FATCA).

The circumstances of any such sales and their precise terms are set out in the Conditions of the Notes and Noteholders and potential investors should review such provisions in detail. The application of any such right of sale against a Noteholder will result in such Noteholder receiving an amount for its investment prior to the Maturity Date. Holders will only be entitled to receive a price equal to the highest of any bids received which could be less than the outstanding principal of the relevant Note. Commissions, taxes, expenses and costs incurred by the Issuer in connection with any sale will be deducted from the sale proceeds payable to the relevant Noteholder. Any such forced transfer could occur at a time when other investments bearing the same rate of interest relative to the level of risk assumed may be difficult or expensive to acquire. Noteholders should also be aware that they will have no rights to determine the circumstances or timing of the sale of the relevant Notes, however, they shall have the right to propose a prospective purchaser who may acquire the Notes at the highest bid received by the Issuer provided that such purchaser meets all applicable transfer restrictions. After the time that a Noteholder has been identified as a Non-Permitted ERISA Holder it will not be entitled to any interim payments on the Notes.

Each Noteholder and each other person in the chain of title from the Noteholder to the relevant Noteholder by its acceptance of an interest in the Notes agrees to co-operate with the Issuer to effect such transfers as are required by the Conditions of the Notes. The terms and conditions of any such transfer (including the selection of a purchaser) shall be determined in the sole discretion of the Issuer subject to the transfer restrictions set out in this Offering Circular and the Trust Deed, and the Issuer shall not be liable to any person having an interest in the Notes sold as a result of any such sale or the exercise of such discretion.

2.19 **U.S. Tax Characterisation of the Notes**

The Issuer has agreed and, by its acceptance of a Class A Note, Class B Note, Class C Note, a Class D Note or a Class E Note, each holder will be deemed to have agreed, to treat the Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes as debt of the Issuer for U.S. federal income tax purposes, except as otherwise required by applicable law and for certain limited purposes (as described in "*Tax Considerations – United States Federal Income Taxation*"). The determination of whether a Note will be treated as debt for U.S. federal income tax purposes is based on the facts and circumstances existing at the time the Note is issued. Prospective investors should be aware that the classification of an instrument as debt or equity is highly factual, and there can be no assurance that the IRS will not seek to characterise as something other than indebtedness any particular Class or Classes of the Rated Notes.

The Issuer believes that the amendment to the Trust Deed to provide for the issuance of the New Notes (i.e., the IM Non-Voting Exchangeable Notes and the IM Non-Voting Notes in respect of each Class of Rated Note) and to permit holders of the Existing Notes (i.e., the IM Voting Notes) and the IM Non-Voting Exchangeable Notes to exchange their Notes for another sub-class of the related Rated Note should not be treated as deemed exchange of the Existing Notes for US federal income tax purposes. Accordingly, U.S. Holders of Existing Notes should be treated as holding the Class of Rated Notes to which the Existing Notes relate for US federal income tax purposes after the amendment. In addition, the Issuer believes that the exchange of an IM Voting Note or an IM Non-Voting Exchangeable Note in respect of a Class of Rated Notes for another sub-class of such Class of Rated Notes should not be

treated as a reissuance of such Note for U.S. federal income tax purposes. Thus, each sub-class of a Class of Rated Notes should be treated as holding the related Rated Note for U.S. federal income tax purposes. However, whether the exchange of a sub-class of Rated Notes for another sub-class is treated as a reissuance for U.S. federal income tax purposes may depend on the particular facts and circumstances at the time of the exchange. Accordingly, there can be no guarantee that the tax consequences to a U.S. Holder of an IM Non-Voting Exchangeable Note or an IM Non-Voting Note will be as described for the related Rated Note herein. Investors are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of the amendments to the Trust Deed and the exchange of a sub-class of a Class of Rated Notes for another sub-class of the related Rated Notes.

The Issuer has agreed and, by its acceptance of a Subordinated Note, each holder will be deemed to have agreed, to treat such Subordinated Note as equity in the Issuer for U.S. federal income tax purposes, except as otherwise required by applicable law. Prospective investors should be aware that the classification of an instrument as debt or equity is highly factual.

2.20 **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 paragraph 2.22 (*Examinership*) below.

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

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

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

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

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

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

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

Floating charges have certain weaknesses, including the following:

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

(b) as discussed above, they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up;

(c) they rank after certain insolvency remuneration expenses and liabilities;

(d) the examiner of a company has certain rights to deal with the property covered by the floating charge; and

(e) they rank after fixed charges.

2.21 **Examinership**

Examinership is a court procedure available under Irish company law 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, he may sell assets which are the subject of a fixed charge. However, if such power is exercised he must account to the holders of the fixed charge for the amount realised and discharge the amount due to them out of the proceeds of sale.

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

3. RELATING TO THE COLLATERAL

3.1 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 Investment Manager), on the Eligibility Criteria which each Collateral Debt Obligation is required to satisfy, as disclosed in this Offering Circular, and on the Percentage Limitations, Collateral Quality Tests, Coverage Tests and Target Par Amount that the Portfolio was required to satisfy as at the Effective Date (other than in respect of the Interest Coverage Tests, which were required to be satisfied as at the Determination Date preceding the second Payment Date following the Effective Date) and in each case (save as described herein) thereafter. This Offering Circular does not contain any information regarding the individual Collateral Debt Obligations on which the Notes have been and 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 Investment Manager, acting on behalf of the Issuer, and, accordingly, will be dependent upon the judgement and ability of the Investment Manager in acquiring investments for purchase on behalf of the Issuer over time. No assurance can be given that the Investment Manager, acting on behalf of the Issuer, will be successful in obtaining suitable investments or that, if such investments are made, the objectives of the Issuer will be achieved.

The Issuer has not made any investigation into the Obligors of the Collateral Debt Obligations. The value of the Portfolio may fluctuate from time to time (as a result of substitution or otherwise) and none of the Issuer, the Trustee, the Investment Manager, any Agent or any Asset Swap Counterparty or any of their Affiliates are under any obligation to maintain the value of the Collateral Debt Obligations at any particular level. None of the Issuer, the Trustee, the Investment Manager, any Agent, any Asset Swap Counterparty, or any of their Affiliates has any liability to the Noteholders as to the amount or value of, or any decrease in the value of, the Collateral Debt Obligations from time to time.

3.2 Nature of Collateral; Defaults

The Issuer will invest in a portfolio of Collateral Debt Obligations consisting at the time of acquisition of Senior Secured Loans, Senior Secured Floating Rate Notes and Secured High Yield Bonds, 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, among other things, credit, liquidity, interest rate, exchange rate and other market risks.

The lower rating of below investment grade collateral reflects a greater possibility that adverse changes in the financial condition of an issuer or borrower or in general economic conditions or both may impair the ability of the relevant borrower or issuer, 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 and the more subordinate Classes of Notes represent a leveraged investment in the underlying Collateral Debt Obligations, it is anticipated that changes in the market value of the Subordinated Notes and of the more subordinate Classes of Notes will be greater than changes in the market value of the underlying Collateral Debt Obligations.

The Notes described herein have been structured so that the Notes are assumed to be able to withstand certain assumed losses relating to defaults on the Collateral Debt 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 Debt Obligation securing the Notes and the Issuer sells or otherwise disposes of such Collateral Debt Obligation, it is likely that the proceeds of such sale or disposition will be less than the unpaid principal and interest thereon.

The financial markets periodically experience substantial fluctuations in prices for obligations of the types included as Collateral Debt Obligations and limitations on the liquidity for such obligations. No assurance can be made that the conditions giving rise to such price fluctuations and limitations on 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 Investment Manager (on behalf of the Issuer) to acquire or dispose of Collateral Debt Obligations at a price and time that the Investment Manager deems advantageous may be impaired. As a result, in periods of rising market prices, the

Issuer may be unable to participate in price increases fully to the extent that it is either unable to dispose of Collateral Debt Obligations whose prices have risen or to acquire Collateral Debt Obligations whose prices are on the increase; the Investment Manager's inability to dispose fully and promptly of positions in declining markets will conversely cause the net asset value of the Portfolio to decline as the value of unsold positions is marked to lower prices. A decrease in the Market Value of the Collateral Debt Obligations would also adversely affect the proceeds of sale that could be obtained upon the sale of the Collateral Debt Obligations (or any of them) and could ultimately adversely affect the ability of the Issuer to pay in full or redeem the Notes or could result in losses to Noteholders to the extent the Notes are being redeemed out of Sale Proceeds. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition of such Collateral Debt Obligations at any time, or that the proceeds of any such sale or disposition would be sufficient to repay a corresponding par amount of principal of and interest on the Notes after, in each case, paying all amounts payable prior thereto pursuant to the Priorities of Payment. Moreover, there can be no assurance as to the amount or timing of any recoveries received in respect of Defaulted Obligations.

3.3 The Target Par Amount

As of the Effective Date, the Issuer was required to and did acquire, or enter into binding commitments to acquire, Collateral Debt Obligations the Aggregate Principal Balance of which equalled or exceeded the Target Par Amount. If the Target Par Amount had not been reached on the Effective Date an Effective Date Rating Event would have occurred which may in certain circumstances have led to an early redemption of the Notes.

3.4 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 among other things, credit, liquidity, interest rate, exchange rate and other market risks. The Portfolio of Collateral Debt Obligations which secures the Notes is predominantly comprised of Senior Secured Loans, Senior Secured Floating Rate Notes and Secured High Yield Bonds lent to or issued by a variety of Obligors Domiciled in an Eligible Country which are primarily rated below investment grade.

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

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

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

Debt Obligations. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition of such Collateral Debt Obligations at any time, or that the proceeds of any such sale or disposition would be sufficient to repay a corresponding par amount of principal of and interest on the Notes after, in each case, paying all amounts payable prior thereto pursuant to the Priorities of Payment.

Characteristics of Senior Secured Loans and Senior Secured Floating Rate Notes

The Percentage Limitations provide that as of the Effective Date, at least 90 per cent of the Aggregate Collateral Balance must consist of Senior Secured Loans and Senior Secured Floating Rate Notes (which shall comprise for this purpose the aggregate of the Aggregate Principal Balance of the Senior Secured Loans and Senior Secured Floating Rate Notes 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). Senior Secured Loans and Senior Secured Floating Rate Notes are typically at the most senior level of the capital structure. Senior Secured Loans and Senior Secured Floating Rate Notes are often secured by specific collateral or guarantees, including but not limited to, trademarks, patents, accounts receivable, inventory, equipment, buildings, real estate, franchises and common and preferred stock of the Obligor and its subsidiaries and any applicable associated liens relating thereto. In continental Europe, security is often limited to shares in certain group companies, accounts receivable, bank account balances and intellectual property rights. Senior Secured Loans and Senior Secured Floating Rate Notes 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.

The majority of Senior Secured Loans and Senior Secured Floating Rate Notes 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 loan agreement) or other index, which may reset daily (as most prime or base rate indices do) or offer the Obligor a choice of one, two, three, six, nine or twelve month interest and rate reset periods. The purchaser of an interest in a Senior Secured Loan or Senior Secured Floating Rate Notes may receive certain syndication or participation fees in connection with its purchase. Other fees which may be payable in respect of a Senior Secured Loan or Senior Secured Floating Rate Notes, which are separate from interest payments on such loan or notes, may include facility, commitment, amendment and prepayment fees.

Senior Secured Floating Rate Notes typically contain bondholder collective action clauses permitting specified majorities of bondholders to approve matters which, in a typical Senior Secured Loan, would require unanimous lender consent. The Obligor under a Senior Secured Floating Rate Note 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 Investment Management Agreement from voting on certain matters, particular extensions of maturity, which may be considered at a bondholder meeting. Consequently, material terms of a Senior Secured Floating Rate Note may be varied without the consent of the Issuer.

Senior Secured Loans and Senior Secured Floating Rate Notes may include restrictive covenants designed to limit the activities of the Obligors thereunder in an effort to protect the rights of creditors to receive timely payments of interest on, and repayment of, principal. Such covenants may include restrictions on dividend payments, specific mandatory minimum financial ratios, limits on total debt and other financial tests. A breach of covenant (after giving effect to any cure period) under a Senior Secured Loan or Senior Secured Floating Rate Notes which is not waived by the requisite percentage of creditors normally is an event of acceleration which allows the relevant creditor group to demand immediate repayment in full of the outstanding loan or notes. However, although any particular Senior Secured Loan or Senior Secured Floating Rate Note may share many similar features with other obligations of its type, the actual terms of any Senior Secured Loan or Senior Secured Floating Rate Note will have been a matter of negotiation and will be unique. Any such particular loan or note 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.

Investing in Cov-Lite Loans involves certain risks

The Issuer or the Investment Manager acting on its behalf may purchase Cov-Lite Loans. Cov-Lite Loans typically do not have Maintenance Covenants. 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 loans that have Maintenance Covenants.

In addition, the lack of Maintenance Covenants may make it more difficult to trigger a default in respect of such obligations.

Limited Liquidity in relation to Senior Secured Loans and Senior Secured Floating Rate Notes

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

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

Prepayment Risk

Loans are generally prepayable at the option of the relevant Obligor in whole or in part at any time at par plus accrued and unpaid interest. Senior Secured Floating Rate Notes may include Obligor call or prepayment features, with or without a premium or make whole. Prepayments on loans and notes may be caused by a variety of factors, which are difficult to predict. Accordingly, there exists a risk that loans or notes purchased at a price greater than par may experience a capital loss as a result of such a prepayment. In addition, Principal Proceeds received upon such a prepayment are subject to reinvestment risk. Any inability of the Issuer to reinvest payments or other proceeds in Collateral Debt Obligations with comparable interest rates that satisfy the Reinvestment Criteria may adversely affect the timing and amount of payments and distributions received by the Noteholders and the yield to maturity of the Notes. There can be no assurance that the Issuer will be able to reinvest proceeds in Collateral Debt Obligations with comparable interest rates that satisfy the Reinvestment Criteria or (if it is able to make such reinvestments) as to the length of any delays before such investments are made.

Defaults and Recoveries

There is limited historical data available as to the levels of defaults and/or recoveries that may be experienced on Senior Secured Loans and Senior Secured Floating Rate Notes, and no assurance can be given as to the levels of default and/or recoveries that may apply to any Senior Secured Loans and Senior Secured Floating Rate Notes purchased by the Issuer. As referred to above, although any particular Senior Secured Loan or Senior Secured Floating Rate Notes often will share many similar features with other loans and obligations of its type, the actual terms of any particular Senior Secured

Loan and Senior Secured Floating Rate Note will have been a matter of negotiation and will thus be unique. The types of protection afforded to creditors will therefore vary from investment to investment. Recoveries on Senior Secured Loans and Senior Secured Floating Rate Notes may also be affected by the different bankruptcy regimes applicable in different jurisdictions, the availability of comprehensive security packages in different jurisdictions and the enforceability of claims against the Obligors thereunder.

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

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

In some European jurisdictions, obligors or lenders may seek a "scheme of arrangement". In such instance, a lender may be forced by a court to accept restructuring terms. Recoveries on Senior Secured Loans and Senior Secured Floating Rate Notes will also be affected by the different bankruptcy regimes applicable in different European jurisdictions and the enforceability of claims against the Obligors thereunder. See 3.18 (Insolvency Considerations relating to Collateral Debt Obligations) below.

Characteristics of Secured High Yield Bonds

Secured High Yield Bonds generally involve greater credit and liquidity risks than those associated with investment grade corporate obligations. Traditionally 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. In addition, they are increasingly used to raise capital either in lieu of, or as a refinancing of, bank loans (or certain amounts thereof), given the recent decreased availability of bank financings generally to certain borrowers/issuers.

Secured 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 provide a basis for drawing definitive conclusions with respect to default rates and, in any event, do not 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 Secured 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 Secured High Yield Bonds in the Portfolio.

The security granted in the context of Secured High Yield Bonds varies from transaction to transaction. It can range from just the provision of guarantees and share pledges covering material subsidiaries to "all asset" security packages. The extent of the security package will vary depending on the relevant corporate structure and the type of activities undertaken by the obligor.

There is no assurance that the value of the security provided in the context of any particular Secured High Yield Bond will suffice to pay all obligations under such Secured High Yield Bonds in the event of an enforcement. No appraisal value is made with respect to security provided, assets which make up the security may lose value either prior to or during an enforcement process, such assets may have an illiquid market and enforcement may be a complicated, expensive and timely process, particularly if this occurs over a number of jurisdictions. Further, any security that is granted may be subject to annulment or restrictions based on the insolvency laws relevant to the security provider or underlying Obligor of the Secured High Yield Bonds. Any of these factors may limit recoveries on such security.

Secured High Yield Bonds may be included in a capital structure whereby they share security with debt financings, including other Secured High Yield Bonds or bank financings. While Secured High Yield Bonds will typically be *pari passu* in right of payment with other secured debt in the capital structure, they may not receive equal enforcement rights, be *pari passu* on recovery following enforcement of security or benefit from security over all the assets that secure other debt in the capital structure, in particular, bank financings. The enforcement and recovery regime for Secured High Yield Bonds differs depending on their place in the capital structure and certain other considerations. The enforcement and recovery regime will be set out in an intercreditor agreement which will include, among other terms, seniority as to rights to payment, seniority as to rights to receipt of proceeds following enforcement of security, which parties have rights to enforce transaction security and other intercreditor arrangements such as turnover and loss sharing provisions.

In the case of enforcement where the relevant Obligor has also entered into "super senior" credit facilities, holders of the Secured High Yield Bonds will typically control enforcement of security, but proceeds from such enforcement will be applied in priority to amounts designated as "super senior" under the relevant Intercreditor Agreement. This may dilute the recoveries of Secured High Yield Bonds.

In transactions where the Secured High Yield Bonds are *pari passu* with respect to other secured debt, security enforcement regimes vary. In some cases, enforcement instructions reside solely with one type of secured debt (for a particular amount of time or until such debt is paid down to a particular level), while in others, each type of secured debt can vote on a euro-for-euro/dollar-for-dollar basis, with a requisite majority being required for enforcement instructions to be given.

Each of these arrangements may be subject to various exceptions and qualifications, including requirements for consultation and standstill periods with respect to enforcement instructions and related actions. Over recent years, various trends relating to enforcement rights have developed and these may differ substantially between transactions. Depending on the arrangements, such enforcement regimes may dilute the ultimate recoveries of Secured High Yield Bonds, and may make the timing of recoveries subject to various uncertainties.

The bankruptcy regimes applicable in different European jurisdictions and the enforceability of claims against the high yield bond issuer may mean that Secured High Yield Bonds issued by issuers with their principal place of business in Europe may lead to lower recoveries than recoveries than their U.S. counterparts. See 3.18 (*Insolvency Considerations relating to Collateral Debt Obligations*) below. It must be noted, however, that the overall probability of default (based on credit rating) has historically been similar for both U.S. and European credits; it is the severity of the effect of any default that has differed 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 Investment 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.

3.5 **Participations, Novations and Assignments**

The Investment Manager, acting on behalf of the Issuer may acquire interests in Collateral Debt Obligations which are loans either directly (by way of novation or assignment) or indirectly (by way of sub participation). Each institution from which such an interest is taken by way of participation or acquired by way of assignment is referred to herein as a "**Selling Institution**". Interests in loans acquired directly by way of novation or assignment are referred to herein as "**Assignments**". Interests in loans taken indirectly by way of sub participation are referred to herein as "**Participations**". As described in more detail below, holders of Participations are subject to additional risks not applicable to a holder of a direct interest in a loan, even if received by way of Assignment.

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

Participations by the Issuer in a Selling Institution's portion of the loan typically results in a contractual relationship only with such Selling Institution and not with the borrower under such loan. The Issuer would, in such case, only be entitled to receive payments of principal and interest to the extent that the Selling Institution has received such payments from the borrower. In purchasing Participations, the Issuer generally will have no right to enforce compliance by the borrower with the terms of the applicable loan agreement, nor any rights of set-off and the Issuer may not directly benefit from the collateral supporting the loan in respect of which it has purchased a Participation. As a result, the Issuer will assume the credit risk of both the borrower and the Selling Institution selling the Participation and will be unsecured. 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 would be unlikely to benefit from any set off between the Selling Institution and the borrower and the Issuer may suffer a loss to the extent that the borrower sets off claims against the Selling Institution. The Issuer may purchase a Participation from a Selling Institution that does not itself retain any economic interest of the loan, and therefore, may have limited interest in monitoring the terms of the loan agreement and the continuing creditworthiness of the borrower. When the Issuer holds a Participation in a loan it generally will not have the right to participate directly in any vote to waive enforcement of any covenants breached by a borrower. A Selling Institution voting in connection with a potential waiver of a restrictive covenant may have interests which are different from those of the Issuer and such Selling Institutions may not be required to consider the interest of the Issuer in connection with the exercise of its votes.

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

3.6 **Corporate Rescue Loans**

Corporate Rescue Loans are made to companies that have experienced, or are experiencing, significant financial or business difficulties such that they have become subject to bankruptcy or other reorganisation and liquidation proceedings and thus involves additional risks. Although a Corporate Rescue Loan is secured (or, where the Obligor is subject to U.S. bankruptcy law, it has a priority permitted by the United States Bankruptcy Code), 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 Investment 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 (or the Investment Manager on its behalf) in business strategy or bankruptcy proceedings. To the extent that the Issuer becomes involved in such proceedings, the Issuer's (or the Investment Manager's on its behalf) 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.

3.7 **Collateral Enhancement Obligations**

All funds required in respect of the purchase price of any Collateral Enhancement Obligations and all funds required in respect of the exercise price of any rights or options thereunder, may only be paid out of the Balance standing to the credit of the Collateral Enhancement Account at the relevant time. Such Balance shall be comprised of all Distributions and Sale Proceeds received in respect of Collateral Enhancement Obligations from time to time (referred to herein as "**Collateral Enhancement Obligation Proceeds**") together with all other sums deposited therein from time to time which will comprise amounts payable in respect of the Subordinated Notes which the Investment Manager, acting on behalf of the Issuer, determines shall be paid into the Collateral Enhancement Account pursuant to the Interest Priority of Payments rather than being paid to the Subordinated Noteholders. In addition, if the Balance standing to the credit of the Collateral Enhancement Account at the relevant time is not sufficient to fund a purchase or exercise (as applicable) of one or more Collateral Enhancement Obligations, the Investment Manager may, at its discretion, make an Investment Manager Advance.

The Investment Manager is under no obligation whatsoever to make an Investment Manager Advance or exercise its discretion (acting on behalf of the Issuer) to take any of the actions described above and there can be no assurance that the Balance standing to the credit of the Collateral Enhancement Account will be sufficient to fund the exercise of any right or option under any Collateral Enhancement Obligation at any time. The ability of the Investment 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 Collateral Enhancement Account to pay the costs of any such exercise. 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).

Furthermore, all Collateral Enhancement Obligation Proceeds in respect of any Collateral Enhancement Obligation will be deposited into the Collateral Enhancement Account to be paid to the Subordinated Noteholders in accordance with the Collateral Enhancement Obligation Priority of Payments. Secured Parties not specified in the Collateral Enhancement Obligation Priority of Payments will not be entitled to receive such distributions and sale proceeds.

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 or Collateral Quality Tests or the Percentage Limitations.

Subordinated Noteholders should also note that payments of the balance standing to the credit of the Collateral Enhancement Account may, pursuant to the Collateral Enhancement Obligation Priority of Payments, be applied in the repayment of an Investment Manager Advance. Any such payments may reduce the amounts otherwise available or payable to the Subordinated Noteholders.

3.8 Counterparty Risk

Participations and Asset Swap Transactions involve the Issuer entering into contracts with counterparties. Pursuant to such contracts, the counterparties agree to make payments (or, as applicable, deliver securities) to the Issuer under certain circumstances as described therein. The Issuer will be exposed to the credit risk of the counterparty with respect of any such payments. Each such counterparty (or, where relevant, its guarantor) is required to satisfy the applicable Rating Requirement, upon entry into the applicable contract or instrument but there can be no assurance that any such counterparty will maintain any such rating. See paragraph 3.5 (*Participations, Novations and Assignments*) above.

In the event that an Asset Swap Counterparty (or, where relevant, its guarantor) is subject to a rating withdrawal or downgrade by the Rating Agencies to below the applicable Rating Requirement, there will (subject to certain requirements and timeframes) be a termination event under the applicable Asset Swap Agreement. See "*Hedging Arrangements*".

Similarly, the Issuer will be exposed to the credit risk of the Account Bank, the Principal Paying Agent and the Custodian. In the event that the Account Bank or the Custodian is subject to a Rating Requirement and there is any rating withdrawal or downgrade by the Rating Agencies to below the applicable Rating Requirement, the Issuer shall use its commercially reasonable efforts to procure the appointment of a replacement Account Bank and/or Custodian with the applicable Rating Requirement.

3.9 Concentration Risk

The Issuer will invest in a Portfolio of Collateral Debt Obligations consisting of Senior Secured Loans, Senior Secured Floating Rate Notes and Secured High Yield Bonds. Although no significant concentration with respect to any particular Obligor, industry or country was 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 or country would subject the Notes to a greater degree of risk with respect to economic downturns relating to such industry or such country. The Percentage Limitations and Collateral Quality Tests attempt to mitigate any concentration risk in the Portfolio. See "*The Portfolio – Percentage Limitations and Collateral Quality Tests*".

3.10 Investment Management Agreement

The Investment Manager is given authority in the Investment Management Agreement to administer the Portfolio and act in specific circumstances in relation to the Portfolio as agent of the Issuer pursuant to and in accordance with the parameters and criteria set out in the Investment Management Agreement. See "*Description of the Portfolio*" and "*Description of the Investment Management Agreement*". The powers and duties of the Investment Manager in managing the Collateral Debt Obligations include the sale of certain of the assets in the Portfolio during the Reinvestment Period (subject to certain limits) and, at any time, upon the occurrence of certain events (including a Collateral Debt Obligation becoming a Defaulted Obligation, a Credit Improved Obligation or a Credit Impaired Obligation), in accordance with the provisions of the Investment Management Agreement. See "*Description of the Portfolio*". Any analysis by the Investment Manager (on behalf of the Issuer) of Obligors under Collateral Debt Obligations which it is intending to purchase or which are held in the Portfolio from time to time will be limited to a review of readily available public information and will not include due diligence of the kind generally undertaken in a primary securities offering or loan origination together with, in respect of any non-public information made available to the Investment Manager, in respect of Collateral Debt Obligations which are Assignments or Participations of Senior Secured Loans, due diligence of the kind generally carried out in relation to loans of such kind.

The liability of the Investment Manager to the Issuer under the Investment Management Agreement is limited as more fully described elsewhere herein. See "*Description of the Investment Management Agreement*".

Pursuant to the Investment Management Agreement, the Issuer provides indemnities to the Investment Manager and certain other related parties. Payments by the Issuer in respect of these indemnities (as well as the other indemnities provided by the Issuer pursuant to other Transaction Documents) shall be made in accordance with the Priorities of Payment.

The performance of any investment in the Notes will be dependent on the ability of the Investment Manager to monitor and manage the Portfolio and the performance by the Investment Manager of its obligations under the Investment Management Agreement.

Although the Investment Manager is required, pursuant to its entry into the Investment Management Agreement, to commit an appropriate amount of its business efforts to the management of the Portfolio, the Investment Manager is not required to devote all of its time to such affairs and may continue to advise and manage other investment funds in the future.

The nature of, and risks associated with, the Collateral Debt Obligations to be acquired by the Issuer may differ materially from those investments and strategies undertaken historically by the Investment Manager, including by reason of the diversity and other parameters required by the Investment Management Agreement. There can be no assurance that the Issuer's investments will perform as well as any past investments managed by the Investment Manager.

The performance of other collateralised debt obligation vehicles ("**CLO Vehicles**") managed or advised by the Investment Manager or Affiliates of the Investment 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.

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

In addition, the Investment Manager may resign or be removed in certain circumstances as described herein under "*Description of the Investment Management Agreement*". However no such resignation or removal may occur unless and until a replacement investment manager is able to give the representations and covenants on substantially the same terms as that given by the Investment Manager in the Investment Management Agreement including in relation to compliance with Article 122a and as otherwise required by the undertaking of the Investment Manager set out in "*The Investment Manager and Retention Requirements*". The obligation to ensure compliance with Article 122a when replacing the Investment Manager may lead to significant delays in the appointment of any such replacement. Any such delay could have an adverse impact on the ability of the Issuer to execute its investment strategy and may impact on the value of the Notes.

3.11 Restrictions on the Discretion of the Investment Manager in Order to Comply with Article 122a

As a result of Article 122a, certain discretions of the Investment Manager (acting on behalf of the Issuer) are restricted where the exercise of the discretion would cause a Retention Deficiency. In particular, the Investment Manager may not be able to build the par value of the portfolio by substituting Collateral Debt Obligations with successively higher Principal Balances if to do so would cause (or would be likely to cause) a Retention Deficiency.

Also, the Issuer may not issue further Notes in accordance with Condition 17 (*Additional Issuances*) without the Investment Manager (a) consenting to such issuance and (b) subscribing for a sufficient number of Subordinated Notes such that its holding of such Notes equals at least 5 per cent of the Aggregate Collateral Balance.

As a result, the Aggregate Collateral Balance securing the Notes may be less than what would have otherwise have been the case if the ability to make such sales and investments and agree to such additional issuances had not been restricted by such retention requirements.

3.12 Collateral Reinvestment Provisions

During the Reinvestment Period the Investment Manager shall (on behalf of the Issuer) use its commercially reasonable efforts to reinvest Principal Proceeds and (ii) (in limited circumstances including with respect to Unscheduled Principal Proceeds and the Sale Proceeds of Credit Impaired Obligations and or Credit Improved Obligations) following the Reinvestment Period, the Investment Manager (acting on behalf of the Issuer) may reinvest Principal Proceeds, in each case, subject to the Priorities of Payment, in the purchase of Substitute Collateral Debt Obligations satisfying the Eligibility Criteria provided that immediately after each such purchase, the Reinvestment Criteria must be satisfied (or in certain circumstances, if not satisfied, then maintained or improved). The exercise by the Investment Manager of its discretion in disposing of Collateral Debt Obligation and purchasing Substitute Collateral Debt Obligations in compliance with the Reinvestment Criteria and such other requirements will expose the Issuer to the market conditions prevailing at the time of such sale and reinvestment. Such actions during periods of adverse market conditions may result in unfavourable changes in the characteristics and quality of the Portfolio and may result in a decrease in the overall yield on the Portfolio, adversely affecting the Issuer's ability to make payments on the Notes. The income generated by any Substitute Collateral Debt Obligations will depend, among other factors, on the price paid and the availability of investments satisfying the Reinvestment Criteria which are acceptable to the Issuer or the Investment Manager (acting on behalf of the Issuer). The need to satisfy such Reinvestment Criteria and the other trading criteria specified in the Investment Management Agreement and to identify acceptable investments may require the purchase of Substitute Collateral Debt Obligations with lower yields than those initially acquired or require that any Principal Proceeds received be maintained temporarily in cash or Eligible Investments, which may reduce the yield on the Collateral. Additionally, due to the significant restrictions imposed by the Investment Management Agreement on the Investment Manager's ability to buy and sell Collateral Debt Obligations, during certain periods or in certain circumstances, the Investment Manager may be unable as a result of such restrictions to buy or sell securities or to take other actions which the Investment Manager might consider to be in the best interests of the Issuer and the Noteholders. Further, Obligors of Collateral Debt Obligations may be more likely to exercise any rights they may have to redeem such obligations when interest rates or spreads are declining. The impact, including any adverse impact, of such disposal or potential reinvestment on the holders of the Subordinated Notes will be magnified by the leveraged nature of the Subordinated Notes or the more subordinate Classes. See "*Description of the Portfolio*" below.

3.13 Credit Risk

Risks applicable to Collateral Debt Obligations also include the possibility that earnings of the Obligor may be insufficient to meet its debt service obligations thereunder and the declining creditworthiness and potential for insolvency of the Obligor of such Collateral Debt Obligations during periods of rising interest rates and economic downturn. An economic downturn could severely disrupt the market for financial instruments included in the Portfolio and adversely affect the value thereof and the ability of the obligor thereunder to repay principal and interest and subsequently the ability of the Issuer to make payments under the Notes.

3.14 Currency Risk and Asset Swap Transactions

The percentage of the Portfolio that is comprised of Non-Euro Obligations may increase or decrease over the life of the Notes within the limits set by the Percentage Limitations. Although the Issuer will hedge against certain currency exposures pursuant to the Asset Swap Transactions, fluctuations in the Euro exchange rate for currencies in which Non-Euro Obligations are denominated may (in certain circumstances) nevertheless have an adverse impact on the value of the Collateral.

The Issuer's ongoing payment obligations under the Asset Swap Transactions (including termination payments) may be significant. The payments associated with such hedging arrangements are generally paid through the relevant Asset Swap Accounts, the relevant Asset Swap Termination Accounts and/or the relevant Asset Swap Counterparty Downgrade Collateral Accounts and are not subject to the

Priorities of Payment. Payments associated with such hedging that are subject to the Priorities of Payment generally rank senior to payments on the Notes.

In the event that any Asset Swap Transaction is terminated, the Issuer shall within six months of such termination either (a) enter into a Replacement Asset Swap Transaction in respect of such terminated Asset Swap Transaction with one or more Asset Swap Counterparties satisfying the applicable Rating Requirement (or whose obligations are guaranteed by a guarantor which satisfies the applicable Rating Requirement) under which the currency risk is reduced or eliminated as described in more detail under "Hedging Arrangements" below and prior to entering into such Replacement Asset Swap Transaction (x) the Issuer and the Investment Manager have received legal advice from reputable legal counsel to the effect that the entry into such arrangements will not require any of the Issuer, its officers or Directors, or the Investment Manager to register with the United States Commodity Futures Trading Commission as a commodity pool operator pursuant to the United States Commodity Exchange Act of 1936, as amended and (y) the Issuer obtains Rating Agency Confirmation unless such Replacement Asset Swap Transaction is a Form Approved Asset Swap or (b) sell the related unhedged Non-Euro-Obligation. See "*Hedging Arrangements*".

Defaults, prepayments, trading and other events increase the risk of a mismatch between the Non-Euro Obligations and the Notes. This may cause losses. The Investment Manager may be constrained with respect to its purchase of Non-Euro Obligations and the entry into of Replacement Asset Swap Transactions by a number of factors including the cost of the foreign exchange hedging, the requirements of Rating Agencies (for example as regards the Rating Requirement for Asset Swap Counterparties) and restrictions in the Investment Management Agreement with respect to hedging. This may impact on its choice of Collateral Debt Obligations thereby reducing the overall value of the Collateral. In addition, it may not be economically advantageous or feasible for the Issuer to exercise its hedging arrangements and such hedging arrangements may not be sufficient to protect the Issuer from fluctuations in Euro exchange rates.

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

Upon an early termination of an Asset Swap Agreement, the Issuer may, except in certain circumstances, be required to make termination payments to the relevant Asset Swap Counterparty. Such payments will be calculated on a marked-to-market basis, and will serve to compensate the relevant Asset Swap Counterparty for the loss, if any, incurred by it by reason of such early termination. If the Issuer is required to make termination payments in such circumstances, then amounts available to pay to Noteholders will be reduced *pro rata* accordingly.

3.15 **Interest Rate Risk**

The Rated Notes bear interest at floating rates based on EURIBOR. It is possible that Collateral Debt Obligations (in particular Secured High Yield Bonds) may bear interest at fixed rates and there is no requirement that the amount or portion of Collateral Debt Obligations securing the Notes must bear interest on a particular basis, save for the Portfolio Limitation which requires that not more than 10 per cent of the Aggregate Collateral Balance may be comprised of Fixed Rate Collateral Debt Obligations.

In addition, any payments of principal or interest received in respect of Collateral Debt Obligations and not otherwise reinvested during the Reinvestment Period in Substitute Collateral Debt Obligations will generally be invested in Eligible Investments until shortly before the next Payment Date. There is no requirement that such Eligible Investments bear interest on a particular basis, and the interest rates available for such Eligible Investments are inherently uncertain. As a result of these factors, it is expected that there will be a fixed/floating rate mismatch and/or a floating rate basis mismatch between the Notes and the underlying Collateral Debt Obligations and Eligible Investments. Such mismatch may be material and may change from time to time as the composition of the related Collateral Debt Obligations and Eligible Investments change and as the liabilities of the Issuer accrue or are repaid.

Even where the Collateral Debt Obligations bear interest on a floating rate basis there may be a timing mismatch with the floating rate Notes and the underlying Collateral Debt Obligations as the interest

rates on the Collateral Debt Obligations may adjust more or less frequently, on different dates and based on different indices than the interest on the floating rate Notes.

The Notes bear all risk associated with any such fixed/floating rate mismatch and/or floating rate basis mismatch and this may adversely impact payments on the Notes.

3.16 **Reinvestment Risk/Uninvested Cash Balances**

To the extent the Investment Manager maintains cash balances invested in short-term investments instead of higher yielding loans or bonds, portfolio income will be reduced which will result in reduced amounts available for payment on the Notes. In general, the larger the amount and the longer the time period during which cash balances remain uninvested, the greater the adverse impact on portfolio income. This will reduce amounts available for payment on the Notes, especially the Subordinated Notes and may result in the deferral of interest on more senior classes of Notes which allow for the deferral of interest. 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 Investment Manager will have discretion to dispose of certain Collateral Debt Obligations and to reinvest the proceeds thereof in Substitute Collateral Debt Obligations in compliance with the Reinvestment Criteria. In addition, during the Reinvestment Period, to the extent that any Collateral Debt Obligations prepay or mature prior to the Maturity Date, the Investment Manager will seek to invest the proceeds thereof in Substitute Collateral Debt Obligations, subject to the Reinvestment Criteria. The yield with respect to such Substitute Collateral Debt Obligations will depend, among other factors, on reinvestment rates available at the time, on the availability of investments which satisfy the Reinvestment Criteria and are acceptable to the Investment Manager, and on market conditions in general. The need to satisfy such Reinvestment Criteria and identify acceptable investments may require the purchase of Collateral Debt Obligations with a lower yield than those replaced, with different characteristics than those replaced (including, but not limited to, coupon, maturity, call features and/or credit quality) or require that such funds be maintained in cash or Eligible Investments pending reinvestment in Substitute Collateral Debt Obligations, which will further reduce the yield of the Adjusted Collateral Principal Amount. Any decrease in the yield on the Adjusted Collateral Principal Amount will have the effect of reducing the amounts available to make distributions on the Notes which will adversely affect cash flows available to make payments on the Notes, especially the most junior Class or Classes of Notes. There can be no assurance that in the event Collateral Debt Obligations are sold, pre-paid, or mature, yields on Collateral Debt Obligations that are eligible for purchase will be at the same levels as those replaced and there can be no assurance that the characteristics of any Substitute Collateral Debt Obligations purchased will be the same as those replaced and there can be no assurance as to the timing of the purchase of any Substitute Collateral Debt Obligations.

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

Obligations which risk will first be borne by holders of the Subordinated Notes and then by holders of the Rated Notes, beginning with the most junior Class.

3.17 **Ratings on Collateral Debt Obligations**

The Collateral Quality Tests, the Percentage Limitations and the Coverage Tests are sensitive to variations in the ratings applicable to the underlying Collateral Debt Obligations.

Generally, deteriorations in the business environment or increases in the business risks facing any particular Obligor may result in downgrade of its obligations, which may result in such obligation becoming a Credit Impaired Obligation, a Fitch CCC Obligation or a S&P CCC Obligation (and therefore potentially subject to haircuts in the determination of the Par Value Tests and restriction in the Percentage Limitations) or a Defaulted Obligation. The Investment Management Agreement contains detailed provisions for determining the S&P Rating and the Fitch Rating. In most instances, the S&P Rating and the Fitch Rating will not be based on or derived from a public rating of the Obligor or the actual Collateral Debt Obligation. In most cases, the Fitch Rating and S&P Rating in respect of a Collateral Debt Obligation will be based on a confidential credit estimate determined separately by S&P and Fitch. Such confidential credit estimates are private and therefore not capable of being disclosed to Noteholders. In addition, some ratings will be derived by the Investment 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 Investment Manager. Furthermore, such derived ratings will not reflect detailed credit analysis of the particular Collateral Debt Obligation and may reflect a more or less conservative view of the actual credit risk of such Collateral Debt Obligation than any such fundamental credit analysis might, if conducted, warrant; and model-derived variations in such ratings may occur (and have consequential effects on the Collateral Quality Tests, the Percentage Limitations and the Coverage Tests) without necessarily reflecting comparable variation in the actual credit quality of the Collateral Debt Obligation in question. Please see the "*Ratings of the Notes*" and "*Description of the Portfolio*" sections of this Offering Circular.

3.18 **Insolvency Considerations relating to Collateral Debt Obligations**

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

The different insolvency regimes applicable in the different European jurisdictions result in a corresponding variability of recovery rates for Senior Secured Loans, Senior Secured Floating Rate Notes and Secured High Yield Bonds entered into by Obligors in such jurisdictions. No reliable historical data is available.

3.19 **Lender Liability Considerations; Equitable Subordination**

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

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (a) intentionally takes an action that results in the under capitalisation of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "**equitable subordination**". Because of the nature of the Collateral Debt Obligations, the Issuer may be subject to claims from creditors of an Obligor that Collateral Debt Obligations issued by such Obligor that are held by the Issuer should be equitably subordinated. However, the Issuer does not intend to engage in, and the Investment Manager does not intend to advise the Issuer with respect to, any conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine.

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

3.20 **Changes in Tax Law; No Gross Up; General**

At the time when they are acquired by the Issuer, Eligibility Criteria require that payments of interest on the Collateral Debt Obligations either will not be reduced by any withholding tax imposed by any jurisdiction or, if and to the extent that any such withholding tax does apply, (i) the relevant Obligor will be obliged to make gross up payments to the Issuer that cover the full amount of such withholding tax or, (ii) alternatively, if there is no such obligation to gross up, that the Minimum Weighted Average Spread Test is satisfied before and after such purchase. Further, there can be no assurance that, as a result of any change in any applicable law, rule or regulation or interpretation thereof, the payments on the Collateral Debt Obligations will not in the future become subject to withholding tax or in the case of Collateral Debt Obligations already subject to withholding, will not become subject to increased withholding rates in respect of which the relevant Obligor will not be obliged to gross up to the Issuer. In such circumstances, the Issuer may be able, but will not be obliged, to take advantage of (a) a double taxation treaty between Ireland and the jurisdiction from which the relevant payment is made, (b) the current applicable law in the jurisdiction of the Obligor or (c) the fact that the Issuer has taken a Participation in such Collateral Debt Obligations from a Selling Institution which is able to pay interest payable under such Participation gross if paid in the ordinary course of its business. In the event that the Issuer receives any interest payments on any Collateral Debt Obligation net of any applicable withholding tax, the Coverage Tests and Collateral Quality Tests will be determined by reference to such net receipts. Such tax would also reduce the amounts available to make payments on the Notes. There can be no assurance that remaining payments on the Collateral Debt Obligations would be sufficient to make timely payments of interest, principal on the Maturity Date and other amounts payable in respect of the Notes of each Class. In certain circumstances the incurrence of such taxes could lead to a Collateral Tax Event.

The Issuer will be subject to UK corporation tax if and only if it is (i) tax resident in the UK or (ii) carries on a trade in the UK through a permanent establishment.

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

The Issuer will be regarded as having a permanent establishment in the UK if it has a place of business in the UK or it has an agent in the UK who has and habitually exercises authority in the UK to do business on the Issuer's behalf. The Issuer does not intend to have a place of business in the UK. The Investment Manager will, however, have and is expected to exercise authority to do business on behalf of the Issuer. The Issuer should not be subject to UK corporation tax in consequence of the activities which the Investment 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 Investment Manager for the purposes of UK taxation, it will not be subject to UK corporation tax if the exemption in Article 8 of the UK-Ireland tax treaty applies. This exemption will apply if the Investment Manager is regarded as an independent agent acting in the ordinary course of its business for the purpose of the UK-Ireland tax treaty. It should be noted that the specific 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**") may not be available in the context of this transaction if the Investment Manager (or certain connected entities) holds more than 20 per cent of the Subordinated Notes. However, the inapplicability of this domestic exemption should not have any effect on the UK corporation tax position of the Issuer if the exemption in Article 8 of the UK-Ireland tax treaty, as referred to above, applies.

Should the Investment Manager be assessed to UK tax on behalf of the Issuer, it will in certain circumstances 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 in accordance with the Priorities of Payment. It should be noted that UK tax legislation makes it possible for the H.M. Revenue & Customs to seek to assess the Issuer to UK tax directly rather than through the Investment Manager as its UK representative. Should the Issuer be assessed on this basis, the Issuer will be liable to pay UK tax on its UK taxable profit attributable to its UK activities (pursuant to the relevant Priorities of Payment). The Issuer would also be liable to pay UK tax on its UK taxable profits (pursuant to the relevant Priorities of Payment) in the unlikely event that it were treated as being tax resident in the UK. Any such payments may have an impact on the amounts otherwise payable to the Notes.

The Finance Act 2015 has introduced a new tax in the United Kingdom called the "diverted profits tax" which is charged at a rate of 25% on any "taxable diverted profits". This new tax took effect from 1 April 2015 and may apply in circumstances including where it is reasonable to assume that arrangements are designed to ensure that a non-United Kingdom resident company does not carry on a trade in the United Kingdom for United Kingdom corporation tax purposes and another person is carrying on activity in the United Kingdom in connection with supplies of services, goods or other property made by the non-United Kingdom resident company, the non-United Kingdom resident company is carrying on a trade and arrangements are in place the main purpose, or one of the main purposes, of which is to avoid or reduce a charge to United Kingdom corporation tax. The basis upon which H.M. 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 and brokers 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-United Kingdom resident company in the United Kingdom are carried out by an agent of independent status which is not connected to the non-United Kingdom resident company.

3.21 Acquisition and Disposition of Collateral Debt Obligations

The net proceeds of the issue of the Existing Notes after payment of fees and expenses payable on or about the Issue Date of the Existing Notes was approximately €394,500,000. Such proceeds were used by the Issuer for the purchase of Collateral Debt Obligations pursuant to the Forward Sale Agreement. The remaining proceeds were retained in the Unused Proceeds Account and used to purchase (or enter into agreements to purchase) additional Collateral Debt Obligations during the Ramp-up Period (as defined in the Conditions of the Notes). The Investment Manager's decisions concerning purchases of Collateral Debt Obligations were and will be influenced by a number of factors, including market conditions and the availability of securities and loans satisfying the Eligibility Criteria, Reinvestment Criteria and the other requirements of the Investment Management Agreement. The failure or inability of the Investment Manager to acquire Collateral Debt Obligations with the proceeds of the offering on the Issue Date of the Existing Notes or to reinvest Sale Proceeds or payments and prepayments of principal in Substitute Collateral Debt Obligations in a timely manner will adversely affect the returns on the Notes, in particular with respect to the most junior Class or Classes.

Under the Investment Management Agreement and as described herein, the Investment Manager may only, on behalf of the Issuer, dispose of a limited percentage of Collateral Debt Obligations in any successive rolling twelve month period, as well as any Collateral Debt Obligation that meets the definition of a Defaulted Obligation, an Exchanged Security and, subject to the satisfaction of certain conditions, a Credit Impaired Obligation or Credit Improved Obligation. Notwithstanding such

restrictions and subject to the satisfaction of the conditions set out in the Investment Management Agreement, sales and purchases by the Investment Manager of Collateral Debt Obligations could result in losses by the Issuer, which will be borne in the first instance by the holders of the Subordinated Notes and then by holders of the Rated Notes, beginning with the most junior Class.

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

3.22 **Adverse Effect of Determination of U.S. Trade or Business**

It is intended that the Issuer will not operate so as to be engaged in a trade or business in the United States for U.S. federal income tax purposes and, accordingly, will not be subject to U.S. federal income taxes on its net income. Although there is no direct authority addressing transactions similar to those contemplated herein, under current law and assuming compliance with the Issuer's organisational documents and with the Transaction Documents, and assuming the Issuer conducts its affairs in accordance with certain assumptions and representations as to the Issuer's contemplated activities, the Issuer believes its contemplated activities will not cause it to be engaged in a trade or business in the United States. However, if the IRS were to successfully assert that the Issuer is engaged in a U.S. trade or business, there could be material adverse financial consequences to the Issuer and to persons who hold the Notes. There can be no assurance, that the Issuer's net income will not become subject to U.S. federal net income tax as a result of unanticipated activities by the Issuer, changes in law, contrary conclusions by U.S. tax authorities or other causes. In such a case, the Issuer would be potentially subject to substantial U.S. federal income tax and, in certain circumstances, interest payments by the Issuer under the Notes could be subject to U.S. withholding tax. The imposition of any of the foregoing taxes would materially affect the Issuer's ability to pay principal, interest, and other amounts owing in respect of the Notes.

3.23 **Regulatory Risk – Lending Activities**

In many jurisdictions, especially in continental Europe, engaging in lending activities "in" certain jurisdictions whether conducted via the granting of loans, purchases of receivables, discounting of invoices, guarantee transactions or otherwise (collectively, "**Lending Activities**") is generally considered a regulated financial activity and, accordingly, must be conducted in compliance with applicable local banking laws. In many such jurisdictions, there is comparatively little statutory, regulatory or interpretive guidance issued by the competent authorities or other authoritative guidance as to what constitutes the conduct of Lending Activities in such jurisdictions.

As such, Collateral Debt Obligations may be subject to these local law requirements. Moreover, these regulatory considerations may differ depending on the country in which each Obligor is located or domiciled, on the type of Obligor and other considerations. Therefore, while Collateral Debt Obligations are required to satisfy the Eligibility Criteria at the time of their acquisition, there can be no assurance that, as a result of the application of regulatory law, rule or regulation or interpretation thereof by the relevant governmental body or agency, or change in such application or interpretation thereof by such governmental body or agency, payments on the Collateral Debt Obligations might not in the future be adversely affected as a result of such application of regulatory law or that the Issuer might become subject to proceedings or action by the relevant governmental body or agency, which if determined adversely to the Issuer, may adversely affect its ability to make payments in respect of the Notes.

3.24 **Valuation Information; Limited Information**

Neither the Investment Manager nor any other transaction party will be required to provide periodic pricing or valuation information to investors. Investors will receive limited information with regard to the Collateral Debt Obligations and none of the transaction parties (including the Issuer, Trustee, or Investment Manager) will be required to provide any information other than which is required in the Trust Deed, the Collateral Administration and Agency Agreement or the Investment Management Agreement. Furthermore, if any information is provided to the Noteholders (including required reports under the Trust Deed), such information may not be audited. Finally, the Investment Manager may be in possession of material, non-public information with regard to the Collateral Debt Obligations and will not be required to disclose such information to the Noteholders.

3.25 **Third party litigation**

The Issuer's investment activities may subject it to the risks of becoming involved in litigation by third parties and it may not have funds to bear any costs or other amounts payable in connection with such litigation or to defend its own interests. Any amounts paid by the Issuer could reduce amounts payable to Noteholders.

4. CERTAIN CONFLICTS OF INTEREST

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

Investment Manager

Various potential and actual conflicts of interest may exist from the overall investment activities of the Investment Manager, or its Affiliates, any director, officer or employee of such entities or any fund or account for which the Investment Manager or its Affiliates exercises discretionary voting authority on behalf of such fund or account in respect of the Notes (an "**Investment Manager Related Person**") investing for their own accounts or for the accounts of others. The Investment Manager or an Investment Manager Related Person may invest in securities or obligations that would be appropriate as Collateral Debt Obligations and may be buyers or sellers of credit protection that reference Collateral Debt Obligations owned by the Issuer. The Investment Manager and its Affiliates also currently serve as and expect to serve as investment manager or investment advisor for, act as a general partner to, or invest in or are affiliated with other entities which invest in, underwrite or originate loans, notes and high yield bonds, including those organised to issue securities similar to those issued by the Issuer. In providing services to other clients, the Investment Manager and its Affiliates may recommend activities that would compete with or otherwise adversely affect the Issuer. In the course of managing the Collateral Debt Obligations held by the Issuer, the Investment Manager may consider its relationships with other clients (including companies whose securities or loans are pledged to secure the Notes) and its Affiliates. The Investment Manager may decline to make a particular investment for the Issuer in view of such relationships. The Investment Manager or its Affiliates may make investment decisions for its clients and Affiliates that may be different from those made by such persons on behalf of the Issuer, even where the investment objectives are the same or similar to those of the Issuer. The Investment Manager and its Affiliates may at certain times be simultaneously seeking to purchase or sell the same or similar investments for the Issuer and another client for which the Investment Manager or any of them serves as investment adviser or investment manager, or for themselves. Likewise, the Investment Manager may on behalf of the Issuer make an investment in an issuer or obligor in which another account, client, the Investment Manager or Investment Manager Related Person is already invested or has co-invested. The Investment Manager will purchase the Retention Notes and the Investment Manager or an Investment Manager Related Person may purchase other Notes at any time, creating potential conflicts of interest between the Investment Manager and/or its Affiliates that holds Notes, on the one hand, and other investors in Notes, on the other hand. The Investment Manager may, in its discretion, give priority over the Issuer in the allocation of investment opportunities to certain accounts or clients designated by the Investment Manager in its discretion and to other accounts or clients of the Investment Manager or its Affiliates to the extent obligated or permitted by the application of regulatory requirements, internal policies and client guidelines and/or principles of fiduciary duty. Neither the Investment Manager nor any of its Affiliates has any obligation to obtain for the Issuer any particular investment opportunity, and the Investment Manager may be precluded from offering to the Issuer particular securities in certain situations including, without limitation, where the Investment Manager or its Affiliates may have a prior contractual commitment with other accounts or clients or as to which the Investment Manager or its Affiliates possesses material, non-public information. There is no assurance that the Issuer will hold the same investments or perform in a substantially similar manner as other funds with similar strategies under the management of the Investment Manager. There is also a possibility that the Issuer will invest in opportunities declined by the Investment Manager or its Affiliates for the accounts of others or for their own accounts. In making investments on behalf of accounts or clients that the Investment Manager or its Affiliates manage or advise either now or in the future, the Investment Manager in its discretion may, but is not required to, aggregate orders for the Issuer with orders for such other accounts,

notwithstanding that depending upon market conditions, aggregated orders can result in a higher or lower average price.

No provision in the Investment Management Agreement prevents the Investment Manager or any of its Affiliates from rendering services of any kind to any person or entity, including the Obligor of any obligation included in the Collateral Debt Obligations and their respective Affiliates, the Collateral Administrator, the Agents, the Trustee, the holders of the Notes and the Asset Swap Counterparties. Without limiting the generality of the foregoing, the Investment Manager, its Affiliates and the directors, officers, employees and agents of the Investment Manager and its Affiliates may, among other things: (a) serve as directors, partners, officers, employees, agents, nominees or signatories for any Obligor of any obligation included in the Collateral Debt Obligations; (b) receive fees for services rendered to the Obligor of any obligation included in the Collateral Debt Obligations or any Affiliate thereof; (c) be retained to provide services unrelated to the Investment Management Agreement to the Issuer and be paid therefor; (d) be a secured or unsecured creditor of, or hold an equity interest in, any Obligor of any obligation included in the Collateral Debt Obligations; (e) sell or terminate any Collateral Debt Obligations or Eligible Investments to, or purchase or enter into any Collateral Debt Obligations from, the Issuer while acting in the capacity of principal or agent; and (f) serve as a member of any "creditors' board" with respect to any obligation included in the Collateral Debt Obligations which has become or may become a Defaulted Obligation. Services of this kind may lead to conflicts of interest with the Investment Manager, and may lead individual officers or employees of the Investment Manager to act in a manner adverse to the Issuer.

The Investment Manager shall have full and complete discretion to effect transactions with or through any one or more dealers or other agents whom the Investment Manager may select, including any Affiliate of the Investment Manager and to deal on such markets or exchanges and with such counterparties as the Investment Manager thinks fit. The Investment Manager may effect transactions with or through brokers or agents of its own choice and with or for the Issuer in which the Investment Manager has any relationship with another Person which may involve or conflict with the Investment Manager's duty to the Issuer.

The Investment Manager may deal or arrange for the dealing on the Issuer's behalf in: (i) securities or other obligations of which the issue or offer for sale was undertaken, underwritten, managed or arranged by the Investment Manager or an Affiliate of the Investment Manager; (ii) securities or other obligations which have been issued by, held or acquired for the account of any Affiliate of the Investment Manager or the Investment Manager itself; and (iii) securities or other obligations issued by, purchased or sold to anyone with whom any Affiliate of the Investment Manager or the Investment Manager itself has a banking or other relationship.

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

There will be no restriction on the ability of the Investment Manager or an Investment Manager Related Person or any other party to the transaction or any of their respective Affiliates or employees to purchase the Notes (either upon initial issuance or through secondary transfers) and to exercise any voting rights to which such Notes are entitled (except that Notes held by the Investment Manager and any Investment Manager Related Person will have no voting rights with respect to any vote on any IM Replacement Resolution or IM Removal Resolution and will be deemed not to be Outstanding in connection with any such vote).

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

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

The Investment Manager and its Affiliates may also have ongoing relationships with, render services to or engage in transactions with, companies whose securities are pledged to secure the Notes and may own equity or debt securities issued by Obligors of Collateral Debt Obligations. As a result, an Investment Manager Related Person may possess information relating to Obligors of Collateral Debt Obligations which is not known to the individuals at the Investment Manager responsible for monitoring the Collateral Debt Obligations and performing the other obligations under the Investment Management Agreement. In addition, an Investment Manager Related Person may invest in loans and securities that are senior to, or have interests different from or adverse to, the Collateral Debt Obligations that are pledged to secure the Notes. It is intended that all Collateral Debt Obligations will be purchased and sold by the Issuer on terms prevailing in the market. Neither the Investment Manager nor any of its Affiliates is under any obligation to offer investment opportunities of which they have become aware to the Issuer or to account to the Issuer (or share with the Issuer or inform the Issuer of) any such transaction or any benefit received by them from any such transaction.

The Investment Manager may also from time to time: (i) purchase or sell for its other customers investments held, purchased or sold for the Issuer's account; and (ii) have banking or other relationships with companies, issuers or obligors whose securities are held, purchased or sold for the Issuer's account. Furthermore, the Investment Manager and/or its Affiliates may make an investment on behalf of any account that they manage or advise without offering the investment opportunity to or making any investment on behalf of the Issuer. The Investment Manager and/or its Affiliates have no affirmative obligation to offer any investments to the Issuer or to inform the Issuer of any investments before offering any investments to other funds or accounts that the Investment Manager and/or its Affiliates manage or advise. Furthermore, Affiliates of the Investment Manager may make an investment on their own behalf without offering the investment opportunity to, or the Investment Manager making any investment on behalf of, the Issuer. Affirmative obligations may exist or may arise in the future, whereby Affiliates of the Investment Manager are obliged to offer certain investments to funds or accounts that such Affiliates manage or advise before or without the Investment Manager offering those investments to the Issuer. The Investment Manager will endeavour to resolve conflicts with respect to investment opportunities in a manner which it deems equitable to the extent possible under the prevailing facts and circumstances. Although the professional staff of the Investment Manager will devote as much time to the Issuer as the Investment Manager deems appropriate to perform its duties in accordance with the Investment Management Agreement, those staff may have conflicts in allocating their time and services among the Issuer and the Investment Manager's other accounts. The Investment Manager may deal (on behalf of the Issuer) in certain circumstances where the relevant deal is not regulated by the rules of any stock exchange or investment exchange.

The Investment Manager, acting on behalf of the Issuer, may effect transactions between the Issuer and other entities (including other CLO issuers) in respect of which the Investment Manager acts as investment manager. The Investment Manager, on behalf of the Issuer, may conduct principal trades with itself and Investment Manager Related Persons, subject to applicable law. The Investment Manager may also effect client cross transactions where the Investment Manager causes a transaction to be effected between the Issuer and another account managed or advised by any Investment Manager Related Persons. Client cross transactions enable the Investment Manager to purchase or sell a block of securities for the Issuer at a set price and possibly avoid an unfavourable price movement that may be created through entrance into the market with such purchase or sell order. In addition, the Issuer has agreed to permit cross transactions; provided that such consent can be revoked at any time by the Issuer and to the extent that the Issuer's consent with respect to any particular cross transaction is required by applicable law. Accordingly, subject as provided above, the Investment Manager may enter into agency cross transactions where any Investment Manager Related Persons acts as broker for the Issuer and for the other party to the transaction, in which case any such Investment Manager Related Persons will receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to the transaction.

In addition, the Investment Manager and/or its Investment Manager Related Persons may own equity or other securities of Obligors of Collateral Debt Obligations and may have provided investment advice, investment management and other services to issuers of Collateral Debt Obligations. The Issuer may

invest in the securities of companies Affiliated with the Investment Manager or companies in which the Investment Manager or its Affiliates have an equity or participation interest. The purchase, holding and sale of such investments by the Issuer may enhance the profitability of the Investment Manager or its Affiliates' own investments in such companies. It is possible that one or more Affiliates of the Investment Manager may also act as counterparty with respect to one or more Participations.

The Investment Manager and/or Investment Manager Related Persons may purchase Notes creating potential and/or actual conflicts of interest between the Investment Manager and/or its Affiliates and other investors in the Notes. Such purchases may be in the secondary market and may occur a significant amount of time after the Issue Date. Resulting conflicts of interest could include (a) divergent economic interests between the Investment Manager and/or its Affiliates, on the one hand, and other investors in the Notes, on the other hand, and (b) voting of Notes by the Investment Manager and/or Investment Manager Related Persons, or a recommendation to vote by the same, to cause, among other things, an early redemption of the Notes and/or an amendment of the transaction documents relating to the Notes. See "*The Investment Manager*".

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

5. INVESTMENT COMPANY ACT

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

If the SEC or a court of competent jurisdiction were to find that the Issuer is required, but in violation of the Investment Company Act had failed, to register as an investment company, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) investors in the Issuer could sue the Issuer and seek recovery of any damages caused by the violation; and (iii) any contract to which the Issuer is party could be declared unenforceable unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. Should the Issuer be subjected to any or all of the foregoing, the Issuer would be materially and adversely affected.

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

The Trust Deed provides that if, notwithstanding the restrictions on transfer contained therein, the Issuer determines that any holder of an interest in a Rule 144A Note is a Non-Permitted Holder the Issuer shall require the sale of the relevant Notes subject to and in accordance with the Conditions of the Notes. See paragraph 2.19 (*Forced Transfer*) above.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of each of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes, substantially in the form in which they will be endorsed on such Notes if issued in definitive certificated form, which will be incorporated by reference into the Global Certificates of each Class representing the Notes, subject to the provisions of such Global Certificates, some of which will modify the effect of these terms and conditions of the Notes. See "Form of the Notes – Amendments to Terms and Conditions".

The issue of €240,000,000 Class A Secured Floating Rate Notes due 2026 (the "**Class A Notes**"), €40,000,000 Class B Secured Floating Rate Notes due 2026 (the "**Class B Notes**"), €26,000,000 Class C Secured Deferrable Floating Rate Notes due 2026 (the "**Class C Notes**"), €17,000,000 Class D Secured Deferrable Floating Rate Notes due 2026 (the "**Class D Notes**"), €15,000,000 Class E Secured Deferrable Floating Rate Notes due 2026 (the "**Class E Notes**") together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the "**Rated Notes**") and €62,000,000 Subordinated Notes due 2026 (the "**Subordinated Notes**") (the Rated Notes and the Subordinated Notes, together the "**Notes**") of St. Paul's CLO II Limited (the "**Issuer**") was authorised by resolution of the board of Directors of the Issuer dated 22 July 2013. The Notes are constituted by, are subject to, and have the benefit of, a trust deed (the "**Trust Deed**") dated 24 July 2013, as amended and restated on 22 December 2015 between (amongst others) the Issuer and Citibank N.A., London Branch in its capacity as trustee (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) for the Noteholders.

These terms and conditions of the Notes (the "**Conditions of the Notes**" or the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed (which includes the forms of the certificates representing the Notes). The following agreements have been or will be entered into in relation to the Notes: (a) a collateral administration and agency agreement dated 24 July 2013, as amended and restated on 22 December 2015 (the "**Collateral Administration and Agency Agreement**") between, amongst others, the Issuer, Citigroup Global Markets Deutschland AG, as registrar (the "**Registrar**"), which terms shall include any successor or substitute registrar appointed pursuant to the terms of the Collateral Administration and Agency Agreement), Citibank N.A., London Branch as principal paying agent, custodian, account bank, transfer agent and calculation agent (respectively, the "**Principal Paying Agent**", "**Custodian**", "**Account Bank**", "**Transfer Agent**" and "**Calculation Agent**", which terms shall include any successor or substitute principal paying agent, custodian, account bank or calculation agent, respectively, appointed pursuant to the terms of the Collateral Administration and Agency Agreement and Virtus Group L.P. as collateral administrator (the "**Collateral Administrator**"), which term shall include any successor or substitute collateral administrator appointed pursuant to the terms of the Collateral Administration and Agency Agreement); (b) an investment management agreement dated 24 July 2013, as amended on 10 August 2015 and as further amended and restated on 22 December 2015 (the "**Investment Management Agreement**") between Intermediate Capital Managers Limited as investment manager in respect of the Portfolio (the "**Investment Manager**", which term shall include any successor investment manager appointed pursuant to the terms of the Investment Management Agreement), the Issuer, the Collateral Administrator and the Trustee; (c) the Initial Asset Swap Agreements (if any), each between the Issuer and an Initial Asset Swap Counterparty entered into on or about the Issue Date of the Existing Notes; (d) an Administration agreement between the Issuer and the Administrator dated 24 July 2013 (the "**Administration Agreement**"); (e) a forward sale agreement dated 24 July 2013 (the "**Forward Sale Agreement**") between the Issuer and Eurocredit Opportunities Parallel Funding I Limited as seller of the Collateral Debt Obligations. Each person in whose name a Note is registered in the Register from time to time (each such person, a "**Noteholder**") is entitled to the benefit of, is bound by and is deemed to have notice of all the provisions of the Trust Deed, and is deemed to have notice of all the provisions of the Transaction Documents, applicable to it.

1. Definitions

"**Acceleration Priority of Payments**" has the meaning given in Condition 10(c) (*Acceleration Priority of Payments*).

"**Accounts**" means the Principal Account, the Interest Account, the Unused Proceeds Account, each Asset Swap Account, each Asset Swap Termination Account, the Payment Account, each Asset Swap Counterparty Downgrade Collateral Account, the Collateral Enhancement Account, the Refinancing

Account, the Custody Account, each Revolving Reserve Account and the Collection Account all of which shall be held and administered outside Ireland.

"**Accountants**" means the independent certified public accountants appointed by the Issuer in accordance with the Collateral Administration and Agency Agreement.

"**Accountants' Report**" means a report issued by the Accountants which recalculates and compares the Effective Date Test Items in the Effective Date Report.

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

(a) the Aggregate Principal Balance of the Collateral Debt Obligations (other than Defaulted Obligations and Discount Obligations); plus

(b) without duplication, the amounts on deposit in the Principal Account and the Unused Proceeds Account (to the extent such amounts represent Principal Proceeds) (including Eligible Investments therein which represent Principal Proceeds); plus

(c) in relation to a Defaulted Obligation, the lesser of: (i) its S&P Collateral Value; and (ii) its Fitch Collateral Value; plus

(d) the aggregate, for each Discount Obligation (including any Swapped Non-Discount Obligations exceeding 5.0 per cent of the Aggregate Collateral Balance (for which purpose, the Principal Balance of each Defaulted Obligation will be the lower of its S&P Collateral Value and its Fitch Collateral Value), of the product of the (i) purchase price (expressed as a percentage of par and excluding accrued interest) and (ii) Principal Balance of such Discount Obligation; minus

(e) the Excess CCC Adjustment Amount.

For the avoidance of doubt, but only to the extent otherwise included, such amount shall exclude any Purchased Accrued Interest;

provided further that, with respect to any Collateral Debt Obligation that satisfies more than one of the definitions of Defaulted Obligation or Discount Obligation or that falls into the Excess CCC Adjustment Amount, such Collateral Debt Obligation shall, for the purposes of this definition, be treated as belonging to the category of Collateral Debt Obligations which results in the lowest Adjusted Collateral Principal Amount on any date of determination.

"**Administrative Expenses**" means amounts due and payable by the Issuer in the following order or priority:

(a) *pro rata* and *pari passu* to (i) the Custodian pursuant to the Collateral Administration and Agency Agreement; (ii) the Collateral Administrator pursuant to the Collateral Administration and Agency Agreement; and (iii) the remaining Agents pursuant to the Collateral Administration and Agency Agreement; and

(b) on a *pro rata* and *pari passu* basis:

(i) to any Rating Agency which may from time to time be requested to assign (i) a rating to each of the Rated Notes, or (ii) a confidential credit estimate to any of the Collateral Debt Obligations, for fees and expenses (including surveillance fees) in connection with any such rating or confidential credit estimate including, in each case, the ongoing monitoring thereof and any other amounts due and payable to any Rating Agency under the terms of the Issuer's engagement with such Rating Agency;

(ii) to the independent certified public accountants, agents and counsel of the Issuer;

(iii) to the Investment Manager pursuant to the Investment Management Agreement (including indemnities provided for therein), but excluding any Investment Management Fees, the repayment of any Investment Manager Advances or any value added tax payable thereon;

(iv) to any other Person in respect of any governmental fee or charge (for the avoidance of doubt excluding any taxes) or any statutory indemnity;

(v) to the Irish Stock Exchange, or such other stock exchange or exchanges upon which any of the Notes are listed from time to time;

(vi) on a *pro rata* basis to any other Person in respect of any other fees, expenses or indemnities contemplated in these Conditions (other than Trustee Fees and Expenses, Investment Manager Fees, the repayment of any Investment Manager Advances or any value added tax payable thereon) or in the Transaction Documents or any other documents delivered pursuant to or in connection with the issue and sale of the Notes, including, without limitation, an amount up to €10,000 per annum in respect of fees and expenses incurred by the Issuer (in its sole and absolute discretion) in assisting in the preparation, provision or validation of data for purposes of Noteholder tax jurisdictions;

(vii) to the payment on a *pro rata* basis of any fees, expenses or indemnity payments in relation to the restructuring or work out of a Collateral Debt Obligation, including but not limited to a steering committee relating thereto;

(viii) on a *pro rata* basis to any Selling Institution pursuant to any Collateral Acquisition Agreement (including the Forward Sale Agreement) or 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 amounts due to an agent bank in relation to the performance of its duties under a syndicated Senior Secured Loan or Revolving Obligation but excluding any amounts paid in respect of the acquisition or purchase price of such syndicated Senior Secured Loan or Revolving Obligation;

(x) to the Administrator pursuant to the Administration Agreement; and

(xi) to the payment of any unpaid applicable value added tax required to be paid by the Issuer in respect of any of the foregoing.

"**Administrator**" means Maples Fiduciary Services (Ireland) Limited.

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

(a) any other Person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such Person; or

(b) any other Person who is a director, officer or employee:

(i) of such Person;

(ii) of any subsidiary or parent company of such Person; or

(iii) of any Person described in paragraph (a) above.

For the purposes of this definition, 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.

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

"**Aggregate Collateral Balance**" means, as at any Measurement Date, the amount equal to the aggregate of the following amounts, as at such Measurement Date:

(a) the Aggregate Principal Balance of all Collateral Debt Obligations; and

(b) the Balances standing to the credit of the Principal Account and Unused Proceeds Account or any other Accounts but only to the extent that such Balances represent Principal Proceeds (including any Eligible Investments which represent Principal Proceeds (excluding, for the avoidance of doubt, any interest accrued on Eligible Investments),

except that:

(c) when calculating the Aggregate Collateral Balance for the purpose of the S&P CDO Monitor Test, the Aggregate Principal Balance of Defaulted Obligations shall be included; and

(d) when calculating the Aggregate Collateral Balance for the purpose of Article 122a and determining whether a Retention Deficiency has occurred:

(i) the Aggregate Principal Balance of Defaulted Obligations shall be included;

(ii) the Aggregate Principal Balance of all Collateral Debt Obligations shall be the outstanding principal amount thereof (excluding any interest capitalised pursuant to the terms of such instrument) including any Purchased Accrued Interest;

(iii) the value of any Individual Sales Excess Above Par shall be excluded; and

(iv) the Principal Balance of any Exchanged Security, Collateral Enhancement Obligation or any other obligation which does not constitute a Collateral Debt Obligation shall be:

(X) in the case of a debt obligation or security, the principal amount outstanding of such obligation;

(Y) in the case of an equity security received upon a "debt for equity swap" in relation to a restructuring, the principal amount outstanding of the debt which is as swapped for the equity security; and

(Z) in the case of any other equity security or warrant, the nominal value thereof as reasonably determined by the Investment Manager.

"**Aggregate Principal Balance**" means (save where otherwise expressly provided) the aggregate of the Principal Balances of all the Collateral Debt Obligations and when used with respect to some portion of the Collateral Debt Obligations, means the aggregate of the Principal Balances of such Collateral Debt Obligations, in each case, as at the date of determination.

"**Aggregate Sales Excess Above Par**" means the aggregate of any Individual Sales Excess Above Par received in any Due Period.

"**Applicable Margin**" has the meaning given thereto in Condition 6 (*Interest*).

"**Arranger**" means Lloyds TSB Bank plc as arranger of the issue of the Notes.

"**Article 122a**" means Article 122a of the European Union Directive 2006/48/EC (as amended from time to time and as implemented by the Member States of the European Union) together with any guidelines and technical standards published in relation thereto by the European Banking Authority (or any successor or replacement agency or authority), provided that any reference to Article 122a shall be deemed to include any successor or replacement provisions included in any European Union directive or regulation subsequent to the European Union Directives 2006/48/EC or 2006/49/EC and where required includes CRD4.

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

"**Asset Swap Agreement**" means a 1992 ISDA Master Agreement (Multicurrency-Cross-Border) or a 2002 ISDA Master Agreement (or such other ISDA pro forma Master Agreement as may be published by ISDA from time to time), together with the schedule and confirmations relating thereto including any guarantee thereof and any credit support annex entered into pursuant to the terms thereof, each as amended or supplemented from time to time, and entered into by the Issuer with an Asset Swap Counterparty which shall govern one or more Asset Swap Transactions entered into by the Issuer and such Asset Swap Counterparty (including any Replacement Asset Swap Transaction) under which the Issuer swaps cash flows receivable on such Asset Swap Obligations for Euro denominated cash flows from each Asset Swap Counterparty.

"**Asset Swap Counterparty**" means any financial institution with which the Issuer enters into an Asset Swap Transaction, or any permitted assignee or successor thereof, under the terms of the related Asset Swap Transaction and, in each case, which satisfies the applicable Rating Requirement (or whose obligations are guaranteed by a guarantor which satisfies the applicable Rating Requirement).

"**Asset Swap Counterparty Downgrade Collateral**" means any cash and/or securities delivered to the Issuer as collateral for the obligations of an Asset Swap Counterparty under an Asset Swap Transaction.

"**Asset Swap Counterparty Downgrade Collateral Accounts**" means each of the accounts of the Issuer with the Custodian into which Asset Swap Counterparty Downgrade Collateral in respect of an Asset Swap Counterparty (other than cash) is to be deposited or (as the case may be) interest bearing accounts denominated in the relevant currency of the Issuer with the Account Bank into which Asset Swap Counterparty Downgrade Collateral in respect of an Asset Swap Counterparty (in the form of cash) is to be deposited.

"**Asset Swap Counterparty Principal Exchange Amount**" means each interim and final exchange amount (whether expressed as such or otherwise) to be paid by the Asset Swap Counterparty to the Issuer under an Asset Swap Transaction and excluding any Asset Swap Scheduled Periodic Counterparty Payments and any initial principal exchange amounts.

"**Asset Swap Issuer Principal Exchange Amount**" means each interim and final exchange amount (whether expressed as such or otherwise) to be paid to the Asset Swap Counterparty by the Issuer under an Asset Swap Transaction and excluding any Asset Swap Scheduled Periodic Issuer Payments and any initial principal exchange amounts.

"**Asset Swap Obligation**" means any Non-Euro Obligation which is (or, following the entry into a binding commitment to purchase such obligation, will be) the subject of an Asset Swap Transaction.

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

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

"**Asset Swap Scheduled Periodic Counterparty Payment**" means, with respect to any Asset Swap Transaction, the periodic amounts in the nature of coupon (and not principal) scheduled to be paid to the Issuer by the Asset Swap Counterparty pursuant to the terms of such Asset Swap Transaction, excluding any Asset Swap Termination Receipts and any Asset Swap Counterparty Principal Exchange Amount.

"**Asset Swap Scheduled Periodic Issuer Payment**" means, with respect to any Asset Swap Transaction, the periodic amounts in the nature of coupon (and not principal) scheduled to be paid to the applicable Asset Swap Counterparty by the Issuer pursuant to the terms of such Asset Swap Transaction, excluding any Asset Swap Termination Payments and any Asset Swap Issuer Principal Exchange Amounts.

"**Asset Swap Tax Credits**" means any credit, allowance, set-off or repayment in respect of tax received by the Issuer from the tax authorities of any jurisdiction relating to the deduction or withholding giving rise to an increased payment by an Asset Swap Counterparty to the Issuer or a

reduced payment from the Issuer to an Asset Swap Counterparty pursuant to the relevant Asset Swap Agreement.

"**Asset Swap Termination Accounts**" means the currency accounts of the Issuer with the Account Bank into which Asset Swap Termination Receipts and Asset Swap Replacement Receipts shall be paid.

"**Asset Swap Termination Payment**" means any amount payable to an Asset Swap Counterparty by the Issuer upon termination or modification of an Asset Swap Transaction excluding any Defaulted Asset Swap Termination Payment.

"**Asset Swap Termination Receipt**" means any amount payable by an Asset Swap Counterparty to the Issuer upon termination or modification of an Asset Swap Transaction.

"**Asset Swap Transaction**" means each asset swap transaction entered into under an Asset Swap Agreement.

"**Asset Swap Transaction Exchange Rate**" means, in respect of an Asset Swap Transaction, the exchange rate (which may be expressed as a percentage) set out in the relevant Asset Swap Transaction.

"**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 one or more multiples of the Authorised Integral Amount in excess of the Minimum Denomination thereof.

"**Authorised Integral Amount**" means for each Class of Notes, €1,000.

"**Authorised Officer**" means with respect to the Issuer, any Director of the Issuer or other person as notified by or on behalf of the Issuer to the Trustee who is authorised to act for the Issuer in matters relating to, and binding upon, the Issuer.

"**Available Proceeds**" has the meaning given thereto in Condition 10(c) (*Acceleration Priority of Payments*).

"**Average Aggregate Collateral Balance**" means, in respect of any Payment Date on which Investment Management Fees are payable, the sum of the Aggregate Collateral Balance of all Collateral Debt Obligations as at the first day of each month in the related Fees Calculation Period (or if such day is not a Business Day, the next following Business Day) divided by the number of months in such Fees Calculation Period.

"**Balance**" means on any date, with respect to any cash or Eligible Investments standing to the credit of an Account (or any subaccount thereof), the aggregate of the:

(a) current balance of cash, demand deposits, time deposits, government guaranteed funds and other investment funds;

(b) outstanding principal amount of interest bearing corporate and government obligations and money market accounts and repurchase obligations; and

(c) purchase price, up to an amount not exceeding the face amount, of non-interest bearing government and corporate obligations, commercial paper and certificates of deposit,

provided that 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 obligation of the obligor thereunder which is senior or equal in right of payment to such Eligible Investment such Eligible Investment shall have a value equal to the lesser of its S&P Collateral Value and its Fitch Collateral Value (determined as if such Eligible Investment were a Collateral Debt Obligation).

"**Benefit Plan Investor**" means, under Section 3(42) of ERISA, (1):

(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, but only to the extent of the percentage of the equity interests in such entity that are held by Benefit Plan Investors.

"**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.

"**Call Date**" means any of 15 February, 15 May, 15 August and 15 November in each year after the expiry of the Non-Call Period provided that if any Call 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).

"**CCC Excess**" means, as of any date of determination, the amount equal to the greater of:

(a) the excess of the Principal Balance of all S&P CCC Obligations over an amount equal to 7.5 per cent of the Aggregate Collateral Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be its S&P Collateral Value); and

(b) the excess of the Principal Balance of all Fitch CCC Obligations over an amount equal to 7.5 per cent of the Aggregate Collateral Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be its Fitch Collateral Value),

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

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

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

"**Class A/B Interest Coverage Ratio**" means, as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date following the Effective Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the scheduled interest payments due on the Class A Notes and the Class B Notes. For the purposes of calculating the Class A/B Interest Coverage Ratio, the expected interest income on Collateral Debt Obligations, Eligible Investments and the Accounts (to the extent applicable) and the expected interest payable on the Class A Notes and the Class B Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

"**Class A/B Interest Coverage Test**" means the test which will apply as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date following the Effective Date and which will be satisfied on such Measurement Date if the Class A/B Interest Coverage Ratio is at least equal to 125.0 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 133.9 per cent.

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

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

"**Class C Interest Coverage Ratio**" means, as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date following the Effective Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the scheduled interest payments due on the Class A Notes, the Class B Notes and the Class C Notes. For the purposes of calculating the Class C Interest Coverage Ratio, the expected interest income on Collateral Debt Obligations, Eligible Investments and the Accounts (to the extent applicable) and the expected interest payable on the Class A Notes, the Class B Notes and the Class C Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

"**Class C Interest Coverage Test**" means the test which will apply as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date following the Effective Date and which will be satisfied on such Measurement Date if the Class C Interest Coverage Ratio is at least equal to 112.0 per cent.

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

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

"**Class C Par Value Test**" means the test which will apply as of any Measurement Date on 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 125.7 per cent.

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

"**Class D Interest Coverage Ratio**" means, as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date following the Effective Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the scheduled interest payments due on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes. For the purposes of calculating the Class D Interest Coverage Ratio, the expected interest income on Collateral Debt Obligations, Eligible Investments and the Accounts (to the extent applicable) and the expected interest payable on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

"**Class D Interest Coverage Test**" means the test which will apply as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date following the Effective Date and which will be satisfied on such Measurement Date if the Class D Interest Coverage Ratio is at least equal to 105.0 per cent.

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

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

"**Class D Par Value Test**" means the test which will apply as of any Measurement Date on 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 120.3 per cent.

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

"**Class E Interest Coverage Ratio**" means, as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date following the Effective Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the scheduled interest payments due on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. For the purposes of calculating the Class E Interest Coverage Ratio, the expected interest income on Collateral Debt Obligations, Eligible Investments and the Accounts (to the extent applicable) and the expected interest payable on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

"**Class E Interest Coverage Test**" means the test which will apply as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date following the Effective Date and which will be satisfied on such Measurement Date if the Class E Interest Coverage Ratio is at least equal to 102.0 per cent.

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

"**Class E Par Value Ratio**" means, as of any Measurement Date on and after the Effective Date, the ratio (expressed as a percentage) obtained by dividing (a) the amount equal to the Adjusted Collateral Principal Amount by (b) the sum of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, 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 115.3 per cent.

