

## ARBOUR CLO III LIMITED

(a private limited company incorporated under the laws of Ireland with registered number 560478 and having its registered office in Ireland)

**€10,000,000 Class A-1 Senior Secured Fixed Rate Notes due 2029**  
**€230,000,000 Class A-2 Senior Secured Floating Rate Notes due 2029**  
**€25,000,000 Class B-1 Senior Secured Fixed Rate Notes due 2029**  
**€19,000,000 Class B-2 Senior Secured Floating Rate Notes due 2029**  
**€23,000,000 Class C Senior Secured Deferrable Floating Rate Notes due 2029**  
**€23,500,000 Class D Senior Secured Deferrable Floating Rate Notes due 2029**  
**€27,500,000 Class E Senior Secured Deferrable Floating Rate Notes due 2029**  
**€11,750,000 Class F Senior Secured Deferrable Floating Rate Notes due 2029**  
**€44,600,000 Subordinated Notes due 2029**

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

Arbour CLO III Limited (the “**Issuer**”) will issue the Class A-1 Notes, the Class A-2 Notes, the Class B-1 Notes, the Class B-2 Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes (each as defined herein) on or about 12 February 2016 (the “**Issue Date**”).

The €10,000,000 Class A-1 Senior Secured Fixed Rate Notes due 2029 (the “**Class A-1 Notes**”), the €230,000,000 Class A-2 Senior Secured Floating Rate Notes due 2029 (the “**Class A-2 Notes**”) and together with the Class A-1 Notes, the “**Class A Notes**”), the €25,000,000 Class B-1 Senior Secured Fixed Rate Notes due 2029 (the “**Class B-1 Notes**”), the €19,000,000 Class B-2 Senior Secured Floating Rate Notes due 2029 (the “**Class B-2 Notes**”) and together with the Class B-1 Notes, the “**Class B Notes**”), the €23,000,000 Class C Senior Secured Deferrable Floating Rate Notes due 2029 (the “**Class C Notes**”), the €23,500,000 Class D Senior Secured Deferrable Floating Rate Notes due 2029 (the “**Class D Notes**”), the €27,500,000 Class E Senior Secured Deferrable Floating Rate Notes due 2029 (the “**Class E Notes**”), the €11,750,000 Class F Senior Secured Deferrable Floating Rate Notes due 2029 (the “**Class F Notes**”) and, together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the “**Rated Notes**”) and €44,600,000 Subordinated Notes due 2029 (the “**Subordinated Notes**”) and, together with the Rated Notes, the “**Notes**”) will be issued and secured pursuant to a trust deed dated the Issue Date (the “**Trust Deed**”), made between (amongst others) the Issuer and U.S. Bank Trustees Limited, in its capacity as trustee (the “**Trustee**”).

Interest on the Notes will be payable (a) quarterly in arrear on 15 March, 15 June, 15 September and 15 December prior to the occurrence of a Frequency Switch Event (as defined herein) and semi-annually in arrear on 15 June and 15 December (where the Payment Date (as defined herein) immediately following the occurrence of a Frequency Switch Event falls in either June or December) or 15 March and 15 September (where the Payment Date immediately following the occurrence of a Frequency Switch Event falls in either March or September) following the occurrence of a Frequency Switch Event (or, in each case, if such day is not a Business Day (as defined herein), then on the next succeeding Business Day (unless it would fall in the following month, in which case it shall be moved to the immediately preceding Business Day)) in each year, commencing on 15 September 2016 and ending on the Maturity Date (as defined below), (b) on any Redemption Date in connection with a redemption in whole, and (c) on any Unscheduled Payment Date (as defined herein), in each case in accordance with the Priorities of Payments described herein.

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

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

This prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”), as competent authority under Directive 2003/71/EC (as amended) (the “**Prospectus Directive**”). The Central Bank only approved this prospectus as meeting the requirements imposed under Irish and EU Law pursuant to the Directive 2003/71/EC. Application has been made to The Irish Stock Exchange p.l.c. (the “**Irish Stock Exchange**”) for the Notes to be

admitted to the Official List (the “**Official List**”) and trading on its regulated market of the Irish Stock Exchange (the “**Main Securities Market**”). The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC (as amended) (the “**Markets in Financial Instruments Directive**”). Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC (as amended) and/or which are to be offered to the public in any member state of the European Economic Area. It is anticipated that listing and admission to trading of the Notes will take place on or about the Issue Date. There can be no assurance that such listing and admission to trading will be granted. This Offering Circular constitutes a “prospectus” for the purposes of the Prospectus Directive. A copy of this “prospectus” prepared pursuant to the Prospectus Directive will be available from the website of the Central Bank.

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

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) AND WILL BE OFFERED ONLY: (A) OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT (“**REGULATIONS**”)); AND (B) WITHIN THE UNITED STATES TO PERSONS AND OUTSIDE THE UNITED STATES TO U.S. PERSONS (AS SUCH TERM IS DEFINED IN REGULATIONS (“**U.S. PERSONS**”)), IN EACH CASE, WHO ARE BOTH QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT AND QUALIFIED PURCHASERS FOR THE PURPOSES OF SECTION 3(C)(7) OF THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”). THE ISSUER WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT. INTERESTS IN THE NOTES WILL BE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER, AND EACH PURCHASER OF NOTES OFFERED HEREBY IN MAKING ITS PURCHASE WILL BE DEEMED TO HAVE MADE (OR, IN THE CASE OF DEFINITIVE CERTIFICATES, WILL BE REQUIRED TO MAKE) CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS. SEE “*PLAN OF DISTRIBUTION*” AND “*TRANSFER RESTRICTIONS*”.

The Notes are being offered by the Issuer through Citigroup Global Markets Limited in its capacity as placement agent of the offering of such Notes (the “**Placement Agent**”) subject to prior sale, when, as and if delivered to and accepted by the Placement Agent, and to certain conditions. It is expected that delivery of the Notes will be made on or about the Issue Date. The Placement Agent may offer the Notes at prices as may be negotiated at the time of sale which may vary among different purchasers.

## **Citigroup**

Sole Arranger and Placement Agent

The date of this Offering Circular is 11 February 2016

*The Issuer accepts responsibility for the information contained in this document and to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Collateral Manager accepts responsibility for the information contained in the sections of this document headed “Risk Factors – Certain Conflicts of Interest – Collateral Manager” and “The Collateral Manager”. To the best of the knowledge and belief of the Collateral Manager (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Collateral Administrator accepts responsibility for the information contained in the section of this document headed “Description of the Collateral Administrator”. To the best of the knowledge and belief of the Collateral Administrator (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Retention Holder accepts responsibility for the information contained in the section of this document headed “The Retention Holder and Retention Requirements – Description of the Retention Holder”. To the best of the knowledge and belief of the Retention Holder (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Except for the sections of this document headed “Risk Factors – Certain Conflicts of Interest – Collateral Manager” and “The Collateral Manager”, in the case of the Collateral Manager, “Description of the Collateral Administrator”, in the case of the Collateral Administrator and “The Retention Holder and Retention Requirements – Description of the Retention Holder”, in the case of the Retention Holder, none of the Collateral Manager, the Collateral Administrator nor the Retention Holder accept any responsibility for the accuracy and completeness of any information contained in this Offering Circular. The delivery of this Offering Circular at any time does not imply that the information herein is correct at any time subsequent to the date of this Offering Circular.*

*None of the Placement Agent, the Trustee, the Collateral Manager (save in respect of the sections headed “Risk Factors – Certain Conflicts of Interest – Collateral Manager” and “The Collateral Manager”), the Collateral Administrator (save in respect of the section headed “Description of the Collateral Administrator”), any Agent, any Hedge Counterparty, the Retention Holder (save in respect of the section headed “The Retention Holder and Retention Requirements – Description of the Retention Holder”) or any other party has separately verified the information contained in this Offering Circular and, accordingly, none of the Placement Agent, the Trustee, the Collateral Manager (save as specified above), the Collateral Administrator (save as specified above), any Agent, any Hedge Counterparty, the Retention Holder (save as specified above) or any other party (save for the Issuer as specified above) makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained in this Offering Circular or in any further notice or other document which may at any time be supplied in connection with the Notes or their distribution or accepts any responsibility or liability therefor. None of the Placement Agent, the Trustee, the Collateral Manager, the Collateral Administrator, any Agent, any Hedge Counterparty, the Retention Holder or any other party undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the aforementioned parties which is not included in this Offering Circular. None of the Placement Agent, the Trustee, the Collateral Manager (save as specified above), the Collateral Administrator (save as specified above), any Agent, any Hedge Counterparty, the Retention Holder (save as specified above) or any other party (save for the Issuer as specified above) accepts any responsibility for the accuracy or completeness of any information contained in this Offering Circular.*

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

*description of certain further restrictions on offers and sales of Notes and distribution of this Offering Circular, see “Plan of Distribution” and “Transfer Restrictions” below.*

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

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

*Each of Moody's Investors Service Ltd and Fitch Ratings Limited are established in the European Union and are registered under Regulation (EC) No. 1060/2009 (as amended).*

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

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

#### **IRISH REGULATORY POSITION**

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

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS**

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

#### **RETENTION REQUIREMENTS**

In accordance with the Retention Requirements, Oaktree Capital Management (UK) LLP, in its capacity as the Retention Holder, will undertake to the Issuer, the Trustee, the Collateral Administrator, the Placement Agent and the Arranger, in the Risk Retention Letter that, amongst other matters, on the Issue Date, it will subscribe for and hold on an ongoing basis for so long as any Class of Notes remains Outstanding a net economic interest in the transaction which will be comprised of a first loss tranche in accordance with paragraph 1(d) of Article 405 of the CRR, Article 51(1)(d) of the AIFMD Level 2 Regulation and paragraph 2(d) of Article 254 of Solvency II, by holding in its own name and for its own account on an on-going basis for so long as any Class of Notes remains Outstanding, Subordinated Notes with a Principal Amount Outstanding representing no less than

5.0 per cent. of the Target Par Cap, provided, however, that the Retention Holder's undertakings in respect of the Retention are made as of the Issue Date, with such undertakings being binding for so long as any of the Notes remain Outstanding, and the Retention Holder does not have any obligation to change the quantum, method or nature of its holding of the Retention as a result of any changes to the Retention Requirements following the Issue Date or any other changes to regulations or the interpretation thereof the result of which, among other things, the Issuer is considered to be an alternative investment fund as defined under AIFMD following the Issue Date. See further "*The Retention Holder and the Retention Requirements*".

Each prospective investor in the Notes is required to independently assess and determine whether the information provided herein and in any reports provided to investors in relation to this transaction are sufficient to comply with the Retention Requirements or any similar retention requirements. Notwithstanding anything in this Offering Circular, none of the Issuer, the Collateral Manager, the Placement Agent, the Arranger, the Retention Holder, the Collateral Administrator, the Agents, the Trustee, their respective Affiliates, corporate officers or professional advisors 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 or otherwise comply with the requirements of the Retention Requirements, the implementing provisions in respect of the Retention Requirements in their relevant jurisdiction or any other applicable legal, regulatory or other requirements. Each prospective investor in the Notes which is subject to the Retention Requirements or any other regulatory requirement should consult with its own legal, accounting and other advisors and/or its national regulator to determine whether, and to what extent, such information is sufficient for such purposes and any other requirements of the Retention Requirements or similar requirements of which it is uncertain. See "*Risk Factors – Regulatory Initiatives*", "*Risk Factors – Risk Retention in Europe*", "*Risk Factors – Certain Conflicts of Interest – Restrictions on the Discretion of the Collateral Manager in Order to Comply with Risk Retention*" and "*The Retention Holder and Retention Requirements*" below for further information.

#### **VOLCKER RULE**

Under Section 619 of the U.S. Dodd-Frank Act and the corresponding implementing rules (the "**Volcker Rule**") relevant banking entities (as defined under the Volcker Rule) are generally prohibited from, among other things, acquiring or retaining any ownership interest in, or acting as sponsor in respect of, certain investment entities referred to in the Volcker Rule as covered funds, except as otherwise permitted by the Volcker Rule. In addition, in certain circumstances, the Volcker Rule restricts relevant banking entities from entering into certain credit exposure related transactions with covered funds with respect to which such banking entity serves as the sponsor, investment manager, investment adviser or similar role. In general, there is limited interpretive guidance regarding the Volcker Rule.

Key terms are defined under the Volcker Rule, including "banking entity", "ownership interest", "sponsor" and "covered fund". In particular, "banking entity" is defined to include non-U.S. affiliates of U.S. banking entities and "covered fund" is defined to include an issuer that would be an investment company, as defined in the U.S. Investment Company Act of 1940 but for section 3(c)(1) or 3(c)(7) thereof, which would extend to the Issuer given its intention to rely on section 3(c)(7). It should also be noted that an "ownership interest" is broadly defined to include, among other things, an interest arising through a holder's exposure to profits and losses in the covered fund or through certain rights of the holder to participate in the selection or removal of, among others, an investment manager or advisor, general partner or board of directors of such covered fund. It should be noted that the Subordinated Notes will be characterised as ownership interests in the Issuer for this purpose. It is uncertain as to whether any of the Rated Notes may be similarly characterised as ownership interests. For instance, there is currently uncertainty as to whether the rights of Noteholders to participate in the removal of, and/or selection of a replacement for, the Collateral Manager in circumstances where such rights are only exercisable following a Collateral Manager Event of Default, will be construed as indicative of an ownership interest by the Noteholders of the relevant Class of Notes. Such characterisation, if it were to occur, may have adverse effects on the Issuer and the liquidity and value of the Notes including limiting the secondary market of the Notes and affecting the Issuer's access to liquidity and ability to hedge its exposures.

The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes may be issued and held in the form of CM Non-Voting Notes or CM Exchangeable Non-Voting Notes. Holders of such form of Notes will not be entitled to vote on any CM Removal Resolution or CM Replacement Resolution. Accordingly, U.S. and non-U.S. banking entities investing in the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will have the option of investing in Notes that do not by their terms carry a right to remove or select the replacement for the Collateral Manager. There can be no assurance however, that owning such form of Notes

will be effective in resulting in such investments in the Issuer held by U.S. and non-U.S. banking entities subject to the Volcker Rule (whether in the form of CM Non-Voting Notes or CM Exchangeable Non-Voting Notes) not being characterised as “ownership interests” in the Issuer.

Each investor is responsible for analysing its own position under the Volcker Rule and any other similar measures and none of the Issuer, the Collateral Manager, the Placement Agent or the Arranger makes any representation regarding such position, including with respect to the ability of any investor to acquire or hold the Notes, now or at any time in the future, in compliance with the Volcker Rule and any other applicable laws. See “*Risk Factors – Regulatory Initiatives – Volcker Rule*” below for further information.

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

Notes of each Class offered pursuant to an exemption from registration under Rule 144A under the Securities Act (“**Rule 144A**”) (the “**Rule 144A Notes**”) may only be sold within the United States to persons and outside the United States to U.S. Persons (as such term is defined in Regulation S), in each case, who are “qualified institutional buyers” (as defined in Rule 144A) (“**QIBs**”) that are also “qualified purchasers” for purposes of Section 3(c)(7) of the Investment Company Act (“**QPs**”). Rule 144A Notes of each Class (other than, in certain circumstances as described below, the Class E Notes, the Class F Notes and the Subordinated Notes) will each be represented on issue by beneficial interests in one or more permanent global certificates of such Class (each, a “**Rule 144A Global Certificate**” and together, the “**Rule 144A Global Certificates**”) or in some cases definitive certificates (each a “Rule 144A Definitive Certificate” and together the “**Rule 144A Definitive Certificates**”), in each case in fully registered form, without interest coupons or principal receipts, which will be deposited on or about the Issue Date with, and registered in the name of, a nominee of a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear system (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”), Luxembourg or in the case of Rule 144A Definitive Certificates, the registered holder thereof. The Notes of each Class sold outside the United States to non-U.S. Persons in reliance on Regulation S (“**Regulation S**”) under the Securities Act (the “**Regulation S Notes**”) will each (other than, in certain circumstances as described below, the Class E Notes, the Class F Notes and the Subordinated Notes) be represented on issue by beneficial interests in one or more permanent global certificates of such Class (each, a “**Regulation S Global Certificate**” and together, the “**Regulation S Global Certificates**”), or in some cases by definitive certificates of such Class (each a “**Regulation S Definitive Certificate**” and together, the “**Regulation S Definitive Certificates**”) in fully registered form, without interest coupons or principal receipts, which will be deposited on or about the Issue Date with, and registered in the name of, a nominee of a common depositary for Euroclear and Clearstream, Luxembourg or, in the case of Regulation S Definitive Certificates, the registered holder thereof. Neither U.S. Persons nor U.S. residents (as determined for the purposes of the Investment Company Act) (“**U.S. Residents**”) may hold an interest in a Regulation S Global Certificate or a Regulation S Definitive Certificate. Ownership interests in the Regulation S Global Certificates and the Rule 144A Global Certificates (together, the “**Global Certificates**”) will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg and their respective participants. Except in the limited circumstances described herein, Notes in definitive, certificated, fully registered form will not be issued (other than, in certain circumstances as described below, with respect to the Class E Notes, the Class F Notes and the Subordinated Notes). Any Class E Notes, Class F Notes and Subordinated Notes sold to Plans will (unless the written consent of the Issuer is obtained and other than in the case of the Retention), be issued in definitive, certificated, fully registered form, registered in the name of the holder (or a nominee thereof) pursuant to the Trust Deed, and will be offered (A) outside the United States to non-U.S. Persons in reliance on Regulation S and (B) within the United States to persons and outside the United States to U.S. Persons, in each case who are both QIBs and QPs and, in each case, will be registered in the name of the holder (or a nominee thereof). In each case, purchasers and transferees of notes will be deemed and in certain circumstances will be required to have made certain representations and agreements. See “*Form of the Notes*”, “*Book Entry Clearance Procedures*”, “*Plan of Distribution*” and “*Transfer Restrictions*” below.

The Issuer has not been registered under the Investment Company Act. Each purchaser of an interest in the Notes (other than a non-U.S. Person outside the United States) will be deemed (or, in the case of a Definitive Certificate, required) to have represented and agreed that it is both a QIB and a QP and will also be deemed or required to have made the representations set out in “*Transfer Restrictions*” herein. The purchaser of any Note, by such purchase, agrees that such Note is being acquired for its own account and not with a view to distribution (other than in the case of the Placement Agent), and may be resold, pledged or otherwise transferred only (1) to the Issuer (upon redemption thereof or otherwise), (2) to a U.S. Person that the purchaser reasonably believes is a QIB which is also a QP, in a transaction meeting the requirements of Rule 144A, or (3) outside the United States to a non-U.S. Person in an offshore transaction in reliance on Regulation S, in each case, in compliance

with the Trust Deed and all applicable securities laws of any state of the United States or any other jurisdiction. See “*Transfer Restrictions*”.

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

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

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

#### **Available Information**

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

#### **General Notice**

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

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

#### **Commodity Pool Regulation**

IF TRADING IN HEDGE AGREEMENTS WOULD RESULT IN THE ISSUER’S ACTIVITIES FALLING WITHIN THE DEFINITION OF A “COMMODITY POOL” UNDER THE COMMODITY EXCHANGE ACT, THE COLLATERAL MANAGER EXPECTS ON THE BASIS OF LEGAL ADVICE RECEIVED BY

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



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## OVERVIEW

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

<b>Issuer</b>	Arbour CLO III Limited, a private limited company incorporated under the laws of Ireland with registered number 560478 and having its registered office at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.
<b>Collateral Manager</b>	Oaktree Capital Management (UK) LLP
<b>Trustee</b>	U.S. Bank Trustees Limited.
<b>Placement Agent</b>	Citigroup Global Markets Limited.
<b>Collateral Administrator</b>	Elavon Financial Services Limited.
<b>Information Agent</b>	Elavon Financial Services Limited.

<b>Class of Notes</b>	<b>Principal Amount</b>	<b>Initial Stated Interest Rate<sup>1</sup></b>	<b>Alternative Stated Interest Rate<sup>2</sup></b>	<b>Moody’s Rating of at least<sup>3</sup></b>	<b>Fitch Rating of at least<sup>3</sup></b>	<b>Maturity Date</b>	<b>Initial Offer Price<sup>4</sup></b>
A-1	€10,000,000	1.688%	1.688%	“Aaa(sf)”	“AAA(sf)”	15 March 2029	100.00%
A-2	€230,000,000	3 month EURIBOR + 1.45%	6 month EURIBOR + 1.45%	“Aaa(sf)”	“AAA(sf)”	15 March 2029	99.75%
B-1	€25,000,000	2.612%	2.612%	“Aa2(sf)”	“AA(sf)”	15 March 2029	100.00%
B-2	€19,000,000	3 month EURIBOR + 2.10%	6 month EURIBOR + 2.10%	“Aa2(sf)”	“AA(sf)”	15 March 2029	99.39%
C	€23,000,000	3 month EURIBOR + 2.90%	6 month EURIBOR + 2.90%	“A2(sf)”	“A(sf)”	15 March 2029	99.00%
D	€23,500,000	3 month EURIBOR + 3.90%	6 month EURIBOR + 3.90%	“Baa2(sf)”	“BBB(sf)”	15 March 2029	97.96%
E	€27,500,000	3 month EURIBOR + 5.50%	6 month EURIBOR + 5.50%	“Ba2(sf)”	“BB(sf)”	15 March 2029	93.75%
F	€11,750,000	3 month EURIBOR + 6.75%	6 month EURIBOR + 6.75%	“B2(sf)”	“B-(sf)”	15 March 2029	88.47%
Subordinated	€44,600,000	N/A	N/A	Not Rated	Not Rated	15 March 2029	97.55%

1 Applicable at all times prior to the occurrence of a Frequency Switch Event, provided that the rate of interest of the Rated Notes of each Class (other than the Class A-1 Notes and the Class B-1 Notes) for the period from, and including, the Issue Date to, but excluding, 15 September, 2016, will be determined by reference to a straight line interpolation of 6 month EURIBOR and 9 month EURIBOR.

2 Applicable at all times following the occurrence of a Frequency Switch Event, provided that the rate of interest of the Rated Notes (other than the Class A-1 Notes and the Class B-1 Notes) for the period from and including the final Payment Date before the Maturity Date, to but excluding the Maturity Date if such final Payment Date falls in December, will be determined by reference to 3 month EURIBOR.

3 The Fitch ratings assigned to the Class A Notes and the Class B Notes address the timely payment of interest and the ultimate payment of principal. The Fitch ratings assigned to the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes address the ultimate payment of principal and interest. The Moody’s ratings assigned to the Rated Notes address expected loss. A security rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time by the applicable Rating Agency. As of the date of this Offering Circular, each of the Rating Agencies is established in the European Union (“EU”) and is registered under Regulation (EC) No 1060/2009 (as amended) (the “CRA”). As

such each Rating Agency is included in the list of credit rating agencies published by the European Securities and Markets Authority (“ESMA”) on its website in accordance with the CRA Regulation.

- 4 The Placement Agent may offer the Notes at prices as may be negotiated at the time of sale which may vary among different purchasers and which may be different to the issue price of the Notes.

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

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

### Distributions on the Notes

Payment Dates ..... 15 March, 15 June, 15 September and 15 December prior to the occurrence of a Frequency Switch Event and on 15 June and 15 December (where the Payment Date immediately following the occurrence of a Frequency Switch Event falls in either June or December) or on 15 March and 15 September (where the Payment Date immediately following the occurrence of a Frequency Switch Event falls in either March or September) following the occurrence of a Frequency Switch Event, in each year commencing in September 2016 and ending on the Maturity Date (subject to any earlier redemption of the Notes and in each case to adjustment for non-Business Days in accordance with the Conditions).

Subject to the prior redemption in full of the Rated Notes, the Issuer or the Collateral Manager on its behalf may (and shall, in either case, if so directed by an Ordinary Resolution of the Subordinated Noteholders) designate a Business Day other than a Scheduled Payment Date as an Unscheduled Payment Date (see Condition 3(k) (*Unscheduled Payment Dates*)).

Interest ..... Interest in respect of the Notes of each Class will be payable quarterly in arrear prior to the occurrence of a Frequency Switch Event and semi-annually in arrear following the occurrence of a Frequency Switch Event, in each case on each Payment Date (with the first Payment Date occurring in September 2016) in accordance with the Interest Proceeds Priority of Payments.

Non-Payment and Deferral of Interest ..... Subject to the paragraph below, failure on the part of the Issuer to pay the Interest Amounts due and payable on the Rated Notes pursuant to Condition 6 (*Interest*) and the Priorities of Payments shall not be a Note Event of Default unless and until such failure continues for a period of at least five Business Days save in the case of administrative error or omission only, where such failure continues for a period of at least seven Business Days.

Unless a Frequency Switch Event has occurred and the relevant Class of Notes is the Controlling Class at such time, non-payment of any Interest Amount due and payable in respect of the Class C Notes, Class D Notes, Class E Notes, Class F Notes or Subordinated Notes on any Payment Date pursuant to Condition 6 (*Interest*) and the Priorities of Payments as a result of an insufficiency of Interest Proceeds will not constitute a Note Event of Default, even if such Class of Notes is the Controlling Class. To the extent that interest payments on the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes are not made on the relevant Payment Date in such circumstances, an amount equal to such unpaid interest on such Classes of Notes will be added to the

principal amount of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (as applicable), and from the date such unpaid interest is added to the applicable Principal Amount Outstanding of the relevant Class of Notes, such unpaid amount will accrue interest at the rate of interest applicable to the relevant Class of Notes (see Condition 6(c) (*Deferral of Interest*)).

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

Failure on the part of the Issuer to pay Interest Amounts as the result of any deduction therefrom or the imposition of any withholding tax thereon as set out in Condition 9 (*Taxation*) will not constitute a Note Event of Default.

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

- (a) on the Maturity Date;
- (b) on any Payment Date following a Determination Date on which a Coverage Test is not satisfied (to the extent such test is required to be satisfied on such Determination Date) (see Condition 7(c) (*Mandatory Redemption upon Breach of Coverage Tests*));
- (c) if, as at the Business Day prior to the Payment Date following the Effective Date, an Effective Date Rating Event has occurred and is continuing, the Rated Notes shall be redeemed in accordance with the Note Payment Sequence on such Payment Date and thereafter on each subsequent Payment Date (to the extent required) out of Interest Proceeds and thereafter out of Principal Proceeds subject to the Priorities of Payments, in each case until redeemed in full or, if earlier, until such Effective Date Rating Event is no longer continuing (see Condition 7(e) (*Redemption upon Effective Date Rating Event*));
- (d) after the Reinvestment Period, on each Payment Date out of Principal Proceeds transferred to the Payment Account immediately prior to the related Payment Date (see Condition 7(f) (*Redemption following Expiry of the Reinvestment Period*));
- (e) on any Payment Date during the Reinvestment Period at the discretion of the Collateral Manager (acting on behalf of the Issuer) (i) if the Reinvestment Overcollateralisation Test is not satisfied and the Collateral Manager determines that it is unable to identify such additional Collateral Debt Obligations that it considers appropriate for reinvestment; and (ii) following written notification by the Collateral Manager to the Trustee that, using reasonable endeavours, it has been unable, for a period of at least 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 or Interest Proceeds (see Condition 7(d) (*Special Redemption*));
- (f) in whole (with respect to all Classes of Rated Notes), but not in part, on any Business Day following the expiry of the

Non-Call Period from Sale Proceeds or Refinancing Proceeds (or any combination thereof) if directed in writing by (i) the Retention Holder or (ii) the Subordinated Noteholders acting by way of an Ordinary Resolution (in the case of a Refinancing) and otherwise, acting by way of an Extraordinary Resolution (see Condition 7(b)(i)(A) (*Optional Redemption in Whole – Subordinated Noteholders or Retention Holder*));

- (g) in part by the redemption in whole of one or more Classes of Rated Notes from Refinancing Proceeds on any Business Day following the expiry of the Non-Call Period if directed in writing by the Collateral Manager or the Subordinated Noteholders (acting by way of an Ordinary Resolution), as long as the Class (or tranche, in relation to the Class A Notes and/or the Class B Notes, as applicable) of Rated Notes to be redeemed represents not less than the entire Class (or tranche, in relation to the Class A Notes and/or the Class B Notes, as applicable) of such Rated Notes (see Condition 7(b)(ii) (*Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders or Collateral Manager*));
- (h) in whole (with respect to all Classes of Rated Notes) but not in part from Sale Proceeds on any Business Day following the expiry of the Non-Call Period if, upon or at any time following the expiry of the Non-Call Period the Aggregate Collateral Balance is less than 20 per cent. of the Target Par Amount and if directed in writing by the Collateral Manager (see Condition 7(b)(iii) (*Optional Redemption in Whole – Collateral Manager Clean-up Call*));
- (i) on any Business Day the Subordinated Notes may be redeemed in whole at the direction of the Subordinated Noteholders acting by way of Extraordinary Resolution or at the direction of the Collateral Manager following the redemption in full of all Classes of Rated Notes (see Condition 7(b)(viii) (*Optional Redemption of Subordinated Notes*));
- (j) on any Business Day following the occurrence of a Collateral Tax Event in whole (with respect to all Classes of Rated Notes) at the option of the Subordinated Noteholders acting by way of Ordinary Resolution (See Condition 7(b)(i)(B) (*Optional Redemption in Whole – Subordinated Noteholders or Retention Holder*));
- (k) on any Payment Date in whole (with respect to all Classes of Rated Notes) at the option of the Controlling Class or the Subordinated Noteholders in each case acting by way of Extraordinary Resolution, following the occurrence of a Note Tax Event, subject to (i) the Issuer having failed to change the territory in which it is resident for tax purposes and (ii) certain minimum time periods. See Condition 7(g) (*Redemption following Note Tax Event*); and
- (l) at the discretion of the Trustee, or at the request of the Controlling Class acting by Ordinary Resolution at any time following a Note Event of Default which occurs and is continuing and has not been cured (see Condition 10 (*Events of Default*)).

Non-Call Period..... During the period from the Issue Date up to, but excluding, 15 March 2018 or, if such date is not a Business Day, the next following Business Day (the “**Non-Call Period**”), the Notes are not subject to Optional Redemption (save for upon the occurrence of a Collateral Tax Event, a Note Tax Event or as a result of a Special Redemption). See Condition 7(b)(i) (*Optional Redemption in Whole – Subordinated Noteholders or Retention Holder*), Condition 7(g) (*Redemption following Note Tax Event*) and Condition 7(d) (*Special Redemption*).

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

The Redemption Price for each Subordinated Note will be its *pro rata* share (calculated in accordance with paragraph (DD) of the Interest Proceeds Priority of Payments, paragraph (T) of the Principal Proceeds Priority of Payments, paragraphs (B) and (C) of the Collateral Enhancement Obligation Proceeds Priority of Payments and/or paragraph (Z) of the Post-Acceleration Priority of Payments as applicable) of the aggregate proceeds of liquidation of the Collateral, or realisation of the security thereover in such circumstances, remaining following application thereof in accordance with the Priorities of Payments.

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

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

## Security for the Notes

General ..... The Notes will be secured in favour of the Trustee for the benefit of the Secured Parties by security over a portfolio of Collateral Debt

Obligations predominantly consisting of Senior Loans, Secured Senior Bonds, Mezzanine Obligations and High Yield Bonds. The Notes will also be secured by an assignment by way of security of various of the Issuer's other rights, including its rights under certain of the agreements described herein but excluding its rights in respect of the Issuer Irish Account and the Administration Agreement. See Condition 4 (*Security*).

Hedge Arrangements ..... The Issuer will not be permitted to enter into a Hedge Agreement to hedge interest rate risk and/or currency risk unless such Hedge Agreement complies with the Hedge Agreement Eligibility Criteria. Notwithstanding the above, if the Collateral Manager determines (acting in accordance with the standard of care set out in the Collateral Management Agreement), that entry into a Hedge Agreement would require registration of the Collateral Manager as a commodity pool operator with respect to, and at the expense of, the Issuer, the Issuer will not be permitted to enter into such Hedge Agreement unless such registration is made by the Collateral Manager. The Issuer will also be obliged to obtain Rating Agency Confirmation prior to entering into any hedging arrangements after the Issue Date unless the Hedge Agreement relating to such hedging arrangement is in a form in respect of which the Issuer (or the Collateral Manager acting on behalf of the Issuer) has previously received approval from each Rating Agency. See "*Hedging Arrangements*".

Non-Euro Obligations and  
Asset Swap Transactions ..... Subject to the Eligibility Criteria, the Issuer or the Collateral Manager on its behalf may purchase Collateral Debt Obligations that are denominated in a currency other than Euro (each, a "**Non-Euro Obligation**") provided that (A) an Asset Swap Transaction is entered into in respect of each such Non-Euro Obligation with one or more Asset Swap Counterparties satisfying the applicable Rating Requirement under which the currency risk is eliminated, either (a) if such Non-Euro Obligation was acquired in the Primary Market and is denominated in a Qualifying Unhedged Obligation Currency, within six months of the settlement date of acquisition thereof, or otherwise (b) no later than the settlement of the acquisition thereof; and (B) the Aggregate Principal Balance of all Unhedged Collateral Debt Obligations shall not exceed 2.5 per cent. of the Aggregate Collateral Balance at any time.

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

Interest Rate Hedging ..... The Issuer (or the Collateral Manager on its behalf) may enter into Interest Rate Hedge Transactions from time to time in order to hedge any interest rate mismatch between the Notes (other than the Subordinated Notes) and the Collateral Debt Obligations, subject to the receipt of Rating Agency Confirmation in respect thereof unless it is in a form in respect of which the Issuer (or the Collateral Manager acting on behalf of the Issuer) has previously received approval from each Rating Agency. In accordance with the Portfolio Profile Tests, no less than 5.0 per cent. of the Aggregate Collateral Balance and no more than 15.0 per cent. of the

Aggregate Collateral Balance shall consist of Unhedged Fixed Rate Collateral Debt Obligations.

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

### Collateral Management Fees

Senior Collateral Management Fee ..... 0.15 per cent. per annum of the Aggregate Collateral Balance (exclusive of VAT). See "*Description of the Collateral Management Agreement — Fees*".

Subordinated Collateral Management Fee ..... 0.35 per cent. per annum of the Aggregate Collateral Balance (exclusive of VAT). See "*Description of the Collateral Management Agreement — Fees*".

Incentive Collateral Management Fee ..... After having met or surpassed the Incentive Collateral Management Fee IRR Threshold of 12 per cent., 20 per cent. of any Interest Proceeds, Principal Proceeds and Collateral Enhancement Obligation Proceeds that would otherwise have been available to distribute to the Subordinated Noteholders in accordance with the Priorities of Payments (exclusive of VAT). See "*Description of the Collateral Management Agreement — Fees*".

Collateral Manager Advances..... To the extent that there are insufficient sums standing to the credit of the Collateral Enhancement Account from time to time to purchase or exercise rights under Collateral Enhancement Obligations which the Collateral Manager determines on behalf of the Issuer should be purchased or exercised, the Collateral Manager may, at its discretion, pay amounts required in order to fund such purchase or exercise (such amount, a "**Collateral Manager Advance**") to such account pursuant to the terms of the Collateral Management Agreement. Each Collateral Manager Advance shall bear interest at a rate of interest equal to EURIBOR plus 2.0 per cent. per annum (where EURIBOR shall be floored at zero for such purpose). All such Collateral Manager Advances shall be repaid out of Interest Proceeds, Principal Proceeds and Collateral Enhancement Obligation Proceeds on each Payment Date subject to and in accordance with the Priorities of Payments. The aggregate principal amount outstanding of all Collateral Manager Advances shall not, at any time, exceed €6,000,000, or such greater number as the Subordinated Noteholders may approve, acting by way of an Ordinary Resolution.

### Purchase of Collateral Debt Obligations

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



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

- (a) the date designated for such purpose by the Collateral Manager by prior written notice to the Trustee, the Issuer, the Collateral Administrator and the Rating Agencies, subject to the Effective Date Determination Requirements having been satisfied; and
- (b) 12 August 2016 (or, if such day is not a Business Day, the next following Business Day),

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

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

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

Eligibility Criteria..... In order to qualify as a Collateral Debt Obligation, each obligation will be required to satisfy the Eligibility Criteria at the time the Issuer (or the Collateral Manager, acting on behalf of the Issuer) enters into a binding commitment to purchase such obligation save for an Issue Date Collateral Debt Obligation which must also satisfy the Eligibility Criteria on the Issue Date and Restructured Obligations which must satisfy the Restructured Obligation Criteria as at the applicable Restructuring Date. See “*The Portfolio — Eligibility Criteria*”.

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

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

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

(d) the Moody's Minimum Weighted Average Floating Spread Test; and

(e) the Moody's Minimum Weighted Average Coupon Test.

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

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

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

(c) the Fitch Minimum Weighted Average Spread Test;

(d) the Fitch Minimum Weighted Average Fixed Coupon Test; and

(e) the Maximum Obligor Concentration Test.

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

the Weighted Average Life Test.

Portfolio Profile Tests..... In summary, the Portfolio Profile Tests will consist of each of the following (the percentage requirements applicable to different types of Collateral Debt Obligations (which, for the avoidance of doubt, shall exclude Defaulted Obligations) specified in the Portfolio Profile Tests and summarily displayed in the table below shall be determined by reference to the Aggregate Collateral Balance, where the Aggregate Collateral Balance for such purpose shall exclude Defaulted Obligations):

		<u>Minimum</u>	<u>Maximum</u>
(a)	Secured Senior Loans and Secured Senior Bonds in aggregate (which shall include the Balance of the Principal Account and the Unused Proceeds Account and any Eligible Investments which represent Principal Proceeds and shall exclude any First Lien Last Out Loans)	90%	N/A
(b)	Secured Senior Loans	70%	N/A
(c)	Collateral Debt Obligations other than Secured Senior Loans and Secured Senior Bonds in aggregate	N/A	10%
(d)	Collateral Debt Obligation of a single Obligor	N/A	3%
(e)	Secured Senior Loans or Secured Senior Bonds to a single Obligor	N/A	2.5% provided that up to 3 Obligors may represent up to 3%
(f)	Collateral Debt Obligations other than Secured Senior Loans and Secured Senior Bonds to a single Obligor	N/A	1.5%
(g)	Participations	N/A	10%
(h)	Current Pay Obligations	N/A	5%
(i)	Revolving Obligations / Delayed Drawdown Collateral Debt Obligations	N/A	5%
(j)	Moody's Caa Obligations	N/A	7.5%
(k)	Fitch CCC Obligations	N/A	7.5%
(l)	Bridge Loans	N/A	2.5%

		<u>Minimum</u>	<u>Maximum</u>
(m)	Corporate Rescue Loans	N/A	5%
(n)	PIK Obligations	N/A	5%
(o)	Unhedged Collateral Debt Obligations	N/A	2.5%
(p)	Unhedged Fixed Rate Collateral Debt Obligations	5%	15%
(q)	Maximum Fitch industry category in any single Fitch industry	N/A	20% provided that in respect of the three Fitch industry categories containing the most Collateral Debt Obligations, not more than 40% thereof may consist of Collateral Debt Obligations whose Obligor belongs to one of those Fitch industry categories
(r)	Domicile of Obligors 1	N/A	10% domiciled in countries with a Moody's local currency country risk ceiling of "A1" or below unless a Rating Agency Confirmation from Moody's is obtained.
(s)	Domicile of Obligors 2	N/A	10% domiciled in countries or jurisdictions with a country ceiling below "AAA" by Fitch unless a Rating Agency Confirmation from Fitch is obtained
(t)	Bivariate Risk Table	N/A	See limits set out in " <i>The Portfolio-Bivariate Risk Table</i> "
(u)	Obligations with a Moody's Rating which are derived from an S&P rating	N/A	10%
(v)	Aggregate of all notional amounts of Asset Swap Transactions and Interest Rate Hedge Transactions	N/A	30%
(w)	Cov-Lite Loans	N/A	30%
(x)	Annual Obligations	N/A	5%
(y)	Total Indebtedness	N/A	5% of the Aggregate Collateral Balance may consist of obligations issued by Obligors each of which has total current indebtedness (comprising of all financial debt owing by the Obligor including the maximum available amount or total commitment under any revolving or delayed draw loans) under its respective loan agreements and other debt instruments (including the Underlying Instruments) of equal to or greater than EUR 100,000,000 but less than EUR 150,000,000 in aggregate principal amount.

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

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

<b>Class</b>	<b>Required Par Value Ratio</b>
A/B	131.85%
C	123.29%
D	115.53%
E	107.23%
F	104.18%

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

Required diversion in respect of the Reinvestment Overcollateralisation Test ..... If on any Payment Date during the Reinvestment Period, the Class F Par Value Ratio is less than 104.68 per cent., after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (V) of the Interest Proceeds Priority of Payments, Interest Proceeds shall be paid to the Principal Account, for the acquisition of additional Collateral Debt Obligations (or, if the Collateral Manager determines that it is unable to identify such additional Collateral Debt Obligations that it considers appropriate for such reinvestment, in redemption by way of Special Redemption of the Notes in accordance with the Note Payment Sequence) in an amount (such amount, the “**Required Diversion Amount**”) equal to the lesser of (1) 50 per cent. of all remaining Interest Proceeds available for payment pursuant to paragraph (W) of the Interest Proceeds Priority of Payments and (2) the amount which, after giving effect to the payment of all amounts payable in respect of (A) through (V) (inclusive) of the Interest Proceeds Priority of Payments, would be sufficient to cause the Reinvestment Overcollateralisation Test to be satisfied as of the relevant Determination Date after giving effect to any payments made pursuant to paragraphs (A) through (V) of the Interest Proceeds Priority of Payments, such amounts to be applied or committed for application during the Reinvestment Period to purchase additional Collateral Debt Obligations.

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

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

Form, Registration and Transfer of the Notes ..... The Regulation S Notes of each Class (other than, in certain circumstances as described below, the Class E Notes, the Class F Notes and the Subordinated Notes) sold outside the United States to non-U.S. Persons in reliance on Regulation S will be represented

on issue by beneficial interests in one or more Regulation S Global Certificates in fully registered form, without interest coupons or principal receipts, which will be deposited on or about the Issue Date with, and registered in the name of, a nominee of a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”). Beneficial interests in a Regulation S Global Certificate may at any time be held only through, and transfers thereof will only be effected through, records maintained by Euroclear or Clearstream, Luxembourg. See “*Form of the Notes*” and “*Book Entry Clearance Procedures*”. Interests in any Regulation S Note may not at any time be held by any U.S. Person or U.S. Resident.

The Rule 144A Notes of each Class (other than, in certain circumstances as described below, the Class E Notes, the Class F Notes and the Subordinated Notes) sold in reliance on Rule 144A within the United States to persons and outside the United States to U.S. Persons, in each case, who are QIB/QPs will be represented on issue by one or more Rule 144A Global Certificates in fully registered form, without interest coupons or principal receipts deposited on or about the Issue Date with, and registered in the name of, a nominee of a common depositary for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Rule 144A Global Certificate may at any time only be held through, and transfers thereof will only be effected through, records maintained by Euroclear or Clearstream, Luxembourg.

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

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

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

Each initial investor and each transferee of a Class E Note, Class F Note or a Subordinated Note either (a) shall be deemed to represent

(among other things) that it is not and is not acting on behalf of (and for so long as it holds such Note or an interest therein, will not be, and will not be acting on behalf of) a Benefit Plan Investor, or a Controlling Person or (b) may not acquire such Class E Note, Class F Note or Subordinated Note in the form of a Rule 144A Global Certificate or Regulation S Global Certificate unless such transferee: (i) obtains the written consent of the Issuer; (ii) provides an ERISA certificate to the Issuer and the Transfer Agent as to its status as a Benefit Plan Investor or Controlling Person (substantially in the form of Annex A); and (iii) unless the written consent of the Issuer to the contrary is obtained and other than in the case of the Retention held by the Collateral Manager and any other Notes held by a Collateral Manager Related Person, holds such Class E Note, Class F Note or Subordinated Note in the form of a Definitive Certificate. No proposed transfer of Class E Notes, Class F Notes or Subordinated Notes (or interests therein) will be permitted or recognised if a transfer to a transferee will cause 25 per cent. or more of the total value of the Class E Notes, Class F Notes or Subordinated Notes (determined separately by Class) to be held by Benefit Plan Investors, disregarding Class E Notes, Class F Notes or Subordinated Notes (or interests therein) held by Controlling Persons.

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

CM Voting Notes, CM  
Exchangeable Non-Voting  
Notes CM Non-Voting Notes.....

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

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

Governing Law .....	The Notes, the Trust Deed, the Collateral Management Agreement, the Agency Agreement and all other Transaction Documents (save for the Administration Agreement which is governed by the laws of Ireland) will be governed by English law.
Listing.....	This prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive. The Central Bank only approved this prospectus as meeting the requirements imposed under Irish and EU Law pursuant to the Directive 2003/71/EC. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its Main Securities Market. The Main Securities Market is a regulated market for the purposes of the Markets in Financial Instruments Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any member state of the European Economic Area. It is anticipated that listing and admission to trading of the Notes will take place on or about the Issue Date. There can be no assurance that such listing and admission to trading will be granted. This Offering Circular constitutes a “prospectus” for the purposes of the Prospectus Directive. A copy of this “prospectus” prepared pursuant to the Prospectus Directive will be available from the website of the Central Bank.
Tax Status .....	See “ <i>Tax Considerations</i> ”.
Certain ERISA Considerations .....	See “ <i>Certain ERISA Considerations</i> ”.
Withholding Tax.....	The Issuer will not “gross up” any payments to the Noteholders in respect of amounts deducted from or withheld for or on account of Tax in relation to the Notes. See Condition 9 ( <i>Taxation</i> ).
Retention Holder Veto.....	No Resolution to approve or exercise by the Issuer of its rights under Condition 14(c) ( <i>Modification and Waiver</i> ) to effect any modification of the Eligibility Criteria, the Portfolio Profile Tests, the Collateral Quality Tests, the Reinvestment Criteria or any material changes to them, in each case that could affect the Retention Holder’s ability to comply with the Retention Requirements (save for those that are made to ensure compliance with the Retention Requirements) will be effective without the consent in writing of the Retention Holder. See Condition 14(b)(ix) ( <i>Retention Holder Veto</i> ).
Additional Issuances.....	Subject to certain conditions being met, additional Notes of all existing Classes may be issued and sold. See Condition 17 ( <i>Additional Issuances</i> ).
Retention Holder and Retention Requirements.....	The Retention Holder will represent and undertake to hold the Retention on the terms set out in the Risk Retention Letter.  See further “ <i>Risk Factors – Risk Retention in Europe</i> ”, “ <i>Risk Factors – Certain Conflicts of Interest – Restrictions on the Discretion of the Collateral Manager in Order to comply with Risk Retention</i> ” and “ <i>The Retention Holder</i> ” and “ <i>The Retention Holder and Retention Requirements</i> ”.

## RISK FACTORS

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

### 1. GENERAL

#### 1.1 General

It is intended that the Issuer will invest in 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 Payments. See Condition 3(c) (*Priorities of Payments*). In particular; payments in respect of the Class A Notes are generally higher in the Priorities of Payments than those of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes; payments in respect of the Class B Notes are generally higher in the Priorities of Payments than those of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes; payments in respect of the Class C Notes are generally higher in the Priorities of Payments than those of the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes; payments in respect of the Class D Notes are generally higher in the Priorities of Payments than those of the Class E Notes, the Class F Notes and the Subordinated Notes; payments in respect of the Class E Notes are generally higher in the Priorities of Payments than those of the Class F Notes and the Subordinated Notes; and payments in respect of the Class F Notes are generally higher in the Priorities of Payments than those of the Subordinated Notes. Neither the Placement Agent nor the Trustee undertakes to review the financial condition or affairs of the Issuer or the Collateral Manager during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Placement Agent or the Trustee which is not included in this Offering Circular.

#### 1.2 Suitability

Prospective purchasers of the Notes of any Class should ensure that they understand the nature of such Notes and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, regulatory, accounting and financial evaluation of the merits and risks of investment in such Notes and that they consider the suitability of such Notes as an investment in light of their own circumstances and financial condition and that of any accounts for which they are acting.

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

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



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

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

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

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

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

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

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

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

Many financial institutions, including banks, continue to suffer from capitalisation issues. The bankruptcy or insolvency of a major financial institution may have an adverse effect on the Issuer, particularly if such financial institution is a grantor of a participation in an asset or is a hedge counterparty to a swap or hedge involving the Issuer, or a counterparty to a buy or sell trade that has not settled with respect to an asset. The bankruptcy or insolvency of another financial institution may result in the disruption of payments to the Issuer. In addition, the bankruptcy or insolvency of one or more additional financial institutions may trigger additional crises in the global credit markets and overall economy which could have a significant adverse effect on the Issuer, the Collateral and the Notes.

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 Collateral Manager in managing and administering the Collateral.

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

#### 1.6 European Union and Euro Zone Risk

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.

The economic crisis in Greece is particularly acute and topical. Extraordinary capital and banking controls were introduced which have been interpreted by certain market participants as a precursor to further adverse developments in Greece (including the possibility of a sovereign default by Greece and corporate defaults in Greece). These developments have heightened the already significant degree of uncertainty in the global markets generally and the importance of the risks described below.

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 March 2011, the European Council agreed on the need for Euro zone countries to establish a permanent stability mechanism, the European Stability Mechanism (the “ESM”), to assume the role of the EFSF and the EFSM in providing external financial assistance to Euro zone countries from July 2013 onward.

Despite these measures, concerns persist regarding the growing risk that other Euro zone countries could be subject to an increase in borrowing costs and could face an economic crisis similar to that of Cyprus, Greece, Italy, Ireland, Spain and Portugal, together with the risk that some countries could leave the Euro zone (either voluntarily or involuntarily), 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, the Collateral (including the risk of currency losses arising out of redenomination and related haircuts on any affected assets) 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.

A referendum on UK membership of the European Union (expected before the end of 2017) may affect the Issuer's risk profile through introducing potentially significant new uncertainties and instability in financial markets ahead of the date of the referendum and, depending on the outcome, after the event. These uncertainties could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects. In addition, it is unclear at this stage what the consequences would be for the Issuer, the Collateral Manager (in its capacity as collateral manager) or any other party in respect of the transaction described in this Offering Circular should the UK leave the European Union.

#### 1.7 Third Party Litigation; Limited Funds Available

The Issuer's investment activities may subject it to the risks of becoming involved in litigation by third parties. This risk may be greater where the Issuer exercises control or significant influence over a company's direction. The expense of defending claims against the Issuer by third parties and paying

any amounts pursuant to settlements or judgments would be borne by the Issuer in accordance with the Priorities of Payments. The funds available to the Issuer to pay certain fees and expenses of the Trustee, the Collateral Administrator and for payment of the Issuer's other accrued and unpaid Administrative Expenses are limited amounts available in accordance with the Priorities of Payments. If such funds are not sufficient to pay the expenses incurred by the Issuer, the ability of the Issuer to operate effectively may be impaired, and the Issuer may not be able to defend or prosecute legal proceedings that may be brought against it or that the Issuer might otherwise bring to protect its interests.

## 2. REGULATORY INITIATIVES

### 2.1 Regulatory Initiatives

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

This uncertainty is further compounded by the numerous regulatory efforts underway in Europe, the U.S. and globally. Certain of these efforts overlap. In addition, even where these regulatory efforts overlap, they generally have not been undertaken on a coordinated basis. Areas where divergence between regulation exists or has begun to develop (whether with respect to scope, interpretation, timing, approach or otherwise) include trading, clearing and reporting requirements for derivatives transactions, higher capital and margin requirements relating to uncleared derivatives transactions, and capital and liquidity requirements that may result in mandatory "ring-fencing" of capital or liquidity in certain jurisdictions, among others. Investors should be aware that those risks are material and that the Issuer and, consequently, an investment in the Notes could be materially and adversely affected thereby.

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

### 2.2 Basel III

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

Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any other changes to the regulation or regulatory treatment of

the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

## 2.3 Risk Retention and Due Diligence Requirements

### *EU Risk Retention and Due Diligence Requirements*

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 and UCITS funds (together “**Affected Investors**”). Amongst other things, such requirements restrict an investor who is subject to the EU Risk Retention and Due Diligence Requirements 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) the investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including but not limited to its investment position, the underlying assets and (in the case of certain types of investors) the relevant sponsor, original lender or originator. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a punitive capital charge on the Notes acquired by the relevant investor.

Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear. Though many aspects of the detail and effect of all of these requirements remain unclear, 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.

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 Collateral Manager, the Placement Agent, the Trustee, the Agents, 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.

Investors should note that the EBA published a report on 22 December 2014 (the “**EBA Report**”). In the EBA Report, the EBA suggested a number of amendments to the EU Risk Retention and Due Diligence Requirements. Following the EBA Report, on 30 September 2015, the European Commission published a proposed regulation relating to a European framework for simple, transparent and standardised securitisation (such proposed regulation, including any implementing regulation, technical standards and official guidelines related thereto, the “**STS Regulation**”) which would, amongst other things, re-cast the EU risk retention rules as part of wider changes to establish a “Capital Markets Union” in Europe (including, but not limited to, the imposition of a direct retention obligation on eligible risk retainers, transparency and due diligence requirements, as well as certain restrictions in connection with the retention of risk as an originator). Investors should be aware that there are material differences between the current EU Risk Retention and Due Diligence Requirements and the STS Regulation. At this time, the STS Regulation is in draft form and is subject to negotiation with and subsequent adoption by the European Council of Ministers and the European Parliament. It is therefore uncertain at this time as to whether the STS Regulation will be adopted in the form currently proposed by the European Commission. Whilst it is expected that the STS Regulation will become effective during 2016, the timing for adoption is also presently uncertain. In its current form, the STS Regulation permits some grandfathering of transactions which have been issued prior to the effective date of the

final regulation in respect of the risk retention requirements set out therein (save in respect of certain requirements such as due diligence requirements which are currently proposed to be applied retrospectively). There can be no assurance that the STS Regulation, and in particular the grandfathering provisions, will be adopted in the form currently proposed by the European Commission. If, upon entry into force of the STS Regulation such regulation and the reporting requirements thereunder apply to the Issuer, the Issuer has agreed to assume the costs of compliance and making amendments to the Transaction Documents. Any costs incurred by the Issuer in connection with satisfying the requirements of the STS Regulation may be paid by the Issuer as Administrative Expenses. In such circumstances the Issuer will establish and maintain a website or will procure that a website is established and maintained, in each case, for the purposes of ensuring compliance with the STS Regulation.

Investors should therefore make themselves aware of the EU Risk Retention and Due Diligence Requirements, the proposed STS Regulation (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 Collateral Manager to retain a material net economic interest in the securitisation, please see the statements set out in “*The Retention Holder and Retention Requirements*” below.

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

On 21 October 2014, the final rules implementing the credit risk retention requirements of Section 941 of the Dodd-Frank Act (the “**U.S. Risk Retention Rules**”) were issued. The U.S. Risk Retention Rules generally require the collateral manager of a CLO to retain not less than five per cent. of the credit risk of the assets collateralising the CLO issuer’s securities. The U.S. Risk Retention Rules will become effective with respect to CLO transactions on 24 December 2016. While the U.S. Risk Retention Rules will not apply to the issuance and sale of the Notes on the Issue Date, the U.S. Risk Retention Rules may have other adverse effects on the Issuer and/or the holders of the Notes. The U.S. Risk Retention Rules would apply to any additional Notes issued after the Issue Date or any Refinancing, if such subsequent issuance or Refinancing occurs on or after the effective date of the U.S. Risk Retention Rules. In addition, the SEC has indicated in contexts separate from the U.S. Risk Retention Rules that an “offer” or a “sale” of securities may arise when amendments to securities are so material as to require holders to make an “investment decision” with respect to such amendment. Thus, if the SEC were to take a similar position with respect to the U.S. Risk Retention Rules, they could apply to material amendments to this Offering Circular and the Notes, to the extent such amendments require investors to make an investment decision. As a result, the U.S. Risk Retention Rules may adversely affect the Issuer (and the performance and market value of the Notes) if the Issuer is unable to undertake any such additional issuance or Refinancing and may affect the liquidity of the Notes. Furthermore, no assurance can be given as to whether the U.S. Risk Retention Rules would have any future material adverse effect on the business, financial condition or prospects of the Collateral Manager or the Issuer or on the market value or liquidity of the Notes.

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

The aim behind the relevant retention requirements described in 2.3 (*EU Risk Retention and Due Diligence Requirements*) above is that Affected Investors should only invest in securitisations where the originator, sponsor or original lender for the securitisation has explicitly disclosed that it will retain on an ongoing basis, a net economic interest of not less than five per cent. in the securitisation. The Retention Holder has agreed to retain such an interest in the transaction as a sponsor by holding Subordinated Notes having a Principal Amount Outstanding being, at any time, an amount equal to no less than 5 per cent. of the Target Par Cap.

Certain discretions of the Collateral Manager acting on behalf of the Issuer are restricted where the exercise of the discretion would cause the retention holding described in “*The Retention Holder and Retention Requirements*” section of this Offering Circular to be (or to be likely to be) insufficient to comply with the Retention Requirements.

In particular, if, at any time, the deposit of Trading Gains into the Principal Account would, in the sole discretion of the Collateral Manager cause (or would be likely to cause) a Retention Deficiency, such Trading Gains which would have been deposited into the Principal Account and designated for reinvestment or used to redeem the Notes in accordance with the Principal Proceeds Priority of

Payments will instead be deposited into the Interest Account as Interest Proceeds. In addition, the Collateral Manager is not permitted to reinvest in Substitute Collateral Debt Obligations where such reinvestment would cause a Retention Deficiency. As a result, the Collateral Manager may be prevented from reinvesting available proceeds in Collateral Debt Obligations in circumstances where such reinvestment would cause (or would be likely to cause) a Retention Deficiency and therefore the Aggregate Principal Balance of Collateral Debt Obligations securing the Notes may be less than what would have otherwise have been the case if such amounts had been reinvested in Collateral Debt Obligations.

Also, the Issuer may not issue further Notes without the Retention Holder (a) consenting to such issuance and (b) subscribing for sufficient Subordinated Notes such that its holding of such Notes is sufficient to ensure that a Retention Deficiency shall not occur following such additional issuance.

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

## 2.5 European Market Infrastructure Regulation (EMIR)

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

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

Non-financial counterparties (as defined in EMIR) are subject to the reporting obligation but are exempted from the clearing obligation and certain additional risk mitigation obligations (such as the posting of collateral) provided the gross notional value of all derivative contracts entered into by the non-financial counterparty and other non-financial counterparties within its “group”, excluding eligible hedging transactions, does not exceed certain thresholds (set per asset class of OTC derivatives). If the Issuer is considered to be a member of a “group” (as defined in EMIR) and if the notional value of derivative contracts entered into by the Issuer and the other members of the group exceeds the applicable threshold, the Issuer would be subject to the clearing obligation, or, if the relevant contract is not a type required to be cleared, to the risk mitigation obligations, including the margin requirement. Whilst the Hedge Transactions are expected to be treated as hedging transactions and deducted from the total in assessing whether the notional value of derivative contracts entered by the Issuer or its “group”, the regulator may take a different view or the Issuer’s status may change.

The clearing obligation does not yet apply but (in respect of certain classes of OTC derivative contract) will apply, and (in respect of certain other classes of OTC derivative contract) may apply, in each case from the second quarter of 2016. The margin requirement does not yet apply but may apply from September 2016 in respect of certain entities. Key details in respect of the clearing obligation that will be applicable to certain classes of OTC derivative contracts and the margin requirement are to be provided through corresponding regulatory technical standards in respect of various classes of OTC derivatives. Whilst certain of these are in force (including those relating to interest rate derivatives), others (including those relating to foreign exchange derivatives) are yet to be proposed.

The clearing obligation may, in certain circumstances, also apply to swap arrangements entered into prior to the relevant future effective date, although the regulatory technical standards contemplate that this will not be the case for swap contracts entered into by non-financial counterparties which are not AIFs (as defined under “Alternative Investment Fund Managers Directive” below). The margin posting requirements are expected to apply in respect of new swap arrangements entered into from the relevant future effective dates.

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

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

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

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

## 2.6 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 AIFMD, it would need to be managed by a manager authorised under AIFMD (an “AIFM”). The Collateral Manager is not authorised under AIFMD but is authorised under MiFID. As the Collateral Manager is not permitted to be authorised under AIFMD and also to conduct certain regulated activities under MiFID, it will not be able to apply for an authorisation under AIFMD unless it gives up its authorisation under MiFID (in which case it may not be able to hold the retention required under the Retention Requirements (see 2.3 “*EU Risk Retention and Due Diligence Requirements*”) above). If considered to be an AIF, the Issuer would also be classified as a “financial counterparty” under EMIR and may be required to comply with clearing obligations and/or other risk mitigation techniques with respect to Hedge Transactions and obligations to post margin to any central clearing counterparty or market counterparty. See also 2.5 “*European Market Infrastructure Regulation (EMIR)*” above.

There is an exemption from the definition of AIF in AIFMD for “securitisation special purpose entities” (the “SSPE Exemption”), however 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” with the meaning of Article 1(2) of Regulation (EC) No 24/2009 of the European Central Bank, such as the Issuer, do not need to seek authorisation as an AIF or appoint an AIFM unless the Central Bank issues further guidance advising them to do so.

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

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

## 2.7 U.S. Dodd-Frank Act

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”) was signed into law on 21 July 2010. The Dodd-Frank Act represents a comprehensive change to financial regulation in the United States, and affects virtually every area of the capital markets. Implementation of the Dodd-Frank Act requires many lengthy rulemaking processes resulting in the adoption of a multitude of new regulations applicable to entities which transact business in the U.S. or with U.S. persons outside the U.S. Once fully implemented, the Dodd-Frank Act will affect many aspects, in the U.S. and internationally, of the business of the Collateral Manager, including securitisation, proprietary trading, investing, creation and management of investment funds, OTC derivatives and other activities. While many regulations implementing various provisions of the Dodd-Frank Act have been finalised and adopted, some implementing regulations currently exist only in draft form and are subject to comment and revision, and still other implementing regulations have not yet been proposed. It is therefore difficult to predict whether and to what extent the businesses of the Collateral Manager and its subsidiaries and affiliates and the Issuer, will be affected by the Dodd-Frank Act as implementing regulations are finalised over time and come into effect. In addition, the joint final rule implementing the U.S. Risk Retention Rules was adopted on October 21 and October 22, 2014. See “*Risk Retention and Due Diligence Requirements—U.S. Retention Requirements*” above.

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

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

## 2.8 CFTC Regulations

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



## 2.9 Commodity Pool Regulation

The Issuer's ability to enter into Hedge Transactions may cause the Issuer to be a "commodity pool" as defined in the United States Commodity Exchange Act, as amended ("CEA") and the Collateral Manager to be a "commodity pool operator" ("CPO") 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. Based on recent CFTC interpretive guidance, the Issuer is not expected to fall within the definition of a "commodity pool" under the CEA and as such, the Issuer (or the Collateral Manager on the Issuer's behalf) may enter into Hedge Agreements (or any other agreement that would fall within the definition of "swap" as set out in the CEA) provided they satisfy the Hedging Eligibility Criteria.

Any Hedge Transaction entered into pursuant to and satisfying the Hedge Agreement Eligibility Criteria as of the time of entry shall be deemed to have been entered into consistent with the standard of care set out in the Collateral Management Agreement insofar as the risk of causing the Issuer to be a commodity pool is concerned. The Collateral Manager shall apply the standard of care set out in the Collateral Management Agreement in respect of the risk of causing the Issuer to become subject to clearing under EMIR, the Dodd-Frank Act or any other applicable legal, regulatory or other requirements, and the Collateral Manager shall consult with reputable legal counsel when it considers appropriate having regard to the standard of care set out in the Collateral Management Agreement and seek advice from such counsel that the Hedge Agreement Eligibility Criteria remain sufficient to prevent any commodity pool operator of the Issuer, including the Collateral Manager, from being required to register as a CPO with the CFTC in respect of the Issuer. In addition, if the Collateral Manager has actual knowledge of any change in law, rule or regulation or interpretation thereof that would lead the Collateral Manager to reasonably question whether, notwithstanding compliance with the Hedge Agreement Eligibility Criteria, such change in law or regulation or interpretation thereof would cause any commodity pool operator of the Issuer, including the Collateral Manager, to be required to register as a CPO with the CFTC in respect of the Issuer, the Collateral Manager shall seek a bring-down memorandum in respect of the memorandum on the Hedge Agreement Eligibility Criteria delivered on the Issue Date (or, if a prior bring-down memorandum or modification memorandum has been issued, then a bring-down of such memorandum or equivalent memorandum, as the case may be). If the Collateral Manager cannot obtain such a bring-down or equivalent memorandum on the basis of the original Hedge Agreement Eligibility Criteria, the Collateral Manager shall not cause the Issuer to enter into any further Hedge Agreements unless in respect of any such further Hedge Agreement the Collateral Manager obtains legal advice of reputable legal counsel that such Hedge Agreement will not cause any commodity pool operator of the Issuer, including the Collateral Manager, to be required to register as a CPO with the CFTC in respect of the Issuer.

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

Further, if the Collateral Manager determines that additional Hedge Transactions should be entered into by the Issuer in excess of the trading limitations set forth in any applicable exemption from registration

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

## 2.10 Volcker Rule

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

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

It should be noted that a commodity pool as defined in the CEA (see 1.16 "*Commodity Pool Regulation*", above) will also fall within the definition of a covered fund as described above.

The Transaction Documents provide that the Noteholders' rights in respect of the removal of the Collateral Manager and selection of a replacement Collateral Manager shall only be exercisable upon an Collateral Manager Event of Default. Furthermore, the holders of any of the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes in the form of CM Exchangeable Non-Voting Notes or CM Non-Voting Notes are disenfranchised in respect of any CM Removal Resolution or CM Replacement Resolution. However, there can be no assurance that these features will be effective in resulting in such investments in the Issuer by banking entities subject to the Volcker Rule not being characterised as an "ownership interest" in the Issuer.

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

No assurance can be made as to the effect of the Volcker Rule on the ability of certain investors subject thereto to acquire or retain an interest in the Notes. Each prospective investor in the Notes is required to independently consider the potential impact of the Volcker Rule in respect of any investment in the Notes.

## 2.11 Reliance on Rating Agency Ratings

The Dodd-Frank Act requires that federal banking agencies amend their regulations to remove reference to or reliance on credit agency ratings, including but not limited to those found in the federal banking agencies' risk-based capital regulations. New regulations have been proposed but have not yet been fully implemented in all respects. When such regulations are fully implemented, investments in asset-backed securities like the Notes by such institutions may result in greater capital charges to

financial institutions that own such securities, or otherwise adversely affect the treatment of such securities for regulatory capital purposes. Furthermore, all prospective investors in the Notes whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements, or review by regulatory authorities should consult with their own legal, accounting and other advisors in determining whether, and to what extent, the Notes will constitute legal investments for them or are subject to investment or other regulatory restrictions, unfavourable accounting treatment, capital charges or reserve requirements.

## 2.12 Flip Clauses

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

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

By contrast, the U.S. Bankruptcy Court for the Southern District of New York in *Lehman Brothers Special Financing Inc. v. BNY Corporate Trustee Services Limited. (In re Lehman Brothers Holdings Inc.)*, Adv. Pro. No. 09-1242-JMP (Bankr S.D.N.Y. May 20, 2009) examined a flip clause and held that such a provision, which seeks to modify one creditor’s position in a priority of payments when that creditor files for bankruptcy, is unenforceable under the U.S. Bankruptcy Code. Judge Peck acknowledged that this has resulted in the U.S. courts coming to a decision “directly at odds with the judgement of the English Courts”. While BNY Corporate Trustee Services Ltd filed a motion for and was granted leave to appeal with the U.S. Bankruptcy Court, the case was settled before the appeal was heard. There remain several actions in the U.S. commenced by debtors of Lehman Brothers concerning the enforceability of flip clauses. Given the current state of U.S. and English law, this is likely to be an area of continued judicial focus particularly in respect of multi-jurisdictional insolvencies.

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

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

## 2.13 LIBOR and EURIBOR Reform

The London Inter-Bank Offered Rate (“**LIBOR**”) is currently being reformed, including (i) the replacement of the BBA with ICE Benchmark Administration Limited as LIBOR administrator (completion of which has occurred), (ii) a new code of conduct for contributing banks; (iii) reduction in the number of currencies and tenors for which LIBOR is calculated, and (iv) changes in the way that LIBOR is calculated, by compelling more banks to provide LIBOR submissions and basing these submissions on actual transaction data.

The Euro Interbank Offered Rate (“**EURIBOR**”) and other so-called “benchmarks” are the subject of proposals for reform by a number of international authorities and other bodies. In September 2013, the European Commission published a proposed regulation (the “**Proposed Benchmark Regulation**”) on indices used as benchmarks in financial instruments and financial contracts. While further drafts of the Proposed Benchmark Regulation have been published as it progresses through the EU legislative process, it is presently unclear in what form it may be passed (including its broad scope and applicable extraterritorial and transitional provisions) and, if so, when it would be effective. It is possible however that the Proposed Benchmark Regulation may enter into force soon (with its application potentially following 12 months thereafter).

The Proposed Benchmark Regulation, if passed in its September 2013 form, would apply principally to “administrators” and also, in some respects, to “contributors” and certain “users” of “benchmarks”, and would, among other things, (i) require benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and make significant changes to the way in which benchmarks falling within scope of the Proposed Benchmark Regulation are governed (including reforms of governance and control arrangements, obligations in relation to input data, certain transparency and record-keeping requirements and detailed codes of conduct for contributors) and (ii) prevent certain uses of “benchmarks” provided by unauthorised administrators by supervised entities in the EU. The scope of the Proposed Benchmark Regulation is wide and, in addition to so-called “critical benchmark” indices, could also potentially apply to many interest rate and foreign exchange rate indices, equity indices and other indices (including “proprietary” indices or strategies) where used to determine the amount payable under or the value or performance of certain financial instruments traded on a trading venue, financial contracts and investment funds.

The Proposed Benchmark Regulation, if passed in its September 2013 form, will make significant changes to the way in which EURIBOR is calculated, including detailed codes of conduct for contributors and transparency requirements applying to contributions of data. Benchmarks such as EURIBOR may be discontinued if they do not comply with these requirements, or if the administrator of the benchmark either fails to apply for authorisation or is refused authorisation by its home regulator.

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

- (a) an index which is a “benchmark” could not be used by a supervised entity in certain ways if its administrator does not obtain authorisation or, if based in a non-EU jurisdiction, the administrator is not otherwise recognised as equivalent; and
- (b) the methodology or other terms of the “benchmark” could be changed in order to comply with the terms of the Proposed Benchmark Regulation, and such changes could (among other things) have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level of the benchmark.

Investors should be aware that:

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

- (i) such rate of interest will then be determined by the provisions of the affected Collateral Debt Obligation, which may include determination by the relevant calculation agent in its discretion; and
  - (ii) there may be a mismatch between the replacement rate of interest applicable to the affected Collateral Debt Obligation and the replacement rate of interest the Issuer must pay under any applicable Hedge Agreement. This could lead to the Issuer receiving amounts from affected Collateral Debt Obligations which are insufficient to make the due payment under such Hedge Agreement, and potential termination of such Hedge Agreement;
- (d) if the EURIBOR benchmarks referenced in Condition 6 (*Interest*) are discontinued, interest on the Floating Rate Notes will be calculated under Condition 6(e) (*Interest on the Floating Rate Notes*); and
  - (e) the administrator of a relevant benchmark will not have any involvement in the Collateral Debt Obligations or the Floating Rate Notes and may take any actions in respect of such benchmark without regard to the effect of such actions on the Collateral Debt Obligations or the Floating Rate Notes.

Any of the above or any other significant changes to EURIBOR or any other benchmark could have a material adverse effect on the value of, and the amount payable under (i) any Collateral Debt Obligations which pay interest linked to a EURIBOR rate or other benchmark (as applicable), and (ii) the Floating Rate Notes.

#### 2.14 Financial Transaction Tax – (“FTT”)

In February 2013 the European Commission published a proposal for a Council Directive implementing enhanced cooperation for a financial transaction tax (“FTT”) requested by Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the “**Participating Member States**”).

In its current form, the proposed FTT would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State, or the financial instrument in which the parties are dealing is issued in a Participating Member State. The FTT will apply to both transaction parties where one of these circumstances applies.

At this stage, it is too early to say whether the proposed FTT will be adopted and in what form. Certain aspects of the current proposal are controversial and, if the FTT is progressed, may be altered prior to implementation. While the proposal for a Council Directive identified the date of introduction of the FTT across the Participating Member States as being January 1, 2014, a subsequent joint statement by the finance ministers of the Participating Member States (except for Slovenia) published on 6 May 2014 has identified the revised date of introduction of the FTT as being 1 January 2016 at the latest. Additional Member States may also 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 their dealings in the Notes before investing.

The FTT may also apply to dealings in the Collateral to the extent the Collateral constitutes financial instruments within its scope, such as bonds. In such circumstances, there will be no gross-up by any party to the transaction and amounts due to Noteholders may be adversely affected.