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

(a) the Class A Notes;

(b) the Class B Notes;

(c) the Class C Notes;

(d) the Class D Notes;

(e) the Class E Notes; and

(f) the Subordinated Notes,

and "**Class of Noteholders**" and "**Class**" shall be construed accordingly and shall include any Class of Refinancing Notes issued pursuant to Condition 7(b)(vi)(*Optional Redemption effected in whole or in part through Refinancing*) provided that, notwithstanding that the IM Voting Notes, IM Non-Voting Exchangeable Notes and the IM Non-Voting Notes are all one or more Classes of Rated Notes, the IM Non-Voting Exchangeable Notes and the IM Non-Voting Notes shall not be counted in respect of any vote or determination of quorum under the Trust Deed in connection with an IM Removal Resolution or an IM Replacement Resolution as further described in these Conditions, the Trust Deed and the Investment Management Agreement.

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

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

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

"**Collateral**" means all of the property, assets and rights described in Condition 4(a) (Security) which are charged and/or assigned to, or otherwise secured in favour of the Trustee from time to time for the benefit of the Secured Parties pursuant to the Trust Deed and/or the Euroclear Pledge Agreement.

"**Collateral Acquisition Agreements**" means each of the agreements entered into by the Issuer (including by the Investment Manager on behalf of the Issuer) in relation to the purchase by the Issuer of Collateral Debt Obligations from time to time.

"**Collateral Debt Obligation**" means any debt obligation or debt security purchased by or on behalf of the Issuer from time to time (or, if the context so requires, to be purchased by or on behalf of the Issuer) and which satisfies the Eligibility Criteria. References to Collateral Debt Obligations shall not include Collateral Enhancement Obligations, Eligible Investments or Exchanged Securities. The failure of any obligation to satisfy the Eligibility Criteria at any time after the Issuer or the Investment Manager on behalf of the Issuer has entered into a binding agreement to purchase it, shall not cause such obligation to cease to constitute a Collateral Debt Obligation. A Collateral Debt Obligation which has been restructured (whether effected by way of an amendment to the terms of such Collateral Debt Obligation (including but not limited to an extension of its maturity) or by way of substitution of new obligations and/or change of Obligor) shall only constitute a Restructured Obligation if it satisfies the Restructured Obligation Criteria on the appropriate Restructuring Date.

"**Collateral Enhancement Account**" means the interest-bearing account in the name of the Issuer, held with the Account Bank, the amounts standing to the credit of which from time to time may be applied in acquiring or exercising rights under Collateral Enhancement Obligations by or on behalf of the Issuer in accordance with the Investment Management Agreement.

"**Collateral Enhancement Obligation**" means any warrant or equity security, excluding Exchanged Securities, but including without limitation, any equity security received upon conversion or exchange of, or exercise of an option under, or otherwise in respect of a Collateral Debt Obligation; or any warrant or equity security purchased as part of a unit with a Collateral Debt Obligation (but in all cases, excluding, for the avoidance of doubt, the Collateral Debt Obligation), in each case, the acquisition of which will not result in the imposition of any present or future, actual or contingent liabilities or obligations on the Issuer other than those which may arise at its option. For the avoidance of doubt (i) only an obligation, warrant, equity or other security purchased with funds standing to the credit of the Collateral Enhancement Account shall constitute Collateral Enhancement Obligations and (ii) no obligation, warrant, equity or other security received by the Issuer in an exchange or otherwise in connection with a restructuring of the terms of a Collateral Debt Obligation shall be considered to be a Collateral Enhancement Obligation.

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

"**Collateral Enhancement Obligation Proceeds**" means all Distributions and Sale Proceeds received in respect of any Collateral Enhancement Obligation.

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

So long as any Notes rated by S&P are Outstanding:

(a) the S&P CDO Monitor Test (from the Effective Date until the expiry of the Reinvestment Period); and

(b) the S&P Minimum Weighted Average Recovery Rate Test.

So long as any Notes rated by Fitch are Outstanding:

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

(b) the Fitch Minimum Weighted Average Recovery Rate Test.

So long as any Rated Notes are Outstanding:

(a) the Minimum Weighted Average Spread Test;

(b) the Minimum Weighted Average Fixed Coupon Test; and

(c) the Maximum Weighted Average Life Test, each as defined in the Investment Management Agreement.

"**Collateral Tax Event**" means at any time, as a result of the introduction of a new, or any change in, any home jurisdiction or foreign tax statute, treaty, regulation, rule, ruling, practice, interpretation, procedure or judicial decision (whether proposed, temporary or final) (including for the avoidance of doubt related to FATCA or FTT), interest payments due from the Obligors of any Collateral Debt Obligations in relation to any Due Period being or becoming properly subject to the imposition of home jurisdiction or foreign withholding tax (other than where such withholding tax is compensated for by a "gross up" provision in the terms of the Collateral Debt Obligation or such requirement to withhold is eliminated pursuant to a double taxation treaty so that the Issuer as holder thereof is held completely harmless from the full amount of such withholding tax on an after-tax basis) so that the aggregate amount of such withholding tax on all Collateral Debt Obligations in relation to such Due Period is equal to or in excess of 10 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 Debt Obligations in relation to such Due Period.

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

"**Commitment Amount**" means, with respect to any Revolving Obligation or Delayed Drawdown Obligation, the maximum aggregate outstanding principal amount (whether at the time funded or unfunded) of advances or other extensions of credit at any one time outstanding that the Issuer could be required to make to the Obligor under the Underlying Instruments relating thereto or to a funding bank in connection with any ancillary facilities related thereto.

"**Controlling Class**" means:

(a) the Class A Notes; or

(b)

(i) prior to redemption and payment in full of the Class A Notes and solely in connection with an IM Removal Resolution or an IM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of the Class A Notes is held in the form of IM Non-Voting Notes and/or IM Non-Voting Exchangeable Notes; or

(ii) following redemption and payment in full of the Class A Notes,

the Class B Notes; or

(c)

(i) prior to redemption and payment in full of the Class A Notes and the Class B Notes and solely in connection with an IM Removal Resolution or an IM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of the Class A Notes and the Class B Notes is held in the form of IM Non-Voting Notes and/or IM Non-Voting Exchangeable Notes; or

(ii) following redemption and payment in full of the Class A Notes and the Class B Notes,

the Class C Notes; or

(d)

(i) prior to redemption and payment in full of the Class A Notes, the Class B Notes and the Class C Notes and solely in connection with an IM Removal Resolution or an IM

Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of the Class A Notes, the Class B Notes and the Class C Notes is held in the form of IM Non-Voting Notes and/or IM Non-Voting Exchangeable Notes; or

(ii) following redemption and payment in full of the Class A Notes, Class B Notes and Class C Notes,

the Class D Notes; or

(e)

(i) prior to 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 an IM Removal Resolution or an IM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes is held in the form of IM Non-Voting Notes and/or IM Non-Voting Exchangeable Notes; or

(ii) following redemption and payment in full of the Class A Notes, Class B Notes, Class C Notes and Class D Notes,

the Class E Notes; or

(f)

(i) prior to 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 and solely in connection with an IM Removal Resolution or an IM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes is held in the form of IM Non-Voting Notes and/or IM Non-Voting Exchangeable Notes; or

(ii) following redemption and payment in full of the Rated Notes,

the Subordinated Notes,

provided that, solely in connection with an IM Removal Resolution or an IM Replacement Resolution, no Notes held in the form of IM Non-Voting Notes or IM Non-Voting Exchangeable Notes shall (A) constitute or form part of the Controlling Class, (B) be entitled to vote in respect of such IM Removal Resolution or IM Replacement Resolution or (C) be counted for the purposes of determining a quorum or the result of voting in respect of such IM Removal Resolution or IM Replacement Resolution. For the avoidance of doubt, any redemption in full of any one or more Classes of Rated Notes where there is a simultaneous Refinancing of such Class(es) in accordance with the Conditions shall not be deemed to be a redemption for this purpose and such Class(es) shall remain Outstanding.

"**Corporate Rescue Loan**" shall mean any interest in a loan or financing facility that is acquired directly by way of assignment and which is paying interest and principal on a current basis and either:

(a) is an obligation of a debtor in possession as described in § 1107 of the United States Bankruptcy Code or a trustee (if appointment of such trustee has been ordered pursuant to § 1104 of the United States Bankruptcy Code) (a "**Debtor**") organised under the laws of the United States or any State therein, the terms of which have been approved by an order of the United States Bankruptcy Court, the United States District Court, or any other court of competent jurisdiction, the enforceability of which order is not subject to any pending contested matter or proceeding (as such terms are defined in the Federal Rules of Bankruptcy Procedure) and which order provides that (i) 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 (ii) 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 (iii) 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 (iv) 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 and has an S&P Rating not lower than "CCC-"; or

(b) 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,

provided, in each case, that after the Issuer has held such obligation for three months, or, if earlier, S&P has assigned an S&P Issuer Credit Rating or a credit estimate to such obligation and Fitch has assigned a Fitch Issuer Credit Rating or credit opinion to such obligation and, in each case, its Principal Balance has not been reduced to zero in accordance with paragraph (f) of the definition of Principal Balance, it shall be treated as a Collateral Debt Obligation that is not a Corporate Rescue Loan.

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

"**CRA3**" means the Regulation EC 1060/2009 on credit rating agencies.

"**CRD4**" means the proposal published by the European Commission on 20 July 2011 for a new directive and regulation, which are intended to replace, amongst other things, the original version of Article 122a.

"**Credit Impaired Obligation**" means any Collateral Debt Obligation which, in the Investment Manager's reasonable commercial judgement, has a significant risk of declining in credit quality and, with a lapse of time, becoming a Defaulted Obligation a Fitch CCC Obligation or a S&P CCC Obligation.

"**Credit Improved Obligation**" means any Collateral Debt Obligation which, in the Investment Manager's reasonable commercial judgement, has significantly improved in credit quality after being purchased by the Issuer and in respect of which one of the following is satisfied:

(a) it has been upgraded or put on a watch list for possible upgrade by S&P or Fitch or any other internationally recognised investment rating agency;

(b) the Obligor has shown improved financial results;

(c) the Obligor has raised equity capital or other capital which has improved the liquidity or credit standing of such Obligor; or

(d) it is so designated by the Investment Manager.

"**CRS**" means the Common Reporting Standard more fully described in the Standard for Automatic Exchange of Financial Account Information approved on 15 July 2014 by the OECD.

"**Current Pay Obligation**" means any Collateral Debt Obligation (other than a Corporate Rescue Loan) that would otherwise be treated as a Defaulted Obligation but as to which no payments are due and payable that are unpaid and with respect to which the Investment Manager believes, in its reasonable business judgement, that:

(a) the Obligor of such Collateral Debt Obligation will continue to make scheduled payments of interest thereon and will pay the principal thereof by maturity or as otherwise contractually due;

(b) if the Obligor is subject to a bankruptcy or insolvency proceedings, a bankruptcy court has authorised the payment of interest and principal payments when due thereunder; and

(c) the Collateral Debt Obligation has a Market Value of at least 80 per cent of its current Principal Balance.

"**Custody Account**" means the custody account or accounts established on the books of the Custodian in accordance with the provisions of the Collateral Administration and Agency Agreement.

"**Defaulted Asset Swap Termination Payment**" means any amount payable by the Issuer to an Asset Swap Counterparty upon termination of an Asset Swap Transaction in respect of which the Asset Swap Counterparty was either (i) the "Defaulting Party" or (ii) the sole "Affected Party" (in respect of an "Additional Termination Event" as a result of such Asset Swap 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).

"**Defaulted Obligation**" means a Collateral Debt Obligation as determined by the Investment Manager:

(a) in respect of which there has occurred and is continuing a default with respect to the payment of interest or principal, disregarding any grace periods applicable thereto provided that in the case of any Collateral Debt Obligation in respect of which the Investment Manager has certified to the Issuer in writing that, to the knowledge of the Investment Manager, such default has resulted from non-credit related causes, such Collateral Debt Obligation shall not constitute a "Defaulted Obligation" for the lesser of five Business Days and any grace period applicable thereto, in each case which default entitles the holders thereof, with notice or passage of time or both, to accelerate the maturity of all or a portion of the principal amount of such obligation, but only until such default has been cured;

(b) in respect of which any bankruptcy, insolvency or receivership proceeding has been initiated in connection with the Obligor of such Collateral Debt Obligation (provided that a Collateral Debt Obligation shall not constitute a Defaulted Obligation under this paragraph (b) if it is a Current Pay Obligation);

(c) in respect of which the Investment Manager has actual knowledge that the Obligor thereunder is in default as to payment of principal and/or interest on another obligation, save for obligations constituting trade debts which the applicable Obligor is disputing in good faith, (and such default has not been cured), but only if one of the following Conditions is satisfied:

(i) both such other obligation and the Collateral Debt Obligation are full recourse, unsecured obligations and the other obligation is senior to, or *pari passu* with, the Collateral Debt Obligation in right of payment; or

(ii) if the following Conditions are satisfied:

(A) both such other obligation and the Collateral Debt Obligation are full recourse, secured obligations secured by identical collateral;

(B) the security interest securing the other obligation is senior to or *pari passu* with the security interest securing the Collateral Debt Obligation; and

(C) the other obligation is senior to or *pari passu* with the Collateral Debt Obligation in right of payment;

(d) which (i) has an S&P Rating of "SD", "D" or "CC" (or below), or a Fitch Rating of "D" or "RD" (or below) or (ii) had an S&P Rating of "SD", "D" or "CC" (or below), or a Fitch Rating of "D" or "RD" (or below), which S&P Rating or Fitch Rating, in either case, has subsequently been withdrawn;

(e) in respect of Collateral Debt Obligations which are Participations, the Selling Institution of which has an S&P rating of "SD", "D" or "CC" (or below), or a Fitch rating of "D" or "RD" (or below);

(f) which the Investment Manager, acting on behalf of the Issuer, determines in its reasonable business judgement should be treated as a Defaulted Obligation;

(g) in respect of a Collateral Debt Obligation that is a Participation:

(i) the Selling Institution has defaulted in respect of any of its payment obligations under the terms of such Participation;

(ii) the obligation which is the subject of such Participation would constitute a Defaulted Obligation if the Issuer had a direct interest therein; or

(iii) the Selling Institution has (x) an S&P rating of "CC" or below or "SD" or in either case had such rating prior to the withdrawal of its S&P rating or (y) a Fitch Rating of "CC" or below or "RD" or in either case had such rating prior to withdrawal of its Fitch Rating; or

(h) if the Obligor thereof offers holders of such Collateral Debt Obligation a new security or package of securities that, in the reasonable judgement of the Investment Manager, 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 reasonable business judgement of the Investment Manager, such offer has the apparent purpose of helping the Obligor avoid default; provided, however, such obligation will cease to be a Defaulted Obligation under this paragraph (h) if such new obligation is (i) a Restructured Obligation; and (ii) such Restructured Obligation does not otherwise constitute a Defaulted Obligation pursuant to any other paragraph of the definition hereof,

provided that:

(i) any Collateral Debt Obligation shall cease to be a Defaulted Obligation on the date such obligation no longer satisfies this definition of "**Defaulted Obligation**"; and

(ii) for the purposes of determining whether and the extent to which a Collateral Debt Obligation constitutes a Current Pay Obligation or a Defaulted Obligation, (A) Collateral Debt Obligations shall be allocated to and treated as Current Pay Obligations in the order that the Issuer (or the Investment Manager) committed to acquire such Collateral Debt Obligations, and (B) only the portion of the Aggregate Principal Balance in excess of five per cent of the Aggregate Collateral Balance (for which purposes, the Principal Balance of each Defaulted Obligation will be the lower of its S&P Collateral Value and its Fitch Collateral Value) that would otherwise be a Current Pay Obligation shall constitute a Defaulted Obligation.

"**Defaulted Obligation Excess Amounts**" means in respect of a Defaulted Obligation, the greater of (a) zero and (b) the aggregate of all amounts paid into the Principal Account in respect of such Defaulted Obligation for so long as it is a Defaulted Obligation, minus the sum of the Principal Balance of such Defaulted Obligation outstanding immediately prior to receipt of such amounts.

"**Deferred Interest**" has the meaning given thereto in Condition 6(c)(i) (*Deferred Interest*).

"**Deferred Senior Investment Management Amounts**" has the meaning given thereto in Condition 3(c)(i) (*Interest Priority of Payments*).

"**Deferred Subordinated Investment Management Amounts**" has the meaning given thereto in Condition 3(c)(i) (*Interest Priority of Payments*).

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

"**Delayed Drawdown Obligation**" means a Collateral Debt Obligation that: (a) requires the Issuer to make one or more future advances to the borrower under the Underlying Instruments relating thereto; (b) specifies a maximum amount that can be borrowed on one or more fixed borrowing dates; and (c) does not permit the re-borrowing of any amount previously repaid; but any such Collateral Debt

Obligation will be a Delayed Drawdown Obligation only until all commitments to make advances to the borrower expire or are terminated or reduced to zero.

"**Determination Date**" means the last Business Day of each Due Period, or in the event of any redemption of the Notes, eight Business Days prior to the applicable Redemption Date.

"**Directors**" means the directors from time to time of the Issuer.

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

(a) in the case of any Floating Rate Collateral Debt Obligations, is acquired by the Issuer for a purchase price of less than 80 per cent of the Principal Balance of such Collateral Debt Obligation; provided that such Collateral Debt Obligation shall cease to be a Discount Obligation at such time as the Market Value of such Collateral Debt Obligation, as determined for any period of 30 consecutive days since the acquisition by the Issuer of such Collateral Debt Obligation equals or exceeds 90 per cent of the Principal Balance of such Collateral Debt Obligation; or

(b) in the case of any Fixed Rate Collateral Debt Obligation, is acquired by the Issuer for a purchase price of less than 75 per cent of the Principal Balance of such Collateral Debt Obligation; provided that such Collateral Debt Obligation shall cease to be a Discount Obligation at such time as the Market Value of such Collateral Debt Obligation, as determined for any period of 30 consecutive days since the acquisition by the Issuer of such Collateral Debt Obligation, equals or exceeds 85 per cent of the Principal Balance of such Collateral Debt Obligation.

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

"**Domicile**" or "**Domiciled**" means with respect to any Obligor with respect to a Collateral Debt 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 Investment Manager's reasonable judgement, a substantial portion of such Obligor's operations are located or from which a substantial portion of its revenue is derived, in each case directly or through subsidiaries (which shall be any jurisdiction and country known at the time of designation by the Investment Manager to be the source of the majority of revenues, if any, of such Obligor).

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

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

(a) the date designated for such purpose by the Investment Manager by written notice to the Trustee, the Issuer, the Rating Agencies, the Collateral Administrator and the Agents, subject to the requirements set out in the Investment Management Agreement (including that the Effective Date Requirements shall be satisfied on such designated date); and

(b) the earlier of (i) 30 Business Days following the date on which the Effective Date Report is sent to the Rating Agencies, and (ii) 180 days after the Issue Date of the Existing Notes (or, if such day is not a Business Day, the next following Business Day).

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

(a) the Effective Date Requirements not having been satisfied as at the Effective Date (unless Rating Agency Confirmation is received in respect of such failure to satisfy any of the Effective Date Requirements) and either (i) the failure by the Investment Manager (acting on behalf of the Issuer) to prepare and present a Rating Confirmation Plan to the Rating Agency or (ii) Rating Agency Confirmation has not been obtained for the Rating Confirmation Plan; or

(b) Rating Agency Confirmation from S&P and Fitch not being 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.

"**Effective Date Report**" means a report compiled by the Collateral Administrator confirming the Effective Date Test Items by reference to the Collateral Debt Obligations. The Effective Date Report shall not include or refer to the Accountants' Report.

"**Effective Date Test Items**" means the Aggregate Principal Balances of the Collateral Debt Obligations purchased or committed to be purchased as at such date and the computations and results of the Percentage Limitations, the Collateral Quality Tests and the Coverage Tests (other than in respect of the Interest Coverage Tests) by reference to such Collateral Debt Obligations (provided that, for the purposes of determining the Aggregate Principal Balance as provided above, the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be the lower of its S&P Collateral Value and its Fitch Collateral Value).

"**Effective Date Requirements**" means, as at the Effective Date and any date thereafter, each of the Percentage Limitations, the Collateral Quality Tests and the Coverage Tests (other than in respect of the Interest Coverage Tests, which are required to be satisfied as at the Determination Date preceding the second Payment Date following the Effective Date) being satisfied on such date, and the Issuer having acquired or having entered into binding commitments to acquire Collateral Debt Obligations the Aggregate Principal Balance of which equals or exceeds the Target Par Amount by such date (provided that, for the purposes of determining the Aggregate Principal Balance as provided above, any repayments or prepayments of any Collateral Debt Obligations subsequent to the Issue Date of the Existing Notes shall be disregarded and the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be the lower of its S&P Collateral Value and its Fitch Collateral Value).

"**Eligibility Criteria**" means the Eligibility Criteria specified in the Investment Management Agreement which the Investment Manager is required to determine pursuant to the Investment Management Agreement have been satisfied (i) as at the Issue Date of the Existing Notes, in respect of each Collateral Debt Obligation acquired by the Issuer pursuant to the Forward Sale Agreement and (ii) as at the time of the Investment Manager (on behalf of the Issuer) entering into a binding commitment to acquire such obligation in respect of any other Collateral Debt Obligation.

"**Eligible Investments**" means any investment denominated in Euro that is one or more of the following obligations or securities (other than obligations or securities which are zero coupon obligations or securities), (a) the acquisition (including the manner of acquisition), ownership, enforcement or disposition of which 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, (b) that are acquired, and held in a manner that does not violate the Investment Restrictions set out in the Investment Management Agreement, (c) the nature of which do not violate the Investment Restrictions set out in the Investment Management Agreement, and (d) in the case of an obligation of a company incorporated or established in, or a sovereign issuer of, the United States, or otherwise bearing interest that arises, for U.S. federal income tax purposes, from sources within the United States, are in registered form at the time they are acquired, including, without limitation, any Eligible Investments for which the Custodian, the Trustee or the Investment Manager or an Affiliate of any of them provides services:

(a) direct obligations of, and obligations the timely payment of principal of and interest under which is fully and expressly guaranteed by, a Qualifying Country or any agency or

instrumentality of a Qualifying Country, the obligations of which are fully and expressly guaranteed by a Qualifying Country;

(b) demand and time deposits in, certificates of deposit of and bankers' acceptances issued by any depositary institution (including the Account Bank) or trust company incorporated under the laws of a Qualifying Country with, in each case, a maturity of no more than 180 days and subject to supervision and examination by governmental banking authorities so long as the commercial paper and/or the debt obligations of such depositary institution or trust company (or, in the case of the principal depositary institution in a holding company system, the commercial paper or debt obligations of such holding company) at the time of such investment or contractual commitment have a rating of not less than the applicable Eligible Investment Minimum Rating;

(c) subject to receipt of Rating Agency Confirmation related thereto, unleveraged repurchase obligations with respect to:

(i) any obligation described in paragraph (a) above; or

(ii) any other security issued or guaranteed by an agency or instrumentality of a Qualifying Country, in either case entered into with a depositary institution or trust company (acting as principal) described in paragraph (b) above or entered into with a corporation (acting as principal) whose debt obligations are rated not less than the applicable Eligible Investments Minimum Rating at the time of such investment;

(d) securities bearing interest or sold at a discount to the face amount thereof issued by any corporation incorporated under the laws of a Qualifying Country that have a credit rating of not less than the applicable Eligible Investments Minimum Rating at the time of such investment or contractual commitment providing for such investment;

(e) commercial paper or other short-term obligations having, at the time of such investment, a credit rating of not less than the applicable Eligible Investments Minimum Rating and that either are bearing interest or are sold at a discount to the face amount thereof and have a maturity of not more than 183 days from their date of issuance;

(f) offshore funds investing in the money markets rated, at all times, "AAAm" or "AAAm-G" by S&P and "AAAmmf" by Fitch or if not rated by Fitch, having an equivalent rating from a third global rating agent; and

(g) any other investment similar to those described in paragraphs (a) to (f) (inclusive) above:

(i) in respect of which Rating Agency Confirmation has been received as to its inclusion in the Portfolio as an Eligible Investment; and

(ii) which has, in the case of an investment with a maturity of longer than 91 days, a long-term credit rating not less than the applicable Eligible Investments Minimum Rating,

and, in each case, such instrument or investment provides for payment of a pre-determined fixed amount of principal on maturity that is not subject to change and either (A) has a Stated Maturity (giving effect to any applicable grace period) no later than the Business Day immediately preceding the next following Payment Date or (B) may be capable of being liquidated on demand without penalty and have a remaining maturity of less than 366 days, provided, however, 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", "r", "(sf)" or "t" subscript by S&P nor shall they include any security with such other qualifying subscript published and assigned by S&P from time to time as may be applicable, any security purchased at a price in excess of 100 per cent of par or any security whose repayment is subject to substantial non-credit related risk (as determined by the Investment Manager in its discretion).

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

(a) for so long as any Notes rated by S&P are Outstanding:

(i) in the case of Eligible Investments with a maturity of more than 60 days:

(A) a long-term senior unsecured debt or issuer (as applicable) credit rating of at least "AA-" from S&P; or

(B) a short-term senior unsecured debt or issuer credit rating of "A-1+" from S&P; or

(ii) a short term debt or issuer (as applicable) credit rating of at least "A-1" from S&P in the case of Eligible Investments with a maturity of 60 days or less;

(b) for so long any Notes rated by Fitch are Outstanding (and such investment has a rating by Fitch):

(i) in the case of Eligible Investments with a maturity of more than 30 days:

(A) a long-term senior unsecured debt or issuer (as applicable) credit rating of at least "AA-" from Fitch; and/or

(B) a short-term senior unsecured debt or issuer credit rating of "F1+" from Fitch; or

(C) such other ratings as confirmed by Fitch;

(ii) in the case of Eligible Investments with a maturity of 30 days or less:

(A) a long-term senior unsecured debt or issuer (as applicable) credit rating of at least "A" from Fitch; and/or

(B) a short-term senior unsecured debt or issuer credit rating of "F1" from Fitch; or

(C) such other ratings as confirmed by Fitch. "Enforcement Action" has the meaning given in Condition 11(b) (*Enforcement*).

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

"**EURIBOR**" means, for purposes of the Notes, the rate determined in accordance with Condition 6(e) (*Interest on the Floating Rate Notes*) as applicable to six month Euro deposits (or, in the case of the initial Interest Period, as determined pursuant to a straight line interpolation of the rates applicable to 6 and 7 month Euro deposits.

"**Euro**", "**Euros**", "**euro**" and "**€**" means the lawful currency of the Member States of the European Union that have adopted and retain the single currency in accordance with the Treaty establishing the European Community, as amended from time to time; provided that if any member state or states ceases to have such single currency as its lawful currency (such member state(s) being the "**Exiting State(s)**"), the euro shall, for the avoidance of doubt, mean 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) This definition, for the avoidance of doubt shall not affect any definition of euro used in respect of, the Collateral.

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

"**Euroclear Pledge Agreement**" means a Euroclear pledge agreement dated 24 July 2013 between the Issuer and the Trustee.

"**Euro zone**" means the region comprised of Member States of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended.

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

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

(a) the Aggregate Principal Balance of all Collateral Debt Obligations included in the CCC Excess; over

(b) the sum of (i) the Market Value of each Collateral Debt Obligation included in the CCC Excess (expressed as a percentage) multiplied by (ii) the Principal Balance of each such Collateral Debt Obligation as of such date of determination.

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

"**Exchanged Security**" means (a) an equity security which is not a Collateral Enhancement Obligation and which is delivered to the Issuer upon acceptance of an Offer in respect of a Defaulted Obligation or received by the Issuer in connection with a restructuring of the terms in effect after the later of the Issue Date of the Existing Notes and the date of acquisition of the relevant Collateral Debt Obligation, (b) a Collateral Debt Obligation which has been restructured (whether by way of an amendment to its terms or by way of a substitution or exchange of a new obligation and/or change of Obligor) which does not satisfy the Restructured Obligation Criteria on the Restructuring Date. For the avoidance of doubt, Exchanged Securities shall only include obligations (a) the acquisition (including the manner of acquisition), ownership, enforcement or disposition of which 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, (b) that are acquired, and held in a manner that does not violate the Investment Restrictions set out in the Investment Management Agreement, (c) the nature of which do not violate the Investment Restrictions set out in the Investment Management Agreement, and (d) in the case of an obligation of a company incorporated or established in, or a sovereign issuer of, the United States, or otherwise bearing interest that arises, for U.S. federal income tax purposes, from sources within the United States, are in registered form at the time they are acquired.

"**Existing Notes**" means the Notes issued on 24 July 2013, which (other than the Subordinated Notes) are deemed to be in the form of IM Voting Notes.

"**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;

(b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or

(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the IRS, the U.S. government or any governmental or taxation authority in any other jurisdiction.

"**Fees Calculation Period**" means with respect to (i) the first Payment Date, the period from and including, the Issue Date of the Existing Notes to, but excluding, the eighth Business Day prior to the first Payment Date and (ii) any other Payment Date the period commencing on and including the day immediately following the eighth Business Day prior to the preceding Payment Date and ending on and including the eighth Business Day prior to such Payment Date.

"**FFI**" means a "foreign financial institution" for the purposes of FATCA and any applicable intergovernmental agreement.

"**Fitch**" means Fitch Ratings, Ltd or any successor or successors thereto.

"**Fitch Collateral Value**" means, in the case of any Collateral Debt Obligation or Eligible Investment, the lower of:

(a) its prevailing Market Value; and

(b) the relevant Fitch Recovery Rate multiplied by its Principal Balance (in the case of any Non-Euro Obligation, converted into Euro at the Asset Swap Transaction Exchange Rate),

provided that if the Market Value cannot be determined for any reason, the Fitch Collateral Value shall be determined in accordance with paragraph (b) above.

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

"**Fitch Issuer Credit Rating**" means in respect of a Collateral Debt Obligation, a publicly available issuer credit rating by Fitch in respect of the Obligor thereof.

"**Fitch Rating**" has the meaning given to it in the Investment Management Agreement.

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

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

"**Floating Rate Notes**" means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

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

"**Form Approved Asset Swap**" means an Asset Swap Transaction entered into under an Asset Swap Agreement, the documentation for and structure of which conforms (save for the amount and timing of periodic payments, the name and financial aspects of the related Non-Euro Obligation, the notional amount, the effective date, the termination date and other related and/or immaterial changes) to a form approved by the Rating Agencies from time to time provided that such approval shall be deemed to have been so received in respect of any such form approved by S&P and by Fitch prior to the Issue Date of the Existing Notes unless otherwise notified to the Investment Manager (acting on behalf of the Issuer) by one or both Rating Agencies prior to entering into a new Asset Swap Transaction.

"**FTT**" means the financial transaction tax as contemplated by the European Commission pursuant to a proposed directive adopted on 14 February 2013.

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

"**GBP**" and "**Sterling**" means the lawful currency of the United Kingdom.

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

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

"**Holder FATCA Information**" means information and documentation requested by the Issuer (or an Intermediary or agent of the Issuer) to be provided by the Noteholders that is required to enable the Issuer (or such Intermediary or agent) to comply with FATCA, an IRS Agreement or the Ireland IGA.

"**IM Non-Voting Exchangeable Notes**" means the Rated Notes which (a) do not carry a right to vote with respect to or be counted for the purposes of determining a quorum and the result of voting on IM Removal Resolutions and IM Replacement Resolutions but which do have a right to vote on and be so counted in respect of all other matters in respect of which the IM Voting Notes have a right to vote and be so counted; and (b) are exchangeable at any time into (i) IM Voting Notes; or (ii) IM Non-Voting

Notes, and provided further that, in each case, such exchange is in accordance with the Trust Deed at such time.

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

"**IM Removal Resolution**" means any Resolution, vote, written direction or consent of the Noteholders in relation to the removal of the Investment Manager in accordance with the Investment Management Agreement or in relation to the waiver or modification of any event constituting "cause" in relation to such removal pursuant to the Investment Management Agreement.

"**IM Replacement Resolution**" means any Resolution, vote, written direction or consent of the Noteholders in relation to the appointment of a replacement, successor or substitute Investment Manager or any assignment, transfer or delegation by the Investment Manager of its rights or obligations, in each case, in accordance with the Investment Management Agreement.

"**IM Voting Notes**" means the Rated Notes which (a) carry a right to vote with respect to or be counted for the purposes of determining a quorum and the result of voting on IM Removal Resolutions and IM Replacement Resolutions and all other matters as to which Noteholders are entitled to vote; and (b) are exchangeable into IM Non-Voting Notes or IM Non-Voting Exchangeable Notes, in each case, in accordance with the Trust Deed at any time.

"**Incentive Investment Management Fee**" means the fee payable to the Investment Manager pursuant to the Investment Management Agreement in arrear on each Payment Date in an amount, as determined by the Collateral Administrator (which may be deferred at the Investment Manager's discretion), equal to the amount specified at paragraph (AA) of the Interest Priority of Payments, paragraph (Q) of the Principal Priority of Payments and paragraph (V) of the Acceleration Priority of Payments (plus any applicable value added tax payable in respect thereof) provided that such amount will only be payable to the Investment Manager if the Incentive Investment Management Fee IRR Threshold has been reached.

"**Incentive Investment Management Fee IRR Threshold**" means the threshold which will have been reached on the relevant Payment Date if the Subordinated Notes Outstanding have received an IRR of least 12 per cent on the Principal Amount Outstanding of the Subordinated Notes as of the last day of the Due Period preceding such Payment Date (after giving effect to all payments in respect of the Subordinated Notes to be made on such Payment Date).

"**Individual Sales Excess Above Par**" means, with respect to any individual Collateral Debt Obligation, the excess (if any) of Sale Proceeds received in respect thereof over the par value (nominal value) of such Collateral Debt Obligation.

"**Initial Asset Swap Agreement**" means an Asset Swap Agreement documenting an Initial Asset Swap Transaction entered into between the Issuer and an Initial Asset Swap Counterparty on or about the Issue Date of the Existing Notes.

"**Initial Asset Swap Counterparty**" means each counterparty with which the Issuer enters into an Initial Asset Swap Agreement.

"**Initial Asset Swap Transactions**" means the asset swaps entered into between the Issuer and an Initial Asset Swap Counterparty pursuant to the Initial Asset Swap Agreements.

"**Initial Purchaser**" means Lloyds TSB Bank plc as initial purchaser of the Notes.

"**Initial Ratings**" means in respect of any Class of Notes and any Rating Agency, the ratings assigned to such Class of Notes by such Rating Agency as at the Issue Date of the Existing Notes and "**Initial Rating**" means each such rating.

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

"**Interest Amount**" has the meaning specified in Condition 6(e) (*Interest on the Floating Rate Notes*).

"**Interest Coverage Amount**" means, on any particular Measurement Date (and for the avoidance of doubt without double-counting):

(a) the Balance standing to the credit of the Interest Account;

(b) plus the scheduled interest payments (including (x) any commitment fees due but not yet received in respect of any Revolving Obligations or Delayed Drawdown Obligations (y) any amounts which the applicable Obligor has agreed to pay by way of a gross-up in respect of amounts withheld at source or otherwise deducted in respect of taxes and (z) any amounts which the Investment Manager reasonably determines will be received within the same Due Period by way of recovery from an applicable tax authority under a double tax treaty) due but not yet received (in each case regardless of whether the applicable due date has yet occurred) in the Due Period in which such Measurement Date occurs on the Collateral Debt Obligations or Eligible Investments excluding:

(i) accrued and unpaid interest on Defaulted Obligations (excluding Current Pay Obligations) unless such amounts constitute Defaulted Obligation Excess Amounts;

(ii) interest on any Collateral Debt Obligation to the extent that such Collateral Debt Obligation does not provide for the scheduled payment of interest in cash;

(iii) any amounts, to the extent that such amounts if not paid, will not give rise to a default under the relevant Collateral Debt Obligation;

(iv) any amounts expected to be withheld at source or otherwise deducted in respect of taxes (including for the avoidance of doubt as a result of FATCA and/or FTT);

(v) interest on any Collateral Debt Obligation which has not paid cash interest on a current basis in respect of the lesser of (A) twelve months and (B) the two most recent interest periods;

(vi) any scheduled interest payments or commitment fees as to which the Issuer or the Investment Manager has actual knowledge that such payment or fee will not be made; and

(vii) any Purchased Accrued Interest;

(c) minus the amounts payable pursuant to paragraphs (A) to (G) (inclusive) of the Interest Priority of Payments on the following Payment Date;

(d) plus any Asset Swap Scheduled Periodic Counterparty Payments payable to the Issuer under any Asset Swap Transaction – which are due but not yet received in the Due Period in which such Measurement Date occurs (for the avoidance of doubt only after deducting from the amounts referenced under paragraph (b) above any Asset Swap Scheduled Periodic Issuer Payments payable from such payments to the Asset Swap Counterparty which are due in the same Due Period in which such Measurement Date occurs in order to avoid any double-counting); and

(e) plus any scheduled interest payments due to the Issuer in the Due Period in which such Measurement Date occurs on the Accounts (save in case of the Asset Swap Counterparty Downgrade Collateral Accounts, to the extent that interest accrued in respect thereof is contractually payable by the Issuer to a third party).

For the purposes of calculating any Interest Coverage Amount, the expected or scheduled interest income on Floating Rate Collateral Debt Obligations and Eligible Investments and the expected or scheduled interest payable on any Class of Notes and on any relevant Account shall be calculated using then current interest rates applicable thereto.

"**Interest Coverage Ratio**" means the Class A/B Interest Coverage Ratio, the Class C Interest Coverage Ratio, the Class D Interest Coverage Ratio and the Class E Interest Coverage Ratio. For the purposes of calculating an Interest Coverage Ratio, the expected interest income on Collateral Debt Obligations, Eligible Investments and the Accounts (to the extent applicable) and the expected interest payable on the relevant Rated Notes will be calculated using the then current interest rates applicable thereto.

"**Interest Coverage Test**" means the Class A/B Interest Coverage Test, the Class C Interest Coverage Test, the Class D Interest Coverage Test and the Class E Interest Coverage Test.

"**Interest Determination Date**" means the second Business Day prior to the commencement of each Interest Period given thereto in Condition 6(e)(i) (*Floating Rate of Interest*).

"**Interest Period**" means, in respect of each Class of Notes, the period from and including the Issue Date of the Existing Notes (or in the case of a Class that is subject to Refinancing, the Payment Date upon which the Refinancing occurs) to, but excluding, the first Payment Date (or in the case of a Class that is subject to Refinancing, the first Payment Date following the Refinancing) and thereafter each successive period from and including each Payment Date to, but excluding, the following Payment Date.

"**Interest Priority of Payments**" means the priority of payments in respect of Interest Proceeds set out in Condition 3(c)(i) (*Interest Priority of Payments*).

"**Interest Proceeds**" means all amounts (without duplication) paid or payable into the Interest Account from time to time and, with respect to any Payment Date, means any Interest Proceeds received or receivable by the Issuer during the related Due Period to be disbursed pursuant to the Interest Priority of Payments on such Payment Date, together with any other amounts to be disbursed out of the Payment Account as Interest Proceeds on such Payment Date pursuant to Condition 3(i) (*Accounts*).

"**Intermediary**" means for the purpose of the Issuer's Obligations to comply with FATCA, an intermediary financial institution, broker or agent through which a beneficial owner holds its interest in a Note.

"**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.

"**Intervening Notes**" has the meaning specified in Condition 18 (*Intervening Notes*).

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

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

"**Investment Manager Advance**" means any amount which may be advanced by the Investment Manager to the Issuer pursuant to the Investment Management Agreement on the terms set out therein for the purpose of either (1) acquiring or exercising rights under any Collateral Enhancement Obligation or (2) designating as Interest Proceeds or Principal Proceeds.

"**Investment Restrictions**" has the meaning ascribed thereto in Clause 4.8 (*U.S Investment Restrictions*) of the Investment Management Agreement.

"**Ireland IGA**" means the Agreement between the Governments of Ireland and the United States to Improve International Tax Compliance and to Implement FATCA and dated 21 December 2012 (and any related implementing legislation).

"**Irish Stock Exchange**" means Irish Stock Exchange Limited.

"**IRR**" means the internal rate of return calculated using the "XIRR" function in Microsoft Excel or any equivalent function in another software package that would result in a net present value of zero,

assuming: (i) the Principal Amount Outstanding of the Subordinated Notes on the Issue Date of the Existing Notes as the initial cash flow and all distributions to the Subordinated Notes on the current and each preceding Payment Date as subsequent cash flows (including the Redemption Date, if applicable); (ii) the initial date for the calculation as the Issue Date of the Existing Notes; and (iii) the number of days in each subsequent Payment Date from the Issue Date of the Existing Notes calculated on the basis of the actual number of days in an Interest Period divided by 365.

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

"**IRS Agreement**" means an agreement that a Person may enter into with the IRS in order to avoid having to pay withholding tax.

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

"**Issue Date**" means 24 July 2013 in respect of the Existing Notes and 22 December 2015 in respect of the New Notes.

"**Issuer Irish Account**" means the account in the name of the Issuer with Danske Bank A/S.

"**Market Value**" means, on any date of determination and as provided by the Investment Manager to the Collateral Administrator:

(a) the bid price determined by an independent recognised pricing service; or

(b) if such independent recognised pricing service is not available, the mean of the bid side prices (in the case of any Secured High Yield Bond or Senior Secured Floating Rate Note, excluding accrued interest) determined by three independent broker-dealers active in the trading of such Collateral Debt Obligations; or

(c) if three such broker-dealer prices are not available, the lower of the bid side prices (in the case of any Secured High Yield Bond or Senior Secured Floating Rate Note, excluding accrued interest) determined by two such broker-dealers; or

(d) if two such broker-dealer prices are not available, the bid side price (in the case of any Secured High Yield Bond or Senior Secured Floating Rate Note, excluding accrued interest) determined by one independent broker-dealer (unless, in each case, the fair market value thereof determined by the Investment Manager pursuant to (e) hereafter would be lower); or

(e) if the determinations of such broker-dealers or independent recognised pricing service are not available, then the lower of:

(i) the higher of (x) the lower of (A) the S&P Recovery Rate of such Collateral Debt Obligation and (B) the Fitch Recovery Rate of such Collateral Debt Obligation and (y) 70 per cent of such Collateral Debt Obligation's Principal Balance; and

(ii) the fair market value thereof determined by the Investment Manager on a best efforts basis in a manner consistent with reasonable and customary market practice, in each case, as notified to the Collateral Administrator on the date of determination thereof, 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 Investment Manager.

"**Maturity Date**" means the Payment Date falling in August 2026.

"**Measurement Date**" means:

(a) the Effective Date;

(b) for the purposes of determining satisfaction of the Reinvestment Criteria, any Business Day after the Effective Date on which such criteria are required to be determined, which determination shall be made, firstly, by reference immediately prior to receipt of any Principal

Proceeds which are to be reinvested without taking into account such Principal Proceeds and, secondly, taking into account on a projected basis, the proposed sale of Collateral Debt Obligations and reinvestment of the Sale Proceeds thereof in Substitute Collateral Debt Obligations;

(c) the date of acquisition of any additional Collateral Debt 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 two Business Days') notice, any Business Day requested by any Rating Agency then rating any Class of Notes Outstanding.

"**Minimum Denomination**" means:

(a) in the case of the Regulation S Notes of each Class, €100,000; and

(b) in the case of the Rule 144A Notes of each Class, €250,000.

"**Monthly Report**" means any monthly report which is prepared by the Collateral Administrator (in consultation with, and in part based on certain information provided by, the Investment Manager) on behalf of the Issuer on such dates as are set out in the Collateral Administration and Agency Agreement, and which is made available via a secured website at https://sf.citidirect.com (or such other website as may be notified by the Collateral Administrator to the Issuer, the Trustee, the Principal Paying Agent and the Noteholders from time to time) which shall be accessible to the Issuer, the Trustee, the Investment Manager and the Rating Agencies and, to any Noteholder by way of a unique password which in the case of each Noteholder may be obtained from the Collateral Administrator (subject, unless otherwise waived in writing by the Investment Manager in any particular case, to receipt by the Collateral Administrator of certification that such holder is a holder of a beneficial interest in any Notes) and which shall include information regarding the status of certain of the Collateral pursuant to the Collateral Administration and Agency Agreement.

"**New Notes**" means the additional sub-classes of Notes comprising IM Non-Voting Exchangeable Notes and IM Non-Voting Notes issued on or about 22 December 2015.

"**Non-Call Period**" means the period from and including the Issue Date of the Existing Notes up to, but excluding, the Payment Date falling in August 2015.

"**Non-Compliant FFI**" means an FFI that is not exempted from or deemed compliant with FATCA and in addition is not party to an IRS Agreement.

"**Non-Euro Obligation**" means any Collateral Debt Obligation purchased by or on behalf of the Issuer which is not denominated or drawn in Euro and that satisfies each of the Eligibility Criteria.

"**Noteholders**" means the several persons in whose name the Notes are registered from time to time in accordance with and subject to their terms and the terms of the Trust Deed, and "**holder**" (in respect of the Notes) shall be construed accordingly.

"**Note Payment Sequence**" means the application of Interest Proceeds or Principal Proceeds, as applicable, in accordance with the relevant Priority of Payments in the following order:

(a) firstly, to the redemption of the Class A Notes (on a *pro rata* basis) at the applicable Redemption Price in whole or in part until the Class A Notes have been fully redeemed;

(b) secondly, to the redemption of the Class B Notes (on a *pro rata* 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; and

(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,

provided that, for the purposes of any redemption of the Notes in accordance with the Note Payment Sequence following any breach of Coverage Tests, the Note Payment Sequence shall terminate immediately after the paragraph above that refers to the Class of Notes to which such Coverage Test relates or as soon as the relevant Coverage Test has been remedied, if earlier.

"**Note Tax Event**" means, at any time:

(a) the introduction of a new, or any change in, any home jurisdiction or foreign tax statute, treaty, regulation, rule, ruling, practice, interpretation, procedure or judicial decision (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 becoming properly subject to any withholding tax arising other than:

(i) a payment in respect of Deferred Interest becoming properly subject to any withholding tax;

(ii) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax or to provide information concerning nationality, residency or connection with Ireland or other applicable taxing authority or information required in relation to FATCA; and

(iii) withholding tax in respect of FATCA; or

(b) United Kingdom or U.S. state or federal tax authorities impose net income, profits or similar tax upon the Issuer.

"**Notes**" means the notes comprising, where the context permits, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes constituted by the Trust Deed or the Principal Amount Outstanding thereof for the time being or, as the context may require, a specific number thereof and includes any replacements for Notes issued pursuant to Condition 13 (*Replacement of Notes*) of the Notes and (except for the purposes of clause 3 (*Form and Issue of Notes*) of the Trust Deed) each Global Certificate. References in these Conditions of the Notes to the "Notes" (unless the context requires otherwise) include any other notes issued pursuant to Condition 17 (*Additional Issuances*) and forming a single series with the Notes, any note issued pursuant to a Refinancing pursuant to Condition 7 (*Redemption and Purchase*) and any Intervening Note issued pursuant to Condition 18 (*Intervening Notes*).

"**Obligor**" means, in respect of a Collateral Debt Obligation, the borrower thereunder or issuer thereof or, in either case, the guarantor thereof (as determined by the Investment Manager on behalf of the Issuer).

"**Offer**" means, with respect to any Collateral Debt Obligation, (a) any offer by the Obligor under such obligation or by any other Person made to all of the creditors of such Obligor in relation to such obligation to purchase or otherwise acquire such obligation (other than pursuant to any redemption in accordance with the terms of the related Underlying Instruments) or to convert or exchange such obligation into or for cash, securities or any other type of consideration or (b) any solicitation by the Obligor of such obligation or any other Person to amend, modify or waive any provision of such obligation or any related Underlying Instrument.

"**Optional Redemption**" means a redemption pursuant to and in accordance with Condition 7(b) (*Optional Redemption*).

"**Ordinary Resolution**" means an ordinary resolution as described in Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and as further described in, and as defined in, the Trust Deed.

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

"**Outstanding**" means in relation to the Notes of a Class as of any date of determination, all of the Notes of such Class issued, as further defined in the Trust Deed.

"**Par Value Ratio**" means the Class A/B Par Value Ratio, Class C Par Value Ratio, the Class D Par Value Ratio or the Class E Par Value Ratio (as applicable).

"**Par Value Test**" means the Class A/B Par Value Test, Class C Par Value Test, the Class D Par Value Test or the Class E Par Value Test (as applicable).

"**Participation**" means an interest in a Collateral Debt Obligation taken indirectly by the Issuer by way of sub-participation from a Selling Institution which shall include, for the purposes of the Bivariate Risk Table set out in the Investment Management Agreement, Intermediary Obligations.

"**Participation Agreement**" means an agreement between the Issuer and a Selling Institution in relation to the purchase by the Issuer of a Participation.

"**Paying Agents**" means the Principal Paying Agent and any successor or additional paying agents appointed pursuant to the terms of the Collateral Administration and Agency Agreement.

"**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 second Business Day prior to each Payment Date out of certain of the other Accounts in accordance with Condition 3(i) (*Accounts*) and out of which the amounts required to be paid on each Payment Date pursuant to the Priorities of Payment shall be paid.

"**Payment Date**" means 15 February and 15 August in each year commencing on 15 February 2014, up to and including the Maturity Date and any Redemption Date provided that if any Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day that is a Business Day (unless it would thereby fall in the following month, in which case it shall be brought forward to the immediately preceding Business Day).

"**Payment Date Report**" means the accounting report which is prepared by the Collateral Administrator (in consultation with, and in part based on certain information provided by, the Investment Manager) on behalf of the Issuer and which is made available via a secured website at https://sf.citidirect.com (or such other website as may be notified by the Collateral Administrator to the Issuer, the Trustee, the Principal Paying Agent and the Noteholders from time to time) which shall be accessible on the second Business Day before the relevant Payment Date, to the Issuer, the Trustee, the Investment Manager and the Rating Agencies and, to any Noteholder by way of a unique password which in the case of each Noteholder may be obtained from the Collateral Administrator (subject, unless otherwise waived in writing by the Investment Manager in any particular case, to receipt by the Collateral Administrator of certification that such holder is a holder of a beneficial interest in any Notes).

"**Percentage Limitations**" means the Percentage Limitations each as defined in the Investment Management Agreement.

"**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.

"**Portfolio**" means the Collateral Debt Obligations, Collateral Enhancement Obligations, Exchanged Securities, Eligible Investments and other similar obligations or securities held by or on behalf of the Issuer from time to time.

"**Potential Event of Default**" means any Condition, event or act 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 an Event of Default.

"**Presentation Date**" means a day which (subject to Condition 12 (*Prescription*)):

(a) is a Business Day;

(b) is or falls after the relevant due date or, if the due date is not or was not a Business Day in the place of presentation, is or falls after the next following Business Day which is a Business Day in the place of presentation; and

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

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

"**Principal Amount Outstanding**" means in relation to any Class of Notes and at any time, the aggregate principal amount Outstanding under such Class of Notes at that time, including, in the case of the Class C Notes, the Class D Notes and the Class E Notes, Deferred Interest which has been capitalised pursuant to Condition 6(c) (*Deferral of Interest*) save that Deferred Interest shall not be included for the purposes of determining voting rights attributable to the Class C Notes, the Class D Notes and the Class E Notes, as applicable, and the applicable quorum at any meeting of the Noteholders pursuant to Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*); and provided that solely in connection with an IM Removal Resolution or an IM Replacement Resolution, no Notes held in the form of IM Non-Voting Notes or IM Non-Voting Exchangeable Notes shall (a) be entitled to vote in respect of such IM Removal Resolution or IM Replacement Resolution, or (b) be counted for the purposes of determining a quorum or the result in respect of such IM Removal Resolution or IM Replacement Resolution.

"**Principal Balance**" means, with respect to any Collateral Debt Obligation, Eligible Investment, Collateral Enhancement Obligation or Exchanged Security, as of any date of determination, the outstanding principal amount thereof (excluding any interest capitalised pursuant to the terms of such instrument), provided however that:

(a) the Principal Balance of any Revolving Obligation and Delayed Drawdown Obligation as of any date of determination, shall be the outstanding principal amount of such Revolving Obligation or Delayed Drawdown Obligation, plus any undrawn commitments that have not been irrevocably reduced or cancelled with respect to such Revolving Obligation or Delayed Drawdown Obligation;

(b) the Principal Balance of each Exchanged Security and each Collateral Enhancement Obligation, shall be deemed to be zero;

(c) the Principal Balance of any Non-Euro Obligation shall be (i) the outstanding Euro notional amount of the Asset Swap Transaction entered into in respect thereof or (ii) to the extent the related Asset Swap Transaction terminates, the Spot Rate in respect of such Non-Euro Obligation multiplied by the outstanding principal amount of such Non-Euro Obligation;

(d) for the purposes of the Percentage Limitations and the Collateral Quality Tests (other than the S&P CDO Monitor Test), the Principal Balance of any Defaulted Obligations shall be zero;

(e) the Principal Balance of any cash shall be the amount of such cash, converted where applicable into Euro at the Spot Rate without double counting in respect of amounts referred to in (a) above;

(f) so long as S&P is rating any Notes, for the purposes of any Corporate Rescue Loan that has (x) no S&P Issuer Credit Rating in respect thereof available or (y) no credit estimate assigned

to it by S&P, in each case, before the expiry of a period of 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 an S&P Issuer Credit Rating or credit estimate is available or assigned by S&P;

(g) so long as S&P is rating any Notes, in respect of a Collateral Debt Obligation, (X) the S&P Rating of which has been determined pursuant to paragraph (d)(ii) of the definition of S&P Rating for a consecutive period of 90 days during which S&P has not provided a credit estimate in respect of such Collateral Debt Obligation and (Y) that has not had a public rating by S&P withdrawn or suspended within six months prior to the date of application for a credit estimate in respect of such Collateral Debt Obligation, following the earlier of (A) S&P notifying the Investment Manager that no credit estimate will be provided for such Collateral Debt Obligation after the expiry of the 90-day period during which S&P has not provided a credit estimate and (B) the expiry of a period of six months during which the S&P Rating of such Collateral Debt Obligation has been continuously determined in accordance with paragraph (d)(ii) of the S&P Rating definition without a credit estimate having been assigned to it during such period, the Principal Balance of such Collateral Debt Obligation shall be zero, unless S&P has agreed to extend such period, and until an S&P Rating can be determined in respect of such Collateral Debt Obligation pursuant to paragraphs (a), (b) or (d)(i) of the definition of S&P Rating, a credit estimate being assigned by S&P in respect of such Collateral Debt Obligation or such other treatment being applied to such Collateral Debt Obligation as may be advised by S&P;

(h) so long as Fitch is rating any Notes, for the purposes of any Corporate Rescue Loan that has (x) no Fitch Issuer Credit Rating in respect thereof available or (y) no credit estimate assigned to it by Fitch, in each case, before the expiry of a period of 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 a Fitch Issuer Credit Rating or credit estimate is available or assigned by Fitch;

(i) so long as Fitch is rating any Notes, in respect of a Collateral Debt Obligation, (X) the Fitch Rating of which has been determined pursuant to paragraph (a)(vii) of the definition of Fitch Rating for a consecutive period of 90 days during which Fitch has not provided a credit opinion in respect of such Collateral Debt Obligation and (Y) that has not had a public rating by Fitch withdrawn or suspended within six months prior to the date of application for a credit opinion in respect of such Collateral Debt Obligation, following the earlier of (A) Fitch notifying the Investment Manager that no credit estimate will be provided for such Collateral Debt Obligation after the expiry of the 90-day period during which Fitch has not provided a credit estimate and (B) the expiry of a period of six months during which the Fitch Rating of such Collateral Debt Obligation has been continuously determined in accordance with paragraph (a)(vii) of the Fitch Rating definition without a credit opinion having been assigned to it during such period, the Principal Balance of such Collateral Debt Obligation shall be zero, unless Fitch has agreed to extend such period, and until a Fitch Rating can be determined in respect of such Collateral Debt Obligation pursuant to paragraphs (a)(i) to (vi) of the definition of Fitch Rating, a credit opinion being assigned by Fitch in respect of such Collateral Debt Obligation or such other treatment being applied to such Collateral Debt Obligation as may be advised by Fitch; and

(j) for the purposes of determining whether an Event of Default has occurred in accordance with Condition 10 (*Events of Default*), the Principal Balance of each Defaulted Obligation shall be multiplied by its Market Value and the Principal Balance of each other Collateral Debt Obligation shall be the outstanding principal amount thereof, converted where necessary into Euros at the Asset Swap Transaction Exchange Rate.

"**Principal Priority of Payments**" means the priority of payments in respect of Principal Proceeds set out in Condition 3(c)(ii) (*Principal Priority of Payments*).

"**Principal Proceeds**" means all amounts paid or payable into the Principal Account from time to time and, with respect to any Payment Date, means amounts in the nature of principal received or receivable by the Issuer during the related Due Period and any other amounts to be disbursed out of the Payment

Account on such Payment Date pursuant to Condition 3(c)(ii) (*Principal Priority of Payments*) or Condition 11(b) (*Enforcement*).

"**Priorities of Payment**" means, as the case may be, the Interest Priority of Payments, Principal Priority of Payments, the Acceleration Priority of Payments and/or the Collateral Enhancement Obligation 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 Debt Obligation, in each case, to the extent that such amounts represent accrued and/or capitalised interest in respect of such Collateral Debt Obligation which was purchased at the time of the acquisition thereof with Principal Proceeds and/or amounts paid out of the Unused Proceeds Account.

"**QIB**" means a Person who is a qualified institutional buyer as defined in Rule 144A.

"**QIB/QP**" means a Person who is both a QIB and a QP.

"**Qualified Purchaser**" and "**QP**" mean a Person who is a qualified purchaser as defined in Section 2(a)(51)(A) of the Investment Company Act.

"**Qualifying Country**" means Austria, Belgium, Denmark, Finland, France, Germany, Iceland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, the Republic of Ireland, the United Kingdom and the United States having a foreign currency issuer credit rating, at the same time of acquisition of the relevant Eligible Investment, of at least "AA-" by S&P and at least "AA-" by Fitch or any other country which has been approved, at the time of acquisition of the relevant Eligible Investment as a Qualifying Country by each Rating Agency in writing.

"**Ramp-up Period**" means the period from, and including, the Issue Date of the Existing Notes to, but excluding, the earlier of the Effective Date and 180 days after the Issue Date of the Existing Notes or if such day is not a Business Day, the next following Business Day.

"**Rated Notes**" means the Class A Notes, the Class B Notes, the Class C notes, the Class D Notes and the Class E Notes.

"**Rating**" means, with respect to any Collateral Debt Obligation (and with correlative meaning "**Rated**"), the S&P Rating and/or the Fitch Rating, as applicable.

"**Rating Agencies**" means Fitch and S&P, provided that if at any time Fitch and/or S&P generally 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 and the Investment Manager and notified by the Issuer to the Trustee (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 Investment Management Agreement shall be deemed instead to be references to the equivalent categories of the relevant Replacement Rating Agency as of the most recent date on which such other rating agency published ratings for the type of security in respect of which such Replacement Rating Agency is used and all references herein to "**Rating Agencies**" shall be construed accordingly. Any rating agency shall cease to be a Rating Agency if, at any time, it ceases to assign a rating in respect of any Class of Rated Notes.

"**Rating Agency Confirmation**" means, with respect to any specified action, determination or appointment, receipt by the Issuer of written confirmation (which may take the form of a bulletin, press release, email or other written communication) by each Rating Agency which has, as at the relevant date assigned ratings to any Class of the Rated Notes that are Outstanding (or, if applicable, the Rating Agency specified in respect of any such action or determination, provided that such Rating Agency has, as at the relevant date assigned ratings to any Class of the Rated Notes) that such specified action, determination or appointment will not result in the reduction or withdrawal of any of the ratings currently assigned to the Rated Notes by such Rating Agency. Notwithstanding anything to the contrary in any Transaction Document and these Conditions, no Rating Agency Confirmation shall be required from a Rating Agency in respect of any action or determination if such Rating Agency has declined a request from the Investment Manager or the Issuer to review the effect of such action, determination or appointment (provided that such Rating Agency has not declined the request on the

basis of its fee not being paid for such confirmation) or if such Rating Agency announces or confirms to the Investment 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.

"**Rating Confirmation Plan**" means a plan prepared and presented by the Investment Manager (acting on behalf of the Issuer) to the relevant Rating Agency (or Rating Agencies) setting out the timing and manner of acquisition of additional Collateral Debt Obligations and/or any other intended action which will cause confirmation or reinstatement of the Initial Ratings, as further described and as defined in the Investment Management Agreement.

"**Rating Requirement**" means:

(a) in the case of the Account Bank:

(i) (x) if it has a long term issuer credit rating, a long term issuer credit rating of at least "A" by S&P and a short term issuer credit rating of at least "A-1" by S&P or (y) if it does not have a long term issuer credit rating by S&P, a short term issuer credit rating of at least "A-1" by S&P; and

(ii) a long-term issuer default rating of at least "A" and a short-term issuer default rating of at least "F1" by Fitch;

(b) in the case of the Custodian or sub- custodian appointed thereby:

(i) (x) if it has a long-term issuer credit rating, a long-term issuer credit rating of at least "A" by S&P and a short-term issuer credit rating of at least "A-1" by S&P or (y) if it does not have a long-term issuer credit rating by S&P, a short-term issuer credit rating of at least "A-1" by S&P; and

(ii) a long-term issuer default rating of at least "A" and a short-term issuer default rating of at least "F1" by Fitch;

(c) in the case of any Asset Swap Counterparty, the ratings requirement(s) as set out in the relevant Asset Swap Agreement;

(d) in the case of a Selling Institution from whom a Participation has been taken, a counterparty which (i) satisfies the ratings set out in the Bivariate Risk Table, (ii) has a long-term issuer credit rating of at least "A" by S&P and (iii) has a long-term issuer default rating of at least "A" and a short-term issuer default rating of at least "F1" by Fitch; and

(e) in each case, 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.

"**Recalcitrant Noteholder**" means a Noteholder who does not provide the Issuer (or an Intermediary) with the Holder FATCA Information or does not comply with a waiver of law prohibiting disclosure of such information to a taxing authority to enable the Issuer (or an Intermediary) to comply with FATCA or the Ireland IGA (including any voluntary agreement entered into with a taxing authority pursuant thereto).

"**Record Date**" means:

(a) in the case of Notes represented by Global Certificates, close of business on the Clearing System Business Day before the relevant due date for payment of principal and interest in respect of such Note; and

(b) in the case of Notes represented by Definitive Certificates, the fifteenth day before the relevant due date for payment of principal or interest in respect of such Note.

"**Redemption Date**" means each date on which the Notes (or any of them) are redeemed pursuant to Condition 7 (*Redemption and Purchase*) or following the delivery date of an Acceleration Notice

which has not been rescinded or annulled, or in each case, if such day is not a Business Day, the next following Business Day.

"**Redemption Notice**" means a redemption notice or other documents in the form available from the Transfer Agent which has been duly completed by a Noteholder and which specifies, amongst other things, the applicable Redemption Date.

"**Redemption Price**" means, when used with respect to:

(a) any Subordinated Note, such Subordinated Note's *pro rata* share of the amounts available to be distributed to the Subordinated Noteholders in accordance with the applicable Priorities of Payment; and

(b) any Rated Note (i) 100 per cent of the Principal Amount Outstanding of the Rated Notes to be redeemed (including, in the case of the Class C Notes, the Class D Notes and the Class E Notes, any accrued and unpaid Deferred Interest on such Notes) plus (ii) accrued and unpaid interest thereon to the date of redemption.

"**Redemption Threshold Amount**" means the aggregate of all amounts which would be due and payable on redemption of the Rated Notes on the scheduled Redemption Date pursuant to Condition 10(c) (*Acceleration Priority of Payments*) and all other amounts which rank in priority to payments in respect of the Subordinated Notes in accordance with the Priorities of Payment.

"**Reference Banks**" has the meaning given thereto in paragraph (2) of Condition 6(e)(i) (*Floating Rate of Interest*).

"**Refinancing**" has the meaning given to it in Condition 7(b)(vi) (*Optional Redemption effected in whole or in part through Refinancing*).

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

"**Refinancing Costs**" means all fees, costs, charges and expenses incurred in respect of a Refinancing, provided that such fees, costs, charges and expenses have been incurred as a direct result of a Refinancing, such amounts as calculated by the Investment Manager.

"**Refinancing Notes**" has the meaning given to it in Condition 7(b)(vi) (*Optional Redemption effected in whole or in part through Refinancing*).

"**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 Collateral Administration and Agency Agreement.

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

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

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

"**Reinvestment Period**" means the period from and including the Issue Date of the Existing Notes up to and including the earliest of: (i) the end of the Due Period preceding the Payment Date falling on 15 August 2017 or, if such day is not a Business Day, the immediately following Business Day; (ii) the date of the acceleration of the Notes pursuant to Condition 10(b) (*Acceleration*) (provided such Acceleration Notice has not been rescinded or annulled in accordance with Condition 10(d) (*Curing of Default*)); and (iii) the date on which the Investment Manager reasonably believes and notifies the Issuer, the Rating Agencies and the Trustee in writing that it can no longer reinvest in additional Collateral Debt Obligations in accordance with the Reinvestment Criteria.

"**Reinvestment 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 E Par Value Ratio is at least equal to 115.8 per cent.

"**Replacement Asset Swap Transaction**" means any Asset Swap Transaction entered into by the Issuer or the Investment Manager on its behalf, in accordance with the provisions of the Investment Management Agreement upon termination of an existing Asset Swap Transaction in full on substantially the same terms as such existing Asset Swap Transaction, that preserves for the Issuer the financial aspects of the terminated Asset Swap Transaction, subject to such amendments thereto as may be agreed by the Investment Manager, on behalf of the Issuer, and in respect of which Rating Agency Confirmation is obtained unless such Replacement Asset Swap Transaction is a Form Approved Asset Swap.

"**Report**" means each Monthly Report and/or Payment Date Report.

"**Required Diversion Amount**" has the meaning given to it under Condition 3(c)(i) (*Interest Priority of Payments*).

"**Resolution**" means any Ordinary Resolution, Written Resolution or Extraordinary Resolution, as the context may require.

"**Restructured Obligation**" means a Collateral Debt Obligation which has been restructured (whether effected by way of an amendment to the terms of such Collateral Debt Obligation (including but not limited to an extension of its maturity) or by way of substitution of new obligations and/or change of Obligor) and which satisfies the Restructured Obligation Criteria as at its applicable Restructuring Date. A Restructured Obligation will be treated as a Collateral Debt Obligation.

"**Restructured Obligation Criteria**" means the restructured obligation criteria specified in the Investment Management Agreement which are required to be satisfied in respect of each Restructured Obligation at the applicable Restructuring Date.

"**Restructuring Date**" means the date a restructuring of a Collateral Debt Obligation becomes binding on the holders thereof provided if an obligation satisfies the Restructured Obligation Criteria at a later date, such later date shall be deemed to be the Restructuring Date for the purposes of determining whether such obligation shall constitute a Restructured Obligation.

"**Retention**" means the Investment Manager's retention, on an ongoing basis, of a material net economic interest in the transaction which will be comprised of an interest in the first loss tranche within the meaning of paragraph 1(d) of Article 122a by way of holding Subordinated Notes with a Principal Amount Outstanding at any time equal to not less than 5 per cent of the Aggregate Collateral Balance.

"**Retention Cure Purchase**" means the purchase by the Investment Manager of Subordinated Notes in order to cure a Retention Deficiency.

"**Retention Deficiency**" means, as of any date of determination any event which occurs when the sum of the Principal Amount Outstanding of Subordinated Notes, held by the Investment Manager is less than 5 per cent of the Aggregate Collateral Balance.

"**Revolving Obligation**" means any Collateral Debt Obligation (other than a Delayed Drawdown Obligation) that is a loan (including, without limitation, revolving loans, funded and unfunded portions of revolving credit lines and letter of credit facilities, unfunded commitments under specific facilities and other similar loans and investments) that pursuant to the terms of its Underlying Instruments may require one or more future advances to be made to the borrower by the Issuer; but any such Collateral Debt Obligation will be a Revolving Obligation only until all commitments to make advances to the borrower expire or are terminated irrevocably or reduced to zero.

"**Revolving Reserve Accounts**" means each of the interest bearing accounts of the Issuer with the Account Bank into which amounts at least equal to the Unfunded Amounts in respect of Revolving Obligations and Delayed Drawdown Obligations and certain principal payments received in respect of Revolving Obligations and Delayed Drawdown Obligations, are required to be paid.

"**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 in reliance on Rule 144A.

"**Rule 17g-5**" means Rule 17g-5 of the Exchange Act.

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

"**S&P CCC Obligations**" means all Collateral Debt Obligations, excluding Defaulted Obligations, with a S&P Rating of "CCC+" or lower.

"**S&P Collateral Value**" means:

(a) for each Defaulted Obligation on or after the earlier to occur of (x) the date which falls 90 days after the Collateral Debt Obligation becomes a Defaulted Obligation and (y) where a Determination Date falls in the 90 day period referred to in (x), the date which falls 30 days after the Collateral Debt Obligation becomes a Defaulted Obligation, the lower of:

(i) its prevailing Market Value; and

(ii) the relevant S&P Recovery Rate, multiplied by its Principal Balance; or

(b) in the case of any other applicable Collateral Debt Obligation the relevant S&P Recovery Rate multiplied by its Principal Balance,

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

"**S&P Issuer Credit Rating**" means in respect of a Collateral Debt Obligation, a publicly available issuer credit rating by S&P in respect of the Obligor thereof.

"**S&P Matrix**" has the meaning given to it in the Investment Management Agreement.

"**S&P Rating**" has the meaning given to it in the Investment Management Agreement.

"**S&P Recovery Rate**" means in respect of any Collateral Debt Obligation, the recovery rate determined in accordance with the Investment Management Agreement or as so advised by S&P.

"**Sale Proceeds**" means:

(a) all proceeds received upon the sale of any Collateral Debt Obligation (save for any Asset Swap Obligation) or any Exchanged Security or any Eligible Investment to the extent the same represents Principal Proceeds, excluding any sale proceeds representing accrued interest designated as Interest Proceeds, by the Investment Manager in accordance with the Investment Management Agreement, provided that no such designation may be made in respect of: (i) Purchased Accrued Interest; or (ii) proceeds representing accrued interest received in respect of any Defaulted Obligation unless and until (x) such amounts represent Defaulted Obligation Excess Amounts and (y) any Purchased Accrued Interest in relation to such Defaulted Obligation has been paid, together with all proceeds received upon the sale of any Exchange Security delivered to the Issuer upon the acceptance of any Offer in respect of such Defaulted Obligation;

(b) in the case of any Asset Swap Obligation, all amounts in Euro (or other currencies if applicable) payable to the Issuer by the applicable Asset Swap Counterparty under the related Asset Swap Transaction in exchange for payment by the Issuer of the sale proceeds of any Collateral Debt Obligation as described in paragraph (a) above but amended to apply to such Asset Swap Obligation, together with any other proceeds of sale of the related Asset Swap Obligation not paid to such Asset Swap Counterparty; and

(c) in the case of any Collateral Enhancement Obligation, all proceeds and any fees received upon the sale of such Collateral Enhancement Obligation,

in each case net of any amounts expended by or payable by the Issuer or the Collateral Administrator (on behalf of the Issuer) in connection with the sale, disposition or termination of such Collateral Debt Obligation or Asset Swap Obligation including any amounts payable by the Issuer upon termination of the applicable Asset Swap Transaction.

"**Scheduled Principal Proceeds**" means:

(a) in the case of any Collateral Debt Obligation, save for any Asset Swap Obligation, scheduled principal repayments received by the Issuer (including scheduled amortisation, instalment or sinking fund payments); and

(b) in the case of any Asset Swap Obligation, scheduled final and interim payments in Euro and in the nature of principal exchanges payable to the Issuer by the applicable Asset Swap Counterparty under the related Asset Swap Transaction.

"**Secured High Yield Bond**" means a collateral debt obligation that bears a fixed rate of interest in the form of, or represented by, a bond, note, certificated debt security or other debt security (that is not a Senior Secured Loan or a Senior Secured Floating Rate Note) as determined by the Investment Manager in its reasonable business judgement or a Participation therein, provided that:

(a) it is secured (i) by fixed assets of the Obligor or guarantor thereof if and to the extent that the provision of security over assets is permissible under applicable law (save in the case of assets so numerous or diverse that the failure to take such security is consistent with reasonable secured lending practices), and otherwise (ii) by 100.00 per cent of the equity interests in the stock of an entity owning either directly or indirectly such fixed assets; and

(b) no other obligation of the Obligor has any higher priority security interest in such fixed assets or stock 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 stock in the event of an enforcement in respect of such loan representing up to 15 per cent of the Obligor's senior debt.

"**Secured Party**" means each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Subordinated Noteholders, the Arranger, the Initial Purchaser, the Investment Manager, the Collateral Administrator, the Trustee, the Agents, any receiver or other appointee, each Asset Swap Counterparty and each other person who becomes a "Secured Party" pursuant to and in accordance with the Trust Deed and "**Secured Parties**" means any two or more of them as the context so requires.

"**Securities Act**" means the United States Securities Act of 1933, as amended.

"**Selling Institution**" means an institution from whom (i) a Participation is taken and satisfies the applicable Rating Requirement; or (ii) an Assignment is acquired.

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

(a) €250,000 per annum (pro rated for such Due Period on the basis of a 360 day year comprised of twelve 30 day months); and

(b) 0.025 per cent per annum (pro rated for such Due Period on the basis of a 360 day year and the actual number of days elapsed in such Due Period) of the Aggregate Collateral Balance as at the Determination Date immediately preceding the Payment Date in respect of such Due Period, provided however, that if the aggregate of the Trustees Fees and Expenses and Administrative Expenses paid on the immediately preceding Payment Date or during the related Due Period is less than the stated Senior Expenses Cap, the excess may be added to the Senior Expenses Cap with respect to the then current Payment Date. For the avoidance of doubt, any such excess may not at any time result in an increase of the Senior Expenses Cap on a per annum basis.

"**Senior Investment Management Fee**" means the fee payable to the Investment Manager in arrear on each relevant Payment Date in respect of the immediately preceding Fees Calculation Period pursuant to the Investment Management Agreement (which may be deferred at the Investment Manager's

discretion) in an amount, as determined by the Collateral Administrator, equal to 0.15 per cent per annum (calculated semi-annually on the basis of a 360 day year and the actual number of days elapsed in such Fees Calculation Period) of the Average Aggregate Collateral Balance applicable to such Payment Date (plus any applicable value added tax payable in respect thereof).

"**Senior Secured Floating Rate Note**" means a collateral debt obligation that bears a floating rate of interest in the form of, or represented by, a bond, note, certificated debt security or other debt security (that is not a Senior Secured Loan) as determined by the Investment Manager in its reasonable business judgement or a Participation therein, provided that:

(a) it is secured (i) by fixed assets of the Obligor or guarantor thereof if and to the extent that the provision of security over assets is permissible under applicable law (save in the case of assets so numerous or diverse that the failure to take such security is consistent with reasonable secured lending practices), and otherwise (ii) by 100.00 per cent of the equity interests in the stock of an entity owning either directly or indirectly such fixed assets; and

(b) no other obligation of the Obligor has any higher priority security interest in such fixed assets or stock 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 stock in the event of an enforcement in respect of such loan representing up to 15 per cent of the Obligor's senior debt.

"**Senior Secured Loan**" means a collateral debt obligation (which may be a Revolving Obligation or a Delayed Drawdown Obligation) that is a senior secured loan as determined by the Investment Manager in its reasonable business judgement or a Participation therein, provided that:

(a) it is secured (i) by fixed assets of the Obligor or guarantor thereof if and to the extent that the provision of security over assets is permissible under applicable law (save in the case of assets so numerous or diverse that the failure to take such security is consistent with reasonable secured lending practices), and otherwise (ii) by 100.00 per cent of the equity interests in the stock of an entity owning either directly or indirectly such fixed assets; and

(b) no other obligation of the Obligor has any higher priority security interest in such fixed assets or stock 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 stock in the event of an enforcement in respect of such loan representing up to 15 per cent of the Obligor's senior debt.

"**Similar Law**" means any federal, state, local or non-U.S. law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or any interest therein) by virtue of its interest and thereby subject the Issuer or the Investment Manager (or other persons responsible for the investment and operation of the Issuer's assets) to any federal, state, local or non-U.S. law that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code.

"**Special Redemption**" has the meaning given to it in Condition 7(d) (*Special Redemption*).

"**Special Redemption Amount**" has the meaning given to it in Condition 7(d) (*Special Redemption*).

"**Special Redemption Date**" has the meaning given to it in Condition 7(d) (*Special Redemption*).

"**Spot Rate**" means with respect to any conversion of any currency into Euro or, as the case may be, of Euro into any other relevant currency, the relevant spot rate of exchange determined by the Collateral Administrator on the date of calculation in consultation and agreement with the Investment Manager.

"**Stated Maturity**" means, with respect to any Collateral Debt Obligation or Eligible Investment the date specified in such obligation as the fixed date on which the final payment or repayment of principal of such obligation is due and payable.

"**Subordinated Investment Management Fee**" means the fee payable to the Investment Manager in arrear on each relevant Payment Date in respect of the immediately preceding Fees Calculation Period, pursuant to the Investment Management Agreement (which may be deferred at the Investment

Manager's discretion) in an amount, as determined by the Collateral Administrator, equal to 0.35 per cent per annum (calculated semi-annually on the basis of a 360 day year and the actual number of days elapsed in such Fees Calculation Period) of the Average Aggregate Collateral Balance applicable to such Payment Date (plus any applicable value added tax payable in respect thereof).

"**Subordinated Noteholder**" means each person who is registered in the Register as the holder of any Subordinated Note from time to time.

"**Subscription Agreement**" means the subscription agreement between the Issuer and the Initial Purchaser dated 24 July 2013.

"**Substitute Collateral Debt Obligation**" means a Collateral Debt Obligation purchased in substitution for a previously held Collateral Debt Obligation pursuant to the terms of the Investment Management Agreement and which satisfies both the Eligibility Criteria and the Reinvestment Criteria.

"**Swapped Non-Discount Obligation**" means any Collateral Debt Obligation that would otherwise be considered a Discount Obligation, but that is purchased with the Sale Proceeds of a Collateral Debt Obligation that was not a Discount Obligation at the time of its purchase and will not be considered a Discount Obligation so long as such purchased Collateral Debt Obligation: (a) is purchased or committed to be purchased within 30 days of such sale; (b) is purchased at a price (as a percentage of par) equal to or greater than the sale price of the sold Collateral Debt Obligation; (c) is purchased at a price not less than 50 per cent of the Principal Balance thereof; and (d) has a Fitch Rating equal to or higher than the Fitch Rating of the sold Collateral Debt Obligation; provided that to the extent the aggregate Principal Balance of Swapped Non-Discount Obligations exceeds 5.0 per cent of the Aggregate Collateral Balance (for which purposes, the Principal Balance of each Defaulted Obligation will be the lower of its S&P Collateral Value and its Fitch Collateral Value), such excess will not constitute Swapped Non-Discount Obligations; provided further that such Collateral Debt Obligation will cease to be a Swapped Non-Discount Obligation at such time as the Market Value (expressed as a percentage of par) for such Collateral Debt Obligation on each day during any period of 30 consecutive days since the acquisition of such Collateral Debt Obligation equals or exceeds (i) for Floating Rate Collateral Debt Obligations, 90 per cent or (ii) for a Fixed Rate Collateral Debt Obligation 85 per cent.

"**Target Par Amount**" means €400,000,000.

"**TARGET2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer system (or, if such system ceases to be operative, such other system (if any) determined by the Trustee to be a suitable replacement).

"**Transaction Documents**" means the Trust Deed (including these Conditions), the Collateral Administration and Agency Agreement, the Subscription Agreement, the Euroclear Pledge Agreement, the Investment Management Agreement, any Asset Swap Agreements, the Collateral Acquisition Agreements, the Participation Agreements, the Forward Sale Agreement, and any document supplemental thereto or issued in connection therewith.

"**Trustee Fees and Expenses**" means the fees and expenses, costs, claims, charges, indemnities, disbursements and any other amounts payable to the Trustee and any receiver, agent, delegate or other appointee of the Trustee (in each case, appointed in accordance with the provisions of the Trust Deed) pursuant to the Trust Deed or any other Transaction Document from time to time plus any applicable value added tax thereon payable under the Trust Deed or any other Transaction Document, including, but not limited to, indemnity payments and any fees, costs, charges and expenses properly incurred by the Trustee in respect of any Refinancing.

"**Underlying Instrument**" means the agreements or instruments pursuant to which a Collateral Debt Obligation has been issued or created and each other agreement that governs the terms of, or secures the obligations represented by, such Collateral Debt Obligation or under which the holders or creditors under such Collateral Debt Obligation are the beneficiaries.

"**Unfunded Amount**" means, with respect to any Revolving Obligation or Delayed Drawdown Obligation, the excess, if any, of (i) the Commitment Amount under such Revolving Obligation or Delayed Drawdown Obligation, as the case may be, at such time over (ii) the Funded Amount thereof at such time.

"**Unscheduled Principal Proceeds**" means (a) with respect to any Collateral Debt Obligation (other than an Asset Swap Obligation), principal proceeds received by the Issuer prior to the Stated Maturity thereof as a result of optional redemptions, prepayments (including any acceleration) or Offers (excluding any premiums or make whole amounts in excess of the principal amount of such Collateral Debt Obligation) and (b) in the case of any Asset Swap Obligation, the Asset Swap Counterparty Principal Exchange Amount payable in respect of the amounts referred to in (a) above pursuant to the related Asset Swap Transaction, together with (i) any related Asset Swap Termination Receipts but less any related Asset Swap Termination Payment (to the extent any are payable) and only to the extent not required for application towards any Asset Swap Replacement Payment and (ii) any related Asset Swap Replacement Receipts but only to the extent not required for application towards any related Asset Swap Termination Payments.

"**Unused Proceeds Account**" means 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(j)(iii) (*Unused Proceeds Account*).

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

"**Weighted Average Spread**" has the meaning given to it in the Investment Management Agreement.

"**Written Resolution**" means any Resolution of the Noteholders in writing, as described in Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and as further described in, and as defined in, the Trust Deed.

2. **Form and Denomination, Title, Transfer and Exchange**

(a) ***Form and Denomination***

The Notes of each Class have been and will be issued in definitive, certificated, fully registered form, without interest coupons, talons and principal receipts attached, in the applicable Minimum Denomination and integral multiples of any Authorised Integral Amount in excess thereof. A Definitive Certificate has been and 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 Collateral Administration and Agency Agreement and the Trust Deed. Notes will be transferable only on the books of the Issuer and its agents. The registered holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

(c) ***Transfer***

One or more 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.

(d) ***Delivery of New Certificates***

Each new Definitive Certificate to be issued pursuant to Condition 2(c) (*Transfer*) will be available for delivery within five Business Days of receipt of such form of transfer or of surrender of an existing certificate upon partial redemption. Delivery of new Definitive Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar, as the case may be, to whom delivery or surrender shall have been made or, at the option of the holder making such delivery or surrender as

aforesaid and as specified in the form of transfer or otherwise in writing, shall be mailed by pre-paid first class post, uninsured and 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), "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified offices of the Transfer Agent and the Registrar.

(e) ***Transfer Free of Charge***

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

(f) ***Closed Periods***

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 calendar days ending on the due date for redemption (in full) of that Note or (ii) during the period of seven calendar days ending on (and including) any Record Date.