The meeting of the European Union Economic and Financial Affairs Council on 7 November 2014 confirmed the aim among the Participating Member States of implementing the first phase of the FTT with effect from 1 January 2016. In a further joint statement by the finance ministers of the Participating Member States (except for Greece) published on 27 January 2015 reiterated that the anticipated implementation date remained 1 January 2016.

However, a publication by the Luxembourg Presidency of the Council of the European Union (the “**Luxembourg Presidency**”) on 3 December 2015 set out the ‘state of play’ in relation to the FTT. In that publication, the Luxembourg Presidency concluded that further work was required on a number of open questions that constitute the ‘building blocks’ of the design of the FTT. A meeting of the European Finance Ministers on 8 December 2015 took note of a statement made by 10 of the

Participating Member States (excluding Estonia) relating to the scope and timetable for introduction of the FTT. In that statement, the Participating Member States (excluding Estonia) announced agreement on a number of features of the FTT which had been considered in the publication by the Luxembourg Presidency on 3 December 2015, but indicated that a decision on the remaining open issues would only be made at some point before the end of June 2016. The anticipated implementation date for the FTT of 1 January 2016 was not met. The earliest implementation of the FTT now looks to be a practical possibility only at some date after 30 June 2016.

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

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

#### 2.16 CRA

Regulation of the European Parliament and of the European Council amending Regulation EC 1060/2009 on credit rating agencies (“**CRA3**”) came into force on 20 June 2013 (the “**CRA3 Effective Date**”). Article 8(b) of CRA3 requires issuers, sponsors and originators of structured finance instruments such as the Notes to make detailed disclosures of information relating to such instruments. Such disclosures will need to be made via a website to be set up by the European Securities and Markets Authority (“**ESMA**”). As yet, this website has not been set up so issuers, originators and sponsors cannot currently comply with Article 8(b). The European Commission has adopted a delegated regulation, detailing the scope and nature of the required disclosure however, the reporting requirements will only become effective on 1 January 2017. In their current form, the regulatory technical standards only apply to structured finance instruments for which a reporting template has been specified. Currently there is no template for CLO transactions but if a template for CLO transactions were to be published and the website for disclosure were to be set up by ESMA, on and after the application date of the disclosure obligations, the Issuer may incur additional costs and expenses to comply with such disclosure obligations. Such costs and expenses would be payable by the Issuer as Administrative Expenses.

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

#### 2.17 Action Plan on Base Erosion and Profit Shifting

At a meeting in Paris on 29 May 2013, the Organisation for Economic Co-operation and Development (“**OECD**”) Council at Ministerial Level adopted a declaration on base erosion and profit shifting urging the OECD’s Committee on Fiscal Affairs to develop an action plan to address base erosion and profit shifting in a comprehensive manner. In July 2013, the OECD launched an Action Plan on Base

Erosion and Profit Shifting (“**BEPS**”), identifying fifteen specific actions to achieve this. Subsequently, the OECD published discussion papers and held public consultations in relation to those actions, also publishing interim reports, analyses and sets of recommendations in September 2014 for seven of the actions. On 5 October 2015, the OECD published final reports, analyses and sets of recommendations for all of the fifteen actions it identified as part of its Action Plan, which G20 finance ministers then endorsed during a meeting on 8 October 2015 in Lima, Peru (the “**Final Report**”). The Final Report was endorsed by G20 Leaders during their annual summit on 15-16 November 2015 in Antalya, Turkey.

#### *Action 4*

In the Final Report relating to Action 4, the OECD recommends as a best practice that countries introduce a general limitation on tax deductions for net interest and economically equivalent payments under which, broadly speaking, a company would be denied those deductions to the extent they exceeded a particular percentage of the company’s EBITDA ranging from 10 to 30 per cent. Countries would be free under the OECD’s recommendation to apply this restriction to all companies. Alternatively, countries would be able to apply the restriction to companies that formed part of domestic and multinational groups only, or to companies that formed part of multinational groups. However, the restriction recommended would only apply to tax deductions for net interest and economically equivalent payments. As a result, since the Issuer will generally fund interest payments it makes under the Notes from interest payments to which it is entitled under Collateral Debt Obligations (that is, such that Issuer pays limited or no net interest), the restriction may be of limited relevance to the Issuer even if Ireland chose to apply such a restriction to the Issuer.

#### *Action 6*

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

The PPT rule could deny a treaty benefit (such as a reduced rate of withholding tax) if it is reasonable to conclude, having regard to all facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in those circumstances would be in accordance with the object and purpose of the relevant provisions of the treaty. It is unclear how a PPT, if adopted, would be applied by the tax authorities of those jurisdictions from which payments are made to the Issuer.

In contrast, the LOB rule has a more objective focus. More particularly, the OECD has included both a detailed and simplified version of the LOB rule in its Final Report relating to Action 6, albeit recommending in the related commentary to the LOB rule that the simplified version of the LOB rule should be included in a double tax treaty in combination with a PPT rule. The more detailed version of the LOB provision would limit the benefits of treaties, in the case of companies and in broad terms, to: (i) certain publicly listed companies and their affiliates; (ii) certain not-for-profit organisations and companies which carry on a pensions business; (iii) companies owned by a majority of 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 which were not established in a particular jurisdiction with a principal purpose of obtaining treaty benefits; and (vi) certain collective investment vehicles (“**CIVs**”). The simplified version of the LOB provision would limit these benefits to companies in similar but, generally speaking, less prescriptive circumstances. The ability to claim treaty benefits under (v) above, however, would be included in both versions, albeit that it would require a company to apply to the tax authorities of the other contracting state for the granting of that benefit. The LOB rule proposed in the Final Report is subject to further review and consideration following the finalisation of a revised LOB rule proposed by the United States for inclusion into the United States’ model tax treaty. Consequently, the LOB rule and the related commentary in the Final Report for Action 6 are expected to be reviewed further in the first part of 2016.

In addition, whilst the Final Report makes provision for the inclusion of a CIV as a “qualified person” for the purposes of the LOB rule, the Final Report does not include specific provision for non-CIVs, such as the Issuer. In the Final Report, the OECD acknowledges the economic importance of non-CIV funds and the need to grant such vehicles treaty benefits where appropriate. Further work on the treaty benefits to be afforded to non-CIV funds is expected to be undertaken in the first part of 2016. This further work may also include a “derivative benefits” provision in the LOB rule, which would allow certain entities owned by residents of third-country states to obtain treaty benefits provided that such residents would have been entitled to equivalent benefits if they had invested directly, rather than through an investment vehicle.

#### *Action 7*

The focus of another action point (Action 7) was 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 Final Report on Action 7 sets out the changes that will be made to the definition of a “permanent establishment” in Article 5 of the OECD Model Convention and the OECD Model Commentary. Among other recommendations, the Final Report on Action 7 recommended two specific changes to the OECD Model Convention: (i) the expansion of the circumstances in which a “permanent establishment” is created to include the negotiation of contracts where certain conditions are satisfied; and (ii) narrowing the exemption for agents of independent status where contracts are concluded by an “independent agent” and that agent is connected to the foreign enterprise on behalf of which it is acting.

As noted below, whether the Issuer will be subject to UK corporation tax may depend on, among other things, whether the Collateral Manager is regarded as an agent of independent status acting in the ordinary course of its business for the purpose of Article 5(6) of the UK/Ireland double tax treaty. As at the date of this Prospectus, it is expected that, taking into account the nature of the Collateral Manager’s business and the terms of its appointment and its role under the Collateral Management Agreement, the Collateral Manager will be regarded as an agent of independent status, acting in the ordinary course of its business, or be able to rely on the UK’s investment manager exemption for these purposes. However, it is not clear what impact the Final Report relating to Action 7 will have on the UK/Ireland double tax treaty and the above analysis, principally because it is not clear to what extent (and on what timeframe) particular jurisdictions (such as the UK and Ireland) will decide to adopt any of the Final Report’s recommendations.

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

The OECD Action Plan noted the need for a swift implementation of any measures which are finally decided upon and suggested that Actions 6 and 7, among others, could be implemented by way of multilateral instrument, rather than by way of negotiation and amendment of individual tax treaties. However, the Final Report on Action 6 acknowledges that the proposed changes will require a degree of negotiation between treaty jurisdictions and observes that there are various reasons as to why OECD Member States may not implement the proposed amendments to the OECD Model Convention in an identical manner and/or to the same extent. More generally, it is still not clear whether, when, how and to what extent particular jurisdictions will decide to adopt any of the recommendations that the OECD has published in its Final Reports for the fifteen actions relating to its BEPS project and what further recommendations, if any, will follow in early 2016.

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

## 2.18 Diverted Profits Tax

On 10 December 2014, HM Revenue & Customs published draft legislation for the introduction of a new tax in the United Kingdom to be called the “diverted profits tax” and charged at 25 per cent. of any



“taxable diverted profits”. The diverted profits tax was enacted in Finance Act 2015 which received Royal Assent on 26 March 2015. The tax has effect from 1 April 2015 and may apply in circumstances including where arrangements are designed to ensure that a non-UK resident company does not carry on a trade in the United Kingdom through a permanent establishment, the non-resident company supplies goods, services or other property in the course of that non-resident company’s trade and it is reasonable to assume that arrangements are in place the main purpose or one of the main purposes of which is to avoid United Kingdom corporation tax.

The basis upon which 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 who enter into transactions on behalf of certain overseas persons and in respect of which the Investment Manager Exemption would apply and a general exemption where the activities of the non-UK resident company in the United Kingdom are carried out by an agent of independent status which is not connected to such non-UK resident company.

## 2.19 Lending

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

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

## 2.20 EU Savings Directive

Under Council Directive 2003/48/EC (as amended) on the taxation of savings income (the “**EU Savings Directive**”), member states of the European Union have been required to provide to the tax authorities of other member states details of certain payments of interest or similar income paid or secured by a person established in a member state to or for the benefit of an individual resident in another member state or certain limited types of entities established in another member state. For a transitional period, Austria has been required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

However, in order to prevent overlap between the EU Savings Directive and provisions relating to a common reporting standard framework (being the Standard for Automatic Exchange of Financial Account Information in Tax Matters published on 21 July 2014 by the OECD and Council Directive 2014/107/EU on Administrative Co-operation in the Field of Taxation), the Council of the European Union, on 10 November 2015, published a direction which repealed the EU Savings Directive from 1 January 2017 in the case of Austria and 1 January 2016 in the case of any other member states. The repeal is subject to transitional provisions imposing on-going requirements to fulfil certain administrative obligations such as reporting and exchange of information relating to, or accounting for withholding taxes, on payments made before those dates.

If a payment were to be made or collected through a member state of the European Union which operates a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor the Paying Agent nor any other person would be obliged to pay

additional amounts with respect to any Note as a result of the imposition of such withholding tax. Pursuant to Condition 8(d) (*Paying Agent and Transfer Agent*), the Issuer is required to maintain a paying agent in an EU member state that is not obliged to withhold or deduct tax pursuant to, the EU Savings Directive, or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any other law implementing or complying with, or introduced in order to conform to, the EU Savings Directive or any arrangement entered into between the EU member states and certain third countries and territories in connection with such Directive.

## 2.21 EU Bank Recovery and Resolution Directive

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

## 2.22 U.S. Tax Risks

### *Changes in tax law; imposition of tax on Non-U.S. Holders*

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

### *U.S. trade or business*

If the Issuer were to breach certain of its covenants and acquire certain assets (for example, a “**United States real property interest**” or an equity interest in an entity that is treated as a partnership for U.S. federal income tax purposes and that is itself engaged in a trade or business in the United States), including upon a foreclosure, or breach certain of its other covenants, the Issuer could be engaged in a trade or business within the United States for U.S. federal income tax purposes. Moreover, a breach of certain of these covenants may not give rise to a Note Event of Default and may not give rise to a claim against the Issuer or the Collateral Manager. A change in law or its interpretation also could result in the Issuer being treated as engaged in a trade or business within the United States for U.S. federal income tax purposes, or otherwise subject to U.S. federal income tax on a net income basis. If it is determined that the Issuer is engaged in a trade or business within the United States for U.S. federal income tax purposes, and the Issuer has taxable income that is effectively connected with such U.S. trade or business, the Issuer will be subject under the Code to the regular U.S. corporate income tax on its effectively connected taxable income, which may be imposed on a gross basis, and possibly to a 30

per cent. branch profits tax and state and local taxes as well. The imposition of such a tax liability could materially adversely affect the Issuer's ability to make payments on the Notes.

#### *FATCA*

Under FATCA, the Issuer may be subject to a 30 per cent. withholding tax on certain income, and on the gross proceeds from the sale, maturity, or other disposition of certain of its assets. Under an intergovernmental agreement entered into between the United States and Ireland, the Issuer will not be subject to withholding under FATCA if it complies with Irish implementing regulations that require the Issuer to provide the name, address and taxpayer identification number of, and certain other information with respect to, certain holders of Notes to the Office of the Revenue Commissioners of Ireland, which would then provide this information to the IRS. The Issuer shall use reasonable best efforts to comply with the intergovernmental agreement and these regulations; however, there can be no assurance that the Issuer will be able to do so. Moreover, the intergovernmental agreement or the Irish implementing regulations could be amended to require the Issuer to withhold on "passthru" payments to holders that fail to provide certain information to the Issuer or are certain "foreign financial institutions" that do not comply with FATCA.

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

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

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

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

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

### 3. RELATING TO THE NOTES

#### 3.1 Limited Liquidity and Restrictions on Transfer

Although there is currently a limited market for notes representing collateralised debt obligations similar to the Notes (other than the Subordinated Notes), there is currently no market for the Notes themselves. The Placement Agent may make a market for the Notes (other than the Subordinated Notes), but is not obliged to do so, and any such market-making may be discontinued at any time without notice. There can be no assurance that any secondary market for any of the Notes will develop or, if a secondary market does develop, that it will provide the Noteholders with liquidity of investment

or that it will continue for the life of such Notes. Consequently, a purchaser must be prepared to hold such Notes for an indefinite period of time or until the Maturity Date. In addition, no sale, assignment, participation, pledge or transfer of the Notes may be effected if, among other things, it would require any of the Issuer or any of their officers or directors to register under, or otherwise be subject to the provisions of, the Investment Company Act or any other similar legislation or regulatory action. Furthermore, the Notes will not be registered under the Securities Act or any U.S. state securities laws, and the Issuer has no plans, and is under no obligation, to register the Notes under the Securities Act. The Notes are subject to certain transfer restrictions and can be transferred only to certain transferees. See “*Plan of Distribution*” and “*Transfer Restrictions*”. Such restrictions on the transfer of the Notes may further limit their liquidity.

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

### 3.2 Optional Redemption and Market Volatility

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

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

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

The Rated Notes may be redeemed in whole but not in part from Sale Proceeds and/or Refinancing Proceeds:

- (a) on any Business Day after the expiry of the Non-Call Period, either (x) at the direction of the Subordinated Noteholders acting by way of Ordinary Resolution (in the case of a Refinancing) and otherwise by Extraordinary Resolution or (y) at the direction of the Retention Holder;
- (b) on any Business Day following the occurrence of a Collateral Tax Event at the direction of the Subordinated Noteholders acting by Ordinary Resolution; or
- (c) on any Payment Date following the occurrence of a Note Tax Event at the direction of the Controlling Class or the Subordinated Noteholders acting by way of Extraordinary Resolution,

in each case subject to certain requirements and condition set out herein. See Condition 7 (*Redemption and Purchase*). Investors should carefully review the circumstances and requirements set out in Condition 7 (*Redemption and Purchase*).

As described in Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*) subject to certain conditions at the option of the Subordinated Noteholders (acting by Ordinary Resolution) or at the written direction of the Collateral Manager, Refinancing Proceeds may be used in connection with either a redemption in whole of the Rated Notes or a redemption in part of the Rated Notes by Class (or, in the case of the Class A Notes and the Class B Notes, by tranche). See

Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*). It should be noted that following the publication of the U.S. Risk Retention Rules it is unclear whether a Refinancing or the issuance of additional notes will trigger the U.S. Risk Retention Rules if such action is taken after the U.S. Risk Retention Effective Date. As such, the ability of the Issuer and the Noteholders to issue additional notes or enter into a Refinancing may be impacted. See 2.3 “*U.S. Risk Retention Rules*” above, and, as there is no requirement for the Retention Holder to consent to such a Refinancing, the Retention Holder may be unable to prevent a Refinancing from taking place that triggers the U.S. Risk Retention Rules.

The Trust Deed provides that the holders of the Subordinated Notes will not have any cause of action against any of the Issuer, the Collateral Manager, the Collateral Administrator or the Trustee for any failure to obtain a Refinancing. If a Refinancing is obtained meeting the requirements of the Trust Deed, the Issuer may amend the Trust Deed and the Trustee shall concur with such amendments to the Trust Deed to the extent the Issuer certifies to the Trustee that such amendments are necessary to reflect the terms of the Refinancing and no further consent for such amendments shall be required from the holders of the Notes, other than from the holders of the Subordinated Notes acting by Ordinary Resolution. No assurance can be given that any such amendments to the Trust Deed or the terms of any Refinancing will not adversely affect the holders of any Class or Classes of Notes not subject to redemption (or, in the case of the Subordinated Notes, the holders of the Subordinated Notes who do not direct such redemption).

The Subordinated Notes may also be redeemed at their Redemption Price, in whole but not in part, on any Business Day on or after the redemption or repayment in full of the Rated Notes, at the direction of either of (x) the Subordinated Noteholders (acting by Extraordinary Resolution) or (y) the Collateral Manager.

The Collateral Manager may also cause the Issuer to redeem the Rated Notes in whole from Sale Proceeds on any Business Day falling on or after the expiry of the Non-Call Period, if the Aggregate Collateral Balance is less than 20 per cent. of the Target Par Amount.

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

Where the Rated Notes are redeemable at the discretion of a transaction party or a particular Class of Noteholders, there is no obligation to consider the interests of any other party or Class of Noteholders when exercising such discretion. Furthermore, where one or more Classes (or tranches) 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 (or tranche) of Rated Notes that are redeemed through a Refinancing should be aware that the Applicable Margin of any new notes will be equal to or lower than the Applicable Margin of such Rated Notes immediately prior to such Refinancing.

#### 3.4 The Notes are Subject to Special Redemption at the Option of the Collateral Manager

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

### 3.5 Mandatory Redemption of the Notes

Certain mandatory redemption arrangements may result in an elimination, deferral or reduction in the interest payments or principal repayments made to the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders or the level of the returns to the Subordinated Noteholders, including such arrangements in relation to the breach of any of the Coverage Tests. See Condition 7(c) (*Mandatory Redemption upon Breach of Coverage Tests*).

### 3.6 The Reinvestment Period may Terminate Early

The Reinvestment Period may terminate early if any of the following occur: (a) acceleration following a Note Event of Default which acceleration has not been rescinded or annulled in accordance with the Conditions or (b) the Collateral Manager reasonably believes and notifies the Issuer, the Collateral Administrator, the Rating Agencies and the Trustee that it can no longer invest in additional Collateral Debt Obligations in accordance with the Collateral Management Agreement. Early termination of the Reinvestment Period could adversely affect returns to the Subordinated Noteholders and may also cause the holders of Rated Notes to receive principal payments earlier than anticipated.

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

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

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

At any time, subject to certain conditions (including the prior approval of the Retention Holder), the Issuer may issue and sell additional Notes and use the net proceeds to acquire Collateral Debt Obligations and, if applicable, enter into additional Hedge Transactions in connection with the Issuer's issuance of, and making payments on, the Notes and ownership of and disposition of the Collateral Debt Obligations or (in the case of an issuance of additional Subordinated Notes) to be applied as Interest Proceeds. See Condition 17 (*Additional Issuances*).

In addition, the Collateral Manager may, pursuant to the Priorities of Payments, redirect funds (including by deferring or waiving payment of some or all of its Collateral Management Fees) to be applied in accordance with the Priorities of Payments, or the Subordinated Noteholders may in certain circumstances designate Contributions to be applied in accordance with Condition 3(j)(viii) (*Contributions Account*) towards Permitted Uses.

The Collateral Manager may make Collateral Manager Advances from time to time to the extent there are insufficient sums standing to the credit of the Collateral Enhancement Account to purchase or exercise rights under Collateral Enhancement Obligations which the Collateral Manager determines on behalf of the Issuer should be purchased or exercised subject to and in accordance with the Collateral Management Agreement. The Collateral Manager may earn a rate of interest at a rate of EURIBOR plus 2 per cent. per annum.

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

### 3.9 Additional Issuances of Subordinated Notes not subject to Anti-Dilution Rights

The Issuer may issue and sell additional Notes, subject to the satisfaction of a number of conditions, including that the holders of the relevant Class of Notes in respect of which further Notes are issued

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 of such additional Notes. However, this requirement does not apply to any additional issuance of Subordinated Notes if such issuance is required in order to prevent or cure a Retention Deficiency for any reason. Accordingly, the proportion of Subordinated Notes held by a Subordinated Noteholder may be diluted following an additional issuance of Subordinated Notes. See Condition 17 (*Additional Issuances*).

### 3.10 Limited Recourse Obligations

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

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

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

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

### 3.12 Subordination of the Notes

Except as described in Condition 3(c)(iii) (*Application of Collateral Enhancement Obligation Proceeds*), the Class B Notes are fully subordinated to the Class A Notes, the Class C Notes are fully subordinated to the Class A Notes and the Class B Notes, the Class D Notes are fully subordinated to the Class A Notes, the Class B Notes and the Class C Notes, the Class E Notes are fully subordinated to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the Class F Notes are fully subordinated to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes and the Subordinated Notes are fully subordinated to the Rated Notes.

Except as described in Condition 3(c)(iii) (*Application of Collateral Enhancement Obligation Proceeds*), the payment of principal and interest on any other Classes of Notes may not be made until all payments of principal and interest due and payable on any Classes of Notes ranking in priority thereto pursuant to the Priorities of Payments have been made in full. Payments on the Subordinated Notes will be made by the Issuer to the extent of available funds and no payments thereon will be made until the payment of certain fees and expenses have been made and until interest on the Rated Notes has been paid and, subject always to the right of the Collateral Manager on behalf of the Issuer to transfer amounts which would have been payable on the Subordinated Notes to the Collateral Enhancement Account to be applied in the acquisition of Substitute Collateral Debt Obligations or in the acquisition or exercise of rights under Collateral Enhancement Obligations and the requirement to transfer amounts to the Principal Account in the event that the Reinvestment Overcollateralisation Test is not satisfied during the Reinvestment Period.

Non payment of any Interest Amount due and payable in respect of the Class A Notes or the Class B Notes on any Payment Date will constitute a Note Event of Default (where such non payment continues for a period of at least five Business Days or seven Business Days in the case of an administrative error or omission). Failure to pay Interest Amounts on any other Class of Notes shall not at any time constitute a Note Event of Default unless, following the occurrence of a Frequency Switch Event, such Class of Notes is the Controlling Class. The Controlling Class, acting by Ordinary Resolution, may request the Trustee to accelerate the Notes pursuant to Condition 10 (*Events of Default*) if a Note Event of Default occurs and is continuing.

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

The Trust Deed provides that in the event of any conflict of interest among or between the 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 the most senior Class of Notes Outstanding. In the event that the Trustee shall receive conflicting or inconsistent requests from two or more groups of holders of the Controlling Class (or another Class is given priority as described in this paragraph), the Trustee shall give priority to the group which holds the greater amount of Notes Outstanding of such Class. The Trust Deed provides further that the Trustee will act



upon the directions of the holders of the Controlling Class (or other Class given priority as described in this paragraph) in such circumstances, 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. See Condition 14(e) (*Entitlement of the Trustee and Conflicts of Interest*).

### 3.13 Calculation of Rate of Interest

If the relevant EURIBOR screen rate does not appear, or the relevant page is unavailable, in the manner described in Condition 6(e)(i) (*Floating Rate of Interest*) there can be no guarantee that the Issuer will be able to select four Reference Banks to provide quotations, in order to determine any Rate of Interest in respect of the Floating Rate Notes. Certain financial institutions that have historically acted as Reference Banks have indicated that they will not currently provide quotations and there can be no assurance that they will agree to do so in the future. If a EURIBOR screen rate does not appear, or the relevant page is unavailable, and the Issuer is unable to select Reference Banks to provide quotations in the manner described in Condition 6(e)(i)(B) (*Floating Rate of Interest*), the relevant Rate of Interest in respect of such Payment Date shall be determined, pursuant to Condition 6(e)(i)(C) (*Floating Rate of Interest*), as the last available offered rate for three month or six month Euro deposits as determined by the Calculation Agent. To the extent interest amounts in respect of the Floating Rate Notes are determined by reference to a previously calculated rate, Noteholders may be adversely affected. In such circumstances, neither the Calculation Agent nor the Trustee shall have any obligation to determine the Rate of Interest on any other basis.

### 3.14 Amount and Timing of Payments

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

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

### 3.15 Reports Provided by the Collateral Administrator Will Not Be Audited

The Monthly Reports, Effective Date Report and Payment Date 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 the Collateral Manager. Information in the reports will not be audited nor will reports include a review or opinion by a public accounting firm.

### 3.16 Future Ratings of the Notes Not Assured and Limited in Scope

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by any Rating Agency at any time. Credit ratings represent a rating agency's opinion regarding the credit quality of an asset but are not a guarantee of such quality. There is no

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

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

The Rating Agencies may change their published ratings criteria or methodologies for securities such as the Rated Notes at any time in the future. Further, the Rating Agencies may retroactively apply any new standards to the ratings of the Rated Notes. Any such action could result in a substantial lowering (or even withdrawal) of any rating assigned to any Rated Note, despite the fact that such Rated Note might still be performing fully to the specifications set forth for such Rated Note in this Offering Circular and the Transaction Documents. The rating assigned to any Rated Note may also be lowered following the occurrence of an event or circumstance despite the fact that the related Rating Agency previously provided confirmation that such occurrence would not result in the rating of such Rated Note being lowered. Additionally, any Rating Agency may, at any time and without any change in its published ratings criteria or methodology, lower or withdraw any rating assigned by it to any Class of Rated Notes. If any rating initially assigned to any Note is subsequently lowered or withdrawn for any reason, holders of the Notes may not be able to resell their Notes without a substantial discount. Any reduction or withdrawal to the ratings on any Class of Rated Notes may significantly reduce the liquidity of the Notes and may adversely affect the Issuer's ability to make certain changes to the composition of the Collateral.

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

*Rating Agencies may refuse to give rating agency confirmations*

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

If a Rating Agency announces or informs the Trustee, the Collateral Manager or the Issuer that confirmation from such Rating Agency is not required for a certain action or that its practice is to not give such confirmations for certain types of actions, the requirement for confirmation from such Rating Agency will not apply. Further, in connection with the Effective Date, if an Effective Date Rating Event has occurred, the applicable Rated Notes may be subject to redemption in part in an amount and in the manner described under Condition 7(e) (*Redemption upon Effective Date Rating Event*). There can be no assurance that a Rating Agency will provide rating confirmations upon request, regardless of the terms agreed to among transaction participants, or not subsequently withdraw or downgrade its ratings on one or more Classes of Rated Notes, which could materially adversely affect the value or liquidity of the Notes.

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

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

Each Rating Agency must be able to reasonably rely on the arranger’s certifications. If the arranger does not comply with its undertakings to any Rating Agency with respect to this transaction, such Rating Agency may withdraw its ratings of the Rated Notes. In such case, the withdrawal of ratings by any Rating Agency may adversely affect the price or transferability of the Rated Notes and may adversely affect any beneficial owner that relies on ratings of securities for regulatory or other compliance purposes.

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

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

*Actions of any Rating Agency can adversely affect the market value or liquidity of the Note*

The SEC adopted Rule 15Ga-2 and Rule 17g-10 to the United States Securities Exchange Act of 1934, on 27 August 2014, which require certain filings or certifications to be made in connection with the performance of “due diligence services” for rated asset-backed securities on or after 15 June 2015. Under Rule 17g-10, a provider of third-party due diligence services must provide to each nationally recognised statistical rating organisation that is rating the applicable transaction, a written certification in a prescribed form (which obligation may be satisfied if the Issuer posts such certification in the required form to the Rule 17g-5 website referred to above, maintained in connection with the transaction). It is presently unclear what, if any, services provided or to be provided by third parties to the Issuer in connection with the transaction described in this Offering Circular, would constitute “due diligence services” under Rule 17g-10, and consequently, no assurance can be given as to whether any certification will be given by the Issuer or any applicable third party service provider to the Rating Agencies in circumstances where such certification is deemed to have been required under the rules described in the preceding paragraph. If the Issuer or any third party that provides due diligence services to the Issuer does not comply with its obligations under Rule 17g-10, the Rating Agencies may withdraw (or fail to confirm) their ratings of the Notes. In such case, the price or transferability of the Notes (and any beneficial owner of Notes that relies on ratings of securities for regulatory or other compliance purposes) may be adversely affected.

### 3.17 Average Life and Prepayment Considerations

The Maturity Date of the Notes is 15 March 2029 (or, if such date is not a Business Day, the next following Business Day); however, the principal of the Notes of each Class is expected to be repaid in full prior to the Maturity Date. Average life refers to the average amount of time that will elapse from the date of delivery of a Note until each Euro of the principal of such Note will be paid to the investor. The average lives of the Notes will be determined by the amount and frequency of principal payments,

which are dependent upon, among other things, the amount of payments received at or in advance of the scheduled maturity of the Collateral Debt Obligations (whether through sale, maturity, redemption, default or other liquidation or disposition). The actual average lives and actual maturities of the Notes will be affected by the financial condition of the issuers of the underlying Collateral Debt Obligations and the characteristics of such loans, including the existence and frequency of exercise of any optional or mandatory redemption features, the prevailing level of interest rates, the redemption price, the actual default rate, the actual level of recoveries on any Defaulted Obligations and the timing of defaults and recoveries, and the frequency of tender or exchange offers for such Collateral Debt Obligations. Collateral Debt Obligations may be subject to optional prepayment by the Obligor of such loans. Any disposition of a Collateral Debt Obligation may change the composition and characteristics of the Collateral Debt Obligations and the rate of payment thereon and, accordingly, may affect the actual average lives of the Notes. The rate of and timing of future defaults and the amount and timing of any cash realisation from Defaulted Obligations also will affect the maturity and average lives of the Notes.

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

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

### 3.18 Volatility of the Subordinated Notes

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

In addition, the failure to meet certain Coverage Tests will result in cash flow that may have been otherwise available for distribution to the Subordinated Notes, to pay interest on one or more subordinate Classes of Rated Notes or for reinvestment in Collateral Debt Obligations being applied on the next Payment Date to make principal payments on the more senior classes of Rated Notes until such Coverage Tests have been satisfied. This feature will likely reduce the return on the Subordinated Notes and/or one or more subordinate Classes of Rated Notes and cause temporary or permanent suspension of distributions to the Subordinated Notes and/or one or more subordinate Classes of Rated Notes. See 3.5 (*Mandatory Redemption of the Notes*) above.

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

### 3.19 Net Proceeds less than Aggregate Amount of the Notes

It is anticipated that the net proceeds received by the Issuer on the Issue Date from the issuance of the Notes will be less than the aggregate Principal Amount Outstanding of the Notes. Consequently, it is anticipated that on the Issue Date the Collateral would be insufficient to redeem the Notes upon the occurrence of a Note Event of Default on or about that date.

### 3.20 Withholding Tax on the Notes

So long as the Notes remain listed on the Irish Stock Exchange or another recognised stock exchange, no withholding tax would currently be imposed on payments of interest on the Notes, however, there can be no assurance that the law will not change. In addition, as described under Condition 9 (*Taxation*), the Issuer is authorised to withhold amounts otherwise distributable to a holder if the holder fails to provide the Issuer or its agents with any correct, complete and accurate information that may be required for the Issuer to comply with FATCA and to prevent the imposition of U.S. federal withholding tax under FATCA on payments to or for the benefit of the Issuer, or if the holder's ownership of any Notes would otherwise cause the Issuer to be subject to tax under FATCA.

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

In the event of the occurrence of a Note Tax Event pursuant to which any payment on the Notes of any Class becomes 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 each of the Controlling Class or the Subordinated Notes, in each case acting by way of Extraordinary Resolution, subject to certain conditions including a threshold test pursuant to which determination is made as to whether the anticipated proceeds of liquidation of the security over the Collateral would be sufficient to pay all amounts due and payable on the Rated Notes in such circumstances in accordance with the Priorities of Payments.

### 3.21 Security

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

In addition, custody and clearance risks may be associated with 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 Placement Agent, the Trustee, the Collateral Manager, Agents, the Hedge Counterparties or any other party.

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

### 3.22 Resolutions, Amendments and Waivers

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

Decisions may be taken by Noteholders by way of Ordinary Resolution, or Extraordinary Resolution, in each case, either acting together or, to the extent specified in any applicable Transaction Document, as a Class of Noteholders acting independently. Such Resolutions can be effected either at a duly convened meeting of the applicable Noteholders or by the applicable Noteholders resolving in writing. Meetings of the Noteholders may be convened by the Issuer, the Trustee or by one or more Noteholders holding not less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes of a particular Class, subject to certain conditions including minimum notice periods.

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

If a meeting of Noteholders is called to consider a Resolution, determination as to whether the requisite number of Notes has been voted in favour of such Resolution will be determined by reference to the percentage which the Notes voted in favour represent of the total amount of Notes voted in respect of such Resolution and not the aggregate Principal Amount Outstanding of all such Notes held or represented by any person or persons entitled to vote at such meeting. This means that a lower percentage of Noteholders may pass a Resolution which is put to a meeting of Noteholders than would be required for a Written Resolution in respect of the same matter. There are however quorum provisions which provide that a minimum number of Noteholders representing a minimum amount of the aggregate Principal Amount Outstanding of the applicable Class or Classes of Notes be present at any meeting to consider an Extraordinary Resolution or Ordinary Resolution. In the case of an Extraordinary Resolution, this is one or more persons holding or representing not less than 66⅔ per cent. of the aggregate Principal Amount Outstanding of each Class of Notes (or the relevant Class or Classes only, if applicable) and in the case of an Ordinary Resolution this is one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of each Class of Notes (or the relevant Class or Classes only, if applicable). Such quorum provisions still, however, require considerably lower thresholds than would be required for a Written Resolution. In addition, in the event that a quorum requirement is not satisfied at any meeting, lower quorum thresholds will apply at any meeting previously adjourned for want of quorum as set out in Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and in the Trust Deed. Any such Resolution may be adverse to any Class of Noteholders or to any group of Noteholders or individual Noteholders within any Class.

Certain amendments and modifications may be made without the consent of Noteholders. See Condition 14(c) (*Modification and Waiver*). Such amendment or modification could be adverse to certain Noteholders.

Certain entrenched rights relating to the Terms and Conditions of the Notes including the currency thereof, Payment Dates applicable thereto, the Priorities of Payments, the provisions relating to quorums and the percentages of votes required for the passing of an Extraordinary Resolution, cannot be amended or waived by Ordinary Resolution but require an Extraordinary Resolution. It should

however be noted that amendments may still be effected and waivers may still be granted in respect of such provisions in circumstances where not all Noteholders agree with the terms thereof and any amendments or waivers once passed in accordance with the provisions of the Terms and Conditions of the Notes and the provisions of the Trust Deed will be binding on all such dissenting Noteholders.

In addition, subject to the Trustee's right to agree to changes to the Transaction Documents to correct a manifest error, or to changes which, in its opinion, are not materially prejudicial to the interests of the Noteholders of any Class without the consent of the Noteholders, the Trustee shall be obliged to consent to modifications and waivers granted in respect of certain other matters, in certain circumstances subject to a certificate thereof being given to the Trustee by the Issuer certifying that such proposed modifications are required in accordance with Condition 14(c), without the consent of the Noteholders (save where such consent is specified in Condition 14(c)) as set out in Condition 14(c) (*Modification and Waiver*).

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

No Notes held by the Collateral Manager or a Collateral Manager Related Person and no holders of CM Non-Voting Notes or CM Exchangeable Non-Voting Notes shall be entitled to vote in connection with a CM Removal Resolution. In addition, no Notes held by the Collateral Manager or a Collateral Manager Related Person shall be entitled to vote with respect to the assignment or delegation by the Collateral Manager of its obligations under the Collateral Management Agreement. No holders of CM Non-Voting Notes or CM Exchangeable Non-Voting Notes shall be entitled to vote in connection with a CM Replacement Resolution.