(g) ***Regulations Concerning Transfer and Registration***

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning the transfer of Notes scheduled to the Trust Deed, including without limitation, that a transfer of Notes in breach of certain of such regulations will result in such transfer being void *ab initio*. The regulations may be changed by the Issuer in any manner which is reasonably required by the Issuer (after consultation with the Trustee) to reflect changes in legal or regulatory requirements or in any other manner which, in the opinion of the Issuer (after consultation with the Trustee and subject to not less than 60 days' notice of any such change having been given to the Noteholders in accordance with Condition 16 (*Notices*)), is not prejudicial to the interests of the holders of the relevant Class of Notes. A copy of the current regulations may be inspected at the offices of 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. Person and holder of Rule 144A Notes is not a QIB/QP (any such person, a "**Non-Permitted Holder**"), the Issuer may direct such holder to sell or transfer its Notes outside the United States to a non-U.S. Person or within the United States to a U.S. Person that is a QIB/QP within 30 days following receipt of such notice. If such holder fails to sell or transfer its Rule 144A Notes within such period, such holder may be required by the Issuer to sell or transfer 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, provided, however, that prior to the completion of such sale, the Non-Permitted Holder will have an opportunity to propose a prospective purchaser who may acquire the Notes at the highest bid received by the Issuer, and no later than the time the other bidder would have made its acquisition, and the Issuer will sell such Notes to such purchaser so long as it meets all applicable transfer restrictions. The Issuer reserves the right to require any holder of Notes to submit a written certification (to it or to any agent on its behalf) substantiating that it is a QIB/QP or a non-U.S. Person. If such holder fails to submit any such requested written certification on a timely basis, the Issuer has the right to assume that the holder of the Notes from whom such a certification is requested is not a QIB/QP or a non-U.S. Person. Furthermore, the Issuer and the Registrar reserve the right to refuse to honour a transfer of beneficial interests in a Rule 144A Note to any Person who is not either a non-U.S. Person or a U.S. Person that is a QIB/QP.

(i) ***Forced transfer pursuant to FATCA***

The Issuer reserves the right to require any holder of Notes to provide the Issuer (or an Intermediary) with the Holder FATCA Information. If a Noteholder is determined by the Issuer to be a Recalcitrant Noteholder or a Non-Compliant FFI or if the Issuer otherwise reasonably determines that a Noteholder's acquisition or holding of an interest in such a Note would cause the Issuer (or an Intermediary) to be unable to comply with FATCA it may require the sale or transfer of such Notes,

provided, however, that prior to the completion of such sale or transfer, such Recalcitrant Holder or Non-Compliant FFI will have an opportunity to propose a prospective purchaser who may acquire the Notes at the highest bid received by the Issuer, and no later than the time the other bidder would have made its acquisition, and the Issuer will sell such Notes to such purchaser so long as it meets all applicable transfer restrictions. For these purposes, the Issuer shall have the right to sell or transfer a Noteholder's interest in its Notes in its entirety notwithstanding that the sale of a portion of such an interest would permit the Issuer to comply with FATCA.

(j) ***Forced transfer pursuant to ERISA***

If any Noteholder is determined by the Issuer to be a Noteholder who has made or is deemed to have made a prohibited transaction, Benefit Plan Investor, Other Plan Law or Similar Law representation that is subsequently shown to be false or misleading, or whose beneficial ownership otherwise causes a violation of the 25 per cent Limitation (any such Noteholder a "**Non-Permitted ERISA Holder**"), the Non-Permitted ERISA Holder may be required by the Issuer to sell or otherwise transfer its Notes to an eligible purchaser selected by the Issuer, provided, however, that prior to the completion of such sale, the Non-Permitted ERISA Holder will have an opportunity to propose a prospective purchaser who may acquire the Notes at the highest bid received by the Issuer, and no later than the time the other bidder would have made its acquisition, and the Issuer will sell such Notes to such purchaser so long as it meets all applicable transfer restrictions.

(k) ***Forced Transfer Mechanics***

In respect of any forced transfer referred to in Condition 2(h) (*Forced transfer of Rule 144A Notes*), Condition 2(i) (*Forced transfer pursuant to FATCA*) or Condition 2(j) (*Forced transfer pursuant to ERISA*):

(i) Each Noteholder and each other Person in the chain of title from the Noteholder to the Non-Permitted ERISA Holder, Recalcitrant Noteholder, Non-Compliant FFI or as the case may be Non-Permitted Holder, by its acceptance of an interest in the Notes, agrees to cooperate with the Issuer, to the extent required to effect such transfers. In addition each Noteholder hereby authorises the Registrar, Euroclear and Clearstream, Luxembourg and the Issuer to take such actions and steps as are necessary in order to effect the forced transfer provisions referred to above without the need for any further express instruction or approval from any affected Noteholder or the Noteholders as a whole or of any Class and each Noteholder hereby agrees to be bound by the same.

(ii) The terms and conditions of any transfer (including the sale price (which could be for less than the market value) and any eligible transferees) shall (subject as provided above in Condition 2(h) (*Forced transfer of Rule 144A Notes*), Condition 2(i)(*Forced transfer pursuant to FATCA*) and Condition 2(j) (*Forced transfer pursuant to ERISA*)) be determined by the Issuer in its sole discretion.

(iii) The proceeds of any sale (net of any costs, commissions, taxes and expenses incurred by the Issuer in connection with such transfer) shall be remitted to the selling Noteholder.

(iv) Neither the Issuer nor 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) ***Exchange of IM Voting Notes / IM Non-Voting Exchangeable Notes / IM Non-Voting Notes***

(i) Each Rated Note may be in the form of an IM Voting Note, an IM Non-Voting Exchangeable Note or an IM Non-Voting Note.

(ii) IM Voting Notes will carry a right to vote in respect of, and be counted for the purposes of determining a quorum and the result of voting on all matters in respect of which the Noteholders have a right to vote, including any IM Replacement Resolutions and/or any IM Removal Resolutions. IM Non-Voting Exchangeable Notes and IM Non-Voting Notes will not carry any rights in respect of, or be counted for the purposes of determining a quorum and the result of voting on, any IM Removal Resolutions or

any IM Replacement Resolutions but will carry a right to vote on and be counted in respect of all other matters in respect of which the Noteholders have a right to vote and be counted.

(iii) IM Voting Notes will be exchangeable at any time upon request by the relevant Noteholder into: (a) IM Non-Voting Exchangeable Notes; or (b) IM Non-Voting Notes. IM Non-Voting Exchangeable Notes will be exchangeable at any time upon request by the relevant Noteholder into: (a) IM Voting Notes; or (b) IM Non-Voting Notes. IM Non-Voting Notes shall not be exchangeable at any time into IM Voting Notes or IM Non-Voting Exchangeable Notes.

(iv) Any such right to exchange a Rated Note from one form to another, as described and subject to the limitations set out in paragraph (iii) above, may be exercised in accordance with the Trust Deed by a Noteholder holding a Definitive Certificate or a beneficial interest in a Global Certificate delivering to the Registrar or a Transfer Agent a written request substantially in the form provided in the Trust Deed from the exchangor.

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*). The Notes of each Class are secured in the manner described in Condition 4(a) (*Security*) and, within each Class, shall at all times rank *pari passu* and without any preference amongst themselves.

(b) ***Relationship Among the Classes***

The Notes of each Class are constituted by the Trust Deed and are secured on the Collateral as further described in the Trust Deed. Payments of interest on the Class A Notes on each Payment Date will rank senior to payments of interest in respect of each other Class; payments of interest on the Class B Notes on each Payment Date will be subordinated in right of payment to payments of interest in respect of the Class A Notes, but senior in right of payment to payments of interest in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes; payments of interest on the Class C Notes on each Payment Date will be subordinated in right of payment to payments of interest in respect of the Class A Notes and the Class B Notes, but senior in right of payment to payments of interest on the Class D Notes, the Class E Notes and the Subordinated Notes; payments of interest on the Class D Notes on each Payment Date will be subordinated in right of payment to payments of interest in respect of the Class A Notes, the Class B Notes and the Class C Notes, but senior in right of payment to payments of interest on the Class E Notes and the Subordinated Notes; payments of interest on the Class E Notes on each Payment Date will be subordinated in right of payment to payments of interest in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, but senior in right of payment to payments of interest on the Subordinated Notes.

Payment of interest on the Subordinated Notes on each Payment Date will be subordinated in right of payment to payment of interest in respect of the Rated Notes. Interest on the Subordinated Notes shall be paid *pari passu* and without any preference amongst themselves.

Except in the case of a Refinancing where Rated Notes may be redeemed in any order, the following will apply. No amount of principal in respect of the Class B Notes shall become due and payable until redemption and payment in full of the Class A Notes, no amount of principal in respect of the Class C Notes shall become due and payable until redemption and payment in full of the Class A Notes and the Class B Notes, no amount of principal in respect of the Class D Notes shall become due and payable until redemption and payment in full of the Class A Notes, Class B Notes and the Class C Notes, no amount of principal in respect of the Class E Notes shall become due and payable until redemption and payment in full of the Class A Notes, Class B Notes, the Class C Notes and the Class D Notes. Subject to the applicability of the Acceleration Priority of Payments, the Subordinated Notes will be entitled to receive, out of Principal Proceeds, the amounts described under the Principal Priority of Payments on a *pari passu* basis. Payments on the Subordinated Notes are subordinated to payments on the Rated Notes and other amounts described in the Priorities of Payment and no payments out of Principal

Proceeds will be made on the Subordinated Notes until the Rated Notes and other payments ranking prior to the Subordinated Notes in accordance with the Priorities of Payment are paid in full.

(c) ***Priorities of Payment***

The Collateral Administrator shall (consistent with the Payment Date Reports prepared by the Collateral Administrator in consultation with, and based on certain information provided by, the Investment Manager pursuant to the terms of the Investment Management Agreement no later than the Business Day prior to each Payment Date), on behalf of the Issuer and in consultation with the Investment Manager, on each Payment Date cause the Account Bank to disburse Interest Proceeds, Principal Proceeds and Collateral Enhancement Obligation Proceeds transferred to the Payment Accounts on the second Business Day prior thereto in accordance with the following Priorities of Payment:

(i) ***Interest Priority of Payments***

Prior to the occurrence of any of (a) the Maturity Date, (b) such other date on which all Notes are redeemed in full pursuant to Condition 7 (*Redemption and Purchase*) or (c) the delivery date of an Acceleration Notice (and, if such Acceleration Notice is subsequently rescinded or annulled in accordance with Condition 10(d) (*Curing of Default*), from and including the date on which such Acceleration Notice is rescinded or annulled until any of the events described in (a), (b) or (c) above subsequently occurs), Interest Proceeds shall be applied on each Payment Date in the following order of priority:

(A) in payment of €1000 to the Issuer for deposit in the Issuer Irish Account (the "**Issuer Fee**") and of taxes owing by the Issuer which became due and payable during the related Due Period, if any, as certified by an Authorised Officer of the Issuer to the Collateral Administrator (save for any Irish corporate income tax in relation to the Issuer Fee and any value added tax payable in respect of any Investment Management Fee or any other tax payable in relation to any amount payable to the Secured Parties);

(B) in payment of due and unpaid Trustee Fees and Expenses up to an amount equal to the Senior Expenses Cap;

(C) in payment of due and unpaid Administrative Expenses in the order of priority stated in the definition thereof, up to an amount equal to the Senior Expenses Cap less any amounts paid pursuant to paragraph (B) above in respect of the related Due Period;

(D) in payment on a *pro rata* and *pari passu* basis of any Asset Swap Scheduled Periodic Issuer Payments due and payable to any applicable Asset Swap Counterparty, to the extent not paid from funds available in the applicable Asset Swap Account, converted into the applicable currency at the applicable Spot Rate at the direction of the Investment Manager;

(E) in payment:

(1) firstly, to the Investment Manager of the Senior Investment Management Fee due and payable on such Payment Date and any value added tax in respect thereof (whether payable to the Investment Manager or directly to the relevant taxing authority) (save for any Deferred Senior Investment Management Amounts) except that the Investment Manager may, in its sole discretion, defer payment of some or all of the amounts that would have been payable to the Investment Manager under this paragraph (E) (any such amounts, being "**Deferred Senior Investment Management Amount**") on any Payment Date, provided that any such amount shall either (a) be used to purchase Substitute Collateral Debt Obligations or (b) be deposited in the Principal Account pending investment in Collateral Debt Obligations or (c) be applied to the

payment of amounts in accordance with paragraphs (F) to (T) (inclusive) and (V) to (CC) (inclusive) below, subject, in the case of (a), (b) and (c), to the Investment 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 deferred and provided that any deferral of the Senior Investment Management Fee under this paragraph (E) shall not be treated as non-payment for the purposes of making further payments pursuant to this Condition 3(c)(i); and

(2) secondly, to the Investment Manager, any previously due and unpaid Senior Investment Management Fees (other than Deferred Senior Investment Management Amounts) and any value added tax in respect thereof (whether payable to the Investment Manager or directly to the relevant taxing authority),

(F) in payment on a *pro rata* and *pari passu* basis of any Asset Swap Termination Payment due to any Asset Swap Counterparty (other than any Defaulted Asset Swap Termination Payment), in each case to the extent not paid from funds available in the applicable Asset Swap Termination Account;

(G) in payment on a *pro rata* and *pari passu* basis of any Asset Swap Replacement Payment due to any replacement Asset Swap Counterparty, in each case, to the extent not paid from funds available in the applicable Asset Swap Termination Account;

(H) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class A Notes in respect of the Interest Period ending on such Payment Date and all other Interest Amounts due and payable on such Class A Notes;

(I) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class B Notes in respect of the Interest Period ending on such Payment Date and all other Interest Amounts due and payable on such Class B Notes;

(J) if (i) the Class A/B Par Value Test is not satisfied on any Determination Date commencing from the Effective Date or (ii) the Class A/B Interest Coverage Test is not satisfied on any Determination Date commencing from the Determination Date immediately preceding the second Payment Date following the Effective Date, 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 following such redemption;

(K) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class C Notes in respect of the Interest Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Interest Period);

(L) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class C Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);

(M) if (i) the Class C Par Value Test is not satisfied on any Determination Date from the Effective Date or (ii) the Class C Interest Coverage Test is not satisfied on any Determination Date commencing from the Determination Date immediately preceding the second Payment Date following the Effective Date and on each Determination Date thereafter, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause each Class C Coverage Test to be satisfied if recalculated following such redemption;

(N) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class D Notes in respect of the Interest Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Interest Period);

(O) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class D Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);

(P) if (i) the Class D Par Value Test is not satisfied on any Determination Date commencing from the Effective Date or (ii) the Class D Interest Coverage Test is not satisfied on any Determination Date commencing from the Determination Date immediately preceding the second Payment Date following the Effective Date, 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 following such redemption;

(Q) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class E Notes in respect of the Interest Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Interest Period);

(R) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class E Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);

(S) if (i) the Class E Par Value Test is not satisfied on any Determination Date commencing from the Effective Date or (ii) the Class E Interest Coverage Test is not satisfied on any Determination Date commencing from the Determination Date immediately preceding the second Payment Date following the Effective Date, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause each Class E Coverage Test to be satisfied if recalculated following such redemption;

(T) on the Payment Date next following the Effective Date (and on 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 second Business Day prior to such Payment Date, to redeem the Notes in accordance with the Note Payment Sequence or, if earlier, until an Effective Date Rating Event is no longer continuing;

(U) to the payment:

(1) firstly, to the Investment Manager of the Subordinated Investment Management Fee due and payable on such Payment Date and any value added tax in respect thereof (whether payable to the Investment Manager or directly to the relevant taxing authority) (save for any Deferred Subordinated Investment Management Amount) until such amount has been paid in full except that the Investment Manager may, in its sole discretion defer payment of some or all of the amounts that would have been payable to the Investment Manager under this paragraph (U) (any such amounts, being "**Deferred Subordinated Investment Management Amounts**") on any Payment Date, provided that any such amount shall either: (a) be used to purchase Substitute Collateral Debt Obligations or (b) be deposited in the Principal Account pending investment in Collateral Debt Obligations or (c) shall be applied to the payment of amounts in accordance with paragraphs (V) to (CC) (inclusive) below, subject, in the case of (a), (b) and (c), to the Investment 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 deferred and provided that

any deferral of the Subordinated Investment Management Fee under this paragraph (U) shall not be treated as non-payment for the purposes of making further payments pursuant to this Condition 3(c)(i); and

(2) secondly, to the Investment Manager of any previously due and unpaid Subordinated Investment Management Fee (other than Deferred Subordinated Investment Management Amounts) and any value added tax in respect thereof (whether payable to the Investment Manager or directly to the relevant taxing authority);

(V) in the event that, on any Payment Date following the Effective Date and each Payment Date thereafter during the Reinvestment Period, after giving effect to the payment of all amounts payable in respect of paragraphs (A) to (U) (inclusive) above, the Reinvestment Test has not been met, at the discretion of the Investment Manager (acting on behalf of the Issuer) either (1) to the payment to the Principal Account for the acquisition of additional Collateral Debt Obligations or (2) to redeem the Notes in accordance with the Note Payment Sequence, in either case, in an amount (such amount, the "**Required Diversion Amount**") equal to the lesser of (x) 50 per cent of all remaining Interest Proceeds available for payment and (y) the amount which, after giving effect to the said payment to the Principal Account, or the redemption of the Notes would be sufficient to cause the Reinvestment Test to be satisfied if recalculated immediately following such payment;

(W) at the election of the Investment Manager (at its sole discretion) to the Investment Manager in payment of any Deferred Senior Investment Management Amounts and Deferred Subordinated Investment Management Amounts, in each case to the extent the same remain outstanding from any previous Payment Date following the election of the Investment Manager to defer such amounts, and any value added tax in respect thereof (whether payable to the Investment Manager or directly to the relevant taxing authority);

(X) in payment of Trustee Fees and Expenses (if any) not paid by reason of the Senior Expenses Cap;

(Y) in payment of Administrative Expenses (if any) in the order of priority stated in the definition thereof not paid by reason of the Senior Expenses Cap in relation to each item thereof on a *pari passu* basis;

(Z) in payment on a *pro rata* and *pari passu* basis of any Defaulted Asset Swap Termination Payment due to any Asset Swap Counterparty;

(AA) if, on any Payment Date after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on such Payment Date in accordance with the Interest Priority of Payments and the Principal Priority of Payments and the Collateral Enhancement Obligation Priority of Payments, the Incentive Investment Management Fee IRR Threshold has been reached on or prior to such Payment Date, 10 per cent of any remaining Interest Proceeds at this paragraph (AA) on such date to the payment to the Investment Manager as an Incentive Investment Management Fee and any value added tax in respect thereof, (whether payable to the Investment Manager or directly to the taxing authority) (including any previously deferred Incentive Investment Management Amount under this paragraph (AA) until such amount has been paid in full except that the Investment Manager may, in its sole discretion defer payment of some or all of the amounts that would have been payable to the Investment Manager under this paragraph (AA) on any Payment Date, provided that any such amount shall either: (a) be used to purchase Substitute Collateral Debt Obligations or (b) be deposited in the Principal Account pending investment in Collateral Debt Obligations or (c) shall be applied to the payment of amounts in accordance with paragraph (CC below, subject, in the case of (a), (b) and (c), to the

Investment 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 deferred and provided that any deferral of the Incentive Investment Management Fee under this paragraph (AA) shall not be treated as non-payment for the purposes of making further payments pursuant to this Condition 3(c)(i) and for the avoidance of doubt, if the Incentive Investment Management Fee IRR Threshold has not been reached, this paragraph (X) shall be ignored;

(BB) on a *pro rata* basis, (i) at the discretion of the Investment Manager acting on behalf of the Issuer (but excluding any date on which the Subordinated Notes are to be redeemed and paid in full) to payment into the Collateral Enhancement Account (for the purchase of Collateral Enhancement Obligations) and (ii) on a *pro rata* basis, to the Investment Manager in repayment of any Investment Manager Advances outstanding but only to the extent designated as Interest Proceeds together with any interest accrued thereon; and

(CC) any remaining Interest Proceeds, to the payment of interest on the Subordinated Notes on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption).

(ii) ***Principal Priority of Payments***

Prior to the occurrence of any of (a) the Maturity Date, (b) such other date on which all Notes are redeemed in full pursuant to Condition 7 (*Redemption and Purchase*) or (c) the delivery date of an Acceleration Notice (and, if such Acceleration Notice is subsequently rescinded or annulled in accordance with Condition 10(d) (*Curing of Default*), from and including the date on which such Acceleration Notice is rescinded or annulled until any of the events described in (a), (b) or (c) above subsequently occurs) Principal Proceeds in respect of each Due Period shall be applied, on the Payment Date immediately following such Due Period in the following order of priority:

(A) to payment, on a sequential basis, of the amounts referred to in paragraphs (A) to (J) (inclusive) of the Interest Priority of Payments, but only to the extent not paid in full thereunder;

(B) to the payment of the amounts referred to in paragraph (K) of the Interest Priority of Payments but only to the extent not paid in full thereunder and to the extent that the Class C Notes are the Controlling Class;

(C) to the payment of the amounts referred to in paragraph (L) of the Interest Priority of Payments but only to the extent not paid in full thereunder and to the extent that the Class C Notes are the Controlling Class;

(D) to the payment of the amounts referred to in paragraph (M) of the Interest Priority of Payments but only to the extent not paid in full thereunder and only to the extent 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;

(E) to the payment of the amounts referred to in paragraph (N) of the Interest Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class D Notes are the Controlling Class;

(F) to the payment of the amounts referred to in paragraph (O) of the Interest Priority of Payments but only to the extent not paid in full thereunder and to the extent that the Class D Notes are the Controlling Class;

(G) to the payment of the amounts referred to in paragraph (P) of the Interest Priority of Payments but only to the extent not paid in full thereunder and only

to the extent 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;

(H) to the payment of the amounts referred to in paragraph (Q) of the Interest Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class E Notes are the Controlling Class;

(I) to the payment of the amounts referred to in paragraph (R) of the Interest Priority of Payments but only to the extent not paid in full thereunder and to the extent that the Class E Notes are the Controlling Class;

(J) to the payment of the amounts referred to in paragraph (S) of the Interest Priority of Payments but only to the extent not paid in full thereunder and only to the extent necessary to cause the Class E Coverage Tests that are applicable on such Payment Date with respect to the Class E Notes to be satisfied;

(K) to the payment of the amounts referred to in paragraph (T) of the Interest Priority of Payments, but only to the extent not paid in full thereunder;

(L) first, up to the amount of any Aggregate Sales Excess Above Par received in the immediately preceding Due Period, to the redemption of the Notes in accordance with Note Payment Sequence (but only to the extent that such Aggregate Sales Excess Above Par would cause a Retention Deficiency as determined in accordance with this paragraph (L)) and secondly, if after the application of any such Aggregate Sales Excess Above Par, a Retention Deficiency is or would be continuing, to the redemption of the Notes in accordance with the Note Payment Sequence until such Retention Deficiency (determined in accordance with this paragraph (L)) is no longer continuing. For the purposes of this paragraph (L) only, in order to determine if a Retention Deficiency has occurred or would occur or be continuing, the Aggregate Sales Excess Above Par received in the immediately preceding Due Period shall (to the extent the same is not re-invested at such time in Collateral Debt Obligations) be added back to the definition of Aggregate Collateral Balance;

(M) to payment of an amount equal to the Special Redemption Amount (if any) applicable to such Payment Date if it is a Special Redemption Date falling during the Reinvestment Period pursuant to Condition 7(d) (*Special Redemption*);

(N) during the Reinvestment Period, at the direction of the Investment Manager (acting on behalf of the Issuer) (i) in the purchase of Substitute Collateral Debt Obligations or (ii) to transfer to the Principal Account for investment in Eligible Investments pending reinvestment in Substitute Collateral Debt Obligations at a later date, in each case in accordance with and subject to the provisions of the Investment Management Agreement;

(O) after the Reinvestment Period, all remaining Principal Proceeds (other than those permitted to be and actually designated for reinvestment in accordance with the terms of the Investment Management Agreement, and to the extent so designated such amounts shall be applied in accordance with paragraph (N) above); to redeem the Notes in accordance with the Note Payment Sequence until all of the Rated Notes are fully redeemed;

(P) in payment on a sequential basis of the amounts referred to in paragraphs (U) to (Z) (inclusive, but excluding paragraph (V)) of the Interest Priority of Payments, but only to the extent not paid in full thereunder;

(Q) if, on any Payment Date after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on such Payment Date in accordance with the Interest Priority of Payments and the Principal Priority of Payments and the Collateral

Enhancement Obligation Priority of Payments, the Incentive Investment Management Fee IRR Threshold has been reached on or prior to such Payment Date, 10 per cent of any remaining Principal Proceeds at this paragraph (Q) on such date to the payment to the Investment Manager as an Incentive Investment Management Fee and any value added tax in respect thereof, (whether payable to the Investment Manager or directly to the taxing authority) (including any previously deferred Incentive Investment Management Amount under this paragraph (Q)) until such amount has been paid in full except that the Investment Manager may, in its sole discretion defer payment of some or all of the amounts that would have been payable to the Investment Manager under this paragraph (Q) on any Payment Date, provided that any such amount shall either: (a) be used to purchase Substitute Collateral Debt Obligations or (b) be deposited in the Principal Account pending investment in Collateral Debt Obligations or (c) shall be applied to the payment of amounts in accordance with paragraphs (R) and (S) below, subject, in the case of (a), (b) and (c), to the Investment 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 deferred and provided that any deferral of the Incentive Investment Management Fee under this paragraph (Q) shall not be treated as non-payment for the purposes of making further payments pursuant to this Condition 3(c)(ii) and for the avoidance of doubt, if the Incentive Investment Management Fee IRR Threshold has not been reached, this paragraph (Q) shall be ignored;

(R) on a *pro rata* basis, to the Investment Manager in repayment of any Investment Manager Advances outstanding but only to the extent designated as Principal Proceeds together with any interest accrued thereon; and

(S) any remaining Principal Proceeds, to the payment of principal on the Subordinated Notes on a *pro rata* basis and thereafter to the payment of interest on a *pro rata* basis on the Subordinated Notes (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption).

The calculation of any Coverage Test on any Determination Date shall be made after giving effect to all payments to be made pursuant to all paragraphs of the Priorities of Payment, as applicable, payable on the Payment Date following such Determination Date.

(iii) ***Collateral Enhancement Obligation Priority of Payments***

Prior to and following the enforcement of the security over the Collateral, any Collateral Enhancement Obligation Proceeds received by the Issuer during a Due Period and any other amounts standing to the credit of the Collateral Enhancement Account, will, on the relevant Payment Date, at the option of the Issuer, or the Investment Manager acting on behalf of the Issuer, be applied in the following order:

(A) at the discretion of the Investment Manager, in repayment of any outstanding Investment Manager Advances;

(B) at the discretion of the Investment Manager, in payment to the Subordinated Noteholders on a *pro rata* basis until the Incentive Investment Management Fee IRR Threshold is satisfied (after taking into account any distributions to be made to Subordinated Noteholders on such Payment Date, including pursuant to the Interest Priority of Payments and the Principal Priority of Payments);

(C) at the discretion of the Investment Manager, if the Incentive Investment Management Fee IRR Threshold has been reached (on or prior to such Payment Date) in payment to the Investment Manager (subject to the extent not paid in

full under the Interest Priority of Payments or the Principal Priority of Payments) of any Incentive Investment Management Fee due and payable on such Payment Date and any value added tax in respect thereof (whether payable to the Investment Manager or directly to the relevant taxing authority); and

(D) any remaining Collateral Enhancement Obligation Proceeds will, at the option of the Investment Manager (acting on behalf of the Issuer) either be paid to the Subordinated Noteholders on a *pro rata* basis or (excluding any date of final redemption of the Subordinated Notes) retained in the Collateral Enhancement Account.

(d) ***Non-payment of Amounts***

Failure on the part of the Issuer to pay the Interest Amounts on any Class of Notes pursuant to Condition 6 (*Interest*) and the Priorities of Payment by reason solely that there are insufficient funds standing to the credit of the Payment Account shall not be an Event of Default unless and until (i) such failure continues for a period of five Business Days and (ii) in the case of non-payment of interest due and payable on (x) the Class C Notes, the Class A Notes and the Class B Notes have been redeemed in full and (y) the Class D Notes, the Class A Notes, the Class B Notes and the Class C Notes have been redeemed in full and (z) the Class E Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have been redeemed in full, and save in each case as the result of any deduction therefrom or the imposition of withholding thereon as set out in Condition 9 (*Taxation*).

Subject always, in the case of Interest Amounts payable in respect of the Class C Notes, the Class D Notes and the Class E Notes to Condition 6(c) (*Deferral of Interest*) and save as otherwise provided in respect of any unpaid Investment Management Fees (and value added tax payable in respect thereof), in the event of non-payment of any amounts referred to in Condition 3(c)(i) (Interest Priority of Payments) or Condition 3(c)(ii) (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. References to the amounts referred to in the Interest Priority of Payments and the Principal Priority of Payments of this Condition 3 shall include any amounts thereof not paid when due in accordance with this Condition 3 on any preceding Payment Date.

(e) ***Determination and Payment of Amounts***

The Collateral Administrator (on behalf of the Issuer) will, in consultation with the Investment Manager, on each Determination Date, calculate the amounts payable on the applicable Payment Date pursuant to the Priorities of Payment and shall make available the Payment Date Report, determined as of such Determination Date, to the persons entitled thereto pursuant to the Collateral Administration and Agency Agreement no later than on the Business Day before the relevant Payment Date. The Account Bank (acting in accordance with the Payment Date Report compiled by the Collateral Administrator on behalf of the Issuer, and in consultation with the Investment Manager) shall, on behalf of the Issuer not later than the second 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 Collateral Enhancement Account (together with, to the extent applicable, amounts standing to the credit of any other Account) to the extent required to pay the amounts referred to in the Interest Priority of Payments, the Principal Priority of Payments and the Collateral Enhancement Obligation Priority of Payments which are payable on such Payment Date, to be transferred to the Payment Account in accordance with Condition 3(j) (*Payments to and from the Accounts*).

(f) ***De Minimis Amounts***

The Collateral Administrator may, in consultation with the Investment Manager, adjust the amounts required to be applied in payment of principal on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, The Class E Notes and the Subordinated Notes from time to time pursuant to the Priorities of Payment 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 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.

(g) ***Publication of Amounts***

The Collateral Administrator will cause details as to the amounts of interest and principal to be paid, and any amounts of interest payable but which will not be paid, on each Payment Date in respect of the Notes to be notified at the expense of the Issuer to the Issuer, the Trustee, the Principal Paying Agent, the Registrar and the Irish Stock Exchange by no later than the second Business Day following the applicable Determination Date and the Principal Paying Agent shall procure that details of such amounts are notified at the expense of the Issuer to the Noteholders of each Class in accordance with Condition 16 (*Notices*) as soon as possible after notification thereof to the Registrar in accordance with the above but in no event later than (to the extent applicable) the third Business Day after the applicable Determination Date.

(h) ***Notifications to be Final***

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained or discretions exercised for the purposes of the provisions of this Condition 3 will (in the absence of manifest error) be binding on the Issuer, the Collateral Administrator, the Investment Manager, the Trustee, the Registrar, the Principal Paying Agent, the Paying Agents, the Transfer Agent, other Agents and all Noteholders and (in the absence of fraud, gross negligence or wilful default) 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.

(i) ***Accounts***

The Issuer shall, prior to the Issue Date of the Existing Notes (and shall where necessary also following the Issue Date of the Existing Notes), 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;
- Asset Swap Termination Accounts;
- the Asset Swap Accounts;
- the Revolving Reserve Accounts;
- the Asset Swap Counterparty Downgrade Collateral Accounts;
- the Collateral Enhancement Account;
- the Refinancing Account;
- the Custody Account; and
- the Collection Account.

The Account Bank and the Custodian shall at all times each be required to be a financial institution satisfying the Rating Requirement applicable thereto (or whose obligations are guaranteed by a guarantor which satisfies the applicable Rating Requirement) which has the necessary regulatory capacity and licences to perform the services required by it. If either the Account Bank or the Custodian at any time fails to satisfy the Rating Requirement, the Issuer shall use commercially reasonable efforts to procure that a replacement Account Bank and/or Custodian, which satisfies the Rating Requirement is appointed.

Amounts standing to the credit of the Accounts (other than the Revolving Reserve Accounts, the Asset Swap Counterparty Downgrade Collateral Accounts, the Asset Swap Termination Accounts, the Asset Swap Accounts, the Payment Account, the Refinancing Account and the Collection Account) from time to time may be invested by the Investment Manager on behalf of the Issuer in Eligible Investments.

All interest accrued on any of the Accounts from time to time shall be paid into the Interest Account (other than interest accrued on (i) the Collateral Enhancement Account from time to time which shall only be paid into the Collateral Enhancement Account and (ii) each Asset Swap Counterparty Downgrade Collateral Account from time to time which shall only be paid into the relevant Asset Swap Counterparty Downgrade Collateral 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 in which case such amounts shall be paid to such 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 are denominated in a currency which is not that in which the Account is denominated, the Investment Manager, acting on behalf of the Issuer, may convert such amounts into the currency of the Account at the Spot Rate.

(j) **Payments to and from the Accounts**

(i) ***Principal Account***

The Issuer will procure that the following amounts are paid into the Principal Account promptly upon receipt thereof:

(A) all principal payments received in respect of any Collateral Debt Obligation, (save for those in respect of any Asset Swap Obligation) including, without limitation:

(1) amounts received in respect of any maturity, scheduled amortisation, mandatory or optional prepayment or mandatory sinking fund payment and any redemption or early redemption on a Collateral Debt Obligation;

(2) Scheduled Principal Proceeds and Unscheduled Principal Proceeds;

(3) all interest and other amounts received in respect of any Defaulted Obligations save for any Defaulted Obligation Excess Amounts;

(4) any other principal payments with respect to Collateral Debt Obligations to the extent not included in the Sale Proceeds;

but excluding any such payments received in respect of any Revolving Obligation or Delayed Drawdown Obligation, to the extent required to be paid into the relevant Revolving Reserve Account;

(B) all Sale Proceeds received in respect of any Collateral Debt Obligation save for any Asset Swap Obligation to the extent paid to any Asset Swap Counterparty or to any other Account;

(C) any Asset Swap Counterparty Principal Exchange Amount or Asset Swap Replacement Receipt transferred from the relevant Asset Swap Termination Account (to the extent not required to pay any Asset Swap Termination Payment) received by the Issuer under any Asset Swap Transaction and for the avoidance of doubt, excluding any Asset Swap Termination Receipt other than to the extent permitted to be transferred to the Principal Account in accordance with Condition 3(j)(iv)(B) (*Asset Swap Termination Accounts*);

(D) cash amounts (representing any excess standing to the credit of each Asset Swap Account after provisioning for any amounts to be paid to any Asset Swap Counterparty pursuant to any Asset Swap Transaction in any currency) transferred from each Asset Swap Account at the discretion of the Investment Manager, acting on behalf of the Issuer converted into Euro at the applicable Spot Rate as determined by the Calculation Agent at the direction of the Investment Manager;

(E) all fees and commissions received in connection with the purchase or sale of any Collateral Debt Obligations or Eligible Investments or the work out or restructuring of any Defaulted Obligations or Collateral Debt Obligations;

(F) except to the extent included under any other provision of this Condition 3(j)(i), all Distributions and Sale Proceeds received in respect of (i) Exchanged Securities received in respect of any Collateral Debt Obligations and (ii) any Eligible Investments to the extent the same represent Principal Proceeds;

(G) all Purchased Accrued Interest received in respect of any Collateral Debt Obligation;

(H) any other amounts received in respect of the Collateral which either represent principal or which are not required to be paid into another Account;

(I) all Interest Proceeds payable into the Principal Account pursuant to paragraph (V) of the Interest Priority of Payments upon the failure to meet the Reinvestment Test during the Reinvestment Period;

(J) all amounts (if any) not payable to the Asset Swap Counterparty from each Asset Swap Counterparty Downgrade Collateral Account upon termination of an Asset Swap Transaction;

(K) all proceeds received from any additional issuance of Notes after the Ramp-up Period that are not (i) invested in Collateral Debt Obligations or, (ii) in the case of the issue proceeds of additional Subordinated Notes, paid into the Interest Account at the discretion of the Investment Manager (acting on behalf of the Issuer) or (iii) required to be paid into the Refinancing Account;

(L) all amounts payable into the Principal Account or otherwise not included in any other Account pursuant to this Condition 3(j)(i);

(M) any amounts to be transferred from the Unused Proceeds Account upon satisfaction of the Effective Date Requirements;

(N) all premiums (including prepayment premiums) receivable upon redemption of any Collateral Debt Obligations at maturity or otherwise or upon exercise of any put or call option in respect thereof which is above the outstanding principal amount of any Collateral Debt Obligation provided that the Rated Notes have not been redeemed in full;

(O) at any time, the proceeds of an Investment Manager Advance, to the extent designated as Principal Proceeds (in accordance with the terms of the Investment Management Agreement); and

(P) all amounts payable into the Principal Account pursuant to the Priorities of Payment to the extent not paid above.

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 second 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 (or as the case may be the Acceleration Priority of Payments), save for (x) (other than on any date on which the Notes are to be redeemed in full) amounts deposited after the end of the related Due Period and (y) (other than on any date on which the Notes are to be redeemed in full) 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 Investment Manager (on behalf of the Issuer) pursuant to the Investment Management Agreement for a period beyond such Payment Date, provided that 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 in accordance with the terms of, and to the extent permitted under, the Investment Management Agreement, in the acquisition of Collateral Debt Obligations (including any payments to an Asset Swap Counterparty in respect of initial principal exchange amounts pursuant to any Asset Swap Transaction entered into in respect thereof) and amounts equal to the Unfunded Amounts of any Revolving Obligations or Delayed Drawdown Obligations which are required to be deposited in the relevant Revolving Reserve Account provided that no amount of any Individual Sales Excess Above Par or Aggregate Sales Excess Above Par (or any portion thereof) may be used in the acquisition of Collateral Debt Obligations if and to the extent that a Retention Deficiency would exist immediately following such acquisition;

(3) at any time, any Asset Swap Termination Payment payable by the Issuer (save to the extent it is a Defaulted Asset Swap Termination Payments) to the extent payable in Euro and not paid out from the relevant Asset Swap Termination Account;

(4) following the enforcement of the security over the Collateral, to the Payment Account as directed by the Trustee for application in accordance with the Acceleration Priority of Payments; and

(5) at any time following the redemption of the Rated Notes in full, amounts standing to the credit of the Principal Account which the Investment Manager (acting on behalf of the Issuer) has determined at its option shall be paid into the Interest Account.

(ii) ***Interest Account***

The Issuer will procure that the following amounts are credited to the Interest Account promptly upon receipt thereof:

(A) all cash payments of interest in respect of the Collateral Debt Obligations (save for any Asset Swap Obligations) other than Purchased Accrued Interest together with all amounts received by the Issuer by way of gross up in respect of such interest and in respect of a claim under any applicable double taxation treaty, but excluding any interest received in respect of any Defaulted Obligations other than Defaulted Obligation Excess Amounts.

(B) all amendment and waiver fees, late payment fees, commitment fees, syndication fees and all other fees and commissions received in connection with (1) any Collateral Debt Obligation (save for any Asset Swap Obligation) or (2) any Eligible Investment but only to the extent not representing Principal Proceeds (save for those received upon sale or purchase of any such Collateral Debt Obligation or Eligible Investment and to the extent received in respect of any Defaulted Obligation or the work out or restructuring of any Collateral Debt

Obligation (save for any Asset Swap Obligation), which fees and commissions shall be paid into the Principal Account and shall constitute Principal Proceeds);

(C) all accrued interest included in the proceeds of sale of any Collateral Debt Obligation (save for any Asset Swap Obligation) that is designated by the Investment Manager (acting on behalf of the Issuer) as Interest Proceeds pursuant to the Investment Management Agreement, provided that no such designation may be made in respect of:

(1) any Purchased Accrued Interest; or

(2) proceeds representing accrued interest received in respect of any Defaulted Obligation (including any accrued interest representing Defaulted Obligation Excess Amounts) unless and until (x) the principal of such Defaulted Obligation has been repaid in full and (y) any Purchased Accrued Interest in relation to such Defaulted Obligation has been paid;

(D) all Asset Swap Scheduled Periodic Counterparty Payments received by the Issuer under an Asset Swap Transaction;

(E) cash amounts (representing any excess standing to the credit of each Asset Swap Account after provisioning for any amounts to be paid to any Asset Swap Counterparty pursuant to any Asset Swap Transaction in any currency) transferred from each Asset Swap Account at the discretion of the Investment Manager, acting on behalf of the Issuer, converted into Euro at the applicable Spot Rate, provided that no such transfer into the Interest Account shall be permitted to the extent that the Euro equivalent of the full amount of the principal amount of the any Asset Swap Obligation has not been paid into the Principal Account;

(F) all scheduled commitment fees received by the Issuer in respect of any Revolving Obligations or Delayed Drawdown Obligations (save for any Asset Swap Obligations);

(G) at any time, the proceeds of an Investment Manager Advance, to the extent designated as Interest Proceeds by the Investment Manager and not applied in the acquisition of, or in respect of any exercise of any option or warrant comprised in, one or more Collateral Enhancement Obligations (in accordance with the terms of the Investment Management Agreement);

(H) all premiums (including prepayment premiums) receivable upon redemption of any Collateral Debt Obligations at maturity or otherwise or upon exercise of any put or call option in respect thereof which is above the outstanding principal amount of any Collateral Debt Obligation provided that the Rated Notes have been redeemed in full; after the Rated Notes have been redeemed in full, any amounts transferred from the Principal Account pursuant to paragraph (5) of Condition 3(j)(i) (*Principal Account*);

(I) all proceeds received from any additional issuance of Subordinated Notes that are not reinvested or retained for reinvestment in Collateral Debt Obligations;

(J) all interest accrued on the Interest Account from time to time and all interest accrued in respect of Balances standing to the credit of the other Accounts (except (i) the Collateral Enhancement Account (including interest on any Eligible Investments standing to the credit thereof), (ii) any Asset Swap Counterparty Downgrade Collateral Account and (iii) any interest accrued on any Revolving Reserve Account to the extent required pursuant to the relevant Asset Swap Transaction), save to the extent that the Issuer is contractually bound to pay such amounts to a third party in which case such amount shall be so paid to such third party; and

(K) all Asset Swap Tax Credits received by the Issuer in accordance with the relevant Asset Swap Agreement.

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 second 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 for disbursement pursuant to the Interest Priority of Payments (or as the case may be the Acceleration Priority of Payments), and (other than on any date on which the Notes are to be redeemed in full), save for amounts deposited after the end of the related Due Period;

(2) at any time in accordance with the terms of, and to the extent permitted under, the Investment Management Agreement, in the acquisition of Collateral Debt Obligations to the extent that any such acquisition costs represent accrued interest;

(3) at any time, funds may be transferred to any Asset Swap Account up to an amount equal to any shortfall in the Balance standing to the credit of such Asset Swap Account with respect to any payment obligation by the Issuer pursuant to paragraph B of Condition 3(j)(v) (*Asset Swap Accounts*) at such time;

(4) at any time to the payment of Trustee Fees and Expenses and Administrative Expenses, in an amount in any Due Period not to exceed the Senior Expenses Cap;

(5) following the enforcement of the security over the Collateral, to the Payment Account as directed by the Trustee for application in accordance with the Acceleration Priority of Payments; and

(6) at any time, all Asset Swap Tax Credits received by the Issuer to the relevant Asset Swap Counterparty in accordance with the relevant Asset Swap Agreement without regard to the Priorities of Payment.

(iii) ***Unused Proceeds Account***

The Issuer will procure that an amount equal to the net proceeds of issue of the Notes remaining after the payment of all amounts due and payable by the Issuer on the Issue Date of the Existing Notes, together with all proceeds received during the Ramp-up Period from any additional issuance of Notes that are not invested in Collateral Debt Obligations or paid into the Principal Account are credited to the Unused Proceeds Account.

The Issuer shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Unused Proceeds Account:

(A) on or after the Issue Date, certain fees, costs and expenses incurred in connection with the issue of the Notes and anticipated to be payable by the Issuer on or following completion of the issue of the Notes;

(B) at any time up to and including the last day of the Ramp-up Period, in accordance with the terms of, and to the extent permitted under, the Investment Management Agreement, in the acquisition of Collateral Debt Obligations (including any payments to any Asset Swap Counterparty in respect of initial principal exchange amounts for Asset Swap Obligations);

(C) 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 after the Effective Date (and, if required, any Payment Date thereafter), to the extent required, to the Payment Account for application as Principal Proceeds in accordance with the Priorities of Payment, in redemption of the Notes or, if earlier, until the Rating Agencies confirm that the ratings of the Rated Notes have been reinstated to the Initial Ratings; and

(D) upon the Effective Date Requirements being met, the Balance standing to the credit of the Unused Proceeds Account to the Principal Account.

(iv) ***Asset Swap Termination Accounts***

The Issuer will procure that all Asset Swap Termination Receipts and Asset Swap Replacement Receipts due to the Issuer in respect of an Asset Swap Transaction shall, promptly on receipt thereof, be deposited in the relevant Asset Swap Termination Account maintained in the currency of such Asset Swap Transaction.

The Issuer will procure payment of the following amounts (and shall ensure that payment of no other amount is made) out of the Asset Swap Termination Accounts:

(A) at any time, in the case of any Asset Swap Replacement Receipts paid into an Asset Swap Termination Account, in payment of any Asset Swap Termination Payment due and payable to the relevant Asset Swap Counterparty under the Asset Swap Transaction being replaced or, to the extent not required to make such Asset Swap Termination Payment, to the Principal Account;

(B) at any time, in the case of any Asset Swap Termination Receipt paid into an Asset Swap Termination Account, in payment of any Asset Swap Replacement Payment payable by the Issuer upon entry into a Replacement Asset Swap Transaction in accordance with the Investment Management Agreement, and in the event that:

(1) the Asset Swap Termination Receipts available in the relevant Asset Swap Termination Account exceed the cost of entering into a Replacement Asset Swap Transaction;

(2) the Investment Manager (acting on behalf of the Issuer) determines not to replace the Asset Swap Transaction in respect of which such amounts were received and Rating Agency Confirmation is received in respect of such determination; or

(3) termination of the Asset Swap Transaction under which such Asset Swap Termination Receipts are payable occurs on or in respect of a Redemption Date,

in payment of such amounts to the Principal Account.

(v) ***Asset Swap Accounts***

The Issuer will procure that all amounts due to the Issuer in respect of each Asset Swap Obligation (including any payments from an Asset Swap Counterparty in respect of initial principal exchange amounts pursuant to an Asset Swap Transaction, and excluding, with respect to any Asset Swap Transaction in relation to a Revolving Obligation or a Delayed Drawdown Obligation, any amounts required to be paid into a Revolving Reserve Account pursuant to Condition 3(j)(viii) (*Revolving Reserve Accounts*)) shall, on receipt, be deposited in the relevant Asset Swap Account maintained in the currency of such Asset Swap Obligation. Additional amounts may also be transferred to an Asset Swap Account from (x) the Interest Account at any time to the extent of any shortfall in the Balance standing to the credit of the relevant Asset Swap Account in respect of any payment required to be made by the Issuer pursuant to

(B) below at such time and (y) any interest accrued on any Revolving Reserve Account to the extent required pursuant to the relevant Asset Swap Transaction.

The Issuer will procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Asset Swap Accounts:

(A) at any time, to the extent of any initial principal exchange amount deposited in an Asset Swap Account in accordance with the terms of and to the extent permitted under the Investment Management Agreement, in the acquisition of Asset Swap Obligations, as applicable;

(B) Asset Swap Scheduled Periodic Issuer Payments due to each Asset Swap Counterparty pursuant to each Asset Swap Transaction;

(C) Asset Swap Issuer Principal Exchange Amounts due to each Asset Swap Counterparty pursuant to each Asset Swap Transaction;

(D) cash amounts (representing any excess standing to the credit of each Asset Swap Account after provisioning for any amounts to be paid to any Asset Swap Counterparty pursuant to any Asset Swap Transaction in any currency) to the Interest Account or the Principal Account at the discretion of the Investment Manager (acting on behalf of the Issuer) following conversion thereof into Euro at the applicable Spot Rate, provided that no such transfer into the Interest Account shall be permitted to the extent that the Euro equivalent of the full amount of the principal amount of any related Asset Swap Obligation has not been paid into the Principal Account.

(vi) ***Collateral Enhancement Account***

The Issuer shall procure that the following amounts are paid into the Collateral Enhancement Account promptly upon receipt thereof:

(A) at any time, all Collateral Enhancement Obligation Proceeds;

(B) all interest accrued on the Collateral Enhancement Account from time to time;

(C) on each Payment Date, all amounts of interest payable in respect of the Subordinated Notes which the Issuer, or the Investment Manager on its behalf, determines at its discretion shall be applied in payment into the Collateral Enhancement Account pursuant to paragraph (BB) of the Interest Priority of Payments; and

(D) the proceeds of any Investment Management Advance provided by the Investment Manager to fund the purchase or exercise of one or more Collateral Enhancement Obligations.

The Issuer will procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Collateral Enhancement Account:

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

(2) on the second Business Day prior to each Payment Date, at the discretion of the Investment Manager, acting on behalf of the Issuer, all or part of the Balance standing to the credit of the Collateral Enhancement Account to the Payment Account for distribution on such Payment Date in accordance with the Collateral Enhancement Obligation Priority of Payments.

(vii) ***Payment Account***

The Issuer will procure that, on the second Business Day prior to each Payment Date, all amounts standing to the credit of each of the Accounts which are required to be transferred to the Payment Accounts pursuant to Condition 3(i) (*Accounts*) and Condition 3(j) (*Payments to and from the Accounts*) are so transferred and on such Payment Date, the Collateral Administrator shall cause the Account Bank to disburse such amounts in accordance with the applicable Priority of Payments. The Issuer shall deposit, or cause to be deposited, the funds required for an optional redemption of the Notes in accordance with Condition 7(b) (*Optional Redemption*) in the Payment Account on or before the Business Day prior to the applicable Redemption Date. No amounts shall be transferred to or withdrawn from the Payment Account at any other time or in any other circumstances, save that all interest accrued on the Payment Accounts shall be credited to the Interest Account.

(viii) ***Revolving Reserve Accounts***

The Revolving Reserve Accounts shall comprise accounts denominated in such currencies as Revolving Obligations or Delayed Drawdown Obligations are denominated and amounts shall be paid into and out of each such account in accordance with the currency in which they are denominated. The Issuer shall, upon the acquisition of a Collateral Debt Obligation which is a Revolving Obligation or Delayed Drawdown Obligation and which is denominated in a currency for which there then exists no Revolving Reserve Account, establish with the Account Bank a Revolving Reserve Account for the currency of such Revolving Obligation or Delayed Drawdown Obligation, such Revolving Reserve Account to be opened as soon as reasonably practicable after notification thereof has been received by the Account Bank.

The Issuer shall procure the following amounts are paid into the applicable Revolving Reserve Account:

(A) upon the acquisition by or on behalf of the Issuer of any Revolving Obligation or Delayed Drawdown Obligation, an amount equal to the amount which would cause the Balance standing to the credit of the relevant Revolving Reserve Account to be at least equal to the combined aggregate principal amounts of the Unfunded Amounts under each of the Revolving Obligations and/or Delayed Drawdown Obligations denominated in the relevant currency (which Unfunded Amounts will be treated as part of the purchase price for the related Revolving Obligation or Delayed Drawdown Obligation);

(B) all principal payments received by the Issuer in respect of any Revolving Obligation or Delayed Drawdown Obligation, if and to the extent that the amount of such principal payments may be re-borrowed under such Revolving Obligation or Delayed Drawdown Obligation; 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 applicable Revolving Reserve Account:

(1) all amounts required to fund any Delayed Drawdown Obligations or Revolving Obligation;

(2) all amounts required to fund any drawings under any Delayed Drawdown Obligation or Revolving Obligation or (subject to Rating Agency Confirmation) required to be deposited in the Issuer's name with any third party as collateral for any reimbursement or indemnification obligations of the Issuer owed under such Revolving Obligation or Delayed Drawdown Obligation (subject to such security documentation

as may be agreed between the relevant parties and the Investment Manager acting on behalf of the Issuer), such amounts to be denominated in the relevant currency of such Revolving Obligation or Delayed Drawdown Obligation;

(3) at any time at the direction of the Investment Manager (acting on behalf of the Issuer)) upon the sale (in whole or in part) of a Revolving Obligation or Delayed Drawdown 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 applicable Revolving Reserve Account in the relevant currency over (b) the sum of the Unfunded Amounts of all Revolving Obligations and Delayed Drawdown Obligations which have the same currency, after taking into account such sale or such reduction, cancellation or expiry of commitment, to the Principal Account;

(4) all principal exchanges payable by the Issuer to, in the case of an Asset Swap Obligation, an Asset Swap Counterparty under an Asset Swap Transaction; and

(5) all interest accrued on the Balance standing to the credit of the applicable Revolving Reserve Account from time to time (including capitalised interest received upon the sale, maturity or termination of any Eligible Investment) to (i) the relevant Asset Swap Account to the extent required pursuant to each Asset Swap Transaction, and (ii) all remaining interest to the Interest Account, following conversion thereof into Euro to the extent necessary at the Spot Rate.

(ix) ***Refinancing Account***

The Issuer will procure that an amount equal to the Refinancing Proceeds and Refinancing Costs are credited to the Refinancing Account.

The Issuer shall procure payment of the Refinancing Proceeds and Refinancing Costs out of the Refinancing Account on any Payment Date following the Non-Call Period in accordance with Condition 7(b)(ii) (*Optional Redemption by Refinancing*)) (and shall ensure that payment of no other amount is made).

(x) ***Asset Swap Counterparty Downgrade Collateral Accounts***

The Issuer will procure that all Asset Swap Counterparty Downgrade Collateral transferred pursuant to an Asset Swap Transaction shall be deposited in the relevant Asset Swap Counterparty Downgrade Collateral Account (and where such Asset Swap Counterparty Downgrade Collateral is in the form of cash, in the Asset Swap Counterparty Downgrade Collateral Account denominated in the same currency). All Asset Swap Counterparty Downgrade Collateral so deposited shall be held and released pursuant to the terms of the relevant Asset Swap Agreement in respect of which it was deposited.

The Issuer will procure that, in respect of any Asset Swap Counterparty Downgrade Collateral, 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 thereon, thereto, or in respect thereof or in substitution therefor and the proceeds of sale, repayment and redemption thereof will be paid into the relevant Asset Swap Counterparty Downgrade Collateral Account.

Subject to and in accordance with the relevant Asset Swap Agreement, the Issuer will be obliged to return to the applicable Asset Swap Counterparty all or any of the amounts credited to the relevant Asset Swap Counterparty Downgrade Collateral Account if the applicable Asset Swap Counterparty is upgraded so that it satisfies the

applicable Rating Requirement, fulfils all of its obligations under the applicable Asset Swap Agreement, or if the Issuer (in the determination of the Investment Manager acting on behalf of the Issuer) becomes over-collateralised in respect of its exposure to the applicable Asset Swap Counterparty in accordance with the terms of the applicable Asset Swap Agreement and, subject to the immediately following paragraph, until all such amounts have been so returned to the applicable Asset Swap Counterparty, payment of no other amounts shall be made from the Asset Swap Counterparty Downgrade Collateral Accounts.

In the event of a termination in respect of any applicable Asset Swap Transaction by the applicable Asset Swap Counterparty, any amounts which the Issuer would otherwise have been obliged to return to the Asset Swap Counterparty (but for operation of this clause) shall be reduced by an amount equal to such amounts as remain due from the applicable Asset Swap Counterparty to the Issuer as a result of such termination (and which the Issuer is entitled to retain in accordance with the terms of the relevant Asset Swap Agreement).

(xi) ***Collection Account***

The Issuer shall procure that all Euro amounts received in respect of any Collateral (other than, for the avoidance of doubt, Euro amounts received in respect of any Asset Swap Counterparty Downgrade Collateral) are credited to the Collection Account. The Issuer shall procure that the Collateral Administrator shall use its best efforts to transfer all amounts standing to the credit of the Collection Account to the Accounts that such funds are required to be credited to in accordance with Condition 3(i) (*Accounts*) on a daily basis such that the balance standing to the credit of the Collection Account at the end of each Business Day is zero.

(xii) ***Euro***

If the United Kingdom adopts the Euro as its lawful currency, the Trustee, the Investment Manager, the Agents, the Issuer and the Collateral Administrator shall consult with each other to ensure that the Priorities of Payment and any other provisions in the Transaction Documents affected by such change are adjusted to reflect such a change, but any such adjustment shall not affect the actual order of the Priorities of Payment.

4. **Security**

(a) ***Security***

Pursuant to the Trust Deed, the obligations of the Issuer under the Notes of each Class, the Trust Deed, the Collateral Administration and Agency Agreement and the Investment Management Agreement (together with the obligations owed by the Issuer to the other Secured Parties under the Transaction Documents) are secured in favour of the Trustee for the benefit of the Secured Parties, with full title guarantee, 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 Senior Secured Loans, Senior Secured Floating Rate Notes, Secured High Yield Bonds, Exchanged Securities, Collateral Enhancement Obligations, Eligible Investments standing to the credit of each of the Accounts and any other investments, in each case held by the Issuer from time to time (where such rights are contractual rights (other than contractual rights the assignment of which would require the consent of a third party or the entry into an agreement or deed) and where such contractual rights arise other than under securities), including, without limitation, all moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of sale, repayment and redemption thereof;

(ii) a first fixed charge and first priority security interest granted over all the Issuer's present and future rights, title and interest (and all entitlements or other benefits relating thereto) in respect of all Senior Secured Loans, Senior Secured Floating Rate Notes, Secured High Yield Bonds, Exchanged Securities, Collateral Enhancement Obligations, Eligible Investments standing to the credit of each of the Accounts and any other investments, 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 the Asset Swap Counterparty Downgrade Collateral Accounts) and all moneys from time to time standing to the credit of such 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 Asset Swap Counterparty Downgrade Collateral standing to the credit of the Asset Swap Counterparty Downgrade Collateral Accounts; 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 Asset Swap Counterparty Downgrade Collateral Accounts and all moneys from time to time standing to the credit of the Asset Swap Counterparty Downgrade Collateral Accounts and the debts represented thereby, subject, in each case, (x) to the rights of any Asset Swap Counterparty to Asset Swap Counterparty Downgrade Collateral pursuant to the terms of the relevant Asset Swap Agreement and provided that the foregoing shall, to the extent that the Issuer is obliged to repay or redeliver Asset Swap Counterparty Downgrade Collateral or other amounts standing to the credit of the applicable Asset Swap Counterparty Downgrade Collateral Account to the related Asset Swap Counterparty (for the purposes of this paragraph (iv), the "**relevant amount**"), be held solely for the benefit of such Asset Swap Counterparty in order to secure the Issuer's obligations to the Asset Swap Counterparty to account for the relevant amount and/ or, (y) to any security interest entered into by the Issuer in relation thereto (whether such security interest is entered into on the Issue Date or subsequently) and which the Issuer acknowledges (for the benefit of the Asset Swap Counterparty) will be a first ranking security interest to secure the relevant amount and which may have priority over any other security interest created pursuant to this clause;

(v) an assignment by way of security of all the Issuer's present and future rights against the Custodian under the Collateral Administration and Agency Agreement (to the extent it relates to the Custody Account) and a first fixed charge over all of the Issuer's present and future 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 Asset Swap Agreement and each Asset Swap Transaction entered into thereunder (including the Issuer's rights under any guarantee or credit support annex entered into pursuant to any Asset Swap Agreement, provided that such assignment by way of security shall not in any way restrict the release of collateral granted thereunder in whole or in part at any time pursuant to the terms thereof);

(vii) an assignment by way of security of all the Issuer's present and future rights under the Investment Management Agreement and all sums derived therefrom;

(viii) a first fixed charge over all moneys held from time to time by the Principal Paying Agent and any other Agent for payment of principal, interest or other amounts on the Notes (if any);

(ix) an assignment by way of security of all the Issuer's present and future rights under the Collateral Administration and Agency Agreement and the Subscription Agreement and all sums derived therefrom;

(x) an assignment by way of security of all the Issuer's present and future rights under any the Forward Sale Agreement and all sums derived therefrom;

(xi) an assignment by way of security of all the Issuer's present and future rights under the Collateral Acquisition Agreements, any Participations entered into by the Issuer and all sums derived therefrom;

(xii) an assignment by way of security of all of the Issuer's present and future rights under any other Transaction Document and all sums derived therefrom; and

(xiii) a floating charge over the whole of the Issuer's undertaking and assets to the extent that such undertaking and assets are not subject to any other security created pursuant to the Trust Deed,

excluding for the purpose of (i) to (xiii) above, (A) the Issuer's rights under the Administration Agreement; and (B) amounts standing to the credit of the Issuer Irish Account.

If, for any reason, the purported assignment by way of security of, and/or the grant of first fixed charge over, the property, assets, rights and/or benefits described above is found to be ineffective in respect of any such property, assets, rights and/or benefits (together, the "**Affected Collateral**"), the Issuer shall hold the benefit of the Affected Collateral and any sums received in respect thereof or any security interest, guarantee or indemnity or undertaking of whatever nature given to secure such Affected Collateral (together, the "**Trust Collateral**") on trust for the Trustee for the benefit of the Secured Parties and shall (i) account to the Trustee for or otherwise apply all sums received in respect of such Trust Collateral as the Trustee may direct (provided that, subject to the Conditions and the terms of the Investment Management Agreement, if no 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 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 an Asset Swap Counterparty over the Asset Swap Counterparty Downgrade Collateral deposited by such Asset Swap Counterparty in the Asset Swap Counterparty Downgrade Collateral Accounts as security for the Issuer's obligations to repay or redeem such Asset Swap Counterparty Downgrade Collateral pursuant to the terms of the applicable Asset Swap Agreement (subject to such security documentation as may be agreed between such third party and the Investment Manager acting on behalf of the Issuer); 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 Obligation and deposited in its name with a third party as security for any reimbursement or indemnification obligation of the Issuer owed under such Revolving Obligation or Delayed Drawdown Obligation, subject to the terms of Condition 3(j)(viii) (*Revolving Reserve Accounts*).

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.

Pursuant to the terms of the Trust Deed, the Trustee is exempted from any liability in respect of any loss or theft or reduction in value of the Collateral, from any obligation to insure the Collateral and from any claim arising from the fact that the Collateral is held in a clearing system or in safe custody by the Custodian, a bank or other custodian. The Trustee has no responsibility for ensuring that the Custodian satisfies the Rating Requirement applicable to it or, in the event of its failure to satisfy such Rating Requirement, to procure the appointment of a replacement custodian. The Trustee has no responsibility for the management of the Portfolio by the Investment Manager or to supervise the administration of the Portfolio by the Collateral Administrator or for the performance by any other party of its obligations under the Transaction Documents and is entitled to rely on the certificates or notices of any relevant party without further enquiry. The Trust Deed also provides that the Trustee shall accept without investigation, requisition or objection such right, benefit, title and interest, if any, as the Issuer may have in and to any of the Collateral and is not bound to make any investigation into the same or into the Collateral in any respect. The Trustee has no responsibility for the value, sufficiency, adequacy or enforceability of the Collateral or the security conferred in respect thereof.

Pursuant to the Euroclear Pledge Agreement, the Issuer shall, on or around the Issue Date of the Existing Notes, create in favour of the Trustee on behalf of the Secured Parties, a Belgian law pledge over the Collateral Debt Obligations, Collateral Enhancement Obligations, Exchanged Securities, Eligible Investments and other similar securities from time to time held by the Custodian on behalf of the Issuer in Euroclear.

(b) ***Application of Proceeds upon Enforcement***

The Trust Deed provides that the net proceeds of realisation of, or enforcement with respect to the security over the Collateral constituted by the Trust Deed and the Euroclear Pledge Agreement shall (except as otherwise specified) be applied in accordance with the Acceleration Priority of Payments set out in Condition 10(c) (*Acceleration Priority of Payments*) and the Collateral Enhancement Obligation Priority of Payments set out in Condition 3(c)(iii) (*Collateral Enhancement Obligation Priority of Payments*).

(c) ***Limited Recourse***

The obligations of the Issuer to pay amounts due and payable in respect of the Notes and to the other Secured Parties at any time shall be limited to the proceeds available at such time to make such payments in accordance with the Priorities of Payment. If the net proceeds of realisation of the security constituted by the Trust Deed and the Euroclear Pledge Agreement, upon enforcement thereof in accordance with Condition 11 (*Enforcement*) and the provisions of the Trust Deed are less than the aggregate amount payable in such circumstances by the Issuer in respect of the Notes and to the other Secured Parties (such negative amount being referred to herein as a "**shortfall**"), the obligations of the Issuer in respect of the Notes of each Class and its obligations to the other Secured Parties in such circumstances will be limited to such net proceeds, which shall be applied in accordance with the Priorities of Payment. In such circumstances, the other assets (including the Issuer Irish Account and its rights under the Administration Agreement) of the Issuer will not be available for payment of such shortfall which shall be borne by the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Subordinated Noteholders and the other Secured Parties in accordance with the Priorities of Payment (applied in reverse order). The rights of the Secured Parties to receive any further amounts in respect of such obligations shall be extinguished and none of the Noteholders of each Class or the other Secured Parties may take any further action to recover such amounts subject to Condition 11 (*Enforcement*). None of the Noteholders of any Class, the Trustee or the other Secured Parties (nor any other person acting on behalf of any of them) shall, subject to Condition 11(b) (*Enforcement*) be entitled at any time to institute against the Issuer or its Directors, officers, successors or assigns, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency, winding up, examinership or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the Notes of any Class, the Trust

Deed or otherwise owed to the Secured Parties, save for lodging a claim in the liquidation of the Issuer which is initiated by another non-Affiliated party or taking proceedings to obtain a declaration as to the obligations of the Issuer and without limitation to the Trustee's right to enforce and/or realise the security constituted by the Trust Deed and the Euroclear Pledge Agreement (including by appointing a receiver or an administrative receiver).

None of the Trustee, the Arranger, the Directors, the Initial Purchaser, the Investment 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) ***Information Regarding the Collateral***

The Issuer shall procure that a copy of each Monthly Report and any Payment Date Report is posted on a secured website at https://sf.citidirect.com (or such other website as may be notified by the Collateral Administrator to the Issuer, the Trustee, the Principal Paying Agent and the Noteholders from time to time) and such reports are made available on such website to each Noteholder of each Class, the Trustee, the Investment Manager and each Rating Agency (subject, unless otherwise waived in writing by the Investment Manager in any particular case, to receipt by the Collateral Administrator of certification that such holder is a holder of a beneficial interest in any Notes). The Investment Manager (on behalf of the Issuer) will inform the Noteholders, the Trustee, the Collateral Administrator and the Rating Agencies of the occurrence of the Effective Date.

5. **Issuer Representations, Warranties and Covenants**

The Trust Deed contains, *inter alia*, representations, warranties and covenants in favour of the Trustee which, *inter alia*, require the Issuer to comply with its obligations under the Transaction Documents and restrict the ability of the Issuer to create or incur any indebtedness (other than as permitted under the Trust Deed), to dispose of assets, change the nature of its business or to take or fail to take any action which may adversely affect the priority or enforceability of the security interest in the Collateral.

6. **Interest**

(a) ***Payment Dates***

(i) *Floating Rate Notes*

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes each bear interest from (and including) the Issue Date of the Existing Notes (or in the case of any Notes issued in connection with the Refinancing of any such Class of Notes, the relevant date of the Refinancing) and such interest will be payable semi-annually (or, in the case of interest accrued during the initial Interest Period, for the period from (and including) the Issue Date of the Existing Notes to (but excluding) the Payment Date falling on or about 15 February 2014) in arrear on each Payment Date.

(ii) *Subordinated Notes*

Interest shall be payable on the Subordinated Notes to the extent funds are available in accordance with paragraph (CC) of the Interest Priority of Payments, paragraph (S) of the Principal Priority of Payments and paragraph (V) of the Acceleration Priority of Payments on each Payment Date and shall continue to be payable in accordance with this Condition 6 notwithstanding redemption in full of any Subordinated Note at its applicable Redemption Price until there are no further amounts available to be distributed to the holders of the Subordinated Notes in accordance with the Priorities of Payment.

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 Subordinated Note remains outstanding at all times and any amounts which are to be applied in redemption of any Subordinated Notes which are in excess of the Principal Amount

Outstanding thereof *minus* €1, shall constitute interest payable in respect of such Subordinated Notes and shall not be applied in redemption of the Principal Amount Outstanding thereof, provided always however that such €1 principal shall no longer remain Outstanding and the Subordinated Notes shall be redeemed in full on the date on which all of the Collateral securing the Notes has been realised and is to be finally distributed to the Noteholders.

(b) ***Interest Accrual***

(i) *Floating Rate Notes*

Each Floating Rate Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest in accordance with this Condition 6 (both before and after judgement) until whichever is the earlier of (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (B) the day following seven days after the Trustee or the Principal Paying Agent, as applicable, has notified the Noteholders of such Class of Notes in accordance with Condition 16 (*Notices*) of receipt of all sums due in respect of all the Notes of such Class up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

(ii) *Subordinated Notes*

Payments on the Subordinated Notes will cease to be payable in respect of each Subordinated Note upon the date that all of the Collateral has been realised and no Interest Proceeds, Principal Proceeds or Collateral Enhancement Obligation Proceeds remain available for distribution in accordance with the Priorities of Payment.

(c) ***Deferral of Interest***

(i) *Deferred Interest*

For so long as any of the Class A Notes and Class B Notes remain Outstanding, 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 or the Class E Notes in full on any Payment Date, in each case to the extent that there are Interest Proceeds or Principal Proceeds available for payment thereof in accordance with the Priorities of Payment.

In the case of the Class C Notes, the Class D Notes or the Class E Notes, for so long as any of the Class A Notes and the Class B Notes remain Outstanding, an amount of interest equal to any shortfall in payment of the Interest Amount which would, but for the first paragraph of this Condition 6(c)(i) otherwise be due and payable in respect of such Class of Notes on any Payment Date (each such amount being referred to as "**Deferred Interest**") will not be payable on such Payment Date, but will be added to the principal amount of the Class C Notes, the Class D Notes or the Class E Notes, as applicable, and thereafter will accrue interest at the rate of interest applicable to that Class of Notes, and the failure to pay such Deferred Interest to the holders of the Class C Notes, the Class D Notes or the Class E Notes, as applicable, will not be an Event of Default until the Maturity Date or any earlier date on which the Notes are to be redeemed in full, provided always however that if the relevant Class is the then Controlling Class, Deferred Interest shall not be added to the principal amount of such Class and failure to pay any Interest Amount due and payable on such Class within five Business Days in accordance with Condition 10 (*Events of Default*)) of the Payment Date in full will constitute an Event of Default. Interest will cease to accrue on each Note, or in the case of a partial repayment, on such part, from the date of repayment or the Maturity Date unless payment of principal is improperly withheld or unless default is otherwise made with respect to such payment of principal.

(ii) *Non-payment of Interest*

Following redemption in full of the Class A Notes, non-payment of interest on the Class B Notes, and following redemption in full of the Class B Notes, non-payment of interest on the Class C Notes and, following redemption in full of the Class C Notes, non-payment of interest in the Class D Notes and, following redemption in full of the Class D Notes, non-payment of interest on the Class E Notes shall constitute an Event of Default following expiry of the 5 Business Days' grace period.

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

Deferred Interest in respect of any Class C Note, Class D Note or Class E Note shall only become payable by the Issuer in accordance with respectively, paragraphs (L), (O) and (R) of the Interest Priority of Payments, paragraphs (C), (F) and (I) of the Principal Priority of Payments and paragraphs (K), (N) and (Q) of the Acceleration Priority of Payments and under the Note Payment Sequence in each place specified in the Priorities of Payment, to the extent that Interest Proceeds or Principal Proceeds, as applicable, are available to make such payment in accordance with the Priorities of Payment (and, if applicable, the Note Payment Sequence). For the avoidance of doubt, for so long as any Class A Notes and/or Class B Notes remain Outstanding, Deferred Interest on the Class C Notes and/or Class D Notes and/or Class E Notes, as applicable will be added to the principal amount of the Class C Notes and/or Class D Notes and/or Class E Notes, as applicable. An amount equal to any such Deferred Interest so paid shall be subtracted from the principal amount of the Class C Notes and/or Class D Notes and/or Class E Notes, as applicable.

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

(i) *Floating Rate of Interest*

The rate of interest from time to time in respect of the Class A Notes (the "**Class A Floating Rate of Interest**"), in respect of the Class B Notes (the "**Class B Floating Rate of Interest**"), in respect of the Class C Notes (the "**Class C Floating Rate of Interest**"), in respect of the Class D Notes (the "**Class D Floating Rate of Interest**") in respect of the Class E Notes (the "**Class E Floating Rate of Interest**") (and each a "**Floating Rate of Interest**") will be determined by the Calculation Agent on the following basis:

(1) On each Interest Determination Date, the Calculation Agent will determine the offered rate for six months Euro deposits (or, in the case of the initial Interest Period, a straight line interpolation of the offered rate for 6 and 7 month Euro deposits) as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question. Such offered rate will be that which appears on the display designated on the Bloomberg Screen "**BTMM EU**" Page (or such other page or service as may replace it for the purpose of displaying EURIBOR rates). The Class A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest and the Class E Floating Rate of Interest for such Interest Period shall be the aggregate of the Applicable Margin (as defined below) and the rate which so appears, all as determined by the Calculation Agent.

(2) If the offered rate so appearing is replaced by the corresponding rates of more than one bank then paragraph (1) shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 being rounded upwards)) of the rates (being at least two) which so appear, as determined by the Calculation Agent. If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Calculation Agent will request each of four major banks in the Euro zone interbank market acting in each case through its principal Euro zone office (the "**Reference Banks**") to provide the Calculation Agent with its offered quotation to leading banks for Euro

deposits in the Euro zone interbank market for a period of six months (or, in the case of the initial Interest Period, a straight line interpolation of the offered quotation for 6 month and 7 month Euro deposits) as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question. The Class A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest and the Class E Floating Rate of Interest for such Interest Period shall be the aggregate of the Applicable Margin (if any) and the arithmetic mean, in each case, (rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 being rounded upwards)) of such quotations (or of such of them, being at least two, as are so provided), all as determined by the Calculation Agent.

(3) If on any Interest Determination Date one only or none of the Reference Banks provides such quotation, the Class A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest and the Class E Floating Rate of Interest, respectively, for the next Interest Period shall be the Class A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest and the Class E Floating Rate of Interest, in each case in effect as at the immediately preceding Interest Period.

(4) Where:

"**Applicable Margin**" means from and including the Issue Date of the Existing Notes:

(i) in the case of the Class A Notes: 1.35 per cent per annum (the "**Class A Margin**");

(ii) in the case of the Class B Notes: 1.75 per cent per annum (the "**Class B Margin**");

(iii) in the case of the Class C Notes: 2.90 per cent per annum (the "**Class C Margin**");

(iv) in the case of the Class D Notes: 4.25 per cent per annum (the "**Class D Margin**"); and

(v) in the case of the Class E Notes: 5.50 per cent per annum (the "**Class E Margin**"),

subject to any Refinancing, when the Applicable Margin will be as notified to Noteholders pursuant to Condition 7(b)(vi) (*Optional Redemption effected in whole or in part through Refinancing*).

(ii) *Determination of Floating Rate of Interest and Calculation of Interest Amount*

The Calculation Agent will, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date (or in relation to the Issue Date of the Existing Notes at 11.00 am (Brussels time) on the Issue Date of the Existing Notes), but in no event later than the Business Day after such date, determine the Class A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest and the Class E Floating Rate of Interest and calculate the interest amount payable in respect of original principal amounts of the Class A Notes, Class B Notes, Class C Notes, the Class D Notes and the Class E Notes equal to the Authorised Integral Amount applicable thereto for the relevant Interest Period. The amount of interest (the "**Interest Amount**") payable in respect of each Authorised Integral Amount applicable to any such Notes shall be calculated by applying the Class A Floating Rate of Interest in the case of the Class A Notes, the Class B Floating Rate of Interest in the case of the Class B Notes, the Class C Floating Rate of Interest in the

case of the Class C Notes, the Class D Floating Rate of Interest in the case of the Class D Notes, and the Class E Floating Rate of Interest in the case of the Class E Notes, respectively, to an amount equal to the Principal Amount Outstanding in respect of such Authorised Integral Amount, multiplying the product by the actual number of days in the Interest Period concerned, divided by 360 and rounding the resultant figure to the nearest €0.01 (€0.005 being rounded upwards).

(iii) *Reference Banks and Calculation Agent*

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

(A) a Calculation Agent shall be appointed and maintained for the purposes of determining the interest rate and interest amount payable in respect of the Notes; and

(B) in the event that the Class A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest and the Class E Floating Rate of Interest are to be calculated by Reference Banks pursuant to paragraph (2) of Condition 6(e)(i) (*Floating Rate of Interest*), that the number of Reference Banks required pursuant to such paragraph (2) of Condition 6(e)(i) (*Floating Rate of Interest*) are appointed.

If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent for the purpose of calculating interest hereunder or fails duly to establish any Floating Rate of Interest for any Interest Period, or to calculate the Interest Amount on any Class of Rated Notes, the Issuer (or the Investment Manager (acting on behalf of the Issuer)) shall (with the prior approval of the Trustee) appoint some other leading bank to act as such in its place. The Calculation Agent may not resign its duties without a successor having been so appointed.

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

Solely in respect of Subordinated Notes, the Collateral Administrator will on each Determination Date calculate the Interest Proceeds payable to the extent of available funds in respect of an original principal amount of Subordinated Notes equal to the Authorised Integral Amount applicable thereto for the relevant Interest Period. The Interest Proceeds payable on each Payment Date in respect of an original principal amount of Subordinated Notes equal to the Authorised Integral Amount applicable thereto shall be calculated by multiplying the amount of Interest Proceeds to be applied on the Subordinated Notes on the applicable Payment Date pursuant to paragraph (CC) of the Interest Priority of Payments, paragraph (S) of the Principal Priority of Payments and paragraph (V) of the Acceleration Priority of Payment by fractions equal to the amount of such Authorised Integral Amount, as applicable, divided by the aggregate original principal amount of the Subordinated Notes.

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

The Calculation Agent (on behalf of the Issuer) will cause the Class A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest and the Class E Floating Rate of Interest or the Interest Amounts payable in respect of each Class of Rated Notes, the amount of any Deferred Interest due but not paid on any Class C Notes, Class D Notes or Class E Notes for each Interest Period and Payment Date and the Principal Amount Outstanding of each Class of Notes as of the applicable Payment Date to be notified to the Registrar, the Principal Paying Agent, the Paying Agents, the Trustee and the Investment Manager and for so long as the Notes are listed on the Global Exchange Market of the Irish Stock Exchange, the Irish Stock Exchange as soon as possible after their determination but in no event later than the fourth Business Day thereafter, and the Principal Paying Agent shall cause each such rate, amount and date to be notified to the Noteholders of each Class in accordance with Condition 16 (*Notices*) as soon as possible following notification to the Principal Paying Agent but in no event later than the third Business Day after such notification. The Interest Amounts in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Payment Date in respect of any Class of

Notes so published may subsequently be amended without notice in the event of an extension or shortening of the Interest 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, or the Collateral Administrator, as the case may be, in accordance with this Condition 6 but no publication of the applicable Interest Amounts shall be made unless the Trustee so determines.

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

If the Calculation Agent does not at any time for any reason so calculate the Class A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest or the Class E Floating Rate of Interest for an Interest Period, the Trustee may, or a person appointed by the Issuer (at the cost of the Issuer) for such purpose, shall do so and such determination or calculation shall be deemed to have been made by the Calculation Agent and shall be binding on the Noteholders. In doing so, the Trustee, or such person appointed by the Issuer, shall apply the foregoing provisions of this Condition 6, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances and reliance on such persons as it has appointed for such purpose. The Trustee, or such person appointed by the Issuer, shall have no liability to any person in connection with any determination or calculation (including with regard to the timelines thereof) it may, or is required to, make pursuant to this Condition 6(h).

(i) ***Notifications, etc. to be Final***

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6, whether by the Reference Banks (or any of them), the Calculation Agent, the Collateral Administrator or the Trustee, will (in the absence of manifest error) be binding on the Issuer, the Reference Banks, the Calculation Agent, the Trustee, the Registrar, the Principal Paying Agent, the Collateral Administrator, the Transfer Agent and all Noteholders and (in the absence as referred to above) no liability to the Issuer or the Noteholders of any Class shall attach to the Reference Banks, the Calculation Agent, the Collateral Administrator or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition 6(i).

7. **Redemption and Purchase**

(a) ***Final Redemption***

Save to the extent previously redeemed in full and cancelled, the Notes of each Class will be redeemed on the Maturity Date of such Notes. In the case of a redemption pursuant to this Condition 7(a), the Notes will be redeemed at their Redemption Price in accordance with the Priorities of Payment. Notes may not be redeemed other than in accordance with this Condition 7.

(b) ***Optional Redemption***

(i) *Redemption at Option of the Subordinated Noteholders*

Subject to the provisions of Condition 7(b)(v) (*Terms and Conditions of an Optional Redemption*) and Condition 7(b)(vii) (*Optional Redemption effected through Liquidation only*), the Notes may be redeemed in whole but not in part by the Issuer at the applicable Redemption Prices from Available Proceeds on any Call Date occurring after the expiry of the Non-Call Period in each case at the option of the Subordinated Noteholders acting by Ordinary Resolution and following delivery to the Issuer of duly completed Redemption Notices in accordance with the procedures described in Condition 7(b)(viii) (*Mechanics of Redemption*).

(ii) *Optional Redemption by Refinancing*

Subject to the provisions of Condition 7(b)(v) (*Terms and Conditions of an Optional Redemption*) and Condition 7(b)(vi) (*Optional Redemption effected in whole or in part through Refinancing*), the Rated Notes may be redeemed in whole or in part by the Issuer by the redemption in whole of one or more Classes of Rated Notes at their

applicable Redemption Price(s) from Refinancing Proceeds, in each case, on any Payment Date following the expiry of the Non-Call Period at the option of the Subordinated Noteholders acting by Ordinary Resolution and following delivery to the Issuer of duly completed Redemption Notices, provided that, the Class or Classes of Rated Notes, as applicable, to be redeemed represent(s) not less than the entire Class or Classes, as applicable, of such Rated Notes in each case, in accordance with the procedures described in Condition 7(b)(viii) (*Mechanics of Redemption*).

(iii) *Optional Redemption upon the occurrence of a Collateral Tax Event*

Subject to the provisions of Condition 7(b)(v) (*Terms and Conditions of an* Optional *Redemption*) and Condition 7(b)(vii) (*Optional Redemption effected through Liquidation only*), the Notes may be redeemed in whole but not in part by the Issuer at the applicable Redemption Prices from Available Proceeds on any Payment Date upon the occurrence of a Collateral Tax Event, on any Payment Date falling after such occurrence at the option of the Subordinated Noteholders acting by Ordinary Resolution and following delivery to the Issuer of duly completed Redemption Notices, in each case, in accordance with the procedures described in Condition 7(b)(viii) (*Mechanics of Redemption*).