Class A Notes, Class B Notes, Class C Notes and Class D Notes in the form of CM Voting Notes may form a small percentage of the Controlling Class (or other relevant Class or Classes) and/or be held by a concentrated group of Noteholders. Investors should be aware that such CM Voting Notes will be entitled to vote to pass a CM Removal Resolution and a CM Replacement Resolution and the remaining percentage of the Controlling Class (or other relevant Class or Classes) held in the form of CM Non-Voting Notes and/or CM Exchangeable Non-Voting Notes will be bound by such resolution. Holders of the CM Voting Notes may have interests that differ from other holders of Class A Notes, Class B Notes, Class C Notes and Class D Notes and may seek to profit or seek direct benefits from their voting rights.

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

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

### 3.24 Enforcement Rights Following a Note Event of Default

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

At any time after the Notes become due and repayable and the security under the Trust Deed becomes enforceable, the Trustee may, at its discretion, and shall, if so directed by the Controlling Class acting by Ordinary Resolution (subject, in each case, to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction), take Enforcement Action (as defined in the Conditions) in respect of the security over the Collateral provided that no such Enforcement Action may be taken by the Trustee unless: (A) it determines that the anticipated proceeds realised from such Enforcement Action (after

deducting any expenses properly incurred in connection therewith) would be sufficient to discharge in full all amounts due and payable in respect of all Classes of Notes other than the Subordinated Notes (including, without limitation, Deferred Interest on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes) and all amounts payable in priority to the Subordinated Notes pursuant to the Priorities of Payments; (B) otherwise, in the case of a Note Event of Default specified in subparagraphs (i), (ii) or (iv) of Condition 10 (*Events of Default*) the Controlling Class acting by way of Ordinary Resolution (and no other Class of Notes) may direct the Trustee to take Enforcement Action without regard to any other Note Event of Default which has occurred prior to, contemporaneously or subsequent to such Note Event of Default; or (C) in the case of any other Note Event of Default, each Class of Rated Notes acting independently by way of Ordinary Resolution may direct the Trustee to take Enforcement Action (subject, in each case, to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction).

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

### 3.25 Certain ERISA Considerations

Under a regulation of the U.S. Department of Labor, if certain employee benefit plans or other retirement arrangements subject to the U.S. Employee Retirement Income Security Act of 1974, as amended, (“ERISA”) or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended, (the “Code”) or entities whose underlying assets are treated as assets of such plans or arrangements (collectively, “Plans”) invest in the Class E Notes, the Class F Notes or the Subordinated Notes, the assets of the Issuer could be considered to be assets of such Plans and certain of the transactions contemplated under such Notes could be considered “prohibited transactions” under Section 406 of ERISA or Section 4975 of the Code. See the section entitled “*Certain ERISA Considerations*” below.

### 3.26 Forced Transfer

Each initial purchaser of an interest in a Rule 144A Note and each transferee of an interest in a Rule 144A Note will be deemed to represent at the time of purchase that, amongst other things, the purchaser is both a QIB and a QP. In addition each Noteholder will be deemed or in some cases required to make certain representations in respect of ERISA. The Trust Deed provides that if, notwithstanding the restrictions on transfer contained therein, the Issuer determines that any holder of an interest in a Rule 144A Note is a U.S. person as defined under Regulation S under the Securities Act (a “U.S. Person”) and is not both a QIB and a QP at the time it acquires an interest in a Rule 144A Note (any such person, a “Non-Permitted Holder”) or a Noteholder is a Non-Permitted ERISA Holder, the Issuer shall, promptly after determination that such person is a Non-Permitted Holder or Non-Permitted ERISA Holder by the Issuer, send notice to such Non-Permitted Holder or Non-Permitted ERISA.

Holder (as applicable) demanding that such Holder transfer its interest outside the United States to a non-U.S. Person or to a person that is not a Non-Permitted Holder or Non-Permitted ERISA Holder (as applicable) within 30 days (or 10 days in the case of a Non-Permitted ERISA Holder) of the date of such notice. If such Holder fails to effect the transfer required within such 30-day period (or 10-day period in the case of a Non-Permitted ERISA Holder), (a) upon direction from the Issuer or the Collateral Manager on its behalf, a Transfer Agent, on behalf of and at the expense of the Issuer, shall cause such beneficial interest to be transferred in a commercially reasonable sale to a person or entity that certifies to the Issuer, in connection with such transfer, that such person or entity either is not a U.S. Person or is a QIB and a QP and is not a Non-Permitted ERISA Holder (b) pending such transfer, no further payments will be made in respect of such beneficial interest.

In addition, the Trust Deed generally provides that, if a Holder fails to provide the Issuer or its agents with any correct, complete and accurate information that may be required for the Issuer to comply with FATCA and to prevent the imposition of U.S. federal withholding tax under FATCA on payments to or for the benefit of the Issuer, or if the Holder’s ownership of any Notes would otherwise cause the Issuer to be subject to tax under FATCA, the Issuer is authorised to withhold amounts otherwise distributable



to the Holder, to compel the Holder to sell its Notes (other than the Collateral Manager in relation to the Retention), and, if the Holder does not sell its Notes (other than the Collateral Manager in relation to the Retention) within 10 business days after notice from the Issuer, to sell the Holder's Notes on behalf of the Holder.

#### 4. RELATING TO THE COLLATERAL

##### 4.1 The Portfolio

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

Neither the Issuer nor the Placement Agent have 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 Placement Agent, the Custodian, the Collateral Manager, any Collateral Manager Related Person, the Collateral Administrator, any Hedge Counterparty or any of their Affiliates are under any obligation to maintain the value of the Collateral Debt Obligations at any particular level. None of the Issuer, the Trustee, the Custodian, the Collateral Manager, any Collateral Manager Related Person, the Collateral Administrator, any Hedge Counterparty, the Placement Agent or any of their Affiliates has any liability to the Noteholders as to the amount or value of, or any decrease in the value of, the Collateral Debt Obligations from time to time.

Furthermore, pursuant to the Collateral Management Agreement, the Collateral Manager is required to carry out such due diligence as it considers reasonably necessary in accordance with the standard of care specified in the Collateral Management Agreement, to ensure the Eligibility Criteria will be satisfied and that the Issuer will, upon the settlement of such purchase, become the legal and beneficial holder of such Collateral Debt Obligations in accordance with the terms of the relevant Underlying Instruments and all applicable laws. Noteholders are reliant on the Collateral Manager conducting such due diligence in a manner which ensures that the Collateral Debt Obligations are properly and effectively transferred and satisfy each of the Eligibility Criteria.

##### 4.2 Nature of Collateral; Defaults

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

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

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

To the extent that a default occurs with respect to any Collateral Debt Obligation and the Issuer or Trustee sells or otherwise disposes of such Collateral Debt Obligation, the proceeds of such sale or disposition are likely to be less than the unpaid principal and interest thereon. Even in the absence of a default with respect to any of the Collateral Debt Obligations, the potential volatility and illiquidity of the sub-investment grade high yield and leveraged loan markets means that the market value of such Collateral Debt Obligations at any time will vary, and may vary substantially, from the price at which such Collateral Debt Obligations were initially purchased and from the principal amount of such Collateral Debt Obligations. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition of such Collateral Debt Obligations at any time, or that the proceeds of any such sale or disposition would be sufficient to repay a corresponding par amount of principal of and interest on the Notes after, in each case, paying all amounts payable prior thereto pursuant to the Priorities of Payments. Moreover, there can be no assurance as to the amount or timing of any recoveries received in respect of Defaulted Obligations.

#### 4.3 Acquisition of Collateral Debt Obligations Prior to the Issue Date

On behalf of the Issuer, the Collateral Manager has acquired, or entered into binding commitments to acquire, Collateral Debt Obligations prior to the Issue Date pursuant to a financing arrangement (the “**Warehouse Arrangements**”). The Warehouse Arrangements were provided by several senior lenders and junior lenders (the “**Warehouse Providers**”). Some of the Collateral Debt Obligations may have been acquired from the Warehouse Providers. The Warehouse Arrangements will be terminated in all respects on the Issue Date, and all amounts owing to the Warehouse Providers in connection with such arrangements must be repaid by the Issue Date from the proceeds of the issuance of the Notes.

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

The prices paid for such Collateral Debt Obligations will be the market value thereof on the date the Issuer entered into the commitment to purchase, which may be greater or less than the market value thereof on the Issue Date. Events occurring between the date of the Issuer first acquiring a Collateral Debt Obligation and the Issue Date, including changes in prevailing interest rates, prepayments of principal, developments or trends in any particular industry, changes in the financial condition of the Obligors of Collateral Debt Obligations, the timing of purchases prior to the Issue Date and a number of other factors beyond the Issuer’s control, including the condition of certain financial markets, general economic conditions and international political events, could adversely affect the market value of the Collateral Debt Obligations acquired prior to the Issue Date.

In addition, any interest or other amounts paid or accrued on such Collateral Debt Obligations during the period prior to the Issue Date will be paid to the Warehouse Providers on the Issue Date. Investors in the Notes will be assuming the risk of market value and credit quality changes in the Collateral Debt Obligations from the date such Collateral Debt Obligations are acquired during the period prior to the Issue Date but will not receive the benefit of interest earned on the Collateral Debt Obligations during such period provided that any risk in relation to any Collateral Debt Obligations which are ineligible

collateral as at the Issue Date or which do not satisfy the Eligibility Criteria as at the Issue Date shall be borne by the Warehouse Providers.

For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the Collateral Debt Obligations in which the Issuer invests may decline substantially. In particular, purchasing assets at what may appear to be “undervalued” levels is no guarantee that these assets will not be trading at even lower levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such risk.

The requirement that the Eligibility Criteria be satisfied applies only at the time that any commitment to purchase a Collateral Debt Obligation is entered into and any failure by such obligation to satisfy the Eligibility Criteria at a later stage will not result in any requirement to sell it or take any other action (other than in the case of Issue Date Collateral Debt Obligation).

#### 4.4 Acquisitions of Collateral Debt Obligations and purchase price for such acquisitions

Although the Collateral Manager is required to determine in accordance with the Collateral Management Agreement if assets satisfy the Eligibility Criteria at the time of entering into a binding commitment to purchase them, it is possible that the Collateral Debt Obligations may no longer satisfy such Eligibility Criteria on the settlement of the acquisition thereof due to intervening events. The requirement that the Collateral Manager determines in accordance with the Collateral Management Agreement that the Eligibility Criteria are satisfied applies only at the time that any commitment to purchase a Collateral Debt Obligation is entered into and any failure by such Collateral Debt Obligation to satisfy the Eligibility Criteria at a later stage will not result in any requirement to sell it or take any other action.

For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the Collateral Debt Obligations in which the Issuer invests may decline substantially. In particular, purchasing assets at what may appear to be “undervalued” levels is no guarantee that these assets will not be trading at even lower levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such risk.

#### 4.5 Considerations Relating to the Initial Investment Period

During the Initial Investment Period, the Collateral Manager on behalf of the Issuer, will seek to acquire additional Collateral Debt Obligations in order to satisfy each of the Coverage Tests (other than in respect of the Interest Coverage Tests, which are required to be satisfied as at the Determination Date preceding the second Payment Date) and other than the Class F Par Value Test (which is required to be satisfied following the expiry of the Reinvestment Period), Collateral Quality Tests, Portfolio Profile Tests and Target Par Amount requirement as at the Effective Date. See “*The Portfolio*”. The ability to satisfy such tests and requirement will depend on a number of factors beyond the control of the Issuer and the Collateral Manager, including the availability of obligations that satisfy the Eligibility Criteria and other Portfolio related requirements in the primary and secondary loan markets, the condition of the financial markets, general economic conditions and international political events. Therefore, there can be no assurance that such tests and requirements will be met. In addition, the ability of the Issuer to enter into Asset Swap Transactions upon the acquisition of Non-Euro Obligations will depend upon a number of factors outside the control of the Collateral Manager, including its ability to identify a suitable Asset Swap Counterparty with whom the Issuer may enter into Asset Swap Transactions. See also “*European Market Infrastructure Regulation*” above. To the extent it is not possible to purchase such additional Collateral Debt Obligations, the level of income receivable by the Issuer on the Collateral, and therefore its ability to meet its interest payment obligations under the Notes, may be adversely affected. Such inability to invest may also shorten the weighted average lives of the Notes as it may lead to early redemption of the Notes. To the extent such additional Collateral Debt Obligations are not purchased, the level of income receivable by the Issuer on the Collateral and therefore its ability to meet its interest payment obligations under the Notes, together with the weighted average lives of the Notes, may be adversely affected. Any failure by the Collateral Manager (on behalf of the Issuer) to acquire such additional Collateral Debt Obligations and/or enter into required Asset Swap Transactions during such period could result in the non-confirmation or downgrade or withdrawal by any Rating Agency of its Initial Rating of any Class of Notes. Such non-confirmation, downgrade or withdrawal may result in the redemption of the Notes, shortening their weighted average life and reducing the leverage ratio of the Subordinated Notes to the

other Classes of Notes which could adversely affect the level of returns to the holders of the Subordinated Notes. Any such redemption of the Notes may also adversely affect the risk profile of Classes of Notes in addition to the Subordinated Notes to the extent that the amount of excess spread capable of being generated in the transaction reduces as the result of redemption of the most senior ranking Classes of Notes in accordance with the Note Payment Sequence which bear a lower rate of interest than the remaining Classes of Rated Notes.

#### 4.6 Prepayment Risk

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

#### 4.7 Credit Risk

Risks applicable to Secured Senior Loans, Secured Senior Bonds, Unsecured Senior Obligations (together, “**Senior Obligations**”), Second Lien Loans and Mezzanine Obligations (and Collateral Debt Obligations generally) also include the possibility that earnings of the obligor may be insufficient to meet its debt service obligations thereunder and the declining creditworthiness and potential for insolvency of the obligor of such loans during periods of rising interest rates and economic downturn. An economic downturn could severely disrupt the market for leveraged loans and adversely affect the market value thereof and the ability of the obligor thereunder to repay principal and interest.

#### 4.8 Defaults and Recoveries

There is limited historical data available as to the levels of defaults and/or recoveries that may be experienced on Senior Obligations, Second Lien Loans and Mezzanine Obligations and no assurance can be given as to the levels of default and/or recoveries that may apply to any Senior Obligations, Second Lien Loans and Mezzanine Obligations purchased by the Issuer. As referred to above, although any particular Senior Obligations, Second Lien Loans and Mezzanine Obligations often will share many similar features with other loans and obligations of its type, the actual terms of any particular Senior Obligations, Second Lien Loans and Mezzanine Obligations 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 Obligations, Second Lien Loans and Mezzanine Obligations may also be affected by the different bankruptcy regimes applicable in different jurisdictions, the availability of comprehensive security packages in different jurisdictions and the enforceability of claims against the Obligors thereunder.

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

A non-investment grade loan or debt obligation or an interest in a non-investment grade loan or debt obligation is generally considered speculative in nature and may become a Defaulted Obligation for a

variety of reasons. Upon any Collateral Debt Obligation becoming a Defaulted Obligation, such Defaulted Obligation may become subject to either substantial 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. In such instance, a lender may be forced by a court to accept restructuring terms. 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.

Recoveries on Senior Obligations, Second Lien Loans and Mezzanine Obligations will also be affected by the different bankruptcy regimes applicable in different European jurisdictions and the enforceability of claims against the Obligors thereunder. See 4.23 (*Insolvency Considerations relating to Collateral Debt Obligations*) below.

#### 4.9 Underlying Portfolio

##### *Characteristics of Senior Obligations, Second Lien Loans and Mezzanine Obligations*

The Portfolio Profile Tests provide that as of the Effective Date, at least 90 per cent. of the Aggregate Collateral Balance must consist of Secured Senior Loans and Secured Senior Bonds in aggregate (which shall comprise for this purpose the aggregate of the Aggregate Principal Balance of the Secured Senior Loans and Secured Senior Bonds and the balances standing to the credit of the Principal Account and the Unused Proceeds Account and any Eligible Investments which represent Principal Proceeds, in each case as at the relevant Measurement Date and shall exclude any First Lien Last Out Loans). The Portfolio Profile Tests provide that as of the Effective Date, at least 70 per cent. of the Aggregate Collateral Balance must consist of Secured Senior Loans, Senior Obligations, Second Lien Loans and Mezzanine Obligations are of a type generally incurred by the Obligors thereunder in connection with highly leveraged transactions, often (although not exclusively) to finance internal growth, pay dividends or other distributions to the equity holders in the Obligor, or finance acquisitions, mergers, and/or stock purchases. As a result of the additional debt incurred by the borrower in the course of such a transaction, the Obligor's creditworthiness is typically judged by the rating agencies to be below investment grade. Senior Obligations and Second Lien Loans are typically at the most senior level of the capital structure with Second Lien Loans and Mezzanine Obligations being subordinated to any Senior Obligations or to any other senior debt of the Obligor. Secured Senior Loans and Secured Senior Bonds are often secured by specific collateral, including but not limited to, trademarks, patents, accounts receivable, inventory, equipment, buildings, real estate, franchises and common and preferred stock of the Obligor and its subsidiaries and any applicable associated liens relating thereto. In continental Europe, security is often limited to shares in certain group companies, accounts receivable, bank account balances and intellectual property rights. Second Lien Loans and Mezzanine Obligations may have the benefit of a second priority charge over such assets. Unsecured Senior Loans do not have the benefit of such security. Senior Obligations usually have shorter terms than more junior obligations and often require mandatory prepayments from excess cash flows, asset dispositions and offerings of debt and/or equity securities.

Secured Senior Bonds typically contain bondholder collective action clauses permitting specified majorities of bondholders to approve matters which, in a typical Senior Loan, would require unanimous lender consent. The Obligor under a Secured Senior Bond may therefore be able to amend the terms of the bond, including terms as to the amount and timing of payments, with the consent of a specified majority of bondholders, either voting by written resolution or as a majority of those attending and voting at a meeting, and the Issuer is unlikely to have a blocking minority position in respect of any such resolution. The Issuer may further be restricted by the Collateral Management Agreement from

voting on certain matters, particularly extensions of maturity, which may be considered at a bondholder meeting. Consequently, material terms of a Secured Senior Bond may be varied without the consent of the Issuer.

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

Some Collateral Debt Obligations may bear interest at a fixed rate, for example high yield bonds. Risks associated with fixed rate obligations are discussed at 4.19 "*Interest Rate Risk*" below.

The majority of Senior Obligations and Mezzanine Obligations bear interest based on a floating rate index, for example Euribor, a certificate of deposit rate, a prime or base rate (each as defined in the applicable loan agreement) or other index, which may reset daily (as most prime or base rate indices do) or offer the Obligor a choice of one, two, three, six, nine or twelve month interest and rate reset periods. The purchaser of an interest in a Senior Obligation or Mezzanine Obligation may receive certain syndication or participation fees in connection with its purchase. Other fees payable in respect of a Senior Obligation or Mezzanine Obligation, which are separate from interest payments on such loan, may include facility, commitment, amendment and prepayment fees.

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

#### *Limited Liquidity, Prepayment and Default Risk in relation to Senior Obligations, Second Lien Loans and Mezzanine Obligations*

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

Collateral or otherwise. The European market for Mezzanine Obligations is also generally less liquid than that for Senior Obligations, resulting in increased disposal risk for such obligations.

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

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

#### *Increased Risks for Mezzanine Obligations*

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

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

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

The Issuer or the Collateral Manager acting on its behalf may purchase Collateral Debt Obligations which are Cov-Lite Loans. Cov-Lite Loans typically do not have Maintenance Covenants. 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 for lenders to trigger a default in respect of such obligations. This may make it more likely that any default arising under a Cov-Lite Loan will arise at a time when the relevant Obligor is in a greater degree of financial stress. Such a delay may make a successful restructuring more difficult to achieve and/or result in a greater reduction in the value of the Cov-Lite Loans as a consequence of any restructuring effected in such circumstances.

#### *Characteristics of High Yield Bonds*

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

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

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

make payments of principal and interest on its debt. Many issuers of High Yield Bonds are highly leveraged, and specific developments affecting such issuers, including reduced cash flow from operations or inability to refinance debt at maturity, may also adversely affect such issuers' ability to meet their debt service obligations. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced on the High Yield Bonds in the Portfolio.

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

In the case of High Yield Bonds issued by issuers with their principal place of business in Europe, structural subordination of High Yield Bonds, coupled with the relatively shallow depth of the European high yield market, leads European high yield defaults to realise lower average recoveries than their U.S. counterparts. Another factor affecting recovery rates for European high yield bonds is the bankruptcy regimes applicable in different European jurisdictions and the enforceability of claims against the high yield bond issuer. See 4.23 (*Insolvency Considerations relating to Collateral Debt Obligations*) below. It must be noted, however, that the overall probability of default (based on credit rating) remains similar for both U.S. and European credits; it is the severity of the effect of any default that differs between the two markets as a result of the aforementioned factors.

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

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

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

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

Liens on the collateral (if any) securing a Collateral Debt Obligation may arise at law that have priority over the Issuer's interest. An example of a lien arising under law is a tax or other government lien on property of an Obligor. A tax lien may have priority over the Issuer's lien on such collateral. To the extent a lien having priority over the Issuer's lien exists with respect to the collateral related to any Collateral Debt Obligation, the Issuer's interest in the asset will be subordinate to such lien. If the



creditor holding such lien exercises its remedies, it is possible that, after such creditor is repaid, sufficient cash proceeds from the underlying collateral will not be available to pay the outstanding principal amount of such Collateral Debt Obligation.

#### *Characteristics of Unsecured Senior Obligations*

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

#### 4.10 Corporate Rescue Loans

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

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

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

#### 4.11 Bridge Loans

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

#### 4.12 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, by means of a Collateral Manager Advance, or as a Permitted Use of certain other proceeds in accordance with the Conditions. Such Balance shall be comprised of all sums deposited therein from time to time which will comprise interest payable in respect of the Subordinated Notes which the Collateral Manager, acting on behalf of the Issuer, determines shall be paid into the Collateral Enhancement Account pursuant to the Priorities of Payments rather than being paid to the Subordinated Noteholders. The aggregate amount which may be credited to the Collateral Enhancement Account in accordance with the Priorities of Payments are subject to the following caps: (i) in aggregate on any particular

Payment Date, such amount may not exceed €2,500,000 and (ii) the cumulative maximum aggregate total in respect of all Payment Dates may not exceed €7,500,000.

The Collateral Manager is under no obligation whatsoever to exercise its discretion (acting on behalf of the Issuer) to take any of the actions described above and there can be no assurance that the Balance standing to the credit of the Collateral Enhancement Account will be sufficient to fund the exercise of any right or option under any Collateral Enhancement Obligation at any time. The ability of the Collateral Manager (acting on behalf of the Issuer) to exercise any rights or options under any Collateral Enhancement Obligation will be dependent upon there being sufficient amounts standing to the credit of the Collateral Enhancement Account (and the other permitted sources of funds available for such purpose, as described above) 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).

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

All Collateral Manager Advances referred to above shall be repaid (together with interest thereon) out of the Interest Proceeds, Principal Proceeds and Collateral Enhancement Obligation Proceeds on each Payment Date pursuant to the applicable Priorities of Payments.

#### 4.13 Limited Control of Administration and Amendment of Collateral Debt Obligations

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

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

#### 4.14 Participations, Novations and Assignments

The Collateral Manager, acting on behalf of the Issuer may acquire interests in Collateral Debt Obligations which are loans either directly (by way of novation or assignment) or indirectly (by way of 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".

The purchaser of an Assignment typically succeeds to all the rights of the assigning Selling Institution and becomes entitled to the benefit of the loans and the other rights of the lender under the loan agreement. The Issuer, as an assignee, will generally have the right to receive directly from the borrower all payments of principal and interest to which it is entitled, provided that notice of such Assignment has been given to the borrower. As a purchaser of an Assignment, the Issuer typically will have the same voting rights as other lenders under the applicable loan agreement and will have the right to vote to waive enforcement of breaches of covenants. The Issuer will generally also have the same rights as other lenders to enforce compliance by the borrower with the terms of the loan agreement, to set off claims against the borrower and to have recourse to collateral supporting the loan. As a result, the Issuer will generally not bear the credit risk of the Selling Institution and the insolvency of the

Selling Institution should have no effect on the ability of the Issuer to continue to receive payment of principal or interest from the borrower. The Issuer will, however, assume the credit risk of the borrower. The purchaser of an Assignment also typically succeeds to and becomes entitled to the benefit of any other rights of the Selling Institution in respect of the loan agreement including the right to the benefit of any security granted in respect of the loan interest transferred. The loan agreement usually contains mechanisms for the transfer of the benefit of the loan and the security relating thereto. The efficacy of these mechanisms is rarely tested, if ever, and there is debate amongst counsel in continental jurisdictions over their effectiveness. With regard to some of the loan agreements, security will have been granted over assets in different jurisdictions. Some of the jurisdictions will require registrations, filings and/or other formalities to be carried out not only in relation to the transfer of the loan but, depending on the mechanism for transfer, also with respect to the transfer of the benefit of the security.

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

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

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

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

#### 4.16 Counterparty Risk

Participations and Hedge Transactions involve the Issuer entering into contracts with counterparties. Pursuant to such contracts, the counterparties agree to make payments to the Issuer under certain circumstances as described therein. The Issuer will be exposed to the credit risk of the counterparty

with respect of any such payments. Each such counterparty is required to satisfy the applicable Rating Requirement, upon entry into the applicable contract or instrument.

If a Hedge Counterparty is subject to a rating withdrawal or downgrade by the Rating Agencies to below the applicable Rating Requirement, there will be a termination event under the applicable Hedge Agreement unless, within the applicable period following such rating withdrawal or downgrade, such Hedge Counterparty either transfers its obligations under the applicable Hedge Agreement to a replacement counterparty with the requisite ratings, obtains a guarantee of its obligations by a guarantor with the requisite ratings, collateralises its obligations in a manner satisfactory to the Rating Agencies or employs some other such strategy as may be approved by the Rating Agencies. There can be no assurance that the applicable Hedge Counterparty will be able to transfer its obligations to a suitable replacement counterparty or exercise any of the other aforementioned remedies within the specified remedy period. Failure to do so may result in interest rate or currency mismatches, which could adversely affect the ability to make payments on the Notes as the Issuer may not receive payments it would otherwise be entitled to from such Hedge Counterparty to cover its interest rate risk exposure or currency risk exposure in respect of Non-Euro Obligations for so long as the Issuer has not entered into a replacement Hedge Transaction. See “*Interest Rate Risk*” and “*Non-Euro Obligations and Asset Swap Transactions*” below. For further information, see “*Hedging Arrangements*” below.

Similarly, the Issuer will be exposed to the credit risk of the Account Bank and the Custodian to the extent of, respectively, all cash of the Issuer held in the Accounts and all Collateral of the Issuer held by the Custodian. If the Account Bank or the Custodian is subject to a rating withdrawal or downgrade by the Rating Agencies to below the applicable Rating Requirement, the Issuer shall use its reasonable endeavours to procure the appointment of a replacement Account Bank or Custodian, as the case may be, with the applicable Rating Requirement and which is acceptable to the Trustee within 30 days of such withdrawal or downgrade.

#### 4.17 Concentration Risk

The Issuer (or the Collateral Manager on the Issuer’s behalf) will invest in a Portfolio of Collateral Debt Obligations consisting of predominantly Secured Senior Loans, Secured Senior Bonds, Mezzanine Obligations and High Yield Bonds. Although no significant concentration with respect to any particular Obligor, industry or country is expected to exist at the Effective Date, the concentration of the Portfolio in any one Obligor would subject the Notes to a greater degree of risk with respect to defaults by such Obligor, and the concentration of the Portfolio in any one industry would subject the Notes to a greater degree of risk with respect to economic downturns relating to such industry. The Portfolio Profile Tests and Collateral Quality Tests attempt to mitigate any concentration risk in the Portfolio. See “*The Portfolio — Portfolio Profile Tests and Collateral Quality Tests*”.

#### 4.18 Credit Risk

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

#### 4.19 Interest Rate Risk

The Floating Rate Notes each bear interest at a floating rate based on EURIBOR. It is possible that Collateral Debt Obligations (in particular, High Yield Bonds), may bear interest at fixed rates and there is no requirement that the amount or portion of Collateral Debt Obligations securing the Notes must bear interest on a particular basis, save for the Portfolio Profile Test which requires that not less than 5 per cent. and not more than 15 per cent. of the Aggregate Collateral Balance may comprise Unhedged Fixed Rate Collateral Debt Obligations.

In addition, any payments of principal or interest received in respect of Collateral Debt Obligations and not otherwise reinvested during the Reinvestment Period in Substitute Collateral Debt Obligations will generally be invested in Eligible Investments until shortly before the next Payment Date. There is no requirement that such Eligible Investments bear interest on a particular basis, and the interest rates

available for such Eligible Investments are inherently uncertain. As a result of these factors, it is expected that there will be a fixed/floating rate mismatch and/or a floating rate basis mismatch between the Notes and the underlying Collateral Debt Obligations and Eligible Investments. Such mismatch may be material and may change from time to time as the composition of the related Collateral Debt Obligations and Eligible Investments change and as the liabilities of the Issuer accrue or are repaid. As a result of such mismatches, changes in the level of EURIBOR could adversely affect the ability to make payments on the Notes. Some Collateral Debt Obligations, however, may have interest rate floor arrangements that may help mitigate this risk, but there is no requirement for any Collateral Debt Obligation to have such a floor and there is no guarantee that any such floor will fully mitigate the risk of falling EURIBOR. If EURIBOR payable on the Floating Rate Notes rises during periods in which EURIBOR (or another applicable index) with respect to the various Collateral Debt Obligations and Eligible Investments is stable or is falling or is rising but is capped at a lower level, or where EURIBOR payable on the Floating Rate Notes rises and the Collateral Debt Obligations have floor arrangements which are above the levels of the then current EURIBOR, or during periods in which the Issuer owns Collateral Debt Obligations or Eligible Investments bearing interest at a fixed rate, “excess spread” (i.e., the difference between the interest collected on the Collateral Debt Obligations and the sum of the interest payable on the Rated Notes and certain transaction fees payable by the Issuer) that otherwise would be available as credit support may be reduced or eliminated.

In addition, pursuant to the Collateral Management Agreement, the Collateral Manager, acting on behalf of the Issuer, is authorised to enter into the Hedge Transactions in order to mitigate such interest rate mismatch from time to time, subject to receipt in each case of Rating Agency Confirmation in respect thereof and subject to certain regulatory considerations in relation to swaps, discussed in 2.9 (*Commodity Pool Regulation*) above. However, the Issuer will depend on each Hedge Counterparty to perform its obligations under any Hedge Transaction to which it is a party and if any Hedge Counterparty defaults or becomes unable to perform due to insolvency or otherwise, the Issuer may not receive payments it would otherwise be entitled to from such Hedge Counterparty to cover its interest rate risk exposure. Furthermore, the terms of a Hedge Agreement may provide for the ability of the Hedge Counterparty to terminate such Hedge Agreement upon the occurrence of certain events, including events related to certain regulatory matters. Any such termination in the case of an Interest Rate Hedge Transaction would result in the Issuer’s exposure to interest rate risk increasing, and may result in the Issuer being required to pay a termination amount to the relevant Hedge Counterparty. See further “*Hedging Arrangements*” below.

In addition, some Collateral Debt Obligations permit the Obligor to reset the interest period applicable to it from quarterly to semi-annual and vice versa. Interest Amounts are due and payable in respect of the Notes on a quarterly basis prior to the occurrence of a Frequency Switch Event, and on a semi-annual basis thereafter. If a significant number of Collateral Debt Obligations reset to semi-annual interest payments there may be insufficient interest received to make quarterly interest payments on the Notes. In order to mitigate the effects of any such reset risk, a Frequency Switch Event shall occur if (amongst other things) sufficient Collateral Debt Obligation reset from quarterly to semi-annual pay, as more particularly described in the definition of “Frequency Switch Event”. In addition, in order to mitigate any timing mismatch between Collateral Debt Obligations that pay semi-annually in circumstances prior to the occurrence of a Frequency Switch Event, where Interest Amounts are due and payable in respect of the Notes on a quarterly basis, the Issuer will hold back a portion of the interest received on Collateral Debt Obligations that pay interest less frequently than quarterly in order to continue to be able to make quarterly interest payments on the Notes, as further described in Condition 3(j)(xiii) (*Interest Smoothing Account*). There can be no assurance that the Interest Smoothing Account and the occurrence of a Frequency Switch Event will be sufficient to mitigate any such timing mismatch and reset risks, respectively.

The Floating Rate Notes bear interest at a rate based on EURIBOR for the period from one Payment Date (or, in the case of the first Payment Date, the Issue Date) to the next Payment Date and there may be a timing mismatch between each of the Floating Rate Notes and the Floating Rate Collateral Debt Obligations as the interest rate on such Floating Rate Collateral Debt Obligations may adjust more frequently or less frequently, on different dates and based on different indices as compared to the interest rates on the Floating Rate Notes. As a result of such mismatches, an increase in the level of EURIBOR could adversely impact the ability of the Issuer to make payments on the Rated Notes. There can be no assurance that the Collateral Debt Obligations and the Eligible Investments will in all circumstances generate sufficient Interest Proceeds to make timely payments of interest on the Notes.

There can be no assurance that the Collateral Debt Obligations and Eligible Investments securing the Notes will in all circumstances generate sufficient Interest Proceeds to make timely payments of interest on the Notes or that any particular levels of return will be generated on the Subordinated Notes.

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

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

##### *Currency Risk*

The Portfolio may include Non-Euro Obligations. The Issuer may hedge against certain currency exposures pursuant to Asset Swap Transactions, but it is not required that all Non-Euro Obligations are the subject of an Asset Swap Transaction at all times. The Portfolio Profile Tests provide that the Aggregate Principal Balance of all Unhedged Collateral Debt Obligations which are not at the time of determination subject to an Asset Swap Transaction shall not exceed 2.5 per cent. of the Aggregate Collateral Balance at any time. Further, the Portfolio Profile Tests provide that the aggregate of the Euro notional amount of each Asset Swap Transaction together with the aggregate of the notional amount of each Interest Hedge Transaction shall not be greater than 30 per cent. of the Aggregate Collateral Balance. The percentage of the Portfolio that is comprised of Non-Euro Obligations may increase or decrease over the life of the Notes within the limit set by the Portfolio Profile Tests.

Notwithstanding that Non-Euro Obligations may be subject to Asset Swap Transactions, fluctuations in the currency exchange rates for currencies in which Collateral Debt Obligations are denominated may lead to the proceeds of the Portfolio being insufficient to pay all amounts due to the respective Classes of Noteholders. In addition, fluctuations in euro exchange rates may result in a decrease in value of the Portfolio for the purposes of sale hereof upon enforcement of the security over it. The Collateral Manager may also be limited at the time of reinvestment in its choice of Collateral Debt Obligations because of the cost of entry into such Asset Swap Transactions and due to restrictions in the Collateral Management Agreement with respect thereto. The Collateral Manager may also be unable to find suitable Asset Swap Counterparties willing to provide Asset Swap Transactions. There are also currently a number of regulatory initiatives which may make it difficult or impossible for the Issuer to enter into Asset Swap Transactions or Interest Rate Hedge Transactions. See "*European Market Infrastructure Regulation (EMIR)*", "*CFTC Regulations*" and "*Commodity Pool Regulation*" above.

The Issuer's ongoing payment obligations under such Asset Swap Transactions (including termination payments) may be significant. The payments associated with such hedging arrangements generally rank senior to payments on the Notes.

Defaults, prepayments, trading and other events may increase the risk of a mismatch between the foreign exchange hedges and Collateral Debt Obligations. This may cause losses. In addition, the Collateral Manager may be limited at the time of reinvestment in its choice of Non-Euro Obligations because of the cost of such hedging and due to restrictions in the Collateral Management Agreement with respect to such hedging.

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

#### 4.21 Reinvestment Risk/Uninvested Cash Balances

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

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

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

In addition, the amount of Collateral Debt Obligations owned by the Issuer on the Issue Date, the timing of purchases of additional Collateral Debt Obligations on and after the Issue Date and the scheduled interest payment dates of those Collateral Debt Obligations may have a material impact on

collections of Interest Proceeds during the first Due Period, which could affect interest payments on the Rated Notes and the payment of distributions to the Subordinated Notes on the first Payment Date.

#### 4.22 Ratings on Collateral Debt Obligations

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

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

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

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

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

#### 4.24 Lender Liability Considerations; Equitable Subordination

In recent years, a number of judicial decisions in the United States and other jurisdictions have upheld the right of borrowers to sue lenders or bondholders on the basis of various evolving legal theories (collectively, termed "**lender liability**"). Generally, lender liability is founded upon the premise that an



institutional lender or bondholder has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or issuer or has assumed a degree of control over the borrower or issuer resulting in the creation of a fiduciary duty owed to the borrower or issuer or its other creditors or shareholders. Although it would be a novel application of the lender liability theories, the Issuer may be subject to allegations of lender liability. However, the Issuer does not intend to engage in, and the Collateral Manager does not intend to advise the Issuer with respect to any, conduct that would form the basis for a successful cause of action based upon lender liability.

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

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

#### 4.25 Loan Repricing

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

#### 4.26 Changes in Tax Law; No Gross Up; General

At the time when they are acquired by the Issuer, the Eligibility Criteria require that payments of interest on the Collateral Debt Obligations either will not be reduced by any withholding tax (other than U.S. withholding tax imposed on commitment fees, amendment fees, waiver fees, consent fees, letter of credit fees, extension fees or other similar fees) imposed by any jurisdiction or, if and to the extent that any such withholding tax does apply, either such withholding tax can be sheltered by application being made under a double tax treaty or otherwise, or the relevant Obligor (or Selling Institution in the case of a Participation) will be obliged to make “gross up” payments to the Issuer that cover the full amount of such withholding on an after-tax basis. However, there can be no assurance that, as a result of any change in any applicable law, rule or regulation or interpretation thereof, the payments on the Collateral Debt Obligations might not in the future become subject to withholding tax or increased withholding rates in respect of which the relevant Obligor will not be obliged to gross up to the Issuer. In such circumstances, the Issuer may be able, but will not be obliged, to take advantage of (a) a double taxation treaty between Ireland and the jurisdiction from which the relevant payment is made, (b) the

current applicable law in the jurisdiction of the borrower or (c) the fact that the Issuer has taken a Participation in such Collateral Debt Obligations from a Selling Institution which is able to pay interest payable under such Participation gross if paid in the ordinary course of its business. In the event that the Issuer receives any interest payments on any Collateral Debt Obligation net of any applicable withholding tax, the Coverage Tests and Collateral Quality Tests will be determined by reference to such net receipts. Such tax would also reduce the amounts available to make payments on the Notes. There can be no assurance that remaining payments on the Collateral Debt Obligations would be sufficient to make timely payments of interest and principal on the Notes of each Class and the other amounts payable in respect of the Notes on the Maturity Date. If payments in respect of Collateral Debt Obligations to the Issuer become subject to withholding tax, this may also trigger a Collateral Tax Event and result in an optional redemption of the Rated Notes in accordance with Condition 7(b)(i)(B) (*Optional Redemption in Whole - Subordinated Noteholders or Retention Holder*).

#### 4.27 UK Taxation of the Issuer

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

The Issuer will not be treated as being tax resident in the UK provided that the central management and control of the Issuer is effected 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 Collateral Manager will, however, have and is expected to exercise authority to do business on behalf of the Issuer.

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

Even if the Issuer is regarded as carrying on a trade in the UK through the agency of the Collateral Manager for the purposes of UK taxation, it will not be subject to UK tax if the exemption in Article 5(6) of the UK-Ireland tax treaty applies. This exemption will apply if the Collateral 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 a collateral manager on behalf of its non-resident clients (section 1146 of the Corporation Tax Act 2010) may not be available in the context of this transaction if the Collateral Manager (or certain connected entities) holds more than 20 per cent. of the Subordinated Notes. However, in accordance with H.M. Revenue & Customs guidance which is current at the time of this Prospectus the inapplicability of this domestic exemption should not have any effect on the UK tax position of the Issuer if the exemption in Article 5(6) of the UK-Ireland tax treaty, as referred to above, applies.

Should the Collateral Manager be assessed to UK tax on behalf of the Issuer, it may be entitled to an indemnity from the Issuer. Any payment to be made by the Issuer under this indemnity will be paid as Administrative Expenses of the Issuer. Administrative Expenses are payable by the Issuer on any Payment Date under the Priorities of Payments. It should be noted that UK tax legislation makes it possible for H.M. Revenue & Customs to seek to assess the Issuer to UK tax directly rather than through the Collateral Manager as its UK representative. Should the Issuer be assessed on this basis, the Issuer will be liable to pay such amounts in accordance with the Priorities of Payments, as applicable, UK tax on its UK taxable profit attributable to its UK activities. The Issuer would also be liable to pay UK tax on its UK taxable profits in the unlikely event that it were treated as being tax resident in the UK.

#### 4.28 Collateral Manager

The Collateral Manager will be given authority in the Collateral Management Agreement to act as Collateral Manager to the Issuer in respect of the Portfolio pursuant to and in accordance with the parameters and criteria set out in the Collateral Management Agreement. See "*The Portfolio*" and

*“Description of the Collateral Management Agreement”*. The powers and duties of the Collateral Manager in relation to the Portfolio include effecting, on behalf of the Issuer, in accordance with the provisions of the Collateral Management Agreement: (a) the acquisition of Collateral Debt Obligations during the Reinvestment Period; (b) the sale of Collateral Debt Obligations during the Reinvestment Period (subject to certain limits) and, at any time, upon the occurrence of certain events (including a Collateral Debt Obligation becoming a Defaulted Obligation, a Credit Improved Obligation or a Credit Impaired Obligation); and (c) the participation in restructuring and work-outs of Collateral Debt Obligations on behalf of the Issuer. See *“The Portfolio”*. Any analysis by the Collateral Manager (on behalf of the Issuer) of Obligors under Collateral Debt Obligations which it is purchasing (on behalf of the Issuer) or which are held in the Portfolio from time to time will, in respect of Collateral Debt Obligations which are publicly listed bonds, be limited to a review of readily available public information and in respect of Collateral Debt Obligations which are bonds which are not publicly listed, any analysis by the Collateral Manager (on behalf of the Issuer) will be in accordance with standard review procedures for such type of bonds and, in respect of Collateral Debt Obligations which are Assignments or Participations of senior and mezzanine loans and in relation to which the Collateral Manager has non public information, such analysis will include due diligence of the kind common in relation to senior and mezzanine loans of such kind.

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

The Collateral Manager will not be liable in contract or tort to the Issuer, the Trustee or the holders of the Notes or to any other person for any loss incurred as a result of the actions taken by the Collateral Manager under the Collateral Management Agreement, except by reason of acts or omissions constituting bad faith, wilful misconduct or gross negligence (with such term given its meaning under New York law) in the performance of its obligations under the express terms of the Collateral Management Agreement or by reason of any information provided by the Collateral Manager for inclusion in this Offering Circular containing any untrue statement of material fact or omitting to state a material fact necessary in order to make such statements, in the light of the circumstances under which they were made, not misleading (together, **“Collateral Manager Breaches”**). Investors should note that for such purpose and notwithstanding that the Notes and the Transaction Documents are governed by English law, the interpretation of “gross negligence” will be pursuant to New York law. Under New York law, the concept of gross negligence is a significantly lower standard of care than negligence under English law, requiring conduct akin to intentional wrongdoing or reckless indifference under English law. As a result, the Collateral Manager may in some circumstances have no liability for its actions or inactions under the Transaction Documents where it would otherwise have been liable if a mere negligence standard was applied under English law or if New York law was not designated as the law pursuant to which the concept of gross negligence for this purpose would be interpreted.

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

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

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

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

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

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

#### 4.29 No Placement Agent Role Post-Closing

The Placement Agent takes no responsibility for, and has no obligations in respect of, the Issuer and will have no obligation to monitor the performance of the Portfolio or the actions of the Collateral Manager or the Issuer and no authority to advise the Collateral Manager or the Issuer or to direct their actions, which will be solely the responsibility of the Collateral Manager and the Issuer. If the Placement Agent or its Affiliates owns Notes, they will have no responsibility to consider the interests of any other owner of Notes with respect to actions they take or refrain from taking in such capacity.

#### 4.30 Acquisition and Disposition of Collateral Debt Obligations

The estimated net proceeds of the issue of the Notes after payment of fees and expenses payable on or about the Issue Date (including, without duplication amounts deposited into the Expense Reserve Account) will be used by the Issuer for the repayment of any amounts borrowed by the Issuer under the Warehouse Arrangements (together with any interest thereon) and all other amounts due in order to finance the acquisition of warehoused Collateral Debt Obligations purchased by the Issuer prior to the Issue Date (including expenses incurred in connection with the Warehouse Arrangements) and to fund the First Period Reserve Account. The remaining proceeds shall be credited to the Unused Proceeds Account and used to purchase (or enter into agreements to purchase) additional Collateral Debt Obligations during the Initial Investment Period (as defined in the Conditions). The Collateral Manager’s decisions concerning purchases of Collateral Debt Obligations will be influenced by a number of factors, including market conditions and the availability of securities and loans satisfying the Eligibility Criteria, Reinvestment Criteria and the other requirements of the Collateral Management Agreement. The failure or inability of the Collateral Manager to acquire Collateral Debt Obligations with the proceeds of the offering or to reinvest Sale Proceeds or payments and prepayments of principal in Substitute Collateral Debt Obligations in a timely manner will adversely affect the returns on the Notes, in particular with respect to the most junior Class or Classes.

Under the Collateral Management Agreement and as described herein, the Collateral Manager may only, on behalf of the Issuer, dispose of a limited percentage of Collateral Debt Obligations in any period of 12 calendar months as well as any Collateral Debt Obligation that meets the definition of a Defaulted Obligation, an Exchanged Security, a Credit Impaired Obligation or a Credit Improved Obligation, in each case, subject to the satisfaction of certain conditions. Notwithstanding such restrictions and subject to the satisfaction of the conditions set forth in the Collateral Management Agreement, sales and purchases by the Collateral Manager of Collateral Debt Obligations could result

in losses by the Issuer, which will be borne in the first instance by the holders of the Subordinated Notes and then by holders of the Rated Notes, beginning with the most junior Class.

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

#### 4.31 Valuation Information; Limited Information

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

### 5. CERTAIN CONFLICTS OF INTEREST

The Placement Agent and its Affiliates and the Collateral 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.

#### *Collateral Manager*

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

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

The Collateral Manager and/or its Affiliates currently manage and may in the future manage, and may be affiliated with other funds, accounts or entities (collectively, the “Other Accounts”) that invest, and in some cases, have priority ahead of the issuer with respect to, securities or obligations similar to the Collateral Debt Obligations. This situation presents the potential for conflicts of interest. There may be situations in which the interests of the Issuer with respect to a particular investment or other matter conflict with the interests of one or more Other Accounts or one or more of their respective Affiliates. If necessary to resolve conflict, the Collateral Manager reserves the right to take such steps as may be necessary to minimise or eliminate the conflict, even if that would require the Issuer to (a) forego an investment opportunity or divest investments that, in the absence of such conflict, it would have made or continued to hold or (b) otherwise take action that may benefit the Collateral Manager, any of its Affiliates, Other Accounts and may not be in the best interest of the Issuer. The Collateral Manager and/or its Affiliates will at certain times, due to differing investment objectives or a variety of other reasons, (i) be simultaneously seeking to purchase or sell investments for the Issuer and Other Accounts (or for their own accounts) and/or (ii) be shorting obligations (either directly or indirectly through derivative instruments) that will be the same as (or similar to) the investments held by the Issuer.

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

In particular, the Collateral Manager Related Persons may invest in and/or hold equity securities or obligations of an Obligor that may be *pari passu*, senior or junior in ranking to, or have interests different from or adverse to, another obligation of such Obligor that is included in the Portfolio, and/or Collateral Manager Related Persons may serve on boards of directors (or in a similar role) of or otherwise have on-going relationships with such Obligor. The purchase, holding and sale of such equity securities or obligations by the Issuer may enhance the profitability of the investments in such Obligors held by the Collateral Manager and other Collateral Manager Related Persons. Each of such ownership and other relationships may affect the ability of the Collateral Manager to advise the Issuer with respect to such obligations.

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

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

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

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

There is no limitation or restriction on the Collateral Manager, or any of its respective Affiliates, with regard to acting as collateral manager (or in a similar role) to other parties or persons, including persons that are issuers under other collateralised loan obligation transactions. This and other future activities of the Collateral Manager and/or its Affiliates may give rise to additional conflicts of interest. See "*The Collateral Manager*".

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

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

Manager from effecting transactions in certain Collateral Debt Obligations that might have otherwise been consummated.

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

Additionally, the Collateral Manager may in some instances seek to avoid the receipt of material, non-public information about the Obligors of loans and other investments (including from the Obligor itself) being considered for acquisition by the Issuer, or held by the Issuer. The Collateral Manager's decision not to receive such material, non-public information may disadvantage the Issuer and could adversely affect the Issuer's performance.

The Collateral Manager and/or its Affiliates may act as principal, agent or fiduciary for other clients (including any fund or account advised or managed by the Collateral Manager or any of its Affiliates), in connection with the transactions to which the Issuer is a party. Should a conflict of interest actually arise, the Collateral Manager will endeavour to resolve it in a manner that it deems to be fair to the extent possible under the prevailing facts and circumstances. The Collateral Manager will be required to refrain from purchasing (on behalf of the Issuer) Collateral Debt Obligations from, or selling (on behalf of the Issuer) Collateral Debt Obligations to, the Collateral Manager, any of its Affiliates (in the case of a purchase on behalf of the Issuer, if such Affiliate is the seller of such Collateral Debt Obligation, but notwithstanding anything to the contrary, this sentence shall not apply if such Affiliate is the Obligor on such Collateral Debt Obligation) or any account or portfolio for which the Collateral Manager or any of its Affiliates serve as investment advisor or purchasing or selling Collateral Debt Obligations in a transaction in which the Collateral Manager or any of its Affiliates acts as broker for the Issuer or for the other party to the transaction, unless (1) the Issuer has received from the Collateral Manager such information relating to the transaction as the Issuer may reasonably request, (2) the Issuer (which may act through its board of directors) has approved the transaction and (3) the transaction is otherwise conducted in accordance with any applicable law or regulation and on an arm's-length basis for fair market value and on terms as favourable to the Issuer as would be the case if a transaction were effected with persons not so affiliated with the Collateral Manager or any of its Affiliates. It is expected that, subject to any applicable provisions of the Collateral Management Agreement, the Collateral Manager may seek to acquire on behalf of the Issuer certain Collateral Debt Obligations issued by entities in which its Affiliates have invested or have a controlling interest.

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

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

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

In addition, no termination or resignation of the Collateral Manager shall be effective unless and until the Issuer has appointed a replacement Collateral Manager who has agreed to assume all the duties and obligations arising out of the Collateral Management Agreement and the Trust Deed, in accordance

with the terms and conditions of the Collateral Management Agreement (except in circumstances where it has become illegal for the Collateral Manager to carry on its duties under the Collateral Management Agreement) and, amongst other things, Rating Agency Confirmation has been received in respect thereof and such appointment has not been rejected by the Noteholders of the Controlling Class acting by Ordinary Resolution within 30 days of such appointment, see “*Description of the Collateral Management Agreement*”. Any Notes held by (but not on behalf of) the Collateral Manager, or any Collateral Manager Related Person, will have no voting rights with respect to any vote (or written direction or consent) in connection with CM Removal Resolutions or with respect to the assignment or delegation by the Collateral Manager of its obligations under the Collateral Management Agreement and will be deemed not to be Outstanding in connection with any such vote, provided, however, that any Notes held by the Collateral Manager, or any Collateral Manager Related Person, will have voting rights (including in respect of written directions and consents) with respect to all other matters as to which Noteholders are entitled to vote (including the appointment of a successor collateral manager). See “*Description of the Collateral Management Agreement*”.

The Collateral Manager may from time to time enter into financing arrangements in respect of the Retention that it is required to acquire in order to comply with the Retention Requirements and could grant security over, or transfer title to, the Retention in connection with any such financing. Such financing arrangements would be on full-recourse terms. It is possible that any such financing could be provided directly or indirectly by the Placement Agent or any of its Affiliates. If the collateral arrangements in respect of such financing are by way of title transfer, the Collateral Manager would retain the economic risk in those Notes but not legal ownership of them. None of the Placement Agent, the Collateral Manager, any Agent, the Issuer, the Trustee or any of their respective Affiliates makes any representation, warranty or guarantee that such financing arrangements will comply with the Retention Requirements. In particular, should the Collateral Manager default in the performance of its obligations under any such financing arrangements, the lender thereunder may have the right to enforce the security granted by the Collateral Manager, including effecting the sale or appropriation of some or all of the Retention or, if the collateral arrangements in respect of such financing are by way of title transfer, the Collateral Manager would most likely not be entitled to have the Retention (or equivalent securities) retransferred to it. In exercising its rights pursuant to any such financing arrangements, the lender would not be required to have regard to the Retention Requirements and any such sale or appropriation may therefore cause the transaction described in this Offering Circular to be non-compliant with the Retention Requirements. See “*Certain Conflicts of Interest - Certain Conflicts of Interest Involving or Relating to the Placement Agent and its Affiliates*”.

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

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

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



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

The Collateral Manager may enter into agreements with one or more holders of the Notes pursuant to which the Collateral Manager may agree, subject to its obligations under the Trust Deed, the Collateral Management Agreement and applicable law, to take actions with respect to such holders of the Notes that it will not take with respect to other holders of the Notes. Such agreements may provide that certain Noteholders will be entitled to receive a portion of the Collateral Management Fees payable on each Payment Date during the term of the transaction. The performance and incentives of the Collateral Manager may be negatively impacted by any such fee rebate arrangements.

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

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

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

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

The Collateral Manager's duties and obligations under the Collateral Management Agreement are owed to: (i) the Issuer; (ii) to the extent of the Issuer's security assignment of its rights under the Collateral Management Agreement, the Trustee; and (iii) subject to the terms of the Collateral Management Agreement, to the other parties to the Collateral Management Agreement or third party beneficiaries thereunder. Other than pursuant to arrangements described above in relation to agreements with one or more holders of the Notes, the Collateral Manager is not in contractual privity with, and owes no

separate duties or obligations to, any of the holders of the Rated Notes or the Subordinated Notes in their capacity as Noteholders.

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

Certain discretions of the Collateral Manager acting on behalf of the Issuer are restricted where the exercise of the discretion would cause the retention holding described in “*The Retention Holder and Retention Requirements*” section of this Offering Circular to be (or to be likely to be) insufficient to comply with the Retention Requirements.

In particular, if, at any time, the deposit of Trading Gains into the Principal Account would, in the sole discretion of the Collateral Manager cause (or would be likely to cause) a Retention Deficiency, such Trading Gains which would have been deposited into the Principal Account and designated for reinvestment or used to redeem the Notes in accordance with the Principal Proceeds Priority of Payments will instead be deposited into the Interest Account. In addition, the Collateral Manager is not permitted to reinvest in Substitute Collateral Debt Obligations where such reinvestment would cause a Retention Deficiency. As a result, the Collateral Manager may be prevented from reinvesting available proceeds in Collateral Debt Obligations in circumstances where such reinvestment would cause (or would be likely to cause) a Retention Deficiency and therefore the Aggregate Principal Balance of Collateral Debt Obligations securing the Notes may be less than what would have otherwise have been the case if such amounts had been reinvested in Collateral Debt Obligations.

Also, the Issuer may not issue further Notes without the Retention Holder subscribing for sufficient Subordinated Notes such that its holding of such Notes is sufficient to ensure that a Retention Deficiency shall not occur following such additional issuance.

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

#### *Rating Agencies*

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

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

Each of the Placement Agent and its Affiliates (the “**Citi Parties**”) will play various roles in relation to the offering, including acting as Warehouse Provider (as senior lender and arranger) in respect of the Warehouse Arrangements and in other roles described below.

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

The Placement Agent will purchase some or all of the Notes from the Issuer on the Issue Date and resell them in individually negotiated transactions at varying prices, which may result in a higher or lower fee being paid to the Placement Agent in respect of those Notes. The Placement Agent may elect in its sole discretion to rebate a portion of its fees in respect of the Notes to certain investors, including the Retention Holder. The Placement Agent may assist clients and counterparties in transactions related to the Notes (including assisting clients in future purchases and sales of the Notes and hedging transactions). The Placement Agent expects to earn fees and other revenues from these transactions.

The Citi Parties may retain a certain proportion of the Notes in their portfolios with an intention to hold to maturity or to trade. The holding or any sale of the Notes by these parties may adversely affect the

liquidity of the Notes and may also affect the prices of the Notes in the primary or secondary market. The Citi Parties are part of a global investment banking and securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. As such, they actively make markets in and trade financial instruments for their own account and for the accounts of customers in the ordinary course of their business. The financial services that the Citi Parties may provide also include financing and, as such, the Citi Parties may have and/or may provide financing to the Collateral Manager or a Collateral Manager Related Person and such financing may directly or indirectly involve financing the Retention (in which case the lender of such financing may be able to exercise enforcement rights in respect of the Retention without regard to whether or not such action will cause the Retention Requirements to be satisfied). The Citi Parties may have positions in and will likely have placed or underwritten certain of the Collateral Debt Obligations (or other obligations of the obligors of Collateral Debt Obligations) when they were originally issued and may have provided or may be providing investment banking services and other services to obligors of certain Collateral Debt Obligations. In addition, the Citi Parties and their clients may invest in debt obligations and securities that are senior to, or have interests different from or adverse to, Collateral Debt Obligations. Each of the Citi Parties will act in its own commercial interest in its various capacities without regard to whether its interests conflict with those of the holders of the Notes or any other party including, without limitation, in deciding whether to enforce its security granted in connection with any financing. Moreover, the Issuer may invest in loans of obligors Affiliated with the Citi Parties or in which one or more of the Citi Parties hold an equity, participation or other interest. The purchase, holding or sale of such Collateral Debt Obligations by the Issuer may increase the profitability of the Citi Parties' own investments in such obligors.

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

The Citi Parties do not disclose specific trading positions or their hedging strategies, including whether they are in long or short positions in any Notes or obligations referred to in this Offering Circular except where required in accordance with the applicable law. Nonetheless, in the ordinary course of business, Citi Parties and employees or customers of the Citi Parties may actively trade in and/or otherwise hold long or short positions in the Notes, Collateral Debt Obligations and Eligible Investments or enter into transactions similar to or referencing the Notes, Collateral Debt Obligations and Eligible Investments or the Obligors thereof for their own accounts and for the accounts of their customers. If a Citi Party becomes an owner of any of the Notes, through market-making activity or otherwise, any actions that it takes in its capacity as owner, including voting, providing consents or otherwise will not necessarily be aligned with the interests of other owners of the same Class or other Classes of the Notes. To the extent a Citi Party makes a market in the Notes (which it is under no obligation to do), it would expect to receive income from the spreads between its bid and offer prices for the Notes. In connection with any such activity, it will have no obligation to take, refrain from taking or cease taking any action with respect to these transactions and activities based on the potential effect on an investor in the Notes. The price at which a Citi Party may be willing to purchase Notes, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price for the Notes and significantly lower than the price at which it may be willing to sell the Notes.

There is no limitation or restriction on the Collateral Manager or the Citi Parties or any of their respective Affiliates with regard to acting as portfolio manager (or in a similar role) or initial purchaser to other parties or persons in other transactions involving issues of collateralised debt obligations or other investment funds with assets similar to those of the Issuer. This and other future activities of the Collateral Manager or The Citi Parties and/or their Affiliates may give rise to additional conflicts of interest or an adverse effect on the availability of collateral for the Issuer and/or the price of the Notes.

## 6. INVESTMENT COMPANY ACT

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

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

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

The Trust Deed provides that if, notwithstanding the restrictions on transfer contained therein, the Issuer determines that any holder of an interest in a Rule 144A Note (1) is a U.S. Person and (2) is not a QIB/QP at the time it acquires an interest in a Rule 144A Note (any such person, a “**Non-Permitted Holder**”), the Issuer shall, promptly after discovery that such person is a Non-Permitted Holder by the Issuer, send notice to such Non-Permitted Holder demanding that such Non-Permitted Holder transfer its interest outside the United States to a non-U.S. Person or to a person that is not a Non-Permitted Holder within 30 days of the date of such notice. If such Non-Permitted Holder fails to effect the transfer required within such 30 day period, (a) upon direction from the Issuer or the Collateral Manager on its behalf, a Transfer Agent, on behalf of and at the expense of the Issuer, shall cause such beneficial interest to be transferred in a commercially reasonable sale to a person or entity that certifies to such Transfer Agent and the Issuer, in connection with such transfer, that such person or entity either is not a U.S. Person or is a QIB/QP and (b) pending such transfer, no further payments will be made in respect of such beneficial interest.

### *Preferred creditors under Irish law*

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

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

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

The Irish Revenue Commissioners may also attach any debt due to an Irish tax resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax,

whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of the Irish Revenue Commissioners has not yet been considered by the Irish courts and it may override the rights of holders of security (whether fixed or floating) over the debt in question.

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

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

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

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

Floating charges have certain weaknesses, including the following:

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

#### *Examinership*

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

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

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

In considering proposals by the examiner, it is likely that secured and unsecured creditors would form separate classes of creditors. In the case of the Issuer, if the Trustee represented the majority in number and value of claims within the secured creditor class, the Trustee would be in a position to reject any proposal not in favour of the Noteholders. The Trustee would also be entitled to argue at the appropriate Irish Examinership Court hearing at which the proposed scheme of arrangement is considered that the proposals are unfair and inequitable in relation to the Noteholders, especially if such proposals include a writing down of the value of amounts due by the Issuer to the Noteholders. The primary risks to the holders of Notes if an examiner were to be appointed in respect of the Issuer are as follows:

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

## TERMS AND CONDITIONS OF THE NOTES

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

The issue of the €10,000,000 Class A-1 Senior Secured Fixed Rate Notes due 2029 (the “**Class A-1 Notes**”), the €230,000,000 Class A-2 Senior Secured Floating Rate Notes due 2029 (the “**Class A-2 Notes**” and together with the A-1 Notes the “**Class A Notes**”), the €25,000,000 Class B-1 Senior Secured Fixed Rate Notes due 2029 (the “**Class B-1 Notes**”), the €19,000,000 Class B-2 Senior Secured Floating Rate Notes due 2029 (the “**Class B-2 Notes**” and together with the Class B-1 Notes, the “**Class B Notes**”), the €23,000,000 Class C Senior Secured Deferrable Floating Rate Notes due 2029 (the “**Class C Notes**”), the €23,500,000 Class D Senior Secured Deferrable Floating Rate Notes due 2029 (the “**Class D Notes**”), the €27,500,000 Class E Senior Secured Deferrable Floating Rate Notes due 2029 (the “**Class E Notes**”), the €11,750,000 Class F Senior Secured Deferrable Floating Rate Notes due 2029 (the “**Class F Notes**” and together such Classes of Notes, the “**Rated Notes**”) and €44,600,000 Subordinated Notes due 2029 (the “**Subordinated Notes**” and together with the Rated Notes, the “**Notes**”) of Arbour CLO III Limited (the “**Issuer**”) was authorised by resolution of the board of Directors of the Issuer dated on or about 8 February 2016. The Notes are constituted and secured by a trust deed (together with any other security document entered into in respect of the Notes, the “**Trust Deed**”) to be dated on or about 12 February 2016 between (amongst others) the Issuer and U.S. Bank Trustees Limited in its capacity as trustee for the Noteholders and as security trustee for the Secured Parties (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed).

These terms and conditions of the Notes (the “**Conditions of the Notes**” or the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed (which includes the forms of the certificates representing the Notes). The following agreements have been entered into in relation to the Notes: (a) a placement agency agreement dated on or about 12 February 2016 (the “**Placement Agency Agreement**”) between the Issuer and the Placement Agent; (b) an agency agreement to be dated on or about 12 February 2016 (the “**Agency Agreement**”) between, amongst others, the Issuer, U.S. Bank National Association, as registrar and transfer agent (respectively, the “**Registrar**” and the “**Transfer Agent**” and the Transfer Agent together with the Registrar, the “**Transfer Agents**” and each a “**Transfer Agent**”), which terms shall include any successor or substitute registrar or transfer agent, respectively, appointed pursuant to the terms of the Agency Agreement), Elavon Financial Services Limited, as principal paying agent, account bank, calculation agent and custodian (respectively, “**Principal Paying Agent**”, “**Account Bank**”, “**Calculation Agent**” and “**Custodian**”, which terms shall include any successor or substitute principal paying agent, account bank, calculation agent or custodian, respectively, appointed pursuant to the terms of the Agency Agreement) and the Trustee; (c) a collateral management agreement to be dated on or about 12 February 2016 (the “**Collateral Management Agreement**”) between Oaktree Capital Management (UK) LLP, as collateral manager in respect of the Portfolio (the “**Collateral Manager**”, which term shall include any successor collateral manager appointed pursuant to the terms of the Collateral Management Agreement), the Issuer, Elavon Financial Services Limited as collateral administrator and information agent (the “**Collateral Administrator**” and “**Information Agent**”, which term shall include any successor collateral administrator and information agent appointed pursuant to the terms of the Collateral Management Agreement), the Custodian and the Trustee; and (d) an administration agreement dated 24 April 2015 (the “**Administration Agreement**”) between the Issuer and TMF Administration Services Limited as administrator (the “**Administrator**”, which term shall include any successor administrator appointed pursuant to the terms of the Administration Agreement). Copies of the Trust Deed, the Agency Agreement and the Collateral Management Agreement are available for inspection during usual business hours at the registered office of the Issuer (presently at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland) and at the specified offices of the Transfer Agents for the time being. The holders of each Class of Notes are entitled to the benefit of, are bound by and are deemed to have notice of each other Transaction Document.

### 1. Definitions

“**Accounts**” means the Principal Account, the Interest Account, the Unused Proceeds Account, the Payment Account, the Expense Reserve Account, the Collateral Enhancement Account, the First Period Reserve Account, each Counterparty Downgrade Collateral Account, the Contributions Account, the Custody Account, the Interest Smoothing Account, each Hedge Termination Account, each Asset Swap Account, the Unfunded Revolver Reserve Account and the Collection Account, all of which shall be held within the United Kingdom.

“**Accrual Period**” means, in respect of each Class of Notes, the period from and including the Issue Date (or in the case of a Class that is subject to Refinancing, the Payment Date upon which the Refinancing occurs) to, but excluding, the first Payment Date (or in the case of a Class that is subject to Refinancing, the first Payment Date following the Refinancing) and each successive period from and including each Payment Date to, but excluding, the following Payment Date; provided that, for the purposes of calculating interest payable in accordance with Condition 6(f) (*Interest on the Fixed Rate Notes*) the Payment Date shall not be adjusted if the relevant Payment Date falls other than on a Business Day.

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

- (a) the Aggregate Principal Balance of the Collateral Debt Obligations (other than Defaulted Obligations, Discount Obligations and Deferring Obligations); *plus*
- (b) without duplication, the amounts on deposit in the Principal Account and the Unused Proceeds Account (to the extent such amounts represent Principal Proceeds) (including Eligible Investments therein which represent Principal Proceeds); *plus*
- (c) in relation to a Defaulted Obligation or a Deferring Obligation, the lesser of (i) its Moody’s Collateral Value and (ii) its Fitch Collateral Value, provided that the Adjusted Collateral Principal Amount of a Defaulted Obligation that has been a Defaulted Obligation for a continuous period of more than three years after the date on which it became a Defaulted Obligation and continues to be a Defaulted Obligation on such date of determination shall be zero; *plus*
- (d) the aggregate, for each Discount Obligation, of the product of the (x) purchase price (expressed as a percentage of par and excluding accrued interest) and (y) Principal Balance of such Discount Obligation; *plus*
- (e) other than in respect of Defaulted Obligations, any unpaid Purchased Accrued Interest in respect of the Collateral Debt Obligations (if applicable, converted into Euro at the Applicable Exchange Rate); *minus*
- (f) the Excess CCC/Caa Adjustment Amount;

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

“**Administrative Expenses**” means amounts due and payable by the Issuer in the following order of priority including except as expressly set out otherwise below, any VAT thereon and to the extent that such amounts relate to costs and expenses, such VAT to be limited to irrecoverable VAT (whether payable to that party or the relevant tax authority):

- (a) on a *pro-rata* and *pari passu* basis, to (i) the Agents pursuant to the Agency Agreement (including, without limitation, payments to the Account Bank of all costs and expenses incurred by the Account Bank in relation to the accounts of the Issuer held with the Account Bank arising directly from the imposition of negative deposit interest rates by the European Central Bank or any other applicable rate setting authority) and, in the case of the Information Agent and Collateral Administrator, pursuant to the Collateral Management Agreement (including, by way of indemnity); (ii) the Administrator pursuant to the Administration Agreement; and (iii) the Irish Stock Exchange or such other stock exchange or exchanges upon which any of the Notes may be listed from time to time;
- (b) on a *pro-rata* and *pari passu* basis, to each Reporting Delegate pursuant to any Reporting Delegation Agreement (including, by way of indemnity);
- (c) on a *pro-rata* and *pari passu* basis:
  - (i) to any Rating Agency which may from time to time be requested to assign (A) a rating to each of the Rated Notes, or (B) a confidential credit estimate to any of the Collateral Debt Obligations, for fees and expenses (including surveillance fees) in connection with any such rating or confidential credit estimate including, in each case, the on-going monitoring thereof



and any other amounts due and payable to any Rating Agency under the terms of the Issuer's engagement with such Rating Agency;

- (ii) to the independent certified public auditors, agents and counsel of the Issuer;
  - (iii) to the Collateral Manager pursuant to the Collateral Management Agreement (including indemnities provided for therein and all ordinary expenses, costs, fees, out-of-pocket expenses, brokerage fees and the costs and expenses of agents providing services to the Collateral Manager, in each case incurred by the Collateral Manager in relation to its obligations pursuant to the Transaction Documents), but excluding any Collateral Management Fees or any VAT payable thereon and excluding any amounts in respect of Collateral Manager Advances;
  - (iv) to any other Person in respect of any governmental fee or charge (for the avoidance of doubt excluding any taxes) or any statutory indemnity;
  - (v) on a *pro rata* basis to any other Person in respect of any other fees or expenses contemplated in (A) these Conditions and in the Transaction Documents (including but not limited to the costs of entering into any Hedge Agreements and associated legal costs, and the costs relating to providing Noteholders with the information required to comply with their passive foreign investment company and controlled foreign corporation reporting obligations) and (B) 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 any other fees and expenses not described in sub-paragraph (A) incurred by the Issuer (in its sole and absolute discretion) in assisting in the preparation, provision or validation of data for purposes of Noteholder tax jurisdictions;
  - (vi) to the Placement Agent pursuant to the Placement Agency Agreement in respect of any indemnity payable to it thereunder;
  - (vii) to the payment on a *pro rata* basis of any fees, expenses or indemnity payments in relation to the restructuring of a Collateral 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 Participation Agreement after the date of entry into any Participation (excluding, for avoidance of doubt, any payments on account of any Unfunded Amounts); and
  - (ix) to the payment of any amounts necessary to ensure the orderly dissolution of the Issuer;
- (d) on a *pro rata* and *pari passu* basis:
- (i) on a *pro rata* basis to any other Person (including the Collateral Manager) in connection with satisfying the requirements of Rule 17g-5, EMIR, CRA, AIFMD, the Dodd-Frank Act, or the STS Regulation;
  - (ii) on a *pro rata* basis to any other Person (including the Collateral Manager) in connection with satisfying the Retention Requirements and the requirements of Solvency II including any costs or fees related to additional due diligence or reporting requirements;
  - (iii) FATCA Compliance Costs and CRS Compliance Costs; and
  - (iv) reasonable fees, costs and expenses of the Issuer and the Collateral Manager including reasonable attorney's fees of compliance by the Issuer and the Collateral Manager with the United States Commodity Exchange Act of 1936, as amended (including rules and regulations promulgated thereunder);
- (e) any Refinancing Costs; and
- (f) on a *pro rata* basis payment of any indemnities (to the extent not already covered in paragraphs (a) to (d) above) payable to any Person as contemplated in these Conditions or the Transaction Documents,

provided that (x) the Collateral Manager may direct the payment of any Rating Agency fees set out in (c)(i) above other than in the order required by paragraph (c) above if the Collateral Manager, Trustee or Issuer has been advised by a Rating Agency that non-payment of its fees will immediately result in the withdrawal of any ratings on any Class of Rated Notes; and (y) the Collateral Manager may, in its reasonable judgement, determine a payment other than in the order required by paragraph (c) above is required to ensure the delivery of certain accounting services and reports.