(iv) *Redemption at the Option of the Investment Manager for Clean-up*

Subject to the provisions of Condition 7(b)(v) (*Terms and Conditions of an Optional Redemption*) and Condition 7(b)(vii) *(Optional Redemption effected through Liquidation only*) the Notes may be redeemed in whole but not in part by the Issuer at the applicable Redemption Prices from Available Proceeds on any Payment Date falling on or after expiry of the Non-Call Period if, upon or at any time following the expiry of the Non-Call Period, the Aggregate Collateral Balance is less than 15 per cent of the Target Par Amount, at the option of, and if directed in writing by the Investment Manager in each case, in accordance with the procedures described in Condition 7(b)(viii) (*Mechanics of Redemption*).

(v) *Terms and Conditions of an Optional Redemption*

In connection with any Optional Redemption:

(A) the Issuer shall procure that at least 10 Business Days' prior written notice of an Optional Redemption, including the applicable Redemption Date, and the relevant Redemption Price therefor, is given to the Trustee, the Principal Paying Agent 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 Notes in whole, to the right of holders of 100 per cent of the aggregate Principal Amount Outstanding of any Class of 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 Notes. Such right shall be exercised by delivery by each holder of the relevant Class of Notes of a written direction confirming such holder's election to receive less than 100 per cent of the Redemption Price that would otherwise be payable to it, together with evidence of their holding to the Issuer, the Principal Paying Agent and the Investment Manager no later than 5 Business Days (or such shorter period of time as may be agreed by the Trustee and the Investment Manager, acting reasonably) prior to the relevant Redemption Date;

(C) neither the holders of the Rated Notes nor the Investment Manager shall have the right or other ability to prevent an Optional Redemption directed by the Subordinated Noteholders in accordance with this Condition 7(b); and

(D) any such redemption must comply with the procedures set out in Condition 7(b)(viii) (*Mechanics of Redemption*).

(vi) *Optional Redemption effected in whole or in part through Refinancing*

Following receipt of, or as the case may be, confirmation from the Issuer or Principal Paying Agent of receipt of a direction in writing from the Subordinated Noteholders acting by Ordinary Resolution to exercise any right of optional redemption pursuant Condition 7(b)(ii) (*Optional Redemption by Refinancing*), the Issuer shall in the case of a redemption in whole of all Classes of Rated Notes or in the case of a redemption of the entire Class of a Class of Rated Notes, issue replacement notes (each, a "**Refinancing Note**" and, together "**Refinancing Notes**"), whose terms in each case will be identical to the terms of such Class or Classes of Rated Notes being refinanced and redeemed other than as specified below (any such refinancing, a "**Refinancing**"). The disclosure of the identity of any financial institutions acting as purchasers thereunder are subject to the prior written consent of the Investment Manager and a direction in writing from the Subordinated Noteholders (acting by Ordinary Resolution) and each Refinancing is required to satisfy the conditions described in this Condition 7(b)(vi).

A Refinancing will be effective only if:

(1) the Issuer provides prior written notice thereof to S&P and Fitch;

(2) all terms and conditions (save for the relevant issue date and initial interest accrual period and first payment date and save as provided in paragraph (9) below) of each Class of Refinancing Notes are identical to the terms and conditions of the Class or Classes of Rated Notes being redeemed with the Refinancing Proceeds;

(3) any redemption of a Class or Classes of Rated Notes is a redemption in whole of the entire Class or Classes of Rated Notes being refinanced and redeemed;

(4) the sum of (A) the Refinancing Proceeds and Refinancing Costs standing to the credit of the Refinancing Account and (B) the amount of Interest Proceeds standing to the credit of the Interest Account applied in accordance with the Interest Priority of Payments will be at least sufficient to pay in full:

  (a) the aggregate Redemption Prices of the entire Class or Classes of Rated Notes which are the subject of the Refinancing;

  (b) all accrued and unpaid Trustee Fees and Expenses and Administrative Expenses up to the Senior Expenses Cap in connection with such Refinancing in addition to any other fees, costs and expenses payable in connection with such Refinancing;

  (c) all accrued and unpaid interest on any Class or Classes of Rated Notes which are the subject of the Refinancing;

  (d) all amounts ranking *pari passu* with or senior to the accrued and unpaid interest amounts referred to in paragraph (c) above under the Interest Priority of Payments, including without limitation any Trustee Fees and Expenses, Administrative Expenses, any amounts payable to Asset Swap Counterparties and any amounts payable in respect of Rated Notes ranking senior to the relevant Class or Classes of Rated Notes subject to the Refinancing; and

  (e) for the rating by each Rating Agency of the Refinancing Notes;

(5) there are no amounts of Deferred Interest outstanding on any Class of Rated Notes immediately prior to such Refinancing;

(6) the Refinancing Proceeds and other relevant 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 each Class of Refinancing Notes is equal to the aggregate Principal Amount Outstanding of the corresponding Class of Rated Notes being redeemed with Refinancing Proceeds;

(9) the Applicable Margin of each Class of Refinancing Notes will not be greater than the Applicable Margin of the corresponding Class of Rated Notes being redeemed with Refinancing Proceeds;

(10) payments in respect of the Refinancing Notes are subject to the Priorities of Payment and rank at the same priority pursuant to the Priorities of Payment as the relevant Class or Classes of Rated Notes being redeemed with Refinancing Proceeds;

(11) all Refinancing Proceeds and Refinancing Costs are received by (or on behalf of) the Issuer into the Refinancing Account prior to the applicable Redemption Date;

(12) Conditions 17(a)(viii), (ix), (x), (xi) and (xii) (*Additional Issuances*) must be satisfied; and

(13) notification by the Issuer to Noteholders of the new Applicable Margin of the Refinancing Notes in accordance with Condition 16 (*Notices*),

in each case, as certified to the Issuer and the Trustee by the Investment Manager (upon which certification the Issuer and the Trustee shall be entitled to rely without further enquiry and without any liability for so relying).

If, in relation to a proposed optional redemption of the Notes, any of the conditions specified in this Condition 7(b)(vi) are not satisfied, the Issuer shall cancel the relevant redemption of the Notes and shall give notice of such cancellation to the Trustee, the Investment Manager and the Noteholders in accordance with Condition 16 (*Notices*).

None of the Issuer, the Investment Manager, the Collateral Administrator or the Trustee nor any Agent shall be liable to any party, including the Subordinated Noteholders, for any failure to effect a Refinancing or for the terms or sufficiency or legality of any Refinancing.

In connection with a Refinancing, the Trustee shall enter into a Supplemental Trust Deed to constitute the Refinancing Notes and make such other changes to the Trust Deed as are necessary or expedient solely to reflect the terms of the Refinancing. No further consent for such amendments shall be required from the holders of Notes (other than from the holders of the Subordinated Notes acting by way of an Ordinary Resolution prior to the Refinancing or as otherwise specified in Condition 14(b)(vii)(C) (*Ordinary Resolution*)).

The Trustee will not be obliged to enter into any modification that, in its reasonable opinion, would (i) expose the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) add to or increase the obligations, liabilities or duties, or decrease the 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 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 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).

(vii) *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 receipt of (i) a direction in writing from the Subordinated Noteholders acting by Ordinary Resolution, (ii) a direction in writing from the Controlling Class acting by Ordinary Resolution, or (iii) a direction in writing given by the Investment Manager, as the case may be, to exercise any right of optional redemption pursuant to this Condition 7(b) or Condition 7(g) (*Redemption following Note Tax Event*) to be effected solely through the liquidation or realisation of the Collateral, the Collateral Administrator shall, as soon as practicable, and in any event not later than 5 Business Days prior to the scheduled Redemption Date calculate the Redemption Threshold Amount in consultation with the Investment Manager.

The Notes shall not be optionally redeemed where such Optional Redemption is to be effected solely through the liquidation or realisation of the Portfolio unless:

(A) at least 5 Business Days before the scheduled Redemption Date the Investment Manager shall have certified to the Trustee in writing (upon which certificate the Trustee shall be entitled to rely without further enquiry and without any liability for so relying) that the Investment Manager on behalf of the Issuer has entered into a binding agreement or agreements with a financial or other institution or institutions (which (1) either (x) has a long-term issuer credit rating of at least "A" by S&P and, if it has a long-term issuer credit rating of "A" by S&P, a short-term issuer credit rating of "A-1" by S&P or, if it does not have an S&P long-term issuer credit rating, a short-term issuer credit rating of at least "A-1" by S&P or (y) in respect of which Rating Agency Confirmation from S&P has been received and (2) either (x) has a long-term issuer default rating of at least "A" by Fitch and a short-term issuer default rating of at least "F1" by Fitch or (y) in respect of which Rating Agency Confirmation from Fitch has been received) to purchase (directly or by participation or other arrangement) from the Issuer, not later than two Business Days immediately preceding the scheduled Redemption Date in immediately available funds, all or part of the Portfolio at a purchase price at least sufficient, together with the Eligible Investments maturing, redeemable or putable to the issuer thereof at par on or prior to the scheduled Redemption Date, to meet the Redemption Threshold Amount; or

(B) (i) prior to entering into any agreement to sell any Collateral Debt Obligations and/or Eligible Investments, the Investment Manager certifies to the Trustee in writing (upon which certificate the Trustee shall be entitled to rely without further enquiry and without any liability for so relying) that, in its judgement, the aggregate sum of (A) expected proceeds from the sale of Eligible Investments, and (B) for each Collateral Debt Obligation, the product of its Principal Balance and its Market Value, shall be at least sufficient to meet the Redemption Threshold Amount; and (ii) at least 2 Business Days before the scheduled Redemption Date, the Issuer shall have received proceeds of disposition of all or part of the Portfolio at least sufficient to meet the Redemption Threshold Amount.

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

Any certification delivered by the Investment Manager pursuant to this section must include (1) the prices of, and expected proceeds from, the sale (directly or by participation or other arrangement) of any Collateral Debt Obligations and/or Eligible Investments and (2) all calculations required by this Condition 7(b). Any Noteholder,

the Investment Manager or any of the Investment Manager's Affiliates shall have the right, subject to the same terms and conditions afforded to other bidders, to bid on and purchase Collateral Debt Obligations to be sold as part of an Optional Redemption pursuant to this Condition 7(b)(vii).

If neither paragraph (A) nor (B) of this Condition 7(b)(vii) is satisfied, the Issuer shall cancel the redemption of the Notes and shall give notice of such cancellation to the Trustee, the Investment Manager and the Noteholders in accordance with Condition 16 (*Notices*).

(viii) *Mechanics of Redemption*

Following calculation by the Collateral Administrator of the relevant Redemption Threshold Amount, if applicable, the Collateral Administrator shall make such other calculations as it is required to make pursuant to the Collateral Administration and Agency Agreement and shall notify the Issuer, the Trustee, the Investment Manager and Principal Paying Agent.

Any exercise of a right of redemption by the Subordinated Noteholders or by the Controlling Class pursuant to this Condition 7 shall be effected by delivery to the Principal Paying Agent of (x) the requisite amount of Subordinated Notes or (y) the requisite amount of Notes from the Noteholders comprising the Controlling Class together with duly completed Redemption Notices (if applicable) not less than 30 Business Days, or such shorter period of time as the Principal Paying Agent and the Investment Manager find reasonably acceptable, prior to the proposed Redemption Date. Any exercise of a right of redemption by the Investment Manager pursuant to this Condition 7 shall be effected by delivery to the Principal Paying Agent of a direction in writing by the Investment Manager not less than 30 Business Days, or such shorter period of time as the Principal Paying Agent and the Issuer find reasonably acceptable prior to the proposed Redemption Date. No Redemption Notice and Subordinated Notes or Notes comprising the Controlling Class so delivered or any direction given by the Investment Manager may be withdrawn without the prior consent of the Issuer. The Principal Paying Agent shall copy each Redemption Notice received or any direction given by the Investment Manager, to each of the Trustee, the Collateral Administrator, the Issuer and, if applicable, the Investment Manager.

The Investment Manager shall notify the Issuer, the Trustee, the Collateral Administrator, each Asset Swap Counterparty and the Registrar upon satisfaction of any of the conditions set out in this Condition 7 and shall, other than in the case of a Refinancing, 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 Investment Management Agreement. The Issuer shall deposit, or cause to be deposited, the funds required for a redemption of the Notes in accordance with this Condition 7 in the Payment Account or the Refinancing Account, as applicable, on or before the Business Day prior to the applicable Redemption Date. Principal Proceeds, Interest Proceeds and Sale Proceeds received in connection with a redemption of the Notes in whole shall be payable in accordance with the Acceleration Priority of Payments. Refinancing Proceeds shall be payable in accordance with Condition 3(j)(ix) (*Refinancing Account*).

(c) ***Mandatory Redemption upon Breach of Coverage Tests***

(i) *Class A Notes and Class B Notes*

If (a) the Class A/B Par Value Test is not met on any Determination Date commencing from the Effective Date or (b) if the Class A/B Interest Coverage Test is not met on any Determination Date commencing from the Determination Date immediately preceding the second Payment Date following the Effective Date and each Determination Date thereafter, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Class A Notes and the Class B Notes in accordance with the Note Payment Sequence, on the related Payment Date in accordance with and subject to the Priorities of Payment (including payment of all prior ranking amounts) until each such

Coverage Tests is satisfied if recalculated following such redemption, provided that the Class A/B Coverage Tests shall be deemed to be satisfied if the Class A Notes and the Class B Notes have been redeemed in full.

(ii) *Class C Notes*

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

(iii) *Class D Notes*

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

(iv) *Class E Notes*

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

(d) ***Special Redemption***

Principal payments on the Notes (in accordance with the Note Payment Sequence) shall be made in accordance with the Principal Priority of Payments at the sole and absolute discretion of the Investment Manager (acting on behalf of the Issuer) if, at any time from the Effective Date and during the Reinvestment Period, the Investment Manager (acting on behalf of the Issuer) notifies the Trustee that using reasonable endeavours it has been unable, for a period of 20 consecutive Business Days, to identify additional Collateral Debt Obligations that are deemed appropriate by the Investment Manager (acting on behalf of the Issuer) in its discretion which meet the Eligibility Criteria or, to the extent applicable, the Reinvestment Criteria, in sufficient amounts to permit the investment or reinvestment of all or a portion of the funds then in the Principal Account and/or the Unused Proceeds Account that are to be invested in additional Collateral Debt Obligations (a "**Special Redemption**"). On the first Payment Date following the Due Period in which such notice is given (a "**Special Redemption Date**"),

the funds in the Principal Account representing Principal Proceeds which, using reasonable endeavours, cannot be reinvested in additional Collateral Debt Obligations or Substitute Collateral Debt Obligations (the "**Special Redemption Amount**") will be applied in accordance with paragraph (M) of the Principal Priority of Payments. Notice of payments pursuant to this Condition 7(d) shall be given by the Issuer in accordance with Condition 16 (*Notices*) not less than 30 days prior to the applicable Special Redemption Date to each Noteholder affected thereby and to each Rating Agency with a copy to the Trustee, the Collateral Administrator and each Agent. For the avoidance of doubt, the exercise of a Special Redemption shall be at the sole and absolute discretion of the Investment Manager (acting on behalf of the Issuer) and the Investment Manager shall be under no obligation to, or have any responsibility for, any Noteholder or any other person for the exercise or non-exercise (as applicable) of such Special Redemption.

(e) ***Redemption upon Effective Date Rating Event***

In the event that as at the second Business Day prior to the Payment Date following the Effective Date, an Effective Date Rating Event has occurred and is continuing, Interest Proceeds and thereafter Principal Proceeds shall be applied in the redemption of the Rated Notes on such Payment Date and thereafter on each subsequent Payment Date (to the extent required) in accordance with the Note Payment Sequence, 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 (save only for any Principal Proceeds which may at such time be re-invested in accordance with and subject to the terms of the Investment Management Agreement) in redemption of the Notes at their applicable Redemption Prices in accordance with the Priorities of Payment.

(g) ***Redemption following Note Tax Event***

Upon the occurrence of a Note Tax Event, the Issuer shall, subject to and in accordance with the terms of the Trust Deed, use all reasonable efforts to change the territory in which it is resident for tax purposes to another jurisdiction which, at the time of such change, would not give rise to a Note Tax Event. Upon the earlier of (a) the date upon which the Issuer notifies (or procures the notification of) the Noteholders that it is not able to effect such change of residence and (b) the date which is 90 days from the date upon which the Issuer first becomes aware of such Note Tax Event (provided that such 90 day period shall be extended by a further 90 days in the event that during the former period the Issuer has notified (or procured the notification of) the Noteholders that, based on advice received by it, it expects that it shall have changed its place of residence by the end of the latter 90 day period), the Controlling Class or the Subordinated Noteholders, in each case acting by way of Ordinary Resolution, may elect that the Notes of each Class are redeemed, in whole but not in part, on any Payment Date thereafter, at their respective Redemption Prices in accordance with the Note Payment Sequence, in which case the Issuer shall so redeem the Notes on such terms, provided that (i) 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; and (ii) 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) (*Optional Redemption*).

(h) ***Redemption upon a Retention Deficiency***

Upon the occurrence of a Retention Deficiency where the Investment Manager has not entered into a Retention Cure Purchase prior to the next following Determination Date, Principal Proceeds shall be used to redeem the Notes in accordance with the Note Payment Sequence on the Payment Date next following such Determination Date and each Payment Date thereafter (to the extent required out of Principal Proceeds) subject to the Priorities of Payment, in each case until redeemed in full or, if earlier, a Retention Deficiency is no longer continuing.

(i) ***Redemption on Breach of Reinvestment Test***

If on any Payment Date following the Effective Date and each Payment Date thereafter during the Reinvestment Period, after giving effect to the payment of all amounts payable in respect of paragraphs (A) to (U) (inclusive) of the Interest Priority of Payments, the Reinvestment Test is not satisfied, the Investment Manager (acting on behalf of the Issuer) will at its discretion (1) make payment to the Principal Account for the acquisition of additional Collateral Debt Obligations or (2) redeem the Notes in accordance with the Note Payment Sequence, in either case, in an amount equal to the Required Diversion Amount.

(j) ***Redemption***

Unless otherwise specified in this Condition 7, all Notes in respect of which any notice of redemption is given shall be redeemed on the Redemption Date at their applicable Redemption Prices and to the extent specified in such notice and in accordance with the requirements of this Condition 7.

(k) ***Cancellation and Purchase***

(i) The Issuer may not purchase any Notes.

(ii) All Notes redeemed in full by the Issuer will be cancelled and may not be reissued or resold.

(iii) No Note may be surrendered (including in connection with any abandonment, donation, gift, contribution or other event or circumstance) except for registration of transfer, exchange or redemption, or for replacement in connection with any Note mutilated, defaced or deemed lost or stolen. The cancellation (and/or decrease, as applicable) of any surrendered Notes (except for registration of transfer, exchange or redemption, or for replacement in connection with any Note mutilated, defaced or deemed lost or stolen) shall not be taken into account for purposes of any relevant calculations (including but not limited to the Coverage Tests and the Reinvestment Test).

(l) ***Notice of Redemption***

The Issuer shall procure that notice of any redemption in accordance with this Condition 7 (which notice shall be irrevocable) is given to the Trustee and Noteholders in accordance with Condition 16 (*Notices*) and promptly in writing to the Rating Agencies.

8. **Payments**

(a) ***Method of Payment***

Payments of principal upon final redemption in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of such Note at the specified office of the Principal Paying Agent or any Paying Agent by wire transfer or Euro cheque drawn on a bank in Western Europe. Payments of interest on each Note and, prior to redemption in full thereof, principal in respect of each Note, will be made by wire transfer or Euro cheque drawn on a bank in Western Europe and posted on the Business Day immediately preceding the relevant due date to the holder (or to the first named of joint holders) of the Note appearing on the Register at the close of business on the Record Date at his address shown on the register on the Record Date. Upon application of the holder to the specified office of the Principal Paying Agent or any Paying Agent not less than five Business Days before the due date for any payment in respect of a Note, the payment may be made (in the case of any final payment of principal against presentation and surrender (or, in the case of part payment only of such final payment, endorsement) of such Note as provided above) by wire transfer, in immediately available funds, on the due date to a Euro account maintained by the payee with a bank in Western Europe.

(b) ***Payments***

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 9 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(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) ***Registrar, Paying Agents and Transfer Agent***

The names of the initial Registrar, Principal Paying Agent and Transfer Agent and their initial specified offices are set out in the Collateral Administration and Agency Agreement. The Issuer reserves the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and appoint additional or other Agents, provided that it will maintain (i) a Principal Paying Agent (ii) a Registrar and (iii) a Transfer Agent having specified offices in at least two major European cities (including Dublin, for so long as the Notes of any Class are listed on the Irish Stock Exchange and the rules of that exchange so require) and (iv) a paying agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive, in each case, as approved by the Trustee and shall procure that it shall at all times maintain a Calculation Agent, Custodian, Account Bank, Investment Manager and Collateral Administrator. Notice of any change in any Agent or their specified offices or in the Investment Manager or Collateral Administrator will promptly be given to the Noteholders by the Issuer in accordance with Condition 16 (*Notices*).

9. **Taxation**

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Ireland, or any other jurisdiction, or any political sub division or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law or 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 (including any voluntary agreement entered into with a taxing authority pursuant thereto). Any such withholding or deduction shall not constitute an Event of Default under Condition 10(a) (*Events of Default*).

Subject as provided below, if the Issuer certifies to the Trustee (upon which certification the Trustee shall be entitled to rely without further enquiry and without any liability for so relying) 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 (with the consent of the Trustee and save as provided below) shall use all reasonable endeavours to arrange for the substitution of a company incorporated in another jurisdiction approved by the Trustee as the principal obligor under the Notes of such Class, or to change its tax residence to another jurisdiction chosen by it and approved by the Trustee, subject to receipt by the Issuer and/or the Trustee of Rating Agency Confirmation by S&P in relation to such change, and subject to confirmation from leading tax counsel in such other jurisdiction chosen by it and so approved by the Trustee that such a substitute and/or change in tax residence would be effective in eliminating such an imposition of tax. The Trustee will not give any approval to any such substitution under this Condition 9 unless the Trustee has (i) received written advice from legal counsel or a recognised tax expert (such advice to be paid for by the Issuer) to the effect that such substitution is in the interests of the Noteholders and will not affect the tax treatment of the Noteholders and will not cause the Issuer to be treated as engaged in a U.S trade or business or otherwise subject to U.S federal income tax on a net income tax basis and (ii) Rating Agency Confirmation has been received in respect of such substitution.

Notwithstanding the above, if any taxes referred to in this Condition 9 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 of 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 respect of a payment made or secured for the immediate benefit of an individual or a non-corporate entity which is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive or any arrangement entered into between the Member States and certain third countries and territories in connection with the Directive;

(d) as a result of presentation for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Transfer Agent in a Member State of the European Union;

(e) in connection with FATCA (including any voluntary agreement entered into with a taxing authority pursuant thereto); or

(f) any combination of the preceding paragraphs (a) to (e) (inclusive) above,

the requirement to substitute the Issuer as a principal obligor and/or change its residence for taxation purposes shall not apply.

10. **Events of Default**

(a) ***Events of Default***

The occurrence of any of the following events shall constitute an "**Event of Default**":

(i) *Non-payment of interest*

The Issuer fails to pay any interest in respect of any Class A Notes, when the same becomes due and payable (save, in each case, as the result of any deduction therefrom or the imposition of withholding thereon in the circumstances described in Condition 9 (*Taxation*)) and or, following redemption and payment in full of the Class A Notes, the Issuer fails to pay interest in respect of any Class B Note when the same becomes due and payable or, following redemption and payment in full of the Class A Notes and the Class B Notes, the Issuer fails to pay any interest in respect of any Class C Note when the same becomes due and payable or, following redemption and payment in full of the Class A Notes, the Class B Notes and the Class C Notes, the Issuer fails to pay any interest in respect of any Class D Note when the same becomes due and payable or, following redemption and payment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the Issuer fails to pay any interest in respect of any Class E Note when the same becomes due and payable, and, in each case, failure to pay such interest in such circumstances continues for a period of at least five Business Days;

(ii) *Non-payment of principal*

The Issuer fails to pay any principal when the same becomes due and payable on any Note on any Redemption Date, provided that any such failure to pay such principal in such circumstances continues for a period of at least five Business Days provided *further* that, failure to effect any redemption for which notice is withdrawn in

accordance with the Conditions or, in the case of a redemption with respect to which a Refinancing fails will not constitute an Event of Default;

(iii) *Default under Priorities of Payment*

The failure on any Payment Date to disburse amounts (other than (i) or (ii) above) available in the Payment Account for that purpose in accordance with the Priorities of Payment, which failure continues for a period of ten Business Days;

(iv) *Breach of Other Obligations*

The Issuer does not perform or comply with any other of its covenants, warranties or other agreements of the Issuer under the Notes, the Trust Deed, the Collateral Administration and Agency Agreement, the Investment Management Agreement, or any other Transaction Document (other than a covenant, warranty or other agreement a default in the performance or breach of which is dealt with elsewhere in this Condition 10(a) and other than the failure to meet any Collateral Quality Test, Percentage Limitation or Coverage Test), or any representation, warranty or statement of the Issuer made in the Trust Deed, Investment Management Agreement, or any other Transaction Document or in any certificate or other writing delivered pursuant thereto or in connection therewith was untrue in any material respect when the same shall have been made, and the continuation of such default, breach or failure for a period of 30 days after notice thereof shall have been given by registered or certified mail or overnight courier, to the Issuer by the Trustee specifying such default, breach or failure and requiring it to be remedied and stating that such notice is a "**Notice of Default**", except for any such default, breach or failure which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Controlling Class;

(v) *Insolvency Proceedings*

Proceedings are initiated against the Issuer under any applicable liquidation, insolvency, bankruptcy, composition, reorganisation, examinership, suspension of payments, controlled management or other similar laws (together, "**Insolvency Law**"), or a receiver, administrative receiver, trustee, administrator, custodian, conservator, liquidator, curator, examiner or other similar official appointed in connection with any Insolvency Law or a security enforcement or related proceedings (a "**Receiver**") is appointed in relation to the Issuer or in relation to the whole or any substantial part, in the opinion of the Trustee, of the undertaking or assets of the Issuer and in any of the foregoing cases, except in relation to the appointment of a Receiver, is not discharged within 30 days; or the Issuer is subject to, or initiates or consents to judicial proceedings relating to itself under any applicable Insolvency Law, or seeks the appointment of a Receiver, or makes a conveyance or assignment for the benefit of its creditors generally or otherwise becomes subject to any reorganisation or amalgamation (other than on terms previously approved in writing by an Extraordinary Resolution of the Controlling Class);

(vi) *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 the Transaction Documents;

(vii) *Investment Company Act*

The Issuer or the pool of Collateral becomes required to register as an "Investment Company" under the Investment Company Act; or

(viii) *Collateral Debt Obligations*

On any Measurement Date on and after the Effective Date, failure of the percentage equivalent of a fraction, (i) the numerator of which is equal to (1) the Aggregate Collateral Balance (excluding any Defaulted Obligations) plus (2) the Principal Balance of each Defaulted Obligation 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.

(b) ***Acceleration***

(i) If an Event of Default occurs and is continuing, the Trustee may, at its discretion and shall, at the request of the Controlling Class acting by Extraordinary Resolution (subject to the Trustee 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 that all the Notes are to be immediately due and payable (such notice, an "**Acceleration Notice**").

(ii) Upon any such notice being given to the Issuer in accordance with Condition 10(b)(i), all of the Notes shall immediately become due and repayable at their applicable Redemption Prices, provided that the security constituted under the Trust Deed (and if applicable, the Euroclear Pledge Agreement) over the Collateral shall only become enforceable in accordance with Condition 11 (*Enforcement*).

(c) ***Acceleration Priority of Payments***

Interest Proceeds, Principal Proceeds and other amounts (if any) standing to the credit of the Accounts including Sale Proceeds and/or (as relevant, following any enforcement of the Collateral) the net proceeds of enforcement of the security over the Collateral (save in respect of and for the avoidance of doubt excluding any (1) Collateral Enhancement Obligation Proceeds or amounts standing to the credit of the Collateral Enhancement Account which will be paid in accordance with the Collateral Enhancement Obligation Priority of Payments, (2) Asset Swap Counterparty Downgrade Collateral which is required to be paid or returned to an Asset Swap Counterparty outside the Priorities of Payment in accordance with the relevant Asset Swap Agreement and (3) amounts standing to the credit of the Asset Swap Accounts and Asset Swap Termination Accounts (but only to the extent of such amounts as are due and payable to the relevant Asset Swap Counterparty under the relevant Asset Swap Agreement)) (the "**Available Proceeds**") will be applied (a) on the Maturity Date, (b) on such other date on which the Notes are redeemed in full pursuant to Condition 7 (*Redemption and Purchase*) or (c) on and following the delivery date of an Acceleration Notice (provided that if such Acceleration Notice is subsequently rescinded or annulled in accordance with Condition 10(d) (*Curing of Default*), only up to the date on which such Acceleration Notice is rescinded or annulled), 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 "**Acceleration Priority of Payments**"):

(A) to the payment of the Issuer Fee and of taxes owing by the Issuer which became due and payable in the current tax year as certified by an Authorised Officer of the Issuer to the Collateral Administrator, if any (save for any Irish corporate income tax in relation to the Issuer Fee and any value added tax payable in respect of any Investment Management Fee or any other tax payable in relation to any amount payable to the Secured Parties);

(B) to the payment of any due and unpaid Trustee Fees and Expenses up to an amount equal to the Senior Expenses Cap;

(C) in payment of due and unpaid Administrative Expenses in the order of priority stated in the definition thereof, up to an amount equal to the Senior Expenses Cap less any amounts paid pursuant to paragraph (B) above in respect of the related Due Period;

(D) to the payment on a *pro rata* and *pari passu* basis of any Asset Swap Termination Payments due to any Asset Swap Counterparty (other than Defaulted Asset Swap Termination Payments), in each case to the extent not paid from funds available in the applicable Asset Swap Termination Account;

(E) to the payment:

(1) firstly, to the Investment Manager of the Senior Investment Management Fee due and payable on such Payment Date and any value added tax in respect thereof (whether payable to the Investment Manager or directly to the relevant taxing authority) save for any Deferred Senior Investment Management Amounts which shall not be paid pursuant to this paragraph; and

(2) secondly, to the Investment Manager, any previously due and unpaid Senior Investment Management Fees (other than Deferred Senior Investment Management Amounts) and any value added tax in respect thereof (whether payable to the Investment Manager or directly to the relevant taxing authority);

(F) to the payment on a *pro rata* basis of all Interest Amounts due and payable on the Class A Notes;

(G) to the redemption on a *pro rata* basis of the Class A Notes, until 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 all 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 all 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 all 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) in payment on a *pro rata* basis of (i) Trustee Fees and Expenses (if any) not paid by reason of the Senior Expenses Cap, (ii) Administrative Expenses (if any) not paid by reason of the Senior Expenses Cap, in the order of priority stated in the definition thereof, (iii) to the payment: firstly, to the Investment Manager of the Subordinated Investment Management Fee due and payable on such Payment Date and any value added tax in respect thereof (whether payable to the Investment Manager or directly on the relevant taxing authority); secondly, to

the Investment Manager of any previously due and unpaid Subordinated Investment Management Fee (other than Deferred Subordinated Investment Management Amounts) and any value added tax in respect thereof (whether payable to the Investment Manager or directly to the relevant taxing authority); and thirdly, to the Investment Manager in payment of any Deferred Senior Investment Management Amounts, Deferred Subordinated Investment Management Amounts or any deferred Incentive Investment Management Fee and any value added tax in respect thereof (whether payable to the Investment Manager or directly to the relevant taxing authority);

(T) to the payment on a *pro rata* and *pari passu* basis of any Defaulted Asset Swap Termination Payments due to any Asset Swap Counterparty;

(U) to the repayment of any Investment Manager Advances (and any accrued interest thereon) repayable to the Investment Manager in accordance with the Investment Management Agreement; and

(V)

(1) if the Incentive Investment Management Fee IRR Threshold has not been reached, 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), until the Incentive Investment Management Fee IRR Threshold is reached; and

(2) if, after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on such Payment Date including pursuant to paragraph (1) above, paragraph (CC) of the Interest Priority of Payments, paragraph (S) of the Principal Priority of Payments and paragraphs (B) and (D) of the Collateral Enhancement Obligation Priority of Payments, the Incentive Investment Management Fee IRR Threshold has been reached (on or prior to such Payment Date):

(a) 10 per cent of any remaining proceeds, to the payment to the Investment Manager as an Incentive Investment Management Fee; and

(b) 90 per cent of 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 and immediately prior to such redemption).

provided however that when the Acceleration Priority of Payments has been applied as a result of the acceleration of the Notes pursuant to Condition 10(b) (*Acceleration*), (x) references in paragraph (B), (C) and (S) to the Senior Expenses Cap shall be disregarded and (y) amounts standing to the credit of the Asset Swap Accounts and Asset Swap Termination Accounts (to the extent that they relate to Asset Swap Transactions that have been terminated) will be included as Available Proceeds. For the avoidance of doubt, in such circumstances, the Senior Expenses Cap shall not apply, and provided further that when the Acceleration Priority of Payments has been applied as result of the enforcement of the security pursuant to Condition 11(b) (*Enforcement*) payments contemplated in paragraph (A) will not apply and the payments contemplated in paragraphs (C) and (S)(ii) will only be made to such parties if they are also Secured Parties.

(d) ***Curing of Default***

At any time after a notice of acceleration of maturity of the Notes has been made following the occurrence of an Event of Default and prior to enforcement of the security pursuant to Condition 11(b) (*Enforcement*), the Trustee may and shall if requested by the Controlling Class acting by Extraordinary Resolution and subject, in each case, to the Trustee 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, rescind and annul such Acceleration Notice under Condition 10(b)(i) above and its consequences if:

(i) the Issuer has paid or deposited with the Trustee or to its order a sum sufficient to pay:

(A) all overdue payments of interest and principal on the Notes, other than the Subordinated Notes;

(B) all due but unpaid taxes owing by the Issuer, as certified by an Authorised Officer of the Issuer to the Trustee;

(C) all due but unpaid Administrative Expenses up to the Senior Expense Cap and Trustee Fees and Expenses; and

(D) all amounts due and payable by the Issuer under any Asset Swap Transaction; and

(ii) the Trustee has determined that all 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 Events of Default, have been cured or waived.

Any previous rescission and annulment of an Acceleration Notice pursuant to this paragraph (d) shall not prevent the subsequent acceleration of the Notes if the Trustee, at its discretion or as subsequently requested, accelerates the Notes in accordance with paragraph (b)(i) above.

(e) ***Restriction on Acceleration of Notes***

No acceleration of the Notes shall be permitted pursuant to this Condition 10 by a Class of Noteholders, other than the Controlling Class as provided in Condition 10(b) (*Acceleration*).

(f) ***Notification and Confirmation of No Default***

The Issuer shall promptly notify the Trustee, the Collateral Administrator, the Agents, the Investment Manager, the Noteholders, each Rating Agency and each Asset Swap Counterparty upon becoming aware of the occurrence of an Event of Default or a Potential Event of Default (as defined in the Trust Deed). The Trust Deed contains provision for the Issuer to provide written confirmation to the Trustee and each Rating Agency on an annual basis that no Event of Default or Potential Event of Default (as defined in the Trust Deed) has occurred.

11. **Enforcement**

(a) ***Security Becoming Enforceable***

The security constituted under the Trust Deed (and if applicable, the Euroclear Pledge Agreement) over the Collateral shall become enforceable upon an acceleration of the maturity of any of the Notes pursuant to and in accordance with paragraph (b) (*Acceleration*) of Condition 10 (*Events of Default*), subject always to such notice accelerating the Notes not having been rescinded or annulled by the Trustee pursuant to paragraph (d) (*Curing of Default*) of Condition 10 (*Events of Default*). The security constituted under the Trust Deed shall not become enforceable in any other circumstances including, without limitation, in the event that the Issuer defaults under any of its payment obligations to any of the other Secured Parties.

(b) ***Enforcement***

At any time after the Notes become due and payable and the security under the Trust Deed becomes enforceable, the Trustee may, at its discretion, and shall, if so directed by the Controlling Class acting

by Ordinary Resolution (subject to the Trustee being indemnified and/or prefunded to its satisfaction) institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes and pursuant and subject to the terms of the Trust Deed and the Notes, realise and/or otherwise liquidate or sell the Collateral in whole or in part and/or take such action as may be permitted under applicable laws against any Obligor in respect of the Collateral and/or take any other action to enforce the security over the Collateral (such actions together, "**Enforcement Actions**"), in each case without any liability as to the consequence of any action and without having regard (save to the extent provided in Condition 14(e) (*Entitlement of the Trustee and Conflicts of Interest*)) to the effect of such action on individual Noteholders of such Class or any other Secured Party provided, however, that:

(i) no such Enforcement Action may be taken by the Trustee unless:

(A) in accordance with paragraph (b)(iii) below, the Trustee determines that the anticipated proceeds realised from such Enforcement Action (after deducting any expenses properly incurred in connection therewith) would be sufficient to discharge in full all amounts due and payable in respect of all Classes of Notes (including, without limitation, Deferred Interest on the Class C Notes, the Class D Notes and the Class E Notes) other than the Subordinated Notes and all amounts payable in priority thereto pursuant to the Acceleration Priority of Payments (such amount, the "**Enforcement Threshold**" and such determination, an "**Enforcement Threshold Determination**"); or

(B) if the Enforcement Threshold will not have been met (or, in the case of (B)(1) only, an Enforcement Threshold Determination has not been made), then:

(1) in the case of an Event of Default specified in sub-paragraph (i), (ii) or (viii) of Condition 10(a) (*Events of Default*), the Controlling Class acting by way of Ordinary Resolution directs the Trustee to take the Enforcement Action without regard to any other Event of Default which has occurred prior to, contemporaneously or subsequent to such Event of Default; or

(2) in the case of any other Event of Default, the holders of only those Class(es) of Rated Notes, which the Trustee has determined will be discharged in full (including without limitation, any Deferred Interest) from the anticipated proceeds from such Enforcement Action (after deducting any expenses properly incurred in connection therewith), voting separately by Class by way of Ordinary Resolution, direct(s) the Trustee to take the Enforcement Action.

(ii) the Trustee shall not be bound to institute any Enforcement Action or take any other action unless the Trustee is indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith. Following redemption and payment in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the Trustee shall (provided it is indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith), if so directed, act upon the directions of the Subordinated Notes acting by Ordinary Resolution; and

(iii) for the purposes of determining all issues relating to the execution of a sale, liquidation or valuation of the Portfolio, the anticipated proceeds to be realised from any Enforcement Action and any Enforcement Threshold Determination (and all and any other matters or actions required to be determined or made by the Trustee pursuant to this Condition 11, the Trustee may appoint an independent investment banking firm or other appropriate advisor to advise it and may obtain and rely (without any liability for so relying) 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).

The net proceeds of enforcement of the security over the Collateral (save in respect of any Collateral Enhancement Obligation Proceeds or any Asset Swap Counterparty Downgrade Collateral that is required to be paid or returned to the relevant Asset Swap Counterparty) shall be credited to the Payment Account or such other account as the Trustee may direct and shall be distributed in accordance with the Acceleration Priority of Payments.

The Trustee shall notify the Noteholders, the Issuer and the Investment Manager in the event that it makes an Enforcement Threshold Determination at any time or takes any Enforcement Action at any time.

(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 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 or neglect. Any proceeds received by a Noteholder or other Secured Party pursuant to any such proceedings brought by a Noteholder or other Secured party shall be paid promptly following receipt thereof to the Trustee for application pursuant to the terms of these Conditions and the Trust Deed. After realisation of the security which has become enforceable and distribution of the net proceeds in accordance with the Priorities of Payment, no Noteholder or other Secured Party may take any further steps against the Issuer to recover any sum still unpaid in respect of the Notes or the Issuer's obligations to such Secured Party and all claims against the Issuer to recover any sum still unpaid in respect of the Notes or the Issuer's obligations to such Secured Party and all claims against the Issuer in respect of such sums unpaid shall be extinguished. In particular, none of the Trustee, any Noteholder or any other Secured Party shall be entitled in respect thereof to petition or take any other step for the winding-up of the Issuer except to the extent permitted under the Trust Deed.

(d) ***Purchase of Collateral by Noteholders***

Upon any sale of any part of the Collateral following the occurrence of an Event of Default, whether made under the power of sale under the Trust Deed or by virtue of judicial proceedings, any Noteholder may (but shall not be obliged to) bid for and purchase the Collateral or any part thereof and, upon compliance with the terms of sale, may hold, retain, possess or dispose of such property in its or their own absolute right without accountability. In addition, any purchaser in any such sale which is a Noteholder may deliver Notes held by it in place of payment of the purchase price for such Collateral where the amount payable to such Noteholder in respect of such Notes pursuant to the Priorities of Payment out of the net proceeds of such sale is equal to or exceeds the purchase moneys so payable.

12. **Prescription**

Claims in respect of principal and interest payable on redemption in full of the relevant Notes 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 appropriate Record Date.

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 Irish Stock Exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes must be surrendered before replacements will be issued.

14. **Meetings of Noteholders, Modification, Waiver and Substitution**

(a) ***Provisions in Trust Deed***

The Trust Deed contains provisions for convening meetings of the Noteholders (and of passing Written Resolutions) to consider matters affecting the interests of the Noteholders including, without limitation,

modifying or waiving certain of the provisions of these Conditions and the substitution of the Issuer in certain circumstances. The provisions in this Condition 14 are descriptive of and subject to the detailed provisions of the Trust Deed.

(b) ***Decisions and Meetings of Noteholders***

(i) *General*

Decisions may be taken by Noteholders by way of Ordinary Resolution or Extraordinary Resolution, in each case, either acting together or, to the extent specified in any applicable Transaction Document, as a Class of Noteholders acting independently. Such Resolutions can be effected either at a duly convened meeting of the applicable Noteholders or by the applicable Noteholders resolving in writing, in each case, in at least the minimum percentages specified in the table "Minimum Percentage Voting Requirements" in paragraph (iii) (*Minimum Voting Rights*) below. Meetings of the Noteholders may be convened by the Issuer or the Trustee and shall be convened by the Issuer or the Trustee upon request by one or more Noteholders holding not less than 10 per cent of the Principal Amount Outstanding of a Class of Notes, subject to certain conditions including minimum notice periods.

(A) The Trustee may, in its discretion, determine that any proposed Ordinary Resolution or Extraordinary Resolution affects the holders of only one or more Classes of Notes, in which event the required quorum and minimum percentage voting requirements of such Ordinary Resolution or Extraordinary Resolution may be determined by reference only to the holders of that Class or Classes of Notes and not the holders of any other Notes as set out in the tables below.

(B) Notice of any Resolution passed by the Noteholders will be given by the Issuer to S&P 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 Noteholders of a Class of Notes, or at any adjourned meeting to consider such a Resolution, shall be as set out in the relevant column and row corresponding to the type of resolution in the table "Quorum Requirements" below.

Quorum Requirements

Type of Resolution	Any meeting other than a meeting adjourned for want of quorum	Meeting previously adjourned for want of quorum
Extraordinary Resolution of all Noteholders (or a certain Class or Classes only)	One or more persons holding or representing not less than 66⅔ per cent of the aggregate of the Principal Amount Outstanding of each Class of Notes (or the relevant Class or Classes only, if applicable)	One or more persons holding or representing any Notes (or of the relevant Class or Classes only, if applicable) regardless of the aggregate Principal Amount Outstanding of each Class of Notes so held or represented
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 of the Principal Amount Outstanding of each Class of Notes (or the relevant Class or Classes only, if applicable)	One or more persons holding or representing any Notes (or of the relevant Class or Classes only, if applicable) regardless of the aggregate Principal Amount Outstanding of each Class of Notes so held or represented

Type of Resolution	Any meeting other than a meeting adjourned for want of quorum	Meeting previously adjourned for want of quorum
Extraordinary Resolution of the Controlling Class only for the purposes of giving any instruction to the Trustee pursuant to Condition 10(b)(i) (*Acceleration*)	One or more persons holding or representing not less than 75 per cent of the aggregate of the Principal Amount Outstanding of the Notes held by the Controlling Class	One or more persons holding or representing not less than 25 per cent of the aggregate of the Principal Amount Outstanding of the Notes held by the Controlling Class

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

In connection with an IM Removal Resolution or an IM Replacement Resolution, no Rated Notes held in the form of IM Non-Voting Notes or IM Non-Voting Exchangeable Notes shall (A) constitute or form part of the Controlling Class, (B) be entitled to vote in respect of any such IM Removal Resolution or IM Replacement Resolution; or (C) be counted for the purposes of determining a quorum or the result of voting in respect of any such IM Removal Resolution or IM Replacement Resolution.

(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 of the votes cast on such Resolution and (B) in the case of any Written Resolution, shall be determined by reference to the aggregate Principal Amount Outstanding of each Class of Notes entitled to vote in respect of such Resolution.

Minimum Percentage Voting Requirements

Type of Resolution	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

(iv) *Written Resolutions*

A Written Resolution signed by or on behalf of the requisite majority of the Noteholders who would, if a meeting were held in relation to such Resolution, equal or exceed the required quorum of holders of the relevant Class or Classes of Notes at a meeting other than a meeting adjourned for want of quorum, shall for all purposes be as valid and effective as if such resolution had been passed at a duly convened meeting of all the relevant Noteholders.

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.

(v) *Relationship Between Classes*

In relation to each Class of Notes:

(A) no Extraordinary Resolution relating to those matters specified in Condition 14(b)(vi) (*Extraordinary Resolution*) that is passed by the holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes (to the extent that there are outstanding Notes in each such other Classes);

(B) no Extraordinary Resolution or Ordinary Resolution to approve any matter (other than relating to those matters specified in Condition 14(b)(vi) (*Extraordinary Resolution*) or where expressly permitted by these Conditions) shall be effective unless it is sanctioned by an Extraordinary Resolution or an Ordinary Resolution, as applicable, of the holders of each of the Classes of Notes ranking senior to such Class (to the extent that there are outstanding Notes ranking senior to such Class) unless the Trustee considers that none of the holders of each of the Classes of Notes ranking senior to such Class would be materially prejudiced by the absence of such sanction; and

(C) any resolution passed at a meeting of Noteholders of one or more Classes of Notes duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not voting and, except in the case of a meeting relating to those matters specified in Condition 14(b)(vi) (*Extraordinary Resolution*), any resolution passed at a meeting of the holders of the Controlling Class duly convened and held as aforesaid shall also be binding upon the holders of all the other Classes of Notes.

(vi) *Extraordinary Resolution*

Any Resolution to sanction any of the following items will be required to be passed by an Extraordinary Resolution (other than as contemplated in Condition 14(c) (*Modification and Waiver*)):

(A) the exchange or substitution for the Notes of a Class, or the conversion of the Notes of a Class into, shares, bonds or other obligations or securities of the Issuer or any other entity other than in connection with a Refinancing;

(B) the modification of any provision relating to the timing and/or circumstances of the payment of interest or redemption of the Notes of a Class at maturity or otherwise (including the circumstances in which the maturity of such Notes may be accelerated) (other than in the case of a Refinancing);

(C) the modification of any of the provisions of the Trust Deed which would directly and adversely affect the calculation of the amount of any payment of interest or principal on any Note (other than in the case of a Refinancing);

(D) the adjustment of the outstanding principal amount of the Notes Outstanding of the relevant Class other than in connection with a further issue of Notes pursuant to Condition 17 (*Additional Issuances*) or Condition 18 (*Intervening Notes*);

(E) a change in the currency of payment of the Notes of a Class;

(F) any change in the Priorities of Payment or of any payment items in the Priorities of Payment;

(G) the modification of the provisions concerning the quorum required at any meeting of Noteholders or the minimum percentage required to pass a Resolution or any other provision of these Conditions which requires the written consent of the holders of a requisite principal amount of the Notes of any Class Outstanding;

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

(I) any item requiring approval by Extraordinary Resolution pursuant to these Conditions or any Transaction Document;

(J) any modification of this Condition 14(b); and

(K) any modification to the Investment Management Agreement.

(vii) *Ordinary Resolution*

The Noteholders shall, subject to these Conditions and without prejudice to any powers conferred on other persons in the Trust Deed, have power by Ordinary Resolution to approve any other matter relating to the Notes not referred to in Condition 14(b)(vi) (Extraordinary Resolution), provided that any Ordinary Resolution to sanction any of the following items will be required to be approved by the Controlling Class (and for the avoidance of doubt the approval of no other Noteholders will be required):

(A) to modify, amend or replace any component numbers, figures or percentages of the S&P Matrix and Fitch Tests Matrix (subject, in the case of the S&P Matrix, to prior Rating Agency Confirmation from S&P, and in the case of the Fitch Tests Matrix, to prior Rating Agency Confirmation from Fitch). For the avoidance of doubt, the determination of further Fitch Minimum Weighted Average Recovery Rates in respect of the Fitch Tests Matrix after the Issue Date of the Existing Notes in each case for performing the Fitch Maximum Weighted Average Rating Factor Test, the Minimum Weighted Average Spread Test and the Minimum Weighted Average Fixed Coupon Test will not require consent from any Noteholder or any other party save for the Investment Manager and subject to Rating Agency Confirmation from Fitch and in consultation with the Collateral Administrator.

(B) to evidence any waiver or modification by any Rating Agency in its rating methodology or as to any requirement or Condition, as applicable, of such Rating Agency set out in the Transaction Documents subject to Rating Agency Confirmation from S&P; and

(C) to make such changes as shall be necessary to facilitate the Issuer effecting a Refinancing of the Controlling Class in accordance with Condition 7(b)(vi) (*Optional Redemption effected in whole or in part through Refinancing*) (provided that such change does not relate to the ability of Subordinated Noteholders to call for such refinancing pursuant to an Ordinary Resolution), such approval by the Controlling Class not to be unreasonably withheld (it being agreed that withholding approval on the basis of the reduction of the Applicable Margin on the Controlling Class as a result of such Refinancing is unreasonable).

(c) ***Modification and Waiver***

The Trust Deed provides that without the consent of the Noteholders (or, for the avoidance of doubt, without the consent of the other non-contracting Secured Parties who are not a party to the document being amended, modified, supplemented or waived unless such non-contracting Secured Party is given a specific right to consent) (save as provided in the Trust Deed), the Issuer and the Investment Manager (acting on behalf of the Issuer) may amend, modify, supplement and/or waive the relevant provisions of the Trust Deed and/or the Investment Management 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 the Noteholders) consent to such amendment, modification, supplement or waiver subject to prior written notice to the Trustee (other than in the case of an amendment, modification, supplement or waiver pursuant to paragraphs (x) and (xi) below which shall be subject to the prior written consent of the Trustee) for any of the following purposes:

(i) to add to the covenants of the Issuer or the Trustee for the benefit of the Noteholders or to surrender any right or power in the Trust Deed or the Investment Management Agreement (as applicable) conferred upon the Issuer;

(ii) to charge, convey, transfer, assign, mortgage or pledge any property to or with the Trustee;

(iii) to correct or amplify the description of any property at any time subject to the security of the Trust Deed, or to better assure, convey and confirm unto the Trustee any property subject or required to be subject to the security of the Trust Deed (including, without limitation, any and all actions necessary or desirable as a result of changes in law or regulations) or subject to the security of the Trust Deed any additional property;

(iv) to evidence and provide for the acceptance of appointment under the Trust Deed by a successor Trustee subject to and in accordance with the terms of the Trust Deed and to add to or change any of the provisions of the Trust Deed as shall be necessary to facilitate the administration of the trusts under the Trust Deed by more than one Trustee, pursuant to the requirements of the relevant provisions of the Trust Deed;

(v) to make such changes as shall be necessary or advisable in order for the Notes of each Class to be (or to remain) listed on the Global Exchange Market of the Irish Stock Exchange or any other exchange;

(vi) save as contemplated in paragraph (d) (Substitution) below, to take any action advisable to prevent the Issuer from becoming subject to withholding or other taxes, fees or assessments;

(vii) to take any action advisable to prevent the Issuer from being treated as resident in the UK for UK tax purposes, as trading in the UK for UK tax purposes or as subject to UK value added tax in respect of any Investment Management Fees;

(viii) to take any action advisable to prevent the Issuer from being treated as engaged in a United States trade or business or otherwise be subject to United States federal, state or local income tax on a net income basis;

(ix) to enter into any additional agreements not expressly prohibited by the Trust Deed or the Investment Management Agreement (as applicable) provided that the entry into any such additional agreement shall be subject to the requirements set out in the Trust Deed;

(x) to make any other modification of any of the provisions of the Trust Deed, the Investment Management Agreement or any other Transaction Document which, in the opinion of the Trustee, is of a formal, minor or technical nature or is made to correct a manifest error;

(xi) to make any other modification (save as otherwise provided in the Trust Deed, the Investment Management Agreement or the relevant Transaction Document), and/or give any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any other Transaction Document which in the opinion of the Trustee is not materially prejudicial to the interests of the Noteholders of any Class;

(xii) to amend the name of the Issuer;

(xiii) to make any amendments to the Trust Deed and/or any other Transaction Documents to enable the Issuer to comply with FATCA (or any voluntary agreement entered into with a taxing authority pursuant thereto);

(xiv) to make any changes necessary to permit any additional issuances of Notes or to issue replacement notes in accordance with Condition 17(b) (*Additional Issuances*) subject to the requirement in Condition 17(b) (*Additional Issuances*) to the approval of the Controlling Class acting by Ordinary Resolution to such additional issuance;

(xv) to make any changes necessary to permit any additional issuances of Intervening Notes in accordance with Condition 18 (*Intervening Notes*);

(xvi) to modify the Transaction Documents in order to comply with any law or regulatory requirement to which the Issuer is or becomes, or an Asset Swap Counterparty becomes subject and/or Rule 17g-5 of the Exchange Act;

(xvii) to make such changes as shall be necessary to facilitate the Issuer effecting a Refinancing in accordance with Condition 7(b)(vi) (*Optional Redemption effected in whole or in part through Refinancing*) provided that (i) such change does not relate to the ability of Subordinated Noteholders to call for such refinancing pursuant to an Ordinary Resolution and (ii) approval for such change in relation to the Controlling Class of Notes is not required pursuant to Condition 14(b)(vii) (*Ordinary Resolution*);

(xviii) to make any modification of any of the provisions of the Trust Deed, the Investment Management Agreement or any other Transaction Document to comply with any changes in the requirements of Article 122a or which result from the implementation of the Regulatory Technical Standards or CRD 4 or any other risk retention legislation or regulations or official guidance; and

(xix) to modify the Transaction Documents in order to comply with the European Market Infrastructure Regulation (Regulation (EU) No 648/2012), or Regulation (EU) 462/2013 which amends CRA3 including, in either case, any implementing regulation, technical standards and guidance related thereto.

Any such modification, authorisation or waiver shall be binding on all Noteholders and shall be notified by the Issuer (or the Investment Manager on its behalf) to the Noteholders and the Rating Agencies as soon as practicable in accordance with Condition 16 (*Notices*).

For the avoidance of doubt, the Trustee shall, without the consent or sanction of any of the Noteholders or any other Secured Party, concur with the Issuer, in making any modification, amendment, waiver or authorisation which the Issuer certifies to the Trustee (upon which certification the Trustee is entitled to rely without making any further enquiry or without any liability for so relying) is required pursuant to the paragraphs above, provided that the Trustee shall not be obliged to agree to any modification or any other matter which, in the opinion of the Trustee, would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Trustee in respect of the Transaction Documents.

The Trustee shall be entitled to obtain expert advice, at the expense of the Issuer, and rely on such advice in connection with determining whether or not (i) the amendment, modification, supplement or waiver falls within one of the paragraphs as set out above in this Condition 14(c) or (ii) to give its consent (if applicable or required) to an amendment, modification, supplement or waiver or authorisation pursuant to paragraphs (x) and (xi) above.

Notwithstanding any other provision of this Condition 14, subject to, and as specified in, each Asset Swap Agreement, no modification, amendment or supplement may be made:

(i) in respect of (1) the Priority of Payments or the Asset Swap Counterparty Downgrade Collateral Account, Asset Swap Account and/or the Asset Swap Termination Account and any other Accounts (to the extent such modification relates to payments or deliveries to or from the Swap Counterparty); or (2) to any provisions of the Transaction Documents which result in an Asset Swap Counterparty ceasing to be a Secured Party under the Trust Deed without the prior written consent of the relevant Asset Swap Counterparty; or

(ii) to any provisions of the Transaction Documents other than as provided in paragraph (i) above, which would materially impair the credit or capital position or treatment of the relevant Asset Swap Counterparty (as determined by the Asset Swap Counterparty) under or in respect of the Transaction Documents in its capacity as Asset Swap Counterparty without the prior written consent of the relevant Asset Swap Counterparty provided that no such consent shall be required to the extent such determination has not

been made by the Asset Swap Counterparty within the time frames set out in the Asset Swap Agreement.

The Issuer will advise the Asset Swap Counterparty of any proposed modification, amendment or supplement to any provision of the Transaction Documents.

The Issuer has agreed in the Investment Management Agreement that it will not permit any amendment to the Notes, the Trust Deed, or any other Transaction Document that affects the obligation, rights or interests of the Investment Manager under the Investment Management Agreement or any other Transaction Document including, without limitation, the amount or priority of any fees or other amounts payable to the Investment Manager, to become effective unless the Investment Manager has been given prior written notice of such amendment and has consented thereto in writing.

For the avoidance of doubt, the determination of further Fitch Minimum Weighted Average Recovery Rates in respect of the Fitch Tests Matrix after the Issue Date of the Existing Notes in each case for performing the Fitch Maximum Weighted Average Rating Factor Test, the Minimum Weighted Average Spread Test and the Minimum Weighted Average Fixed Coupon Test will not require consent from any Noteholder or any other party save for the Investment Manager and subject to Rating Agency Confirmation from Fitch and in consultation with the Collateral Administrator.

(d) ***Substitution***

The Trust Deed contains provisions permitting the Trustee to agree with the Issuer, 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 from S&P (subject to receipt of such information and/or opinions as S&P 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) 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 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 reasonably require in order that such change in the place of residence of the Issuer for taxation purposes is fully effective and complies with such other requirements which are in the interests of the Noteholders as it may reasonably direct.

The Issuer shall procure that, so long as the Notes are listed on the Global Exchange Market of the Irish Stock Exchange any material amendments or modifications to the Conditions of the Notes, the Trust Deed or such other Conditions made pursuant to this Condition 14 shall be notified to the Irish Stock Exchange.

No Noteholder shall, in connection with any substitution or change in residence, be entitled to claim any indemnity or payment in respect of any tax consequences thereof for such Noteholder.

(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)), the Trustee shall have regard to the interests of each Class of Noteholders as a Class and shall not have regard to the consequences of such exercise for individual Noteholders of such Class and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in

respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 9 (*Taxation*).

The Trust Deed provides that in the event of any conflict of interest between or among the holders of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes, the interests of the holders of the Controlling Class will prevail.

If the holders of the Controlling Class do not have an interest in the outcome of the conflict, the Trustee shall give priority to the interests of: (i) the Class A Noteholders over the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders; (ii) Class B Noteholders over the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders; (iii) the Class C Noteholders over the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders; (iv) the Class D Noteholders over the Class E Noteholders and the Subordinated Noteholders; and (v) the Class E 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 (e), 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 the Trustee will act upon the directions of the holders of the Controlling Class (or other Class given priority as described in this paragraph (e)) in such circumstances subject to being indemnified and/or secured and/or prefunded to its satisfaction, and shall not be obliged to consider the interests of and is exempted from any liability to the holders of any other Class of Notes.

In addition, the Trust Deed provides that, so long as any Note is Outstanding, the Trustee shall have no regard to the interests of any Secured Party other than the Noteholders or, at any time, to the interests of any other person.

15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances, including provisions relieving it from instituting proceedings to enforce repayment or to enforce the security constituted by or pursuant to the Trust Deed, unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer or any other party to any Transaction Document and any entity related to the Issuer or any other party to any Transaction Document without accounting for any profit. The Trustee is exempted from any liability in respect of any loss, disposal, reduction in value 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 or any Agent of any of its duties under the Collateral Administration and Agency Agreement or for the performance by the Investment Manager of any of its duties under the Investment Management Agreement, for the performance by the Collateral Administrator of its duties under the Collateral Administration and Agency 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, sufficiency or adequacy or operation of the Collateral including the request by the Investment Manager to release any of the Collateral from time to time.

The Trust Deed contains provisions for the retirement of the Trustee and the removal of the Trustee by Extraordinary Resolution of the Controlling Class, but no such retirement or removal shall become effective until a successor trustee is appointed.

16. Notices

Notices to Noteholders will be valid if posted to the address of such Noteholder appearing in the Register at the time of publication of such notice by pre-paid, first class mail (or any other manner approved by the Trustee which may be by electronic transmission) and (for so long as the Notes are listed on the Global Exchange Market of the Irish Stock Exchange and the rules of the Irish Stock Exchange so require) shall be sent to the Company Announcements Office of the Irish Stock Exchange. Any such notice shall be deemed to have been given to the Noteholders (a) in the case of inland mail

three days after the date of dispatch thereof, (b) in the case of overseas mail, seven days after the dispatch thereof or, (c) in the case of electronic transmission, on the date of dispatch.

The Trustee may 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 or guidelines, as applicable, 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.

17. **Additional Issuances**

(a) The Issuer may from time to time by written notice to the Trustee at least 30 days prior to the proposed date of issue and subject to the approval of the Controlling Class and the Subordinated Noteholders each acting by Ordinary Resolution, create and issue further Notes having the same terms and conditions as existing Classes of Notes (subject as provided below) and which shall be consolidated and form a single series with the Outstanding Notes of each such Class (unless otherwise provided) and will use the proceeds of sale thereof to purchase additional Collateral Debt Obligations and, if applicable, enter into additional Asset Swap Transactions in connection with the Issuer's issuance of, and making payments on, the Notes and ownership of and disposition of the Collateral Debt Obligations. No further issuance of Notes may be made pursuant to this Condition 17(a) unless the following Conditions are met:

(i) such additional issuances in relation to the applicable Class of Notes may not exceed 100.0 per cent in the aggregate of the original aggregate principal amount of such Class of Notes;

(ii) such additional Notes must be issued for a cash sale price and the net proceeds invested in Collateral Debt Obligations or, pending such investment, during the Ramp-up Period deposited in the Unused Proceeds Account or, thereafter, deposited in the Principal Account and, in each case, invested in Eligible Investments;

(iii) such additional Notes must be of each Class of Notes and issued in a proportionate amount among the Classes so that the relative proportions of aggregate principal amount of the Classes of Notes existing immediately prior to such additional issuance remain unchanged immediately following such additional issuance;

(iv) the terms (other than the date of issuance, the issue price and the date from which interest will accrue) of such Notes must be identical to the terms of the previously issued Notes of the applicable Class of Notes;

(v) the Issuer must notify the Rating Agencies then rating any Notes of such additional issuance and obtain Rating Agency Confirmation from S&P (for so long as S&P is rating any Notes) and Fitch (so long as Fitch is rating any Notes);

(vi) the Coverage Tests are satisfied or if not satisfied the Coverage Tests will be maintained or improved after giving effect to such additional issuance of Notes than it was immediately prior to such additional issuance of Notes;

(vii) except where such issuance is to facilitate a Retention Cure Purchase, 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 or the Investment Manager 30 days prior to such issuance and shall have been afforded the opportunity to purchase additional Notes of the relevant Class in an amount not to exceed the percentage of the relevant Class of Notes each holder held immediately prior to the issuance (the "**Anti-Dilution Percentage**") of such additional Notes and on the same terms offered to investors generally;

(viii) (so long as the existing Notes of the Class of Notes to be issued are listed on the Global Exchange Market of the Irish Stock Exchange) the additional Notes of such Class to be issued are in accordance with the requirements of the Irish Stock Exchange and are listed on the Global Exchange Market of the Irish Stock Exchange (for so long as the rules of the Irish Stock Exchange so requires);

(ix) an opinion of tax counsel of nationally recognised standing in the United States experienced in such matters shall be delivered to the Issuer and the Trustee to the effect that (A) such additional issuance shall not cause the Holders or beneficial owners of any previously issued Notes of the same Class being issued pursuant to the additional issuance (to the extent applicable) to be deemed to have sold or exchanged such Notes under Section 1001 of the Code, (B) any such additional issuance would not adversely affect the tax characterisation as debt of any outstanding Notes that were characterised as debt at the time of such additional issuance, and (C) such additional issuance will not result in the Issuer becoming subject to U.S. federal income taxation with respect to its net income;

(x) such additional issuances are in accordance with all applicable laws;

(xi) any issuance of additional Notes shall be accomplished in a manner that will allow the Issuer to provide the information described in United States Treasury Regulation Section 1.1275-3(b)(l) to the holders of such additional Notes and if any additional Notes are treated as a separate series for U.S. federal income tax purposes, such additional Notes will be assigned a new ISIN and Common Code; and

(xii) the Investment Manager confirming that such additional issuance will not result in a Retention Deficiency.

(b) The Issuer may from time to time by written notice to the Trustee at least 30 days prior to the proposed date of issue and subject to the approval of the Subordinated Noteholders acting by Ordinary Resolution or at the direction of the Investment Manager in the case of an issuance solely to facilitate a Retention Cure Purchase, create and issue further Subordinated Notes having the same terms and conditions as the existing Class of Subordinated Notes (subject as provided below) and which shall be consolidated and form a single series with the Outstanding Subordinated Notes (unless otherwise provided) and the Issuer will (subject as provided in paragraphs (iv) and (ix) below) use the proceeds of sale thereof to purchase additional Collateral Debt Obligations and, if applicable, enter into additional Asset Swap Transactions in connection with the Issuer's issuance of, and making payments on, the Notes and ownership of and disposition of the Collateral Debt Obligations and/or credit such proceeds to the Unused Proceeds Account or the Principal Account. No further issuance of Subordinated Notes may be made pursuant to this Condition 17(b) unless the following Conditions are met:

(i) the subordination terms of such Subordinated Notes are identical to the terms of the previously issued Subordinated Notes;

(ii) the scheduled maturity date of such Subordinated Notes is not prior to the Maturity Date of the previously issued Subordinated Notes;

(iii) 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;

(iv) such additional Subordinated Notes are issued for a cash sales price, the net proceeds to be (a) invested in Collateral Debt Obligations or Eligible Investments or, pending such investment, deposited in, the Unused Proceeds Account prior to the expiry of the Ramp-up Period or the Principal Account after the expiry of the Ramp-up Period and in each case invested in Eligible Investments, provided that the Issuer or the Investment Manager (acting on behalf of the Issuer) shall not enter into any binding commitments to purchase Collateral Debt 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 Payment;

(v) the Issuer must notify the Rating Agencies then rating any Notes of such additional issuance;

(vi) except where such issuance is to facilitate a Retention Cure Purchase, the holders of the Subordinated Notes shall have been notified in writing by the Issuer at least 30 days prior to such issuance and shall have been afforded the opportunity to purchase additional Subordinated Notes in an amount not to exceed the Anti-Dilution Percentage of such additional Subordinated Notes and on the same terms offered to investors generally;

(vii) such additional issuance is in accordance with all applicable laws;

(viii) the Investment Manager confirming that such additional issuance will not result in a Retention Deficiency;

(ix) except where such additional issuance is to facilitate a Retention Cure Purchase (a) the Issuer may only issue and sell additional Subordinated Notes three times and (b) in the event that the Class E Par Value Test is not satisfied prior to such additional issuance, the proceeds of such additional issuance must be sufficient to (x) cause the Class E Par Value Test to be satisfied and (y) deposit at least €500,000 (in excess of such amount as is required to cause the Class E Par Value Test to be satisfied) into the Unused Proceeds Account or the Principal Account (as applicable);

(x) such additional issuances may not exceed 100.0 per cent in the aggregate of the original aggregate principal amount of the Subordinated Notes;

(xi) (so long as the Subordinated Notes are listed on the Global Exchange Market of the Irish Stock Exchange) the additional Subordinated Notes to be issued are in accordance with the requirements of the Irish Stock Exchange and are listed on the Global Exchange Market of the Irish Stock Exchange (for so long as the rules of the Irish Stock Exchange so requires); and

(xii) an opinion of tax counsel of nationally recognised standing in the United States experienced in such matters shall be delivered to the Issuer and the Trustee to the effect that (A) such additional issuance shall not cause the Holders or beneficial owners of any previously issued Subordinated Notes (to the extent applicable) to be deemed to have sold or exchanged such Subordinated Notes under Section 1001 of the Code and (B) such additional issuance will not result in the Issuer becoming subject to U.S. federal income taxation with respect to its net income.

References in these Conditions to the "Notes" include (unless the context requires otherwise) any other notes issued pursuant to this Condition 17 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, and any other securities shall subject to the aforementioned Conditions, be constituted by a deed supplemental to the Trust Deed.

18. **Intervening Notes**

During the Reinvestment Period only, the Issuer may (at the direction of the Subordinated Noteholders (acting by way of Ordinary Resolution) issue and sell an additional class of secured notes that is junior in right of payment to the Rated Notes but senior to the Subordinated Notes (the "Intervening Notes") subject to the following provisions:

(a) ***Intervening Notes Issue Notice***

(i) Not less than 30 days prior to issuing any Intervening Notes, the Issuer (or the Investment Manager on its behalf) shall deliver to the Trustee a notice confirming, *inter alia*, its intention to issue such Intervening Notes and a summary of the terms of such Intervening Notes (an "**Intervening Notes Notice**").

(ii) The Intervening Notes Notice shall confirm, on a prospective basis:

(A) the initial principal amount of such Intervening Notes or a method for calculating such amount;

(B) the method for calculating interest on such Intervening Notes;

(C) the form of any tests which may apply to such Intervening Notes;

(D) the initial date on which the Intervening Notes will be issued; and

(E) the proposed priority position of such Intervening Notes.

(b) ***Conditions to issuing Intervening Notes***

Intervening Notes may not be issued unless and until:

(i) the Trustee has received an Intervening Notes Notice in respect of such Intervening Notes;

(ii) the Trustee has received an opinion of counsel in respect of the relevant Intervening Notes issuance and matters related thereto paid for by the Issuer;

(iii) the Trustee has received a certificate from the Issuer or the Investment Manager on its behalf (upon which certificate the Trustee shall be entitled to rely without further enquiry or any liability for so relying) confirming that the terms and conditions of such Intervening Notes are identical to the Notes (other than in relation to the relevant issue date, initial interest accrual period, first payment date, applicable margin and priority position);

(iv) the Subordinated Noteholders have approved the issue of the Intervening Notes through an Ordinary Resolution;

(v) a supplemental trust deed (and such other amending documents as may be necessary or appropriate) which set out all consequential changes that may be required to the Transaction Documents as a consequence of the issue of the Intervening Notes;

(vi) the Investment Manager confirming that such issuance of Intervening Notes will not result in a Retention Deficiency;

(vii) the Issuer must notify the Rating Agencies of any issuance of Intervening Notes; and

(viii) no Event of Default or Potential Event of Default has occurred and is continuing.

19. **Third Party Rights**

No person shall have any right to enforce any term or Condition of the Note under the Contracts (Rights of Third Parties) Act 1999.

20. **Governing Law**

(a) ***Governing Law***

The Trust Deed and each Class of Notes and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to the Trust Deed or any Class of Notes including in each case any non-contractual obligations are governed by and shall be construed in accordance with English law.

(b) ***Jurisdiction***

The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, and accordingly any legal action or proceedings arising out of or in connection with the Notes ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders and the Trustee and shall not limit the right of any of them to take Proceedings in any other court of

competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) ***Agent for Service of Process***

The Issuer appoints TMF Corporate Services Limited, 6 St Andrew Street, 5th Floor, London EC4A 3AE 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

There will be no proceeds from the issue of the New Notes on the Issue Date of the New Notes. The Issuer will incur expenses of approximately €4,050 relating to the listing of the New Notes on the Irish Stock Exchange which shall be paid as Administrative Expenses on the immediately following Payment Date to the extent there are sufficient funds available for such purpose.

FORM OF THE NOTES

References below to Notes and to the Global Certificates and the Definitive Certificates representing such Notes are to each respective Class of Notes, except as otherwise indicated.

Initial Issue of Notes

The New Notes which are Regulation S Notes of each Class will be represented on issue by a Regulation S Global Certificate deposited with, and registered in the name of, a nominee of a common depositary for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Regulation S Global Certificate may be held at any time only through Euroclear or Clearstream, Luxembourg. See "*Book Entry Clearance Procedures*". Beneficial interests in a Regulation S Global Certificate may not be held by a U.S. Person or U.S. Resident at any time. By acquisition of a beneficial interest in a Regulation S Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it is not a U.S. Person, and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest only to a person whom the seller reasonably believes (a) to be a non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (b) to be a person who takes delivery in the form of an interest in a Rule 144A Global Certificate. See "*Transfer Restrictions*".

The New Notes which are Rule 144A Notes of each Class will be represented on issue by a Rule 144A Global Certificate deposited with, and registered in the name of, a nominee of a common depositary for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Rule 144A Global Certificate may only be held at any time only through Euroclear or Clearstream, Luxembourg. See "*Book Entry Clearance Procedures*". By acquisition of a beneficial interest in a Rule 144A Global Certificate, the purchaser thereof will be deemed to represent, amongst other things, that it is a QIB/QP and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Trust Deed. See "*Transfer Restrictions*".

Beneficial interests in Global Certificates will be subject to certain restrictions on transfer set out therein and in the Trust Deed and as set out in Rule 144A, and the Notes will bear the applicable legends regarding the restrictions set out under "*Transfer Restrictions*". In the case of each Class of Notes, a beneficial interest in a Regulation S Global Certificate may be transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Certificate in denominations greater than or equal to the minimum denominations applicable to interests in such Rule 144A Global Certificate only upon receipt by the Transfer Agent of a written certification (in the form provided in the Trust Deed) to the effect that the transferor reasonably believes that the transferee is a QIB/QP and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in the Rule 144A Global Certificates may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Certificate only upon receipt by the Transfer Agent of a written certification (in the form provided in the Trust Deed) from the transferor to the effect that the transfer is being made to a non-U.S. Person and in accordance with Regulation S.

Any beneficial interest in a Regulation S Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Certificate will, upon transfer, cease to be an interest in such Regulation S Global Certificate and become an interest in the Rule 144A Global Certificate, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Rule 144A Global Certificate for as long as it remains such an interest. Any beneficial interest in a Rule 144A Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Regulation S Global Certificate will, upon transfer, cease to be an interest in a Rule 144A Global Certificate and become an interest in the Regulation S Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Regulation S Global Certificate for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes, but the Transfer Agent may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Except in the limited circumstances described below, owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of certificated Notes.

A transferee of a Class E Note or a Subordinated Note in the form of a Rule 144A Global Certificate or a Regulation S Global Certificate will be deemed to represent (among other things) that it is not a Benefit Plan Investor or a Controlling Person. If a transferee is unable to make such deemed representation, such transferee may not acquire such Class E Note or Subordinated Note in the form of a Rule 144A Global Certificate or a Regulation S Global Certificate unless such transferee: (i) obtains the written consent of the Issuer; (ii) provides an ERISA certificate to the Issuer as to its status as a Benefit Plan Investor or Controlling Person (substantially in the form of Annex C); and (iii) holds such Class E Note or Subordinated Note in the form of a Definitive Certificate (in which case the relevant Global Certificate will be reduced by the nominal amount of any Definitive Certificate so issued). Any Class E Note or Subordinated Note in the form of a Definitive Certificate shall be registered in the name of the holder thereof.

The Notes are not issuable in bearer form.

Exchange of Rated Notes

Rule 144A IM Voting Notes: A beneficial interest in a Rule 144A Global Certificate that represents IM Voting Notes may be exchanged for an interest in a Rule 144A Global Certificate that represents IM Non-Voting Notes or IM Non-Voting Exchangeable Notes in denominations greater than or equal to the minimum denominations applicable to interests in such Rule 144A Global Certificate. An exchange will only be effective upon receipt by the Registrar or a Transfer Agent of a written request substantially in the form provided in the Trust Deed from the exchangor.

Rule 144A IM Non-Voting Exchangeable Notes: A beneficial interest in a Rule 144A Global Certificate that represents IM Non-Voting Exchangeable Notes may be exchanged for an interest in a Rule 144A Global Certificate that represents IM Voting Notes or IM Non-Voting Notes in denominations greater than or equal to the minimum denominations applicable to interests in such Rule 144A Global Certificate. An exchange will only be effective upon receipt by the Registrar or a Transfer Agent of a written request substantially in the form provided in the Trust Deed from the exchangor.

Rule 144A IM Non-Voting Notes: A beneficial interest in a Rule 144A Global Certificate that represents IM Non-Voting Notes may not be exchanged for an interest in a Rule 144A Global Certificate that represents IM Non-Voting Exchangeable Notes or IM Voting Notes.

Regulation S IM Voting Notes: A beneficial interest in a Regulation S Global Certificate that represents IM Voting Notes may be exchanged for an interest in a Regulation S Global Certificate that represents IM Non-Voting Notes or IM Non-Voting Exchangeable Notes in denominations greater than or equal to the minimum denominations applicable to interests in such Regulation S Global Certificate. An exchange will only be effective upon receipt by the Registrar or a Transfer Agent of a written request substantially in the form provided in the Trust Deed from the exchangor.

Regulation S IM Non-Voting Exchangeable Notes: A beneficial interest in a Regulation S Global Certificate that represents IM Non-Voting Exchangeable Notes may be exchanged for an interest in a Regulation S Global Certificate that represents IM Voting Notes or IM Non-Voting Notes in denominations greater than or equal to the minimum denominations applicable to interests in such Regulation S Global Certificate. An exchange will only be effective upon receipt by the Registrar or a Transfer Agent of a written request substantially in the form provided in the Trust Deed from the exchangor.

Regulation S IM Non-Voting Notes: A beneficial interest in a Regulation S Global Certificate that represents IM Non-Voting Notes may not be exchanged for an interest in a Regulation S Global Certificate that represents IM Non-Voting Exchangeable Notes or IM Voting Notes.

Amendments to Terms and Conditions

Each Global Certificate contains provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes in definitive form (see "*Terms and Conditions of the Notes*"). The following is a summary of those provisions:

- ***Payments:*** Payments of principal and interest in respect of Notes represented by a Global Certificate will be made to the person named on the Register as at the relevant Record Date and, against presentation and, if no further payment falls to be made in respect of the relevant

Notes, surrender of such Global Certificate to or to the order of the Principal Paying Agent or such other Transfer Agent as shall have been notified to the relevant Noteholders for such purpose. On each occasion on which a payment of interest (unless the Notes represented thereby do not bear interest) or principal is made in respect of the relevant Global Certificate, the Registrar shall note the same in the Register and cause the aggregate principal amount of the Notes represented by a Global Certificate to be decreased accordingly.

- ***Notices:*** 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 the Irish Stock Exchange for so long as such Notes are listed on the Global Exchange Market of the Irish Stock Exchange and the rules of the Irish Stock Exchange so require. Such notice will be deemed to have been given to the Noteholders on the date of delivery of the relevant notice to the relevant clearing system.

- ***Prescription:*** 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.

- ***Meetings:*** The holder of each Global Certificate will (unless the Global Certificate represents only one Note) be treated as two persons for the purposes of any quorum requirements of 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.

- ***Trustee's Powers:*** 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.

- ***Cancellation:*** Cancellation of any Note required by the Terms and Conditions of the Notes 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.

- ***Optional Redemption:*** The Subordinated Noteholders' and the Controlling Class' options in Condition 7 (*Redemption and Purchase*) may be exercised by the Subordinated Noteholders or the Controlling Class (as applicable) giving notice to the Principal Paying Agent of the principal amount of Subordinated Notes or Notes representing the Controlling Class (as applicable) in respect of which the option is exercised and presenting such Global Certificate (in the case of the Controlling Class) for endorsement of exercise within the time limit specified in Condition 7(b) (*Optional Redemption*).

- ***Record Date:*** 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.

Exchange for Definitive Certificates

Exchange

Each Global Certificate will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below), in whole but not in part, for Definitive Certificates if a Global Certificate is held (directly or indirectly) on behalf of Euroclear, Clearstream, Luxembourg or an alternative clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces its intention to permanently cease business or does in fact do so.

The Registrar will not register the transfer of, or exchange of interests in, a Global Certificate for Definitive Certificates during the period from (but excluding) the Record Date to (and including) the date for any payment of principal or interest in respect of the Notes.

"**Exchange Date**" means a day falling not less than 30 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar and the Transfer Agent is located.

Delivery

In such circumstances, the relevant Global Certificate shall be exchanged in full for Definitive Certificates and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or the Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Certificate must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Certificates and (b) in the case of the Rule 144A Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Definitive Certificates issued in exchange for a beneficial interest in the Rule 144A Global Certificate shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*" below.

Legends

The holder of a Definitive Certificate in registered definitive form, as applicable, may transfer the Notes represented thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or the Transfer Agent, together with the completed form of transfer and to the extent applicable, consent of the Issuer and a duly completed ERISA Certificate substantially in the form of Annex C. Upon the transfer, exchange or replacement of a Definitive Certificate in registered definitive form, as applicable, bearing the legend referred to under "*Transfer Restrictions*" below, or upon specific request for removal of the legend on a Definitive Certificate in registered definitive form, as applicable, the Issuer will deliver only Definitive Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set out 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 or any Agent party to the Collateral Administration and Agency Agreement (or any Affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act), will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

Euroclear and Clearstream, Luxembourg

Custodial and depositary links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading (see "*Settlement and Transfer of Notes*" below).

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

Book Entry Ownership

Euroclear and Clearstream, Luxembourg

Each Regulation S Global Certificate and each Rule 144A Global Certificate will have an ISIN and a Common Code and will be registered in the name of, and deposited with, a nominee of a common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note represented by a Global Certificate must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg. The Issuer expects that, upon receipt of any payment in respect of Notes represented by a Global Certificate, the common depositary by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants' or accountholders' accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Certificate as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Certificate held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the

Notes for so long as the Notes are represented by such Global Certificate and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Certificate in respect of each amount so paid. None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct Participant and Indirect Participant's records. Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Certificate held within a Clearing System 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

The Existing Notes have the following ratings: the Class A Notes: "AAA(sf)" from S&P and "AAA(sf)" from Fitch; the Class B Notes: "AA(sf)" from S&P and "AA(sf)" from Fitch; the Class C Notes: "A(sf)" from S&P and "A(sf)" from Fitch; the Class D Notes: "BBB(sf)" from S&P "BBB(sf)" from Fitch; and the Class E Notes: "BB+(sf)" from S&P "BB+(sf)" from Fitch. The New Notes will have the same ratings as each corresponding Class of Existing Notes. No application has been made for a rating on the Subordinated Notes and the Subordinated Notes are not expected to be rated.

The S&P and Fitch ratings assigned to the Class A Notes and Class B Notes address the timely payment of interest and ultimate payment of principal and the S&P Ratings assigned to the Class C Notes, the Class D Notes and the Class E Notes address the ultimate payment of interest and principal.

The Fitch ratings on the Rated Notes are based upon Fitch's assessment of the probability that the Portfolio will provide sufficient funds to pay the Rated Notes based largely upon Fitch's statistical analysis of historical default notes on debt obligations with various ratings.

In respect of any Rated Notes that are subject to a Refinancing in accordance with Condition 7(b)(vi) (*Optional Refinancing effected in whole or in part through Refinancing*), the ratings assigned to the Notes will not necessarily continue to be assigned to the Refinancing Notes issued pursuant thereto.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the applicable rating agency.