“**Affiliate**” or “**Affiliated**” means with respect to a Person:

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

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

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

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

- (a) the Aggregate Principal Balance of all Collateral Debt Obligations, save that for the purpose of calculating the Aggregate Principal Balance for the purposes of:
  - (i) the Portfolio Profile Tests and the Collateral Quality Tests, the Principal Balance of Defaulted Obligations shall be excluded; and
  - (ii) determining whether a Note Event of Default has occurred in accordance with Condition 10(a)(iv) (*Collateral Debt Obligations*), the Principal Balance of each Defaulted Obligation shall be multiplied by its Market Value;
- (b) the Balances standing to the credit of the Principal Account and the Unused Proceeds Account and (for the purposes only of calculating the Aggregate Collateral Balance in respect of the compliance by the Retention Holder with the Retention Requirements, the Contributions Account) and any Eligible Investments which represent Principal Proceeds (excluding, for the avoidance of doubt, any interest accrued on Eligible Investments); and
- (c) solely for the purposes of determining compliance with the Retention Requirements, the Principal Balance of any Exchanged Security and any other debt or equity obligation purchased and held by or on behalf of the Issuer that does not constitute a Collateral Debt Obligation (other than any Collateral Enhancement Obligations).

For the avoidance of doubt, for the purposes of calculating the Aggregate Collateral Balance for the purposes of determining compliance with the Retention Requirements or in determining whether a Retention Deficiency has

occurred, the Principal Balance of any Collateral Debt Obligation shall not take into account any adjustments for purchase price or the application of haircuts.

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

“**AIFMD**” means EU Directive 2011/61/EU on Alternative Investment Fund Managers (as amended from time to time and as implemented by Member States of the European Union) together with any implementing or delegated laws, regulation, technical standards and guidance related thereto, in each case as may be amended, replaced or supplemented from time to time.

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

“**Annual Obligations**” means Collateral Debt Obligations which in accordance with their terms, at the relevant date of measurement, pay interest less frequently than semi-annually (other than, for the purposes of the Portfolio Profile Tests only, PIK Obligations).

“**Applicable Exchange Rate**” means, in relation to any Asset Swap Obligation, the exchange rate set forth in the relevant Asset Swap Transaction, and in any other case, the Spot Rate.

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

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

“**Arranger**” means Citigroup Global Markets Limited in its capacity as sole arranger in connection with the collateralised loan obligation transaction contemplated herein.

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

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

“**Asset Swap Counterparty**” means any financial institution with which the Issuer enters into an Asset Swap Transaction, or any permitted assignee or successor thereof, under the terms of the related Asset Swap Transaction and, in each case, which satisfies, at the time of entry into the Asset Swap Transaction, the applicable Rating Requirement (or whose obligations are guaranteed by a guarantor which satisfies the applicable Rating Requirement) upon the date of entry into such agreement (or in respect of which Rating Agency Confirmation has been obtained on such date).

“**Asset Swap Counterparty Principal Exchange Amount**” means each initial, interim and final exchange amount (whether expressed as such or otherwise) scheduled to be paid by an Asset Swap Counterparty to the Issuer under an Asset Swap Transaction and excluding any Scheduled Periodic Asset Swap Counterparty Payments but including any amounts described as termination payments in the relevant Asset Swap Agreement which relate to payments to be made as a result of the relevant Asset Swap Obligation being sold or becoming subject to a credit event or debt restructuring.

**“Asset Swap Issuer Principal Exchange Amount”** means each initial, interim and final exchange amount (whether expressed as such or otherwise) scheduled to be paid to the Asset Swap Counterparty by the Issuer under an Asset Swap Transaction and excluding any Scheduled Periodic Asset Swap Issuer Payments but including any amounts described as termination payments in the relevant Asset Swap Agreement which relate to payments to be made as a result of the relevant Asset Swap Obligation being sold or becoming subject to a credit event or debt restructuring.

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

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

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

**“Asset Swap Termination Payment”** means the amount payable to an Asset Swap Counterparty by the Issuer upon termination or modification of an Asset Swap Transaction excluding, for purposes other than payment by the Issuer, any due and unpaid scheduled amounts payable thereunder and any Asset Swap Issuer Principal Exchange Amounts.

**“Asset Swap Termination Receipt”** means the amount payable by an Asset Swap Counterparty to the Issuer upon termination or modification of an Asset Swap Transaction excluding, for purposes other than payment to the applicable Account to which the Issuer shall credit such amounts, the portion thereof representing any due and unpaid scheduled amounts payable thereunder and any Asset Swap Counterparty Principal Exchange Amounts.

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

**“Assignment”** means an interest in a loan that is acquired directly by way of novation or assignment.

**“Authorised Denomination”** means, in respect of any Note, the Minimum Denomination thereof and any denomination equal to a multiple of the Authorised Integral Amount in excess of the Minimum Denomination thereof.

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

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

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

- (a) current balance of cash, demand deposits, time deposits, government guaranteed funds and other investment funds;
- (b) outstanding principal amount of interest bearing corporate and government obligations and money market accounts and repurchase obligations; and
- (c) purchase price, up to an amount not exceeding the face amount, of non-interest bearing government and corporate obligations, commercial paper and certificates of deposit,

save in the case of calculating the Aggregate Collateral Balance for the purposes of determining compliance with the Retention Requirements or in determining whether a Retention Deficiency has occurred, if a default as to payment of principal and/or interest has occurred and is continuing (disregarding any grace periods provided for pursuant to the terms thereof) in respect of any Eligible Investment or any obligation of the obligor thereunder which is senior or equal in right of payment to such Eligible Investment such Eligible Investment

shall have a value equal to the lesser of (i) its Moody's Collateral Value and (ii) its Fitch Collateral Value (determined as if such Eligible Investment were a Collateral Debt Obligation).

**"Benefit Plan Investor"** means:

- (a) an employee benefit plan (as defined in Section 3(3) of ERISA), subject to the provisions of part 4 of Subtitle B of Title I of ERISA;
- (b) a plan to which Section 4975 of the Code applies; or
- (c) any entity whose underlying assets include plan assets by reason of such an employee benefit plan or plan's investment in such entity, but only to the extent of the percentage of the equity interests in such entity that are held by Benefit Plan Investors.

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

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

- (a) on which TARGET2 is open for settlement of payments in Euro;
- (b) on which commercial banks and foreign exchange markets settle payments in London and New York (other than a Saturday or a Sunday); and
- (c) for the purposes of the definition of Presentation Date, in relation to any place, on which commercial banks and foreign exchange markets settle payments in that place.

**"CCC/Caa Excess"** means, on any date of determination, an amount equal to the greater of:

- (a) the Aggregate Principal Balance of all Moody's Caa Obligations over an amount equal to 7.5 per cent. of the Aggregate Collateral Balance; and
- (b) the Aggregate Principal Balance of all Fitch CCC Obligations over an amount equal to 7.5 per cent. of the Aggregate Collateral Balance,

provided that:

- (i) in determining the Aggregate Collateral Balance for the purposes of paragraphs (a) and (b) above, the Principal Balance of each Defaulted Obligation shall be excluded; and
- (ii) in determining which of the Moody's Caa Obligations or Fitch CCC Obligations shall be included in the CCC/Caa Excess, the Moody's Caa Obligations or Fitch CCC Obligations with the lowest Market Value (expressed as a percentage of the Principal Balance of such Collateral Debt Obligations as of such Determination Date) shall be included in the CCC/Caa Excess.

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

**"Class A CM Exchangeable Non-Voting Notes"** means the Class A-1 Notes and the Class A-2 Notes in the form of CM Exchangeable Non-Voting Notes.

**"Class A CM Non-Voting Notes"** means the Class A-1 Notes and the Class A-2 Notes in the form of CM Non-Voting Notes.

**"Class A CM Voting Notes"** means the Class A-1 Notes and the Class A-2 Notes in the form of CM Voting Notes.

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

**"Class A-1 Fixed Rate of Interest"** has the meaning given thereto in Condition 6(f) (*Interest on the Fixed Rate Notes*).

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

“**Class A-2 Floating Rate of Interest**” has the meaning given thereto in Condition 6(e)(i) (*Floating Rate of Interest*).

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

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

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

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

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

“**Class A/B Par Value Test**” means the test which will apply as of any Measurement Date on and after the Effective Date and which will be satisfied on such Measurement Date if the Class A/B Par Value Ratio is at least equal to 131.85 per cent.

“**Class B CM Exchangeable Non-Voting Notes**” means the Class B-1 Notes and the Class B-2 Notes in the form of CM Exchangeable Non-Voting Notes.

“**Class B CM Non-Voting Notes**” means the Class B-1 Notes and the Class B-2 Notes in the form of CM Non-Voting Notes.

“**Class B CM Voting Notes**” means the Class B-1 Notes and the Class B-2 Notes in the form of CM Voting Notes.

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

“**Class B-1 Fixed Rate of Interest**” has the meaning given thereto in Condition 6(f) (*Interest on the Fixed Rate Notes*).

“**Class B-1 Noteholders**” means the holders of any Class B-1 Notes from time to time.

“**Class B-2 Floating Rate of Interest**” has the meaning given thereto in Condition 6(e)(i) (*Floating Rate of Interest*).

“**Class B-2 Noteholders**” means the holders of any Class B-2 Notes from time to time.

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

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

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

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

“**Class C Interest Coverage Ratio**” means, as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the sum of the scheduled Interest Amounts due on the Class A Notes, the Class B Notes and the Class C Notes on the next following Payment Date (excluding

Deferred Interest but including any interest on Deferred Interest). For the purposes of calculating the Class C Interest Coverage Ratio, the expected interest income on Collateral Debt Obligations, Eligible Investments and the Accounts (to the extent applicable) and the expected Interest Amounts payable on the Class A Notes, the Class B Notes and the Class C Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

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

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

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

“**Class C Par Value Test**” means the test which will apply as of any Measurement Date on and after the Effective Date and which will be satisfied on such Measurement Date if the Class C Par Value Ratio is at least equal to 123.29 per cent.

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

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

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

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

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

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

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

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

“**Class D Par Value Test**” means the test which will apply as of any Measurement Date on and after the Effective Date and which will be satisfied on such Measurement Date if the Class D Par Value Ratio is at least equal to 115.53 per cent.

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

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

“**Class E Par Value Test**” means the test which will apply as of any Measurement Date on and after the Effective Date and which will be satisfied on such Measurement Date if the Class E Par Value Ratio is at least equal to 107.23 per cent.

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

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

“**Class F Par Value Test**” means the test which will apply as of any Measurement Date following the expiry of the Reinvestment Period and which will be satisfied on such Measurement Date if the Class F Par Value Ratio is at least equal to 104.18 per cent.

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

- (a) the Class A-1 Notes;
- (b) the Class A-2 Notes;
- (c) the Class B-1 Notes;
- (d) the Class B-2 Notes;
- (e) the Class C Notes;
- (f) the Class D Notes;
- (g) the Class E Notes;
- (h) the Class F Notes; and
- (i) the Subordinated Notes,

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

- (a) in the case of the Class A Notes, notwithstanding that the Class A CM Voting Notes, the Class A CM Non-Voting Notes and the Class A CM Exchangeable Non-Voting Notes are in the same Class; they shall not be treated as a single Class in respect of any vote or determination of quorum under the Trust Deed in connection with any CM Removal Resolution or CM Replacement Resolution, as further described in the Conditions, the Trust Deed and the Collateral Management Agreement; and
- (b) in the case of the Class B Notes, notwithstanding that the Class B CM Voting Notes, the Class B CM Non-Voting Notes and the Class B CM Exchangeable Non-Voting Notes are in the same Class; they shall not be treated as a single Class in respect of any vote or determination of quorum under the Trust Deed in connection with any CM Removal Resolution or CM Replacement Resolution, as further described in the Conditions, the Trust Deed and the Collateral Management Agreement; and
- (c) in the class of the Class C Notes, notwithstanding that the Class C CM Voting Notes, the Class C CM Non-Voting Notes and the Class C CM Exchangeable Non-Voting Notes are in the same Class; they shall not be treated as a single Class in respect of any vote or determination of quorum under the Trust Deed in connection with any CM Removal Resolution or CM Replacement Resolution, as further described in the Conditions, the Trust Deed and the Collateral Management Agreement; and
- (d) in the case of the Class D Notes, notwithstanding that the Class D CM Voting Notes, the Class D CM Non-Voting Notes and the Class D CM Exchangeable Non-Voting Notes are in the same Class, they shall not be treated as a single Class in respect of any vote or determination of quorum under the Trust Deed in connection with any CM Removal Resolution or CM Replacement Resolution, as further described in the Conditions, the Trust Deed and the Collateral Management Agreement; and
- (e) for the purposes of determining voting rights attributable to the Notes and the applicable quorum at any meeting of the Noteholders pursuant to Condition 14 (*Meetings of Noteholders, Modification, Waiver*)



*and Substitution*), (A) the Class A-1 Notes and the Class A-2 Notes together and (B) the Class B-1 Notes and the Class B-2 Notes together, shall in each case be deemed to constitute a single Class in respect of any voting rights specifically granted to them, including as the Controlling Class.

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

“**Clearstream, Luxembourg**” means Clearstream Banking, société anonyme.

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

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

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

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

“**CM Voting Notes**” means Notes which carry a right to vote in respect of and be counted for the purposes of determining a quorum and the result of voting on a CM Removal Resolution or a CM Replacement Resolution and all other matters as to which Noteholders are entitled to vote and are exchangeable at any time upon request by the relevant Noteholder into CM Exchangeable Non-Voting Notes or CM Non-Voting Notes.

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

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

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

“**Collateral**” means the property, assets and rights described in Condition 4(a) (*Security*) which are charged and/or assigned to the Trustee from time to time for the benefit of the Secured Parties pursuant to the Trust Deed.

“**Collateral Acquisition Agreements**” means each of the agreements entered into by the Issuer in relation to the purchase by the Issuer of Collateral Debt Obligations from time to time.

“**Collateral Debt Obligation**” means any debt obligation or debt security purchased by or on behalf of the Issuer from time to time (or, if the context so requires, to be purchased by or on behalf of the Issuer) and which the Collateral Manager has determined satisfies the Eligibility Criteria in accordance with the Collateral Management Agreement at the time that any commitment to purchase is entered into by or on behalf of the Issuer (or the Participation Agreement is entered into in respect of a Participation) save for an Issue Date Collateral Debt Obligation which must only satisfy the Eligibility Criteria on the Issue Date. References to Collateral Debt Obligations shall not include Collateral Enhancement Obligations, Eligible Investments or Exchanged Securities. Obligations which are to constitute Collateral Debt Obligations in respect of which the Issuer has entered into a binding commitment to purchase but which have not yet settled shall be included as

Collateral Debt Obligations in the calculation of the Portfolio Profile Tests, the Collateral Quality Tests and the Coverage Tests at any time as if such purchase had been completed; and Collateral Debt Obligations in respect of which the Issuer has entered into a binding commitment to sell but which have not yet settled shall be excluded as Collateral Debt Obligations in the calculation of the Portfolio Profile Tests, the Collateral Quality Tests and the Coverage Tests as if such sale had been completed. The failure of any obligation to satisfy the Eligibility Criteria at any time after the Issuer or the Collateral Manager on behalf of the Issuer has entered into a binding agreement to purchase it, shall not cause such obligation to cease to constitute a Collateral Debt Obligation unless it is an Issue Date Collateral Debt Obligation which does not satisfy the Eligibility Criteria on the Issue Date. A Collateral Debt Obligation which has been restructured (whether effected by way of an amendment to the terms of such Collateral Debt Obligation (including but not limited to an extension of its maturity) or by way of substitution of new obligations and/or change of Obligor) shall only constitute a Collateral Debt Obligation if it is a Restructured Obligation.

**“Collateral Debt Obligation Stated Maturity”** means, with respect to any Collateral Debt Obligation or Eligible Investment, the date specified in such obligation as the fixed date on which the final payment or repayment of principal of such obligation is due and payable.

**“Collateral Enhancement Account”** means an account in the name of the Issuer, so named and held with the Account Bank.

**“Collateral Enhancement Amount”** means, with respect to any Payment Date during the Reinvestment Period, the amount of Interest Proceeds retained in the Collateral Enhancement Account on the Payment Date in accordance with the Interest Proceeds Priority of Payments, at the sole discretion of the Collateral Manager which amounts shall not exceed €2,500,000 in the aggregate for any Payment Date or an aggregate amount for all applicable Payment Dates of €7,500,000.

**“Collateral Enhancement Obligation”** means any warrant or equity security, excluding any Exchanged Security, but including without limitation, warrants relating to Mezzanine Obligations and any equity security received upon conversion or exchange of, or exercise of an option under, or otherwise in respect of a Collateral Debt Obligation; or any warrant or equity security purchased as part of a unit with a Collateral Debt Obligation (but in all cases, excluding, for the avoidance of doubt, the Collateral Debt Obligation), in each case, the acquisition of which will not result in the imposition of any present or future, actual or contingent liabilities or obligations on the Issuer other than those which may arise at its option.

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

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

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

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

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

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

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

- (a) for so long as any Notes rated by Moody's are Outstanding:
  - (i) the Moody's Minimum Diversity Test;
  - (ii) the Moody's Minimum Weighted Average Recovery Rate Test;
  - (iii) the Moody's Maximum Weighted Average Rating Factor Test;
  - (iv) the Moody's Minimum Weighted Average Floating Spread Test; and
  - (v) the Moody's Minimum Weighted Average Coupon Test; and
- (b) so long as any Notes rated by Fitch are Outstanding:
  - (i) the Fitch Maximum Weighted Average Rating Factor Test;
  - (ii) the Fitch Minimum Weighted Average Recovery Rate Test;
  - (iii) the Fitch Minimum Weighted Average Spread Test;
  - (iv) the Fitch Minimum Weighted Average Fixed Coupon Test; and
  - (v) the Maximum Obligor Concentration Test; and
- (c) so long as any Rated Notes are Outstanding:
  - the Weighted Average Life Test.

each as defined in the Collateral Management Agreement.

**“Collateral Tax Event”** means at any time, as a result of (i) FATCA; or (ii) the introduction of a new, or any change in, any home jurisdiction or foreign tax statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation (whether proposed, temporary or final), interest, discount or premium payments due from the Obligors of any Collateral Debt Obligations (or from Selling Institutions in the case of Participations) in relation to any Due Period becoming properly subject to the imposition of home jurisdiction or foreign direct taxation or withholding tax (other than where such tax is compensated for by a “gross up” provision in the terms of the Collateral Debt Obligation or such requirement to withhold is eliminated pursuant to a double taxation treaty or otherwise so that the Issuer as holder thereof (either directly or indirectly through a Participation) is held completely harmless from the full amount of such withholding tax on an after tax basis) so that the aggregate amount of such withholding tax on all Collateral Debt Obligations in relation to such Due Period is equal to or in excess of 6.0 per cent. of the aggregate interest, discount or premium payments due (for the avoidance of doubt, excluding any additional payment arising as a result of the operation of any gross up provision) on all Collateral Debt Obligations in relation to such Due Period. In the case of any tax arising in respect of FATCA, a Collateral Tax Event will occur if the aggregate of all prior taxes arising in respect of FATCA and all taxes arising in respect of FATCA expected to be due in the future exceed EUR 750,000.

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

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

**“Contribution”** has the meaning specified in the Condition 2(n) (*Contributions*).

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

**“Contributor”** has the meaning specified in Condition 2(n) (*Contributions*).

**“Controlling Class”** means:

- (a) the Class A-1 Notes and the Class A-2 Notes acting as a single class; or
  - (b) either:
    - (i) following redemption and payment in full of the Class A Notes; or
    - (ii) prior to the redemption and payment in full of the Class A Notes and solely in connection with a CM Removal Resolution or a CM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of the Class A Notes is held in the form of CM Non-Voting Notes and/or CM Exchangeable Non-Voting Notes,
 the Class B-1 Notes and the Class B-2 Notes acting as a single class; or
  - (c) either:
    - (i) following redemption and payment in full of the Class A Notes and the Class B Notes; or
    - (ii) prior to the redemption and payment in full of the Class A Notes and the Class B Notes and solely in connection with a CM Removal Resolution or a CM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of the Class A Notes and the Class B Notes is held in the form of CM Non-Voting Notes and/or CM Exchangeable Non-Voting Notes,
 the Class C Notes; or
  - (d) either:
    - (i) following redemption and payment in full of the Class A Notes, the Class B Notes and the Class C Notes; or
    - (ii) prior to the redemption and payment in full of the Class A Notes, the Class B Notes and the Class C Notes and solely in connection with a CM Removal Resolution or a CM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of the Class A Notes, the Class B Notes and the Class C Notes is held in the form of CM Non-Voting Notes and/or CM Exchangeable Non-Voting Notes,
 the Class D Notes; or
  - (e) either:
    - (i) following redemption in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; or
    - (ii) prior to the redemption and payment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and solely in connection with a CM Removal Resolution or a CM Replacement Resolution, if 100 per cent. of the Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes is held in the form of CM Non-Voting Notes and/or CM Exchangeable Non-Voting Notes,
 the Class E Notes; or
  - (f) following redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the Class F Notes; or
  - (g) following redemption in full of all of the Rated Notes, the Subordinated Notes,
- provided that:
- (i) solely in connection with a CM Removal Resolution or a CM Replacement Resolution, no Notes held in the form of CM Non-Voting Notes and/or CM Exchangeable Non-Voting Notes shall:
    - (A) constitute or form part of the Controlling Class;

- (B) be entitled to vote in respect of such CM Removal Resolution or CM Replacement Resolution; or
  - (C) be counted for the purposes of determining a quorum or the result of voting in respect of such CM Removal Resolution or CM Replacement Resolution; and
- (ii) any Notes held by or on behalf of the Collateral Manager or any Collateral Manager Related Person will have no voting rights with respect to any vote (or written direction or consent) in connection with a CM Removal Resolution or with respect to the assignment or delegation by the Collateral Manager of its obligations under the Collateral Management Agreement and will be deemed not to be Outstanding in connection with any such vote, provided, however, that any Notes held by the Collateral Manager or any Collateral Manager Related Person will have voting rights (including in respect of written directions and consents and appointment of a successor collateral manager) with respect to all other matters as to which Noteholders are entitled to vote.

“**Controlling Person**” means a person (other than a Benefit Plan Investor) with discretionary authority or control over the assets of the entity or who provides investment advice for a fee with respect to such assets (such as the Collateral Manager), and their respective Affiliates.

“**Corporate Rescue Loan**” means as determined by the Collateral Manager, any interest in a loan or financing facility that is acquired directly by way of assignment, novation or, other than with respect to paragraph (a) below, indirectly by way of sub-participation, which is paying interest and principal if applicable on a current basis and either:

- (a) is an obligation of a debtor in possession as described in § 1107 of the United States Bankruptcy Code or a trustee (if appointment of such trustee has been ordered pursuant to § 1104 of the United States Bankruptcy Code) (a “**Debtor**”) organised under the laws of the United States or any State therein, the terms of which have been approved by an order of the United States Bankruptcy Court, the United States District Court, or any other court of competent jurisdiction, the enforceability of which order is not subject to any pending contested matter or proceeding (as such terms are defined in the Federal Rules of Bankruptcy Procedure) and which order provides that (w) such Corporate Rescue Loan is secured by liens on the Debtor’s otherwise unencumbered assets pursuant to § 364(c)(2) of the United States Bankruptcy Code; or (x) such Corporate Rescue Loan is secured by liens of equal or senior priority on property of the Debtor’s estate that is otherwise subject to a lien pursuant to § 364(d) of the United States Bankruptcy Code; or (y) such Corporate Rescue Loan is secured by junior liens on the Debtor’s encumbered assets and such Corporate Rescue Loan is fully secured based upon a current valuation or appraisal report; or (z) if the Corporate Rescue Loan or any portion thereof is unsecured, the repayment of such Corporate Rescue Loan retains priority over all other administrative expenses pursuant to § 364(c)(1) of the United States Bankruptcy Code; or
- (b) is a credit facility or other advance made available to a company or group in a restructuring or insolvency process (other than the processes described in paragraph (a) above) which (i) constitutes the most senior secured obligations of the entity which is the Obligor thereof and either (ii) ranks *pari passu* in all respects with the other senior unsecured debt of the Obligor, provided that such facility is entitled to recover proceeds of enforcement of security shared with the other senior secured indebtedness (e.g. bonds) of the Obligor and its subsidiaries in priority to all such other senior secured indebtedness, or (iii) achieves priority over other senior secured obligations of the Obligor otherwise than through the grant of security, such as pursuant to the operation of applicable insolvency legislation (including as an expense of the restructuring or insolvency process) or other applicable law.

“**Counterparty Downgrade Collateral**” means any cash and/or securities delivered to the Issuer as collateral for the obligations of a Hedge Counterparty under a Hedge Transaction.

“**Counterparty Downgrade Collateral Account**” means one or more accounts of the Issuer with the Custodian into which all Counterparty Downgrade Collateral received from a Hedge Counterparty (other than cash) is to be deposited or (as the case may be) interest bearing account(s) of the Issuer with the Account Bank into which all Counterparty Downgrade Collateral (in the form of cash) is to be deposited. A separate Counterparty Downgrade Collateral Account shall be opened in respect of each Hedge Counterparty as and when required.

“**Counterparty Downgrade Collateral Account Surplus**” has the meaning given thereto in Condition 3(j)(v) (*Counterparty Downgrade Collateral Account*).

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

“**Cov-Lite Loan**” means, as determined by the Collateral Manager in accordance with the standard of care specified in the Collateral Management Agreement (which determination will not be called into question as a result of subsequent events), a loan that (a) does not contain any financial covenants; or (b) may or may not require the Obligor to comply with an Incurrence Covenant, but does not require the Obligor to comply with a Maintenance Covenant; provided that for all purposes a loan which either contains a cross-default provision to, or ranks *pari passu* with or senior to, another obligation (including a Revolving Obligation) of the relevant Obligor that requires the Obligor to comply with one or more Maintenance Covenants where such compliance is required either (i) at all times during the life of such other obligation or (ii) only while such other obligation is funded or upon the occurrence of a particular specified event, shall not constitute a Cov-Lite Loan. A loan shall not constitute a Cov-Lite Loan only for so long as the relevant *pari-passu* or junior-ranking obligation, or the relevant obligation to which such cross-default provision relates, is outstanding or is capable of being drawn.

“**CPO**” means a commodity pool operator pursuant to CFTC Rule 4.13(a)(3).

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

“**Credit Impaired Obligation**” means, as determined by the Collateral Manager in accordance with the standard of care specified in the Collateral Management Agreement (which determination will not be called into question as a result of subsequent events), (x) for the purposes of the Eligibility Criteria, any Collateral Debt Obligation that has a significant risk of declining in credit quality or price and (y) for any other purposes, any Collateral Debt Obligation that has a significant risk of declining in credit quality or price or satisfies the Credit Impaired Obligation Criteria; provided that for such other purposes, at any time during a Restricted Trading Period, a Collateral Debt Obligation will qualify as a Credit Impaired Obligation only if: (i) the Credit Impaired Obligation Criteria are satisfied with respect to such Collateral Debt Obligation; or (ii) the Controlling Class acting by Ordinary Resolution approves the treatment of such Collateral Debt Obligation as a Credit Impaired Obligation.

“**Credit Impaired Obligation Criteria**” means the criteria that will be satisfied in respect of a Collateral Debt Obligation if any of the following apply to such Collateral Debt Obligation, as determined by the Collateral Manager in accordance with the standard of care specified in the Collateral Management Agreement (which determination will not be called into question as a result of subsequent events):

- (a) if such Collateral Debt Obligation is a loan obligation or floating rate note, the price of such Collateral Debt Obligation has changed during the period from the date on which the Issuer entered into a binding commitment to purchase such Collateral Debt Obligation to the date the Issuer intends to enter into a binding commitment to sell such Collateral Debt Obligation by a percentage which is (i) in the case of Secured Senior Loans or Secured Senior Bonds, either at least 0.25 per cent. more negative or at least 0.25 per cent. less positive and (ii) in the case of Unsecured Senior Obligations, Second Lien Loans or Mezzanine Obligations, either at least 0.50 per cent. more negative or at least 0.50 per cent. less positive, in each case, than the percentage change in the average price of an Eligible Loan Index selected by the Collateral Manager over the same period;
- (b) if such Collateral Debt Obligation is a Fixed Rate Collateral Debt Obligation which is a bond or security, the price of such obligation has changed since the date the Issuer or the Collateral Manager acting on behalf of the Issuer entered into a binding commitment to purchase such obligation by a percentage either at least 1.00 per cent. more negative or at least 1.00 per cent. less positive, as the case may be, than the percentage change in the Eligible Bond Index over the same period, as determined by the Collateral Manager;
- (c) the price of such Collateral Debt Obligation has decreased by at least 1.00 per cent. of the price paid by the Issuer for such Collateral Debt Obligation;

- (d) if such Collateral Debt Obligation is a loan obligation or a floating rate note, the spread over the applicable reference rate for such Collateral Debt Obligation has been increased in accordance with the applicable Underlying Instrument since the date the Issuer or the Collateral Manager acting on behalf of the Issuer entered into a binding commitment to purchase such obligation by (1) 0.25 per cent. or more (in the case of a loan obligation or a floating rate note with a spread (prior to such increase) less than or equal to 2.00 per cent.), (2) 0.375 per cent. or more (in the case of a loan obligation or a floating rate note with a spread (prior to such increase) greater than 2.00 per cent. but less than or equal to 4.00 per cent.) or (3) 0.50 per cent. or more (in the case of a loan obligation or a floating rate note with a spread (prior to such increase) greater than 4.00 per cent.), due to a deterioration in the Obligor's financial ratios or financial results; or
- (e) the projected cash flow interest coverage ratio for the following year (earnings before interest and taxes divided by cash interest expense as disclosed by the Obligor or the arranging bank for the relevant credit facility, or calculated by a third party in published research reports, or as estimated by the Collateral Manager in accordance with the standard of care specified in the Collateral Management Agreement) of the Obligor of such Collateral Debt Obligation is less than 1.00 or is expected to be less than 0.85 times the current year's projected cash flow interest coverage ratio; or
- (f) such Collateral Debt Obligation has been downgraded by either of the Rating Agencies by at least one rating sub-category or has been placed and remains on a watch list for possible downgrade or on negative outlook by either of the Rating Agencies since the date on which such Collateral Debt Obligation was acquired by or on behalf of the Issuer.

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

**“Credit Improved Obligation Criteria”** means the criteria that will be satisfied in respect of a Collateral Debt Obligation if any of the following apply to such Collateral Debt Obligation, as determined by the Collateral Manager in accordance with the standard of care specified in the Collateral Management Agreement (which determination will not be called into question as a result of subsequent events):

- (a) the proceeds which would be received with respect to its disposition (excluding such proceeds that constitute Interest Proceeds) of such Collateral Debt Obligation would be at least 101.00 per cent. of the purchase price paid by the Issuer at the time of its acquisition;
- (b) if such Collateral Debt Obligation is a loan obligation, or a floating rate note, the price of such loan obligation has changed during the period from the date on which the Issuer or the Collateral Manager acting on behalf of the Issuer entered into a binding commitment to purchase such Collateral Debt Obligation to the date of determination by a percentage either at least 0.25 per cent. more positive, or 0.25 per cent. less negative, as the case may be, than the percentage change in the average price of the applicable Eligible Loan Index selected by the Collateral Manager over the same period;
- (c) if such Collateral Debt Obligation is a Fixed Rate Collateral Debt Obligation which is a bond or security, the price of such obligation has changed since the date the Issuer or the Collateral Manager acting on behalf of the Issuer entered into a binding commitment to purchase such obligation by a percentage either at least 1.00 per cent. more positive or at least 1.00 per cent. less negative than the percentage change in the Eligible Bond Index over the same period, as determined by the Collateral Manager;
- (d) if such Collateral Debt Obligation is a loan obligation or a floating rate notes, the spread over the applicable reference rate for such Collateral Debt Obligation has been decreased in accordance with the applicable Underlying Instrument since the date the Issuer or the Collateral Manager acting on behalf of the Issuer entered into a binding commitment to purchase such obligation by (1) 0.25 per cent. or more (in the case of a loan obligation or a floating rate note with a spread (prior to such decrease) less than or equal to 2.00 per cent.), (2) 0.375 per cent. or more (in the case of a loan obligation or a floating

rate note with a spread (prior to such decrease) greater than 2.00 per cent. but less than or equal to 4.00 per cent.) or (3) 0.50 per cent. or more (in the case of a loan obligation or a floating rate note with a spread (prior to such decrease) greater than 4.00 per cent.) due, in each case, to an improvement in the Obligor's financial ratios or financial results;

- (e) the projected cash flow interest coverage ratio for the following year (earnings before interest and taxes divided by cash interest expense as disclosed by the Obligor or arranging bank for the relevant credit facility, or calculated by a third party in published research reports, or as estimated by the Collateral Manager in accordance with the standard of care specified in the Collateral Management Agreement) of the Obligor of such Collateral Debt Obligation is expected to be more than 1.15 times the current year's projected cash flow interest coverage ratio; or
- (f) such Collateral Debt Obligation has been upgraded by either of the Rating Agencies by at least one rating sub-category since the date on which such Collateral Debt Obligation was acquired by or on behalf of the Issuer.

“**CRR**” means Regulation 2013/575/EU as may be effective from time to time together with any amendments of any successor or replacement provisions included in any European Union directive or regulation.

“**CRR Investment Firm**” means an “investment firm” as defined in Article 4(1) point (2) of Regulation 2013/575/EU as published in the Official Journal of the European Union on 27 June 2013 (and in force as at the Issue Date).

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

“**CRS**” means the common reporting standard more fully described as the Standard for Automatic Exchange of Financial Account Information approved on 15 July 2014 by the Council of the Organisation for Economic Cooperation and Development.

“**CRS Compliance**” means compliance with the CRS.

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

“**Current Pay Obligation**” means any Collateral Debt Obligation (other than a Corporate Rescue Loan) that would otherwise be treated as a Defaulted Obligation but as to which no payments are due and payable that are unpaid and with respect to which the Collateral Manager determines, in accordance with the standard of care set out in the Collateral Management Agreement (which determination will not be called into question as a result of subsequent events), that:

- (a) the Obligor of such Collateral Debt Obligation will continue to make scheduled payments of interest thereon in cash and will pay the principal thereof in cash by maturity or as otherwise contractually due;
- (b) if the Obligor is subject to a bankruptcy or insolvency proceedings, a bankruptcy court has authorised the payment of interest and principal payments when due thereunder; and
- (c) the Collateral Debt Obligation has any of:
  - (i) a Moody's Rating of “B3” or higher;
  - (ii) a Moody's Rating of at least “Caa1” and a Market Value of at least 80 per cent. of its current Principal Balance; or
  - (iii) a Moody's Rating of at least “Caa2” and a Market Value of at least 85 per cent. of its current Principal Balance.



“**Custody Account**” means the custody account or accounts held within the United Kingdom established on the books of the Custodian in accordance with the provisions of the Agency Agreement, which term shall include each securities account relating to each such Custody Account (if any).

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

“**Defaulted Deferring Mezzanine Obligation**” means a Mezzanine Obligation which by its contractual terms provides for the deferral of interest and is a Defaulted Obligation.

“**Defaulted Hedge Termination Payment**” means any amount payable by the Issuer to a Hedge Counterparty upon termination of any Hedge Transaction in respect of which the Hedge Counterparty is a Defaulting Hedge Counterparty, including any due and unpaid scheduled amounts thereunder.

“**Defaulted Mezzanine Excess Amounts**” means the lesser of:

- (a) the greater of (i) zero and (ii) the aggregate of all amounts paid into the Principal Account in respect of each Mezzanine Obligation for so long as it is a Defaulted Deferring Mezzanine Obligation, *minus* the sum of the principal amount of such Mezzanine Obligation outstanding immediately prior to receipt of such amounts *plus* any Purchased Accrued Interest relating thereto; and
- (b) all deferred interest paid in respect of each such Mezzanine Obligation for so long as it is a Defaulted Deferring Mezzanine Obligation *minus* any Purchased Accrued Interest relating thereto.