S&P Ratings

S&P will rate the Rated Notes in a manner similar to the manner in which it rates other structured issues. This requires an analysis of the following:

(a) the credit quality of the portfolio of Collateral Debt Obligations securing the Notes;

(b) the cash flow used to pay liabilities and the priorities of these payments;

(c) counterparty analysis;

(d) operational analysis; and

(e) legal considerations.

Based on these analyses, S&P determines the necessary level of credit enhancement needed to achieve a desired rating. In this connection, the S&P CDO Monitor Test is applied prior to the end of the Reinvestment Period.

S&P's analysis includes the application of its proprietary default expectation computer model (the "**CDO Monitor**"), which is used to estimate the default rate S&P projects the Portfolio Obligations are likely to experience and which was provided to the Investment Manager on or before the Issue Date of the Existing Notes. The CDO Monitor calculates the cumulative default rate of a pool of Collateral Debt Obligations and Eligible Investments consistent with a specified benchmark rating level based upon S&P's proprietary corporate debt default studies. The CDO Monitor takes into consideration the rating of each Obligor, the number of Obligors, the Obligor industry concentration and the remaining weighted average maturity of each of the Collateral Debt Obligations included in the Portfolio. The risks posed by these variables are accounted for by effectively adjusting the necessary default level needed to achieve a desired rating. The higher the desired rating, the higher the level of defaults the Portfolio must withstand. For example, the higher the Obligor industry concentration or the longer the weighted average maturity, the higher the default level is assumed to be.

Credit enhancement to support a particular rating is then provided on the results of the CDO Monitor, as well as other more qualitative considerations such as legal issues and management capabilities. Credit enhancement is typically provided by a combination of over collateralisation/subordination, cash collateral/reserve account, excess spread/interest and amortisation. A cash flow model (the

"**Transaction Specific Cash Flow Model**") is used to evaluate the portfolio and determine whether it can comfortably withstand the estimated level of default while fully repaying the class of debt under consideration.

There can be no assurance that actual losses on the Collateral Debt Obligations will not exceed those assumed in the application of the CDO Monitor or that recovery rates and the timing of recovery with respect thereto will not differ from those assumed in the Transaction Specific Cash Flow Model. None of S&P, the Issuer, the Investment Manager, the Collateral Administrator or the Trustee makes any representation as to the expected rate of defaults on the Portfolio or as to the expected timing of any defaults that may occur.

S&P's ratings of the Rated Notes are established under various assumptions and scenario analyses. There can be no assurance that actual defaults on the Collateral Debt Obligations will not exceed those assumed by S&P in its analysis, or that recovery rates with respect thereto (and, consequently, loss rates) will not differ from those assumed by S&P.

Fitch Ratings

The ratings assigned to the Rated Notes by Fitch are based upon Fitch's statistical analysis of historical default rates on debt obligations with similar characteristics to the Collateral Debt Obligations and the various eligibility requirements that the Collateral Debt Obligations are required to satisfy.

Fitch analyses the likelihood that each Collateral Debt Obligation will default, based on historical default rates for similar debt obligations, the historical volatility of such default rates (which increases as securities with lower ratings are added to the portfolio) and an additional default assumption to account for future fluctuations in defaults. Fitch then determines the level of credit protection necessary based on a specific percentile of the portfolio default distribution determined by the Fitch "Portfolio Credit Model" which takes into account the correlation between assets in the portfolio based on the level of diversification by region, issuer and industry. The results of a statistical analysis are incorporated into a cash flow model built to mimic the structure of the transaction. In this regard, the results of several default scenarios, in conjunction with various qualitative tests (e.g. analysis of the strength of the Investment Manager), are used to determine the credit enhancement required to support a particular rating.

Fitch Ratings of the Rated Notes were established under various assumptions and scenarios.

There can be no assurance that actual defaults on the Collateral Debt Obligations will not exceed those assumed by Fitch in its analysis, or that recovery rates with respect thereto (and consequently loss rates) will not defer from those assumed by Fitch.

In addition to those quantitative tests, Fitch Ratings take into account qualitative features of a transaction, including the experience of the Investment Manager the legal structure and the risks associated with such structure and other factors that Fitch deems relevant.

THE INVESTMENT MANAGER AND RETENTION REQUIREMENTS

Pursuant to the Investment Management Agreement, Intermediate Capital Managers Limited ("**ICML**") has undertaken and agreed:

(a) to retain, on an ongoing basis, a material net economic interest in the transaction which will be comprised of an interest in the first loss tranche within the meaning of paragraph 1(d) of Article 122a (as defined elsewhere herein) by way of holding Subordinated Notes with a Principal Amount Outstanding at any time equal to not less than 5 per cent of the Aggregate Collateral Balance (the "**Retention Notes**");

(b) that it will not sell, hedge or otherwise mitigate its credit risk under or associated with the Retention Notes or the Portfolio, except to the extent permitted in accordance with Article 122a, provided that in relation to both paragraph (a) and (b) above (i) if at any time ICML resigns or is removed from its role as Investment Manager or its role as Investment Manager is otherwise terminated, then ICML may transfer the Retention Notes (whether or not to a replacement Investment Manager) provided that such transfer is at such time permitted in accordance with Article 122a and provided that such transfer would not cause the transaction described in this Offering Circular to cease to be compliant with Article 122a; and (ii) ICML may at any time transfer the Retention Notes to an Affiliate which is part of the same consolidated accounting group as the Investment Manager provided that such transfer is at such time permitted in accordance with Article 122a and provided that such transfer would not cause the transaction described in this Offering Circular to cease to be compliant with Article 122a;

(c) to take such further action, provide such information and enter into such other agreements as may reasonably be required to satisfy Article 122a provided that (i) as regards the provision of information relating to the Portfolio, such information is in the possession of it and/or the Issuer and is not subject to a duty of confidentiality and (ii) as regards the provision of all information, its disclosure is not contrary to any requirement of law;

(d) to confirm its continued compliance with the covenants set out at paragraphs (a) and (b) above on a monthly basis to the Issuer and the Collateral Administrator in writing (which may be by way of email) and authorise the Collateral Administrator to include such confirmation in the Reports; and

(e) that it shall immediately notify the Issuer, the Collateral Administrator and the Trustee if for any reason: (i) it ceases to hold the Retention Notes in accordance with (a) above; or (ii) it fails to comply with the covenants set out in (b) in any way.

ICML intends that it will be regarded as a "sponsor" for the purposes of Article 405 of the CRR and will hold the Retention Notes in that capacity.

The undertakings and agreements set out above are contained in the Investment Management Agreement and are made to and with the Issuer and the Trustee.

Neither the termination, resignation or removal of the Investment Manager nor the appointment of a replacement investment manager may take effect unless and until a replacement investment manager has been appointed pursuant to and in accordance with the Investment Management Agreement and given representations and covenants on substantially the same terms as the representations and covenants set out in the Investment Management Agreement (including with respect to compliance with Article 122a).

Potential investors are referred to Risk Factor paragraph 1.7 (*Risk Retention and Due Diligence Requirements in Europe*) and 1.10 (*U.S. Risk Retention*).

DESCRIPTION OF THE ISSUER

General

The Issuer is a private company with limited liability which was incorporated under the laws of Ireland on 22 May 2013 under the Companies Acts 1963–2012 under the name St. Paul's CLO II Limited with a registered number of 527856. The Issuer has a registered office of 2nd Floor, Beaux Lane House, Mercer Street Lower, Dublin 2, Ireland; telephone: +353 1 697 3200 and facsimile: +353 1 697 3300.

Corporate Purpose of the Issuer

The Memorandum of Association of the Issuer dated 15 May 2013, (as currently in effect) provides under Clause 2 that the objects of the Issuer contain, amongst others, the following objects:

(a) to acquire, manage, hold, sell, dispose of, finance and trade in all forms of financial assets and to carry on the business of a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act 1997 (as amended);

(b) financing or refinancing by way of loan, acceptance credit, bonds, commercial paper, Euro medium term bonds, Eurobonds, securitisation, credit- and derivative-linked securities, synthetic securitisation, collateral debt obligations, limited recourse secured note issuance;

(c) to secure on such terms and in such manner as the Directors think fit, any indebtedness or obligation of the Issuer, by mortgage, charge, pledge, assignment, trust or any other means involving the creation of security over all or any part of the undertaking, assets, property and revenues of the Issuer of whatever kind both present and future;

(d) to enter into any arrangement relating to, deal and participate in, underwrite and sell or dispose of by any means, securities, financial and swap instruments and rights of all kinds including, without limitation, foreign currencies, shares, stocks, guilts, equities, debentures, debenture stock, bonds, notes, commercial paper, risk management instruments, money market deposits, money market instruments, investment instruments, loans, credit default swaps or hedges, interest rate swaps or hedges, foreign currency swaps or hedges, caps, collars, floors, options and such other financial and swap instruments and rights and securities as are similar to, or are derivatives of any of the foregoing; and

(e) to appoint and act through any agents, administrators, contractors or delegates in any part of the world in connection with the undertaking and business of the Issuer.

Business Activity

The Issuer has not previously carried on any business or activities other than those incidental to its incorporation, the acquisition of the Portfolio (including the entry into the Forward Sale Agreement), the authorisation and issue of the Notes and activities incidental to the exercise of its rights and compliance with its obligations under the Notes, the Subscription Agreement, the Collateral Administration and Agency Agreement, the Trust Deed, the Investment Management Agreement, the Administration Agreement, each Asset Swap Agreement, the Euroclear Pledge Agreement, the Forward Sale Agreement and the other documents and agreements entered into in connection with the issue of the Notes and the purchase of the Portfolio. The Issuer was incorporated with a view to being a special purpose vehicle whose purpose would be to issue asset backed securities.

Management

The current directors (the "**Directors**") are:

Name	Occupation	Business Address
Padraic Doherty	Company Director	2nd Floor Beaux Lane House, Mercer Street Lower, Dublin 2, Ireland
Julian Dunphy	Company Director	2nd Floor Beaux Lane House, Mercer Street Lower, Dublin 2, Ireland

Pursuant to the Administration Agreement, the Administrator provides corporate and administrative services to the Issuer. Either party may terminate the Administration Agreement by giving not less than three months' written notice. The Administrator may retire from their obligations pursuant to the Administration Agreement by giving at least three months' notice in writing to the Issuer. The retirement of the Administrator will not take effect until such time as a replacement Administrator has been appointed in accordance with the terms of the Administration Agreement.

Capital and Shares

The authorised share capital of the Issuer is €100,000 divided into 100,000 ordinary shares of €1.00 each (the "**Shares**"). The Issuer has issued one share, which is fully paid up and held by Maples Fiduciary Services (Ireland) Limited (the "**Share Trustee**") under the terms of a discretionary charitable trust established under Irish law pursuant to a declaration of trust made by the Share Trustee.

Capitalisation

The capitalisation of the Issuer as at the date of this Offering Circular is as follows:

Share Capital	€
Issued and fully paid one ordinary registered share of €1.00	1.00
Loan Capital	€
Class A Notes	240,000,000.00
Class B Notes	40,000,000.00
Class C Notes	26,000,000.00
Class D Notes	17,000,000.00
Class E Notes	15,000,000.00
Subordinated Notes	62,000,000.00
Total Capitalisation	400,000,001.00

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.

Holding Structure

The entire issued share capital of the Issuer is directly or indirectly through nominees held by Maples Fiduciary Services (Ireland) Limited as trustee on behalf of one or more trusts with charitable purposes.

None of the Investment Manager, the Collateral Administrator, the Trustee or any company affiliated with any of them, directly or indirectly, owns any of the share capital of the Issuer.

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*)).

Financial Statements

The Issuer's financial statements covering the financial year ended 31 March 2014 and the audit report thereon are incorporated into and form part of this Offering Circular. Audited financial statements have been and will be prepared by the Issuer on an annual basis. The Issuer will not prepare interim financial statements.

Each year, a copy of the audited profit and loss account and balance sheet of the Issuer together with the report of the Directors and the auditors thereon is required to be filed in the Irish Companies

Registration Office within 28 days of the annual return date of the Issuer and is available for inspection. The profit and loss account and the balance sheet can be obtained free of charge from the specified office of the Irish Listing Agent. The Issuer must hold an annual general meeting in each calendar year (except that its first annual general meeting may be held at any time within 18 months of its incorporation) and the gap between its annual general meetings must not exceed 15 months.

The auditors of the Issuer are KPMG of 1 Harbourmaster Place, IFSC, Dublin 1, Ireland. KPMG is authorised by The Institute of Chartered Accountants in Ireland (ICAI).

DESCRIPTION OF THE INVESTMENT MANAGER

Intermediate Capital Managers Limited

General

Intermediate Capital Managers Limited ("**ICML**"), a wholly-owned subsidiary of Intermediate Capital Group PLC ("**ICG**"), will act as the investment manager to the Issuer pursuant to the Investment Management Agreement. ICML was incorporated on 12 December 1988. ICML's registered address is Juxon House, 100 St Paul's Churchyard, London EC4M 8BU.

ICML is regulated by the Financial Conduct Authority for the conduct of investment business in the United Kingdom.

In addition to acting as the Investment Manager to the Issuer, ICML has, since September 1999, acted as the investment manager or adviser to Eurocredit Opportunities I PLC; Eurocredit Opportunities Parallel Funding I Limited; Eurocredit CDO I, B.V.; Eurocredit CDO II, B.V.; Eurocredit CDO III, B.V.; Eurocredit CDO IV, B.V.; Eurocredit V PLC; Eurocredit CDO VI PLC; Eurocredit CDO VII plc; Eurocredit CDO VIII Limited; Eurocredit Investment Fund 1 PLC; Eurocredit Investment Fund 2 PLC; Confluent 1 Limited; St. Paul's CLO I B.V.; ICG Eos Loan Fund I, Limited; Promus I B.V.; Promus II B.V.; Intermediate Finance I plc, Intermediate Finance II plc, St. Paul's CLO III Limited, St. Paul's CLO IV Limited and St. Paul's CLO V Limited, as well as a number of mezzanine and other funds.

Intermediate Capital Group PLC

ICG is a specialist asset manager providing private debt, mezzanine finance, leveraged credit and minority equity managing over €20.2bn of assets in third party funds and proprietary capital. As of 30 September 2015 ICG had a total of 250 employees, 110 of whom were investment professionals or directors. Its experienced investment team operates from a head office in London with strong local networks in Paris, Madrid, Stockholm, Frankfurt, Amsterdam, Hong Kong, Sydney, New York, Tokyo and Singapore. It is registered in England, company number 2234775, it is listed on the London Stock Exchange and is a member of the FTSE 250 and is authorised and regulated by the UK Financial Conduct Authority.

Further information is available at www.icgplc.com.

Services Agreement between ICML and ICG

In order to enable ICML to perform its obligations under the Investment Management Agreement, ICML has entered into a services agreement with ICG, under which ICG agrees to make available to ICML the key senior personnel, and to provide to ICML the administrative services, including the services of ICG's Global Investment Committee, the members of which are the directors of ICG (information about whom is given below), which ICML requires to carry out its obligations under the Investment Management Agreement.

Christophe Evain

Christophe Evain is the Chief Executive of ICG. He joined ICG in 1994 and was instrumental in establishing ICG's business activities in the U.S., France and Asia. Prior to ICG, Christophe was at Banque de Gestion Privee in Paris, where he worked as an assistant director in the Acquisition Finance group. Prior to this, Christophe worked for Credit Lyonnais and National Westminster Bank in the U.S. and Paris, in their Corporate Banking and Structured Finance groups, respectively. Christophe is a graduate of Paris-Dauphine University.

Philip Keller

Philip Keller joined ICG in 2006 and is the Finance Director of ICG. Philip is responsible for ICG's finance function and infrastructure teams. Prior to joining ICG, Philip held finance directorship positions at GlaxoSmithkline (1995-1997) and Johnson&Johnson (1998-2000) and, from 2000 until 2006, was Finance Director at ERM, a global environmental consultancy business and previous investee company of ICG. Philip is a graduate of Durham University and a qualified Chartered Accountant.

Benoit Durteste

Benoit Durteste is Head of European Mezzanine and a Fund Manager for ICG Recovery Fund 2008 and Fund V. He joined ICG in September 2002 from Swiss Re where he worked as a managing director in the Structured Finance division in London. Prior to Swiss Re, Benoit worked in the Leveraged Finance division of BNP Paribas for six years and as a CFO of a GECC portfolio company for GE Capital in London. Benoit is a graduate of the Ecole Supérieure de Commerce de Paris.

Dagmar Kent Kershaw

Dagmar Kent Kershaw joined ICG in 2008, is Head of Credit Fund Management and is a member of the Investment Committee. Prior to joining ICG, Dagmar spent ten years at Prudential M&G where she was Head of Debt Private Placements followed by Head of Structured Products. Prior to that she was at Scotiabank and NatWest. Dagmar is a graduate of York University.

David Ford

David Ford joined ICG in 2004 and is a Director of Credit Fund Management and a Member of the Investment Committee. Prior to joining ICG, he spent seven years at PRICOA Capital Group in London and San Francisco, latterly focusing on European debt private placements. David is a graduate of Oxford University.

Ben Edgar

Benjamin Edgar joined ICG in 2015 and is a Director of Credit Fund Management. Prior to joining ICG, Benjamin spent nine years at CVC Credit Partners where he was a founding partner of CVC Cordatus (a predecessor to CVC Credit Partners). Prior to CVC, Benjamin worked at Alcentra managing a TMT portfolio and five years within the debt products group of Deutsche Bank focusing on structuring and syndicating leveraged finance transactions. Benjamin is a graduate of Griffith University, Australia.

DESCRIPTION OF THE PORTFOLIO

Terms used and not otherwise defined herein shall have the meaning given to them in Condition 1 (Definitions) of the Terms and Conditions of the Notes.

Introduction

Pursuant to the Investment Management Agreement, the Investment Manager is required to manage the Portfolio on behalf of the Issuer and to carry out the duties and functions described below. In addition, the Collateral Administrator is required to perform certain calculations in relation to the Portfolio on behalf of the Issuer, in each case to the extent and in accordance with the information provided to it by, amongst others, the Investment Manager.

Acquisition of Collateral Debt Obligations

The proceeds of issue of the Existing Notes, remaining after payment of (a) amounts due and payable by the Issuer under the Forward Sale Agreement in respect of Collateral Debt Obligations committed to be purchased by the Issuer thereunder and (b) certain fees, costs and expenses incurred in connection with the issue of the Existing Notes including those associated with the Initial Asset Swap Agreements (if any) were deposited in the Unused Proceeds Account on the Issue Date of the Existing Notes.

The Investment Manager, acting on behalf of the Issuer, was required to and did procure that:

(i) the Collateral Administrator compile and make available to the Investment Manager and the Accountants, the Effective Date Report; and

(ii) an Accountants' Report be obtained and delivered to the Collateral Administrator (upon its execution of an acknowledgement letter). The Collateral Administrator was required as soon as reasonably practicable to deliver the Accountants' Report to the Issuer and upon receipt the Issuer was required to confirm such receipt to the Rating Agencies.

Within 10 Business Days following the Effective Date, the Investment Manager was required to and did procure that the Effective Date Report was forwarded to the Issuer, the Trustee and each Rating Agency. For the avoidance of doubt the Effective Date means the earlier of: (a) the date designated for such purpose by the Investment Manager by written notice to the Trustee, the Issuer, the Rating Agencies, the Collateral Administrator and the Agents, subject to the requirements set out in the Investment Management Agreement (including that the Effective Date Requirements shall be satisfied on such designated date); and (b) the earlier of (i) 30 Business Days after the Effective Date Report has been sent to the Rating Agencies and (ii) 180 days after the Issue Date of the Existing Notes or if such day is not a Business Day, the next following Business Day.

The Investment Manager (acting on behalf of the Issuer) was required to and did promptly following receipt of the Effective Date Report request that the Rating Agencies confirm their Initial Ratings of the Rated Notes. The Effective Date Requirements were satisfied as at the Effective Date and no Effective Date Rating Event occurred.

Upon the Effective Date Requirements being met, the Balance standing to the credit of the Unused Proceeds Account was transferred to the Principal Account.

Eligibility Criteria

The Investment Manager is required to determine in accordance with the Investment Management Agreement that the following criteria (the "**Eligibility Criteria**" are satisfied (i) as at the Issue Date of the Existing Notes, in respect of each Collateral Debt Obligation acquired by the Issuer pursuant to the Forward Sale Agreement and (ii) as at the time of the Investment Manager entering into a binding commitment to acquire such obligation by, or on behalf of, the Issuer, in respect of any other Collateral Debt Obligation:

(a) it is a Senior Secured Loan, a Senior Secured Floating Rate Note or a Secured High Yield Bond;

(b) it is (i) (x) denominated and drawn in Euro or (y) is hedged under an Asset Swap Transaction with one or more Asset Swap Counterparties satisfying the applicable Rating Requirement (or whose obligations are guaranteed by a guarantor which satisfies the applicable Rating Requirement) under which the currency risk is reduced or eliminated as outlined below and with respect to which the Issuer has received advice from counsel that the entry into of such Asset Swap Transaction will not require the Issuer, the Investment Manager or any associated person or affiliate or any other party to the transaction to register as a CPO with the CFTC with respect to the Issuer and (ii) not convertible into or payable in any other currency;

(c) it is not an obligation which is known by the Investment Manager to be a Defaulted Obligation or (in the opinion of the Investment Manager) a Credit Impaired Obligation (unless it is a Corporate Rescue Loan) and there is no potential event of default under the Collateral Debt Obligation documentation;

(d) it has an S&P Rating of not lower than "CCC-" and a Fitch Rating of not lower than "CCC" (unless it is a Corporate Rescue Loan);

(e) it is not a debt obligation that pays scheduled interest less frequently than annually;

(f) it is capable of being sold, novated, assigned or participated to the Issuer, together with any associated security, in accordance with the provisions of the relevant Collateral Debt Obligation without any breach of applicable selling or transfer restrictions or of any legal or contractual provisions or regulatory requirements and the Issuer does not require any authorisations, consents (other than those which it reasonably believes will be obtained), approvals or filings (other than such as have been obtained or effected) as a result of or in connection with any such sale, assignment, novation or participation under any applicable law) and the relevant Obligor cannot transfer its rights and/or obligations without the consent of the Issuer;

(g) it is an obligation of an Obligor or Obligors Domiciled in an Eligible Country (as determined by the Investment Manager acting on behalf of the Issuer);

(h) the Collateral Debt Obligation is not subject to an offer of exchange, call, optional redemption, mandatory redemption conversion or tender by its Obligor, for cash, securities or any other type of consideration (other than for an obligation which is an eligible Collateral Debt Obligation meeting the Reinvestment Criteria (treating such offer as if it were a sale));

(i) it is an obligation in respect of which, following acquisition thereof by the Issuer by the selected method of transfer, payments will not be subject to withholding tax imposed by any jurisdiction unless either: (i) such withholding tax can be sheltered by application being made under the applicable double tax treaty; or (ii) the Obligor is required to make "gross up" payments to the Issuer that cover the full amount of any such withholding on an after-tax basis or (iii) if the Obligor is not required to make "gross up" payments to the Issuer that cover the full amount of any such withholding on an after-tax basis, the Minimum Weighted Average Spread Test or the Minimum Weighted Average Fixed Coupon Test (as applicable), based on payments received by the Issuer on an after-tax basis, is satisfied before and after such purchase;

(j) if it is a Revolving Obligation or a Delayed Drawdown Obligation it can only be drawn in its base currency;

(k) it is not an obligation that is exchangeable or convertible into equity by anyone other than the Issuer;

(l) it does not constitute "margin stock" (as defined under Regulation U issued by the Board of Governors of the United States Federal Reserve System);

(m) its acquisition by the Issuer will not result in the imposition of stamp duty or stamp duty reserve tax payable by the Issuer, unless such stamp duty or stamp duty reserve tax has been included in the purchase price of such obligation;

(n) it is not a debt obligation whose repayment is subject to substantial non-credit related risk or to the non-occurrence of certain catastrophes or which is a catastrophe bond or market value collateral debt obligations;

(o) it must require the consent of at least $66^{2/3}$ per cent of the lenders to the Obligor thereunder for any change that is adverse to the interests of holders thereof to the principal repayment profile or interest applicable on such obligation (for the avoidance of doubt, excluding any changes originally envisaged in the loan documentation), provided that in the case of a Collateral Debt Obligation that is a bond, such percentage requirement shall refer to the percentage of holders required to approve a resolution on any such matter, either as a percentage of those attending a quorate bondholder meeting or as a percentage of all bondholders acting by way of a written resolution;

(p) it will not result in the imposition of any present or future, actual or contingent, monetary liabilities or obligations of the Issuer other than those: (i) which arise out of future drawing obligations under an obligation that would be a Revolving Obligation or Delayed Drawdown Obligation if it were a Collateral Debt Obligation and which are fully collateralised and where such monetary liabilities or obligations of the Issuer can be met by the Issuer without breaching any applicable legal and/or regulatory requirements and save only to the extent permitted in the Percentage Limitations; (ii) which may arise at its option; (iii) which are fully collateralised; (iv) which are subject to limited recourse provisions similar to those set out in the Trust Deed; (v) which are owed to the agent bank in relation to the performance of its duties under such obligation; or (vi) which may arise as a result of an undertaking to participate in a financial restructuring of such obligation where such undertaking is contingent upon the redemption in full of such 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, to the extent that such liabilities or obligations are able to be provided by the Issuer without breaching any applicable legal and/or regulatory requirements and for the avoidance of doubt, the Issuer is not liable to pay any amounts in respect of a restructured obligation, provided that, in respect of paragraph (vi) only, that the imposition of any present or future, actual or contingent, monetary liabilities or obligations of the Issuer following such restructuring shall not exceed the redemption amounts from such restructured obligation;

(q) it is not an obligation whose acquisition by the Issuer will cause the Issuer to be deemed to have participated in a primary loan origination in the United States;

(r) the Collateral Debt Obligation is not a security or other obligation issued or managed or advised by the Investment Manager or any of its affiliates;

(s) upon acquisition, both (i) the Collateral Debt Obligation is capable of being, and will be, the subject of a first fixed charge, a first priority security interest or other arrangement having a similar commercial effect in favour of the Trustee for the benefit of the Secured Parties pursuant to the Trust Deed (or any deed or document supplemental thereto) and (ii) (subject to (i) above) the Issuer (or the Investment Manager on behalf of the Issuer) has notified the Trustee in the event that any Collateral Debt Obligation that is a bond is not held through Euroclear or Clearstream Luxembourg and has taken such action as the Trustee may require to effect such security interest;

(t) it is not a lease (including, for the avoidance of doubt, a financial lease);

(u) it is not an obligation in respect of which interest payments are scheduled to decrease (although interest payments may decrease due to unscheduled events such as a decrease of the index relating to a floating rate obligation, the change from a default rate of interest to a non-default rate, an improvement in the obligor's financial condition or as a result of the satisfaction of contractual Conditions set out in the relevant documentation for such obligation);

(v) it is not a Structured Finance Obligation, Synthetic Security, Bridge Loan, Zero-Coupon Security, Step-Up Coupon Security, Step-Down Coupon Security, PIK Security, Deferrable Security, a Project Finance Loan or pre-funded letter of credit;

(w) it provides for a fixed amount of principal payable on scheduled payment dates and/or at maturity and does not by its terms provide for earlier amortisation or prepayment in each case at a price of less than par;

(x) if it were a Collateral Debt Obligation, the Collateral Debt Obligation Stated Maturity thereof would fall prior to the Maturity Date of the Notes;

(y) it will not require the Issuer or the pool of collateral to be registered as an investment company under the Investment Company Act;

(z) it does not have an "f", "r", "p", "(sf)" or "t" subscript assigned by S&P; and

(aa) it is an obligation (i) that is acquired, and held in a manner that does not violate the Investment Restrictions set out in the Investment Management Agreement, and (ii) the nature of which does not violate the Investment Restrictions set out in the Investment Management Agreement.

Other than (i) the Collateral Debt Obligations purchased pursuant to the Forward Sale Agreement which must have satisfied the Eligibility Criteria on the Issue Date of the Existing Notes and (ii) Collateral Debt Obligations which are the subject of a restructuring (whether effected by way of an amendment to the terms of such Collateral Debt Obligation or by way of substitution of new obligations and/or change of Obligor) which must satisfy the Restructured Obligation Criteria on the applicable Restructuring Date in order to constitute a Restructured Obligation, the subsequent failure of any Collateral Debt Obligation to satisfy any of the Eligibility Criteria shall not prevent any obligation which would otherwise be a Collateral Debt Obligation from being a Collateral Debt Obligation so long as such obligation satisfied the Eligibility Criteria, when the Issuer or the Investment Manager on behalf of the Issuer entered into a binding agreement to purchase such obligation.

Restructured Obligation Criteria

The "**Restructured Obligation Criteria**" specified below are required to be satisfied on the applicable Restructuring Date in the event that a Collateral Debt Obligation becomes the subject of a restructuring whether effected by way of an amendment to the terms of such Collateral Debt Obligation (including but not limited to an amendment of its maturity date) or by way of substitution of new obligations and/or change of Obligor:

(a) it is a Senior Secured Loan, a Senior Secured Floating Rate Note or a Secured High Yield Bond;

(b) it is (i) (x) denominated and drawn in Euro or (y) is hedged under an Asset Swap Transaction with one or more Asset Swap Counterparties satisfying the applicable Rating Requirement (or whose obligations are guaranteed by a guarantor which satisfies the applicable Rating Requirement) under which the currency risk is reduced or eliminated as outlined below and with respect to which the Issuer has received advice from counsel that the entry into of such Asset Swap Transaction will not require the Issuer, the Investment Manager or any associated person or affiliate or any other party to the transaction to register as a CPO with the CFTC with respect to the Issuer and (ii) is not convertible into or payable in any other currency;

(c) it has an S&P Rating of not lower than "CCC-" and a Fitch Rating of not lower than "CCC" (unless it is a Corporate Rescue Loan);

(d) it is not a debt obligation that pays scheduled interest less frequently than annually;

(e) it is capable of being sold, novated, assigned or participated to the Issuer, together with any associated security, in accordance with the provisions of the relevant Collateral Debt Obligation without any breach of applicable selling or transfer restrictions or of any legal or contractual provisions or regulatory requirements and the Issuer does not require any authorisations, consents (other than those which it reasonably believes will be obtained), approvals or filings (other than such as have been obtained or effected) as a result of or in connection with any such sale, assignment, novation or participation under any applicable law) and the relevant Obligor cannot transfer its rights and/or obligations without the consent of the Issuer;

(f) it is an obligation of an Obligor or Obligors Domiciled in an Eligible Country (as determined by the Investment Manager acting on behalf of the Issuer);

(g) the Collateral Debt Obligation is not subject to an offer of exchange, call, optional redemption, mandatory redemption conversion or tender by its Obligor, for cash, securities or any other type of consideration (other than for an obligation which is an eligible Collateral Debt Obligation meeting the Reinvestment Criteria (treating such offer as if it were a sale));

(h) if it is a Revolving Obligation or a Delayed Drawdown Obligation it can only be drawn in its base currency;

(i) it is not an obligation that is exchangeable or convertible into equity by anyone other than the Issuer;

(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) it is not a debt obligation whose repayment is subject to substantial non-credit related risk or to the non-occurrence of certain catastrophes or which is a catastrophe bond or market value collateral debt obligations;

(l) it must require the consent of at least $66^{2/3}$ per cent of the lenders to the Obligor thereunder for any change that is adverse to the interests of holders thereof to the principal repayment profile or interest applicable on such obligation (for the avoidance of doubt, excluding any changes originally envisaged in the loan documentation), provided that in the case of a Collateral Debt Obligation that is a bond, such percentage requirement shall refer to the percentage of holders required to approve a resolution on any such matter, either as a percentage of those attending a quorate bondholder meeting or as a percentage of all bondholders acting by way of a written resolution;

(m) it will not result in the imposition of any present or future, actual or contingent, monetary liabilities or obligations of the Issuer other than those: (i) which arise out of future drawing obligations under an obligation that would be a Revolving Obligation or Delayed Drawdown Obligation if it were a Collateral Debt Obligation and which are fully collateralised and where such monetary liabilities or obligations of the Issuer can be met by the Issuer without breaching any applicable legal and/or regulatory requirements and save only to the extent permitted in the Percentage Limitations; (ii) which may arise at its option; (iii) which are fully collateralised; (iv) which are subject to limited recourse provisions similar to those set out in the Trust Deed; (v) which are owed to the agent bank in relation to the performance of its duties under such obligation; or (vi) which may arise as a result of an undertaking to participate in a financial restructuring of such obligation where such undertaking is contingent upon the redemption in full of such 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, to the extent that such liabilities or obligations are able to be provided by the Issuer without breaching any applicable legal and/or regulatory requirements and for the avoidance of doubt, the Issuer is not liable to pay any amounts in respect of a restructured obligation, provided that, in respect of paragraph (vi) only, that the imposition of any present or future, actual or contingent, monetary liabilities or obligations of the Issuer following such restructuring shall not exceed the redemption amounts from such restructured obligation;

(n) it is not an obligation whose acquisition by the Issuer will cause the Issuer to be deemed to have participated in a primary loan origination in the United States;

(o) the Collateral Debt Obligation is not a security or other obligation issued or managed or advised by the Investment Manager or any of its affiliates;

(p) upon acquisition, both (i) the Collateral Debt Obligation is capable of being, and will be, the subject of a first fixed charge, a first priority security interest or other arrangement having a similar commercial effect in favour of the Trustee for the benefit of the Secured Parties pursuant to the Trust Deed (or any deed or document supplemental thereto) and (ii) (subject to

(i) above) the Issuer (or the Investment Manager on behalf of the Issuer) has notified the Trustee in the event that any Collateral Debt Obligation that is a bond is not held through Euroclear or Clearstream Luxembourg and has taken such action as the Trustee may require to effect such security interest;

(q) it is not a lease (including, for the avoidance of doubt, a financial lease);

(r) it is not a Structured Finance Obligation, Synthetic Security, Bridge Loan, Zero-Coupon Security, Step-Up Coupon Security, Step-Down Coupon Security, PIK Security, Deferrable Security, a Project Finance Loan or pre-funded letter of credit;

(s) it provides for a fixed amount of principal payable on scheduled payment dates and/or at maturity and does not by its terms provide for earlier amortisation or prepayment in each case at a price of less than par;

(t) if it were a Collateral Debt Obligation, the Collateral Debt Obligation Stated Maturity thereof would fall prior to the Maturity Date of the Notes;

(u) it will not require the Issuer or the pool of collateral to be registered as an investment company under the Investment Company Act;

(v) it does not have an "f", "r", "p", "(sf)" or "t" subscript assigned by S&P; and

(w) it is an obligation (i) that is acquired, and held in a manner that does not violate the Investment Restrictions set out in the Investment Management Agreement, and (ii) the nature of which does not violate the Investment Restrictions set out in the Investment Management Agreement.

"**Bridge Loan**" means any Collateral Debt Obligation that: (i) is incurred in connection with a merger, acquisition, consolidation, sale of all or substantially all of the assets of a person, restructuring or similar transaction; (ii) by its terms, is required to be repaid within one year of the incurrence thereof with proceeds from additional borrowings or other refinancings (provided, however, that any additional borrowing or refinancing having a term of more than one year may be included as a Bridge Loan if one or more financial institutions shall have provided the Obligor with a binding written commitment to provide the same); and (iii) prior to its purchase by the Issuer, has a S&P Rating and Fitch Rating or, if the Bridge Loan is not rated by Fitch, Rating Agency Confirmation from Fitch has been obtained.

"**Deferrable Security**" means any security that is a debt security or a loan that is permitted, at the time of its purchase or commitment to purchase, under its terms in certain (but not all) circumstances to make interest payments due thereon, which are otherwise payable in cash, on a deferred basis "in kind".

"**Eligible Country**" means any of Austria, Belgium, Denmark, Finland, France, Germany, Iceland, Republic of Ireland, Italy, Luxembourg, The Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, United Kingdom or United States and any other country, the foreign currency issuer credit rating of which is rated, at the time of acquisition of the relevant Collateral Debt Obligation, at least "BBB-" by S&P and the foreign currency country issuer rating of which is rated, at the time of acquisition of the relevant Collateral Debt Obligation, at least "BBB-" by Fitch or any other country in respect of which, at the time of acquisition of the relevant Collateral Debt Obligation, Rating Agency Confirmation is received.

"**PIK Security**" means a security, the terms of which permit the deferral of the payment of interest in cash thereon through additions to the principal amount thereof for a specified period in the future or for the remainder of its life or by capitalising interest due on such security as principal.

"**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.

"**Structured Finance Obligation**" means any debt security which is secured directly, or represents the ownership of, a pool of consumer receivables, auto loans, auto leases, equipment leases, home or commercial mortgages, corporate debt or sovereign debt obligations or similar assets, including, without limitation, collateralised bond obligations, collateralised loan obligations or any similar security.

"**Step-Down Coupon Security**" means a security: (i) which does not pay interest over a specified period of time ending prior to its maturity, but which does provide for the payment of interest after the expiration of such specified period; or (ii) the interest rate of which decreases over a specified period of time other than due to the decrease of the floating rate index applicable to such security.

"**Step-Up Coupon Security**" means a security: (i) which does not pay interest over a specified period of time ending prior to its maturity, but which does provide for the payment of interest after the expiration of such specified period; or (ii) the interest rate of which increases over a specified period of time other than due to the increase of the floating rate index applicable to such security.

"**Synthetic Security**" means a security or swap transaction (other than a letter of credit or a participation) that has payments of interest or principal on a reference obligation or the credit performance of a reference obligation.

"**Zero-Coupon Security**" means any security the terms of which provide for repayment of a stated principal amount at a stated maturity date but which do not provide for periodic payments of interest in cash at any time while such security is outstanding.

Percentage Limitations and Collateral Quality Tests

Measurement of Tests

The Percentage Limitations and the Collateral Quality Tests will be used as the criteria for purchasing Collateral Debt Obligations. The Collateral Administrator will measure the Percentage Limitations and the Collateral Quality Tests on each Measurement Date.

The Percentage Limitations and the Collateral Quality Tests must be satisfied after giving effect to the purchase of any Substitute Collateral Debt Obligation after the Effective Date (or, in the case of the S&P CDO Monitor Test after the Effective Date, only until the end of the Reinvestment Period) or, but only to the extent expressly permitted in the Investment Management Agreement in the case of any purchase, if not satisfied prior to such purchase, the relevant thresholds and amounts calculated pursuant thereto must be maintained or improved after giving effect to such purchase. For the avoidance of doubt, (i) obligations which are to constitute Collateral Debt Obligations and/or Substitute Collateral Debt Obligations in respect of which a binding commitment has been made to purchase such obligations and/or Substitute Collateral Debt Obligations but such purchase has not been settled shall nonetheless be deemed to have been purchased for the purposes of calculating the Percentage Limitations and the Collateral Quality Tests; (ii) Collateral Debt Obligations and/or Substitute Collateral Debt Obligations in respect of which a binding commitment has been made to sell such Collateral Debt Obligation and/or Substitute Collateral Debt Obligations but such sale has not yet settled shall nonetheless be deemed to have been sold for the purposes of calculating the Percentage Limitations and the Collateral Quality Tests and, in either case, without doubt counting any such Collateral Debt Obligations and/or substitute Collateral Debt Obligations and any cash payments to be made, or as the case may be, received. See "*Reinvestment of Collateral Debt Obligations*".

Notwithstanding the foregoing, the failure of the Portfolio to meet the requirements of the Percentage Limitations or the Collateral Quality Tests at any time shall not prevent any obligation which would otherwise be a Collateral Debt Obligation from being a Collateral Debt Obligation.

Percentage Limitations

The Percentage Limitations will consist of each of the following:

(i) the Aggregate Principal Balance of Collateral Debt Obligations which are Senior Secured Loans and/or Senior Secured Floating Rate Notes (excluding Secured High Yield Bonds) must be not less than 90 per cent of the Aggregate Collateral Balance (and, for the purposes of this paragraph (i), all Eligible Investments and cash representing Principal Proceeds shall be treated as Senior Secured Loans and/or Senior Secured Floating Rate Notes (excluding Secured High Yield Bonds));

(ii) the Aggregate Principal Balance of Collateral Debt Obligations which are Secured High Yield Bonds must be not greater than 10 per cent of the Aggregate Collateral Balance;

(iii) the number of Obligors in the Portfolio must be equal to or greater than 65, provided that where the relevant Underlying Instruments in respect of a Collateral Debt Obligation include more than one Obligor, only one such Obligor shall count towards this Percentage Limitation;

(iv) the Aggregate Principal Balance of obligations of (i) a single Obligor may represent up to 3 per cent of the Aggregate Collateral Balance and (ii) each other Obligor may only represent less than 3 per cent of the Aggregate Collateral Balance;

(v) the Aggregate Principal Balance of obligations of the 10 largest Obligors may represent up to 25 per cent of the Aggregate Collateral Balance;

(vi) the Aggregate Principal Balance of all Collateral Debt Obligations that provide for periodic payments of interest thereon in cash less frequently than semi-annually may not exceed 5 per cent of the Aggregate Collateral Balance; provided that no such Collateral Debt Obligations shall provide for periodic payment less frequently than annually;

(vii) the Aggregate Principal Balance of Collateral Debt Obligations which are Discount Obligations must be not greater than 10 per cent of the Aggregate Collateral Balance;

(viii) the Aggregate Principal Balance of all Collateral Debt Obligations that are Fixed Rate Collateral Debt Obligations must be not greater than 10 per cent of the Aggregate Collateral Balance;

(ix) the Aggregate Principal Balance of all Collateral Debt Obligations that are Rated "CCC+" or below by S&P or "CCC" by Fitch at the time of purchase or acquisition by the Issuer may not exceed 7.5 per cent of the Aggregate Collateral Balance;

(x) the Aggregate Principal Balance of all Collateral Debt Obligations that are Current Pay Obligations at the time of purchase or acquisition may not, in the aggregate, exceed 5 per cent of the Aggregate Collateral Balance;

(xi) the Aggregate Principal Balance of all Collateral Debt Obligations that are Delayed Drawdown Obligations or Revolving Obligations may not exceed 5 per cent of the Aggregate Collateral Balance;

(xii) not more than 10 per cent of the Aggregate Collateral Balance shall be obligations comprising any one S&P industry classification or Fitch Industry Category provided that the largest single S&P industry classification or Fitch Industry Category may represent up to 15 per cent of the Aggregate Collateral Balance and the two largest S&P industry classifications or Fitch Industry Categories may comprise up to 27.5 per cent of the Aggregate Collateral Balance;

(xiii) the Aggregate Principal Balance of Collateral Debt Obligations of Obligors who are Domiciled in countries or jurisdictions rated below "A-" by S&P may not be greater than 7 per cent of the Aggregate Collateral Balance;

(xiv) the Aggregate Principal Balance of Collateral Debt Obligations of Obligors who are Domiciled in countries or jurisdictions rated below "A-" by Fitch may not be greater than 7 per cent of the Aggregate Collateral Balance, unless Rating Agency Confirmation from Fitch is obtained;

(xv) the Aggregate Principal Balance of the Collateral Debt Obligations that are Participations may not exceed 10 per cent of the Aggregate Collateral Balance; provided that, at the time any Participation is acquired by the Issuer, the percentage of the Aggregate Collateral Balance that (x) is represented by Participations entered into by the Issuer with a single Selling Institution will not exceed the percentage set out in the Bivariate Risk Table for the S&P credit rating of such Selling Institution (or its Affiliates) and the percentage of the Aggregate Collateral Balance that is represented by Participations entered into by the Issuer with counterparties having the same or lower S&P credit rating will not exceed an aggregate percentage set out in the Bivariate Risk Table for such S&P credit rating and (y) the percentage set out in the Bivariate Risk Table for the Fitch credit rating of such Selling Institution (or its Affiliates) and the percentage of the Aggregate Collateral Balance that is represented by Participations entered into by the Issuer with counterparties having the same or lower Fitch credit rating will not exceed an aggregate percentage set out in the Bivariate Risk Table for such Fitch credit rating;

(xvi) the Aggregate Principal Balance of all Collateral Debt Obligations that are Corporate Rescue Loans may not, in the aggregate, exceed 5 per cent of the Aggregate Collateral Balance;

(xvii) the Aggregate Principal Balance of Collateral Debt Obligations of Obligors who are Domiciled in any one Eligible Country must not be greater than 25 per cent of the Aggregate Collateral Balance and the Aggregate Principal Balance of all Collateral Debt Obligations of Obligors who are Domiciled in any four Eligible Countries must not be greater than 70 per cent of the Aggregate Collateral Balance; and

(xviii) the Aggregate Principal Balance of all Asset Swap Obligations may not be greater than 35 per cent of the Aggregate Collateral Balance; and

(xix) the Aggregate Principal Balance of all Collateral Debt Obligations issued by Obligors each of which has total current indebtedness (including the maximum available amount or total commitment under any revolving or delayed funding loans) under their respective loan agreements and other Underlying Instruments of less than EUR 100,000,000 (or its equivalent in any currency) may not exceed 7.5 per cent of the Aggregate Collateral Balance.

The percentage requirements applicable to different types of Collateral Debt Obligations specified in the Percentage Limitations shall be determined by reference to the Aggregate Principal Balance of such type of Collateral Debt Obligations, excluding Defaulted Obligations.

For purposes of calculating compliance with the Percentage Limitations, during the Reinvestment Period, upon the direction of the Investment Manager, by notice to the Collateral Administrator, any Eligible Investment representing Principal Proceeds received upon the maturity, redemption, sale or other disposition of a Collateral Debt Obligation shall be deemed to have all of the characteristics of such Collateral Debt Obligation until reinvested in a Substitute Collateral Debt Obligation. Such calculations shall be based upon the Principal Balance of such Collateral Debt Obligation, except in the case of Defaulted Obligations and Credit Impaired Obligations, in which case the calculations will be based upon the Principal Proceeds received on the disposition or sale of such Defaulted Obligation or Credit Impaired Obligation.

For the purposes of the Percentage Limitations:

"**Floating Rate Collateral Debt Obligation**" means a Collateral Debt Obligation, the interest or coupon payable in respect of which is calculated by reference to a floating rate or index.

"**Fitch Industry Category**" means each of the categories listed below plus any other industry category published by Fitch minus any industry category which is no longer used by Fitch at the relevant point in time:

Aerospace & Defence
Automobiles
Banking & Finance
Broadcasting & Media
Building & Materials
Business Services
Cable
Chemicals
Computer & Electronics
Consumer Products
Energy
Environmental Services
Farming & Agricultural Services
Food & Beverage & Tobacco
Gaming & Leisure & Entertainment
Healthcare
Industrial/Manufacturing
Lodging & Restaurants
Metals & Mining
Packaging & Containers
Paper & Forest Products
Pharmaceuticals
Real Estate
Retail (General)
Supermarkets & Drugstores
Telecommunications
Textiles & Furniture
Transportation
Utilities

Collateral Quality Tests

The "**Collateral Quality Tests**" will consist of each of the following provided that, if the ratings given by Fitch and S&P in respect of the Notes have been withdrawn, and if no replacement Rating Agency has rated the Notes, then the Collateral Quality Tests applicable to each Rating Agency which most recently ceased to rate the Notes shall continue to apply:

(a) so long as any Notes rated by S&P are Outstanding:

(i) the S&P CDO Monitor Test (from the Effective Date until the expiry of the Reinvestment Period); and

(ii) the S&P Minimum Weighted Average Recovery Rate Test;

(b) so long as any Notes rated by Fitch are Outstanding:

(i) the Fitch Maximum Weighted Average Rating Factor Test;

(ii) the Fitch Minimum Weighted Average Recovery Rate Test;

(c) so long as any Rated Notes are Outstanding:

(i) the Minimum Weighted Average Spread Test;

(ii) the Minimum Weighted Average Fixed Coupon Test; and

(iii) the Maximum Weighted Average Life Test.

Each of the Collateral Quality Tests are defined in the Investment Management Agreement.

The S&P Matrix

The Class A Break Even-Default Rate, The Class B Break Even-Default Rate, the Class C Break Even-Default Rate, the Class D Break Even-Default Rate and the Class E Break Even-Default Rate will each be determined as follows: (A) the applicable weighted average spread will be the spread between 2.50 per cent and 4.80 per cent (in increments of .01%) without exceeding the Weighted Average Spread as of such Measurement Date (the "**S&P Matrix Spread**"), (B) the applicable weighted average coupon will be (i) between 4.00 per cent and 9.00 per cent (in increments of .01%) without exceeding the Weighted Average Fixed Rate Coupon if any of the Collateral Debt Obligations are Fixed Rate Collateral Debt Obligations, and (ii) otherwise 0% as of such Measurement Date (the "**S&P Matrix Coupon**") and (C) the applicable weighted average recovery rate with respect to each Class of Rated Notes will be determined according to its S&P rating by reference to the applicable "**Recovery Rate Case**" set forth in the S&P Matrix (the applicable weighted average recovery rate with respect to the Class A Notes will be the recovery between 38 per cent and 50 per cent) in each case as selected by the Investment Manager. On and after the Effective Date, the Investment Manager will have the right to choose which Recovery Rate Case set forth below for each Class of Rated Notes then rated by S&P (collectively, a "**Recovery Rate Set**") or any other recovery rate provided by the Investment Manager and which S&P Matrix Spread and S&P Matrix Coupon will be applicable for purposes of both (i) the S&P CDO Monitor and (ii) the S&P Minimum Weighted Average Recovery Rate Test.

After the Effective Date, the Investment Manager may request from time to time for S&P to provide inputs for S&P CDO Monitors periodically but S&P shall only be required to provide such inputs up to 50 times in any 12 month period. On one Business Day's written notice to the Trustee (or such shorter time as may be acceptable to the Trustee), the Investment Manager may choose a different Recovery Rate Set, S&P Matrix Coupon and/or S&P Matrix Spread; provided, that the Collateral Debt Obligations must be in compliance with such different Recovery Rate Set, S&P Matrix Coupon and/or S&P Matrix Spread and, solely for purposes of this proviso, if the Issuer has entered into a commitment to invest in a Collateral Debt Obligation, compliance with the newly selected Recovery Rate Set, S&P Matrix Coupon and/or S&P Matrix Spread may be determined after giving effect to such investment. Notwithstanding the foregoing, if the Collateral Debt Obligations are not currently in compliance with the Recovery Rate Set, S&P Matrix Coupon and/or S&P Matrix Spread then applicable and would not be in compliance with any other Recovery Rate Set, S&P Matrix Coupon and/or S&P Matrix Spread, as applicable, the Investment Manager may select a different Recovery Rate Set, S&P Matrix Coupon and/or S&P Matrix Spread, as applicable, that is not further out of compliance than the current Recovery Rate Set, S&P Matrix Coupon and/or S&P Matrix Spread.

The Fitch Tests Matrix

Subject to the provisions below, the Investment Manager has the option to elect which of the cases set forth in the below matrix (the "**Fitch Tests Matrix**") shall be applicable for the purposes of the Fitch Maximum Weighted Average Rating Factor Test, the Minimum Weighted Average Spread Test, the Minimum Weighted Average Fixed Coupon Test and, once determined as described below, the Fitch Minimum Weighted Average Recovery Rate Test. For the avoidance of doubt, the Weighted Average Fixed Rate Coupon for the case selected in the Fitch Tests Matrix must be greater than 0% if any of the Collateral Debt Obligations are Fixed Rate Collateral Debt Obligations.

Until the Fitch Minimum Weighted Average Recovery Rates have been determined as described below (i) the Fitch Weighted Average Rating Factor in respect of the Fitch Maximum Weighted Average Rating Factor Test shall be 35, (ii) the Weighted Average Spread in respect of the Minimum Weighted Average Spread Test shall be 3.75%, (iii) the Minimum Weighted Average Fixed Coupon in respect of the Minimum Weighted Average Fixed Coupon Test shall be 6.00%, and (iv) the Fitch Minimum Weighted Average Recovery Rate in respect of the Fitch Minimum Weighted Average Recovery Rate Test shall be 67.50% (the "**Fitch Base Case**").

After the Issue Date, further Fitch Minimum Weighted Average Recovery Rates will be determined in order to fill out the Fitch Tests Matrix. The determination of further Fitch Minimum Weighted Average Recovery Rates shall be subject to Rating Agency Confirmation by Fitch, and shall be added to the Fitch Tests Matrix included as a schedule to the Investment Management Agreement. For the avoidance of doubt, such change to the Investment Management Agreement shall not be subject to the consent of the Noteholders or any other party, save for the Investment Manager and Issuer and subject to Rating Agency Confirmation from Fitch and consultation with the Collateral Administrator.

For any given case:

(a) the applicable column for performing the Fitch Maximum Weighted Average Rating Factor Test will be the column in the Fitch Tests Matrix selected by the Investment Manager;

(b) the applicable row for performing the Minimum Weighted Average Spread Test and the Minimum Weighted Average Fixed Coupon Test will be the row in the Fitch Tests Matrix selected by the Investment Manager; and

(c) the applicable column and row for performing the Fitch Minimum Weighted Average Recovery Rate Test (once the Fitch Minimum Weighted Average Recovery Rates have been determined as described above) will be the column and row in the Fitch Tests Matrix in relation to the column selected pursuant to (a) and (b) above.

The Investment Manager was required to elect which case shall apply initially on the Effective Date, subject to the Fitch Minimum Weighted Average Recovery Rates having been determined as described above prior to the Effective Date. Thereafter, on one Business Days' notice to the Trustee, the Collateral Administrator and Fitch, the Investment 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 (once the Fitch Minimum Weighted Average Recovery Rates have been determined as described above), the Minimum Weighted Average Spread Test and the Minimum Weighted Average Fixed Coupon Test applicable to the case to which the Investment Manager desires to change are satisfied. The Fitch Tests Matrix may be amended and/or supplemented and/or replaced by the Investment Manager subject to Rating Agency Confirmation from Fitch and subject to consent from the Controlling Class in accordance with Condition 14(b)(vii)(A) (*Ordinary Resolution*). For the avoidance of doubt, as long as the Fitch Minimum Weighted Average Recovery Rates have not been determined as described above the Fitch Base Case shall apply.

Fitch Tests Matrix

		Fitch Weighted Average Rating Factor														
Weighted Average Spread	Weighted Average Fixed Rate Coupon	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43
2.50%	0.00%	Rec Rate 1	Rec Rate 2	Rec Rate 3	Rec Rate 4	Rec Rate 5	Rec Rate 6	Rec Rate 7	Rec Rate 8	Rec Rate 9	Rec Rate 10	Rec Rate 11	Rec Rate 12	Rec Rate 13	Rec Rate 14	Rec Rate 15
2.50%	4.00%	Rec Rate 16	Rec Rate 17	Rec Rate 18	Rec Rate 19	Rec Rate 20	Rec Rate 21	Rec Rate 22	Rec Rate 23	Rec Rate 24	Rec Rate 25	Rec Rate 26	Rec Rate 27	Rec Rate 28	Rec Rate 29	Rec Rate 30
2.50%	5.00%	Rec Rate 31	Rec Rate 32	Rec Rate 33	Rec Rate 34	Rec Rate 35	Rec Rate 36	Rec Rate 37	Rec Rate 38	Rec Rate 39	Rec Rate 40	Rec Rate 41	Rec Rate 42	Rec Rate 43	Rec Rate 44	Rec Rate 45
2.50%	6.00%	Rec Rate 46	Rec Rate 47	Rec Rate 48	Rec Rate 49	Rec Rate 50	Rec Rate 51	Rec Rate 52	Rec Rate 53	Rec Rate 54	Rec Rate 55	Rec Rate 56	Rec Rate 57	Rec Rate 58	Rec Rate 59	Rec Rate 60
2.50%	7.00%	Rec Rate 61	Rec Rate 62	Rec Rate 63	Rec Rate 64	Rec Rate 65	Rec Rate 66	Rec Rate 67	Rec Rate 68	Rec Rate 69	Rec Rate 70	Rec Rate 71	Rec Rate 72	Rec Rate 73	Rec Rate 74	Rec Rate 75
2.50%	8.00%	Rec Rate 76	Rec Rate 77	Rec Rate 78	Rec Rate 79	Rec Rate 80	Rec Rate 81	Rec Rate 82	Rec Rate 83	Rec Rate 84	Rec Rate 85	Rec Rate 86	Rec Rate 87	Rec Rate 88	Rec Rate 89	Rec Rate 90
2.50%	9.00%	Rec Rate 91	Rec Rate 92	Rec Rate 93	Rec Rate 94	Rec Rate 95	Rec Rate 96	Rec Rate 97	Rec Rate 98	Rec Rate 99	Rec Rate 100	Rec Rate 101	Rec Rate 102	Rec Rate 103	Rec Rate 104	Rec Rate 105
3.00%	0.00%	Rec Rate 106	Rec Rate 107	Rec Rate 108	Rec Rate 109	Rec Rate 110	Rec Rate 111	Rec Rate 112	Rec Rate 113	Rec Rate 114	Rec Rate 115	Rec Rate 116	Rec Rate 117	Rec Rate 118	Rec Rate 119	Rec Rate 120
3.00%	4.00%	Rec Rate 121	Rec Rate 122	Rec Rate 123	Rec Rate 124	Rec Rate 125	Rec Rate 126	Rec Rate 127	Rec Rate 128	Rec Rate 129	Rec Rate 130	Rec Rate 131	Rec Rate 132	Rec Rate 133	Rec Rate 134	Rec Rate 135
3.00%	5.00%	Rec Rate 136	Rec Rate 137	Rec Rate 138	Rec Rate 139	Rec Rate 140	Rec Rate 141	Rec Rate 142	Rec Rate 143	Rec Rate 144	Rec Rate 145	Rec Rate 146	Rec Rate 147	Rec Rate 148	Rec Rate 149	Rec Rate 150
3.00%	6.00%	Rec Rate 151	Rec Rate 152	Rec Rate 153	Rec Rate 154	Rec Rate 155	Rec Rate 156	Rec Rate 157	Rec Rate 158	Rec Rate 159	Rec Rate 160	Rec Rate 161	Rec Rate 162	Rec Rate 163	Rec Rate 164	Rec Rate 165
3.00%	7.00%	Rec Rate 166	Rec Rate 167	Rec Rate 168	Rec Rate 169	Rec Rate 170	Rec Rate 171	Rec Rate 172	Rec Rate 173	Rec Rate 174	Rec Rate 175	Rec Rate 176	Rec Rate 177	Rec Rate 178	Rec Rate 179	Rec Rate 180
3.00%	8.00%	Rec Rate 181	Rec Rate 182	Rec Rate 183	Rec Rate 184	Rec Rate 185	Rec Rate 186	Rec Rate 187	Rec Rate 188	Rec Rate 189	Rec Rate 190	Rec Rate 191	Rec Rate 192	Rec Rate 193	Rec Rate 194	Rec Rate 195
3.00%	9.00%	Rec Rate 196	Rec Rate 197	Rec Rate 198	Rec Rate 199	Rec Rate 200	Rec Rate 201	Rec Rate 202	Rec Rate 203	Rec Rate 204	Rec Rate 205	Rec Rate 206	Rec Rate 207	Rec Rate 208	Rec Rate 209	Rec Rate 210
3.50%	0.00%	Rec Rate 211	Rec Rate 212	Rec Rate 213	Rec Rate 214	Rec Rate 215	Rec Rate 216	Rec Rate 217	Rec Rate 218	Rec Rate 219	Rec Rate 220	Rec Rate 221	Rec Rate 222	Rec Rate 223	Rec Rate 224	Rec Rate 225
3.50%	4.00%	Rec Rate 226	Rec Rate 227	Rec Rate 228	Rec Rate 229	Rec Rate 230	Rec Rate 231	Rec Rate 232	Rec Rate 233	Rec Rate 234	Rec Rate 235	Rec Rate 236	Rec Rate 237	Rec Rate 238	Rec Rate 239	Rec Rate 240
3.50%	5.00%	Rec Rate 241	Rec Rate 242	Rec Rate 243	Rec Rate 244	Rec Rate 245	Rec Rate 246	Rec Rate 247	Rec Rate 248	Rec Rate 249	Rec Rate 250	Rec Rate 251	Rec Rate 252	Rec Rate 253	Rec Rate 254	Rec Rate 255
3.50%	6.00%	Rec Rate 256	Rec Rate 257	Rec Rate 258	Rec Rate 259	Rec Rate 260	Rec Rate 261	Rec Rate 262	Rec Rate 263	Rec Rate 264	Rec Rate 265	Rec Rate 266	Rec Rate 267	Rec Rate 268	Rec Rate 269	Rec Rate 270
3.50%	7.00%	Rec Rate 271	Rec Rate 272	Rec Rate 273	Rec Rate 274	Rec Rate 275	Rec Rate 276	Rec Rate 277	Rec Rate 278	Rec Rate 279	Rec Rate 280	Rec Rate 281	Rec Rate 282	Rec Rate 283	Rec Rate 284	Rec Rate 285
3.50%	8.00%	Rec Rate 286	Rec Rate 287	Rec Rate 288	Rec Rate 289	Rec Rate 290	Rec Rate 291	Rec Rate 292	Rec Rate 293	Rec Rate 294	Rec Rate 295	Rec Rate 296	Rec Rate 297	Rec Rate 298	Rec Rate 299	Rec Rate 300
3.50%	9.00%	Rec Rate 301	Rec Rate 302	Rec Rate 303	Rec Rate 304	Rec Rate 305	Rec Rate 306	Rec Rate 307	Rec Rate 308	Rec Rate 309	Rec Rate 310	Rec Rate 311	Rec Rate 312	Rec Rate 313	Rec Rate 314	Rec Rate 315
3.75%	0.00%	Rec Rate 316	Rec Rate 317	Rec Rate 318	Rec Rate 319	Rec Rate 320	Rec Rate 321	Rec Rate 322	Rec Rate 323	Rec Rate 324	Rec Rate 325	Rec Rate 326	Rec Rate 327	Rec Rate 328	Rec Rate 329	Rec Rate 330
3.75%	4.00%	Rec Rate 331	Rec Rate 332	Rec Rate 333	Rec Rate 334	Rec Rate 335	Rec Rate 336	Rec Rate 337	Rec Rate 338	Rec Rate 339	Rec Rate 340	Rec Rate 341	Rec Rate 342	Rec Rate 343	Rec Rate 344	Rec Rate 345
3.75%	5.00%	Rec Rate 346	Rec Rate 347	Rec Rate 348	Rec Rate 349	Rec Rate 350	Rec Rate 351	Rec Rate 352	Rec Rate 353	Rec Rate 354	Rec Rate 355	Rec Rate 356	Rec Rate 357	Rec Rate 358	Rec Rate 359	Rec Rate 360
3.75%	6.00%	Rec Rate 361	Rec Rate 362	Rec Rate 363	Rec Rate 364	Rec Rate 365	Rec Rate 366	Rec Rate 367	Rec Rate 368	Rec Rate 369	Rec Rate 370	Rec Rate 371	Rec Rate 372	Rec Rate 373	Rec Rate 374	Rec Rate 375

3.75%	7.00%	Rec Rate 376	Rec Rate 377	Rec Rate 378	Rec Rate 379	Rec Rate 380	Rec Rate 381	Rec Rate 382	Rec Rate 383	Rec Rate 384	Rec Rate 385	Rec Rate 386	Rec Rate 387	Rec Rate 388	Rec Rate 389	Rec Rate 390
3.75%	8.00%	Rec Rate 391	Rec Rate 392	Rec Rate 393	Rec Rate 394	Rec Rate 395	Rec Rate 396	Rec Rate 397	Rec Rate 398	Rec Rate 399	Rec Rate 400	Rec Rate 401	Rec Rate 402	Rec Rate 403	Rec Rate 404	Rec Rate 405
3.75%	9.00%	Rec Rate 406	Rec Rate 407	Rec Rate 408	Rec Rate 409	Rec Rate 410	Rec Rate 411	Rec Rate 412	Rec Rate 413	Rec Rate 414	Rec Rate 415	Rec Rate 416	Rec Rate 417	Rec Rate 418	Rec Rate 419	Rec Rate 420
3.90%	0.00%	Rec Rate 421	Rec Rate 422	Rec Rate 423	Rec Rate 424	Rec Rate 425	Rec Rate 426	Rec Rate 427	Rec Rate 428	Rec Rate 429	Rec Rate 430	Rec Rate 431	Rec Rate 432	Rec Rate 433	Rec Rate 434	Rec Rate 435
3.90%	4.00%	Rec Rate 436	Rec Rate 437	Rec Rate 438	Rec Rate 439	Rec Rate 440	Rec Rate 441	Rec Rate 442	Rec Rate 443	Rec Rate 444	Rec Rate 445	Rec Rate 446	Rec Rate 447	Rec Rate 448	Rec Rate 449	Rec Rate 450
3.90%	5.00%	Rec Rate 451	Rec Rate 452	Rec Rate 453	Rec Rate 454	Rec Rate 455	Rec Rate 456	Rec Rate 457	Rec Rate 458	Rec Rate 459	Rec Rate 460	Rec Rate 461	Rec Rate 462	Rec Rate 463	Rec Rate 464	Rec Rate 465
3.90%	6.00%	Rec Rate 466	Rec Rate 467	Rec Rate 468	Rec Rate 469	Rec Rate 470	Rec Rate 471	Rec Rate 472	Rec Rate 473	Rec Rate 474	Rec Rate 475	Rec Rate 476	Rec Rate 477	Rec Rate 478	Rec Rate 479	Rec Rate 480
3.90%	7.00%	Rec Rate 481	Rec Rate 482	Rec Rate 483	Rec Rate 484	Rec Rate 485	Rec Rate 486	Rec Rate 487	Rec Rate 488	Rec Rate 489	Rec Rate 490	Rec Rate 491	Rec Rate 492	Rec Rate 493	Rec Rate 494	Rec Rate 495
3.90%	8.00%	Rec Rate 496	Rec Rate 497	Rec Rate 498	Rec Rate 499	Rec Rate 500	Rec Rate 501	Rec Rate 502	Rec Rate 503	Rec Rate 504	Rec Rate 505	Rec Rate 506	Rec Rate 507	Rec Rate 508	Rec Rate 509	Rec Rate 510
3.90%	9.00%	Rec Rate 511	Rec Rate 512	Rec Rate 513	Rec Rate 514	Rec Rate 515	Rec Rate 516	Rec Rate 517	Rec Rate 518	Rec Rate 519	Rec Rate 520	Rec Rate 521	Rec Rate 522	Rec Rate 523	Rec Rate 524	Rec Rate 525
4.05%	0.00%	Rec Rate 526	Rec Rate 527	Rec Rate 528	Rec Rate 529	Rec Rate 530	Rec Rate 531	Rec Rate 532	Rec Rate 533	Rec Rate 534	Rec Rate 535	Rec Rate 536	Rec Rate 537	Rec Rate 538	Rec Rate 539	Rec Rate 540
4.05%	4.00%	Rec Rate 541	Rec Rate 542	Rec Rate 543	Rec Rate 544	Rec Rate 545	Rec Rate 546	Rec Rate 547	Rec Rate 548	Rec Rate 549	Rec Rate 550	Rec Rate 551	Rec Rate 552	Rec Rate 553	Rec Rate 554	Rec Rate 555
4.05%	5.00%	Rec Rate 556	Rec Rate 557	Rec Rate 558	Rec Rate 559	Rec Rate 560	Rec Rate 561	Rec Rate 562	Rec Rate 563	Rec Rate 564	Rec Rate 565	Rec Rate 566	Rec Rate 567	Rec Rate 568	Rec Rate 569	Rec Rate 570
4.05%	6.00%	Rec Rate 571	Rec Rate 572	Rec Rate 573	Rec Rate 574	Rec Rate 575	Rec Rate 576	Rec Rate 577	Rec Rate 578	Rec Rate 579	Rec Rate 580	Rec Rate 581	Rec Rate 582	Rec Rate 583	Rec Rate 584	Rec Rate 585
4.05%	7.00%	Rec Rate 586	Rec Rate 587	Rec Rate 588	Rec Rate 589	Rec Rate 590	Rec Rate 591	Rec Rate 592	Rec Rate 593	Rec Rate 594	Rec Rate 595	Rec Rate 596	Rec Rate 597	Rec Rate 598	Rec Rate 599	Rec Rate 600
4.05%	8.00%	Rec Rate 601	Rec Rate 602	Rec Rate 603	Rec Rate 604	Rec Rate 605	Rec Rate 606	Rec Rate 607	Rec Rate 608	Rec Rate 609	Rec Rate 610	Rec Rate 611	Rec Rate 612	Rec Rate 613	Rec Rate 614	Rec Rate 615
4.05%	9.00%	Rec Rate 616	Rec Rate 617	Rec Rate 618	Rec Rate 619	Rec Rate 620	Rec Rate 621	Rec Rate 622	Rec Rate 623	Rec Rate 624	Rec Rate 625	Rec Rate 626	Rec Rate 627	Rec Rate 628	Rec Rate 629	Rec Rate 630
4.20%	0.00%	Rec Rate 631	Rec Rate 632	Rec Rate 633	Rec Rate 634	Rec Rate 635	Rec Rate 636	Rec Rate 637	Rec Rate 638	Rec Rate 639	Rec Rate 640	Rec Rate 641	Rec Rate 642	Rec Rate 643	Rec Rate 644	Rec Rate 645
4.20%	4.00%	Rec Rate 646	Rec Rate 647	Rec Rate 648	Rec Rate 649	Rec Rate 650	Rec Rate 651	Rec Rate 652	Rec Rate 653	Rec Rate 654	Rec Rate 655	Rec Rate 656	Rec Rate 657	Rec Rate 658	Rec Rate 659	Rec Rate 660
4.20%	5.00%	Rec Rate 661	Rec Rate 662	Rec Rate 663	Rec Rate 664	Rec Rate 665	Rec Rate 666	Rec Rate 667	Rec Rate 668	Rec Rate 669	Rec Rate 670	Rec Rate 671	Rec Rate 672	Rec Rate 673	Rec Rate 674	Rec Rate 675
4.20%	6.00%	Rec Rate 676	Rec Rate 677	Rec Rate 678	Rec Rate 679	Rec Rate 680	Rec Rate 681	Rec Rate 682	Rec Rate 683	Rec Rate 684	Rec Rate 685	Rec Rate 686	Rec Rate 687	Rec Rate 688	Rec Rate 689	Rec Rate 690
4.20%	7.00%	Rec Rate 691	Rec Rate 692	Rec Rate 693	Rec Rate 694	Rec Rate 695	Rec Rate 696	Rec Rate 697	Rec Rate 698	Rec Rate 699	Rec Rate 700	Rec Rate 701	Rec Rate 702	Rec Rate 703	Rec Rate 704	Rec Rate 705
4.20%	8.00%	Rec Rate 706	Rec Rate 707	Rec Rate 708	Rec Rate 709	Rec Rate 710	Rec Rate 711	Rec Rate 712	Rec Rate 713	Rec Rate 714	Rec Rate 715	Rec Rate 716	Rec Rate 717	Rec Rate 718	Rec Rate 719	Rec Rate 720
4.20%	9.00%	Rec Rate 721	Rec Rate 722	Rec Rate 723	Rec Rate 724	Rec Rate 725	Rec Rate 726	Rec Rate 727	Rec Rate 728	Rec Rate 729	Rec Rate 730	Rec Rate 731	Rec Rate 732	Rec Rate 733	Rec Rate 734	Rec Rate 735
4.35%	0.00%	Rec Rate 736	Rec Rate 737	Rec Rate 738	Rec Rate 739	Rec Rate 740	Rec Rate 741	Rec Rate 742	Rec Rate 743	Rec Rate 744	Rec Rate 745	Rec Rate 746	Rec Rate 747	Rec Rate 748	Rec Rate 749	Rec Rate 750
4.35%	4.00%	Rec Rate 751	Rec Rate 752	Rec Rate 753	Rec Rate 754	Rec Rate 755	Rec Rate 756	Rec Rate 757	Rec Rate 758	Rec Rate 759	Rec Rate 760	Rec Rate 761	Rec Rate 762	Rec Rate 763	Rec Rate 764	Rec Rate 765
4.35%	5.00%	Rec Rate 766	Rec Rate 767	Rec Rate 768	Rec Rate 769	Rec Rate 770	Rec Rate 771	Rec Rate 772	Rec Rate 773	Rec Rate 774	Rec Rate 775	Rec Rate 776	Rec Rate 777	Rec Rate 778	Rec Rate 779	Rec Rate 780
4.35%	6.00%	Rec Rate 781	Rec Rate 782	Rec Rate 783	Rec Rate 784	Rec Rate 785	Rec Rate 786	Rec Rate 787	Rec Rate 788	Rec Rate 789	Rec Rate 790	Rec Rate 791	Rec Rate 792	Rec Rate 793	Rec Rate 794	Rec Rate 795
4.35%	7.00%	Rec Rate 796	Rec Rate 797	Rec Rate 798	Rec Rate 799	Rec Rate 800	Rec Rate 801	Rec Rate 802	Rec Rate 803	Rec Rate 804	Rec Rate 805	Rec Rate 806	Rec Rate 807	Rec Rate 808	Rec Rate 809	Rec Rate 810
4.35%	8.00%	Rec Rate 811	Rec Rate 812	Rec Rate 813	Rec Rate 814	Rec Rate 815	Rec Rate 816	Rec Rate 817	Rec Rate 818	Rec Rate 819	Rec Rate 820	Rec Rate 821	Rec Rate 822	Rec Rate 823	Rec Rate 824	Rec Rate 825
4.35%	9.00%	Rec Rate 826	Rec Rate 827	Rec Rate 828	Rec Rate 829	Rec Rate 830	Rec Rate 831	Rec Rate 832	Rec Rate 833	Rec Rate 834	Rec Rate 835	Rec Rate 836	Rec Rate 837	Rec Rate 838	Rec Rate 839	Rec Rate 840
4.50%	0.00%	Rec Rate 841	Rec Rate 842	Rec Rate 843	Rec Rate 844	Rec Rate 845	Rec Rate 846	Rec Rate 847	Rec Rate 848	Rec Rate 849	Rec Rate 850	Rec Rate 851	Rec Rate 852	Rec Rate 853	Rec Rate 854	Rec Rate 855
4.50%	4.00%	Rec Rate 856	Rec Rate 857	Rec Rate 858	Rec Rate 859	Rec Rate 860	Rec Rate 861	Rec Rate 862	Rec Rate 863	Rec Rate 864	Rec Rate 865	Rec Rate 866	Rec Rate 867	Rec Rate 868	Rec Rate 869	Rec Rate 870
4.50%	5.00%	Rec Rate 871	Rec Rate 872	Rec Rate 873	Rec Rate 874	Rec Rate 875	Rec Rate 876	Rec Rate 877	Rec Rate 878	Rec Rate 879	Rec Rate 880	Rec Rate 881	Rec Rate 882	Rec Rate 883	Rec Rate 884	Rec Rate 885
4.50%	6.00%	Rec Rate 886	Rec Rate 887	Rec Rate 888	Rec Rate 889	Rec Rate 890	Rec Rate 891	Rec Rate 892	Rec Rate 893	Rec Rate 894	Rec Rate 895	Rec Rate 896	Rec Rate 897	Rec Rate 898	Rec Rate 899	Rec Rate 900
4.50%	7.00%	Rec Rate 901	Rec Rate 902	Rec Rate 903	Rec Rate 904	Rec Rate 905	Rec Rate 906	Rec Rate 907	Rec Rate 908	Rec Rate 909	Rec Rate 910	Rec Rate 911	Rec Rate 912	Rec Rate 913	Rec Rate 914	Rec Rate 915
4.50%	8.00%	Rec Rate 916	Rec Rate 917	Rec Rate 918	Rec Rate 919	Rec Rate 920	Rec Rate 921	Rec Rate 922	Rec Rate 923	Rec Rate 924	Rec Rate 925	Rec Rate 926	Rec Rate 927	Rec Rate 928	Rec Rate 929	Rec Rate 930
4.50%	9.00%	Rec Rate 931	Rec Rate 932	Rec Rate 933	Rec Rate 934	Rec Rate 935	Rec Rate 936	Rec Rate 937	Rec Rate 938	Rec Rate 939	Rec Rate 940	Rec Rate 941	Rec Rate 942	Rec Rate 943	Rec Rate 944	Rec Rate 945
4.65%	0.00%	Rec Rate 946	Rec Rate 947	Rec Rate 948	Rec Rate 949	Rec Rate 950	Rec Rate 951	Rec Rate 952	Rec Rate 953	Rec Rate 954	Rec Rate 955	Rec Rate 956	Rec Rate 957	Rec Rate 958	Rec Rate 959	Rec Rate 960
4.65%	4.00%	Rec Rate 961	Rec Rate 962	Rec Rate 963	Rec Rate 964	Rec Rate 965	Rec Rate 966	Rec Rate 967	Rec Rate 968	Rec Rate 969	Rec Rate 970	Rec Rate 971	Rec Rate 972	Rec Rate 973	Rec Rate 974	Rec Rate 975
4.65%	5.00%	Rec Rate 976	Rec Rate 977	Rec Rate 978	Rec Rate 979	Rec Rate 980	Rec Rate 981	Rec Rate 982	Rec Rate 983	Rec Rate 984	Rec Rate 985	Rec Rate 986	Rec Rate 987	Rec Rate 988	Rec Rate 989	Rec Rate 990
4.65%	6.00%	Rec Rate 991	Rec Rate 992	Rec Rate 993	Rec Rate 994	Rec Rate 995	Rec Rate 996	Rec Rate 997	Rec Rate 998	Rec Rate 999	Rec Rate 1000	Rec Rate 1001	Rec Rate 1002	Rec Rate 1003	Rec Rate 1004	Rec Rate 1005
4.65%	7.00%	Rec Rate 1006	Rec Rate 1007	Rec Rate 1008	Rec Rate 1009	Rec Rate 1010	Rec Rate 1011	Rec Rate 1012	Rec Rate 1013	Rec Rate 1014	Rec Rate 1015	Rec Rate 1016	Rec Rate 1017	Rec Rate 1018	Rec Rate 1019	Rec Rate 1020
4.65%	8.00%	Rec Rate 1021	Rec Rate 1022	Rec Rate 1023	Rec Rate 1024	Rec Rate 1025	Rec Rate 1026	Rec Rate 1027	Rec Rate 1028	Rec Rate 1029	Rec Rate 1030	Rec Rate 1031	Rec Rate 1032	Rec Rate 1033	Rec Rate 1034	Rec Rate 1035
4.65%	9.00%	Rec Rate 1036	Rec Rate 1037	Rec Rate 1038	Rec Rate 1039	Rec Rate 1040	Rec Rate 1041	Rec Rate 1042	Rec Rate 1043	Rec Rate 1044	Rec Rate 1045	Rec Rate 1046	Rec Rate 1047	Rec Rate 1048	Rec Rate 1049	Rec Rate 1050
4.80%	0.00%	Rec Rate 1051	Rec Rate 1052	Rec Rate 1053	Rec Rate 1054	Rec Rate 1055	Rec Rate 1056	Rec Rate 1057	Rec Rate 1058	Rec Rate 1059	Rec Rate 1060	Rec Rate 1061	Rec Rate 1062	Rec Rate 1063	Rec Rate 1064	Rec Rate 1065
4.80%	4.00%	Rec Rate 1066	Rec Rate 1067	Rec Rate 1068	Rec Rate 1069	Rec Rate 1070	Rec Rate 1071	Rec Rate 1072	Rec Rate 1073	Rec Rate 1074	Rec Rate 1075	Rec Rate 1076	Rec Rate 1077	Rec Rate 1078	Rec Rate 1079	Rec Rate 1080
4.80%	5.00%	Rec Rate 1081	Rec Rate 1082	Rec Rate 1083	Rec Rate 1084	Rec Rate 1085	Rec Rate 1086	Rec Rate 1087	Rec Rate 1088	Rec Rate 1089	Rec Rate 1090	Rec Rate 1091	Rec Rate 1092	Rec Rate 1093	Rec Rate 1094	Rec Rate 1095
4.80%	6.00%	Rec Rate 1096	Rec Rate 1097	Rec Rate 1098	Rec Rate 1099	Rec Rate 1100	Rec Rate 1101	Rec Rate 1102	Rec Rate 1103	Rec Rate 1104	Rec Rate 1105	Rec Rate 1106	Rec Rate 1107	Rec Rate 1108	Rec Rate 1109	Rec Rate 1110
4.80%	7.00%	Rec Rate 1111	Rec Rate 1112	Rec Rate 1113	Rec Rate 1114	Rec Rate 1115	Rec Rate 1116	Rec Rate 1117	Rec Rate 1118	Rec Rate 1119	Rec Rate 1120	Rec Rate 1121	Rec Rate 1122	Rec Rate 1123	Rec Rate 1124	Rec Rate 1125
4.80%	8.00%	Rec Rate 1126	Rec Rate 1127	Rec Rate 1128	Rec Rate 1129	Rec Rate 1130	Rec Rate 1131	Rec Rate 1132	Rec Rate 1133	Rec Rate 1134	Rec Rate 1135	Rec Rate 1136	Rec Rate 1137	Rec Rate 1138	Rec Rate 1139	Rec Rate 1140
4.80%	9.00%	Rec Rate 1141	Rec Rate 1142	Rec Rate 1143	Rec Rate 1144	Rec Rate 1145	Rec Rate 1146	Rec Rate 1147	Rec Rate 1148	Rec Rate 1149	Rec Rate 1150	Rec Rate 1151	Rec Rate 1152	Rec Rate 1153	Rec Rate 1154	Rec Rate 1155

The S&P Tests & Definitions

The S&P CDO Monitor Test

"**S&P CDO Monitor Test**" means a test that will be satisfied on the Effective Date and thereafter during the Reinvestment Period if, after giving effect to the purchase of any Additional Collateral Debt Obligation or the purchase of a Substitute Collateral Debt Obligation (after the sale of a Collateral Debt Obligation, if applicable), the Class A Default Differential of the Proposed Portfolio is not negative, the Class B Default Differential of the Proposed Portfolio is not negative, the Class C Default Differential of the Proposed Portfolio is not negative, the Class D Default Differential of the Proposed Portfolio is not negative and the Class E Default Differential of the Proposed Portfolio is not negative or, with respect to the purchase of a Collateral Debt Obligation, if such test is not satisfied prior to giving effect to any purchase (but, if applicable, after giving effect to the sale of any Collateral Debt Obligations the Sale Proceeds of which are being used for such purchase), and will not be satisfied after giving effect thereto, such test must be maintained or improved after giving effect to such purchase. The S&P CDO Monitor Test will be considered to be improved if the Class A Default Differential of the Proposed Portfolio is at least equal to the Class A Default Differential of the Current Portfolio, the Class B

Default Differential of the Proposed Portfolio is at least equal to the Class B Default Differential of the Current Portfolio, the Class C Default Differential of the Proposed Portfolio is at least equal to the Class C Default Differential of the Current Portfolio, the Class D Default Differential of the Proposed Portfolio is at least equal to the Class D Default Differential of the Current Portfolio and the Class E Default Differential of the Proposed Portfolio is at least equal to the Class E Default Differential of the Current Portfolio.

"**Class A Break-Even Default Rate**" means, as of any date of determination, the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain at any time, as determined from time to time by S&P through application of the S&P CDO Monitor, which, after giving effect to S&P's assumptions on recoveries, interest rates and timing of defaults and to the Priorities of Payment, will result in sufficient funds remaining for the payment of the Class A Notes in full by their Stated Maturity Date and the timely payment of interest on the Class A Notes. After the Effective Date, S&P will provide the Investment Manager with the Class A Break-Even Default Rates for each S&P CDO Monitor based upon portfolios with weighted average spreads, fixed coupons and recovery rates to be associated with such S&P CDO Monitor as selected by the Investment Manager in accordance with the definition of "**S&P CDO Monitor Test**" or any other weighted average spreads, fixed coupons and recovery rates selected by the Investment Manager from time to time.

"**Class A Default Differential**" means, as of any date of determination, the rate calculated by subtracting the Class A Scenario Default Rate at such time from the Class A Break-Even Default Rate at such time.

"**Class A Scenario Default Rate**" means, as of any date of determination, an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a rating by S&P of "AAA(sf)" on the Class A Notes, determined by the application of the S&P CDO Monitor at such time.

"**Class B Break-Even Default Rate**" means, as of any date of determination, the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain at any time, as determined from time to time by S&P through application of the S&P CDO Monitor, which, after giving effect to S&P's assumptions on recoveries, interest rates and timing of defaults and to the Priorities of Payment, will result in sufficient funds remaining for the payment of the Class B Notes in full by their Stated Maturity Date and the timely payment of interest on the Class B Notes. After the Effective Date, S&P will provide the Investment Manager with the Class B Break-Even Default Rates for each S&P CDO Monitor based upon portfolios with weighted average spreads, fixed coupons and recovery rates to be associated with such S&P CDO Monitor as selected by the Investment Manager in accordance with the definition of "S&P CDO Monitor Test" or any other weighted average spreads, fixed coupons and recovery rates selected by the Investment Manager from time to time.

"**Class B Default Differential**" means, as of any date of determination, the rate calculated by subtracting the Class B Scenario Default Rate at such time from the Class B Break-Even Default Rate at such time.

"**Class B Scenario Default Rate**" means, as of any date of determination, an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a rating by S&P of "AA(sf)" on the Class B Notes, determined by the application of the S&P CDO Monitor at such time.

"**Class C Break-Even Default Rate**" means, as of any date of determination, the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain at any time, as determined from time to time by S&P through application of the S&P CDO Monitor, which, after giving effect to S&P's assumptions on recoveries, interest rates and timing of defaults and to the Priorities of Payment, will result in sufficient funds remaining for the payment of the Class C Notes in full by their Stated Maturity Date and the ultimate payment of interest on the Class C Notes. After the Effective Date, S&P will provide the Investment Manager with the Class C Break-Even Default Rates for each S&P CDO Monitor based upon portfolios with weighted average spreads, fixed coupons and recovery rates to be associated with such S&P CDO Monitor as selected by the Investment Manager in accordance with the definition of "S&P CDO Monitor Test" or any other weighted average spreads, fixed coupons and recovery rates selected by the Investment Manager from time to time.

"**Class C Default Differential**" means, as of any date of determination, the rate calculated by subtracting the Class C Scenario Default Rate at such time from the Class C Break-Even Default Rate at such time.

"**Class C Scenario Default Rate**" means, as of any date of determination, an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a rating by S&P of "A(sf)" on the Class C Notes, determined by the application of the S&P CDO Monitor at such time.

"**Class D Break-Even Default Rate**" means, as of any date of determination, the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain at any time, as determined from time to time by S&P through application of the S&P CDO Monitor, which, after giving effect to S&P's assumptions on recoveries, interest rates and timing of defaults and to the Priorities of Payment, will result in sufficient funds remaining for the payment of the Class D Notes in full by their Stated Maturity Date and the ultimate payment of interest on the Class D Notes. After the Effective Date, S&P will provide the Investment Manager with the Class D Break-Even Default Rates for each S&P CDO Monitor based upon portfolios with weighted average spreads, fixed coupons and recovery rates to be associated with such S&P CDO Monitor as selected by the Investment Manager in accordance with the definition of "S&P CDO Monitor Test" or any other weighted average spreads, fixed coupons and recovery rates selected by the Investment Manager from time to time.

"**Class D Default Differential**" means, as of any date of determination, the rate calculated by subtracting the Class D Scenario Default Rate at such time from the Class D Break-Even Default Rate at such time.

"**Class D Scenario Default Rate**" means, as of any date of determination, an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a rating by S&P of "BBB(sf)" on the Class D Notes, determined by the application of the S&P CDO Monitor at such time.

"**Class E Break-Even Default Rate**" means, as of any date of determination, the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain at any time, as determined from time to time by S&P through application of the S&P CDO Monitor, which, after giving effect to S&P's assumptions on recoveries, interest rates and timing of defaults and to the Priorities of Payment, will result in sufficient funds remaining for the payment of the Class E Notes in full by their Stated Maturity Date and the ultimate payment of interest on the Class E Notes. After the Effective Date, S&P will provide the Investment Manager with the Class E Break-Even Default Rates for each S&P CDO Monitor based upon portfolios with weighted average spreads, fixed coupons and recovery rates to be associated with such S&P CDO Monitor as selected by the Investment Manager in accordance with the definition of "S&P CDO Monitor Test" or any other weighted average spreads, fixed coupons and recovery rates selected by the Investment Manager from time to time.

"**Class E Default Differential**" means, as of any date of determination, the rate calculated by subtracting the Class E Scenario Default Rate at such time from the Class E Break-Even Default Rate at such time.

"**Class E Scenario Default Rate**" means, as of any date of determination, an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a rating by S&P of "BB+(sf)" on the Class E Notes, determined by the application of the S&P CDO Monitor at such time.

"**Current Portfolio**" means, as of any date of determination, the portfolio of Collateral Debt Obligations (included at their Principal Balance) and Eligible Investments existing prior to the maturity or other disposition of a Collateral Debt Obligation or a proposed reinvestment of Principal Proceeds in a Substitute Collateral Debt Obligation, as the case may be, but after giving effect to any relevant sale of a Collateral Debt Obligation.

"**Proposed Portfolio**" means, as of any date of determination, the portfolio of Collateral Debt Obligations (included at their Principal Balance) and Eligible Investments resulting from the sale, maturity or other disposition of a Collateral Debt Obligation or a proposed reinvestment of Principal Proceeds in a Substitute Collateral Debt Obligation, as the case may be.

"**S&P CDO Monitor**" means the dynamic, analytical computer model developed by S&P and used to estimate default risk of Collateral Debt Obligations and provided to the Investment Manager on or before the Issue Date of the Existing Notes, as it may be modified by S&P from time to time. The CDO Monitor calculates the cumulative default rate of a pool of Collateral Debt Obligations and Eligible Investments consistent with a specified benchmark rating level based upon S&P's proprietary corporate debt default studies. In calculating the scenario loss rate in respect of a Class of Notes, the CDO Monitor considers each Obligor's issuer credit rating, the number of Obligors in the portfolio, the Obligor and industry concentrations in the portfolio and the remaining weighted average maturity of the Collateral Debt Obligations and Eligible Investments and calculates a cumulative default rate based on the statistical probability of distributions or defaults on the Collateral Debt Obligations and Eligible Investments.

The S&P Minimum Weighted Average Recovery Rate Test

"**S&P Minimum Weighted Average Recovery Rate Test**" means, on any date of determination, the test that will be satisfied on any Measurement Date from (and including) the Effective Date if the S&P Weighted Average Recovery Rate is greater than or equal to the percentage set out in the Investment Management Agreement based upon the Recovery Rate Case chosen by the Investment Manager.

"**S&P Recovery Rate**" means, in respect of each Collateral Debt Obligation, an S&P Recovery Rate determined in accordance with the Investment Management Agreement or as advised by S&P. Extracts of the S&P Recovery Rate applicable under the Investment Management Agreement are set out in Annex B of this Offering Circular.

"**S&P Weighted Average Recovery Rate**" means, as of any Measurement Date, the number (expressed as a percentage) obtained by summing the products obtained by multiplying the Principal Balance (excluding Purchased Accrued Interest) of each Collateral Debt Obligation by its S&P Recovery Rate, dividing such sum by the Aggregate Principal Balance of all Collateral Debt Obligations and rounding up to the nearest 0.1 per cent For purposes of this rate, the Principal Balance of any Defaulted Obligation shall be deemed to be zero.

The Fitch Tests & Definitions

The Fitch Maximum Weighted Average Rating Factor Test

"**Fitch Maximum Weighted Average Rating Factor Test**" means that test that will be satisfied, on any Measurement Date from (and including) the Effective Date, if the Fitch Weighted Average Rating Factor as at such date is less than or equal to the applicable level in the Fitch Tests Matrix.

"**Fitch Weighted Average Rating Factor**" is the number determined by summing the products obtained by multiplying the Principal Balance of each Collateral Debt Obligation by its Fitch Rating Factor, dividing such sum by the Aggregate Principal Balance of all such Collateral Debt Obligations and rounding the result to the nearest two decimal places.

"**Fitch Rating Factor**" means, in respect of any Collateral Debt Obligation, the number set out in the table below opposite the Fitch Rating in respect of such Collateral Debt Obligation. The following table provides certain probabilities of default relating to Fitch Rating Factors. The information is subject to change and any probabilities of default in respect of Fitch Rating Factors may not at any time necessarily reflect the below table.

Fitch Rating	Fitch Rating Factor
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

Fitch Rating	Fitch Rating Factor
BB+	12. 19
BB	17. 43
BB-	22. 80
B+	27. 80
B	32. 18
B-	40. 60
CCC+	57. 09
CCC	62. 80
CCC-	75. 36
CC	100. 00
C	100. 00
D	100. 00

The Fitch Minimum Weighted Average Recovery Rate Test

"**Fitch Minimum Weighted Average Recovery Rate Test**" means the test that will be satisfied in respect of the Notes on any Measurement Date from (and including) the Effective Date, if the Fitch Weighted Average Recovery Rate is greater than or equal to the applicable level in the Fitch Tests Matrix.

"**Fitch Weighted Average Recovery Rate**" means, as of any Measurement Date, the rate (expressed as a percentage) determined by summing the products obtained by multiplying the Principal Balance of each Collateral Debt Obligation by the Fitch Recovery Rate in relation thereto and dividing such sum by the Aggregate Principal Balance of all Collateral Debt Obligations and rounding to the nearest 0.1 per cent.

"**Fitch Recovery Rate**" means, with respect to a Collateral Debt Obligation, the recovery rate determined in accordance with paragraphs (i) to (iv) (inclusive) below, or (in any case) such other recovery rate as Fitch may notify the Investment Manager from time to time:

(i) if such Collateral Debt Obligation has a public Fitch recovery rating, or a recovery rating is assigned by Fitch in the context of provision by Fitch of a credit opinion to the Investment Manager, the recovery rate corresponding to such recovery rating in the table below (unless a specific recovery rate (expressed as a percentage) is provided by Fitch):

Fitch recovery rating	Fitch recovery rate (%)
RR1	95%
RR2	80%
RR3	60%
RR4	40%
RR5	20%
RR6	5%

(ii) if such Collateral Debt Obligation is a Corporate Rescue Loan and has neither a public Fitch recovery rating, nor a recovery rating assigned to it by Fitch in the context of provision by Fitch of a credit opinion, the Issuer or the Investment Manager on behalf of the Issuer shall apply to Fitch for a Fitch recovery rating, provided that the Fitch recovery rating in respect of such Corporate Rescue Loan shall be considered to be "RR3" pending provision by Fitch of such Fitch recovery rating, and the recovery rate applicable to such Corporate Rescue Loan shall be the recovery rate corresponding to such Fitch recovery rating in the table above;

(iii) if such Collateral Debt Obligation has no public Fitch recovery rating, no recovery rating is assigned by Fitch in the context of provision by Fitch of a credit opinion to the

Investment Manager, is not a Corporate Rescue Loan and has a public S&P recovery rating, the recovery rate corresponding to such recovery rating in the table below:

S&P recovery rating	Fitch recovery rate (%)
1+	95%
1	95%
2	80%
3	60%
4	40%
5	20%
6	5%

and

(iv) if such Collateral Debt Obligation has no public Fitch recovery rating, no recovery rating is assigned by Fitch in the context of provision by Fitch of a credit opinion to the Investment Manager, is not a Corporate Rescue Loan and has no public S&P recovery rating, (x) if such Collateral Debt Obligation is a Senior Secured Loan or Senior Secured Floating Rate Note, the recovery rate applicable to such Senior Secured Loan or Senior Secured Floating Rate Note shall be the recovery rate corresponding to the Fitch recovery rating of "RR3" in the table above and (y) otherwise, the recovery rate determined in accordance with the table below, where the Collateral Debt Obligation shall be categorised as "**Moderate Recovery**":

	Group A	Group B	Group C	Group D
Moderate Recovery	40% (25% for Japan)	35%	30%	25%

The country group of a Collateral Debt Obligation shall be determined, by reference to the country where it is Domiciled, in accordance with the below:

Group A: Australia, Austria, Bahamas, Bermuda, Canada, Cayman Islands, Denmark, Finland, Germany, Gibraltar, Hong Kong, Iceland, Ireland, Japan, Jersey, Liechtenstein, Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, the UK, the US.

Group B: Belgium, Chile, Cyprus, France, Italy, Luxembourg, Portugal, South Africa, South Korea, Spain, Taiwan.

Group C: Bulgaria, Costa Rica, Croatia, Czech Republic, Estonia, Greece, Hungary, Israel, Latvia, Lithuania, Malaysia, Malta, Mauritius, Mexico, Morocco, Panama, Poland, Romania, Slovakia, Slovenia, Thailand, Tunisia, Uruguay.

Group D: Albania, Argentina, Asia Others, Barbados, Bosnia and Herzegovina, Brazil, China, Colombia, Dominican Republic, Eastern Europe Others, Ecuador, Egypt, El Salvador, Guatemala, India, Indonesia, Iran, Jamaica, Kazakhstan, Liberia, Macedonia, Marshall Islands, Middle East and North Africa Others, Moldova, Other Central America, Other South America, Other Sub-Saharan Africa, Pakistan, Peru, Philippines, Puerto Rico, Qatar, Russia, Saudi Arabia, Serbia and Montenegro, Turkey, Ukraine, Venezuela, Vietnam.

The Minimum Weighted Average Spread Test

The "**Minimum Weighted Average Spread Test**" means the test which will be satisfied if, as at any Measurement Date from (and including) the Effective Date, the Weighted Average Spread as at such Measurement Date equals or exceeds the Minimum Weighted Average Spread as at such Measurement Date.

"**Minimum Weighted Average Spread**" means the greater of the weighted average spread (expressed as a percentage) set out in the S&P Matrix based upon the S&P Matrix Spread chosen by the

Investment Manager and the Fitch Tests Matrix based upon the case selected by the Investment Manager as currently applicable to the Portfolio.

The Minimum Weighted Average Fixed Coupon Test

The "**Minimum Weighted Average Fixed Coupon Test**" means the test which will be satisfied if, as at any Measurement Date from (and including) the Effective Date, the Weighted Average Fixed Rate Coupon as at such Measurement Date equals or exceeds the Minimum Weighted Average Fixed Coupon as at such Measurement Date.

"**Minimum Weighted Average Fixed Coupon**" means (i) the greater of the weighted average fixed coupon as set out in the S&P Matrix based upon the S&P Matrix Coupon chosen by the Investment Manager and the Fitch Tests Matrix based upon the case selected by the Investment Manager as currently applicable to the Portfolio if any of the Collateral Debt Obligations are Fixed Rate Collateral Debt Obligations, and (ii) otherwise 0%.

The Maximum Weighted Average Life Test

The "**Maximum Weighted Average Life Test**" will be satisfied on any Measurement Date if the Weighted Average Life as of such date is less than the number of years (rounded to the nearest one hundredth thereof) during the period from such Measurement Date to 15 August 2021.

"**Average Life**" is, on any Measurement Date with respect to any Collateral Debt Obligation, the quotient obtained by dividing (i) the sum of the products of (a) the number of years (rounded to the nearest one hundredth thereof) from such Measurement Date to the respective dates of each successive scheduled distribution of principal of such Collateral Debt Obligation and (b) the respective amounts of principal of such scheduled distributions by (ii) the sum of all successive scheduled distributions of principal on such Collateral Debt Obligation.

"**Weighted Average Life**" is, as of any Measurement Date with respect to all Collateral Debt Obligations other than Defaulted Obligations, the number of years following such date obtained by dividing (i) the sum of the products obtained for each Collateral Debt Obligation (other than Defaulted Obligations) by multiplying (a) the Average Life at such time of each such Collateral Debt Obligation by (b) the Principal Balance of such Collateral Debt Obligation by (ii) the Aggregate Principal Balance at such time of all Collateral Debt Obligations other than Defaulted Obligations.

The "**Weighted Average Spread**" as of any Measurement Date will equal a fraction (expressed as a percentage) obtained by summing the following:

(a) the products obtained by multiplying:

(1) the Principal Balance (excluding any Purchased Accrued Interest) of each Floating Rate Collateral Debt Obligation (excluding Defaulted Obligations, Delayed Drawdown Obligations, Revolving Obligations and Secured High Yield Bonds) held by the Issuer as at such Measurement Date; by

(2) (i) in the case of Euro denominated Collateral Debt Obligations, the Effective Spread, and (ii) in the case of Asset Swap Obligations the current per annum rate at which the related Asset Swap Transaction pays interest in excess of EURIBOR or such other floating rate index upon which the related Asset Swap Transaction pays interest;

(b) the products obtained by multiplying:

(1) the aggregate of each Unfunded Amount of Delayed Drawdown Obligation and Revolving Obligations (excluding any Purchased Accrued Interest) held by the Issuer as at such Measurement Date in respect of which a commitment fee is receivable by the Issuer; by

(2) the current per annum rate payable by way of such commitment fee in respect of each such Unfunded Amount; and

(c) the products obtained by multiplying:

(1) the aggregate of each Funded Amount of Delayed Drawdown Obligation and Revolving Obligations (excluding any Purchased Accrued Interest) held by the Issuer as at such Measurement Date; by

(2) the Effective Spread applicable to each such Funded Amount as at such Measurement Date,

and dividing the aggregate of all the products obtained by the aggregate of the Principal Balances referred to in paragraph (a)(l) and the aggregate of all Funded Amounts and Unfunded Amounts referred to in paragraphs (b)(l) and (c)(l) as above; provided that for the purpose of the above calculation "current per annum rate" shall exclude (i) any amount which the Issuer (or the Investment Manager on its behalf) has actual knowledge will not be paid to the Issuer at any time in respect of such Collateral Debt Obligation and (ii) any interest that will be withheld because of tax reasons and will not be received by the Issuer in the relevant Due Period.

For the purpose of this section, references to the Aggregate Principal Balance of Collateral Debt Obligations shall be to such Aggregate Principal Balance held by the Issuer as of the relevant Measurement Date.

"**Effective Spread**" means with respect to any Floating Rate Collateral Debt Obligation (including the Funded Amount of a Revolving Obligation or a Delayed Drawdown Obligation), the current per annum rate at which it pays interest in excess of EURIBOR or such other floating rate index (any such floating rate index, a "**Base Rate**" and any such current per annum rate the "**Spread**") upon which such Collateral Debt Obligation bears interest; provided, that, if such Floating Rate Collateral Debt Obligation utilises a minimum Base Rate for the purposes of calculating interest due on such Floating Rate Collateral Debt Obligation (the "**Base Rate Floor**") and the Base Rate Floor is in effect, then such asset shall have an Effective Spread equal to its Spread plus its Base Rate Floor minus its Base Rate.

The "**Weighted Average Fixed Rate Coupon**" as of any Measurement Date will equal:

(i) if any of the Collateral Debt Obligations are Fixed Rate Collateral Debt Obligations, a fraction (expressed as a percentage) obtained by:

(X) summing the products obtained by multiplying:

(a) the Principal Balance (excluding Purchased Accrued Interest) of each Fixed Rate Collateral Debt Obligation (excluding Defaulted Obligations and, for the avoidance of doubt, any Revolving Obligation or Delayed Drawdown Obligation) held by the Issuer as at such Measurement Date; by

(b) (A) in the case of Euro denominated Fixed Rate Collateral Debt Obligations, its stated coupon or (B) in the case of a non-Euro denominated Fixed Rate Collateral Debt Obligation which is an Asset Swap Obligation, the current per annum coupon at which the related Asset Swap Transaction pays interest;

(Y) and dividing such sum by:

the sum of all Principal Balances (excluding Purchased Accrued Interest) of each Fixed Rate Collateral Debt Obligation referred to in paragraph (X)(a), provided that for the purpose of the above calculation "stated coupon" and "current per annum coupon" shall exclude (i) any amount which the Issuer (or the Investment Manager on its behalf) has actual knowledge will not be paid to the Issuer at any time in respect of such Collateral Debt Obligation and (ii) any interest that will be withheld because of tax reasons and will not be received by the Issuer in the relevant Due Period; and

(ii) otherwise 0%.

Ratings

The "**S&P Rating**" means, with respect to any Collateral Debt Obligation, as of any determination date, the rating determined in accordance with the following methodology:

(a) if there is an issuer credit rating of the issuer of such Collateral Debt Obligation by S&P as published by S&P, or the guarantor which unconditionally and irrevocably guarantees such Collateral Debt Obligation pursuant to a form of guarantee approved by S&P for use in connection with this transaction, then the S&P Rating shall be such rating (regardless of whether there is a published rating by S&P on the Collateral Debt Obligations of such issuer held by the Issuer, provided that private ratings (that is, ratings provided at the request of the Obligor) may be used for purposes of this definition if the related Obligor has consented to the disclosure thereof and a copy of such consent has been provided to S&P);

(b) if there is no issuer credit rating of the issuer or guarantor by S&P but,

(i) there is a senior secured rating on any obligation or security of the issuer, then the S&P Rating of such Collateral Debt Obligation shall be one sub-category below such rating;

(ii) if paragraph (i) above does not apply, but there is a senior unsecured rating on any obligation or security of the issuer, the S&P Rating of such Collateral Debt Obligation shall equal such rating; and

(iii) if neither paragraph (i) nor paragraph (ii) above applies, but there is a subordinated rating on any obligation or security of the issuer, then the S&P Rating of such Collateral Debt Obligation shall be one sub-category above such rating if such rating is higher than "BB+", and shall be two sub-categories above such rating if such rating is "BB+" or lower;

(c) with respect to any Collateral Debt Obligation that is a Corporate Rescue Loan:

(i) falling within paragraph (a) of the definition of Corporate Rescue Loan, and if S&P has assigned a public rating to such Corporate Rescue Loan, the S&P Rating for such Corporate Rescue Loan shall be such public rating; or

(ii) falling within paragraph (b) of the definition of Corporate Rescue Loan, and if S&P has assigned an S&P Issuer Credit Rating or credit estimate to such Corporate Rescue Loan, the S&P Rating for such Corporate Rescue Loan shall be such S&P Issuer Credit Rating or credit estimate; or

(iii) in the event that Rating Agency Confirmation has been received from S&P permitting the application of this paragraph (c)(iii), upon application by the Issuer (or the Investment Manager on behalf of the Issuer) to S&P for a credit estimate, the applicable Corporate Rescue Loan shall be deemed to have an S&P Rating of "B-", subject to the Investment Manager believing (in its reasonable judgement) that such credit estimate will be at least "B-";

(d) if there is not a rating by S&P on the issuer or on an obligation of the issuer, then the S&P Rating may be determined (other than in the case of Corporate Rescue Loans) pursuant to paragraphs (i) and (ii) below:

(i) if an obligation of the issuer is not a Corporate Rescue Loan and is publicly rated by Moody's Investors Services, Inc. and any successor or successors thereto ("**Moody's**"), then the S&P Rating will be determined in accordance with the methodology for establishing the S&P rating set out in paragraph (c) above but by reference to the Moody's equivalent ratings, except that the S&P Rating of such obligation will be (1) one sub-category below the S&P equivalent of the Moody's rating if such Moody's rating is "Baa3" or higher and (2) two sub-categories below the S&P equivalent of the Moody's rating if such Moody's rating is "Ba1" or lower and provided that Collateral Debt Obligations with an Aggregate Principal Balance comprising not more than 10 per cent of the Aggregate Collateral Balance (for which purposes, the Principal Balance

of each Defaulted Obligation will be the lower of its S&P Collateral Value and its Fitch Collateral Value) may be assigned an S&P Rating under this paragraph (d)(i); or

(ii) the S&P Rating may be based on a credit estimate provided by S&P, and in connection therewith, the Issuer, the Investment Manager on behalf of the Issuer or the issuer of such Collateral Debt Obligation shall, prior to or within 30 days after the acquisition of such Collateral Debt Obligation, apply (and concurrently submit all available information in respect of such application) to S&P for a credit estimate which shall be its S&P Rating; provided that, if such information is submitted within such 30-day period, then, for a period of up to 90 days after acquisition of such Collateral Debt Obligation by the Issuer and pending receipt from S&P of such estimate, such Collateral Debt Obligation shall have an S&P Rating as determined by the Investment Manager in its sole discretion if (A) the Investment Manager certifies to the Collateral Administrator in writing (upon which such certification the Collateral Administrator will be entitled to rely without further enquiry or any liability for so relying) that it believes that such S&P Rating determined by the Investment Manager is commercially reasonable and that the S&P Rating, will be at least equal to such rating and (B) the Aggregate Principal Balance of the Collateral Debt Obligations subject to a S&P Rating determined by the Investment Manager in accordance with (A) does not exceed 5 per cent of the Aggregate Collateral Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be its S&P Collateral Value); provided further that (x) if such information is not submitted within such 30-day period and (y) following the end of the 90-day period set out above, pending receipt from S&P of such estimate, the Collateral Debt Obligation shall have an S&P Rating of "CCC-"; unless, in the case of paragraph (y) above, during such 90-day period, the Investment Manager has requested the extension of such period and S&P, in its sole discretion, has granted such request; provided further that if the Collateral Debt Obligation has had a public rating by S&P that S&P has withdrawn or suspended within six months prior to the date of such application for a credit estimate in respect of such Collateral Debt Obligation, the S&P Rating in respect thereof shall be "CCC-" pending receipt from S&P of such estimate, and S&P may elect not to provide such estimate until a period of six months have elapsed after the withdrawal or suspension of the public rating; provided further that such credit estimate shall expire 12 months after the acquisition of such Collateral Debt Obligation, following which such Collateral Debt Obligation shall have an S&P Rating of "CCC-" unless, during such 12-month period, the Issuer (or the Investment Manager acting on behalf of the Issuer) applies for renewal thereof in accordance with the Investment Management Agreement in which case such credit estimate shall continue to be the S&P Rating of such Collateral Debt Obligation until S&P has confirmed or revised such credit estimate, upon which such confirmed or revised credit estimate shall be the S&P Rating of such Collateral Debt Obligation; provided further that such confirmed or revised credit estimate shall expire on the next succeeding 12-month anniversary of the date of the acquisition of such Collateral Debt Obligation and (when renewed annually in accordance with the Investment Management Agreement) on each 12-month anniversary thereafter,

provided that, if the applicable rating assigned by S&P to an Obligor or its obligations is on "credit watch positive" by S&P, such rating will be treated as being one sub-category above such assigned rating and if the applicable rating assigned by S&P to an Obligor or its obligations is on "credit watch negative" by S&P, such rating will be treated as being one sub-category below such assigned rating.

The "**Fitch Rating**" of any Collateral Debt Obligation will be determined in accordance with the below:

(a) if such Collateral Debt Obligation is not a Corporate Rescue Loan:

(i) with respect to any Collateral Debt Obligation in respect of which there is a Fitch issuer default rating, whether public or privately provided to the Investment Manager following notification by the Investment Manager that the Issuer has entered into a binding commitment to acquire such Collateral Debt Obligation (the "**Fitch Issuer Default Rating**"), the Fitch Rating shall be such Fitch Issuer Default Rating;

(ii) if the Obligor thereof has an outstanding long-term financial strength rating from Fitch (the "**Fitch LTSR**"), then the Fitch Rating shall be one notch lower than such Fitch LTSR;

(iii) if in respect of any other obligation of the Obligor or its Affiliates, there is a publicly available rating by Fitch, then the Fitch Rating shall be the Fitch IDR Equivalent determined by applying the Fitch Rating Mapping Table (as defined below) to such rating;

(iv) if in respect of the Collateral Debt Obligation there is a Moody's CFR, a Moody's Long Term Issuer Rating, or an S&P Issuer Credit Rating, then the Fitch Rating shall be the rating that corresponds to the lowest thereof;

(v) if in respect of the Collateral Debt Obligation, there is an Insurance Financial Strength Rating, then the Fitch Rating shall be one notch lower than such Insurance Financial Strength Rating;

(vi) if in respect of the Collateral Debt Obligation there is a Moody's/S&P Corporate Issue Rating, then the Fitch Rating shall be the Fitch IDR Equivalent determined by applying the Fitch Rating Mapping Table (as defined below) to such rating; or

(vii) if a Fitch Rating cannot otherwise be assigned, the Investment Manager, on behalf of the Issuer, shall apply to Fitch for a credit opinion which shall then be the Fitch Rating or shall agree a rating with Fitch which shall then be the Fitch Rating, provided that pending receipt from Fitch of any credit opinion, the applicable Collateral Debt Obligation shall either be deemed to have a Fitch Rating of "B-", subject to the Investment Manager believing (in its reasonable judgement) that such credit assessment will be at least "B-" or the rating specified as applicable thereto by Fitch pending receipt of such credit assessment; or

(b) if such Collateral Debt Obligation is a Corporate Rescue Loan,

(i) if such Corporate Rescue Loan has a publicly available rating from Fitch or has been assigned an issue-level credit assessment by Fitch, the Fitch Rating shall be such rating or credit assessment;

(ii) otherwise the Issuer or the Investment 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 Investment Manager believing (in its reasonable judgement) that such credit assessment will be at least "B-" or the rating specified as applicable thereto by Fitch pending receipt of such credit assessment.

For the purposes of determining the Fitch Rating, the following definitions shall apply, provided always that (x) if the applicable Collateral Debt Obligation has been put on rating watch negative or negative credit watch for possible downgrade by any Rating Agency, then the rating used to determine the Fitch Rating above shall be two rating subcategories below such rating by that Rating Agency, and (y) if such Collateral Debt Obligation has been put on negative outlook by any Rating Agency, then the rating used to determine the Fitch Rating above shall be one rating subcategory below such rating by that Rating Agency, and (z) notwithstanding the rating definition described above, Fitch reserves the right to use a credit opinion or a rating estimate for any Collateral Debt Obligations at any time.

"**Fitch IDR Equivalent**" means, in respect of any rating described in the Fitch Rating Mapping Table, the equivalent Fitch Issuer Default Rating determined by increasing (or reducing, in the case of a negative number) such rating (or the nearest Fitch equivalent thereof) by the number of notches specified under "**Mapping Rule**" in the fourth column of the Fitch Rating Mapping Table.

"**Fitch Rating Mapping Table**" means the following table:

Rating Type	Applicable Rating Agency(ies)	Issue rating	Mapping Rule
Corporate family rating or long term issuer rating	Moody's	n/a	+0
Issuer credit rating	S&P	n/a	+0
Senior unsecured	Fitch, Moody's or S&P	Any	+0
Senior secured or subordinated	Fitch or S&P	"BBB-" or above	+0
Senior secured or subordinated	Fitch or S&P	"BB+" or below	-1
Senior secured or subordinated	Moody's	"Ba1" or above	-1
Senior secured or subordinated	Moody's	Below "Ba2", but at or above "Ca"	-2
Senior secured or subordinated	Moody'	"Ca"	-1
Subordinated (junior or senior)	Fitch, Moody's or S&P	"B+" / "B1" or above	+1
Subordinated (junior or senior)	Fitch, Moody's or S&P	"B" / "B2" or below	+2

"**Insurance Financial Strength Rating**" means, in respect of a Collateral Debt Obligation, the lower of any applicable public insurance financial strength rating by S&P or Moody's in respect thereof.

"**Moody's CFR**" means, in respect of a Collateral Debt Obligation, a publicly available corporate family rating by Moody's in respect of the Obligor thereof.

"**Moody's Long Term Issuer Rating**" means, in respect of a Collateral Debt Obligation, a publicly available long term issuer rating by Moody's in respect of the Obligor thereof.

"**Moody's/S&P Corporate Issue Rating**" means, in respect of a Collateral Debt Obligation, the lower of the Fitch IDR Equivalent ratings, determined in accordance with the Fitch Rating Mapping Table, corresponding to any outstanding publicly available issue rating by Moody's and/or S&P in respect of any other obligation of the Obligor or any of its Affiliates.

"**S&P Issuer Credit Rating**" means in respect of a Collateral Debt Obligation, a publicly available issuer credit rating by S&P in respect of the Obligor thereof.

The Coverage Tests and Reinvestment Test

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 and the Class E Par Value Test (each, a "**Par Value Test**" and as defined in the Conditions of the Notes) and the Class A/B Interest Coverage Test, the Class C Interest Coverage Test, the Class D Interest Coverage Test and the Class E Interest Coverage Test (each, an "**Interest Coverage Test**" and as defined in the Conditions of the Notes). Each of the par Value Tests and Interest Coverage Tests shall be satisfied on a Measurement Date (i) in the case of the Par Value Tests, commencing from the Effective Date; and (ii) in the case of the Interest Coverage Tests from the Determination Date immediately preceding the second Payment Date following the Effective Date. 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 and the Subordinated Notes and whether Principal Proceeds may be reinvested in Substitute Collateral Debt Obligations, or whether Interest Proceeds and, to the extent needed, Principal Proceeds which would otherwise be used to pay interest on the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes must instead be used to pay principal of the Class A Notes and the Class B Notes in the event of failure to satisfy the Class A/B Coverage Tests or in the event of failure to satisfy the Class C Coverage Tests, to pay principal of the Class A Notes and thereafter the Class B Notes and, after redemption in full thereof, principal of the Class C Notes or, in the event of failure to satisfy the Class D Coverage Tests, to pay

principal of the Class A Notes and the Class B Notes, and after redemption in full thereof, principal of the Class C Notes and, after redemption in full thereof, principal of the Class D Notes, in the event of failure to satisfy the Class E Coverage Tests, to pay principal of the Class A Notes and the Class B Notes, and after redemption in full thereof, principal of the Class C Notes, and after redemption in full thereof, and principal of the Class D Notes and, after redemption in full thereof, principal of the Class E Notes.

Each of the Coverage Tests (to the extent applicable on such date) 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.

Coverage Test and Ratio	Percentage at which Test is satisfied
Class A/B Par Value	133.9%
Class A/B Interest Coverage	125.0%
Class C Par Value	125.7%
Class C Interest Coverage	112.0%
Class D Par Value	120.3%
Class D Interest Coverage	105.0%
Class E Par Value	115.3%
Class E Interest Coverage	102.0%

Reinvestment Test

On any Payment Date following the Effective Date and each Payment Date thereafter during the Reinvestment Period, if the Reinvestment Test is not satisfied on the related Determination Date, then on such Payment Date Interest Proceeds are required to be applied in payment into the Principal Account, as applicable, for use either (1) in the purchase of Collateral Debt Obligations or (2) to redeem the Notes in accordance with the Note Payment Sequence, in each case, in an amount equal to the Required Diversion Amount.

The Reinvestment Test will be satisfied if, on the first Payment Date and any subsequent Measurement Date during the Reinvestment Period, the Class E Par Value Ratio is at least 115.8 per cent.

Management of the Portfolio

Overview

Subject to, and in accordance with the terms of, the Investment Management Agreement, the Investment Manager (acting on behalf of the Issuer) is permitted, in certain circumstances and, subject to certain requirements, to sell Collateral Debt Obligations, Defaulted Obligations and Exchanged Securities and to reinvest the Sale Proceeds (other than accrued interest on such Collateral Debt Obligations included in Interest Proceeds by the Investment Manager) in Substitute Collateral Debt Obligations. The Collateral Administrator (acting on behalf of the Issuer) shall determine and shall provide confirmation of whether certain of the criteria which are required to be satisfied in connection with any such sale or reinvestment are satisfied or, if any such criteria are not satisfied, shall notify the Issuer and the Investment Manager of the extent to which such criteria are not so satisfied, following a request by the Investment Manager. Any such request shall specify all necessary details of the Collateral Debt Obligation, Defaulted Obligation or Exchanged Security to be sold and the proposed Substitute Collateral Debt Obligation to be purchased.

The Investment Manager will select and cause to be purchased by the Issuer, Collateral Debt Obligations (including all Substitute Collateral Debt Obligations) that, at the time of entering into a binding commitment for their purchase, the Investment Manager has determined in accordance with the Investment Management Agreement satisfy the Eligibility Criteria and will monitor the performance and credit quality of the Collateral Debt Obligations on an ongoing basis to the extent practicable using sources of information reasonably available to it and provided that the Investment Manager shall not be responsible for determining whether or not the terms of any individual Collateral Debt Obligation have been observed.

The activities referred to below that the Investment Manager may undertake on behalf of the Issuer are subject to the Issuer, monitoring the performance of the Investment Manager under the Investment Management Agreement.

Subject to certain conditions, as described below, the Investment Manager (on behalf of the Issuer), may sell any Defaulted Obligation, Exchanged Security, Credit Impaired Obligation or Credit Improved Obligation at any time. In addition, subject to certain conditions, as described below, the Investment Manager (acting on behalf of the Issuer) may at any time during the Reinvestment Period sell any Collateral Debt Obligations provided that all such sales do not exceed the percentage limitation set out in "*Discretionary Sales during the Reinvestment Period*" below.

Mechanics of Sale and Purchase

The Investment Manager shall send to the Collateral Administrator (with a copy to the Issuer) in writing (which may include email) a written notice (a "**Test Request**") which shall specify the details of any Collateral Debt Obligation to be sold and any Substitute Collateral Debt Obligation to be purchased. Upon receipt of a duly completed Test Request the Collateral Administrator shall, provided that it has received sufficient information from the Investment Manager to enable it to do so, within one Business Day determine and notify the Investment Manager whether the relevant criteria which are required to be satisfied in connection with any such sale or reinvestment are satisfied or, if any such criteria is not satisfied, specify the reasons and the extent to which such criteria are not so satisfied. The Investment Manager shall not execute any transaction contemplated in a Test Request where it has received instructions from the Issuer to the contrary.

Sale of Collateral Debt Obligations

Terms and Conditions applicable to the Sale of Credit Improved Obligations

Credit Improved Obligations may be sold at any time by the Investment Manager (acting on behalf of the Issuer). During the Reinvestment Period, the Investment Manager (acting on behalf of the Issuer) may either (i) reinvest the Sale Proceeds received in respect of Credit Improved Obligations in Substitute Collateral Debt Obligations, or (ii) procure that the net amount of such Sale Proceeds are paid into the Principal Account and designated for reinvestment pending such reinvestment. Following the Reinvestment Period, the Investment Manager (acting on behalf of the Issuer) may additionally choose to deposit the Sale Proceeds in the Principal Account to be disbursed in accordance with the Priorities of Payment on the first Payment Date following such sale or, if such Payment Date is less than 20 Business Days following receipt of such Sale Proceeds, the next following Payment Date.

Any sale of a Credit Improved Obligation shall be subject to:

(a) to the Investment Manager's knowledge, no Event of Default or Potential Event of Default having occurred which is continuing; and

(b) the Investment Manager certifying that it believes, in its reasonable business judgement, that such obligation constitutes a Credit Improved Obligation.

Following the Reinvestment Period, in the event that the Investment Manager intends to reinvest the Sale Proceeds of such Credit Improved Obligation, the Investment Manager shall certify that:

(a) the Sale Proceeds may be reinvested within 20 Business Days of settlement of such sale; and

(b) after giving effect to such sale and purchase, the Reinvestment Criteria will be met.

During the Reinvestment Period, the Investment Manager (acting on behalf of the Issuer) shall use all reasonable efforts to reinvest such Sale Proceeds within 90 Business Days of the settlement of such sale. In relation to reinvestments during the Reinvestment Period, in the event such Sale Proceeds are not reinvested before the Payment Date falling immediately after the end of such 90 Business Day period, such amounts shall only remain credited to the Principal Account for the purpose of reinvestment to the extent that no payments are required to be made on such Payment Date in respect of a failure to satisfy any Coverage Test.

Terms and Conditions applicable to the Sale of Credit Impaired Obligations

Credit Impaired Obligations may be sold at any time by the Investment Manager (acting on behalf of the Issuer).

During the Reinvestment Period, the Investment Manager (acting on behalf of the Issuer) may either (i) reinvest the Sale Proceeds received in respect of the Credit Impaired Obligations in Substitute Collateral Debt Obligations, or (ii) procure that the net amount of such Sale Proceeds are paid into the Principal Account and designated for reinvestment pending such reinvestment. Following the Reinvestment Period, the Investment Manager (acting on behalf of the Issuer) may additionally choose to deposit the Sale Proceeds in the Principal Account to be disbursed in accordance with the Priorities of Payment on the first Payment Date following such sale.

Any sale of a Credit Impaired Obligation shall be subject to the Investment Manager certifying that it believes, in its reasonable business judgement, that such obligation constitutes a Credit Impaired Obligation.

Following the Reinvestment Period, in the event that the Investment Manager intends to reinvest the Sale Proceeds of such Credit Impaired Obligation, the Investment Manager shall certify that:

(a) the Sale Proceeds may be reinvested within 20 Business Days of settlement of such sale; and

(b) after giving effect to such sale and purchase, the Reinvestment Criteria will be met.

During the Reinvestment Period, the Investment Manager (acting on behalf of the Issuer) shall use all reasonable efforts to reinvest such Sale Proceeds within 90 Business Days of the settlement of such sale. In relation to reinvestments during the Reinvestment Period, in the event such Sale Proceeds are not reinvested before the Payment Date falling immediately after the end of such 90 Business Day period, such amounts shall only remain credited to the Principal Account for the purpose of reinvestment to the extent that no payments are required to be made on such Payment Date in respect of a failure to satisfy any Coverage Test.

Terms and Conditions applicable to the Sale of Defaulted Obligations

Defaulted Obligations may be sold at any time by the Investment Manager (acting on behalf of the Issuer) subject to the Investment Manager certifying that it believes, in its reasonable business judgement, that such obligation constitutes a Defaulted Obligation (subject to where an Event of Default or Potential Event of Default has occurred and direction from the Trustee has been received).

In the event that the Investment Manager intends to reinvest the Sale Proceeds of such Defaulted Obligation, the Investment Manager shall certify that, after giving effect to such sale and any purchase, the Reinvestment Criteria will be met.

The Investment Manager shall use all reasonable efforts to reinvest such Sale Proceeds within the earlier of (i) 90 Business Days of settlement of such sale and (ii) 20 Business Days prior to the expiry of the Reinvestment Period. In relation to reinvestments during the Reinvestment Period, in the event such Sale Proceeds are not reinvested before the Payment Date falling immediately after the end of such 90 Business Day period, such amounts shall only remain credited to the Principal Account for the purpose of reinvestment to the extent no payments are required to be made on such Payment Date in respect of a failure to satisfy any Coverage Test. For the avoidance of doubt after the expiry of the Reinvestment Period, Sale Proceeds of any Defaulted Obligations may not be reinvested.

Terms and Conditions applicable to the Sale of Exchanged Securities

Any Exchanged Security may be sold at any time by the Investment Manager in its discretion (on behalf of the Issuer) subject to, to the Investment Manager's knowledge, no Event of Default or Potential Event of Default having occurred which is continuing.

In addition to any discretionary sale of Exchanged Securities as provided above, the Investment Manager shall be required by the Issuer to use its reasonable efforts to sell (acting on behalf of the Issuer) any Exchanged Security which constitutes Margin Stock, as soon as practicable upon its receipt

or upon its becoming Margin Stock (as applicable). For the avoidance of doubt after the expiry of the Reinvestment Period, Sale Proceeds of Exchanged Securities may not be reinvested.

Discretionary Sales

During the Reinvestment Period only, the Issuer or the Investment Manager (acting on behalf of the Issuer) may dispose of any Collateral Debt Obligation (other than a Credit Improved Obligation, a Credit Impaired Obligation, a Defaulted Obligation or an Exchanged Security, each of which may only be sold in the circumstances provided above) and reinvest the Sale Proceeds thereof in one or more Substitute Collateral Debt Obligations subject to:

(a) to the Investment Manager's knowledge, no Event of Default or Potential Event of Default having occurred which is continuing;

(b) the Investment Manager (acting on behalf of the Issuer) certifying that it believes, in its reasonable business judgement, that after giving effect to such sale and purchase, the Reinvestment Criteria will be met;

(c) the Collateral Administrator confirming that the aggregate of the Principal Balances of Collateral Debt Obligations (other than Credit Improved Obligations, Credit Impaired Obligations, Defaulted Obligations or Exchanged Securities) sold during the period from (and including) the Issue Date of the Existing Notes to (but excluding) the second Payment Date following the Issue Date of the Existing Notes or, thereafter, during each successive rolling twelve-month period from (and including) the 15th calendar day of each month after the Issue Date of the Existing Notes to (but excluding) the succeeding anniversary of such date, does not exceed 20 per cent of the Aggregate Collateral Balance, measured as at the beginning of each such twelve-month period (or, in the case of the first such period, the Issue Date of the Existing Notes); and

(d) the Investment Manager using all reasonable efforts to reinvest such Sale Proceeds within the earlier of (i) 90 Business Days of settlement of such sale and (ii) 20 Business Days prior to the expiry of the Reinvestment Period. In relation to reinvestments during the Reinvestment Period, in the event such Sale Proceeds are not reinvested before the Payment Date falling immediately after the end of such 90 Business Day period, such amounts shall only remain credited to the Principal Account, as applicable, for the purpose of reinvestment to the extent no payments are required to be made on such Payment Date in respect of a failure to satisfy any Coverage Test.

Sale of Collateral Prior to Maturity Date

In the event of any redemption of the Notes in whole prior to the Maturity Date or upon receipt of notification from the Trustee of the enforcement of the security over the Collateral; the Investment Manager (acting on behalf of the Issuer) will (at the direction of the Trustee following the enforcement of such security), as far as practicable, arrange for liquidation of the Collateral in order to procure that the proceeds thereof are in immediately available funds by the Business Day prior to the applicable Redemption Date (or such earlier date as may be required under the Conditions of the Notes) and sell all or part of the Portfolio, as applicable, without regard to the limitations set out in the Investment Management Agreement, subject always to any limitations or restrictions set out in the Conditions of the Notes and the Trust Deed.

Reinvestment of Collateral Debt Obligations

During the Reinvestment Period

During the Reinvestment Period and following the Reinvestment Period in respect of binding commitments to purchase entered into during the Reinvestment Period, the Investment Manager (acting on behalf of the Issuer) shall use its commercially reasonable efforts to reinvest all Principal Proceeds in the purchase of Substitute Collateral Debt Obligations satisfying the Eligibility Criteria provided that immediately after each such purchase, the criteria set out below (which, for the avoidance of doubt, shall apply only after the Effective Date) (the "**Reinvestment Criteria**" and provided further, for the avoidance of doubt, that after the expiry of the Reinvestment Period, "Reinvestment Criteria" shall

refer to the criteria set out in the section headed "*Following the Expiry of the Reinvestment Period*") must be satisfied:

(a) to the Investment Manager's knowledge, no Event of Default has occurred that is continuing at the time of such purchase;

(b) such obligation is a Collateral Debt Obligation;

(c) after the Effective Date (or in the case of the Interest Coverage Tests, the Determination Date preceding the second Payment Date following the Effective Date) if (other than with respect to the reinvestment of any proceeds received upon the sale of, or as a recovery on, any Defaulted Obligation) as calculated immediately prior to sale or prepayment (in whole or in part) of the relevant Collateral Debt Obligation the Principal Proceeds of which are being reinvested, any Coverage Test was not satisfied, the coverage ratio relating to such test will be maintained or improved after giving effect to such reinvestment than it was immediately prior to sale or prepayment (in whole or in part) of the relevant Collateral Debt Obligation;

(d) in the case of a Substitute Collateral Debt Obligation purchased with Sale Proceeds of a Credit Impaired Obligation or a Defaulted Obligation either:

(i) the Aggregate Principal Balance of all Substitute Collateral Debt Obligations purchased with such Sale Proceeds shall at least equal such Sale Proceeds; or

(ii) the sum of: (A) the Aggregate Principal Balance of all Collateral Debt Obligations (excluding Defaulted Obligations and all of the Collateral Debt Obligations being sold but including, without duplication, the Collateral Debt Obligations being purchased and the anticipated cash proceeds, if any, of such sale that are not applied to the purchase of such Substitute Collateral Debt Obligation); and (B) amounts standing to the credit of the Principal Account and Unused Proceeds Account (including any Eligible Investments representing Principal Proceeds (save for interest accrued on Eligible Investments)) is greater than the Reinvestment Target Par Balance;

(e) in the case of a Substitute Collateral Debt Obligation purchased with Sale Proceeds of a Credit Improved Obligation either:

(i) the Aggregate Principal Balance shall be maintained or improved after giving effect to such reinvestment when compared with the Aggregate Principal Balance immediately prior to the sale of the relevant Credit Improved Obligation; or

(ii) the sum of: (A) the Aggregate Principal Balance of all Collateral Debt Obligations (excluding Defaulted Obligations and all of the Collateral Debt Obligations being sold but including, without duplication, the Collateral Debt Obligations being purchased and the anticipated cash proceeds, if any, of such sale that are not applied to the purchase of such Substitute Collateral Debt Obligation); and (B) amounts standing to the credit of the Principal Account and Unused Proceeds Account (including any Eligible Investments representing Principal Proceeds (save for interest accrued on Eligible Investments)) is greater than the Reinvestment Target Par Balance;

(f) if any of the Percentage Limitations or Collateral Quality Tests are not satisfied such test will be maintained or improved after giving effect to such reinvestment than it was immediately prior to sale or prepayment (in whole or in part) of the relevant Collateral Debt Obligation except that, in the case of a Substitute Collateral Debt Obligation purchased with Sale Proceeds of a Credit Impaired Obligation or a Defaulted Obligation, the S&P CDO Monitor Test will not apply;

(g) the date on which the Issuer (or the Investment Manager acting on behalf of the Issuer) enters into a binding commitment to purchase such Collateral Debt Obligation occurs during the Reinvestment Period;

(h) with respect to the reinvestment of Sale Proceeds (other than Sale Proceeds from Credit Improved Obligations, Credit Impaired Obligations, Defaulted Obligations and Exchanged Securities) either:

(i) the Aggregate Principal Balance of all Collateral Debt Obligations shall be maintained or improved after giving effect to such reinvestment when compared with the Aggregate Principal Balance immediately prior to the sale that generates such Sale Proceeds; or

(ii) after giving effect to such sale, the sum of: (A) the Aggregate Principal Balance of all Collateral Debt Obligations (excluding Defaulted Obligations and all of the Collateral Debt Obligations being sold but including, without duplication, the Substitute Collateral Debt Obligations being purchased and the anticipated cash proceeds, if any, of such sale that are not applied to the purchase of such Substitute Collateral Debt Obligations); and (B) amounts standing to the credit of the Principal Account and Unused Proceeds Account (including any Eligible Investments representing Principal Proceeds (save for interest accrued on Eligible Investments)) is greater than the Reinvestment Target Par Balance; and

(i) there is no Retention Deficiency immediately prior to the purchase of such Substitute Collateral Debt Obligation and the purchase of such Substitute Collateral Debt Obligation would not cause a Retention Deficiency to occur.

"**Reinvestment Target Par Balance**" means, as of any date of determination, the Target Par Amount *minus*: (i) the amount of any reduction in the Principal Amount Outstanding of the Notes and *plus* (ii) the Principal Amount Outstanding of any additional Notes issued pursuant to Condition 17 (*Additional Issuances*) or Condition 18 (*Intervening Notes*), or, if greater, the aggregate amount of Principal Proceeds that result from the issuance of such additional Notes.

Following the Expiry of the Reinvestment Period

Following the expiry of the Reinvestment Period, Unscheduled Principal Proceeds and Sale Proceeds from the sale of Credit Improved Obligations and Credit Impaired Obligations, only, may be reinvested by the Investment Manager (acting on behalf of the Issuer) in one or more Substitute Collateral Debt Obligations satisfying the Eligibility Criteria, in each case provided that:

(a) the Aggregate Principal Balance of Substitute Collateral Debt Obligations equals or exceeds the Aggregate Principal Balance of the related Collateral Debt Obligations that produced such Unscheduled Principal Proceeds or Sale Proceeds of the sale of Credit Improved Obligations or Credit Impaired Obligations, as the case may be;

(b) the Weighted Average Life Test is satisfied immediately after giving effect to such reinvestment;

(c) the Class E Par Value Test is satisfied both before and after giving effect to such reinvestment;

(d) either: (I) the Percentage Limitations and the Collateral Quality Tests (except the Weighted Average Life Test, the Fitch Maximum Weighted Average Rating Factor Test and the S&P CDO Monitor Test) are satisfied; or (II) if any such test was not satisfied immediately prior to such reinvestment, such test will be satisfied after giving effect to such reinvestment or will be maintained or improved after giving effect to such reinvestment;

(e) to the Investment Manager's knowledge, no Event of Default or Potential Event of Default has occurred that is continuing at the time of such reinvestment;

(f) the Substitute Collateral Debt Obligations will have the same or higher S&P Rating as the related Collateral Debt Obligations that produced such Unscheduled Principal Proceeds or Sale Proceeds of the sale of Credit Improved Obligations or Credit Impaired Obligations, as the case may be;

(g) the Substitute Collateral Debt Obligations will have the same or higher Fitch Rating as the related Collateral Debt Obligations that produced such Unscheduled Principal Proceeds or Sale Proceeds of the sale of Credit Improved Obligations or Credit Impaired Obligations, as the case may be;

(h) the Substitute Collateral Debt Obligation purchased with such Unscheduled Principal Proceeds or Sale Proceeds will have an equivalent or a shorter Average Life as the related Collateral Debt Obligation that produced such Unscheduled Principal Proceeds or Sale Proceeds, as the case may be;

(i) the Aggregate Principal Balance of all Collateral Debt Obligations that are Rated "CCC+" or below by S&P or "CCC" by Fitch at the time of purchase or acquisition by the Issuer may not exceed 7.5 per cent of the Aggregate Collateral Balance; and

(j) the Fitch Maximum Weighted Average Rating Factor Test is satisfied immediately after giving effect to such reinvestment.

Following the expiry of the Reinvestment Period, any Unscheduled Principal Proceeds and any Sale Proceeds from the sale of Credit Impaired Obligations or Credit Improved Obligations that have not been reinvested as provided above prior to the end of the Due Period in which such proceeds were received shall be paid into the Principal Account and disbursed in accordance with the Principal Priority of Payments on the following Payment Date (subject as provided at the end of this paragraph), save that the Investment 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 Impaired Obligations are paid into the Principal Account and designated for reinvestment in Substitute Collateral Debt Obligations, in which case such Principal Proceeds shall not be so disbursed in accordance with the Principal Priority of Payments for so long as they remain so designated for reinvestment (provided that such proceeds are in fact reinvested within 20 Business Days of receipt); provided that, in each case where any of the applicable Reinvestment Criteria are not satisfied as of the Payment Date next following receipt of Unscheduled Principal Proceeds and any Sale Proceeds from the sale of Credit Improved Obligations and Credit Impaired Obligations, 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) (*Principal Priority of Payments*) and such funds shall be applied only in redemption of the Notes in accordance with the Priorities of Payment.

Amendments to Collateral Debt Obligation Stated Maturities of Collateral Debt Obligations

The Issuer (or the Investment Manager on the Issuer's behalf) will only be permitted to execute, enter into, agree to or vote in favour of any Maturity Amendment or any action having the effect of extending the maturity of a Collateral Debt Obligation: (a) if such Maturity Amendment or action would not cause such Collateral Debt Obligation to mature after the Notes; and (b) either (i) the Weighted Average Life Test will be satisfied after giving effect to such Maturity Amendment or action or (ii) if the Weighted Average Life Test was not satisfied prior to the Maturity Amendment or any action, the level of compliance with the Weighted Average Life Test will be maintained or improved. If the Issuer or the Investment Manager (acting on behalf of the Issuer) has not voted in favour of a Maturity Amendment which would contravene the requirements of this paragraph but the Stated Maturity has been extended, by way of scheme or arrangement or otherwise, the Issuer or the Investment Manager (acting on behalf of the Issuer) may but shall not be required to sell such Collateral Debt Obligation provided that in any event the Investment Manager shall dispose of such Collateral Debt Obligation prior to the Maturity Date. Such proceeds shall constitute Sale Proceeds and may be reinvested in accordance with and subject to the Reinvestment Criteria.

"**Maturity Amendment**" means with respect to any Collateral Debt Obligation, any waiver, modification, amendment or variance (other than in connection with an insolvency, bankruptcy, reorganisation, debt restructuring or workout of the Obligor thereof) that would extend the Collateral Debt Obligation Stated Maturity of such Collateral Debt Obligation. For the avoidance of doubt, a waiver, modification, amendment or variance that would extend the Collateral Debt Obligation Stated Maturity of the credit facility of which a Collateral Debt Obligation is part, but would not extend the Collateral Debt Obligation Stated Maturity of the Collateral Debt Obligation held by the Issuer, does not constitute a Maturity Amendment.

Expiry of the Reinvestment Period Certification

Immediately preceding the end of the Reinvestment Period, the Investment Manager will deliver to the Collateral Administrator a schedule of Collateral Debt Obligations purchased by the Issuer with respect to which purchases the trade date has occurred but the settlement date has not yet occurred and will

certify to the Collateral Administrator (upon which certificate the Collateral Administrator shall be entitled to rely without further enquiry or any liability for so relying) that sufficient Principal Proceeds are available (including for this purpose, cash on deposit in the Principal Account, any scheduled distributions of Principal Proceeds, as well as any Principal Proceeds that will be received by the Issuer from the sale of Collateral Debt Obligations for which the trade date has already occurred but the settlement date has not yet occurred) to effect the settlement of such Collateral Debt Obligations.

Reinvestment Test

During the Reinvestment Period, if, on any Payment Date during such period after giving effect to the payment of all amounts payable in respect of paragraphs (A) to (U) (inclusive) of the Interest Priority of Payments, the Reinvestment Test is not satisfied, the Investment Manager (acting on behalf of the Issuer) will at its discretion (1) make payment to the Principal Account for the acquisition of additional Collateral Debt Obligations or (2) redeem the Notes in accordance with the Note Payment Sequence, in either case, in an amount equal to the Required Diversion Amount.

Designation for Reinvestment

After the expiry of the Reinvestment Period, the Investment Manager shall, one Business Day following each Determination Date, notify the Issuer and the Collateral Administrator in writing of all Principal Proceeds which the Investment Manager determines in its discretion (acting on behalf of the Issuer, and subject to the terms of Investment Management Agreement as described above) shall remain designated for reinvestment in accordance with the Reinvestment Criteria, on or after the following Payment Date in which event such Principal Proceeds shall not constitute Principal Proceeds which are to be paid into the Payment Account and disbursed on such Payment Date in accordance with the Priorities of Payment.

The Investment Manager (acting on behalf of the Issuer) may direct that the proceeds of sale of any Collateral Debt Obligation which represents accrued interest be designated as Interest Proceeds and paid into the Interest Account save for: (i) Purchased Accrued Interest and (ii) any interest received in respect of a Defaulted Obligation for so long as it is a Defaulted Obligation other than Defaulted Obligation Excess Amounts.

Accrued Interest

Amounts included in the purchase price of any Collateral Debt Obligation comprising accrued interest thereon may be paid from the Interest Account, the Principal Account or the Unused Proceeds Account at the discretion of the Investment Manager (acting on behalf of the Issuer) but subject to the terms of the Investment Management Agreement and Condition 3(j) (*Payments to and from the Accounts*). Notwithstanding the foregoing, in any Due Period, all payments of interest and proceeds of sale received during such Due Period in relation to any Collateral Debt Obligation, in each case, to the extent that such amounts represent accrued and/or capitalised interest in respect of such Collateral Debt Obligation, which was purchased at the time of acquisition thereof with Principal Proceeds and/or principal amounts from the Unused Proceeds Account shall constitute Purchased Accrued Interest and shall be deposited into the Principal Account as Principal Proceeds.

Block Trades

The requirements described herein with respect to the Portfolio shall be deemed to be satisfied upon any sale and/or purchase of Collateral Debt Obligations on any day in the event that such Collateral Debt Obligations satisfy such requirements in aggregate rather than on an individual basis.

For the purpose of calculating compliance with the Reinvestment Criteria at the election of the Investment Manager in its sole discretion, any proposed investment (whether a single Collateral Debt Obligation or a group of Collateral Debt Obligations) identified by the Investment Manager as such at the time (the "**Initial Trading Plan Calculation Date**") when compliance with the Reinvestment Criteria is required to be calculated (a "**Trading Plan**") may be evaluated after giving effect to all sales and reinvestments proposed to be entered into within the twenty Business Days following the date of determination of such compliance (such period, the "**Trading Plan Period**"); provided that: (i) no Trading Plan may result in the purchase of Collateral Debt Obligations having an Aggregate Principal Balance that exceeds 5 per cent of the Aggregate Collateral Balance (for which purposes, the Principal

Balance of each Defaulted Obligation will be the lower of its S&P Collateral Value and its Fitch Collateral Value) as of the first day of the Trading Plan Period; (ii) no Trading Plan Period may include a Payment Date; (iii) no more than one Trading Plan may be in effect at any time during a Trading Plan Period; and (iv) if the Reinvestment Criteria are satisfied prospectively after giving effect to a Trading Plan, but are not satisfied upon the completion of the related Trading Plan, Rating Agency Confirmation from the Rating Agencies 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); provided that no Trading Plan may result in the averaging of the purchase price of a Collateral Debt Obligation or Collateral Debt Obligations purchased at separate times for purposes of determining whether any particular Collateral Debt Obligation is a Discount Obligation. For the avoidance of doubt, compliance with the Reinvestment Criteria upon completion of a Trading Plan pursuant to (iv) above, shall be calculated with respect to those Collateral Debt Obligations that were actually sold and/or purchased as part of the relevant Trading Plan on the basis of data used as at the Initial Trading Plan Calculation Date.

Eligible Investments

The Issuer or the Investment 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 each Asset Swap Counterparty Downgrade Collateral Accounts, the Revolving Reserve Accounts, the Payment Account, each Asset Swap Termination Account, each Asset Swap Account and the Refinancing Account). For the avoidance of doubt, Eligible Investments may be sold by the Issuer or the Investment Manager (acting on behalf of the Issuer) at any time.

Collateral Enhancement Obligations

The Issuer or the Investment Manager (acting on behalf of the Issuer) may pay amounts into the Collateral Enhancement Account pursuant to paragraph (BB) of the Interest Priority of Payments and may, from time to time, apply funds standing to the credit of the Collateral Enhancement Account to purchase Collateral Enhancement Obligations independently or as part of a unit with the Collateral Debt Obligations being so purchased.

The Investment Manager may also, at its discretion, fund the purchase or exercise of one or more Collateral Enhancement Obligations by making an Investment Manager Advance to the Issuer.

Collateral Enhancement Obligations may be sold at any time. No obligation, warrant, equity or other security received by the Issuer in an exchange or otherwise in connection with a restructuring of the terms of a Collateral Debt Obligation shall be considered to be a Collateral Enhancement Obligation.

Collateral Enhancement Obligations and any income or return generated therefrom are not taken into account for the purposes of determining satisfaction of, any of the Coverage Tests, Percentage Limitations or Collateral Quality Tests.

Exercise of Warrants and Options

The Investment Manager, acting on behalf of the Issuer, may at any time exercise a warrant or option attached to a Collateral Debt Obligation or comprised in a Collateral Enhancement Obligation and shall on behalf of the Issuer instruct the Collateral Administrator to make or procure that there is made any necessary payment out of amounts standing to the credit of the Collateral Enhancement Account pursuant to a duly completed form of instruction.

Margin Stock

The Investment Management Agreement requires that the Investment Manager, on behalf of the Issuer, shall use reasonable endeavours to sell any Collateral Debt Obligation, Exchanged Security or Collateral Enhancement Obligation which is or at any time becomes Margin Stock as soon as practicable following such event.

"**Margin Stock**" means margin stock as defined under Regulation U issued by the Board of Governors of the United States Federal Reserve System, including any debt security which is by its terms convertible into Margin Stock.

Non-Euro Obligations

The Investment Manager shall be authorised to purchase, on behalf of the Issuer, Non-Euro Obligations from time to time provided that any such Non-Euro Obligation shall only constitute a Collateral Debt Obligation that satisfies paragraph (b) of the Eligibility Criteria if it is hedged under an Asset Swap Transaction with one or more Asset Swap Counterparties satisfying the applicable Rating Requirement (or whose obligations are guaranteed by a guarantor which satisfies the applicable Rating Requirement) as described in more detail under "**Hedging Arrangements**" below and prior to entering into any hedging arrangements after the Issue Date, (i) the Issuer and the Investment Manager have received legal advice from reputable legal counsel to the effect that the entry into such arrangements will not require any of the Issuer, its officers or Directors, or the Investment Manager to register with the United States Commodity Futures Trading Commission as a commodity pool operator pursuant to the United States Commodity Exchange Act of 1936, as amended and (ii) the Issuer obtains Rating Agency Confirmation unless such hedging arrangements are in a form previously approved by the Rating Agencies.

In the event that any Asset Swap Transaction is terminated, the Issuer shall within 6 months of such termination either (a) enter into a Replacement Asset Swap Transaction in respect of such terminated Asset Swap Transaction with one or more Asset Swap Counterparties satisfying the applicable Rating Requirement (or whose obligations are guaranteed by a guarantor which satisfies the applicable Rating Requirement) under which the currency risk is reduced or eliminated as described in more detail under "Hedging Arrangements" below and prior to entering into such Replacement Asset Swap Transaction (x) the Issuer and the Investment Manager have received legal advice from reputable legal counsel to the effect that the entry into such arrangements will not require any of the Issuer, its officers or Directors, or the Investment Manager to register with the United States Commodity Futures Trading Commission as a commodity pool operator pursuant to the United States Commodity Exchange Act of 1936, as amended and (y) the Issuer obtains Rating Agency Confirmation unless

such Replacement Asset Swap Transaction is a Form Approved Asset Swap or (b) sell the related unhedged Non-Euro-Obligation. See "*Hedging Arrangements*".

Revolving Obligations and Delayed Drawdown Obligations

The Issuer, or the Investment Manager acting on its behalf, may acquire Collateral Debt Obligations which are Revolving Obligations or Delayed Drawdown Obligations from time to time.

Each Revolving Obligation and Delayed Drawdown 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 relevant Obligor in the event of any default by such Obligor in respect of its reimbursement obligations). Such Revolving Obligation and Delayed Drawdown Obligation may or may not provide that it may be repaid and re-borrowed from time to time by the Obligor thereunder. On the date of acquisition of any Revolving Obligations and Delayed Drawdown Obligations, the Issuer shall deposit into the relevant Revolving Reserve Accounts and shall maintain from time to time in such Revolving Reserve Accounts amounts equal to the combined aggregate principal amounts of the Unfunded Amounts under each of the Revolving Obligations and Delayed Drawdown Obligations of each relevant currency. To the extent required, the Issuer, or the Investment Manager acting on its behalf, may direct that amounts standing to the credit of the relevant Revolving 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 Obligation, as applicable and upon receipt of an Issuer Order (as defined in the Investment Management 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 Investment Manager acting on behalf of the Issuer, may from time to time acquire Collateral Debt Obligations from Selling Institutions by way of Participation provided that at the time such Participation is acquired:

(a) the percentage of the Aggregate Collateral Balance that represents Participations entered into with a single Selling Institution will not exceed the individual and aggregate percentages set out in the Bivariate Risk Table determined by reference to the credit rating of such Selling Institution (or any guarantor thereof which satisfies S&P's rating criteria); and

(b) the percentage of the Aggregate Collateral Balance that represents Participations entered into with Selling Institutions (or any guarantor thereof) will not exceed the aggregate third party credit exposure limit set out in the Bivariate Risk Table for such credit rating,

and for the purpose of determining the foregoing, account shall be taken of each sub participation from which the Issuer, directly or indirectly derives its interest in the relevant Collateral Debt Obligation.

The Issuer or the Investment Manager (acting on behalf of the Issuer) understands and agrees that each participation agreement entered into by the Issuer in respect of each Participation other than an Intermediary Obligation shall be substantially in the form of:

(i) the LSTA Model Participation Agreement for par/near par trades (as published by the Loan Syndications and Trading Association Inc. from time to time);

(ii) the LMA Funded Participation (Par) (as published by the Loan Market Association from time to time); or

(iii) such other documentation which is approved by the Investment Manager (on behalf of the Issuer) as customary or market standard and which includes limited recourse and non-petition language substantially similar to that set out in Schedule 11 (Form of Limited Recourse and Non-Petition Language for Participation Agreements) of the Investment Management Agreement.

Assignments

The Issuer or the Investment Manager, acting on behalf of the Issuer, may from time to time acquire Collateral Debt Obligations from Selling Institutions by way of Assignment provided that at the time such Assignment is acquired the Issuer or the Investment Manager (acting on behalf of the Issuer) shall have complied, to the extent within its control, with any requirements relating to such Assignment set out in the relevant loan documentation for such Collateral Debt Obligation (including, without limitation, with respect to the form of such Assignment and obtaining the consent of any person specified in the relevant loan documentation).

Bivariate Risk Table

The following is the bivariate risk table (the "**Bivariate Risk Table**") and as referred to in "**Percentage Limitations**" 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 S&P or Fitch ratings applicable to such counterparty and the aggregate third party credit exposure limit shall be determined by reference to the aggregate of the 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.

S&P

Long-Term Issuer Credit Rating of Selling Institution	**Individual Third Party Credit Exposure Limit**	**Aggregate Third Party Credit Exposure Limit***
AAA	20 per cent	20 per cent
AA+	10 per cent	10 per cent
AA	10 per cent	10 per cent
AA-	10 per cent	10 per cent
A+	5 per cent	5 per cent

A	5 per cent	5 per cent
A- or below	0 per cent	0 per cent

Fitch

Long-Term Issuer Default Rating of Selling Institution	**Individual Third Party Credit Exposure Limit***	**Aggregate Third Party Credit Exposure Limit***
AAA	20 per cent	20 per cent
AA+	10 per cent	10 per cent
AA	10 per cent	10 per cent
AA-	10 per cent	10 per cent
A+	5 per cent	5 per cent
A	5 per cent	5 per cent
A- or below	0 per cent	0 per cent

* As a percentage of the Aggregate Collateral Balance (excluding any Defaulted Obligations), the aggregate third party credit exposure limit shall be determined by reference to the aggregate of the third party credit exposure of all such counterparties which share the same rating level or have a lower rating level, as indicated in the Bivariate Risk Table.

DESCRIPTION OF THE INVESTMENT MANAGEMENT AGREEMENT

Introduction

The Issuer has appointed Intermediate Capital Managers Limited to provide investment management services pursuant to the Investment Management Agreement.

The Issuer has, in the Investment Management Agreement, delegated to the Investment Manager the discretion to select and manage the Portfolio. Pursuant to the Investment Management Agreement, the Issuer will delegate authority to the Investment Manager to carry out certain of its functions in relation to the Portfolio without the requirement for specific approval by the Issuer.

Acquisition and Sale of Portfolio

The duties of the Investment Manager with respect to the Portfolio include (amongst others):

(i) the selection and purchase (on behalf of the Issuer) of Collateral Debt Obligations on or prior to the Issue Date of the Existing Notes and during the Ramp-up Period;

(ii) the investment of the amounts standing to the credit of the Accounts (other than each Asset Swap Counterparty Downgrade Collateral Accounts, the Revolving Reserve Accounts, the Payment Account, each Asset Swap Termination Account, each Asset Swap Account and the Refinancing Account) in Eligible Investments; and

(iii) the sale of certain of the Collateral Debt Obligations and the reinvestment of the Principal Proceeds received in Substitute Collateral Debt Obligations in accordance with the criteria set out in the Investment Management Agreement.

The Investment Manager is required to monitor the Collateral Debt Obligations with a view to seeking to determine whether any Collateral Debt Obligation has become a Credit Impaired Obligation or a Credit Improved Obligation or a defaulted Obligation or otherwise converted into, or been exchanged for or otherwise become, an Exchanged Security, provided that, if it fails to do so, it will not have any liability to the Issuer except as specified in the Investment Management Agreement. No Noteholder shall have any recourse against any of the Issuer, the Investment Manager, the Collateral Administrator, any Agent or the Trustee for any loss suffered as a result of such failure.

Under the Investment Management Agreement, the holders of the Subordinated Notes and the Controlling Class have certain rights in respect of the removal of the Investment Manager and appointment of a replacement Investment Manager.

Exercise of Rights in Respect of the Portfolio

Pursuant to the Investment Management Agreement, the Issuer authorises the Investment 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 Investment 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.

Fees

As compensation for the performance of its obligations under the Investment Management Agreement, the Investment Manager will be entitled to receive from the Issuer a Senior Investment Management Fee, a Subordinated Investment Management Fee and an Incentive Investment Management Fee, all subject to and in accordance with the Priorities of Payment.

The Senior Investment Management Fee, the Subordinated Investment Management Fee and the Incentive Investment Management Fee are as defined in the Conditions of the Notes.

If amounts distributable on any Payment Date in accordance with the Priorities of Payment are insufficient to pay the Senior Investment Management Fee and/or the Subordinated Investment Management Fee and/or the Incentive Investment Management Fee in full or if the Investment Manager so elects in its discretion, then a portion of the such fee equal to the shortfall (or the amount selected by the Investment Manager) will be deferred and will be payable on subsequent Payment Dates on which funds are available therefore but subject to and in accordance with the Priorities of Payment. Any due and unpaid Investment Management Fees shall not accrue any interest.

Termination and Resignation

No termination of the appointment of the Investment Manager under the Investment Manager Agreement, and no resignation of the Investment Manager under the Investment Management Agreement, will be effective unless an Eligible Successor has agreed in writing to assume all of the Investment Manager's duties and obligations thereunder.

"**Eligible Successor**" will mean an established institution (as determined by the Issuer) which:

(i) has demonstrated an ability to perform professionally and competently, duties similar to those falling to be performed by the Investment Manager and with a substantially similar (or better) level of expertise;

(ii) is legally qualified and has the regulatory capacity to act as Investment Manager under the Investment Management Agreement, as successor to the Investment Manager in the assumption of all of the responsibilities, duties and obligations of the Investment Manager thereunder;

(iii) will perform its duties under the Investment Management Agreement without causing adverse tax consequences to the Issuer or any holder of the Subordinated Notes;

(iv) will not cause the Issuer or the Portfolio to be required to register under the provisions of the U.S. Investment Company Act of 1940;

(v) will not cause the Issuer to be resident in, or have a permanent establishment in, any jurisdiction other than Ireland, or deemed to be resident for tax purposes in, or have a permanent establishment in, or be engaged or deemed to be engaged in the conduct of a trade or business in, any jurisdiction other than Ireland;

(vi) in respect of which Rating Agency Confirmation from S&P has been obtained;

(vii) has been approved by both the holders of the Controlling Class and the Subordinated Notes, each acting by Ordinary Resolution;

(viii) will not cause the Issuer to be registered as a Commodity Pool;

(ix) will not cause the Issuer to be in breach of any law or regulation applicable to the Issuer; and

(x) except to the extent that the Retention Notes have not been transferred in accordance with the terms set out in "*The Investment Manager and Retention Requirements*", has given representations and covenants on substantially the same terms as the representations and covenants set out in "*The Investment Manager and Retention Requirements*".

Automatic Termination

The Investment Management Agreement will automatically terminate upon the earlier to occur of: (a) the payment in full of the Notes and all other Secured Obligations and the termination of the Trust Deed in accordance with its terms; and (b) the liquidation of the Collateral and the final distribution of the proceeds of such liquidation as provided in the Trust Deed, and the Euroclear Pledge Agreement, if applicable.

Termination at Election of the Investment Manager Resignation by the Investment Manager

The Investment Manager may resign at any time, upon 45 days' (or such shorter notice as is acceptable to the Issuer) written notice to the Issuer with a copy to each of the Trustee, the Principal Paying Agent, the Collateral Administrator and the Rating Agencies.

Occurrence of Issuer Basic Termination Event

On the occurrence (and subject to the continuance) of a Basic Termination Event in respect of the Issuer, the Investment Manager may terminate the Investment Management Agreement by giving 10 days' written notice to the Issuer (with a copy to each of the Trustee, the Principal Paying Agent, the Collateral Administrator and the Rating Agencies).

Termination at Election of the Issuer

Termination for Cause

The Investment Manager may be removed for "cause" upon 10 days' prior written notice given by

(i) the Issuer at its own discretion; or

(ii) the Trustee if so directed (and subject to being indemnified and/or secured and/or prefunded to its satisfaction) by either (A) the Controlling Class or (B) the Subordinated Noteholders, in either case, acting by Extraordinary Resolution,

provided that the Investment Manager may be removed for cause at the direction of the Subordinated Noteholders (acting by Extraordinary Resolution) only if the Controlling Class (acting by Extraordinary Resolution) give prior consent to such removal, such consent not to be unreasonably withheld and the Investment Manager may be removed for cause at the direction of the Controlling Class (acting by Extraordinary Resolution) only if the Subordinated Noteholders (acting by Extraordinary Resolution) give prior consent to such removal, such consent not to be unreasonably withheld, provided further that Notes held by or on behalf of the Investment Manager or its Affiliates (including, for the avoidance of doubt, any director, officer or employee of the Investment Manager) will have no voting rights with respect to any vote (or written direction or consent) in connection with the removal of the Investment Manager. If any Class of Rated Notes are the Controlling Class, only holders of IM Voting Notes will be entitled to vote or be counted in any quorum or result of any vote in respect of the removal of the Investment Manager. Any such notice or direction may only be given if (i) a Basic Termination Event (other than in respect of paragraph (d)(ii) of the definition of "**Basic Termination Event**") with respect to the Investment Manager has occurred and is continuing, or (ii) an Investment Manager Termination Event has occurred and is continuing.

Termination for Tax Reasons

If the appointment of the Investment Manager under the Investment Management Agreement or the appointment by the Investment Manager of an agent would or would likely cause (in the opinion of senior UK tax counsel) the Issuer to be subject to United Kingdom corporation tax by virtue of causing the Issuer to be carrying on a trade in the United Kingdom through a United Kingdom permanent establishment, the Investment Manager may, subject to certain conditions, be removed upon 30 days' prior written notice given by either the Issuer or the Trustee (if so directed and subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) either (A) by the Controlling Class or (B) by the Subordinated Noteholders, in either case acting by Extraordinary Resolution.

"**Basic Termination Event**" means the occurrence at any time with respect to the Issuer or the Investment Manager of any of the following events: (a) failure by such party to make, when due, any payment to be made by it under the Investment Management Agreement if such failure is not remedied on or before the tenth day after written notice of such failure is given to such party; (b) failure by such party to comply with or perform any material agreement or obligation (other than a payment obligation) to be complied with or performed by such party in accordance with the Investment Management Agreement and such failure (if remediable) is not remedied on or before the thirtieth day after written notice of such failure is given to such party; (c) a representation made or deemed to have been made by such party in or pursuant to the Investment Management Agreement proves to have been incorrect or misleading in any material respect when made or deemed to have been made; (d) the party

consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another Person and either (i) at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee Person fails to assume all of the obligations of such party under the Investment Management Agreement, or (ii) except in the case of the Investment Manager, the creditworthiness of the resulting, surviving or transferee Person is materially weaker than that of such party immediately prior to such action; (e) the party: (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (v) has a resolution passed for its winding-up, administration, examination or liquidation (other than pursuant to a consolidation, amalgamation or merger); (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, examiner, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets; (vii) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (viii) 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 paragraphs (i) to (vii) above (inclusive); or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts and/or (f) due to the adoption of, or any change in, any applicable law after the date of the Investment Management Agreement, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after the date of the Investment Management Agreement, it becomes unlawful (other than as a result of a failure to maintain authorisations as set out in the Investment Management Agreement) for such party to perform any obligation (contingent or otherwise) which such party has under the Investment Management Agreement.

"**Investment Manager Termination Event**" means the occurrence at any time of any of the following events:(a) the Investment Manager or any of its senior executive officers being convicted of fraud or criminal activity by a court of competent jurisdiction in connection with any action that constitutes fraud or criminal activity whilst carrying out their investment management activities; and/or (b) a default in the payment of principal of or interest on the Notes when due and payable resulting from or caused by a breach by the Investment Manager of its duties under the Investment Management Agreement, which breach or default is not cured within any applicable grace period.

Substitute Investment Manager

In the event the Investment Manager has resigned or has been removed while any of the Notes are outstanding, the Subordinated Noteholders (acting by Ordinary Resolution) shall nominate a substitute investment manager (the "**Substitute Investment Manager**") which is an established institution which is an Eligible Successor.

The nomination of the Substitute Investment Manager must be approved by the holders of the Controlling Class acting by Ordinary Resolution, provided that if any Class of Rated Notes are the Controlling Class only holders of IM Voting Notes will be entitled to vote or be counted in any quorum or result of any vote in respect of the nomination of a Substitute Investment Manager.

Notes held by or on behalf of the Investment Manager or any Investment Manager Related Person will have no voting rights with respect to any IM Removal Resolution or IM Replacement Resolution.

The Senior Investment Management Fee and the Subordinated Investment Management Fee may be adjusted at the discretion of the Issuer (with the consent of the Trustee, Rating Agency Confirmation and an Extraordinary Resolution of each Class of Noteholders) in the event of a replacement or substitute investment manager being appointed in place of the Investment Manager.

Delegation by Investment Manager

With the exception of its representations and covenants set out in the Investment Management Agreement as disclosed in "*The Investment Manager and Retention Requirements*" herein, the Investment Manager may perform any and all of its duties and exercise its rights and powers by or through any one or more agents, including any of its Affiliates, selected by the Investment Manager in accordance with the standard of care to which it is subject under the Investment Management Agreement, subject to the Investment Manager ensuring that any such agent is subject to no less a standard of care. For the avoidance of doubt, notwithstanding any use by the Investment Manager of an agent, the Investment Manager will not be released from any of its obligations under the Investment Management Agreement nor from any liabilities it would otherwise have thereunder.

Investment in Subordinated Notes by Investment Manager

The Investment Manager purchased the Retention Notes on the Issue Date of the Existing Notes and will purchase such other Subordinated Notes from time to time as it considers necessary in order to cure a Retention Deficiency.

Amendments Affecting the Investment Manager

The Issuer has agreed in the Investment Management that it will not permit any amendment to the Notes, the Trust Deed, or any other Transaction Document that affects the obligations, rights or interests of the Investment Manager under the Investment Management Agreement or any other Transaction Document including, without limitation, the amount or priority of any fees or other amounts payable to the Investment Manager, to become effective unless the Investment Manager has been given prior written notice of such amendment and has consented thereto in writing.