“**Defaulted Obligation**” means a Collateral Debt Obligation as determined by the Collateral Manager in accordance with the standard of care set out in the Collateral Management Agreement based on circumstances at the time of determination (which determination will not be called into question as a result of subsequent events which change the position from that which existed on the date of the original determination):

- (a) in respect of which there has occurred and is continuing a default with respect to the payment of interest or principal, disregarding any grace periods applicable thereto provided that in the case of any Collateral Debt Obligation in respect of which the Collateral Manager has confirmed to the Trustee in writing that, to the knowledge of the Collateral Manager, such default has resulted from non-credit related causes, such Collateral Debt Obligation shall not constitute a “Defaulted Obligation” for the lesser of five Business Days, seven calendar days or any grace period applicable thereto, in each case which default entitles the holders thereof, with notice or passage of time or both, to accelerate the maturity of all or a portion of the principal amount of such obligation, but only until such default has been cured;
- (b) in respect of which any bankruptcy, insolvency or receivership proceeding has been initiated in connection with the Obligor of such Collateral Debt Obligation (provided that a Collateral Debt Obligation shall not constitute a Defaulted Obligation under this paragraph (b) if it is a Current Pay Obligation);
- (c) in respect of which the Collateral Manager knows the Obligor thereunder is in default as to payment of principal and/or interest on another obligation, save for obligations constituting trade debts which the applicable Obligor is disputing in good faith, (and such default has not been cured), but only if both such other obligation and the Collateral Debt Obligation are full recourse, unsecured obligations, the other obligation is senior to, or *pari passu* with, the Collateral Debt Obligation in right of payment and the holders of such obligation have accelerated the maturity of all or a portion of such obligation;
- (d) which (i) has a Moody’s Rating of “Ca” or “C” or below or had such Moody’s Rating immediately prior to its withdrawal by Moody’s; or (ii) has a Fitch Rating of “CC” or below or “RD” or had such Fitch Rating immediately prior to its withdrawal by Fitch;
- (e) which the Collateral Manager, acting on behalf of the Issuer, determines should be treated as a Defaulted Obligation;
- (f) which would be treated as a Current Pay Obligation except that such Collateral Debt Obligation would result in the Aggregate Collateral Balance of all Collateral Debt Obligations which constitute Current Pay Obligations exceeding 5.0 per cent. of the Aggregate Collateral Balance (which for the purpose of

calculating the Aggregate Collateral Balance, the Principal Balance of each Defaulted Obligation shall be the lesser of its Moody's Collateral Value and its Fitch Collateral Value);

- (g) in respect of a Collateral Debt Obligation that is a Participation:
- (i) the Selling Institution has defaulted in respect of any of its payment obligations under the terms of such Participation;
  - (ii) the obligation which is the subject of such Participation would constitute a Defaulted Obligation if the Issuer had a direct interest therein; or
  - (iii) the Selling Institution has (A) a Moody's rating of "Ca" or "C" or below or had such rating prior to its withdrawal or (B) a Fitch Rating of "CC" or below or had such rating prior to its withdrawal; or
- (h) if the Obligor thereof offers holders of such Collateral Debt Obligation a new security, obligation or package of securities or obligations that amount to a diminished financial obligation (such as preferred or common stock, or debt with a lower coupon or amount) of such Obligor and in the reasonable business judgement of the Collateral Manager, such offer has the apparent purpose of helping the Obligor avoid default; provided, however, such obligation will cease to be a Defaulted Obligation under this paragraph if such new obligation is (i) a Restructured Obligation; and (ii) such Restructured Obligation does not otherwise constitute a Defaulted Obligation pursuant to any other paragraph of the definition hereof,

provided that: (i) a Collateral Debt Obligation which is (or, in the case of a Participation, the underlying obligation is) a Corporate Rescue Loan shall constitute a Defaulted Obligation if such Corporate Rescue Loan satisfies this definition of "Defaulted Obligation" other than paragraphs (b) and (h) hereof and the Aggregate Collateral Balance of all Collateral Debt Obligations which constitute Corporate Rescue Loans exceeding 5.0 per cent. of the Aggregate Collateral Balance shall also be treated as Defaulted Obligations); (ii) save in the case of paragraph (f) above, a Collateral Debt Obligation which is a Current Pay Obligation shall not constitute a Defaulted Obligation; and (iii) any Collateral Debt Obligation shall cease to be a Defaulted Obligation on the date such obligation no longer satisfies this definition of "Defaulted Obligation".

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

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

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

each such term as defined in the applicable Hedge Agreement.

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

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

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

**“Deferring Obligation”** means a PIK Obligation that is deferring the payment of the current cash interest due thereon and has been so deferring the payment of such interest due thereon:

- (a) with respect to Collateral Debt Obligations that have a Moody’s Rating of at least “Baa3” or a Fitch Rating of at least “BBB-”, for the shorter of two consecutive accrual periods or one year; and
- (b) with respect to Collateral Debt Obligations that have a Moody’s Rating of “Ba1” or below or a Fitch Rating of “BB+” or below, for the shorter of one accrual period or six consecutive months,

which deferred capitalised interest has not, as of the date of determination, been paid in cash.

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

**“Delayed Drawdown Collateral Debt Obligation”** means a Collateral Debt Obligation that: (a) requires the Issuer to make one or more future advances to the borrower under the Underlying Instruments relating thereto; (b) specifies a maximum amount that can be borrowed; and (c) does not permit the re-borrowing of any amount previously repaid; but any such Collateral Debt Obligation will be a Delayed Drawdown Collateral Debt Obligation only until all commitments to make advances to the borrower expire or are terminated or reduced to zero.

**“Determination Date”** means the last Business Day of each Due Period, or in the event of any redemption of the Notes, following the occurrence of a Note Event of Default, five Business Days prior to the applicable Redemption Date.

**“Directors”** means Chris McDonald and Mary O’Doherty or such person(s) who may be appointed as Director(s) of the Issuer from time to time.

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

- (a) in the case of any Floating Rate Collateral Debt Obligations, is acquired by the Issuer for a purchase price of less than 80 per cent. of the Principal Balance of such Collateral Debt Obligation (or, if such Collateral Debt Obligation has a Moody’s Rating below “B3”, such Collateral Debt Obligation is acquired by the Issuer for a purchase price of lower than 85 per cent. of its Principal Balance); 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 (or, if such Collateral Debt Obligation has a Moody’s Rating below “B3”, such Collateral Debt Obligation is acquired by the Issuer for a purchase price of lower than 80 per cent. of its Principal Balance); provided that such Collateral Debt Obligation shall cease to be a Discount Obligation at such time as the Market Value of such Collateral Debt Obligation, as determined for any period of 30 consecutive days since the acquisition by the Issuer of such Collateral Debt Obligation, equals or exceeds 85 per cent. of the Principal Balance of such Collateral Debt Obligation,

provided that:

- (i) where the Principal Balance of a Collateral Debt Obligation is partially composed of a Discount Obligation, any sale, repayment or prepayment in respect of such Collateral Debt Obligation will be applied *pro rata* to (i) the discounted portion of such Collateral Debt Obligation and (ii) the non-discounted portion of such Collateral Debt Obligation; and
- (ii) if such Collateral Debt Obligation is a Revolving Obligation, the purchase price of such Revolving Obligation for such purpose shall be deemed to include any amounts required to be transferred to the Unfunded Revolver Reserve Account upon acquisition of such Revolving Obligation by the Issuer.

**“Discount Obligation Exception”** means any Collateral Debt Obligation that would otherwise be considered a Discount Obligation, but that is purchased with the Sale Proceeds of a Collateral Debt Obligation (the **“Original**

**Obligation**”) that was not a Discount Obligation at the time of its purchase provided that such purchased Collateral Debt Obligation:

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

provided that:

- (i) to the extent the Aggregate Principal Balance of all Collateral Debt Obligations which constitute Discount Obligation Exceptions held by the Issuer as of the relevant date of determination exceeds 5.0 per cent. of the Aggregate Collateral Balance, such excess will not constitute Discount Obligation Exceptions (and for the avoidance of doubt, such excess will instead constitute Discount Obligations);
- (ii) to the extent the Aggregate Principal Balance of Collateral Debt Obligations which constitute Discount Obligation Exceptions acquired by the Issuer on or after the Issue Date exceeds 10 per cent. of the Target Par Amount, such excess will not constitute Discount Obligation Exceptions (and for the avoidance of doubt, such excess will instead constitute Discount Obligations); and
- (iii) such Collateral Debt Obligation will cease to be a Discount Obligation Exception (and shall not constitute a Discount Obligation) at such time as the Market Value (expressed as a percentage of par) for such Collateral Debt Obligation on each day during any period of 30 consecutive days since the acquisition of such Collateral Debt Obligation equals or exceeds (i) for a Floating Rate Collateral Debt Obligation, 90 per cent. or (ii) for all other Collateral Debt Obligations, 85 per cent.

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

“**Dodd-Frank Act**” means the Dodd-Frank Wall Street Reform and Consumer Protection Act, including any related regulation as may be amended, supplemented or replaced from time to time.

“**Domicile**” or “**Domiciled**” means, with respect to any Obligor with respect to a Collateral Debt Obligation:

- (a) except as provided in paragraph (b) below, its country of organisation or incorporation; or
- (b) the jurisdiction and the country in which, the Collateral Manager determines in accordance with the standard of care set out in the Collateral Management Agreement, a substantial portion of such Obligor’s operations are located or from which the main portion of its revenue is derived, in each case directly or through subsidiaries (which shall be any jurisdiction and country known at the time of designation by the Collateral Manager to be the source of the majority of revenues, if any, of such Obligor).

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

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

“**Effective Date**” means the earlier of:

- (a) the date designated for such purpose by the Collateral Manager by prior written notice to the Trustee, the Issuer, the Collateral Administrator and the Rating Agencies pursuant to the Collateral Management Agreement, subject to the Effective Date Determination Requirements being satisfied on that date; and
- (b) 12 August 2016 (or, if such day is not a Business Day, the next following Business Day).

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

“**Effective Date Moody’s Condition**” means a condition which is satisfied if: (a) the Trustee is provided with confirmation that the Issuer (or the Collateral Manager on its behalf) has received an accountants’ certificate recalculating and comparing the Effective Date Determination Requirements of the Effective Date Report; and (b) Moody’s is provided with the Effective Date Report.

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

- (a) both:
  - (i) the Effective Date Determination Requirements not having been satisfied as at the Effective Date unless Rating Agency Confirmation is received in respect of such failure to satisfy any of the Effective Date Determination Requirements; and
  - (ii) either (i) the failure by the Collateral Manager (acting on behalf of the Issuer) to present a Rating Confirmation Plan to the Rating Agencies or (ii) Rating Agency Confirmation has not been obtained for the Rating Confirmation Plan following a request therefor from the Collateral Manager; or
- (b) the Effective Date Moody’s Condition not being satisfied and, following a request therefor from the Collateral Manager after the Effective Date, Rating Agency Confirmation from Moody’s not having been received,

provided that any downgrade or withdrawal of any of the Initial Ratings of the Rated Notes which is not directly related to a request for confirmation thereof or which occurs after confirmation thereof by the Rating Agencies shall not constitute an Effective Date Rating Event.

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

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

“**Eligibility Criteria**” means the Eligibility Criteria specified in the Collateral Management Agreement which are required to be satisfied in respect of each Collateral Debt Obligation acquired by the Collateral Manager (on behalf of the Issuer) at the time of entering into a binding commitment to acquire such obligation and, in the case of Issue Date Collateral Debt Obligations, the Issue Date.

“**Eligible Bond Index**” means Markit iBoxx EUR High Yield Index or any other index subject to Rating Agency Confirmation.

“**Eligible Investments**” means any investment denominated in Euro (including, without limitation, any Eligible Investments for which the Custodian, the Trustee or the Collateral Manager or an Affiliate of any of them

provides services) that is one or more of the following obligations or securities (other than obligations or securities which are zero coupon obligations or securities) and, in the case of an obligation of a company incorporated or established in, or a sovereign issuer of, the United States, or otherwise bearing interest that arises, for U.S. federal income tax purposes, from sources within the United States, is in registered form for U.S. federal income tax purposes (or is not a “registration-required obligation” as defined in Section 163(f) of the Code) at the time it is acquired:

- (a) direct obligations of, and obligations the timely payment of principal of and interest under which is fully and expressly guaranteed by, a Qualifying Country or any agency or instrumentality of a Qualifying Country, the obligations of which are fully and expressly guaranteed by a Qualifying Country, which, in each case, have a rating of not less than the applicable Eligible Investment Minimum Rating;
- (b) demand and time deposits in, certificates of deposit of and bankers’ acceptances issued by any depository institution (including the Account Bank) or trust company incorporated under the laws of a Qualifying Country with, in each case, a maturity of no more than 90 days or, following the occurrence of a Frequency Switch Event, 180 days and subject to supervision and examination by governmental banking authorities so long as the commercial paper and/or the debt obligations of such depository institution or trust company (or, in the case of the principal depository institution in a holding company system, the commercial paper or debt obligations of such holding company) and the relevant issuing depository institution or trust company (or holding company, if applicable) at the time of such investment or contractual commitment have a rating of not less than the applicable Eligible Investment Minimum Rating;
- (c) subject to receipt of Rating Agency Confirmation related thereto, unleveraged repurchase obligations with respect to:
  - (i) any obligation described in paragraph (a) above; or
  - (ii) any other security issued or guaranteed by an agency or instrumentality of a Qualifying Country, in either case entered into with a depository institution or trust company (acting as principal) described in paragraph (b) above or entered into with a corporation (acting as principal) whose debt obligations are rated not less than the applicable Eligible Investments Minimum Rating at the time of such investment;
- (d) securities bearing interest or sold at a discount to the face amount thereof issued by any corporation incorporated under the laws of a Qualifying Country that have a credit rating of not less than the Eligible Investments Minimum Rating at the time of such investment or contractual commitment providing for such investment;
- (e) commercial paper or other short-term obligations having, at the time of such investment, a credit rating of not less than the applicable Eligible Investments Minimum Rating and that either are bearing interest or are sold at a discount to the face amount thereof and have a maturity of not more than 92 days or, following the occurrence of a Frequency Switch Event, 183 days from their date of issuance;
- (f) offshore funds investing in the money markets rated, at all times, “Aaa-mf” by Moody’s and “AAAmf” by Fitch or if not rated “AAAmf” by Fitch, is rated “Aaa-mf” by Moody’s and “AAAm” or “AAAm-G” by S&P, provided that any such fund issued shares, units or participations may lawfully be acquired in Ireland; and
- (g) any other investment similar to those described in paragraphs (a) to (f) (inclusive) above:
  - (i) in respect of which Rating Agency Confirmation has been received as to its inclusion in the Portfolio as an Eligible Investment; and
  - (ii) which has, in the case of an investment with a maturity of longer than 91 days, a long-term credit rating not less than the applicable Eligible Investments Minimum Rating,

and, in each case, such instrument or investment provides for payment of a pre-determined fixed amount of principal on maturity that is not subject to change and either (A) has a Collateral Debt Obligation Stated Maturity (giving effect to any applicable grace period) no later than the Business Day immediately preceding the next following Payment Date or (B) is capable of being liquidated on demand without penalty, provided,

however, that Eligible Investments shall not include any mortgage backed security, interest only security, security subject to withholding or similar taxes or security purchased at a price in excess of 100 per cent. of par or security whose repayment is subject to substantial non-credit related risk (as determined by the Collateral Manager in its discretion); provided however that only assets which are “qualifying assets” within the meaning of Section 110 of the Taxes Consolidation Act 1997 as amended of Ireland and which do not give rise to Irish stamp duty (except to the extent that such stamp duty is taken into account in deciding whether to acquire the assets) may constitute Eligible Investments.

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

- (a) for so long as any Notes rated by Moody’s are Outstanding:
  - (i) where such commercial paper or debt obligations do not have a short-term senior unsecured debt or issuer (as applicable) credit rating from Moody’s, a long-term senior unsecured debt or issuer (as applicable) credit rating of “Aaa” from Moody’s; or
  - (ii) where such commercial paper or debt obligations have a short-term senior unsecured debt or issuer (as applicable) credit rating from Moody’s, such short-term rating is at least “P-1” from Moody’s and the long-term senior unsecured debt or issuer (as applicable) credit rating is at least “A1” from Moody’s;
- (b) for so long any Notes rated by Fitch are Outstanding:
  - (i) in the case of Eligible Investments with a Collateral Debt Obligation Stated Maturity of more than 30 days:
    - (A) a long-term senior unsecured debt or issuer (as applicable) credit rating of at least “AA-” from Fitch; or
    - (B) a short-term senior unsecured debt or issuer credit rating of at least “F1+” from Fitch; or
    - (C) such other ratings as confirmed by Fitch; and
  - (ii) in the case of Eligible Investments with a Collateral Debt Obligation Stated Maturity of 30 days or less:
    - (A) a long-term senior unsecured debt or issuer (as applicable) credit rating of at least “A” from Fitch; or
    - (B) a short-term senior unsecured debt or issuer credit rating of at least “F1” from Fitch; or
    - (C) such other ratings as confirmed by Fitch.

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

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

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

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

- (a) in the case of the initial Accrual Period, a straight line interpolation of the offered rate for six month and nine month Euro deposits;
- (b) in the case of each subsequent Accrual Period:

- (i) prior to the occurrence of a Frequency Switch Event, the offered rate for three month Euro deposits; and
- (ii) following the occurrence of a Frequency Switch Event, the offered rate of six month Euro deposits.

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

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

“**Euro zone**” means the region comprised of Member States of the European Union that have adopted the single currency in accordance with the Treaty on the Functioning of the European Union, as amended.

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

- (a) the Aggregate Principal Balance of all Collateral Debt Obligations included in the CCC/Caa Excess; *minus*
- (b) the aggregate of, with respect to the Collateral Debt Obligations included in the CCC/Caa Excess, the product of (1) the Principal Balance of each such Collateral Debt Obligation and (2) the Market Value of each such Collateral Debt Obligation.

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

“**Exchanged Security**” means any of: (a) an equity security which is not a Collateral Enhancement Obligation and which is delivered to the Issuer upon acceptance of an Offer in respect of a Defaulted Obligation or received by the Issuer as a result of restructuring of the terms in effect as of the later of the Issue Date or date of issuance of the relevant Collateral Debt Obligation and (b) a Collateral Debt Obligation which has been restructured (whether effected by way of an amendment to the terms of such Collateral Debt Obligation (including but not limited to an extension of its maturity) or by way of substitution of new obligations and/or change of Obligor) which does not satisfy the Restructured Obligation Criteria on the Restructuring Date.

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

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

“**FATCA**” means:

- (a) Sections 1471 to 1474 of the Code or any associated regulations or other official guidance;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the 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, regulation or other official guidance 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.

“**FATCA Compliance**” means compliance with FATCA.

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



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

**“First Period Reserve Account”** means the interest bearing account described as such in the name of the Issuer with the Account Bank.

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

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

**“Fitch Collateral Value”** means, for each Defaulted Obligation and Deferring Obligation as at the applicable Measurement Date, the lower of:

- (a) its prevailing Market Value; and
- (b) the relevant Fitch Recovery Rate,

in each case multiplied by its Principal Balance, 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 Maximum Weighted Average Rating Factor Test”** has the meaning given to it in the Collateral Management Agreement.

**“Fitch Minimum Weighted Average Fixed Coupon Test”** has the meaning given to it in the Collateral Management Agreement.

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

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

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

**“Fitch Tests Matrices”** has the meaning given to it in the Collateral Management Agreement.

**“Fitch Tests Matrix”** has the meaning given to it in the Collateral Management Agreement.

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

**“Fixed Rate Notes”** means the Class A-1 Notes and the Class B-1 Notes.

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

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

**“Floating Rate Notes”** means the Class A-2 Notes, the Class B-2 Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes.

**“Form Approved Asset Swap”** means an Asset Swap Transaction and the related Asset Swap Agreement, the documentation for and structure of which conforms (save for the amount and timing of periodic payments, the name and financial aspects of the related Collateral Debt Obligation, the notional amount, the effective date, the termination date and other related and/or immaterial changes) to a form for which Rating Agency Confirmation has been received by the Issuer or which has previously been approved by the Rating Agencies for the purposes of the transaction contemplated herein and in respect of which the Rating Agencies have not notified the Issuer or the Collateral Manager that such approval has been withdrawn.

**“Form Approved Interest Rate Hedge”** means an Interest Rate Hedge Transaction and the related Interest Rate Hedge Agreement, the documentation for and structure of which conforms (save for the amount and timing of periodic payments, the applicable floating rate index, the notional amount, the effective date, the termination date and other related and/or immaterial changes) to a form for which Rating Agency Confirmation has been received by the Issuer or which has previously been approved by the Rating Agencies for the purposes of the transaction contemplated herein and in respect of which the Rating Agencies have not notified the Issuer or the Collateral Manager that such approval has been withdrawn.

**“Frequency Switch Event”** means the occurrence of a Determination Date on which, either the Collateral Manager declares (by written notice to the Issuer, the Collateral Administrator (who shall notify the Noteholders in accordance with Condition 16 (*Notices*)) and the Trustee) in its sole discretion that a Frequency Switch Event has occurred or, for so long as any of the Class A Notes or Class B Notes remain Outstanding:

- (a) the Aggregate Principal Balance of all Frequency Switch Obligations in respect of such Determination Date is greater than or equal to 20.0 per cent. of the Aggregate Collateral Balance;
- (b) the ratio (expressed as a percentage) obtained by dividing:
  - (i) the sum of:
    - (A) the aggregate of scheduled and projected interest and principal payments (and any commitment fees in respect of any Revolving Obligations or Delayed Drawdown Collateral Debt Obligations) which will be due to be paid on each Collateral Debt Obligation during the immediately following Due Period (which, in the case of each Non-Euro Obligation, to the extent that an Asset Swap Agreement is in place, shall be converted into Euro at the Applicable Exchange Rate for the related Asset Swap Transaction and, to the extent that no Asset Swap Agreement is in place, shall be converted into Euro at the Spot Rate); and
    - (B) the Balance standing to the credit of the Interest Smoothing Account on such Determination Date; by
  - (ii) the scheduled Interest Amounts which will fall due on the Class A Notes and the Class B Notes on the second Payment Date following such Determination Date,is less than 120.0 per cent.; and
- (c) the sum of:
  - (i) the amount determined pursuant to paragraph (b)(i) above; and
  - (ii) the aggregate of scheduled and projected interest payments (and any commitment fees in respect of Revolving Obligations or Delayed Drawdown Collateral Debt Obligations) which will be accrued but not yet paid as at the Business Day being three months following such Determination Date in respect of each Frequency Switch Obligation (which, in the case of each Non-Euro Obligation, to the extent that an Asset Swap Agreement is in place, in the case of each Non-Euro Obligation shall be converted into Euro at the Applicable Exchange Rate for the related Asset Swap Transaction and, to the extent that no Asset Swap Agreement is in place, shall be converted into Euro at the Spot Rate),

is equal to or greater than the amount determined pursuant to paragraph (b)(ii) above,

with the projected interest amounts described above being calculated in respect of such Determination Date on the basis of the following assumptions:

- (X) in respect of each Floating Rate Collateral Debt Obligation, projected interest payable on such Floating Rate Collateral Debt Obligation on each future payment date thereunder during the immediately following Due Period shall be determined based on the applicable base rate and applicable margin pursuant to the relevant Underlying Instrument as determined as at such Determination Date;

- (Y) the frequency of interest payments on each Collateral Debt Obligation shall not change following such Determination Date; and
- (Z) EURIBOR for the purposes of calculating Interest Amounts in respect of the Class A Notes and the Class B Notes at all times following such Determination Date shall be equal to EURIBOR as determined as at such Determination Date.

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

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

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

“**Hedge Agreement**” means any Interest Rate Hedge Agreement or any Asset Swap Agreement, as applicable.

“**Hedge Agreement Eligibility Criteria**” means, in respect of a Hedge Transaction, either:

- (a)
  - (i) the relevant Hedge Transaction is an interest rate swap or cross-currency swap transaction (or both) and is being entered into solely to hedge interest rate risk, timing mismatch or currency risk (or any combination of these) on the relevant Collateral Debt Obligation;
  - (ii) the relevant Hedge Transaction relates to a single Collateral Debt Obligation only although multiple Hedge Transactions with the same counterparty may be entered into under a single master hedge agreement;
  - (iii) the relevant Hedge Transaction does not extend the legal final maturity of the relevant Collateral Debt Obligation;
  - (iv) the relevant Hedge Transaction does not leverage the Issuer’s exposure to the relevant Collateral Debt Obligation or otherwise inject leverage into the Issuer’s exposure;
  - (v) other than with respect to introducing credit risk exposure to the counterparty on the Hedge Transaction, the relevant Hedge Transaction does not change the Issuer’s credit risk exposure to the Obligor on the relevant the Collateral Debt Obligation;
  - (vi) the relevant Hedge Transaction is documented pursuant to 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), including pursuant to a confirmation for each Hedge Transaction thereunder;
  - (vii) payment dates under the relevant Hedge Transaction correspond to or occur on or about Payment Dates or the relevant Collateral Debt Obligation payment dates;
  - (viii) the notional amount of the relevant Hedge Transaction will decline in line with the principal amount of the relevant Collateral Debt Obligation; and
  - (ix) either (i) the relevant Hedge Transaction terminates automatically in whole or in part (as applicable) when the subject matter of the Collateral Debt Obligation is sold or matures; or (ii) the Issuer must have the right to terminate the relevant Hedge Transaction in whole or in part (as applicable) when the subject matter Collateral Debt Obligation is sold or matures and at the time the relevant Hedge Transaction is entered into the Collateral Manager intends to cause the Issuer to exercise such right; or
- (b) prior to entering into such Hedge Transaction, the Issuer (or the Collateral Manager on behalf of the Issuer) obtains legal advice from a reputable legal counsel to the effect that the entry into such

arrangements will not cause any commodity pool operator of the Issuer, including the Collateral Manager, to be required to be registered as a CPO with the CFTC in respect of the Issuer.

**“Hedge Counterparty”** means any Interest Rate Hedge Counterparty or Asset Swap Counterparty, as applicable.

**“Hedge Replacement Payment”** means any Interest Rate Hedge Replacement Payment or Asset Swap Replacement Payment, as applicable.

**“Hedge Replacement Receipt”** means any Interest Rate Hedge Replacement Receipt or Asset Swap Replacement Receipt, as applicable.

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

**“Hedge Termination Payment”** means any Interest Rate Hedge Termination Payment or Asset Swap Termination Payment, as applicable.

**“Hedge Termination Receipt”** means any Interest Rate Hedge Termination Receipt or Asset Swap Termination Receipt, as applicable.

**“Hedge Transaction”** means any Interest Rate Hedge Transaction or Asset Swap Transaction, as applicable.

**“High Yield Bond”** means a debt security other than a Secured Senior Bond which, on acquisition by the Issuer, is rated below BBB- by Fitch or equivalent by at least one internationally recognised credit rating agency (provided that, if such debt security is, at any time following acquisition by the Issuer, no longer rated by at least one internationally recognised credit rating agency as below investment grade it will not, as a result of such change in rating, fall outside this definition) or which is a high yielding debt security, in each case as determined by the Collateral Manager, excluding any debt security which is secured directly on, or represents the ownership of, a pool of consumer receivables, auto loans, auto leases, equipment leases, home or commercial mortgages, corporate debt or sovereign debt obligations or similar assets, including, without limitation, collateralised bond obligations, collateralised loan obligations or any similar security.

**“Incentive Collateral Management Fee”** means the fee payable to the Collateral Manager (exclusive of VAT) pursuant to the Collateral Management Agreement in an amount, as determined by the Collateral Administrator, equal to the amount specified at paragraph (DD) of the Interest Proceeds Priority of Payments, paragraph (T) of the Principal Proceeds Priority of Payments, paragraph (C) of the Collateral Enhancement Obligation Proceeds Priority of Payments and paragraph (Z) of the Post-Acceleration Priority of Payments provided that such amount will only be payable to the Collateral Manager if the Incentive Collateral Management Fee IRR Threshold has been reached.

**“Incentive Collateral Management Fee IRR Threshold”** means the threshold which will have been reached on the relevant Payment Date (determined as of such Payment Date after giving effect to all payments in respect of the Subordinated Notes to be made on such Payment Date and disregarding for such purpose any further Subordinated Notes issued pursuant to Condition 17 (*Additional Issuances*) if the Subordinated Notes Outstanding have received an IRR (computed using the “XIRR” function in Microsoft Excel or an equivalent function in another software package) of least 12 per cent. on the product of their issue price and the Principal Amount Outstanding of the Subordinated Notes on the Issue Date, and assuming for such purpose that all Subordinated Notes were purchased at an issue price equal to the Subordinated Notes Initial Offer Price Percentage.

**“Incurrence Covenant”** means a covenant by any Obligor to comply with one or more financial covenants only upon the occurrence of certain actions of, or events relating to, the Obligor, including but not limited to a debt issuance, dividend payment, share purchase, merger, acquisition or divestiture, unless, as of any date of determination, such action was taken or such event has occurred, in each case the effect of which causes such covenant to meet the criteria of a Maintenance Covenant.

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

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

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

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

- (a) in the case of the Rated Notes, the amount calculated by the Calculation Agent in accordance with Condition 6(e) (*Interest on the Floating Rate Notes*) and Condition 6(f) (*Interest on the Fixed Rate Notes*), as applicable; and
- (b) in the case of the Subordinated Notes, the amount calculated by the Collateral Administrator in accordance with Condition 6(g) (*Interest in respect of Subordinated Notes*).

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

- (a) the Balance standing to the credit of the Interest Account;
- (b) *plus* the scheduled interest payments (and any commitment fees due but not yet received in respect of any Revolving Obligations or Delayed Drawdown Collateral Debt Obligations), all amendment and waiver fees, all late payment fees, all syndication fees, delayed compensation and all other fees and commissions in respect of Collateral Debt Obligations and Eligible Investments but only to the extent not representing Principal Proceeds and 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 any amounts which the Collateral Manager reasonably determines will be received within the same Due Period by way of recovery from an applicable tax authority under a double tax treaty due but not yet received (to the extent such amounts are not required to be payable to the relevant Obligor) (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 (which, in the case of each Non-Euro Obligation, to the extent that a related Currency Hedge Agreement is in place, shall be deemed to be converted into Euro at the then Applicable Exchange Rate for the related Asset Swap Transaction) and excluding:
  - (i) accrued and unpaid interest on Defaulted Obligations (excluding all Current Pay Obligations, irrespective of the limitation in the Portfolio Profile Tests);
  - (ii) interest on any Collateral Debt Obligation to the extent that such Collateral Debt Obligation does not provide for the scheduled payment of interest in cash;
  - (iii) any amounts, to the extent that such amounts if not paid, will not give rise to a default under the relevant Collateral Debt Obligation;
  - (iv) any amounts expected to be withheld at source or otherwise deducted in respect of taxes (including for the avoidance of doubt as a result of FATCA);
  - (v) any scheduled interest payments as to which the Issuer or the Collateral Manager has actual knowledge that such payment will not be made; and
  - (vi) any Purchased Accrued Interest,

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

- (c) *minus* the amounts payable pursuant to paragraphs (A) through to (F) of the Interest Proceeds Priority of Payments on the following Payment Date;

- (d) *minus* any of the above amounts that would be payable into the Interest Smoothing Account on the Business Day after the Determination Date at the end of the Due Period in which such Measurement Date falls;
- (e) *plus* any amounts that would be payable from the Expense Reserve Account, the Interest Smoothing Account, the First Period Reserve Account and/or the Asset Swap Account to the Interest Account in the Due Period relating to such Measurement Date (without double counting any such amounts which have been already transferred to the Interest Account);
- (f) *plus* any Scheduled Periodic Hedge Counterparty Payments payable to the Issuer under any Hedge Transaction (as determined by the Issuer with the reasonable assistance of the Collateral Manager) to the extent not already included in accordance with (b) above; and
- (g) *minus* any interest in respect of a PIK Obligation that has been deferred (but only to the extent such amount has not already been excluded in accordance with (b)(ii) or (iii) above).

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

“**Interest Coverage Ratio**” means the Class A/B Interest Coverage Ratio, the Class C Interest Coverage Ratio or the Class D Interest Coverage Ratio (as applicable) and “**Interest Coverage Ratios**” means any two or more of them as the context so requires. For the purposes of calculating an Interest Coverage Ratio, the expected interest income on Collateral Debt Obligations, Eligible Investments and the Accounts (to the extent applicable) and the expected interest payable on the relevant Rated Notes will be calculated using the then current interest rates applicable thereto.

“**Interest Coverage Test**” means the Class A/B Interest Coverage Test, the Class C Interest Coverage Test or the Class D Interest Coverage Test (as applicable) and Interest Coverage Tests means any two or more of them as the context so requires.

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

“**Interest Proceeds**” means all amounts paid or payable into the Interest Account from time to time and, with respect to any Payment Date, means any Interest Proceeds received or receivable by the Issuer during the related Due Period to be disbursed pursuant to the Interest Proceeds Priority of Payments on such Payment Date, together with any other amounts to be disbursed out of the Payment Account as Interest Proceeds on such Payment Date pursuant to Condition 3(i) (*Accounts*).

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

“**Interest Rate Hedge Agreement**” means a 1992 ISDA Master Agreement (Multicurrency-Cross-Border) or a 2002 ISDA Master Agreement (or such other ISDA pro forma Master Agreement as may be published by ISDA from time to time), together with the schedule and confirmations relating thereto including any guarantee thereof and any credit support annex entered into pursuant to the terms thereof, each as amended or supplemented from time to time, and entered into by the Issuer with an Interest Rate Hedge Counterparty which shall govern one or more Interest Rate Hedge Transactions entered into by the Issuer and such Interest Rate Hedge Counterparty (including any Replacement Interest Rate Hedge Transaction).

“**Interest Rate Hedge Counterparty**” means each financial institution with which the Issuer enters into an Interest Rate Hedge Transaction or any permitted assignee or successor thereto under the terms of the related Interest Rate Hedge Transaction and in each case which satisfies, at the time of entry into the relevant Interest Rate Hedge Transaction, the applicable Rating Requirement (or whose obligations are guaranteed by a guarantor which satisfies the applicable Rating Requirement) upon the date of entry into such agreement (or in respect of which Rating Agency Confirmation has been obtained on such date).

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

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

**“Interest Rate Hedge Termination Payment”** means the amount payable to an Interest Rate Hedge Counterparty by the Issuer upon termination or modification of an Interest Rate Hedge Transaction pursuant to the relevant Interest Rate Hedge Agreement excluding, for purposes other than payment by the Issuer, any due and unpaid scheduled amounts payable thereunder.

**“Interest Rate Hedge Termination Receipt”** means the amount payable by an Interest Rate Hedge Counterparty to the Issuer upon termination of an Interest Rate Hedge Transaction pursuant to the relevant Interest Rate Hedge Agreement, excluding, for purposes other than payment to the applicable Account to which the Issuer shall credit such amounts, the portion thereof representing any due and unpaid scheduled amounts payable thereunder.

**“Interest Rate Hedge Transaction”** means each interest rate protection transaction, which may be an interest rate swap transaction, an interest rate cap, an interest rate floor transaction, or an asset specific interest rate swap, in each case, entered into under an Interest Rate Hedge Agreement.

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

**“Interest Smoothing Amount”** means, in respect of each Determination Date on or following the occurrence of a Frequency Switch Event, zero and, in respect of each other Determination Date and for so long as any Rated Notes are Outstanding, an amount equal to the sum of:

- (a) (i) 0.5; multiplied by
- (ii) an amount equal to:
  - (A) the sum of all payments of interest received during the related Due Period in respect of each Semi-Annual Obligation; *minus*
  - (B) the sum of all payments of interest scheduled to be received during the immediately following Due Period in respect of each Semi-Annual Obligation, *plus*
- (b) (i) 0.25; multiplied by
- (ii) an amount equal to:
  - (A) the sum of all payments of interest received during the related Due Period in respect of each Annual Obligation; *minus*
  - (B) the sum of all payments of interest scheduled to be received during the immediately following Due Period in respect of each Annual Obligation,

provided that (x) such amount may not be less than zero and (y) following redemption in full of the Rated Notes or if the Aggregate Principal Balance of the Semi-Annual Obligations and Annual Obligations is less than or equal to 5.0 per cent. of the Aggregate Collateral Balance, such amount shall be deemed to be zero.

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

**“Intermediary Obligation”** means an interest in relation to a loan which is structured to be acquired indirectly by lenders therein at or prior to primary syndication thereof, including pursuant to a collateralised deposit or guarantee, a sub-participation or other arrangement which has the same commercial effect and in each case, in respect of any obligation of the lender to a “fronting bank” in respect of non-payment by the Obligor, is 100 per cent. collateralised by such lenders.

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

**“Irish Stock Exchange”** means the Irish Stock Exchange plc.

“**IRR**” means, for purposes of the Incentive Collateral Management Fee, with respect to each Payment Date and the Subordinated Notes issued on the Issue Date, the rate of return that would result in a net present value of zero, assuming (i) an aggregate purchase price equal to the initial aggregate Principal Amount Outstanding of the Subordinated Notes issued on the Issue Date multiplied by the Subordinated Notes Initial Offer Price Percentage as the initial negative cash flow on the Issue Date and all payments on such Subordinated Notes on such and each prior Payment Date as positive cash flows, (ii) the initial date for calculation as of the Issue Date, (iii) the number of days to each Payment Date from the Issue Date is calculated on the basis of the actual number of days in each such period and a 365-day year and (iv) no further Subordinated Notes have been issued pursuant to Condition 17 (*Additional Issuances*).