Limits on Responsibility

The Investment Manager will not be responsible for any action taken by the Issuer or, as the case may be, not taken, at the direction of the Investment Manager. Without limiting the Investment Manager's indemnity described below, the Investment Manager, its directors, officers, shareholders, partners, members, agents and employees, and its Affiliates and their directors, officers, shareholders, partners, members, agents and employees, will not be liable to the Issuer, the Trustee, the Noteholders or any other Person for any losses, claims, damages, judgments, assessments, costs, taxes or other liabilities whatsoever (collectively, "**Liabilities**") incurred by the Issuer, the Trustee, the Noteholders or any other Person that arise out of or in connection with the performance by the Investment Manager of its duties hereunder, except where such liabilities arise (a) by reason of acts or omissions constituting bad faith, wilful misconduct or negligence in the making of the representations or the performance of the obligations of the Investment Manager hereunder, or (b) with respect to the information concerning the Investment Manager provided in writing by the Investment Manager for inclusion in this Offering Circular if such information contains any untrue statement of material fact or omits to state a material fact necessary in order to make the statements contained in the sections headed "*Risk Factors – Certain Conflicts of Interest*" (insofar such section related to the Investment Manager), "*Description of the Investment Manager*", "*The Investment Manager and the Retention requirements*", "*Retention Requirements under the Capital Requirements Regulation*" and the final paragraph of "*Risk Factors – Risk Retention and Due Diligence Requirements in Europe*" of this Offering Circular, in the light of the circumstances under which they were made, not misleading. Matters described in (a) and (b) above are collectively referred to as "*Investment Manager Breaches*".

Indemnity

Issuer Indemnity

The Issuer will indemnify and hold harmless (the Issuer in such case, the "**Indemnifying Party**") the Investment Manager from and against any and all Liabilities incurred by the Investment Manager and its Affiliates and each of the directors, officers, shareholders, partners, members, agents and employees of the Investment Manager (each such party, an "**Issuer Indemnified Party**"), and in addition will reimburse each such party for all properly incurred fees and expenses (including, without limitation, properly incurred fees and expenses of legal counsel, together with any irrecoverable VAT payable thereon) (collectively, the "**Expenses**") as such Expenses are incurred in investigating, preparing,

pursuing or defending any claim, action, proceeding or investigation with respect to any pending or threatened litigation (collectively, the "**Actions**"), caused by, or arising out of or in connection with, such Liabilities that have been incurred by the Issuer Indemnified Party as a result of the appointment or actions of the Investment Manager in its capacity as such; provided that no Issuer Indemnified Party will be indemnified for any Liabilities or Expenses it incurs as a result of (1) any acts or omissions by any Issuer Indemnified Party constituting an Investment Manager Breach and/or (2) any failure by the Investment Manager to comply with its obligations and responsibilities in respect of Article 122a set out in the Investment Management Agreement or any such Issuer Indemnified Party being or becoming at any time a holder of any Notes or otherwise in respect of its holding of any Notes. Notwithstanding anything contained in the Investment Management Agreement to the contrary, the obligations of the Issuer in this regard will be payable solely out of the Collateral in accordance with the Priorities of Payment and will survive termination of the Investment Management Agreement and the Issuer shall pay to the Investment Manager all such indemnified amounts on account of such Liabilities and Expenses on behalf of the Investment Manager and each other Issuer Indemnified Party.

Issuer UK Tax Representative Indemnity

The Issuer agrees to indemnify the Investment Manager against any Issuer UK Tax Representative Liabilities provided that this shall not apply to the extent that such liabilities would not have arisen but as a direct consequence of an Investment Manager Breach. In addition to any other notification requirements set out in the Investment Management Agreement, the Investment Manager agrees that it will inform the Issuer as soon as it becomes aware that any such Issuer UK Tax Representative Liabilities may be incurred.

"**Issuer UK Tax Representative Liability**" means any liability of the Issuer to UK corporation tax and/or interest thereon which is imposed on the Investment Manager under Chapter 6 of Part 22 of the Corporation Tax Act 2010, and any costs or expenses reasonably incurred by the Investment Manager in connection therewith.

Investment Manager Indemnity

The Investment Manager will indemnify and hold harmless (the Investment Manager in such case, the "**Indemnifying Party**") the Issuer, the Trustee and the Collateral Administrator and each of their directors, officers, shareholders, members, employees and agents (such parties collectively in such case, the "**Investment Manager Indemnified Parties**") from and against any and all Liabilities and Expenses as are incurred in investigating, preparing, pursuing or defending any Actions, caused by, or arising out of or in connection with, any Investment Manager Breach except to the extent that such claim results directly from the bad faith, wilful misconduct or negligence of such Investment Manager Indemnified Party.

DESCRIPTION OF THE COLLATERAL ADMINISTRATOR

Virtus Group L.P. ("**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, London, New York and Shanghai, Virtus is one of the industry's leading CLO-CDO Collateral Administrators. Virtus administers over 8,000 loan facilities with total assets under administration over US$200bn billion across 200 portfolios and 100 managers.

Removal and Resignation

Removal without Cause

Subject to the Collateral Administration and Agency Agreement, the Collateral Administrator may be removed without cause, at any time upon 45 calendar days' prior written notice, by (i) the Issuer, or (ii) the Trustee (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) acting upon the directions of the Controlling Class acting by Extraordinary Resolution.

Removal with Cause

The Collateral Administrator may be removed for Cause by (i) the Issuer (with the written consent of the Trustee) or (ii) the Trustee (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) acting upon the directions of the Controlling Class acting by Extraordinary Resolution, upon written notice to the Collateral Administrator copied to the Issuer or Trustee (as applicable) and the Investment Manager upon not less than 10 calendar days' prior written notice. No such termination or removal shall be effective until the date on which a successor Collateral Administrator agrees in writing to assume all of the Collateral Administrator's duties pursuant to the Collateral Administration and Agency Agreement and Rating Agency Confirmation shall have been given in relation thereto. For purposes of determining "Cause" such term shall mean any one of the following events:

(a) the Collateral Administrator shall default in the performance of any of its material duties under the Collateral Administration and Agency Agreement and shall not cure such default within 30 calendar days of the occurrence of such default (or, if such default cannot be cured in such time, shall not give within 30 calendar days such assurance of cure as shall be reasonably satisfactory to the Issuer, the Trustee and the Investment Manager); or

(b) if at any time the Collateral Administrator shall be adjudged bankrupt or insolvent, or be subject to an administration order, or shall file a voluntary petition in bankruptcy or make an assignment for the benefit of its creditors or consent to the appointment of a receiver or similar official of all or any substantial part of its property, or if a receiver of it or of all or any substantial part of its property shall be appointed, or if any public officer shall take charge or control of the Collateral Administrator or of its property or affairs, for the purpose of rehabilitation, conservation or liquidation, or a resolution is passed or an order made for the winding up of the Collateral Administrator, the Issuer may, with the prior written approval of the Trustee, terminate the appointment of the Collateral Administrator forthwith upon giving written notice.

Resignation

Subject to the Collateral Administration and Agency Agreement, the Collateral Administrator may resign by 90 calendar days' written notice to the Issuer, the Trustee and the Investment Manager.

DESCRIPTION OF THE REPORTS

Terms used and not otherwise defined herein or in this Offering Circular as specifically referenced herein shall have the meaning given to them in Condition 1 (*Definitions*) of the Terms and Conditions of the Notes. Prospective investors should address any information requests directly to the Investment Manager.

Monthly Reports

The Collateral Administrator, not later than the 20th calendar day of each month (save in respect of any month for which a Payment Date Report has been prepared) (or if such day is not a Business Day, the immediately following Business Day), on behalf, and at the expense, of the Issuer and in consultation with the Investment Manager, compile and make available via a secured website at https://sf.citidirect.com (or such other website as may be notified by the Collateral Administrator to the Issuer, the Trustee, the Principal Paying Agent and the Noteholders from time to time) to Noteholders (by way of a unique password which may be obtained by Noteholders from the Collateral Administrator subject, unless otherwise waived in writing by the Investment Manager in any particular case, to receipt by the Collateral Administrator of certification that such holder is a holder of a beneficial interest in any Notes), the Issuer, the Trustee, the Investment Manager, the Arranger, each Paying Agent (where such reports will be available to the public upon request and each Rating Agency, a monthly report (each a "**Monthly Report**", together the "**Monthly Reports**"), which shall contain, without limitation, the information set out below with respect to the Portfolio, determined as of the last Business Day of each month (or, when such day is not a Business Day, the next following Business Day) by the Collateral Administrator in consultation with the Investment Manager. The Monthly Reports will only include information on Collateral Debt Obligations which have settled and not information in respect of Collateral Debt Obligations in relation to which a binding commitment to acquire by the Issuer has been entered into but which have not yet settled.

Portfolio

(a) the Aggregate Principal Balance of the Collateral Debt Obligations and Eligible Investments representing Principal Proceeds;

(b) the Aggregate Collateral Balance of the Collateral Debt Obligations;

(c) the Adjusted Collateral Principal Amount of the Collateral Debt Obligations;

(d) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Debt Obligation, its Principal Balance, LoanX ID, ISIN number, ISIN or identification thereof, annual interest rate or spread (and EURIBOR floor if any), facility, Collateral Debt Obligation Stated Maturity, Obligor, the Domicile of the Obligor, location of assets, location of security, S&P Rating, Fitch Rating, and any other public rating (other than any confidential credit estimate), its S&P industry category and Fitch Industry Category, Fitch Recovery Rate and S&P Recovery Rate;

(e) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Debt Obligation, whether such Collateral Debt Obligation is a Senior Secured Loan or Senior Secured Floating Rate Note, Secured High Yield Bond, Fixed Rate Collateral Debt Obligation, Corporate Rescue Loan, Current Pay Obligation, Collateral Debt, Revolving Obligation, Delayed Drawdown Obligation, Discount Obligation or Swapped Non-Discount Obligation;

(f) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Enhancement Obligation and Exchanged Security (to the extent applicable), its Principal Balance, face amount, annual interest rate, Collateral Debt Obligation Stated Maturity and Obligor, details of the type of instrument it represents and details of any amounts payable thereunder or other rights accruing pursuant thereto;

(g) subject to any confidentiality obligations binding on the Issuer, the number, identity and, if applicable, Principal Balance of, respectively, any Collateral Debt Obligations, Collateral Enhancement Obligations or Exchanged Securities that were released for sale or other disposition (indicating whether any such Collateral Debt Obligation is a Defaulted Obligation, Credit Improved Obligation or Credit Impaired Obligation (specifying the reason for such sale

or other disposition and the section in the Investment Management Agreement pursuant to which such sale or other disposition was made), the Aggregate Principal Balances of Collateral Debt Obligations released for sale or other disposition at the Investment Manager's discretion (expressed as a percentage of the Aggregate Collateral Balance and measured at the date of determination of the last Monthly Report) and the sale price thereof and identity of any of the purchasers thereof (if any) that are Affiliated with the Investment Manager;

(h) subject to any confidentiality obligations binding on the Issuer, the purchase or sale price of each Collateral Debt Obligation, Eligible Investment and Collateral Enhancement Obligation acquired by the Issuer and in which the Issuer has granted a security interest to the Trustee, and each Collateral Debt Obligation, Eligible Investment and Collateral Enhancement Obligation sold by the Issuer since the date of determination of the last Monthly Report and, if provided with such information by the Investment Manager or the Issuer, the identity of the purchasers or sellers thereof, if any, that are Affiliated with the Issuer or the Investment Manager;

(i) subject to any confidentiality obligations binding on the Issuer, the identity of each Collateral Debt Obligation which became a Defaulted Obligation or that experienced a rating change since the last Monthly Report or in respect of which an Exchanged Security has been received since the date of determination of the last Monthly Report and the identity and Principal Balance of each S&P/CCC Obligation, Fitch CCC Obligation and Current Pay Obligation;

(j) subject to any confidentiality obligations and any laws or regulations prohibiting disclosure (of which the Collateral Administrator has expressly been notified or made aware) which are binding on the Issuer, the identity of each Collateral Debt Obligation which became a Restructured Obligation and its Obligor, as well as, where applicable, the name of the Obligor prior to the restructuring and the Obligor's new name after the Restructuring Date;

(k) the Aggregate Principal Balance of Collateral Debt Obligations which were upgraded or downgraded since the most recent Monthly Report and of which the Collateral Administrator or the Investment Manager has actual knowledge;

(l) the Market Value as provided by the Investment Manager of, respectively, the Collateral Debt Obligations and the Collateral Enhancement Obligations as of the preceding month end;

(m) in respect of each Collateral Debt Obligation, its S&P Rating and Fitch Rating (other than any confidential credit estimate) as at (i) the date of acquisition; (ii) the date of the previous Monthly Report; and (iii) the date of the current Monthly Report;

(n) the Aggregate Principal Balance of Collateral Debt Obligations comprising Participations in respect of which the Selling Institutions are not the lenders of record; and

(o) the Aggregate Principal Balance of Collateral Debt Obligations acquired by the Issuer from Selling Institutions by way of (i) Participations in the form of the LMA Funded Participation (Par), specifying the rating of such Selling Institution and (ii) Participations other than by the LMA Funded Participation (Par).

Accounts

(a) the Balances standing to the credit of each of the Accounts; and

(b) the purchase price, principal amount, redemption price, annual interest rate, maturity date and Obligor under each Eligible Investment purchased from funds in the Accounts.

Asset Swap Transactions

(a) the outstanding notional amount as defined in the applicable Asset Swap Transaction; and

(b) the amount scheduled to be received and paid by the Issuer in respect of each Asset Swap Transaction on or about the next Payment Date.

Coverage Tests, Collateral Quality Tests and Reinvestment Test

(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 Reinvestment Test is satisfied and details of the relevant Par Value Ratios;

(b) a statement as to whether each of the Class A/B Interest Coverage Test, the Class C Interest Coverage Test, the Class D Interest Coverage Test and the Class E Interest Coverage Test is satisfied and details of the relevant Interest Coverage Ratios;

(c) during the Reinvestment Period, a statement as to whether the Reinvestment Test is satisfied;

(d) during the Reinvestment Period, a statement as to whether the S&P CDO Monitor Test is satisfied;

(e) the S&P Weighted Average Recovery Rate and a statement as to whether the S&P Minimum Weighted Average Recovery Rate Test is satisfied;

(f) the Weighted Average Life and a statement as to whether the Weighted Average Life Test is satisfied;

(g) a statement identifying any Collateral Debt Obligation in respect of which the Investment Manager has made its own determination of "**Market Value**" (pursuant to the definition thereof) for the purposes of any of the Coverage Tests; and

Percentage Limitations

(a) in respect of each Percentage Limitation, a statement as to whether such test is satisfied, together with details of the result of the calculations required to be made in order to make such determination which details shall include the applicable numbers, levels and/or percentages resulting from such calculations;

(b) the identity and Fitch Rating and S&P Rating of each Selling Institution, together with any changes in the identity of such entities since the date of determination of the last Monthly Report and details of the aggregate amount of Participations entered into with each such entity; and

(c) a statement as to whether the limits specified in the Bivariate Risk Table are met by reference to the Fitch Ratings and S&P Ratings of Selling Institutions and, if such limits are not met, a statement as to the nature of the non-compliance.

Risk Retention

(a) confirmation that the Collateral Administrator has received a certificate in writing from the Investment Manager (and upon which certificate the Collateral Administrator shall be entitled to rely without further enquiry and without any liability for so relying), that the Investment Manager:

(i) continues to retain, on an ongoing basis, a material net economic interest in the transaction which will be comprised of an interest in the first loss tranche within the meaning of paragraph 1(d) of Article 122a by way of holding Subordinated Notes with a Principal Amount Outstanding at any time equal to not less than 5 per cent of the Aggregate Collateral Balance; and

(ii) has not sold, hedged or otherwise mitigated its credit risk under or associated with such retained material net economic interest (except to the extent permitted in accordance with Article 122a).

(b) the calculation of 5 per cent of the Aggregate Collateral Balance for the purposes of determining the Retention and whether a Retention Deficiency has occurred and is continuing.

IM Voting Notes / IM Non-Voting Notes / IM Non-Voting Exchangeable Notes

For so long as any Rated Notes are Outstanding:

(a) the aggregate Principal Amount Outstanding of all IM Voting Notes;

(b) the aggregate Principal Amount Outstanding of all IM Non-Voting Exchangeable Notes; and

(c) the aggregate Principal Amount Outstanding of all IM Non-Voting Notes.

Payment Date Report

The Collateral Administrator, on behalf, and at the expense, of the Issuer and in consultation with the Investment Manager, shall render an accounting report (the "**Payment Date Report**"), prepared and determined as of each Determination Date, and make available via a secured website at https://sf.citidirect.com (or such other website as may be notified by the Collateral Administrator to the Issuer, the Trustee, the Principal Paying Agent and the Noteholders from time to time) to Noteholders (by way of a unique password which may be obtained by Noteholders from the Collateral Administrator subject, unless otherwise waived in writing by the Investment Manager in any particular case, to receipt by the Collateral Administrator of certification that such holder is a holder of a beneficial interest in any Notes), the Issuer, the Trustee, the Investment Manager, each Paying Agent (where such reports will be available to the public upon request) and each Rating Agency, such report on the second Business Day before the relevant Payment Date. The Collateral Administrator, in the name and at the expense of the Issuer, shall notify the Irish Stock Exchange of the Principal Amount Outstanding of each Class of Notes after giving effect to the principal payments, if any, on the next Payment Date. The Payment Date Reports will only include information on Collateral Debt Obligations which have settled and not information in respect of Collateral Debt Obligations in relation to which a binding commitment to acquire by the Issuer has been entered into but which have not yet settled.

The Payment Date Report shall contain the following information:

Portfolio

(a) the Aggregate Principal Balance of the Collateral Debt Obligations as of the close of business on such Determination Date, after giving effect to (A) Principal Proceeds received on the Collateral Debt Obligations with respect to the related Due Period and the reinvestment of such Principal Proceeds in Substitute Collateral Debt Obligations during such Due Period and (B) the disposal of any Collateral Debt Obligations during such Due Period;

(b) the Principal Proceeds received during the related Due Period;

(c) subject to any confidentiality obligations and, any laws or regulations prohibiting disclosure which are binding on the Issuer, a list of, respectively, the Collateral Debt Obligations and Collateral Enhancement Obligations indicating the Principal Balance and Obligor of each;

(d) the Interest Proceeds received during the related Due Period;

(e) the Collateral Enhancement Obligation Proceeds received during the related Due Period; and

(f) the information required pursuant to "*Monthly Reports – Portfolio*" above.

Notes

(a) the Principal Amount Outstanding of the Notes of each Class and as a percentage of the original aggregate Principal Amount Outstanding of the Notes of such Class at the beginning of the Interest Period, the amount of principal payments to be made on the Notes of each Class on the related Payment Date, and the aggregate Principal Amount Outstanding of the Notes of each Class and as a percentage of the original aggregate Principal Amount Outstanding of the Notes of such Class, in each case after giving effect to the principal payments, if any, on such Payment Date;

(b) the interest payable in respect of each Class of Notes (as applicable), including the amount of any Deferred Interest payable on the related Payment Date (in the aggregate and by Class);

(c) the Interest Amount payable in respect of the Class A Notes, Class B Notes, Class C Notes, the Class D Notes and the Class E Notes, on the next Payment Date; and

(d) EURIBOR for the related Due Period and the Floating Rate of Interest applicable to each Class of Rated Notes during the related Due Period.

Payment Date Payments

(a) the amounts payable on the related Payment Date in respect of each item set out in the Interest Priority of Payments, the Principal Priority of Payments and the Collateral Enhancement Obligation Priority of Payments and the Post Acceleration Priority of Payments;

(b) the Trustee Fees and Expenses, the amount of any Investment Management Fees and Administrative Expenses payable on the related Payment Date, in each case, on an itemised basis; and

(c) any Asset Swap Termination Payments and any Defaulted Asset Swap 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 Payment on such Payment Date;

(f) the amounts payable from the Principal Account through a transfer to the Payment Account pursuant to the Priorities of Payment on such Payment Date;

(g) the amounts payable from any other Accounts (through a transfer to the Payment Account) pursuant to the Priorities of Payment on such Payment Date, together with details of whether such amounts constitute Interest Proceeds or Principal Proceeds;

(h) the amount of Collateral Enhancement Obligation Proceeds to be paid pursuant to the Collateral Enhancement Obligations Priority of Payments on such Payment Date and the Balance standing to the credit of the Collateral Enhancement Account on such Payment Date after taking into account such payment;

    (i) the Balance standing to the credit of each of the other Accounts at the end of the related Due Period;

(i) the purchase price, principal amount, redemption price, annual interest rate, maturity date of and Obligor of each Eligible Investment purchased from funds in the Accounts;

(j) the Principal Proceeds received during the related Due Period;

(k) the Interest Proceeds received during the related Due Period; and

(l) the Collateral Enhancement Obligation Proceeds received during the related Due Period.

Coverage Tests, Collateral Quality Tests, Percentage Limitations and Reinvestment Test

(a) the information required pursuant to "*Monthly Reports – Coverage Tests, Collateral Quality Tests and Reinvestment Test*" above; and

(b) the information required pursuant to "*Monthly Reports – Percentage Limitations*" above. Asset Swap Transactions

The information required pursuant to "*Monthly Reports – Asset Swap Transactions*" above.

Risk Retention

The information required pursuant to "*Monthly Reports – Risk Retention*" above.

IM Voting Notes / IM Non-Voting Notes / IM Non-Voting Exchangeable Notes

The information required pursuant to "*Monthly Reports – IM Voting Notes / IM Non-Voting Notes / IM Non-Voting Exchangeable Notes*" above.

Miscellaneous

Each report shall state that it is for the purposes of information only, that certain information included in the report is estimated, approximated or projected and that it is provided without any representations or warranties as to the accuracy or completeness thereof and that none of the Collateral Administrator, the Trustee, any Agent, the Issuer or the Investment Manager will have any liability for estimates, approximations or projections contained therein.

In addition, the Collateral Administrator may provide the Issuer with such other information in its actual possession in relation to the Portfolio which is not already supplied to the Issuer by any of the parties to the Transaction Documents nor in any of the Monthly Reports or Payment Date Reports, as the Issuer may reasonably request, in order for it to satisfy any obligations which may arise to make certain filings of information with any governmental body or agency.

HEDGING ARRANGEMENTS

The following is a summary of the principal terms of the hedging arrangements to be entered into by the Issuer on or about the Issue Date of the Existing Notes and thereafter. The terms of the relevant Asset Swap Agreement may differ from the terms summarised in this section, provided that such Asset Swap Agreement constitutes a Form of Approved Asset Swap or in respect of which a Rating Agency Confirmation is received. The following is a summary only and should not be relied upon as an exhaustive description of the detailed provisions of such documents (copies of which are available from the registered office of the Issuer).

Subject to the receipt by the Investment Manager of legal advice from a reputable legal counsel to the effect that the entry into such arrangements shall not require any of the Issuer, its officers or Directors, or the Investment Manager to register with the United States Commodities Futures Trading Commission as a commodity pool operator pursuant to the United States Commodity Exchange Act of 1936, as amended, the Issuer (or the Investment Manager on its behalf) may enter into transactions documented under a 1992 (Multicurrency - Cross Border) or 2002 ISDA Master Agreement or such other form published by ISDA.

Asset Swap Agreements

The Issuer (or the Investment Manager on behalf of the Issuer) may purchase Non-Euro Obligations provided that the Investment Manager, on behalf of the Issuer, enters, as soon as practicable (but not more than five Business Days) after entering into a binding commitment to purchase such Non-Euro Obligations, into an Asset Swap Transaction (to become effective on or before the settlement date of the purchase of such Non-Euro Obligations) with an Asset Swap Counterparty pursuant to the terms of which the initial principal exchange is made to fund the Issuer's acquisition of the related Non-Euro Obligation and the final and, if applicable, interim principal exchanges are made to convert the principal proceeds received in respect thereof at maturity and prior to maturity, respectively, and coupon exchanges are made at the exchange rate specified for such Asset Swap Transaction.

Each Asset Swap Transaction will be evidenced by a confirmation entered into pursuant to an Asset Swap Agreement. An Asset Swap Transaction, if entered into, will be:

(a) used to hedge the currency (and if applicable, interest rate) mismatch between the Notes and any Non-Euro Obligations;

(b) in the case of a Form Approved Asset Swap, subject to delivery of prior written notice to the Rating Agencies in respect thereof; and

(c) other than in the case of a Form Approved Asset Swap, subject to receipt of Rating Agency Confirmation in respect thereof.

Further, each Asset Swap Counterparty will be required to include in the relevant Asset Swap Agreement the applicable terms and criteria specified by the relevant Rating Agency, which include without limitation, an obligation to comply with applicable Rating Requirements (taking into account any guarantor thereof) and take certain actions upon downgrade as described further below. No Asset Swap Transaction may be entered into if, at the time of entry into such Asset Swap Transaction, there is a withholding or deduction for or on account of any tax required in respect of any payments by either party to such Asset Swap Transaction.

Upon the sale of an Asset Swap Obligation, the Issuer shall pay to the Asset Swap Counterparty the proceeds of the sale of the Asset Swap Obligation in exchange for payment by the Asset Swap Counterparty of an amount denominated in Euros, such amount to be equal to the Sale Proceeds converted into Euros at a rate of exchange agreed with the Asset Swap Counterparty less any amounts payable (if any) to the Asset Swap Counterparty in respect of the early termination of the relevant Asset Swap Transaction.

Acceleration

Upon the insolvency of the Issuer and/or the acceleration of the Notes in accordance with Condition 10(b) (*Acceleration*), and upon the Trustee (or any agent or appointee thereof), the Investment Manager or any other agent of the Issuer (including any insolvency practitioner, receiver, or equivalent such

person in any relevant jurisdiction) selling the relevant Non-Euro Obligation, the Asset Swap Counterparty shall receive the proceeds of the sale of the Non-Euro Obligation from the Asset Swap Account of the Issuer, outside of the Acceleration Priority of Payments and return the Euro-equivalent amount owing, less any amount payable (if any) to the Asset Swap Counterparty in respect of the early termination of the Asset Swap Transaction (and the Trustee is not obliged to do so, unless it receives directions or instructions from the Noteholders and is indemnified and secured and is prefunded to its satisfaction) and the Asset Swap Transaction shall then 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 Asset Swap Counterparty may, but shall not be obliged to, terminate the Asset Swap Transactions in which case any Asset Swap Termination Payment would be paid in accordance with the Acceleration Priority of Payments.

An Asset Swap Transaction may also include credit linked settlement terms whereby upon the occurrence of a predefined credit event (or potential credit event), such as bankruptcy, failure to pay or restructuring, in relation to the obligor in respect of the Non-Euro Obligation or such Non-Euro Obligation itself, scheduled payments under such Asset Swap Transaction will be suspended. Where a credit event occurs, such Asset Swap Transaction will be settled by way of the exchange of cash settlement amounts linked to a final price (which may be zero) for the Non-Euro Obligation determined by the calculation agent by reference to quotations obtained from certain dealers, which may include the Asset Swap Counterparty. The final price may not reflect the then market value of the Non-Euro Obligation. The observation period in which a credit event may occur may extend beyond the scheduled termination date of the Asset Swap Transaction.

An Asset Swap Transaction may also terminate in accordance with its terms upon repayment in full of the related Asset Swap Obligation and related final exchange under such Asset Swap Transaction.

Replacement Asset Swap Transactions

In the event that any Asset Swap Transaction terminates in whole at any time in circumstances in which the applicable Asset Swap Counterparty is the "**Defaulting Party**" or an "**Affected Party**" (each as defined in the applicable Asset Swap Agreement) the Issuer, or the Investment Manager on its behalf, shall use commercially reasonable efforts to within 6 months of such termination either (a) enter into a Replacement Asset Swap Transaction in respect of such terminated Asset Swap Transaction with one or more Asset Swap Counterparties who satisfy the applicable Rating Requirement (or whose obligations are guaranteed by a guarantor which satisfies the applicable Rating Requirement) and agree to limited recourse and non-petition language (as described below) under which the currency risk is reduced or eliminated and prior to entering into such Replacement Asset Swap Transaction (x) the Issuer and the Investment Manager have received legal advice from reputable legal counsel to the effect that the entry into such arrangements will not require any of the Issuer, its directors or officers or the Investment Manager to register with the United States Commodity Futures Trading Commission as a commodity pool operator pursuant to the United States Commodity Exchange Act of 1936, as amended and (y) the Issuer obtains Rating Agency Confirmation unless such Replacement Asset Swap Transaction is a Form Approved Asset Swap or (b) sell the related unhedged Non-Euro-Obligation.

Standard Terms of the Asset Swap Agreements

Each Asset Swap Agreement entered into by or on behalf of the Issuer shall contain the following standard provisions, save to the extent that either: (i) any change thereto is agreed by the Issuer and the applicable Asset Swap Counterparty and subject to receipt of Rating Agency Confirmation in respect thereof; or (ii) the relevant Asset Swap Agreement constitutes a Form Approved Asset Swap. Cashflows in relation to any terminated Assets Swap Transaction are as set out in the Conditions of the Notes.

Gross up

Under each Asset Swap Agreement the Issuer will not be obliged, however, the applicable Asset Swap Counterparty will be obliged, to gross up any payments thereunder in the event of any withholding or deduction for or on account of tax required to be paid on such payments. Any such event may however result in a "Tax Event" which is a "Termination Event" for the purposes of the relevant Asset Swap

Agreement. In the event of the occurrence of a "Tax Event" (as defined in such Asset Swap Agreement), each Asset Swap Agreement will include provision for the relevant "**Affected Party**" (as defined in such Asset Swap Agreement) to use reasonable endeavours to (i) (in the case of the Asset Swap Counterparty) arrange for a transfer of all of its interests and obligations under the Asset Swap Agreement and all Asset Swap Transactions 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) transfer its residence for tax purposes to another jurisdiction acceptable to the Asset Swap Counterparty, in each case so as to avoid the requirement to withhold or deduct for or on account of tax.

Additionally, if a substitute principal obligor under the Notes has been substituted for the Issuer in accordance with Condition 9 (*Taxation*), the Issuer shall, subject to the consent of the Asset Swap Counterparty, arrange for a transfer of all of its interest and obligations under the Asset Swap Agreement and all Asset Swap 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 Asset Swap Agreement will be limited to the proceeds of enforcement of the Collateral as applied in accordance with the Priorities of Payment set out in Condition 10(c) (*Acceleration Priority of Payments*). The Issuer will have the benefit of non-petition language similar to the language set out in Condition 4(c) (*Limited Recourse*).

Termination Provisions

Each Asset Swap Agreement may (subject to its terms) terminate by its terms, whether or not the Notes have been paid in full prior to such termination, upon the earlier to occur of:

(i) certain events of bankruptcy, insolvency, receivership or reorganisation of the Issuer or the related Asset Swap Counterparty;

(ii) failure on the part of the Issuer or the related Asset Swap Counterparty to make any payment under the applicable Asset Swap Agreement after taking into account the applicable grace period;

(iii) a change in law making it illegal for either the Issuer or the related Asset Swap Counterparty to be a party to, or perform its obligations under, the applicable Asset Swap Agreement;

(iv) any regulatory change or change in the regulatory status of the Issuer, as further described in the relevant Asset Swap Agreement;

(v) any amendment to any provisions of the Transaction Documents without the written consent of the Asset Swap Counterparty which has a material adverse effect on its rights thereunder, or further described in the relevant Asset Swap Agreement;

(vi) failure by an Asset Swap 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;

(vii) upon the acceleration of the Notes; and

(viii) any other event as specified in the relevant Asset Swap Agreement.

A termination of an Asset Swap Agreement does not constitute an Event of Default under the Notes though the repayment in full of the Notes may be an additional termination event under an Asset Swap Agreement.

Rating Downgrade Requirements

Each Asset Swap Agreement shall contain the terms and provisions required by the Rating Agencies for the type of derivative transaction described in this Offering Circular in the event that the Asset Swap Counterparty (or, as relevant, its guarantor) is subject to a rating withdrawal or downgrade by the Rating Agencies to below the applicable Rating Requirement. Such provisions may include a requirement that an Asset Swap Counterparty must post collateral or transfer the Asset Swap Agreement to another entity (or, as relevant, its guarantor) meeting the applicable Rating Requirement or procure that a guarantor meeting the applicable Rating Requirement guarantees its obligations under the Asset Swap Agreement or take other actions subject to Rating Agency Confirmation.

Modification

The Investment Manager acting on behalf of the Issuer, may not modify any Asset Swap Transaction or Asset Swap Agreement without Rating Agency Confirmation in relation to such modification, save to the extent that it would constitute a Form Approved Asset Swap following such modification.

Governing Law

Each Asset Swap Agreement together with each Asset Swap 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.

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 who are in any doubt about their tax position on purchase, ownership, transfer or exercise of any Note should consult their own tax advisers. In particular, no representation is made as to the manner in which payments under the Notes would be characterised by any relevant taxing authority. Potential investors should be aware that the relevant fiscal rules or their interpretation may change, possibly with retrospective effect, and that this summary is not exhaustive. This summary does not constitute legal or tax advice or a guarantee to any potential investor of the tax consequences of investing in the Notes.

2. Ireland Taxation

The following is a summary based on the laws and practices currently in force in Ireland regarding the tax position of investors beneficially owning their Notes and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

(a) Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent), is required to be withheld from payments of Irish source interest. However, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act, 1997 (the "**1997 Act**") for certain securities ("**quoted Eurobonds**") issued by a body corporate (such as the Issuer) which are interest bearing and quoted on a recognised stock exchange (which would include the Irish Stock Exchange).

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

(i) the person by or through whom the payment is made is not in Ireland; or

(ii) the payment is made by or through a person in Ireland, and either:

(A) the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (Euroclear, Clearstream Banking SA and Clearstream Banking AG are so recognised), or

(B) 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) in the prescribed form.

So long as the Notes (including the Subordinated Notes), are listed on the Irish Stock Exchange and are either held in Euroclear and/or Clearstream, Luxembourg or if not so held payments are made on the Notes (including the Subordinated Notes) through a paying agent outside Ireland, payments on the Notes can be paid by the Issuer and any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

If, for any reason, the quoted Eurobond exemption referred to above does not or ceases to apply, the Issuer can still pay interest on the Notes free of withholding tax provided it is a "qualifying company" (within the meaning of section 110 of the 1997 Act) and provided the interest is paid to a person resident in a "relevant territory" (i.e. a member state of the European Union (other than Ireland) or in a country with which Ireland has a comprehensive 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.

In certain limited circumstances a payment of interest by the Issuer which is considered dependent on the results of the Issuer's business or which represents more than a reasonable commercial return can be re-characterised as a distribution subject to dividend withholding tax.

A payment of profit dependent or excessive interest on the Notes will not be re-characterised as a distribution to which dividend withholding tax could apply where, broadly, the Noteholder is either

(i) an Irish tax resident person;

(ii) a person subject to tax in a Relevant Territory which generally applies to profits, income or gains received from sources outside that territory without any reduction computed by reference to the amount of the payment;

(iii) for so long as the Notes remain quoted Eurobonds, neither a person which is a company which directly or indirectly controls the Issuer or which is controlled by a third company which directly or indirectly controls the Issuer nor is a person (including any connected person) (a) from whom the Issuer has acquired assets, (b) to whom the Issuer has made loans or advances, or (c) with whom the Issuer has entered into a return agreement (as defined in section 110(1) of the 1997 Act) where the aggregate value of such assets, loans, advances or agreements represents 75% or more of the assets of the Issuer (such a person falling within this category of person being a Specified Person); or

(iv) an exempt pension fund, government body or other resident in a Relevant Territory person (which is not a Specified Person).

In certain circumstances, Irish tax will be required to be withheld at the standard rate from interest on any quoted Eurobond, where such interest is collected by a bank or other agent in Ireland on behalf of any Noteholder.

(b) **Taxation of Noteholders**

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish income tax. Interest paid on the Notes may have an Irish source and therefore be within the charge to Irish income tax and the universal social charge. Ireland operates a self assessment system in respect of income tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

However, interest on the Notes will be exempt from Irish income tax if the recipient of the interest is resident in a relevant territory provided either (i) the Notes are quoted Eurobonds and are exempt from withholding tax as set out above (ii) in the event of the Notes not being or ceasing to be quoted Eurobonds exempt from withholding tax, if the Issuer is a qualifying company within the meaning of section 110 of the 1997 Act, or (iii) if the Issuer has ceased to be a qualifying company, the recipient of the interest is a company and the jurisdiction concerned imposes a tax that generally applies to interest receivable in that jurisdiction by companies from sources outside that jurisdiction.

In addition, provided that the Notes are quoted Eurobonds and are exempt from withholding tax as set out above, the interest on the Notes will be exempt from Irish income tax if the recipient of the interest is (i) a company under the control, directly or indirectly, of persons who by virtue of the law of a relevant territory are resident in that country and that person or persons are not themselves under the control whether directly or indirectly of a person who is not resident in such a country, or (ii) a company, the principal class of shares of such company, or another company of which the recipient company is a 75% subsidiary, is substantially and regularly traded on one or more recognised stock exchanges in Ireland or a relevant territory or a stock exchange approved by the Irish Minster for Finance.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed may have a liability to Irish corporation tax on the interest.

Noteholders receiving interest on the Notes which does not fall within any of the above exemptions may be liable to Irish income tax and the universal social charge on such interest.

(c) **Capital Gains Tax**

A holder of Notes will be subject to Irish tax on capital gains on a disposal of 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.

(d) **Capital Acquisitions Tax**

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer 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 and registered notes are generally regarded as situated where the principal register of noteholders is maintained or is required to be maintained, but the Notes may be regarded as situated in Ireland regardless of their physical location or the location of the register as they secure a debt due by an Irish resident debtor and they may be secured over Irish property. Accordingly, if such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the disponer or the donee/successor.

(e) **Stamp Duty**

On the basis of an exemption provided for in Section 85(2)(c) to the Stamp Duties Consolidation Act, 1999, provided the money raised on the issue of the Notes is 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 whether they are represented by Global Certificates or Definitive Certificates.

(f) **EU Savings Directive**

The Council of the European Union has adopted a directive regarding the taxation of interest income known as the "*European Union Directive on the Taxation of Savings Income (Directive 2003/48/EC)*".

Ireland has implemented the directive into national law. Any Irish paying agent making an interest payment on behalf of the Issuer to an individual, and certain residual entities defined in the 1997 Act, resident in another Member State and certain associated and dependent territories of a Member State will have to provide details of the payment to the Irish Revenue Commissioners who in turn will provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

On 24 March 2014, the Council of the European Union adopted an EU Council Directive amending and broadening the scope of the requirements described above. In particular, the changes expand the range of payments covered by the Directive to include certain additional types of income, and widen the range of recipients, payments to whom are covered by the Directive, to include certain other types of entity and legal arrangement. This approach applies to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union. Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017).

Notwithstanding the foregoing, on 15 October 2014 the European Commission stated in order to have just one standard of automatic information exchange and to avoid legislative overlaps with the proposed revision of the Administrative Cooperation Directive (introducing a new and enhanced standard of automatic information exchange) it is now considering the repeal of the EU Savings Directive. On 18 March 2015 the European Commission published a Proposal for a Council Directive repealing the EU Savings Directive. These revisions could potentially come into effect from 2017.

3. **US Taxation**

This is a discussion of the principal U.S. federal income tax consequences of the acquisition, ownership, disposition and retirement of the Notes.

Except as expressly set out below, this discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular holder based on such holder's particular circumstances, nor does it address any aspect of state, local, or non-U.S. tax laws or the possible application of the alternative minimum tax or U.S. federal gift or estate taxes. In particular, except as expressly set out below, this discussion does not address aspects of U.S. federal income taxation that may be applicable to holders that are subject to special treatment, including holders that:

- are broker dealers, securities traders, insurance companies, tax exempt organizations, financial institutions, real estate investment trusts, regulated investment companies, certain former citizens or residents of the United States, partnerships or other pass-through entities or grantor trusts;

- hold Notes as part of a "straddle", "hedge", "conversion", "integrated transaction" or "constructive sale" with other investments; or

- own or are deemed to own 10 per cent or more, by voting power or value, of the equity of the Issuer (including the Subordinated Notes and Notes treated as equity for U.S. federal income tax purposes).

This discussion considers only holders that will hold Notes as capital assets and does not address special tax consequences that apply to holders whose functional currency is not the U.S. Dollar. This discussion is generally limited to the tax consequences to initial holders that purchased Existing Notes upon their initial issue at their initial issue price. In addition, this discussion assumes the accuracy of the opinions relating to the U.S. tax characterisation and treatment of the Notes and the Issuer delivered to the Issuer on the Issue Date of the Existing Notes.

For purposes of this discussion, the term "**U.S. Holder**" means a beneficial owner of a Note who or which for U.S. federal income tax purposes is:

- a citizen or individual resident of the United States;

- a corporation (or an entity treated as a corporation for U.S. federal income tax purposes) created or organised under the laws of the United States or any political subdivision thereof or therein;

- an estate, the income of which is subject to U.S. federal income tax regardless of the source; or

- a trust: (i) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes; or (ii)(A) if a court within the United States is able to exercise primary supervision over the administration of the trust; and (B) one or more U.S. persons have the authority to control all substantial decisions of the trust.

The term "**non-U.S. Holder**" means a beneficial owner of a Note that is neither a U.S. Holder nor a partnership (or an entity treated as a partnership for U.S. federal income tax purposes).

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds the Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its own tax advisor as to its consequences.

This discussion is based upon the Code, existing and proposed regulations thereunder, and current administrative rulings and court decisions, each as available on the date hereof. All of the foregoing are subject to change, possibly on a retroactive basis, and any such change could affect the continuing validity of this discussion. Furthermore, there are no cases or rulings by the IRS addressing entities similar to the Issuer or securities similar to the Notes. As a result, the IRS might disagree with all or part of the discussion below. No rulings will be requested of the IRS regarding the issues discussed below or the U.S. federal income tax characterisation of the Notes.

We hereby inform you that the description set out herein with respect to U.S. federal tax issues was not intended or written to be used, and such description may not be able to be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer under the U.S. Internal Revenue Code. Such description was written to support the marketing of the Notes. This description is limited to the U.S. federal tax issues described herein. It is possible that additional issues may exist that could affect the U.S. federal tax treatment of an investment in the Notes, or the matter that is the subject of the description herein, and this description does not consider or provide any conclusions with respect to any such additional issues. Taxpayers should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Prospective holders of Notes should consult their tax advisor concerning the application of U.S. federal income tax laws, as well as the laws of any state or local taxing jurisdiction, to their particular situation.

U.S. Taxation of the Issuer

The Issuer will be treated as a corporation for U.S. federal income tax purposes. The Issuer has not made an election and this summary assumes that no election will be made for the Issuer to be treated otherwise. It is intended that the Issuer will not operate so as to be engaged in a trade or business in the United States for U.S. federal income tax purposes and, accordingly, will not be subject to U.S. federal income taxes on its net income. This summary assumes that the Issuer has not been and will not be so engaged. On the Issue Date of the Existing Notes, White & Case LLP provided an opinion to the Issuer to the effect that, although there is no direct authority addressing transactions similar to those contemplated herein, under current law and assuming compliance with the Issuer's organisational documents and with the transaction documents, and assuming the Issuer conducts its activities, in accordance with certain assumptions and representations as to the Issuer's contemplated activities, the Issuer's contemplated activities will not cause it to be engaged in a trade or business in the United States. However, the IRS is not bound by such opinion and if the IRS were to assert successfully that the Issuer is engaged in a U.S. trade or business part or all of the income and gains of the Issuer could be subject to U.S. income tax and additional branch profits tax, which could cause material adverse financial consequences to the Issuer and to persons who hold the Notes. There can be no assurance that the Issuer's net income will not become subject to U.S. federal net income tax as a result of unanticipated activities by the Issuer, changes in law, contrary conclusions by U.S. tax authorities or other causes. In such a case, the Issuer would be potentially subject to substantial U.S. federal income tax and, in certain circumstances interest payments by the Issuer under the Notes could be subject to U.S. withholding tax. The imposition of any of the foregoing taxes would materially affect the Issuer's ability to pay principal, interest, and other amounts owing in respect of the Notes.

Each holder and beneficial owner of a Note that is not a "United States person" (as defined in Section 7701(a)(30) of the Code) made, or by acquiring such Note or an interest therein was deemed to make, a representation to the effect that (A) either (i) it is not a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business (within the meaning of Section 881(c)(3)(A) of the Code), or (ii) it is a person that is eligible for benefits under an income tax treaty with the United States that eliminates U.S. federal income taxation of U.S. source interest not attributable to a permanent establishment in the United States, and (B) it is not purchasing the Note in order to reduce its U.S. federal income tax liability pursuant to a tax avoidance plan.

Characterisation of the Notes

White & Case LLP provided an opinion to the Issuer on the Issue Date of the Existing Notes to the effect that (the IM Voting Notes relating to) the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be treated as debt for U.S. federal income tax purposes and (the IM Voting Notes relating to) the Class E Notes should be treated as debt for U.S. federal income tax purposes. Such opinion assumed compliance with the transaction documents and the validity of certain assumptions and representations regarding the Notes. The Issuer believes that the amendment to the Trust Deed to provide for the issuance of the New Notes (i.e., the IM Non-Voting Exchangeable Notes and the IM Non-Voting Notes in respect of each Class of Rated Note) and to permit holders of the Existing Notes (i.e., the IM Voting Notes) and the IM Non-Voting Exchangeable Notes to exchange their Notes for another sub-class of the related Rated Note should not affect the opinions provided to the Issuer on the Issue Date of the Existing Notes regarding debt treatment of the Existing Notes as the amendment should not be treated as deemed exchange of the Existing Notes for US federal income tax purposes. Accordingly, U.S. Holders of Existing Notes should be treated as holding the Class of Rated

Notes to which the Existing Notes relate for US federal income tax purposes after the amendment. In addition, the Issuer believes that the exchange of an IM Voting Note or an IM Non-Voting Exchangeable Note in respect of a Class of Rated Notes for another sub-class of such Class of Rated Notes should not be treated as a reissuance of such Note for U.S. federal income tax purposes. Thus, each sub-class of a Class of Rated Notes should be treated as holding the related Rated Note for U.S. federal income tax purposes. However, whether the exchange of a sub-class of Rated Notes for another sub-class is treated as a reissuance for U.S. federal income tax purposes may depend on the particular facts and circumstances at the time of the exchange. Accordingly, there can be no guarantee that the tax consequences to a U.S. Holder of an IM Non-Voting Exchangeable Note or an IM Non-Voting Note will be as described for the related Rated Note below. The remainder of this summary assumes that each sub-class of a Class of Rate Notes is treated, for U.S. federal income tax purposes, as its related Rated Class. Investors are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of the amendments to the Trust Deed and the exchange of a sub-class of a Class of Rated Notes for another sub-class of the related Rated Notes.

The Issuer has treated and will treat all Classes of the Rated Notes as debt for U.S. federal income tax purposes, and this summary assumes such treatment. By acquiring an interest in a Rated Note, the holder has agreed to treat such Rated Notes as debt for U.S. federal income tax purposes.

Prospective investors should note, however, that the classification of an instrument as debt or equity is highly factual, and there can be no assurance that the IRS will not contend, and that a court will not ultimately hold, that one or more Classes of Notes, particularly the more junior Classes of Notes, are equity or that the amendment to the Trust Deed to provide for the issuance of the New Notes or the exchange of a sub-class of a Class of Rated Notes for another sub-class does not result in an exchange for U.S. federal income tax purposes.

If the IRS were to challenge the treatment of the Rated Notes and such challenge succeeded, the affected Notes would be treated as equity interests and the U.S. federal income tax consequences of investing in those Notes would be the same as those described below with respect to investments in the Subordinated Notes. In addition, if the IRS were to challenge the treatment of an exchange of a sub-class of a Class of Rated Notes for another sub-class as a reissuance, U.S. Holders may be required, among other things, to recognise gain on the exchange.

Under U.S. federal income tax principles, a strong likelihood exists that the Subordinated Notes will be treated as equity. By acquiring an interest in a Subordinated Note, the holder will agree to treat such Subordinated Note as equity for U.S. federal income tax purposes. This summary assumes such treatment.

Holders of the Notes should note that no rulings have been or will be sought from the IRS with respect to the classification of the Notes, whether the amendment to the Trust Deed to provide for the issuance of the sub-classes of Notes in respect of each Class of Rated Notes is a deemed exchange of the Existing Notes, whether the exchange of an IM Voting Note or an IM Non-Voting Exchangeable Note in respect of a Class of Rated Notes for another sub-class of Rated Notes is a reissuance for US federal income tax purposes, or the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS or the courts will not take a contrary position to any of the views expressed herein.

Taxation of Interest Income

Stated interest on the Rated Notes that is treated as "qualified stated interest" will be includible in income by a U.S. Holder when received or accrued in accordance with such holder's method of accounting. "Qualified stated interest" is generally stated interest that is "unconditionally payable" at least annually at a single fixed rate or certain floating rates. Interest is considered "unconditionally payable" if reasonable legal remedies exist to compel timely payment or the terms and conditions of the debt instrument make the likelihood of late payment (other than late payment that occurs within a reasonable grace period) or nonpayment (ignoring the possibility of non-payment due to default, insolvency or similar circumstances) a remote contingency.

Subject to the discussion below under "*Risk Class A Notes Treated as Contingent Payment Debt Instruments*", stated interest on the Class A Notes and the Class B Notes should be treated as qualified stated interest and includible in accordance with the U.S. Holder's method of accounting. However,

because interest on the Class C Notes, the Class D Notes and the Class E Notes (collectively the "**Deferrable Notes**") are subject to deferral, the Issuer will take the position that payments of stated interest on the Deferrable Notes will not be treated as qualified stated interest. As a result, the Issuer will treat such interest as original issue discount ("**OID**"). Deferrable Notes that have an issue price equal to their principal amount generally will be subject to one of the following rules: (i) special rules under the U.S. Treasury Regulations regarding "variable rate debt instruments", (ii) a special rule for debt instruments issued with OID that have a fixed yield, or (iii) rules analogous to the rules set out in Section 1272(a)(6) of the Code (the "**1272(a)(6) Method**"), as described further below. In all cases, the amount of OID that accrues on such Deferrable Notes in each accrual period should equal the amount of interest (including deferred interest) that accrues on such Deferrable Notes during such accrual period, even if such interest is deferred. This may result in the acceleration of income inclusion for cash method U.S. Holders.

Taxation of Original Issue Discount

If the "stated redemption price at maturity" ("**SRPM**") of any Rated Note exceeds the "issue price" of such Note by an amount that is greater than or equal to "*de minimis OID*" (i.e. an amount greater than or equal to 0.25 per cent of the number of complete years to the weighted average maturity of the Note multiplied by the SRPM), such Rated Note will be treated as issued with OID. A Rated Note's "issue price" generally will be the first price at which a substantial amount of the Class of Rated Notes are treated as issued for cash (excluding sales to bond houses, brokers, or similar persons acting as underwriters, placement agents, or wholesalers). The SRPM generally will be all amounts required to be paid on the Rated Note other than payments of qualified stated interest. As mentioned above, because the Issuer will treat all amounts payable under the Deferrable Notes as part of the SRPM, the Deferrable Notes will likely be treated as issued with OID, which OID would include amounts payable on the Deferrable Notes as stated interest. Subject to the discussion below under "*Risk Class A Notes Treated as Contingent Payment Debt Instruments*", the Class A Notes and the Class B Notes generally will be treated as issued with OID only if their issue price is less than their principal amount by an amount that is greater than or equal to de minimis OID.

Treasury Regulations applicable to debt instruments issued with OID do not provide rules for accruals of OID on debt instruments the payments on which are contingent as to time, such as the Rated Notes. Absent definitive guidance, the Issuer intends to treat the Rated Notes issued with OID (other than any Deferrable Notes with an issue price that is equal to their principal amount, which will be treated as described in the second preceding paragraph above) as subject to either (i) special rules regarding "variable rate debt instruments" or, more likely, (ii) the 1272(a)(6) Method. Under the 1272(a)(6) Method, the amount of OID includible in an accrual period will be determined using an assumption as to the expected payments on the Rated Notes, which assumption will be reflected on a projected payment schedule prepared by the Issuer. The projected payment schedule will be utilised solely to determine the amount of OID to be included in income annually by holders of Rated Notes. As such, the calculation of the projected payment schedule would be based on a number of assumptions and estimates and is not a prediction of the actual amounts of payments on the Rated Notes or of the actual yield of the Rated Notes. In any case, however, the Issuer's determination would not be binding on the IRS.

Under the payment schedule, a U.S. Holder of Rated Notes will be required to include OID in gross income as interest as it accrues, regardless of the holder's method of tax accounting. The amount of OID that a U.S. Holder must include in gross income for each taxable year is the sum of the "daily portions" of OID with respect to the Rated Note for each day during such taxable year or portion of such taxable year in which the holder held that Rated Note. The daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID allocable to that accrual period. The "accrual period" for a Rated Note may be of any length and may vary in length over the term of the Rated Note, provided, that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. A U.S. Holder of a Rated Note issued with OID as described above generally will be required to include such OID in income prior to the receipt of cash in respect of that income. A U.S. Holder of Class A Notes or Class B Notes issued with less than de minimis OID will generally include such amount as capital gain as principal payments are received on such Notes.

Because the OID rules are complex, each U.S. Holder of a Rated Note should consult with its own tax advisor regarding the acquisition, ownership, and disposition of such Note.

Source of Interest

Interest on the Rated Notes received by a U.S. Holder (or OID accrued) generally will be treated as foreign source income for foreign tax credit limitation purposes. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific "categories" of income. For this purpose, the interest on the Rated Notes (or OID accrued) should generally constitute "passive category income", or in the case of certain U.S. Holders, "general category income".

Sale, Exchange, Redemption or Repayment of the Rated Notes

Unless a non-recognition provision applies, a U.S. Holder generally will recognise gain or loss on the sale, exchange, redemption, repayment or other disposition of a Rated Note equal to the difference between the amount realised plus the fair market value of any property received on the disposition (other than amounts attributable to accrued but unpaid qualified stated interest which will be taxable as such) and the U.S. Holder's adjusted tax basis in such Note.

A U.S. Holder's adjusted tax basis in a Rated Note generally will be the cost of such Note to the U.S. Holder, increased by the amount of any OID accrued and reduced by any payments other than payments of qualified stated interest on such Rated Note.

Gain or loss recognised on the sale, exchange, redemption, repayment or other disposition of a Rated Note generally will be treated as capital gain or loss. The deductibility of capital losses is subject to limitations. In the case of a non-corporate U.S. Holder, the maximum marginal U.S. federal income tax rate applicable to such gain will be lower than the maximum marginal U.S. federal income tax rate generally applicable to ordinary income if such U.S. Holder's holding period for such Rated Note exceeds one year. Gain or loss recognised by a U.S. Holder on the sale, exchange, redemption, repayment or other disposition of a Rated Note generally will be U.S. source gain or loss.

Payments of Interest and OID in Euros

A U.S. Holder with a U.S. Dollar functional currency that uses the cash method of accounting for U.S. federal income tax purposes and receives a payment of interest on a Note (other than OID) denominated in Euro will be required to include in gross income the U.S. Dollar value of the payment in Euro on the date such payment is received (based on the U.S. Dollar spot rate for the Euro on the date such payment is received) regardless of whether the payment is in fact converted to U.S. Dollars at that time. No exchange gain or loss will be recognised with respect to the receipt of such payment.

A U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes, or that otherwise is required to accrue interest prior to receipt, will be required to include in gross income the U.S. Dollar value of the amount of interest income that has accrued and is otherwise required to be taken into account with respect to a Note during an accrual period. The U.S. Dollar value of the accrued interest income will be determined by translating the interest income at the average U.S. Dollar exchange rate for Euro in effect during the accrual period or, with respect to an accrual period that spans two taxable years, the partial period within the taxable year. A U.S. Holder may elect, however, to translate such accrued interest income using the U.S. Dollar spot rate for the Euro on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, on the last day of the taxable year. If the last day of an accrual period is within five Business Days of the date of receipt of the accrued interest, a U.S. Holder may translate such interest using the U.S. Dollar spot rate on the date of receipt. The above election must be applied consistently to all debt instruments from year to year and may not be changed without the consent of the IRS. Prior to making such an election, a U.S. Holder should consult its own tax advisor.

A U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes may recognise exchange gain or loss with respect to accrued interest income on the date the payment of such income is received. The amount of any exchange gain or loss recognised will equal the difference, if any, between the U.S. Dollar value of the payment in Euro received (based on the U.S. Dollar spot rate for the Euro on the date such payment is received) with respect to such accrued interest and the U.S. Dollar value of the income inclusion with respect to such accrued interest (computed as determined above). Any such exchange gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income, and will generally be treated as U.S. source income or loss.

The Issuer intends to take the position that OID for any accrual period on a Note will be determined in Euros and then translated into U.S. Dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. As described above, however, the treatment of Notes issued with OID is subject to uncertainty, and it is possible that different rules would apply. Applying this method, all payments on a Note (other than payments of qualified stated interest) will generally be viewed first as payments of previously accrued OID (to the extent thereof), with payments attributed first to the earliest accrued OID, and then as payments of principal. Upon receipt of a payment attributable to OID (whether in connection with a payment of interest or on the sale, exchange, redemption, retirement or other taxable disposition of a Note), a U.S. Holder may recognise exchange gain or loss as described above with respect to accrued interest income. Any such exchange gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income, and will generally be treated as U.S. source income or loss.

Receipt of Euros

Euros received as payment on a Note or on a sale, exchange, redemption, retirement or other taxable disposition of a Note will have a tax basis equal to its U.S. Dollar value at the time the payment is received or at the time of a sale, exchange, redemption, retirement or other taxable disposition, as the case may be. Euros that are purchased will generally have a tax basis equal to the U.S. Dollar value of Euros on the date of purchase. Any exchange gain or loss recognised on a sale, exchange, redemption, retirement or other taxable disposition of the Euro (including its use to purchase Notes or upon exchange for U.S. Dollars) will be ordinary income or loss and will generally be treated as U.S. source income or loss.

Foreign Currency Gain or Loss on Purchase or Disposition

A U.S. Holder that purchases the Notes using Euros generally will recognise exchange gain or loss in an amount equal to the difference (if any) between the U.S. Dollar fair market value of Euros used to purchase the Notes determined at the spot rate of exchange in effect on the date of purchase of the Notes and such U.S. Holder's tax basis in the Euro. If a U.S. Holder receives Euro on a sale, exchange, redemption, retirement or other taxable disposition of a Note, the amount realised will be based on the U.S. Dollar value of the Euros on the date the payment is received or the date of disposition of the Note. Any gain or loss realised upon the sale, exchange, redemption, retirement or other taxable disposition of the Note that is attributable to fluctuations in currency exchange rates will be exchange gain or loss. Any gain or any loss attributable to fluctuations in exchange rates will equal the difference between the U.S. Dollar value of the principal amount of the Note when payment is received or a Note is disposed of (determined by the U.S. Dollar spot rate for the Euro on that date) and the U.S. Dollar value of principal amount of the Note on the date the Note was acquired (determined by the U.S. Dollar spot rate for the Euro on the date of acquisition). Such exchange gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Holder on the sale, exchange, redemption, retirement or other taxable disposition of such Note. Any exchange gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income, and will generally be treated as U.S. source income or loss.

As a result of the uncertainty regarding the U.S. federal income tax consequences to U.S. Holders with respect to the Notes and the complexity of the foregoing rules, each U.S. Holder of a Note is urged to consult its own tax advisor regarding the U.S. federal income tax consequences to the Holder of the purchase, ownership and disposition of the Note.

Investment in a Passive Foreign Investment Company

A non-U.S. corporation will be classified as a "passive foreign investment company" or "PFIC" for U.S. federal income tax purposes if 75 per cent or more of its gross income (including the *pro rata* share of the gross income of any subsidiary corporation in which the corporation is considered to own 25 per cent or more of the shares by value) in a taxable year is passive income. Alternatively, a non-U.S. corporation will be classified as a PFIC if at least 50 per cent of its assets, averaged over the year and generally determined based on fair market value (including the *pro rata* share of the assets of any subsidiary corporation in which the corporation is considered to own 25 per cent or more of the shares by value), are held for the production of, or produce, passive income.

Based on the assets that the Issuer expects to hold and the income anticipated thereon, it is highly likely that the Issuer will be classified as a PFIC for U.S. federal income tax purposes. Accordingly, the following discussion assumes that the Issuer will be a PFIC throughout the term of the Subordinated Notes and U.S. Holders of Subordinated Notes should assume that they will be subject to the U.S. federal income tax consequences described below that result from owning stock in a PFIC (subject to the discussion below under "*Investment in a Controlled Foreign Corporation*").

Unless a U.S. Holder elects to treat the Issuer as a "qualified electing fund" (as described in the next paragraph) (and assuming the PFIC rules are otherwise applicable), upon certain excess distributions (generally, a U.S. Holder's ratable portion of distributions in any year which are greater than 125 per cent of the average annual distribution received by such U.S. Holder in the shorter of the three preceding years or the U.S. Holder's holding period) by the Issuer and upon a disposition of the Subordinated Notes at a gain, the U.S. Holder will be liable to pay tax at the highest tax rate on ordinary income in effect for each period to which the income is allocated, as if such distributions and gain had been recognised ratably over the U.S. Holder's holding period for the Subordinated Notes. An interest charge is also applied to the deferred tax amount resulting from the deemed ratable distribution or gain recognition. Finally, a U.S. Holder who acquires Subordinated Notes from a decedent U.S. Holder generally would not receive a step up of the income tax basis to fair market value for such Subordinated Notes but would have a tax basis equal to the decedent's basis, if lower.

Assuming the discussion below under "*Investment in a Controlled Foreign Corporation*" does not apply, if a U.S. Holder of the Subordinated Notes elects to treat the Issuer as a "qualified electing fund" or "QEF", excess distributions and gain will not be taxed as if recognised ratably over the U.S. Holder's holding period and there will be no interest charge applicable to deferred tax, nor will the denial of a basis step-up at death described above apply. Instead, a U.S. Holder that makes a QEF election is required for each taxable year to include in income the U.S. Holder's *pro rata* share of the ordinary earnings of the QEF as ordinary income (which will not be eligible for the corporate dividends received deduction) and a *pro rata* share of the net capital gain of the QEF as capital gain, regardless of whether such earnings or gain have in fact been distributed. In this regard, prospective U.S. Holders of Subordinated Notes should be aware that it is possible that a significant amount of the Issuer's income, as determined for U.S. federal income tax purposes, will not be distributed on a current basis for a number of potential reasons, including the retirement of all or a portion of certain Classes of Notes. Thus, U.S. Holders of Subordinated Notes that make a QEF election may owe tax on a significant amount of "phantom" income. In order to comply with the requirements of a QEF election, a U.S. Holder must receive from the Issuer certain information ("**QEF Information**"). The Issuer intends to supply U.S. Holders with the information needed for such U.S. Holders to comply with the requirements of the QEF election.

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 payments of some or all of the taxes on the QEF's income, subject to a non-deductible interest charge on the deferred amount.

As a result of the nature of the investments that the Issuer intends to hold, the Issuer may hold investments treated as equity of non-U.S. corporations that are PFICs. In such a case, assuming that the Issuer is a PFIC, a U.S. Holder would be treated as owning its *pro rata* share of the stock of the PFIC owned by the Issuer. Such a U.S. Holder would be subject to the rules generally applicable to shareholders of PFICs discussed above with respect to distributions received by the Issuer from such a PFIC and dispositions by the Issuer of the stock of such a PFIC (even though the U.S. Holder may not have received the proceeds of such distribution or disposition). Assuming the Issuer receives the necessary information from the PFIC in which it owns stock, certain U.S. Holders may make the QEF election discussed above with respect to the stock of the PFIC owned by the Issuer. It is unclear, however, whether the Issuer will be able to obtain and pass on to U.S. Holders QEF Information with respect to any PFICs owned by the Issuer. If the Issuer is a PFIC, each U.S. Holder of a Subordinated Note must make an annual return on IRS Form 8621, reporting distributions received and gains realised with respect to each PFIC in which the U.S. Holder holds a direct or indirect interest. Prospective purchasers should consult their tax advisors regarding the potential application of the PFIC rules and any such annual filing requirements.

Investment in a Controlled Foreign Corporation

Depending on the degree of ownership of the Subordinated Notes and other equity interests in the Issuer by U.S. Holders and whether the Subordinated Notes are treated as voting securities, the Issuer may constitute a "controlled foreign corporation" or "CFC". In general, a foreign corporation will constitute a "CFC", if more than 50 per cent of the shares of the corporation, measured by reference to combined voting power or value, are owned, directly, indirectly or constructively, by "U.S. 10% Shareholders". A "**U.S. 10% Shareholder**", for this purpose, is any U.S. person that owns or is deemed to own 10 per cent or more of the combined voting power of all classes of shares of a corporation. It is possible that the IRS may assert that the Subordinated Notes should be treated as voting securities, and consequently that the U.S. Holders owning Subordinated Notes so treated, or any combination of such Subordinated Notes and other voting securities of the Issuer, that constitute 10 per cent or more of the combined voting power of all classes of shares of the Issuer are "U.S. 10% Shareholders" and that, assuming more than 50 per cent of the Subordinated Notes and other voting securities of the Issuer are held by such U.S. 10% Shareholders, the Issuer is a CFC.

If the Issuer were treated as a CFC, a U.S. 10% Shareholder of the Issuer would be treated, subject to certain exceptions, as receiving a dividend at the end of the taxable year of the Issuer in an amount equal to that person's *pro rata* share of the "subpart F income" and investments in U.S. property of the Issuer. Among other items, and subject to certain exceptions, "subpart F income" includes dividends, interest, annuities, gains from the sale of shares and securities, certain gains from commodities transactions, certain types of insurance income and income from certain transactions with related parties. It is likely that, if the Issuer were to constitute a CFC, predominantly all of its income would be subpart F income. Unless otherwise noted, the discussion below assumes that the Issuer is not a CFC. U.S. Holders should consult their tax advisors regarding these special rules.

If the Issuer were to constitute a CFC, for the period during which a U.S. Holder of Subordinated Notes is a U.S. 10% Shareholder of the Issuer, such U.S. Holder generally would be taxable on its *pro rata* share of the subpart F income and investments in U.S. property of the Issuer under the rules described in the preceding paragraph and not under the PFIC rules previously described. A U.S. Holder that is a U.S. 10% Shareholder of the Issuer subject to the CFC rules for only a portion of the time during which it holds Subordinated Notes should consult its own tax advisor regarding the interaction of the PFIC and CFC rules.

Distributions on the Subordinated Notes

Except to the extent that distributions are attributable to amounts previously taxed pursuant to the CFC rules or a QEF election is made, some or all of any distributions with respect to the Subordinated Notes may constitute excess distributions, taxable as previously described. Distributions of current or accumulated earnings and profits of the Issuer which are not excess distributions and which have not been previously taxed pursuant to the CFC rules or QEF rules will be taxed as dividends when received. Distributions in excess of previously taxed amounts and any remaining current and/or accumulated earnings and profits of the Issuer will be treated first as a non-taxable reduction to the U.S. Holder's tax basis in the Subordinated Notes to the extent thereof and then as capital gain. Dividends will not be eligible for the dividends received deduction allowable to corporations.

Distributions on the Subordinated Notes received by certain individuals, estates and trusts may be includible in "net investment income" for purposes of the Medicare contribution tax. QEF inclusions and inclusions under CFC rules in respect of the Subordinated Notes may, depending on a taxpayer's particular circumstances, be includible in "net investment income" subject to the Medicare contribution tax, and actual distributions with respect to prior inclusions that were not previously included in net investment income will generally be subject to such tax. See "*3.8 per cent. Tax on Net Investment Income*" below.

Dividends on the Subordinated Notes received by a U.S. Holder generally will be treated as foreign source income for foreign tax credit limitation purposes. For this purpose, dividends on the Subordinated Notes should generally constitute "passive category income", or in the case of certain U.S. Holders, "general category income".

Eligibility for Reduced Rate of Taxation on Dividends

It is not expected that dividends received on the Subordinated Notes will be eligible for taxation at the lower rates applicable to long-term capital gains that are available on certain dividends paid to non-corporate U.S. Holders of shares of U.S. corporations and certain non-U.S. corporations.

Disposition of the Subordinated Notes

As discussed above under, "*Foreign Currency Gain or Loss on Purchase or Disposition*", U.S. Holder that purchases the Subordinated Notes with Euro generally will recognise U.S. source ordinary income or loss in an amount equal to the difference (if any) between the U.S. Dollar fair market value of the Euro used to purchase the Subordinated Notes determined at the spot rate of exchange in effect on the date of purchase of the Subordinated Notes and such U.S. Holder's tax basis in the Euro.

In general, a U.S. Holder of a Subordinated Note will recognise U.S. source gain or loss upon the sale or exchange of the Subordinated Note equal to the difference between the amount realised and such Holder's adjusted tax basis in such Subordinated Note. Initially, the tax basis of a U.S. Holder should equal the amount paid for a Subordinated Note. Such basis will be increased by amounts taxable to such U.S. Holder by virtue of the QEF or CFC rules, if applicable, and decreased by actual distributions from the Issuer that are deemed to consist of such previously taxed amounts or are treated as a non-taxable return of capital.

Unless a QEF election is in effect for the U.S. Holder's entire holding period, it is highly likely that any gain realised on the sale or exchange of a Subordinated Note will be treated as an excess distribution and taxed as ordinary income under the special tax rules described above, assuming that the PFIC rules apply and not the CFC rules. If a QEF election is in effect, any gain or loss recognised generally will be capital gain or loss and will be long-term capital gain or loss if the Subordinated Note has been held for more than one year. Non-corporate U.S. Holders may be entitled to reduced tax rates in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

Subject to a special limitation for individual U.S. Holders that have held the Subordinated Notes for more than one year, if the Issuer were treated as a CFC and a U.S. Holder were treated as a U.S. 10% Shareholder therein, then any gain realised by such holder upon the disposition of Subordinated Notes would be treated as ordinary income to the extent that the Issuer has accumulated earnings and profits attributable to the Subordinated Notes while it was a CFC and the holder held the Subordinated Notes. In this respect, earnings and profits would not include any amounts previously taxed pursuant to the CFC rules.

3.8 per cent. Tax on Net Investment Income

U.S. Holders that are individuals, estates, and certain trusts are subject to an additional 3.8 per cent tax on all or a portion of their "net investment income" which may include any income or gain with respect to the Notes. The tax will be imposed on the lesser of (i) net investment income (undistributed net investment income for estates and trusts) and (ii) the excess of modified adjusted gross income (adjusted gross income for estates and trusts) and a threshold amount. The threshold amount is $250,000 for a married taxpayer filing a joint return (or a surviving spouse), $125,000 for a married individual filing a separate return, the dollar amount at which the highest bracket begins for estates and trusts, and $200,000 in any other case. Recently released regulations have subjected equity holders of PFICs and CFCs to such tax, although the application of the tax (and the availability of particular elections) is quite complex. U.S. Holders should consult their advisors with respect to their consequences with respect to the tax.

Reportable Transaction Reporting

Under certain U.S. Treasury Regulations, U.S. Holders that participate in "reportable transactions" (as defined in the regulations) must attach to their U.S. federal income tax returns a disclosure statement on Form 8886. U.S. Holders should consult their own tax advisors as to the possible obligation to file Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction.

Reporting Requirements

A U.S. Holder (including a U.S. tax-exempt entity) that transfers property (including cash) to the Issuer in exchange for Subordinated Notes may be required to file an IRS Form 926 or similar form with the IRS. In the event a U.S. Holder fails to file any required form, it could be subject to a penalty equal to 10 per cent of the fair market value of the Subordinated Notes purchased by such U.S. Holder (generally up to a maximum of U.S.$100,000). A U.S. Holder that is treated as owning (actually or constructively) at least 10 per cent by vote or value of the equity of the Issuer for U.S. federal income tax purposes may be required to file an information return on IRS Form 5471, and provide additional information regarding the Issuer annually on IRS Form 5471 if it is treated as owning (actually or constructively) more than 50 per cent by vote or value of the equity of the Issuer for U.S. federal income tax purposes. A U.S. Holder that is an individual and holds certain foreign financial assets through a non-U.S. financial institution or certain of its affiliates must file IRS Form 8938 to report the ownership of such assets if the total value of those assets exceeds the applicable threshold amounts. In general, specified foreign financial assets include debt or equity interests (that are not regularly traded on an established securities market) issued by foreign financial institutions, and any interest in a foreign entity that is not a financial institution, including any stock or security, and any financial instrument or contract held for investment that has an issuer or counterparty that is not a U.S. person. Taxpayers who fail to make the required disclosure with respect to any taxable year are subject to, among other consequences, a penalty of $10,000 for such taxable year, which may be increased up to $50,000 for a continuing failure to file the form after being notified by the IRS. All U.S. Holders are urged to consult with their own tax advisors with respect to whether a Note is a foreign financial asset that (if the applicable threshold was met) would be subject to this rule.

Tax Treatment of Non-U.S. Holders of Notes

Subject to the discussion below under "*Information Reporting and Backup Withholding Tax*", payments, including interest, OID and any amounts treated as dividends, on a Note to a non¬U.S. Holder and gain realised on the sale, exchange or retirement of a Note by a non-U.S. Holder, will not be subject to U.S. federal income or withholding tax, unless: (a) such income is effectively connected with a trade or business conducted by such non-U.S. Holder in the United States; or (b) in the case of U.S. federal income tax imposed on gain, such non-U.S. Holder is a non-resident alien individual who holds a Note as a capital asset and is present in the United States for 183 days or more in the taxable year of sale and certain other Conditions are satisfied.

Information Reporting and Backup Withholding Tax

The amount of interest (including OID) and principal paid or accrued on the Notes, and the proceeds from the sale of a Note, in each case, paid within the United States or by a U.S. payor or U.S. middleman to a U.S. person (other than a corporation or other exempt recipient) will be reported to the IRS. Under the Code, a U.S. person may be subject, under certain circumstances, to "backup withholding tax" with respect to interest and principal on a Note or the gross proceeds from the sale of a Note paid within the United States or by a U.S payor or U.S. middleman to a U.S. person. The backup withholding tax rate is currently 28 per cent Backup withholding tax generally applies only if the U.S. person: (a) fails to furnish its social security or other taxpayer identification number within a reasonable time after the request therefor; (b) furnishes an incorrect taxpayer identification number; (c) is notified by the IRS that it has failed to properly report interest or dividends; or (d) fails, under certain circumstances, to provide a certified statement, signed under penalty of perjury, that it has furnished a correct taxpayer identification number and has not been notified by the IRS that it is subject to backup withholding tax for failure to report interest and dividend payments.

Non-U.S. persons may be required to comply with certification procedures to establish that they are not subject to information reporting and backup withholding tax. In the case of payments to a foreign simple trust, a foreign grantor trust or a foreign partnership (other than payments to a foreign simple trust, a foreign grantor trust or a foreign partnership that qualifies as a "withholding foreign trust" or a "withholding foreign partnership" within the meaning of the applicable U.S. Treasury Regulations and payments to a foreign simple trust, a foreign grantor trust or a foreign partnership that are effectively connected with the conduct of a trade or business in the United States), the beneficiaries of the foreign simple trust, the persons treated as the owners of the foreign grantor trust or the partners of the foreign partnership, as the case may be, will be required to provide the certification discussed above in order to establish an exemption from backup withholding tax and information reporting requirements. Moreover, a payor may rely on a certification provided by a payee that is not a U.S. person only if such

payor does not have actual knowledge or reason to know that any information or certification stated in such certificate is incorrect.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

FATCA Withholding

FATCA could require a 30 per cent withholding tax to be imposed (i) on payments to Noteholders with respect to interest, dividends and sales proceeds from certain U.S. assets held by the Issuer or (ii) on payments to the Issuer with respect to interest, dividends and sales proceeds from certain U.S. assets held by the Issuer.

The United States has concluded several intergovernmental agreements ("**IGAs**") with other jurisdictions in respect of FATCA. On 21 December 2012, the Governments of Ireland and the United States signed an Agreement to Improve International Tax Compliance and to Implement FATCA (the "**Ireland IGA**").

Under the Ireland IGA, an entity classified as a reporting FFI that is treated as resident in Ireland is required to provide the Irish tax authorities with certain information on U.S. holders of its securities. Information on U.S. holders will be automatically exchanged with the U.S. Internal Revenue Service. It is expected that the Issuer will be treated as a reporting FFI and provided it complies with the requirements of the Ireland IGA and the Irish legislation implementing the Ireland IGA, it should not be subject to FATCA withholding on any payments it receives. Although the Issuer will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Issuer will be able to satisfy these obligations.

FATCA withholding is applicable currently to U.S. source interest and dividend payments and, after 31 December 2016, payments of gross proceeds from the sale of an asset that can produce U.S. source interest or dividends (together "**Withholdable Payments**"). Although it is not expected that the Issuer will make payments to the Noteholders that are Withholdable Payments, it is anticipated that most payments by the Issuer to Noteholders are likely to be considered "foreign pass-thru payments" for purposes of FATCA. Foreign pass-thru payments are expected to be subject to withholding under FATCA no earlier than 1 January 2017. In general, U.S. source obligations that are outstanding as of 30 June 2014 and non-U.S. source obligations that are outstanding on the date that is six months after the adoption of final U.S. Treasury regulations addressing withholding on "foreign passthru payments" and, in each case, that are not modified and treated as reissued, for U.S. federal income tax purposes, after the relevant date will not be subject to withholding. In general, the Issuer does not expect that the exchange of IM Non-Voting Exchangeable Notes or IM Voting Notes for another sub-class of the related Rated Notes will be treated as a reissuance for U.S. federal income tax purposes. However, whether such an exchange is treated as a reissuance for U.S. federal income tax purposes may depend on the specific facts and circumstances around the time of the exchange. Accordingly, there can be no assurances that the Notes will not be subject to FATCA withholding.

It is anticipated that the Issuer will comply with its reporting requirements under the Ireland IGA. However, it is not clear if the Issuer and the Noteholders will be able to minimise any adverse impact of FATCA on the Issuer and the Noteholders.

The Terms and Conditions of the Notes provide that (a) each holder of the Notes is required to provide the Issuer or an Intermediary with any information necessary for the Issuer or such Intermediary to comply with FATCA, an IRS Agreement and any legislation implementing the Ireland IGA and (b) the Issuer may take any action necessary or advisable to permit it to comply with FATCA and the legislation implementing the Ireland IGA and any IRS Agreement. Failure by a holder of the Notes to provide such required information may result in a compulsory sale or transfer of such holder's Notes.

To the extent that the Trust Deed does not permit the Issuer to reduce payments to the Recalcitrant Holders and Non-Compliant FFIs as a result of the application of FATCA, each Holder, by entering into the Trust Deed, authorises the amendment of the Trust Deed to provide for such a reduction. The Issuer intends to allocate any withholding tax imposed on the Issuer as a result of the failure of any Recalcitrant Holders or Non-Compliant FFIs to provide the Holder FATCA Information to such

Recalcitrant Holders and Non-Compliant FFIs. The Issuer, however, may not be able to allocate such withholding tax solely to such Recalcitrant Holders and Non-Compliant FFIs and there will be no "gross up" (or any other additional amount) payable by way of compensation to the Holders for the deducted amount.

It is uncertain at this time how the mechanism to effect certain of the provisions set out above will operate. In particular, certain changes likely may have to occur with the operation of Euroclear and other similar clearing systems in order to obtain information from and determine how much to withhold from Holders who have their ownership in Notes cleared through such clearing systems.

Each Noteholder should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in its particular circumstance.

CERTAIN EMPLOYEE BENEFIT PLAN CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes certain fiduciary standards and certain other requirements on employee benefit plans subject to ERISA, including entities such as collective investment funds, certain insurance company separate accounts, certain insurance company general accounts, and entities whose underlying assets are treated as being subject to ERISA (collectively, "**ERISA Plans**"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment should 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, including, but not limited to, the matters discussed above under "Risk Factors" and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of the Notes or any interest therein.

Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), prohibit certain transactions involving the assets of an ERISA Plan, as well as 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 (together with ERISA Plans, "**Plans**"), and certain persons (referred to as "parties in interest" under ERISA or "disqualified persons" under the Code) having certain relationships to Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes or other liabilities under ERISA and the Code, and the transaction may have to be rescinded.

Governmental plans, certain church plans and certain non-U.S. plans, while not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to federal, state, local, non-U.S. or other laws or regulations (such as the prohibited transaction rules of Section 503 of the Code) that are substantially similar to the foregoing provisions of ERISA or the Code.

Under 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 Assets 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 either (a) immediately after the most recent acquisition of any equity interest in the entity, less than 25 per cent of the total value of each class of equity interest in the entity is held by "**Benefit Plan Investors**" (disregarding equity interests held by certain persons, other than Benefit Plan Investors, with discretionary authority or control over the assets of the entity or who provide investment advice with respect to such assets for a fee, direct or indirect (such as the Investment Manager), or any affiliates of such persons) (the "**25 per cent Limitation**") or (b) the entity is an "operating company", as defined in the Plan Assets Regulation. It is not anticipated that the Issuer will qualify as an operating company. A "**Benefit Plan Investor**" means (1) an employee benefit plan (as defined in Section 3(3) of ERISA) subject to the provisions of part 4 of subtitle B of Title I of ERISA, (2) a plan to which Section 4975 of the Code applies, or (3) any entity whose underlying assets include "plan assets" by reason of any such employee benefit plan's and/or plan's investment in the entity, but only to the extent of the percentage of the equity interests in such entity that are held by Benefit Plan Investors.

If any class of the Notes were deemed to be equity interests in the Issuer and no exception under ERISA or the Plan Assets Regulation applied, an undivided portion of the Issuer's assets would be deemed to be assets of each Plan that invests in those Notes. In such case, certain transactions that the Investment Manager might enter into, or may have entered into, on behalf of the Issuer, in the ordinary course of its business, might be deemed to constitute direct or indirect "prohibited transactions" under Section 406 of ERISA and/or Section 4975 of the Code with respect to such Plan investors and might have to be rescinded; the payment of certain of the fees to the Collateral Administrator might be considered to be a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code; the Investment Manager and other persons, in providing services with respect to the Issuer's assets, might be fiduciaries or other parties in interest or disqualified persons with respect to such Plans; and it is not clear whether the limitations of Section 403(a) of ERISA on the delegation of

investment management responsibilities by fiduciaries of ERISA Plans or whether the rules of Section 404(b) of ERISA and the regulations thereunder regarding maintenance of the indicia of ownership of the assets of an ERISA Plan outside the jurisdiction of the U.S. district courts would be satisfied.

The Plan Assets 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 which has no substantial equity features. Although the Plan Assets Regulation is silent with respect to the question of which law constitutes applicable local law for this purpose, the Department of Labor has stated that these determinations should be made under the state law governing interpretation of the instrument in question. In the preamble to the Plan Assets Regulation, the Department of Labor declined to provide a precise definition of what features are equity features or the circumstances under which such features would be considered "substantial", noting that the question of whether a Plan's interest has substantial equity features is an inherently factual one, but that in making a determination it would be appropriate to take into account whether the equity features are such that a Plan's investment would be a practical vehicle for the indirect provision of investment management services. There is little pertinent authority in this area.

Although there can be no assurance in this regard, based on the credit quality (as reflected by the credit rating assigned by each Rating Agency) of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the traditional debt characteristics of such Notes and the absence of rights to payment in excess of principal and stated interest under such Notes, the Issuer is treating the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes which are denominated as debt, as not being "equity interests" in the Issuer for purposes of ERISA and the Plan Assets Regulation. There is a risk that the Subordinated Notes would likely constitute "equity interests" in the Issuer for purposes of ERISA and the Plan Assets Regulation.

There is a risk that the Class E Notes could constitute "equity interests" in the Issuer for purposes of ERISA and the Plan Assets Regulation. There is a risk that the Subordinated Notes would likely constitute "equity interests" in the Issuer for purposes of ERISA and the Plan Assets Regulation. Accordingly, the Issuer intends to limit investments by Benefit Plan Investors in Class E Notes and Subordinated Notes. In reliance on representations made, or deemed made, by investors in the Class E Notes and the Subordinated Notes, the Issuer intends to limit investment by Benefit Plan Investors in the Class E Notes and the Subordinated Notes to less than the 25 per cent Limitation. Each prospective purchaser (including a transferee) of a Class E Note or a Subordinated Note will be required to make, or will be deemed to make, certain representations regarding its status as a Benefit Plan Investor and Controlling Person and other ERISA matters as described under the "**Transfer Restrictions**" section of this Offering Circular. No Class E Notes or Subordinated Notes will be sold or transferred to purchasers that have represented that they are Benefit Plan Investors or Controlling Persons to the extent that such sale may result in Benefit Plan Investors exceeding the 25 per cent Limitation. Except as otherwise provided by the Plan Assets Regulation, each Class E Note or Subordinated Note held by persons that have represented that they are Controlling Persons will be disregarded and will not be treated as outstanding for purposes of determining compliance with the 25 per cent Limitation.

Each of the Issuer, the Investment Manager, the Initial Purchaser, the Collateral Administrator, the Trustee, the Agents and certain other parties, 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 sponsored by any such parties or with respect to which any of such parties has investment authority might be deemed to be a violation of the prohibited transaction rules of ERISA and/or Section 4975 of the Code for which no exemption may be available. Accordingly, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes may not be purchased using the assets of any Plan if any of the Issuer, the Investment Manager, the Initial Purchaser, the Collateral Administrator, the Trustee, the Agents, or their respective affiliates is the sponsor of such Plan, or has investment authority with respect to such assets (except to the extent (if any) that a favourable statutory or administrative exemption or exception applies).

In addition, if the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are acquired by a Plan with respect to which the Issuer, the Investment Manager, the Initial Purchaser, the Collateral Administrator, the Trustee, the Agents, any holder of such Notes or any of their respective affiliates is a party in interest or a disqualified person, other than a sponsor of, or investment adviser

with respect to, such Plan, such transaction could be deemed to be a direct or indirect prohibited transaction within the meaning of Section 406 of ERISA and/or Section 4975 of the Code. In addition, if a party in interest or disqualified person with respect to a Plan owns or acquires a 50 per cent or more beneficial interest in the Issuer, the acquisition or holding of the Notes by or on behalf of such Plan could be considered to constitute an indirect prohibited transaction. Moreover, the acquisition or holding of the Notes or other indebtedness issued by the Issuer by or on behalf of a party in interest or disqualified person with respect to a Plan that owns or acquires an equity interest in the Issuer also could give rise to an indirect prohibited transaction. Certain exemptions from the prohibited transaction provisions of ERISA and Section 4975 of the Code could be applicable, however, to a Plan's acquisition of a Class A Note, Class B Note, Class C Note or Class D Note depending in part upon the type of Plan fiduciary making the decision to acquire such Note and the circumstances under which such decision is made. Included among these exemptions are Prohibited Transaction Class Exemption 90-1, regarding investments by insurance company pooled separate accounts; PTE 91-38, regarding investments by bank collective investment funds; PTE 84-14 (amended effective August 23, 2005), regarding transactions effected by a "qualified professional asset manager"; PTE 96-23, regarding investments by certain "in-house asset managers"; and PTE 95-60, regarding investments by insurance company general accounts. In addition to the class exemptions listed above, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide a statutory prohibited transaction exemption for transactions between a Plan and a person or entity that is a party in interest to such Plan solely by reason of providing services to the Plan (other than a party in interest that is a fiduciary, or its affiliate, that has or exercises discretionary authority or control or renders investment advice with respect to the assets of the Plan involved in the transaction), provided that there is adequate consideration for the transaction. Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might not cover all acts which might be construed as prohibited transactions.

EACH ACQUIRER AND EACH TRANSFEREE OF A CLASS A NOTE, CLASS B NOTE, CLASS C NOTE OR CLASS D NOTE, OR ANY INTEREST RESPECTIVELY THEREIN, WILL BE DEEMED, OR REQUIRED IN WRITING, AS APPLICABLE, TO REPRESENT, WARRANT AND AGREE AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD THAT IT HOLDS SUCH NOTES OR ANY INTEREST THEREIN, THAT (1) EITHER (A) IT IS NOT, AND IS NOT 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 OR SECTION 4975 OF THE CODE ("**OTHER PLAN LAW**"), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD SUCH NOTES OR ANY INTEREST THEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTES OR ANY INTEREST THEREIN DOES NOT AND WILL NOT CONSTITUTE OR OTHERWISE 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 LAWS); AND (2) IT WILL NOT SELL OR OTHERWISE TRANSFER SUCH NOTES OR ANY INTEREST THEREIN OTHERWISE THAN TO AN ACQUIRER OR TRANSFEREE THAT IS DEEMED (OR, IF REQUIRED BY THE TRUST DEED, CERTIFIED) TO MAKE THESE SAME REPRESENTATIONS, WARRANTIES AND AGREEMENTS WITH RESPECT TO ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE.

EACH ACQUIRER AND EACH TRANSFEREE OF A CLASS E NOTE OR A SUBORDINATED NOTE IN THE FORM OF A REGULATION S GLOBAL CERTIFICATE OR A RULE 144A GLOBAL CERTIFICATE, (I) WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON UNLESS IT RECEIVES THE WRITTEN CONSENT OF THE ISSUER, PROVIDES AN ERISA CERTIFICATE (SUBSTANTIALLY IN THE FORM OF ANNEX C (*FORM OF ERISA CERTIFICATE*)) TO THE ISSUER AS TO ITS STATUS AS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND HOLDS SUCH NOTE IN THE FORM OF A DEFINITIVE CERTIFICATE AND (B) (1) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTES WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED

TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, AND (2) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (A) IT IS NOT, AND FOR SO LONG AS IT HOLDS SUCH NOTES OR INTEREST THEREIN WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY NOTE (OR ANY INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER OR THE INVESTMENT MANAGER (OR OTHER PERSONS RESPONSIBLE FOR THE INVESTMENT AND OPERATION OF THE ISSUER'S ASSETS) TO OTHER PLAN LAW ("**SIMILAR LAW**") AND (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTES WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY OTHER PLAN LAW AND (II) WILL AGREE TO CERTAIN TRANSFER RESTRICTIONS REGARDING ITS INTEREST IN SUCH NOTES.

EACH ACQUIRER AND EACH TRANSFEREE OF A CLASS E NOTE OR A SUBORDINATED NOTE IN THE FORM OF A REG S DEFINITIVE CERTIFICATE OR A RULE 144A DEFINITIVE CERTIFICATE, (I) WILL BE REQUIRED TO REPRESENT AND WARRANT IN WRITING TO THE ISSUER THAT (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON UNLESS IT RECEIVES THE WRITTEN CONSENT OF THE ISSUER, PROVIDES AN ERISA CERTIFICATE (SUBSTANTIALLY IN THE FORM OF ANNEX C (*FORM OF ERISA CERTIFICATE*)) TO ISSUER AS TO ITS STATUS AS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND HOLDS SUCH NOTE IN THE FORM OF A DEFINITIVE CERTIFICATE AND (B) (1) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTES WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, AND (2) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (A) IT IS NOT, AND FOR SO LONG AS IT HOLDS SUCH NOTES OR INTEREST THEREIN WILL NOT BE, SUBJECT TO ANY SIMILAR LAW AND (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTES WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY OTHER PLAN LAW AND (II) IT WILL AGREE TO CERTAIN TRANSFER RESTRICTIONS REGARDING ITS INTEREST IN SUCH NOTES.

THE ISSUER, THE INVESTMENT MANAGER, THE INITIAL PURCHASER, THE COLLATERAL ADMINISTRATOR, THE TRUSTEE AND THE AGENTS, AND THEIR RESPECTIVE AFFILIATES, SHALL BE ENTITLED TO CONCLUSIVELY RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS, WARRANTIES AND

AGREEMENTS BY ACQUIRERS AND TRANSFEREES OF ANY NOTES WITHOUT FURTHER INQUIRY. THE ACQUIRER AND ANY FIDUCIARY CAUSING IT TO ACQUIRE AN INTEREST IN ANY NOTES AGREES TO INDEMNIFY AND HOLD HARMLESS THE ISSUER, THE INVESTMENT MANAGER, THE INITIAL PURCHASER, THE COLLATERAL ADMINISTRATOR, THE TRUSTEE AND THE AGENTS, AND THEIR RESPECTIVE AFFILIATES, FROM AND AGAINST ANY COST, DAMAGE OR LOSS INCURRED BY ANY OF THEM AS A RESULT OF ANY OF THE FOREGOING REPRESENTATIONS AND AGREEMENTS BEING OR BECOMING FALSE.

NO TRANSFER OF AN INTEREST IN THE CLASS E NOTES OR THE SUBORDINATED NOTES WILL BE PERMITTED OR RECOGNISED IF IT WOULD CAUSE THE 25 PER CENT LIMITATION TO BE EXCEEDED WITH RESPECT TO THE CLASS E NOTES OR THE SUBORDINATED NOTES.

ANY PURPORTED ACQUISITION OR TRANSFER OF ANY NOTE OR BENEFICIAL INTEREST THEREIN TO AN ACQUIRER OR TRANSFEREE THAT DOES NOT COMPLY WITH THE REQUIREMENTS DESCRIBED HEREIN SHALL BE NULL AND VOID *AB INITIO*, AND THE ISSUER WILL HAVE THE RIGHT TO CAUSE THE SALE OF ANY SUCH NOTE TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS DESCRIBED HEREIN IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

It should be noted that an insurance company's general account may be deemed to include assets of Plans under certain circumstances, e.g., where a Plan purchases an annuity contract issued by such an insurance company, based on the reasoning of the United States Supreme Court in John Hancock

Mutual Life Ins. Co. v. Harris Trust and Savings Bank, 510 U.S. 86 (1993). An insurance company considering the purchase of Notes with assets of its general account should consider such purchase and the insurance company's ability to make the representations described above in light of John Hancock Mutual Life Ins. Co. v. Harris Trust and Savings Bank, Section 401(c) of ERISA and a regulation promulgated by the U.S. Department of Labor under that Section of ERISA, 29 C.F.R. Section 2550.401c-1.

A fiduciary of an ERISA Plan or other employee benefit plan that is subject to Other Plan Laws, prior to investing in the Notes or any interest therein, should take into account, among other considerations, whether the fiduciary has the authority to make the investment; the composition of the plan's portfolio with respect to diversification by type of asset; the plan's funding objectives; the tax effects of the investment; and whether, under the general fiduciary standards of ERISA or other applicable laws, including investment prudence and diversification, an investment in the Notes or any interest therein is appropriate for the plan, taking into account the plan's particular circumstances and all of the facts and circumstances of the investment, including such matters as the overall investment policy of the plan and the composition of the plan's investment portfolio.

The sale of any Note or any interest therein to a Plan or a governmental, church, non-U.S. or other plan that is subject to any Other Plan Laws is in no respect a representation by the Issuer, the Investment Manager, the Initial Purchaser, the Collateral Administrator, the Agents or the Trustee, or any of their respective affiliates, that such an investment meets all relevant legal requirements with respect to investments by such plans generally or any particular such plan; that the prohibited transaction exemptions described above, or any other prohibited transaction exemption, would apply to such an investment by such plan in general or any particular such plan; or that such an investment is appropriate for such plan generally or any particular such plan.

The discussion of ERISA and Section 4975 of the Code contained in this Offering Circular, is, of necessity, general, and does not purport to be complete. Moreover, the provisions of ERISA and Section 4975 of the Code are subject to extensive and continuing administrative and judicial interpretation and review. Therefore, the matters discussed above may be affected by future regulations, rulings and court decisions, some of which may have retroactive application and effect.

Any Plan or employee benefit plan not subject to ERISA or Section 4975 of the Code, and any fiduciary thereof, proposing to invest in the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes, or any interest respectively therein, should consult with its legal advisors regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA, Section 4975 of the Code and any Other Plan Laws, to such investment, and to confirm that such investment will not constitute or result in a non-exempt prohibited transaction or any other violation of any applicable requirement of ERISA, Section 4975 of the Code or Other Plan Laws.

SUBSCRIPTION AND SALE

No action has been or will be taken by the Issuer 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.

General

Each purchaser of the Notes must comply with all applicable laws and regulation in force in each jurisdiction in which it purchases, offers or sells such Notes or possesses or distributes this Offering Circular and must obtain consent, approval or permission required for the purchase, offer or sale by it of such Notes under the laws and regulations in force in any jurisdictions to which it is subject or in which it makes such purchases, offers or sales, and none of the Issuer, the Investment Manager (or any of their Affiliates), the Trustee, any Agent or the Collateral Administrator specified herein 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 applicable securities laws. Investors should be aware that they may require to bear the financial risks of this investment for an indefinite period of time.

TRANSFER RESTRICTIONS

As a result of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

Regulation S Notes

Each purchaser of Regulation S Notes will be deemed to have made the representations set out in clauses (4), (6) and (10) through (17) (inclusive) below under the heading Rule 144A Notes (except that references to Rule 144A Notes shall be deemed to be references to Regulation S Notes) and to have further represented and agreed as follows:

1. The purchaser is located outside the United States and is not a U.S. Person.

2. The purchaser understands that the Notes have not been and will not be registered under the Securities Act and that the Issuer has not registered and will not register under the Investment Company Act. It agrees, for the benefit of the Issuer and any of its Affiliates, that, if it decides to resell, pledge or otherwise transfer such Notes (or any beneficial interest or participation therein) purchased by it, any offer, sale or transfer of such Notes (or any beneficial interest or participation therein) will be made in compliance with the Securities Act and only (i) to a person (A) it reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a nominal amount of not less than €250,000 for it and each such account, in a transaction that meets the requirements of Rule 144A and takes delivery in the form of a Rule 144A Note and (B) that constitutes a QP; or (ii) to a non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 (as applicable) under Regulation S.

3. The purchaser understands that unless the Issuer determines otherwise in compliance with applicable law, such Notes will bear a legend set out below.

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES, THE CLASS D NOTES, THE CLASS E NOTES AND THE SUBORDINATED NOTES IN THE FORM OF REGULATION S GLOBAL AND DEFINITIVE CERTIFICATES.***] [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) 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), IN A PRINCIPAL AMOUNT OF NOT LESS THAN €250,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, AND IN EACH CASE, TO A PURCHASER THAT (V) IS A QUALIFIED PURCHASER FOR THE PURPOSE OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE 30 APRIL 1996, (Y) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS

LESS THAN U.S.$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS AND (Z) IS NOT A PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION OR IN THE CASE OF CLAUSE (2), €100,000 AND (B) IN ACCORDANCE WITH

ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OR ANY INTERMEDIARY. IN ADDITION TO THE FOREGOING, IN THE EVENT OF A VIOLATION OF (V) THROUGH (Z), THE ISSUER MAINTAINS THE RIGHT TO DIRECT THE RESALE OR TRANSFER 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 OUT 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 OUT IN THE TRUST DEED REFERRED TO HEREIN.

PRINCIPAL OF THIS NOTE IS PAYABLE AS SET OUT 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 COLLATERAL ADMINISTRATOR.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES AND THE CLASS D NOTES ONLY, AND IN THE FORM OF REGULATION S GLOBAL AND DEFINITIVE CERTIFICATES.***] [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (I) EITHER (A) IT IS NOT AN EMPLOYEE BENEFIT PLAN, AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), APPLIES, OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) ("**BENEFIT PLAN INVESTOR**"), OR A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE ("**OTHER PLAN LAW**"), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD SUCH NOTES OR ANY INTEREST THEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, OR (B) ITS ACQUISITION, HOLDING OR DISPOSITION OF SUCH NOTES (OR INTERESTS THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, A

NON-EXEMPT VIOLATION OF ANY OTHER PLAN LAW, AND (II) IT WILL NOT SELL OR TRANSFER SUCH NOTES (OR INTERESTS THEREIN) TO AN ACQUIROR ACQUIRING SUCH NOTES (OR INTERESTS THEREIN) UNLESS THE ACQUIROR IS DEEMED (OR, IF REQUIRED BY THE TRUST DEED, CERTIFIED) TO MAKE THE FOREGOING REPRESENTATIONS, WARRANTIES AND AGREEMENTS. ANY PURPORTED TRANSFER OF THE NOTES IN VIOLATION OF THE REQUIREMENTS SET OUT 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 OR TRANSFER OF SUCH NOTES TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES AND THE SUBORDINATED NOTES ONLY, AND IN THE FORM OF REGULATION S GLOBAL CERTIFICATES ONLY.***] [EACH PURCHASER OR TRANSFEREE OF THIS [CLASS E

NOTE]/[SUBORDINATED NOTE] WILL BE DEEMED TO REPRESENT AND WARRANT TO THE ISSUER THAT (1) IT IS NOT, AND IS NOT ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON UNLESS SUCH PURCHASER OR TRANSFEREE RECEIVES THE WRITTEN CONSENT OF THE ISSUER, PROVIDES AN ERISA CERTIFICATE TO THE ISSUER AS TO ITS STATUS AS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND HOLDS SUCH [CLASS E NOTE]/[SUBORDINATED NOTE] IN THE FORM OF A DEFINITIVE CERTIFICATE AND (2)(A) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS [CLASS E NOTE]/[SUBORDINATED NOTE] WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), AND (B) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS [CLASS E NOTE]/[SUBORDINATED NOTE] OR AN INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY [CLASS E NOTE]/[SUBORDINATED NOTE] (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER OR THE INVESTMENT 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 OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), AND (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS [CLASS E NOTE]/[SUBORDINATED NOTE] WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY APPLICABLE STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**OTHER PLAN LAW**"). "**BENEFIT PLAN** INVESTOR" MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY. "CONTROLLING PERSON" MEANS A PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR

CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR ANY PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR ANY AFFILIATE OF ANY SUCH PERSON. AN "AFFILIATE" OF A PERSON INCLUDES ANY PERSON, DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH THE PERSON. "CONTROL" WITH RESPECT TO A PERSON OTHER THAN AN INDIVIDUAL MEANS THE POWER TO EXERCISE A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF SUCH PERSON. ANY PURPORTED TRANSFER OF THE [CLASS E NOTES]/[SUBORDINATED NOTES] IN VIOLATION OF THE REQUIREMENTS SET OUT 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 OR TRANSFER OF SUCH [CLASS E NOTES]/[SUBORDINATED NOTES] TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO TRANSFER OF A [CLASS E NOTE]/[SUBORDINATED NOTE] OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER WILL NOT RECOGNISE ANY SUCH TRANSFER, IF IT WOULD CAUSE 25 PER CENT OR MORE OF THE TOTAL VALUE OF THE [CLASS E NOTES]/[SUBORDINATED NOTES] TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING [CLASS E NOTES]/[SUBORDINATED NOTES] (OR INTERESTS THEREIN) HELD BY CONTROLLING PERSONS ("**25 PER CENT LIMITATION**").

THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, TO COMPEL ANY BENEFICIAL OWNER OF A [CLASS E NOTE]/[SUBORDINATED NOTE] WHO HAS MADE OR HAS BEEN

DEEMED TO MAKE A PROHIBITED TRANSACTION, BENEFIT PLAN INVESTOR, CONTROLLING PERSON, SIMILAR LAW OR OTHER PLAN LAW REPRESENTATION THAT IS SUBSEQUENTLY SHOWN TO BE FALSE OR MISLEADING OR WHOSE OWNERSHIP OTHERWISE CAUSES A VIOLATION OF THE 25 PER CENT LIMITATION TO SELL OR TRANSFER ITS INTEREST IN THE [CLASS E NOTE]/[SUBORDINATED NOTE], OR MAY SELL OR TRANSFER SUCH INTEREST ON BEHALF OF SUCH OWNER.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES AND THE SUBORDINATED NOTES ONLY, AND IN THE FORM OF REGULATION S DEFINITIVE CERTIFICATES ONLY.***] [EACH PURCHASER OR TRANSFEREE OF THIS [CLASS E NOTE]/[SUBORDINATED NOTE] WILL BE REQUIRED TO REPRESENT AND WARRANT TO THE ISSUER IN WRITING THAT (1) IT IS NOT, AND IS NOT ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON UNLESS SUCH PURCHASER OR TRANSFEREE RECEIVES THE WRITTEN CONSENT OF THE ISSUER, PROVIDES AN ERISA CERTIFICATE TO THE ISSUER AS TO ITS STATUS AS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND HOLDS SUCH [CLASS E NOTE]/[SUBORDINATED NOTE] IN THE FORM OF A DEFINITIVE CERTIFICATE AND (2)(A) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS [CLASS E NOTE]/[SUBORDINATED NOTE] WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") AND (B) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS [CLASS E NOTE]/[SUBORDINATED NOTE] OR AN INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE

UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY [CLASS E NOTE]/[SUBORDINATED NOTE] (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER OR THE INVESTMENT 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 OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), AND (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS [CLASS E NOTE]/[SUBORDINATED NOTE] WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY APPLICABLE STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**OTHER PLAN LAW**"). "**BENEFIT PLAN INVESTOR**" MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY. "**CONTROLLING PERSON**" MEANS A PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR ANY PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR ANY AFFILIATE OF ANY SUCH PERSON. AN "**AFFILIATE**" OF A PERSON INCLUDES ANY PERSON, DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH THE PERSON. "**CONTROL**" WITH RESPECT TO A PERSON OTHER THAN AN INDIVIDUAL MEANS THE POWER TO EXERCISE A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF SUCH PERSON. ANY PURPORTED TRANSFER OF THE [CLASS E NOTES]/[SUBORDINATED NOTES] IN VIOLATION OF THE REQUIREMENTS SET OUT 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 OR TRANSFER OF SUCH [CLASS E NOTES]/[SUBORDINATED NOTES] TO ANOTHER

ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO TRANSFER OF A [CLASS E NOTE]/[SUBORDINATED NOTE] OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER WILL NOT RECOGNISE ANY SUCH TRANSFER, IF IT WOULD CAUSE 25 PER CENT OR MORE OF THE TOTAL VALUE OF THE [CLASS E NOTES]/[SUBORDINATED NOTES] (DETERMINED SEPARATELY BY CLASS) TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING [CLASS E NOTES]/[SUBORDINATED NOTES] (OR INTERESTS THEREIN) HELD BY CONTROLLING PERSONS ("**25 PER CENT LIMITATION**").

THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, TO COMPEL ANY BENEFICIAL OWNER OF A [CLASS E NOTE]/[SUBORDINATED NOTE] WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION, BENEFIT PLAN INVESTOR, CONTROLLING PERSON, SIMILAR LAW OR OTHER PLAN LAW REPRESENTATION THAT IS SUBSEQUENTLY SHOWN TO BE FALSE OR MISLEADING OR WHOSE OWNERSHIP OTHERWISE CAUSES A VIOLATION OF THE 25 PER CENT LIMITATION TO SELL OR TRANSFER ITS INTEREST IN THE [CLASS E NOTE]/[SUBORDINATED NOTE], OR MAY SELL OR TRANSFER SUCH INTEREST ON BEHALF OF SUCH OWNER.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES, THE CLASS D NOTES, THE CLASS E NOTES AND THE SUBORDINATED NOTES IN THE FORM OF REGULATION S GLOBAL AND DEFINITIVE CERTIFICATES.***] [THE FAILURE TO PROVIDE THE ISSUER AND ANY PAYING AGENT WITH THE APPLICABLE U.S. FEDERAL INCOME TAX CERTIFICATIONS (GENERALLY, A U.S. INTERNAL REVENUE SERVICE FORM W-9 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS A "**UNITED STATES PERSON**" WITHIN THE MEANING OF SECTION 7701(a)(30) OF THE CODE OR AN APPLICABLE U.S. INTERNAL REVENUE SERVICE FORM W-8 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS NOT A "**UNITED STATES PERSON**" WITHIN THE MEANING OF SECTION 7701(a)(30) OF THE CODE) MAY RESULT IN U.S. FEDERAL BACK UP WITHHOLDING FROM PAYMENTS TO THE HOLDER IN RESPECT OF THIS NOTE.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES AND THE SUBORDINATED NOTES ONLY, AND IN THE FORM OF REGULATION S GLOBAL AND DEFINITIVE CERTIFICATES.***] [EACH HOLDER AND BENEFICIAL OWNER OF THIS [CLASS E NOTE]/[SUBORDINATED NOTE] OR AN INTEREST IN THIS [CLASS E NOTE]/[SUBORDINATED NOTE] THAT IS A "**UNITED STATES PERSON**" (AS DEFINED IN SECTION 7701(a)(30) OF THE CODE) OR A "UNITED STATES OWNED FOREIGN ENTITY" (AS DESCRIBED IN SECTION 1471(d)(3) OF THE CODE) WILL MAKE, OR BY ACQUIRING THIS [CLASS E NOTE]/[SUBORDINATED NOTE] OR AN INTEREST IN THIS [CLASS E NOTE]/[SUBORDINATED NOTE] WILL BE DEEMED TO MAKE, REPRESENTATIONS TO THE EFFECT THAT (I) IT WILL PROVIDE TO THE ISSUER ITS NAME, ADDRESS, U.S. TAXPAYER IDENTIFICATION NUMBER, THE NAME, ADDRESS AND TAXPAYER IDENTIFICATION NUMBER OF EACH OF ITS SUBSTANTIAL UNITED STATES OWNERS AS DEFINED IN SECTION 1473(2) OF THE CODE ("**SUBSTANTIAL UNITED STATES OWNERS**") (IF IT IS A UNITED STATES OWNED FOREIGN ENTITY), AND ANY OTHER INFORMATION THAT THE ISSUER OR ITS AGENT REQUESTS AND (II) IT WILL UPDATE ANY SUCH INFORMATION PROVIDED IN CLAUSE (I) PROMPTLY UPON LEARNING THAT ANY SUCH INFORMATION PREVIOUSLY PROVIDED HAS BECOME OBSOLETE OR INCORRECT OR IS OTHERWISE REQUIRED. IN ADDITION, EACH HOLDER AND BENEFICIAL OWNER OF THIS [CLASS E NOTE]/[SUBORDINATED NOTE] OR ANY INTEREST IN THIS [CLASS E NOTE]/[SUBORDINATED NOTE] WILL MAKE, OR BY ACQUIRING THIS [CLASS E NOTE]/[SUBORDINATED NOTE] OR ANY INTEREST IN THIS [CLASS E NOTE]/[SUBORDINATED NOTE] WILL BE DEEMED TO MAKE, REPRESENTATIONS TO THE EFFECT THAT IT WILL PROVIDE TO THE ISSUER (X) ANY INFORMATION AS IS NECESSARY (IN THE SOLE DETERMINATION OF THE ISSUER) FOR THE ISSUER TO DETERMINE WHETHER SUCH HOLDER OR BENEFICIAL OWNER IS A UNITED STATES PERSON OR A UNITED STATES OWNED FOREIGN ENTITY, AND (Y) ANY ADDITIONAL INFORMATION THAT THE ISSUER OR ITS AGENT REQUESTS IN CONNECTION WITH SECTIONS 1471–1474 OF THE CODE. EACH SUCH HOLDER AND

BENEFICIAL OWNER WILL AGREE, OR BY ACQUIRING THIS [CLASS E NOTE]/[SUBORDINATED NOTE] OR AN INTEREST IN THIS [CLASS E NOTE]/[SUBORDINATED NOTE] BE DEEMED TO AGREE THAT THE ISSUER MAY PROVIDE SUCH INFORMATION, AND ANY OTHER INFORMATION REGARDING ITS INVESTMENT IN THE [CLASS E NOTES]/[SUBORDINATED NOTES] TO THE U.S. INTERNAL REVENUE SERVICE. THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN A [CLASS E NOTE]/[SUBORDINATED NOTE] THAT FAILS TO COMPLY WITH THE

FOREGOING REQUIREMENTS TO SELL OR TRANSFER ITS INTEREST IN SUCH [CLASS E NOTE]/[SUBORDINATED NOTE], OR MAY SELL OR TRANSFER SUCH INTEREST ON BEHALF OF SUCH OWNER, IF SUCH OWNER DOES NOT SELL OR TRANSFER SUCH INTEREST WITHIN 30 BUSINESS DAYS AFTER NOTICE FROM THE ISSUER OR AN AUTHORISED DELEGATE ACTING ON THE ISSUER'S BEHALF OR THE ISSUER MAY TAKE SUCH OTHER ACTIONS AND STEPS AS ARE NECESSARY TO EFFECT SUCH SALE OR TRANSFER.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES AND THE CLASS D NOTES ONLY, AND IN THE FORM OF REGULATION S GLOBAL AND DEFINITIVE CERTIFICATES.***] [EACH HOLDER AND BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST IN THIS NOTE THAT IS A "**UNITED STATES PERSON**" (AS DEFINED IN SECTION 7701(a)(30) OF THE CODE) OR A "**UNITED STATES OWNED FOREIGN ENTITY**" (AS DESCRIBED IN SECTION 1471(d)(3) OF THE CODE) WILL MAKE, OR BY ACQUIRING THIS NOTE OR ANY INTEREST IN THIS NOTE WILL BE DEEMED TO MAKE, REPRESENTATIONS TO THE EFFECT THAT IT WILL PROVIDE TO THE ISSUER (X) ANY INFORMATION AS IS NECESSARY (IN THE SOLE DETERMINATION OF THE ISSUER) FOR THE ISSUER TO DETERMINE WHETHER SUCH HOLDER OR BENEFICIAL OWNER IS A UNITED STATES PERSON OR A UNITED STATES OWNED FOREIGN ENTITY, AND (Y) ANY ADDITIONAL INFORMATION THAT THE ISSUER OR ITS AGENT REQUESTS IN CONNECTION WITH SECTIONS 1471–1474 OF THE CODE. EACH SUCH HOLDER AND BENEFICIAL OWNER WILL AGREE, OR BY ACQUIRING THIS NOTE OR AN INTEREST IN THIS NOTE BE DEEMED TO AGREE THAT THE ISSUER MAY PROVIDE SUCH INFORMATION, AND ANY OTHER INFORMATION REGARDING ITS INVESTMENT IN THE NOTES TO THE U.S. INTERNAL REVENUE SERVICE. THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN A NOTE THAT FAILS TO COMPLY WITH THE FOREGOING REQUIREMENTS TO SELL OR TRANSFER ITS INTEREST IN SUCH NOTE, OR MAY SELL OR TRANSFER SUCH INTEREST ON BEHALF OF SUCH OWNER, IF SUCH OWNER DOES NOT SELL OR TRANSFER SUCH INTEREST WITHIN 30 BUSINESS DAYS AFTER NOTICE FROM THE ISSUER OR AN AUTHORISED DELEGATE ACTING ON THE ISSUER'S BEHALF OR THE ISSUER MAY TAKE SUCH OTHER ACTIONS AND STEPS AS ARE NECESSARY TO EFFECT SUCH SALE OR TRANSFER.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES, THE CLASS D NOTES, THE CLASS E NOTES AND THE SUBORDINATED NOTES IN THE FORM OF REGULATION S GLOBAL AND DEFINITIVE CERTIFICATES.***] [EACH HOLDER AND BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST IN THIS NOTE THAT IS NOT A "**UNITED STATES PERSON**" (AS DEFINED IN SECTION 7701(a)(30) OF THE CODE) WILL MAKE, OR BY ACQUIRING THIS NOTE OR AN INTEREST IN THIS NOTE WILL BE DEEMED TO MAKE, A REPRESENTATION TO THE EFFECT THAT (A) EITHER (I) IT IS NOT A BANK EXTENDING CREDIT PURSUANT TO A LOAN AGREEMENT ENTERED INTO IN THE ORDINARY COURSE OF ITS TRADE OR BUSINESS (WITHIN THE MEANING OF SECTION 881(c)(3)(A) OF THE CODE), OR (II) IT IS A PERSON THAT IS ELIGIBLE FOR BENEFITS UNDER AN INCOME TAX TREATY WITH THE UNITED STATES THAT ELIMINATES U.S. FEDERAL INCOME TAXATION OF U.S. SOURCE INTEREST NOT ATTRIBUTABLE TO A PERMANENT ESTABLISHMENT IN THE UNITED STATES, AND (B) IT IS NOT PURCHASING THIS NOTE IN ORDER TO REDUCE ITS U.S. INCOME TAX LIABILITY PURSUANT TO A TAX AVOIDANCE PLAN.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES, THE CLASS D NOTES AND THE CLASS E NOTES ONLY,***

AND IN THE FORM OF REGULATION S GLOBAL AND DEFINITIVE CERTIFICATES.] [EACH HOLDER AND EACH BENEFICIAL OWNER OF A RATED NOTE, BY ACCEPTANCE OF SUCH RATED NOTE, OR ITS INTEREST IN A RATED NOTE, AS THE CASE MAY BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, SUCH RATED NOTE AS DEBT FOR U.S. FEDERAL INCOME TAX PURPOSES.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE SUBORDINATED NOTES ONLY, AND IN THE FORM OF REGULATION S GLOBAL AND DEFINITIVE CERTIFICATES.***] [EACH HOLDER AND EACH BENEFICIAL OWNER OF A SUBORDINATED NOTE REPRESENTED BY THIS CERTIFICATE, BY ACCEPTANCE OF SUCH NOTE, OR ITS INTEREST IN SUCH NOTE, AS THE CASE MAY BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, SUCH NOTE AS EQUITY FOR U.S. FEDERAL INCOME TAX PURPOSES.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES, THE CLASS D NOTES AND THE CLASS E NOTES ONLY, AND IN THE FORM OF REGULATION S GLOBAL AND DEFINITIVE CERTIFICATES.***] [THE RATED NOTES MAY BE ISSUED WITH ORIGINAL ISSUE DISCOUNT ("**OID**"). THE ISSUE PRICE, TOTAL AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY MAY BE OBTAINED BY CONTACTING THE ISSUER OR THE INVESTMENT MANAGER.]

[***LEGEND TO BE INCLUDED IN RELATION TO ANY IM NON-VOTING NOTES OR IM NON-VOTING EXCHANGEABLE NOTES IN THE FORM OF REGULATION S GLOBAL AND DEFINITIVE CERTIFICATES***] [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 WILL NOT CARRY A RIGHT TO VOTE OR TO BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF VOTING ON AN IM REMOVAL RESOLUTION OR AN IM REPLACEMENT RESOLUTION.]

[***LEGEND TO BE INCLUDED IN RELATION TO ANY IM VOTING NOTES IN THE FORM OF REGULATION S DEFINITIVE CERTIFICATES 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 WILL CARRY A RIGHT TO VOTE OR TO BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF VOTING ON AN IM REMOVAL RESOLUTION OR AN IM REPLACEMENT RESOLUTION.]

4. The purchaser acknowledges that the Issuer will and, the Initial Purchaser, the Trustee, the Investment Manager or the Collateral Administrator and their Affiliates, and others may rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

5. The purchaser understands that the Regulation S Notes may not, at any time, be held by, or on behalf of, U.S. Persons.

6. In respect of a purchase or transfer of an IM Voting Note, or any interest in such Note, the purchaser or transferee understands that such IM Voting Note carries a right to vote or to be counted for the purposes of determining a quorum and the result of voting on an IM Removal Resolution or an IM Replacement Resolution and all other matters of which Noteholders have a right to vote and be so counted.

7. In respect of a purchase or transfer of an IM Non-Voting Note, or any interest in such Note, the purchaser or transferee understands that such IM Non-Voting Note does not carry a right to vote or to be counted for the purposes of determining a quorum and the result of voting on an IM Removal Resolution or an IM Replacement Resolution but does have a right to vote and be so counted in respect of all other matters as to which Noteholders are entitled to vote.

8. In respect of a purchase or transfer of an IM Non-Voting Exchangeable Note, or any interest in such Note, the purchaser or transferee understands that such IM Non-Voting Exchangeable Note does not carry a right to vote or to be counted for the purposes of determining a quorum and the result of voting on an IM Removal Resolution or an IM Replacement Resolution but

does have a right to vote and be so counted in respect of all other matters as to which Noteholders are entitled to vote.

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 144A Notes

Each prospective purchaser of Rule 144A Notes, by accepting delivery of this Offering Circular, will be deemed to have represented and agreed that such person acknowledges that this Offering Circular is personal to it and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Offering Circular, or disclosure of any of its contents to any person other than such offeree and those persons, if any, retained to advise it with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

Each purchaser of Notes represented by a Rule 144A Global Certificate will be deemed to have represented and agreed and Notes represented by Definitive Certificates will be required to represent and agree, as follows:

1. The purchaser (a) is a QIB, (b) is aware that the sale of such Rule 144A Notes to it is being made in reliance on Rule 144A, (c) is acquiring such Notes for its own account or for the account of a QIB as to which the purchaser exercises sole investment discretion, and in a principal amount of not less than €250,000 for the purchaser and for each such account and (d) will provide notice of the transfer restrictions described in the "*Notice to Investors*" to any subsequent transferees.

2. The purchaser understands that such Rule 144A Notes have not been and will not be registered under the Securities Act, and may be reoffered, resold or pledged or otherwise transferred only (a)(i) to a person whom the purchaser reasonably believes is a QIB purchasing for its own account or for the account of a QIB as to which the purchaser exercises sole investment discretion in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S and (b) in accordance with all applicable securities laws including the securities laws of any state of the United States. The purchaser understands that the Issuer has not been registered under the Investment Company Act. The purchaser understands that before any interest in a Rule 144A Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Notes, the Transfer Agent is required to receive a written certification from the purchaser (in the form provided in the Trust Deed) as to compliance with the transfer restrictions described herein. The purchaser understands and agrees that any purported transfer of the Rule 144A Notes to a purchaser that does not comply with the requirements of this paragraph (2) shall be null and void ab initio.

3. The purchaser is not purchasing such Rule 144A Notes with a view toward the resale, distribution or other disposition thereof in violation of the Securities Act. The purchaser understands that an investment in the Rule 144A Notes involves certain risks, including the risk of loss of its entire investment in the Rule 144A Notes under certain circumstances. The purchaser has had access to such financial and other information concerning the Issuer and the Notes as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Rule 144A Notes, including an opportunity to ask questions of, and request information from, the Issuer.

4. In connection with the purchase of the Rule 144A Notes: (a) none of the Issuer, the Trustee, the Investment Manager, the Collateral Administrator or any Agent is acting as a fiduciary or financial or investment manager for the purchaser; (b) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer, the Trustee, the Investment Manager, the Collateral Administrator or any Agent other than in this Offering Circular for such Notes and any representations expressly set out in a written agreement with such party; (c) none of the Issuer, the Trustee, the Investment Manager, the Collateral Administrator or any Agent has

given to the purchaser (directly or indirectly through any other person) any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to an investment in the Rule 144A Notes; (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 Trustee, the Investment Manager, the Collateral Administrator or any Agent; (e) the purchaser has evaluated the rates, prices or amounts and other terms and conditions of the purchase and sale of the Rule 144A Notes with a full understanding of all of the risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; and (f) the purchaser is a sophisticated investor.

5. The purchaser and each account for which the purchaser is acquiring such Rule 144A Notes is a QP. The purchaser is acquiring the Rule 144A Notes in a principal amount of not less than €250,000. The purchaser and each such account is acquiring the Rule 144A Notes as principal for its own account for investment and not for sale in connection with any distribution thereof. The purchaser and each such account: (a) was not formed for the specific purpose of investing in the Rule 144A Notes (except when each beneficial owner of the purchaser and each such account is a QP); (b) to the extent the purchaser is a private investment company formed before 30 April 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 A Note, Class B Note, Class C Note or Class D Note or any interest in such Note (i) either (A) it is not acting on behalf of (and for so long as it holds any such Note or interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor or a governmental, church, non-U.S. or other plan which is subject to any Other Plan Law, and no part of the assets to be used by it to acquire or hold such Notes or any interest therein constitutes the assets of any Benefit Plan Investor or such governmental, church, non-U.S. or other plan, or (B) its acquisition, holding or disposition of such Notes (or interests therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or, in the case of a governmental, church, non-U.S. or other Plan, a non-exempt violation of any Other Plan Law, and (ii) it will not sell or transfer such Notes (or interests therein) to an acquiror acquiring such Notes (or interests therein) unless the acquiror is deemed (or, if required by the Trust Deed, certified) to make the foregoing representations, warranties and agreements described in clause (i) hereof.

(b)

(i) With respect to the Class E Notes or Subordinated Notes in the form of a Rule 144A Global Certificate: (i)(A) it is not, and is not acting on behalf of, a Benefit Plan

Investor or Controlling Person unless it receives the written consent of the Issuer, provides an ERISA certificate (substantially in form of Annex C (*Form of ERISA Certificate*)) to the Issuer as to its status as a Benefit Plan Investor or Controlling Person and holds such Note in the form of a Definitive Certificate and (B)(1) if it is, or is acting on behalf of, a Benefit Plan Investor, its acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, and (2) if it is a governmental, church, non-U.S. or other plan, (x) it is not, and for so long as it holds such Notes or interest therein will not be, subject to any Similar Law and (y) its acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt violation of any Other Plan Law and (ii) it will agree to certain transfer restrictions regarding its interest in such Notes.

(ii) With respect to acquiring or holding a Class E Note or a Subordinated Note in the form of a Rule 144A Definitive Certificate it will be required to represent, warrant and agree in writing to the Issuer that (i)(A) it is not, and is not acting on behalf of, a Benefit Plan Investor or Controlling Person unless it receives the written consent of the Issuer, provides an ERISA certificate (substantially in the form of Annex C (*Form of ERISA Certificate*)) to the Issuer as to its status as a Benefit Plan Investor or Controlling Person and holds such Note in the form of a Definitive Certificate and (B)(1) if it is, or is acting on behalf of, a Benefit Plan Investor, its acquisition, holding and disposition of such Note will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code and (2) if it is a governmental, church, non-U.S. plan or other plan, (x) it is not, and for so long as it holds such Note or interest therein will not be, subject to any Similar Law and (y) its acquisition, holding and disposition of such Note will not constitute or result in a non-exempt violation of any Other Plan Law, and (ii) it will agree to certain transfer restrictions regarding its interest in such Note.

(c) The purchaser acknowledges that the Issuer will and, the Trustee, the Investment Manager and the Collateral Administrator and the Agents and their Affiliates, and others, may rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

(d) No transfer of an interest in the Class E Notes or the Subordinated Notes will be permitted or recognised if it would cause the 25 per cent Limitation to be exceeded with respect to the Class E Notes or the Subordinated Notes.

(e) Any purported transfer of the Notes in violation of the requirements set out in this Section 6 shall be null and void *ab initio*, and the acquiror understands that the Issuer will have the right to cause the sale of such Notes to another acquiror that complies with the requirements of this Section 6 in accordance with the terms of the Trust Deed

7. The purchaser understands that pursuant to the terms of the Trust Deed, the Issuer has agreed that the Rule 144A Global Certificates or Rule 144A Definitive Certificates, as applicable, offered in reliance on Rule 144A will bear the legend set out below, and will be represented by one or more Rule 144A Global Certificates or Rule 144A Definitive Certificates, as applicable. The Rule 144A Global Certificates may not at any time be held by or on behalf of, within the United States, persons, or outside the United States, U.S. Persons that are not QIB/QPs. Before any interest in a Rule 144A Global Certificate may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Certificate, the transferor will be required to provide the Transfer Agent with a written certification (in the form provided in the Trust Deed) as to compliance with the transfer restrictions.

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES, THE CLASS D NOTES, THE CLASS E NOTES AND THE SUBORDINATED NOTES IN THE FORM OF RULE 144AS GLOBAL AND DEFINITIVE CERTIFICATES.***] [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) 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), IN A PRINCIPAL AMOUNT OF NOT LESS THAN €250,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, AND IN EACH CASE, TO A PURCHASER THAT (V) IS A QUALIFIED PURCHASER FOR THE PURPOSE OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE 30 APRIL 1996, (Y) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS AND (Z) IS NOT A PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION OR IN THE CASE OF CLAUSE (2), €100,000 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OR ANY INTERMEDIARY. IN ADDITION TO THE FOREGOING, IN THE EVENT OF A VIOLATION OF (V) THROUGH (Z), THE ISSUER MAINTAINS THE RIGHT TO DIRECT THE RESALE OR TRANSFER 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 OUT 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 OUT IN THE TRUST DEED REFERRED TO HEREIN.

PRINCIPAL OF THIS NOTE IS PAYABLE AS SET OUT 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 COLLATERAL ADMINISTRATOR.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES AND THE CLASS D NOTES ONLY, AND IN THE FORM OF RULE 144A GLOBAL AND DEFINITIVE CERTIFICATES.***] [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (I) EITHER (A) IT IS NOT AN EMPLOYEE BENEFIT PLAN, AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), APPLIES, OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) ("**BENEFIT PLAN INVESTOR**"), OR A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO

THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE ("**OTHER PLAN LAW**"), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD SUCH NOTES OR ANY INTEREST THEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, OR (B) ITS ACQUISITION, HOLDING OR DISPOSITION OF SUCH NOTES (OR INTERESTS THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, A NON-EXEMPT VIOLATION OF ANY OTHER PLAN LAW, AND (II) IT WILL NOT SELL OR TRANSFER SUCH NOTES (OR INTERESTS THEREIN) TO AN ACQUIROR ACQUIRING SUCH NOTES (OR INTERESTS THEREIN) UNLESS THE ACQUIROR IS DEEMED (OR, IF REQUIRED BY THE TRUST DEED, CERTIFIED) TO MAKE THE FOREGOING REPRESENTATIONS, WARRANTIES AND AGREEMENTS. ANY PURPORTED TRANSFER OF THE NOTES IN VIOLATION OF THE REQUIREMENTS SET OUT 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 OR TRANSFER OF SUCH NOTES TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES AND THE SUBORDINATED NOTES ONLY, AND IN THE FORM OF RULE 144A GLOBAL CERTIFICATES ONLY.***] [EACH PURCHASER OR TRANSFEREE OF THIS [CLASS E NOTE]/[SUBORDINATED NOTE] WILL BE DEEMED TO REPRESENT AND WARRANT TO THE ISSUER THAT (1) IT IS NOT, AND IS NOT ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON UNLESS SUCH PURCHASER OR TRANSFEREE RECEIVES THE WRITTEN CONSENT OF THE ISSUER, PROVIDES AN ERISA CERTIFICATE TO THE ISSUER AS TO ITS STATUS AS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND HOLDS SUCH [CLASS E NOTE]/[SUBORDINATED NOTE] IN THE FORM OF A DEFINITIVE CERTIFICATE AND (2)(A) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS [CLASS E NOTE]/[SUBORDINATED NOTE] WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), AND (B) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS [CLASS E NOTE]/[SUBORDINATED NOTE] OR AN INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY [CLASS E NOTE]/[SUBORDINATED NOTE] (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER OR THE INVESTMENT 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 OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), AND (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS [CLASS E NOTE]/[SUBORDINATED NOTE] WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY APPLICABLE STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**OTHER PLAN LAW**"). "**BENEFIT PLAN INVESTOR**" MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "**PLAN ASSETS**" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY. "**CONTROLLING PERSON**" MEANS A PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR ANY PERSON WHO PROVIDES INVESTMENT ADVICE

FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR ANY AFFILIATE OF ANY SUCH PERSON. AN "**AFFILIATE**" OF A PERSON INCLUDES ANY PERSON, DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH THE PERSON. "**CONTROL**" WITH RESPECT TO A PERSON OTHER THAN AN INDIVIDUAL MEANS THE POWER TO EXERCISE A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF SUCH PERSON. ANY PURPORTED TRANSFER OF THE [CLASS E NOTES]/[SUBORDINATED NOTES] IN VIOLATION OF THE REQUIREMENTS SET OUT 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 OR TRANSFER OF SUCH [CLASS E NOTES]/[SUBORDINATED NOTES] TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO TRANSFER OF A [CLASS E NOTE]/[SUBORDINATED NOTE] OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER WILL NOT RECOGNISE ANY SUCH TRANSFER, IF IT WOULD CAUSE 25 PER CENT OR MORE OF THE TOTAL VALUE OF THE [CLASS E NOTES]/[SUBORDINATED NOTES] TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING [CLASS E NOTES]/[SUBORDINATED NOTES] (OR INTERESTS THEREIN) HELD BY CONTROLLING PERSONS ("**25 PER CENT LIMITATION**").

THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, TO COMPEL ANY BENEFICIAL OWNER OF A [CLASS E NOTE]/[SUBORDINATED NOTE] WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION, BENEFIT PLAN INVESTOR, CONTROLLING PERSON, SIMILAR LAW OR OTHER PLAN LAW REPRESENTATION THAT IS SUBSEQUENTLY SHOWN TO BE FALSE OR MISLEADING OR WHOSE OWNERSHIP OTHERWISE CAUSES A VIOLATION OF THE 25 PER CENT LIMITATION TO SELL OR TRANSFER ITS INTEREST IN THE [CLASS E NOTE]/[SUBORDINATED NOTE], OR MAY SELL OR TRANSFER SUCH INTEREST ON BEHALF OF SUCH OWNER.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES AND THE SUBORDINATED NOTES ONLY, AND IN THE FORM OF RULE 144A DEFINITIVE CERTIFICATES ONLY.***] [EACH PURCHASER OR TRANSFEREE OF THIS [CLASS E NOTE]/[SUBORDINATED NOTE] WILL BE REQUIRED TO REPRESENT AND WARRANT TO THE ISSUER IN WRITING THAT (1) IT IS NOT, AND IS NOT ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON UNLESS SUCH PURCHASER OR TRANSFEREE RECEIVES THE WRITTEN CONSENT OF THE ISSUER, PROVIDES AN ERISA CERTIFICATE TO THE ISSUER AS TO ITS STATUS AS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND HOLDS SUCH [CLASS E NOTE]/[SUBORDINATED NOTE] IN THE FORM OF A DEFINITIVE CERTIFICATE AND (2)(A) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS [CLASS E NOTE]/[SUBORDINATED NOTE] WILL NOT CONSTITUTE OR

RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") AND (B) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS [CLASS E NOTE]/[SUBORDINATED NOTE] OR AN INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY [CLASS E NOTE]/[SUBORDINATED NOTE] (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER OR THE INVESTMENT 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 OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), AND (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS [CLASS E NOTE]/[SUBORDINATED NOTE] WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY APPLICABLE STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAWS

OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**OTHER PLAN LAW**"). "**BENEFIT PLAN INVESTOR**" MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "**PLAN ASSETS**" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY. "**CONTROLLING PERSON**" MEANS A PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR ANY PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR ANY AFFILIATE OF ANY SUCH PERSON. AN "**AFFILIATE**" OF A PERSON INCLUDES ANY PERSON, DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH THE PERSON. "**CONTROL**" WITH RESPECT TO A PERSON OTHER THAN AN INDIVIDUAL MEANS THE POWER TO EXERCISE A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF SUCH PERSON. ANY PURPORTED TRANSFER OF THE [CLASS E NOTES]/[SUBORDINATED NOTES] IN VIOLATION OF THE REQUIREMENTS SET OUT 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 OR TRANSFER OF SUCH [CLASS E NOTES]/[SUBORDINATED NOTES] TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO TRANSFER OF A [CLASS E NOTE]/[SUBORDINATED NOTE] OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER WILL NOT RECOGNISE ANY SUCH TRANSFER, IF IT WOULD CAUSE 25 PER CENT OR MORE OF THE TOTAL VALUE OF THE [CLASS E NOTES]/[SUBORDINATED NOTES] (DETERMINED SEPARATELY BY CLASS) TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING [CLASS E NOTES]/[SUBORDINATED NOTES] (OR INTERESTS THEREIN) HELD BY CONTROLLING PERSONS ("**25 PER CENT LIMITATION**").

THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, TO COMPEL ANY BENEFICIAL OWNER OF A [CLASS E NOTE]/[SUBORDINATED NOTE] WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION, BENEFIT PLAN INVESTOR, CONTROLLING PERSON, SIMILAR LAW OR OTHER PLAN LAW REPRESENTATION THAT IS SUBSEQUENTLY SHOWN TO BE FALSE OR MISLEADING OR WHOSE OWNERSHIP OTHERWISE CAUSES A VIOLATION OF THE 25 PER CENT LIMITATION TO SELL OR TRANSFER ITS INTEREST IN THE [CLASS E NOTE]/[SUBORDINATED NOTE], OR MAY SELL OR TRANSFER SUCH INTEREST ON BEHALF OF SUCH OWNER.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES, THE CLASS D NOTES, THE CLASS E NOTES AND THE SUBORDINATED NOTES IN THE FORM OF RULE 144A GLOBAL AND DEFINITIVE CERTIFICATES.***] [THE FAILURE TO PROVIDE THE ISSUER AND ANY PAYING AGENT WITH THE APPLICABLE U.S. FEDERAL INCOME TAX CERTIFICATIONS (GENERALLY, A U.S. INTERNAL REVENUE SERVICE FORM W-9 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS A "**UNITED STATES PERSON**" WITHIN THE MEANING OF SECTION 7701(a)(30) OF THE CODE OR AN APPLICABLE U.S. INTERNAL REVENUE SERVICE FORM W-8 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS NOT A "**UNITED STATES PERSON**" WITHIN THE MEANING OF SECTION 7701(a)(30) OF THE CODE) MAY RESULT IN U.S. FEDERAL BACK UP WITHHOLDING FROM PAYMENTS TO THE HOLDER IN RESPECT OF THIS NOTE.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES AND THE SUBORDINATED NOTES ONLY, AND IN THE FORM OF RULE 144A GLOBAL AND DEFINITIVE CERTIFICATES.***] [EACH HOLDER AND BENEFICIAL OWNER OF THIS [CLASS E NOTE]/[SUBORDINATED NOTE] OR AN INTEREST IN THIS [CLASS E NOTE]/[SUBORDINATED NOTE] THAT IS A "**UNITED STATES PERSON**" (AS DEFINED IN

SECTION 7701(a)(30) OF THE CODE) OR A "**UNITED STATES OWNED FOREIGN ENTITY**" (AS DESCRIBED IN SECTION 1471(d)(3) OF THE CODE) WILL MAKE, OR BY ACQUIRING THIS [CLASS E NOTE]/[SUBORDINATED NOTE] OR AN INTEREST IN THIS [CLASS E NOTE]/[SUBORDINATED NOTE] WILL BE DEEMED TO MAKE, REPRESENTATIONS TO THE EFFECT THAT (I) IT WILL PROVIDE TO THE ISSUER ITS NAME, ADDRESS, U.S. TAXPAYER IDENTIFICATION NUMBER, THE NAME, ADDRESS AND TAXPAYER IDENTIFICATION NUMBER OF EACH OF ITS SUBSTANTIAL UNITED STATES OWNERS AS DEFINED IN SECTION 1473(2) OF THE CODE ("**SUBSTANTIAL UNITED STATES OWNERS**") (IF IT IS A UNITED STATES OWNED FOREIGN ENTITY), AND ANY OTHER INFORMATION THAT THE ISSUER OR ITS AGENT REQUESTS AND (II) IT WILL UPDATE ANY SUCH INFORMATION PROVIDED IN CLAUSE (I) PROMPTLY UPON LEARNING THAT ANY SUCH INFORMATION PREVIOUSLY PROVIDED HAS BECOME OBSOLETE OR INCORRECT OR IS OTHERWISE REQUIRED. IN ADDITION, EACH HOLDER AND BENEFICIAL OWNER OF THIS [CLASS E NOTE]/[SUBORDINATED NOTE] OR ANY INTEREST IN THIS [CLASS E NOTE]/[SUBORDINATED NOTE] WILL MAKE, OR BY ACQUIRING THIS [CLASS E NOTE]/[SUBORDINATED NOTE] OR ANY INTEREST IN THIS [CLASS E NOTE]/[SUBORDINATED NOTE] WILL BE DEEMED TO MAKE, REPRESENTATIONS TO THE EFFECT THAT IT WILL PROVIDE TO THE ISSUER (X) ANY INFORMATION AS IS NECESSARY (IN THE SOLE DETERMINATION OF THE ISSUER) FOR THE ISSUER TO DETERMINE WHETHER SUCH HOLDER OR BENEFICIAL OWNER IS A UNITED STATES PERSON OR A UNITED STATES OWNED FOREIGN ENTITY, AND (Y) ANY ADDITIONAL INFORMATION THAT THE ISSUER OR ITS AGENT REQUESTS IN CONNECTION WITH SECTIONS 1471–1474 OF THE CODE. EACH SUCH HOLDER AND BENEFICIAL OWNER WILL AGREE, OR BY ACQUIRING THIS [CLASS E NOTE]/[SUBORDINATED NOTE] OR AN INTEREST IN THIS [CLASS E NOTE]/[SUBORDINATED NOTE] BE DEEMED TO AGREE THAT THE ISSUER MAY PROVIDE SUCH INFORMATION, AND ANY OTHER INFORMATION REGARDING ITS INVESTMENT IN THE [CLASS E NOTES]/[SUBORDINATED NOTES] TO THE U.S. INTERNAL REVENUE SERVICE. THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN A [CLASS E NOTE]/[SUBORDINATED NOTE] THAT FAILS TO COMPLY WITH THE FOREGOING REQUIREMENTS TO SELL OR TRANSFER ITS INTEREST IN SUCH [CLASS E NOTE]/[SUBORDINATED NOTE], OR MAY SELL OR TRANSFER SUCH INTEREST ON BEHALF OF SUCH OWNER, IF SUCH OWNER DOES NOT SELL OR TRANSFER SUCH INTEREST WITHIN 30 BUSINESS DAYS AFTER NOTICE FROM THE ISSUER OR AN AUTHORISED DELEGATE ACTING ON THE ISSUER'S BEHALF OR THE ISSUER MAY TAKE SUCH OTHER ACTIONS AND STEPS AS ARE NECESSARY TO EFFECT SUCH SALE OR TRANSFER.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES AND THE CLASS D NOTES ONLY, AND IN THE FORM OF RULE 144A GLOBAL AND DEFINITIVE CERTIFICATES.***] [EACH HOLDER AND BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST IN THIS NOTE THAT IS A "**UNITED STATES PERSON**" (AS DEFINED IN SECTION 7701(a)(30) OF THE CODE) OR A "***UNITED STATES OWNED FOREIGN ENTITY***" (AS DESCRIBED IN SECTION 1471(d)(3) OF THE CODE) WILL MAKE, OR BY ACQUIRING THIS NOTE OR ANY INTEREST IN THIS NOTE WILL BE DEEMED TO MAKE, REPRESENTATIONS TO THE EFFECT THAT IT WILL PROVIDE TO THE ISSUER (X) ANY INFORMATION AS IS NECESSARY (IN THE SOLE DETERMINATION OF THE ISSUER) FOR THE ISSUER TO DETERMINE WHETHER SUCH HOLDER OR BENEFICIAL OWNER IS A UNITED STATES PERSON OR A UNITED STATES OWNED FOREIGN ENTITY, AND (Y) ANY ADDITIONAL INFORMATION THAT THE ISSUER OR ITS AGENT REQUESTS IN CONNECTION WITH SECTIONS 1471–1474 OF THE CODE. EACH SUCH HOLDER AND BENEFICIAL OWNER WILL AGREE, OR BY ACQUIRING THIS NOTE OR AN INTEREST IN THIS NOTE BE DEEMED TO AGREE THAT THE ISSUER MAY PROVIDE SUCH INFORMATION, AND ANY OTHER INFORMATION REGARDING ITS INVESTMENT IN THE NOTES TO THE U.S. INTERNAL REVENUE SERVICE. THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN A NOTE THAT FAILS TO COMPLY WITH THE FOREGOING REQUIREMENTS TO SELL OR TRANSFER ITS INTEREST IN SUCH NOTE, OR MAY SELL OR TRANSFER SUCH INTEREST ON BEHALF OF SUCH OWNER, IF SUCH OWNER DOES

NOT SELL OR TRANSFER SUCH INTEREST WITHIN 30 BUSINESS DAYS AFTER NOTICE FROM THE ISSUER OR AN AUTHORISED DELEGATE ACTING ON THE ISSUER'S BEHALF OR THE ISSUER MAY TAKE SUCH OTHER ACTIONS AND STEPS AS ARE NECESSARY TO EFFECT SUCH SALE OR TRANSFER.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES, THE CLASS D NOTES, THE CLASS E NOTES AND THE SUBORDINATED NOTES IN THE FORM OF RULE 144A GLOBAL AND DEFINITIVE CERTIFICATES.***] [EACH HOLDER AND BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST IN THIS NOTE THAT IS NOT A "**UNITED STATES PERSON**" (AS DEFINED IN SECTION 7701(a)(30) OF THE CODE) WILL MAKE, OR BY ACQUIRING THIS NOTE OR AN INTEREST IN THIS NOTE WILL BE DEEMED TO MAKE, A REPRESENTATION TO THE EFFECT THAT (A) EITHER (I) IT IS NOT A BANK EXTENDING CREDIT PURSUANT TO A LOAN AGREEMENT ENTERED INTO IN THE ORDINARY COURSE OF ITS TRADE OR BUSINESS (WITHIN THE MEANING OF SECTION 881(c)(3)(A) OF THE CODE), OR (II) IT IS A PERSON THAT IS ELIGIBLE FOR BENEFITS UNDER AN INCOME TAX TREATY WITH THE UNITED STATES THAT ELIMINATES U.S. FEDERAL INCOME TAXATION OF U.S. SOURCE INTEREST NOT ATTRIBUTABLE TO A PERMANENT ESTABLISHMENT IN THE UNITED STATES, AND (B) IT IS NOT PURCHASING THIS NOTE IN ORDER TO REDUCE ITS U.S. INCOME TAX LIABILITY PURSUANT TO A TAX AVOIDANCE PLAN.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES, THE CLASS D NOTES AND THE CLASS E NOTES ONLY, AND IN THE FORM OF RULE 144A GLOBAL AND DEFINITIVE CERTIFICATES.***] [EACH HOLDER AND EACH BENEFICIAL OWNER OF A RATED NOTE, BY ACCEPTANCE OF SUCH RATED NOTE, OR ITS INTEREST IN A RATED NOTE, AS THE CASE MAY BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, SUCH RATED NOTE AS DEBT FOR U.S. FEDERAL INCOME TAX PURPOSES.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE SUBORDINATED NOTES ONLY, AND IN THE FORM OF RULE 144A GLOBAL AND DEFINITIVE CERTIFICATES.***] [EACH HOLDER AND EACH BENEFICIAL OWNER OF A SUBORDINATED NOTE REPRESENTED BY THIS CERTIFICATE, BY ACCEPTANCE OF SUCH NOTE, OR ITS INTEREST IN SUCH NOTE, AS THE CASE MAY BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, SUCH NOTE AS EQUITY FOR U.S. FEDERAL INCOME TAX PURPOSES.]

[***LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, THE CLASS B NOTES, THE CLASS C NOTES, THE CLASS D NOTES AND THE CLASS E NOTES ONLY, AND IN THE FORM OF RULE 144A GLOBAL AND DEFINITIVE CERTIFICATES.***] [THE RATED NOTES MAY BE ISSUED WITH ORIGINAL ISSUE DISCOUNT ("**OID**"). THE ISSUE PRICE, TOTAL AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY MAY BE OBTAINED BY CONTACTING THE ISSUER OR THE INVESTMENT MANAGER.]

[***LEGEND TO BE INCLUDED IN RELATION TO ANY IM NON-VOTING NOTES OR IM NON-VOTING EXCHANGEABLE NOTES IN THE FORM OF RULE 144A GLOBAL AND DEFINITIVE CERTIFICATES***] [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 WILL NOT CARRY A RIGHT TO VOTE OR TO BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF VOTING ON AN IM REMOVAL RESOLUTION OR AN IM REPLACEMENT RESOLUTION.]

[***LEGEND TO BE INCLUDED IN RELATION TO ANY IM VOTING NOTES IN THE FORM OF RULE 144A DEFINITIVE CERTIFICATES 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 WILL CARRY A RIGHT TO VOTE OR TO BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF VOTING ON AN IM REMOVAL RESOLUTION OR AN IM REPLACEMENT RESOLUTION.]

8. The purchaser will not, at any time, offer to buy or offer to sell the Notes by any form of general solicitation or advertising, including, but not limited to, any advertisement, article,

notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio or seminar or meeting whose attendees have been invited by general solicitations or advertising.

9. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

10. Each holder and beneficial owner of a Rule 144A Note, by acceptance of its Rule 144A Note or its interest in a Note, shall be deemed to understand and acknowledge that failure to provide the Issuer or any Paying Agent with the applicable U.S. federal income tax certifications (generally, a U.S. Internal Revenue Service Form W-9 (or successor applicable form) in the case of a person that is a "United States person" within the meaning of Section 7701(a)(30) of the Code or an appropriate U.S. Internal Revenue Service Form W-8 (or successor applicable form) in the case of a person that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code) may result in U.S. federal back up withholding from payments in respect of such Note.

11. With respect to the Subordinated Notes, if the purchaser is not a United States person (as defined in Section 7701(a)(30) of the Code), such purchaser is not purchasing the Notes in order to reduce its U.S. federal income tax liability pursuant to a tax avoidance plan within the meaning of U.S. Treasury Regulation Section 1.881-3.

12. With respect to the Subordinated Notes, if the purchaser is not a United States person (as defined in Section 7701(a)(30) of the Code), such purchaser either (x) is not a bank extending credit pursuant to a loan agreement in the ordinary course of its lending business (within the meaning of Section 881(c)(3)(A) of the Code) or (y) 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.

13. The purchaser agrees to provide the Issuer any information reasonably requested and necessary (in the sole determination of the Issuer for the Issuer (or its agent) and in order to permit the Issuer to comply with Sections 1471–1474 of the Code (including any voluntary agreement entered into with a taxing authority thereunder) and any analogous non-U.S. law. It understands and acknowledges that the Issuer or an agent may provide such information and any other information concerning its investment in the Notes to the U.S. Internal Revenue Service and any other applicable non-U.S. taxing authority.

14. The purchaser understands and acknowledges that the Issuer has the right, under the Trust Deed, (1) to require any beneficial owner of an interest in the Notes that fails to comply with the requirements of clause (13) above, to sell or transfer its interest in such Notes, or may sell or transfer such interest on behalf of such owner, (2) to take such other actions and steps as are necessary to effect such sale or transfer of its interest in such Notes, or such interest on behalf of such owner, and (3) to make any amendments to the Trust Deed to enable the Issuer to comply with FATCA (or any voluntary agreement entered into with a taxing authority pursuant thereto).

15. The purchaser understands and acknowledges that the Issuer has the right, under the Conditions of the Notes, to withhold up to 30 per cent on all payments made to any beneficial owner of an interest in the Notes that fails to comply with the requirements of clause (13) above.

16. No purchase or transfer of a Subordinated Note in the form of a Definitive Certificate will be recorded or otherwise recognised unless the purchaser or transferee has provided the Issuer with certificates substantially in the form of Annex C hereto.

17. The purchaser understands and acknowledges that the Issuer has the right under the Trust Deed to require any Non-Permitted Holder, Recalcitrant Holder or Non-Permitted ERISA Holder to sell or transfer its interest in the Notes, or may sell or transfer such interest in its Notes on behalf of such Non-Permitted Holder, Recalcitrant Holder or Non-Permitted ERISA Holder in accordance with the Conditions.

18. In respect of a purchase or transfer of an IM Voting Note, or any interest in such Note, the purchaser or transferee understands that such IM Voting Note carries a right to vote or to be counted for the purposes of determining a quorum and the result of voting on an IM Removal Resolution or an IM Replacement Resolution and all other matters of which Noteholders have a right to vote and be so counted.

19. In respect of a purchase or transfer of an IM Non-Voting Note, or any interest in such Note, the purchaser or transferee understands that such IM Non-Voting Note does not carry a right to vote or to be counted for the purposes of determining a quorum and the result of voting on an IM Removal Resolution or an IM Replacement Resolution but does have a right to vote and be so counted in respect of all other matters as to which Noteholders are entitled to vote.

20. In respect of a purchase or transfer of an IM Non-Voting Exchangeable Note, or any interest in such Note, the purchaser or transferee understands that such IM Non-Voting Exchangeable Note does not carry a right to vote or to be counted for the purposes of determining a quorum and the result of voting on an IM Removal Resolution or an IM Replacement Resolution but does have a right to vote and be so counted in respect of all other matters as to which Noteholders are entitled to vote.

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:

	Regulation S Notes		Rule 144 A Notes	
	ISIN	**Common Code**	**ISIN**	**Common Code**
Class A Notes				
IM Voting Notes	XS0950312933	095031293	XS0950313402	095031340
IM Non-Voting Notes	XS1300319438	130031943	XS 1300320444	130032044
IM Non-Voting Exchangeable Notes	XS1300324198	130032419	XS1300324602	130032460
Class B Notes				
IM Voting Notes	XS0950313741	095031374	XS0950313824	095031382
IM Non-Voting Notes	XS1300328009	130032800	XS1300329312	130032931
IM Non-Voting Exchangeable Notes	XS1300330757	130033075	XS1300331136	130033113
Class C Notes				
IM Voting Notes	XS0950314046	095031404	XS0950314392	095031439
IM Non-Voting Notes	XS1300338222	130033822	XS1300343651	130034365
IM Non-Voting Exchangeable Notes	XS1300345862	130034586	XS1300346670	130034667
Class D Notes				
IM Voting Notes	XS0950314632	095031463	XS0950314806	095031480
IM Non-Voting Notes	XS1300347728	130034772	XS1300350359	130035035
IM Non-Voting Exchangeable Notes	XS1300350946	130035094	XS1300352728	130035272
Class E Notes				
IM Voting Notes	XS0950314988	095031498	XS0950315100	095031510
IM Non-Voting Notes	XS1300354260	130035426	XS1300354930	130035493
IM Non-Voting Exchangeable Notes	XS1300355234	130035523	XS1300355663	130035566
Subordinated Notes	XS0950315282	095031528	XS0950315365	095031536

Listing

Application has been made to the Irish Stock Exchange for the New Notes to be admitted to the Official List and to trading on its Global Exchange Market. There can be no assurance that any such approval will be granted or, if granted that such listing will be maintained. It is expected that the total expenses related to admission to trading will be approximately €4,050. The Existing Notes were admitted to the Official List and to trading on the Global Exchange Market on 24 July 2013.

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 Existing Notes was authorised by resolution of the board of Directors passed on 22 July 2013 and the issue of the New Notes was authorised by resolution of the board of Directors passed on 21 December 2015.

No Significant or Material Change

There has been no material adverse change in the financial position or prospects of the Issuer since the date of its last audited financial statements published on 31 March 2014.

No Litigation

The Issuer is not involved, and has not been involved, in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had since the date of its incorporation a significant effect on the Issuer's financial position.

Accounts

The Issuer's financial statements covering the financial year ended 31 March 2014 and the audit report thereon are incorporated into and form part of this Offering Circular.

So long as any Note remains outstanding, copies of the most recent annual audited financial statements of the Issuer can be obtained by physical or electronic means at the specified offices of the Paying Agents during normal business hours. The most recent financial statements of the Issuer is in respect of the period from incorporation to 31 March 2014. The annual accounts of the Issuer have been audited. The Issuer will not prepare interim financial statements.

The Trust Deed requires the Issuer to provide written confirmation to the Trustee on an annual basis and otherwise promptly on request that no Event of Default or Potential Event of Default (as defined in the Trust Deed) or other matter which is required to be brought to the Trustee's attention has occurred.

Documents Available

Copies of the following documents may be inspected in electronic format (and, in the case of each of (g) and (h) below, will be available for collection free of charge) at the registered office of the Issuer and at the specified office of the Principal Paying Agent during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the life of the Notes:

(a) the Articles of Association of the Issuer;

(b) the Subscription Agreement;

(c) the Trust Deed (which includes the form of each Note of each Class);

(d) the Collateral Administration and Agency Agreement;

(e) the Investment Management Agreement;

(f) each Asset Swap Agreement;

(g) each Monthly Report;

(h) each Payment Date Report;

(i) the Euroclear Pledge Agreement; and

(j) the audited financial statements of the Issuer published on 31 March 2014.

Enforceability of Judgments

The Issuer is a company organised under the laws of Ireland. None of the Directors and executive 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.

Any website mentioned in this Offering Circular does not form part of this Offering Circular prepared for the purpose of seeking admission to the Official List of the Irish Stock Exchange and to trading on its Global Exchange Market.

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ANNEX B

S&P Recovery Rates

1. If a Collateral Debt Obligation has an S&P Recovery Rating, or is *pari passu* with another obligation of the same Obligor that has an S&P Recovery Rating and is secured by the same collateral as such other obligation, the S&P Recovery Rate for such Collateral Debt Obligation shall be determined as follows:

S&P Recovery Rate of a Collateral Debt Obligation	Initial Liability Rating					
	"AAA"	"AA"	"A"	"BBB"	"BB"	"B" and below
1+	75%	85%	88%	90%	92%	95%
1	65%	75%	80%	85%	90%	95%
2	50%	60%	66%	73%	79%	85%
3	30%	40%	46%	53%	59%	65%
4	20%	26%	33%	39%	43%	45%
5	5%	10%	15%	20%	23%	25%
6	2%	4%	6%	8%	10%	10%
	Recovery rate					

2. If an S&P Recovery Rate cannot be determined using clause (a) above, the S&P Recovery Rate shall be determined as follows:

Recovery rates for obligors Domiciled in Group A, B, C or D:

Priority Category	Initial Liability Rating					
	"AAA"	"AA"	"A"	"BBB"	"BB"	"B" and "CCC"
Senior Secured Floating Rate Notes, Cov-Lite Loans and Secured High Yield Bonds						
Group A	50%	55%	59%	63%	75%	79%
Group B	45%	49%	53%	58%	70%	74%
Group C	39%	42%	46%	49%	60%	63%
Group D	17%	19%	27%	29%	31%	34%
Senior Secured Loans						
Group A	41%	46%	49%	53%	63%	67%
Group B	37%	41%	44%	49%	59%	62%
Group C	32%	35%	39%	41%	50%	53%
Group D	17%	19%	27%	29%	31%	34%

Group A: Australia, Denmark, Finland, Hong Kong, Ireland, The Netherlands, New Zealand, Norway, Singapore, Sweden, UK.

Group B: Austria, Belgium, Canada, Germany, Israel, Japan, Luxembourg, Portugal, South Africa, Switzerland, U. S.

Group C: Argentina, Brazil, Chile, France, Greece, Italy, Mexico, South Korea, Spain, Taiwan, Turkey, United Arab Emirates.

Group D: Kazakhstan, Russia, Ukraine, others

For the purposes of the above, "**S&P Recovery Rating**" means, with respect to a Collateral Debt Obligation for which an S&P Recovery Rate is being determined, the "**Recovery Rating**" assigned by S&P to such Collateral Debt Obligation based upon the tables set forth in this Annex B.

"**Cov-Lite Loan**" means a Senior Secured Loan that (a) does not contain any financial covenants; or (b) requires the Obligor to comply with an Incurrence Covenant, but does not require the Obligor to comply with a Maintenance Covenant; provided that such a Senior Secured Loan which either contains a cross default provision to or is *pari passu* with, another loan of the Obligor that requires the Obligor to comply with both an Incurrence Covenant and a Maintenance Covenant will be deemed not to be a Cov-Lite Loan.

"**Incurrence Covenant**" means a covenant by any Obligor to comply with one or more financial covenants only upon the occurrence of certain actions of, or events relating to, the Obligor, including but not limited to a debt issuance, dividend payment, share purchase, merger, acquisition or divestiture, unless, as of any date of determination, such action was taken or such event has occurred, in each case the effect of which causes such covenant to meet the criteria of a Maintenance Covenant.

"**Maintenance Covenant**" means, as of any date of determination, a covenant by any Obligor to comply with one or more financial covenants during each reporting period applicable to the related loan, whether or not any action by, or event relating to, such Obligor occurs after such date of determination.

ANNEX C

Form of ERISA Certificate

The purpose of this ERISA Certificate (this "**Certificate**") is, among other things, to (i) endeavour to ensure that less than 25 per cent of the value of the [Class E Notes] [Subordinated Notes] issued by St Paul's CLO II Limited (the "**Issuer**") is held by (a) an employee benefit plan that is subject to the fiduciary responsibility provisions of Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), (b) a plan that is subject to Section 4975 of the United States 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's or plan's investment in the entity (collectively, "**Benefit Plan Investors**") as determined in accordance with the Plan Assets Regulation, (ii) obtain from you certain representations and agreements and (iii) provide you with certain related information with respect to your acquisition, holding or disposition of the [Class E Notes] [Subordinated Notes]. By signing this Certificate, you agree to be bound by its terms.

Please be aware that the information contained in this Certificate is not intended to constitute advice and the examples given below are not intended to be, and are not, comprehensive. You should contact your own counsel if you have any questions in completing this Certificate. Capitalised terms used but not defined in this Certificate shall have the meanings ascribed to them in the Trust Deed.

If a box is not checked, you are agreeing that the applicable Section does not, and will not, apply to you.

1. **Employee Benefit Plans Subject to ERISA or the Code**

   We, or the entity on whose behalf we are acting, are an "employee benefit plan" within the meaning of Section 3(3) of ERISA that is subject to the fiduciary responsibility provisions of Title I of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Code that is subject to Section 4975 of the Code.

   Examples: (i) tax qualified retirement plans such as pension, profit sharing and section 401(k) plans, (ii) welfare benefit plans such as accident, life and medical plans, (iii) individual retirement accounts or "IRAs" and "Keogh" plans and (iv) certain tax-qualified educational and savings trusts.

2. **Entity Holding Plan Assets**

   We, or the entity on whose behalf we are acting, are an entity or fund whose underlying assets include "plan assets" by reason of a Benefit Plan Investor's investment in such entity.

   Examples: (i) an insurance company separate account, (ii) a bank collective trust fund and (iii) a hedge fund or other private investment vehicle where 25 per cent or more of the value of any class of its equity is held by Benefit Plan Investors.

   If you check Box 2, please indicate the maximum percentage of the entity or fund that will constitute "plan assets" for purposes of Title I of ERISA or Section 4975 of the Code: [●] per cent.

   An entity or fund that cannot or does not provide the foregoing percentage hereby acknowledges that for purposes of determining whether Benefit Plan Investors own less than 25 per cent of the value of the [Class E Notes] [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] [Subordinated Notes] with funds from our or their general account (i.e., the

insurance company's corporate investment portfolio), whose assets, in whole or in part, constitute "plan assets" under Section 401(a) of ERISA for purposes of 29 C. F. R. Section 2510. 3-101 as modified by Section 3(42) of ERISA (the "**Plan Assets Regulation**").

If you check Box 3, please indicate the maximum percentage of the insurance company general account that will constitute "plan assets" under Section 401(a) of ERISA for purposes of conducting the 25 per cent test under the Plan Asset Regulations: [●] per cent. IF YOU DO NOT INCLUDE ANY PERCENTAGE IN THE BLANK SPACE, YOU WILL BE COUNTED AS IF YOU FILLED IN 100 PER CENT IN THE BLANK SPACE.

4. None of Sections (1) through (3) above apply. We, or the entity on whose behalf we are acting, are a person that does not fall into any of the categories described in Sections (1) through (3) above. If, after the date hereof, any of the categories described in Sections (1) through (3) above would apply, we will promptly notify the Issuer of such change.

5. **No Prohibited Transaction**

If we checked any of the boxes in Sections (1) through (3) above, we represent, warrant and agree that our acquisition, holding and disposition of the [Class E Notes] [Subordinated Notes] do not and will not constitute or give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

6. **Not Subject to Similar Law and No Violation of Other Plan Law**

If we are a governmental, church, non- U.S. or other plan, we represent, warrant and agree that (a) we are not subject to any federal, state, local non-U.S. or other law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or interest therein) by virtue of its interest and thereby subject the Issuer or the Investment 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 or Section 4975 of the Code, and (b) our acquisition, holding and disposition of the [Class E Notes] [Subordinated Notes] do not and will not constitute or give rise to a non-exempt violation of any law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code.

7. **Controlling Person**

We are, or we are acting on behalf of any of: (i) the Trustee, (ii) the Investment Manager, (iii) any person that has discretionary authority or control with respect to the assets of the Issuer, (iv) any person who provides investment advice for a fee (direct or indirect) with respect to such assets or (v) any "affiliate" of any of the above persons. "Affiliate" shall have the meaning set out in the Plan Assets Regulation. Any of the persons described in the first sentence of this Section 7 is referred to in this Certificate as a "Controlling Person".

Note: We understand that, for purposes of determining whether Benefit Plan Investors hold less than 25 per cent of the value of the [Class E Notes] [Subordinated Notes], any [Class E Notes] [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 (or upon notice from the Registrar makes the discovery (who, in each case, agree to notify the Issuer of such discovery, if any)), send notice to us demanding that we transfer our interest to a person that is not a Non-Permitted ERISA Holder immediately after the date of such notice;

(ii) if we fail to transfer our [Class E Notes] [Subordinated Notes], the Issuer shall have the right, without further notice to us, to sell or transfer our [Class E Notes] [Subordinated

Notes] or our interest in such Notes to a purchaser selected by the Issuer that is not a Non-Permitted ERISA Holder on such terms as the Issuer may choose;

(iii) we will have an opportunity to propose a prospective purchaser who may acquire the [Class E Notes] [Subordinated Notes] at the highest bid received by the Issuer, and no later than the time the other bidder would have made its acquisition, and the Issuer will sell such [Class E Notes] [Subordinated Notes] to such purchaser so long as it meets all applicable transfer restrictions;

(iv) by our acceptance of an interest in the [Class E Notes] [Subordinated Notes], we agree to cooperate with the Issuer to effect such transfers;

(v) the proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to us; and

(vi) the terms and conditions of any sale under this sub-section shall be determined in the sole discretion of the Issuer, and the Issuer shall not be liable to us as a result of any such sale or the exercise of such discretion.

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] [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] [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 Notes in future calculations of the 25 per cent Limitation made pursuant hereto unless subsequently notified that such 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 contained in this Certificate shall be deemed made on each day from the date we make such representations through and including the date on which we dispose of our interests in the [Class E Notes] [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 value of such Notes upon any subsequent transfer of Notes in accordance with the Trust Deed.

11. Further Acknowledgement and Agreement. We acknowledge and agree that (i) all of the assurances contained in this Certificate are for the benefit of the Issuer, the Trustee, the Collateral Administrator, the Agents and the Investment Manager as third party beneficiaries hereof, (ii) copies of this Certificate and any information contained herein may be provided to the Issuer, the Trustee, the Collateral Administrator, the Agents, the Investment Manager, affiliates of any of the foregoing parties and to each of the foregoing parties' respective counsel for purposes, *inter alia*, and where relevant of making the determinations described above and (iii) any acquisition or transfer of the [Class E Notes] [Subordinated Notes] by us that is not in accordance with the provisions of this Certificate shall be null and void from the beginning, and of no legal effect.

12. **Future Transfer Requirements**

Transferee Letter and its Delivery. We acknowledge and agree that we may not transfer any [Class E Notes] [Subordinated 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.

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] [Subordinated Notes]

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