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

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

“**Issue Date**” means 12 February 2016 (or such other date as may shortly follow such date as may be agreed between the Issuer and the Placement Agent and is notified to the Trustee, the Collateral Administrator and the Noteholders in accordance with Condition 16 (*Notices*) and the Irish Stock Exchange).

“**Issue Date Collateral Debt Obligation**” means an obligation for which the Issuer (or the Collateral Manager, acting on behalf of the Issuer) has entered into a binding commitment to purchase on or prior to the Issue Date.

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

“**Issuer Irish Account**” means the account in the name of the Issuer in which the Issuer’s share capital and any Issuer Fees will be held.

“**Liabilities**” means any losses, damages, costs, charges, claims, demands, expenses (including legal fees and expenses), judgments, actions, proceedings or other liabilities whatsoever (including without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any irrecoverable VAT or similar tax charged or chargeable in respect thereof.

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

“**Main Securities Market**” means the regulated market of the Irish Stock Exchange.

“**Maintenance Covenant**” means, as of any date of determination, a covenant by any Obligor to comply with one or more financial covenants during each reporting period applicable to the related loan, whether or not any action by, or event relating to, such Obligor occurs after such date of determination.

“**Margin Stock**” has the meaning given to it in the Collateral Management Agreement.

“**Market Value**” means, on any date of determination and as provided by the Collateral Manager to the Collateral Administrator (in each case, expressed as a percentage of par):

- (a) the bid price determined by an independent recognised pricing service; or
- (b) if such independent recognised pricing service is not available, the mean of the bid prices (in the case of any High Yield Bond or PIK Obligation, excluding accrued interest) determined by three independent broker-dealers active in the trading of such Collateral Debt Obligations; or
- (c) if three such broker-dealer prices are not available, the lower of the bid side prices (in the case of any High Yield Bond or PIK Obligation, excluding accrued interest) determined by two such broker-dealers; or
- (d) if two such broker-dealer prices are not available, the bid side price (in the case of any High Yield Bond or PIK Obligation, excluding accrued interest) determined by one independent broker-dealer (unless, in each case, the fair market value thereof determined by the Collateral Manager pursuant to (e)(ii) hereafter would be lower); or



- (e) if the determinations of such broker-dealers or independent recognised pricing service are not available, then the lower of:
  - (i) the higher of (x) the Moody’s Recovery Rate of such Collateral Debt Obligation; (y) the Fitch Recovery Rate of such Collateral Debt Obligation and (z) 70 per cent. of such Collateral Debt Obligation’s Principal Balance; and
  - (ii) the fair market value thereof determined by the Collateral Manager in accordance with the standard of care set out in the Collateral Management Agreement consistent with the manner in which it would determine the market value of an asset for purposes of other funds or accounts managed by it, in each case, as notified to the Collateral Administrator on the date of determination thereof,

provided however that:

- (i) for the purposes of this definition, “independent” shall mean: (A) that each pricing service and broker-dealer from whom a bid price is sought is independent from each of the other pricing service and broker-dealers from whom a bid price is sought and (B) each pricing service and broker-dealer is not an Affiliate of the Collateral Manager; and
- (ii) if the Collateral Manager is not subject to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 (or other comparable regulation), where the Market Value is determined by the Collateral Manager in accordance with (e)(ii) above, such Market Value shall only be valid for 30 days, after which time if the Market Value cannot be ascertained by a third party the Market Value shall be deemed to be zero.

“**Maturity Date**” means 15 March 2029 (or if such date is not a Business Day, the next following Business Day).

“**Maximum Obligor Concentration Test**” has the meaning given to it in the Collateral Management Agreement.

“**Measurement Date**” means:

- (a) the Effective Date;
- (b) for the purposes of determining satisfaction of the Reinvestment Criteria, any Business Day after the Effective Date on which such criteria are required to be determined, which determination shall be made, *firstly*, by reference immediately prior to receipt of any Principal Proceeds which are to be reinvested without taking into account and, *secondly*, taking into account on a projected basis, the proposed sale of Collateral Debt Obligations and reinvestment of the Sale Proceeds thereof in Substitute Collateral Debt Obligations;
- (c) for the purposes of determining whether a Retention Deficiency has occurred, any Business Day;
- (d) the date of acquisition of any additional Collateral Debt Obligation following the Effective Date;
- (e) each Determination Date;
- (f) the date as at which any Report is prepared; and
- (g) following the Effective Date, with reasonable (and not less than five Business Days’) notice, any Business Day requested by any Rating Agency then rating any Class of Notes then Outstanding.

“**Mezzanine Obligation**” means a mezzanine loan obligation or other comparable debt obligation, including any such loan obligation with attached warrants and any such obligation which is evidenced by an issue of notes (other than High Yield Bonds), as determined by the Collateral Manager in accordance with the standard of care set out in the Collateral Management Agreement (which determination will not be called into question as a result of subsequent events), or a Participation therein.

“**Minimum Denomination**” means:

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

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

“**Monthly Report**” means any monthly report defined as such in the Collateral Management Agreement which is prepared by the Collateral Administrator (in consultation with the Collateral Manager) on behalf of the Issuer on such dates as are set forth in the Collateral Management Agreement and made available via a secured website currently located at <https://usbtrustgateway.usbank.com/portal/login.do> which shall be accessible to the Issuer, the Trustee, the Collateral Manager, the Hedge Counterparties and the Rating Agencies and to any Noteholder by way of a unique password which, in the case of each Noteholder may be obtained from the Collateral Administrator subject to receipt by the Collateral Administrator of certification that such holder is a holder of a beneficial interest in any Notes and which shall include information regarding the status of certain of the Collateral pursuant to the Collateral Management Agreement.

“**Moody’s**” means Moody’s Investors Service Ltd and any successor or successors thereto.

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

“**Moody’s Collateral Value**” means, in respect of a Collateral Debt Obligation, the lower of:

- (a) its prevailing Market Value, multiplied by its Principal Balance; and
- (b) the relevant Moody’s Recovery Rate, multiplied by its Principal Balance.

provided that if the Market Value cannot be reasonably determined, the Market Value shall be deemed to be for this purpose zero.

“**Moody’s Maximum Weighted Average Rating Factor Test**” has the meaning given to it in the Collateral Management Agreement.

“**Moody’s Minimum Diversity Test**” has the meaning given to it in the Collateral Management Agreement.

“**Moody’s Minimum Weighted Average Floating Spread Test**” has the meaning given to it in the Collateral Management Agreement.

“**Moody’s Minimum Weighted Average Coupon Test**” has the meaning given to it in the Collateral Management Agreement.

“**Moody’s Minimum Weighted Average Recovery Rate Test**” has the meaning given to it in the Collateral Management Agreement.

“**Moody’s Rating**” has the meaning given to it in the Collateral Management Agreement.

“**Moody’s Test Matrix**” has the meaning given to it in the Collateral Management Agreement.

“**Non-Call Period**” means the period from and including the Issue Date up to, but excluding, 15 March 2018 (or if such date is not a Business Day, the next following Business Day).

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

“**Non-Emerging Market Country**” means (i) any of Australia, Austria, Belgium, Bermuda, Canada, the Channel Islands, Croatia, Czech Republic, Denmark, Finland, France, Germany, Iceland, Republic of Ireland, the Isle of Man, Italy, Japan, Jersey, Liechtenstein, Luxembourg, The Netherlands, New Zealand, Norway, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, the United States and any other country that is a member of or accedes to the European Union; and (ii) any other country (a) the Fitch issuer default rating of which is, at the time of acquisition of the relevant Collateral Obligation, “BBB-” or higher and (b) the Moody’s local currency country risk ceiling of which is, at the time of acquisition of the relevant Collateral Obligation, “Baa3” or higher (provided that Rating Agency Confirmation from Moody’s is received in respect of any such other country which is not in the Euro zone that has a Moody’s local currency country risk ceiling below “Aa2”) or any other country in respect of which, at the time of acquisition of the relevant Collateral Debt Obligation, Rating Agency Confirmation is received.

“**Non-Euro Obligation**” means any Collateral Debt Obligation, or part thereof, as applicable, denominated in a currency other than Euro.

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

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

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

- (a) firstly, to the redemption of the Class A-1 Notes and the Class A-2 Notes (on a *pro rata* and *pari passu* basis) at the applicable Redemption Price in whole or in part until the Class A Notes have been fully redeemed;
- (b) secondly, to the redemption of the Class B-1 Notes and the Class B-2 Notes (on a *pro rata* and *pari passu* basis) at the applicable Redemption Price in whole or in part until the Class B Notes have been fully redeemed;
- (c) thirdly, to the redemption of the Class C Notes including any Deferred Interest thereon (on a *pro rata* and *pari passu* basis) at the applicable Redemption Price in whole or in part until the Class C Notes have been fully redeemed;
- (d) fourthly, to the redemption of the Class D Notes including any Deferred Interest thereon (on a *pro rata* and *pari passu* basis) at the applicable Redemption Price in whole or in part until the Class D Notes have been fully redeemed;
- (e) fifthly, to the redemption of the Class E Notes including any Deferred Interest thereon (on a *pro rata* and *pari passu* basis) at the applicable Redemption Price in whole or in part until the Class E Notes have been fully redeemed; and
- (f) sixthly, to the redemption of the Class F Notes including any Deferred Interest thereon (on a *pro rata* and *pari passu* basis) at the applicable Redemption Price in whole or in part until the Class F Notes have been fully redeemed,

provided that, for the purposes of any redemption of the Notes in accordance with the Note Payment Sequence following breach of any Coverage Test, the Note Payment Sequence shall terminate immediately after the paragraph above that refers to the Class of Notes to which such Coverage Test relates.

“**Note Tax Event**” means, at any time:

- (a) the introduction of a new, or any change in, any home jurisdiction or foreign tax statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation (whether proposed, temporary or final) which results in (or would on the next Payment Date result in) any payment of principal or interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and/or the Subordinated Notes by or on behalf of the Issuer becoming properly subject to any withholding tax other than:
  - (i) a payment in respect of Deferred Interest becoming properly subject to any withholding tax;
  - (ii) withholding tax pursuant to FATCA or under the European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments or any national laws implementing the same; and
  - (iii) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax or to provide information concerning nationality, residency or connection with Ireland or other applicable taxing authority; or
- (b) United Kingdom or U.S. state or federal tax authorities impose net income, profits or similar tax upon the Issuer in an amount in excess of €1,000 per annum (other than any U.S. federal, state or local

income or franchise tax imposed solely with respect to an equity security or United States real property interest (as defined for U.S. federal income tax purposes) received in an Offer).

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

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

“**On-going Expense Excess Amount**” means, on any Payment Date, an amount equal to the excess, if any, of (i) the sum of the Senior Expenses Cap and the Balance of the Expense Reserve Account excluding any Third Party Indemnity Receipts as of the immediately preceding Determination Date, over (ii) the sum of (without duplication) (x) all amounts paid pursuant to paragraphs (B) and (C) of Condition 3(c)(i) (*Application of Interest Proceeds*) on such Payment Date plus (y) all Trustee Fees and Expenses and Administrative Expenses paid during the related Due Period.

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

“**On-going Expense Reserve Ceiling**” means, on any Payment Date, the excess, if any, of €500,000 over the amount on deposit in the Expense Reserve Account excluding any Third Party Indemnity Receipt as of the immediately preceding Determination Date.

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

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

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

“**Outstanding**” means in relation to the Notes of a Class as of any date of determination, all of the Notes of such Class issued and not redeemed or otherwise repaid or cancelled, as further defined in the Trust Deed.

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

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

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

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

“**Paying Agent**” means each of the Principal Paying Agent and any additional or further paying agent appointed under the Agency Agreement.

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

**“Payment Date”** means:

- (a) 15 March, 15 June, 15 September and 15 December at any time prior to the occurrence of a Frequency Switch Event; and
- (b) 15 June and 15 December (where the Payment Date immediately following the occurrence of a Frequency Switch Event falls in either June or December) or 15 March and 15 September (where the Payment Date immediately following the occurrence of a Frequency Switch Event falls in either March or September), following the occurrence of a Frequency Switch Event,

in each year commencing on 15 September 2016, up to and including the Maturity Date (each a **“Scheduled Payment Date”**), any Redemption Date in connection with a redemption in whole and each Unscheduled Payment Date, provided that if any such date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day that is a Business Day (unless it would thereby fall in the following month, in which case it shall be brought forward to the immediately preceding Business Day).

**“Payment Date Report”** means the report defined as such in the Collateral Management Agreement prepared by the Collateral Administrator (in consultation with the Collateral Manager) on behalf of the Issuer and made available via a secured website currently located at <https://usbrtrustgateway.usbank.com/portal/login.do> which shall be accessible to the Issuer, the Trustee, the Collateral Manager, the Hedge Counterparties, any holder of a beneficial interest in any Note (upon written request of such holder) and the Rating Agencies by way of a unique password which, in the case of each Noteholder, may be obtained from the Collateral Administrator subject to receipt by the Collateral Administrator of certification that such holder is a holder of a beneficial interest in any Notes, not later than the Business Day preceding the related Payment Date.

**“Permitted Use”** means, with respect to: (a) any Contribution received into the Contributions Account or (b) the net proceeds of an additional issuance pursuant to which only additional Subordinated Notes were issued, any of the following uses: (i) the transfer of the applicable portion of such amount to the Interest Account for application as Interest Proceeds; (ii) the transfer of the applicable portion of such amount to the Principal Account for application as Principal Proceeds; (iii) the repurchase of Rated Notes of any Class through a tender offer, in the open market, or in privately negotiated transaction(s) in accordance with Condition 7(k) (*Purchase*) (in each case, subject to applicable law); and (iv) subject to the limitations in the Transaction Documents with respect to Margin Stock, the purchase of one or more Collateral Enhancement Obligations, in each case subject to the limitations set forth in the Transaction Documents.

**“Person”** means an individual, corporation (including a business trust), partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof.

**“PIK Obligation”** means any Collateral Debt Obligation which is a security, the terms of which permit the deferral of the payment of interest thereon (excluding (i) any Collateral Debt Obligation which permits such deferral only upon unavailability of proceeds for the obligor to make such payments or (ii) any Collateral Debt Obligation in respect of which less than 50 per cent. of the interest payable thereon may be so deferred), including without limitation by way of capitalising interest thereon provided that, for the avoidance of doubt, Mezzanine Obligations shall not constitute PIK Obligations.

**“Placement Agency Agreement”** means the placement agency agreement dated on or about the Issue Date between the Issuer and the Placement Agent.

**“Placement Agent”** means Citigroup Global Markets Limited as Placement Agent pursuant to the Placement Agency Agreement.

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

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

**“Portfolio Profile Tests”** means the Portfolio Profile Tests each as defined in the Collateral Management Agreement.

**“Post-Acceleration Priority of Payments”** means the priority of payments set out in Condition 11 (*Enforcement*).

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

- (a) is a Business Day;
- (b) is or falls after the relevant due date or, if the due date is not or was not a Business Day in the place of presentation, is or falls after the next following Business Day which is a Business Day in the place of presentation; and
- (c) is a Business Day in the place in which the account specified by the payee is located.

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

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

**“Principal Amount Outstanding”** means in relation to any Class of Notes and at any time, the aggregate principal amount outstanding under such Class of Notes at that time, which, in the case of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, shall include Deferred Interest which has been capitalised pursuant to Condition 6(c) (*Deferral of Interest*) save that Deferred Interest shall not be included for the purposes of determining voting rights or the right to give directions or instructions attributable to the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, as applicable, and the applicable quorum at any meeting of the Noteholders pursuant to Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

**“Principal Balance”** means (i) subject to paragraph (e) below, with respect to any Exchanged Security and any Collateral Enhancement Obligation, zero; (ii) with respect to cash, the amount of such cash, provided that if such cash amount is in a currency other than Euro it will be converted into Euro at the Applicable Exchange Rate; and (iii) with respect to any Collateral Debt Obligation or Eligible Investment, as of any date of determination, the outstanding principal amount thereof (excluding any interest capitalised pursuant to the terms of such instrument other than, with respect to a Mezzanine Obligation and a PIK Obligation, any such interest capitalised pursuant to the terms thereof which is paid for on the date of acquisition of such Mezzanine Obligation or PIK Obligation), provided however that:

- (a) the Principal Balance of any Revolving Obligation and Delayed Drawdown Collateral Debt Obligation as of any date of determination, shall be the outstanding principal amount of such Revolving Obligation or Delayed Drawdown Collateral Debt Obligation, *plus* any undrawn commitments that have not been irrevocably cancelled with respect to such Revolving Obligation or Delayed Drawdown Collateral Debt Obligation;
- (b) the Principal Balance of any Non-Euro Obligation shall be:
  - (i) in the case of an Asset Swap Obligation, the Euro notional amount of the Asset Swap Transaction entered into in respect thereof; or
  - (ii) in the case of an Unhedged Collateral Debt Obligation:
    - (A) prior to the settlement date thereof, the product of (1) 100 per cent. of the principal amount of such Unhedged Collateral Debt Obligation and (2) the prevailing Spot Rate;
    - (B) following the settlement date thereof, if such Unhedged Collateral Debt Obligation has been an Unhedged Collateral Debt Obligation for less than six months since the settlement date thereof, the product of (1) 50 per cent. of the principal amount of such Unhedged Collateral Debt Obligation and (2) the prevailing Spot Rate; and
    - (C) in respect of any other Unhedged Collateral Debt Obligation, zero;

- (c) if in respect of any Corporate Rescue Loan either (A) (x) no Moody's Rating is available or (y) no credit estimate assigned to it by Moody's, in each case, within 90 days following the Issuer entering into a binding commitment to acquire such Corporate Rescue Loan, then the Principal Balance of such Corporate Rescue Loan shall be its Moody's Collateral Value unless and until a Moody's Rating or credit estimate is available or assigned by Moody's or (B) (x) no Fitch Rating is available or (y) no credit estimate assigned to it by Fitch, in each case, within 90 days following the Issuer entering into a binding commitment to acquire such Corporate Rescue Loan, then the Principal Balance of such Corporate Rescue Loan shall be its Fitch Collateral Value unless and until a Fitch Rating or credit estimate is available or assigned by Fitch, provided that if both paragraphs (A) and (B) apply then the Principal Balance of such Corporate Rescue Loan shall be the lower of its Moody's Collateral Value and its Fitch Collateral Value; and
- (d) the Principal Balance of Defaulted Obligations shall be excluded for the purposes of calculating the Collateral Quality Tests and the Portfolio Profile Tests; and
- (e) for the purposes of calculating the Aggregate Collateral Balance for the purposes of determining compliance with the Retention Requirements, including whether a Retention Deficiency has occurred, the Principal Balance of any Exchanged Security or any other obligation which does not constitute a Collateral Debt Obligation (other than any Collateral Enhancement Obligation) shall be:
  - (i) in the case of a debt obligation or security, the principal amount outstanding of such obligation;
  - (ii) in the case of an equity security received upon a "debt for equity swap" in relation to a restructuring, the nominal value shall equal the principal amount outstanding of the debt which was swapped for the equity securities; and
  - (iii) in the case of any other equity securities, the nominal value thereof as reasonably determined by the Collateral Manager.

**"Principal Proceeds"** means all amounts paid or payable into the Principal Account from time to time and, with respect to any Payment Date, means Principal Proceeds received or receivable by the Issuer during the related Due Period and any other amounts to be disbursed as Principal Proceeds on such Payment Date pursuant to Condition 3(c)(ii) (*Application of Principal Proceeds*) or Condition 11(b) (*Enforcement*).

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

**"Priorities of Payments"** means:

- (a) save for (i) in connection with any optional redemption of the Notes in whole but not in part pursuant to Condition 7(b) (*Optional Redemption*), (ii) in connection with a redemption in whole pursuant to Condition 7(g) (*Redemption Following Note Tax Event*) or (iii) following the acceleration of the Notes pursuant to Condition 10(b) (*Acceleration*), which, if such acceleration is by way of the delivery of an Acceleration Notice, such Acceleration Notice has not subsequently been rescinded and annulled in accordance with Condition 10(c) (*Curing of Default*), in the case of Interest Proceeds, the Interest Proceeds Priority of Payments and in the case of Principal Proceeds, the Principal Proceeds Priority of Payments;
- (b) in the event of any optional redemption of the Notes in whole but not in part pursuant to Condition 7(b) (*Optional Redemption*) or Condition 7(g) (*Redemption following Note Tax Event*) or following the acceleration of the Notes pursuant to Condition 10(b) (*Acceleration*), which, if such acceleration is by way of the delivery of an Acceleration Notice, such Acceleration Notice has not subsequently been rescinded and annulled in accordance with Condition 10(c) (*Curing of Default*), the Post-Acceleration Priority of Payments; and
- (c) in the case of Collateral Enhancement Obligation Proceeds, the Collateral Enhancement Obligation Proceeds Priority of Payments set out in Condition 3(c)(iii) (*Application of Collateral Enhancement Obligation Proceeds*).

**"Purchased Accrued Interest"** means, with respect to any Due Period, all payments of interest and proceeds of sale received during such Due Period in relation to any Collateral Debt Obligation, in each case, to the extent

that such amounts represent accrued and/or capitalised interest in respect of such Collateral Debt Obligation (including, in respect of a Mezzanine Obligation, any accrued interest which, as at the time of purchase, had been capitalised and added to the principal amount of such Mezzanine Obligation in accordance with its terms), which was purchased at the time of the acquisition thereof with Principal Proceeds and/or amounts paid out of the Unused Proceeds Account. Any accrued interest on Collateral Debt Obligations which the Issuer is paying to the Warehouse Providers on the Issue Date in accordance with the Warehouse Arrangements shall also constitute Purchased Accrued Interest when such interest amounts are received by the Issuer in respect of such Collateral Debt Obligations.

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

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

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

“**Qualifying Country**” means each of Austria, Belgium, Bermuda, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Liechtenstein, Luxembourg, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United States or the United Kingdom having a foreign currency issuer credit rating, at the time of acquisition of the relevant Eligible Investment, of at least “Baa2” or “P-2” by Moody’s and “AA-” by Fitch or any other country which has been approved, at the time of acquisition of the relevant Eligible Investment, as a Qualifying Country by the Rating Agencies in writing.

“**Qualifying Currency**” means Euro, Sterling, U.S. Dollars, Czech Koruna, Danish Krone, Norwegian Krone, Swedish Krona, Canadian Dollars, Australian Dollars, New Zealand Dollars, Swiss Francs, Japanese Yen, Polish Zloty or any other currency in respect of which Rating Agency Confirmation has been received.

“**Qualifying Unhedged Obligation Currency**” means Sterling, U.S. Dollars, Norwegian Krone, Swedish Krona, Swiss Francs, or such other currency in respect of which Rating Agency Confirmation from Moody’s is received.

“**Rated Notes**” means each of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes.

“**Rating Agencies**” means Fitch and Moody’s or, if Fitch and/or Moody’s cease to provide rating services, shall mean any other internationally recognised investment rating agency or rating agencies (as applicable) selected by the Issuer (subject to the approval of the Controlling Class, acting by Ordinary Resolution) (a “**Replacement Rating Agency**”) and “**Rating Agency**” means any such rating agency. In the event that at any time a Rating Agency is replaced by a Replacement Rating Agency, references to rating categories of the original Rating Agency in these Conditions, the Trust Deed and the Collateral Management Agreement shall be deemed instead to be references to the equivalent categories of the relevant Replacement Rating Agency as of the most recent date on which such other rating agency published ratings for the type of security in respect of which such Replacement Rating Agency is used and all references herein to “Rating Agencies” shall be construed accordingly. Any rating agency shall cease to be a Rating Agency if, at any time, it ceases to assign a rating in respect of any Class of Rated Notes.

“**Rating Agency Confirmation**” means, with respect to any specified action, determination or appointment, receipt by the Issuer and/or the Trustee of written confirmation (which may take the form of a bulletin, press release, email or other written communication) by each Rating Agency which has, as at the relevant date assigned ratings to any Class of the Rated Notes that are Outstanding (or, if applicable, the Rating Agency specified in respect of any such action, determination or appointment, provided that such Rating Agency has, as at the relevant date assigned ratings to any Class of the Rated Notes) that such specified action, determination or appointment will not result in the reduction or withdrawal of any of the ratings currently assigned to the Rated Notes by such Rating Agency. Notwithstanding anything to the contrary in any Transaction Document and these Conditions, no Rating Agency Confirmation shall be required from a Rating Agency in respect of any action, determination or appointment if such Rating Agency has declined a request from the Trustee, the Collateral Manager or the Issuer to review the effect of such action, determination or appointment or if such Rating Agency announces or confirms to the Trustee, the Collateral Manager or the Issuer that Rating Agency Confirmation from such Rating Agency is not required, or that its practice is to not give such confirmations for such type of action, determination or appointment or such Rating Agency has ceased to engage in the business of providing ratings or has made a public statement to the effect that it will no longer review events or



circumstances of the type requiring Rating Agency Confirmation under any Transaction Documents or these Conditions for purposes of evaluating whether to confirm the then-current ratings (or initial ratings) of obligations rated by such Rating Agency.

“**Rating Confirmation Plan**” means a plan provided by the Collateral Manager (acting on behalf of the Issuer) to the Rating Agencies setting forth the intended timing and manner of acquisition of additional Collateral Debt Obligations and/or any other intended action which will cause confirmation of the Initial Ratings, pursuant to and in accordance with the Collateral Management Agreement.

“**Rating Requirement**” means:

- (a) in the case of the Account Bank:
  - (i) a long-term issuer default rating of at least “A” by Fitch and a short-term issuer default rating of at least “F1” by Fitch; and
  - (ii) a long-term senior unsecured issuer credit rating of at least “A3” by Moody’s;
- (b) in the case of the Principal Paying Agent:
  - (i) a long-term senior unsecured issuer credit rating of at least “Baa3” by Moody’s or
  - (ii) if the Principal Paying Agent has no long-term senior unsecured issuer credit rating by Moody’s, a short-term senior unsecured issuer credit rating of at least “P-3” by Moody’s.
- (c) in the case of the Custodian or any sub-custodian appointed thereby:
  - (i) a long-term issuer default rating of at least “A” by Fitch and a short-term issuer default rating of at least “F1” by Fitch; and
  - (ii) a long-term senior unsecured issuer credit rating of at least “A3” by Moody’s;
- (d) in the case of any Hedge Counterparty, the ratings requirement(s) as set out in the relevant Hedge Agreement; and
- (e) in the case of a Selling Institution with regards to a Participation only, a counterparty which satisfies the ratings set out in the Bivariate Risk Table set forth in the Collateral Management Agreement; or
- (f) in each case, if any of the requirements described in this definition are not satisfied by any of the parties referred to herein, Rating Agency Confirmation from the relevant Rating Agency is received in respect of such party.

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

“**Record Date**” means:

- (a) in the case of Notes represented by Global Certificates, close of business on the Clearing System Business Day before the relevant due date for payment of principal and interest in respect of such Note; and
- (b) in the case of Notes represented by Definitive Certificates, the fifteenth day before the relevant due date for payment of principal and interest in respect of such Note.

“**Redemption Date**” means each date specified for a redemption of the Notes of a Class pursuant to Condition 7 (*Redemption and Purchase*) or, if such day is not a Business Day, the next following Business Day or the date on which the Notes of such Class are accelerated pursuant to Condition 10 (*Events of Default*).

“**Redemption Determination Date**” has the meaning given thereto in Condition 7(b)(vi) (*Optional Redemption in whole of all Classes of Notes effected through Liquidation only*).

“**Redemption Notice**” means a redemption notice in the form available from any of the Transfer Agents which has been duly completed by a Noteholder and which specifies, amongst other things, the applicable Redemption Date.

“**Redemption Price**” means, when used with respect to:

- (a) any Subordinated Note, such Subordinated Note’s *pro rata* share (calculated in accordance with paragraph (DD) of Condition 3(c)(i) (*Application of Interest Proceeds*), paragraph (T) of Condition 3(c)(ii) (*Application of Principal Proceeds*), paragraphs (B) and (C) of Condition 3(c)(iii) (*Application of Collateral Enhancement Obligation Proceeds*) and paragraph (Z) of the Post-Acceleration Priority of Payments) of the aggregate proceeds of liquidation of the Collateral, or realisation of the security thereover in such circumstances, remaining following application thereof in accordance with the Priorities of Payments; and
- (b) any Class A Note, Class B Note, Class C Note, Class D Note, Class E Note or Class F Note, 100 per cent. of the Principal Amount Outstanding thereof (if any), together with any accrued and unpaid interest in respect thereof to the relevant day of redemption and in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, any Deferred Interest.

“**Redemption Threshold Amount**” means the aggregate of all amounts which would be due and payable on redemption of the Rated Notes on the scheduled Redemption Date pursuant to Condition 11(b) (*Enforcement*) which rank in priority to payments in respect of the Subordinated Notes in accordance with the Post-Acceleration Priority of Payments.

“**Reference Banks**” has the meaning given thereto in paragraph (2) of Condition 6(e)(i) (*Floating Rate of Interest*).

“**Refinancing**” has the meaning given to it in Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*).

“**Refinancing Costs**” means the fees, costs, charges and expenses incurred by or on behalf of the Issuer in respect of a Refinancing, provided that such fees, costs, charges and expenses are not Administrative Expenses and have been incurred as a direct result of a Refinancing, as determined by the Collateral Manager.

“**Refinancing Proceeds**” means the cash proceeds from a Refinancing.

“**Register**” means the register of holders of the legal title to the Notes kept by the Registrar pursuant to the terms of the Agency Agreement which shall be created, kept and maintained by the Registrar outside the United Kingdom.

“**Regulation S**” means Regulation S under the Securities Act.

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

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

“**Reinvestment Overcollateralisation Test**” means the test which will apply as of any Measurement Date on and after the Effective Date and during the Reinvestment Period and which will be satisfied on such Measurement Date if the Class F Par Value Ratio is at least equal to 104.68 per cent.

“**Reinvestment Period**” means the period from and including the Issue Date up to and including the earliest of: (i) 16 March 2020 (or if such date is not a Business Day, the next following Business Day); (ii) the date of the acceleration of the Notes pursuant to Condition 10(b) (*Acceleration*) (provided that, if such acceleration is by way of delivery of an Acceleration Notice (deemed or actual), such Acceleration Notice has not been rescinded or annulled in accordance with Condition 10(c) (*Curing of Default*)); and (iii) the date on which the Collateral Manager reasonably believes and notifies the Issuer, the Collateral Administrator, the Rating Agencies and the Trustee in writing that it can no longer reinvest in additional Collateral Debt Obligations in accordance with the Reinvestment Criteria.

“**Reinvestment Target Par Amount**” means, as of any date of determination, the Target Par Amount *minus*: (i) the amount of any reduction in the Principal Amount Outstanding of the Notes (other than repayment of any Deferred Interest) and *plus* (ii) the Principal Amount Outstanding of any additional Notes issued pursuant to Condition 17 (*Additional Issuance*), or, if greater, the aggregate amount of net proceeds that result from the issuance of such additional Notes.

**“Replacement Asset Swap Transaction”** means any Asset Swap Transaction entered into by the Issuer, or the Collateral Manager on its behalf, in accordance with the provisions of the Collateral Management Agreement upon termination of an existing Asset Swap Transaction on substantially the same terms as such terminated Asset Swap Transaction, that preserves for the Issuer the economic effect of the terminated Asset Swap Transaction, subject to such amendments thereto as may be agreed by the Collateral Manager, acting on behalf of the Issuer.

**“Replacement Interest Rate Hedge Transaction”** means any Interest Rate Hedge Transaction entered into by the Issuer, or the Collateral Manager on its behalf, in accordance with the provisions of the Collateral Management Agreement upon termination of an existing Interest Rate Hedge Transaction on substantially the same terms as such terminated Interest Rate Hedge Transaction, that preserves for the Issuer the economic effect of the terminated Interest Rate Hedge Transaction, subject to such amendments thereto as may be agreed by the Collateral Manager, acting on behalf of the Issuer.

**“Report”** means each Monthly Report, Payment Date Report and the Effective Date Report.

**“Reporting Delegate”** means a Hedge Counterparty or third party that undertakes to provide delegated reporting in connection with certain derivative transaction reporting obligations of the Issuer.

**“Reporting Delegation Agreement”** means an agreement for the delegation by the Issuer of certain derivative transaction reporting obligations to one or more Reporting Delegates.

**“Resolution”** means any Ordinary Resolution or Extraordinary Resolution, as the context may require.

**“Restricted Trading Period”** means the period during which:

- (a) the Fitch Rating of the Class A Notes is withdrawn (and not reinstated) or is one or more sub-categories below its rating on the Issue Date; or
- (b) the Moody’s Rating of the Class A Notes is withdrawn (and not reinstated) or is one or more sub-categories below its rating on the Issue Date,

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

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

For the avoidance of doubt, no Restricted Trading Period will restrict any sale of a Collateral Debt Obligation entered into by the Issuer at a time when a Restricted Trading Period was not in effect, regardless of whether such sale has settled.

**“Restructured Obligation”** means a Collateral Debt Obligation which has been restructured (whether effected by way of an amendment to the terms of such Collateral Debt Obligation (including but not limited to an extension of its maturity) or by way of substitution of new obligations and/or change of Obligor) and which satisfies the Restructured Obligation Criteria as at its applicable Restructuring Date provided that the failure of a Restructured Obligation to satisfy the Restructured Obligation Criteria at any time after the applicable Restructuring Date shall not cause such obligation to cease to constitute a Restructured Obligation unless it is subsequently restructured again, in which case such obligation shall constitute a Restructured Obligation provided it satisfies the Restructured Obligation Criteria as at its subsequent Restructuring Date.

**“Restructured Obligation Criteria”** means the restructured obligation criteria specified in the Collateral Management Agreement which are required to be satisfied in respect of each Restructured Obligation at the applicable Restructuring Date.

**“Restructuring Date”** means the date a restructuring of a Collateral Debt Obligation becomes binding on the holders thereof provided that 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 Retention Holder’s retention of a net economic interest in the transaction which will be comprised of a first loss tranche within the meaning of paragraph 1(d) of Article 405 of the CRR, Article 51(1)(d) of the AIFMD Level 2 Regulation and paragraph 2(d) of Article 254 of Solvency II (in each case as such provision applies as at the Issue Date) which will be comprised of Subordinated Notes with a Principal Amount Outstanding equal to not less than five per cent. of the Target Par Cap.

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

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

**“Retention Requirements”** means together, the CRR Retention Requirements, the AIFMD Retention Requirements, and the Solvency II Retention Requirements.

**“Revolving Obligation”** means any Collateral Debt Obligation (other than a Delayed Drawdown Collateral Debt Obligation) that is a loan (including, without limitation, revolving loans, funded and unfunded portions of revolving credit lines and letter of credit facilities, unfunded commitments under specific facilities and other similar loans and investments) that pursuant to the terms of its Underlying Instruments may require one or more future advances to be made to the borrower by the Issuer; but any such Collateral Debt Obligation will be a Revolving Obligation only until all commitments to make advances to the borrower expire or are terminated or reduced to zero.

**“Risk Retention Letter”** means the letter to be entered into between the Issuer, the Retention Holder, the Collateral Administrator, the Trustee, the Placement Agent and the Arranger dated on or about the Issue Date (as may be amended, supplemented or replaced in accordance with the Risk Retention Requirements).

**“Rule 144A”** means Rule 144A under the Securities Act.

**“Rule 144A Notes”** means Notes offered for sale within the United States or to U.S. Persons in reliance on Rule 144A.

**“Rule 17g-5”** means Rule 17g-5 under the Exchange Act as may be amended or replaced.

**“S&P”** means Standard & Poor’s Ratings Services, a division of the McGraw Hill Companies, Inc. and any successor or successors thereto.

**“Sale Proceeds”** means:

- (a) all proceeds received upon the sale of any Collateral Debt Obligation (save for any Asset Swap Obligation), excluding any sale proceeds representing accrued interest designated as Interest Proceeds, by the Collateral Manager provided that no such designation may be made in respect of: (i) Purchased Accrued Interest; or (ii) any interest received in respect of any Mezzanine Obligation for so long as it is a Defaulted Deferring Mezzanine Obligation other than Defaulted Mezzanine Excess Amounts; or (iii) proceeds that represent deferred interest accrued in respect of any PIK Obligation; or (iv) proceeds representing accrued interest received in respect of any Defaulted Obligation unless and until (x) such amounts represent Defaulted Obligation Excess Amounts and (y) any Purchased Accrued Interest in relation to such Defaulted Obligation has been paid, together with all proceeds received upon the sale of any Collateral Enhancement Obligation or Exchanged Security;

- (b) in the case of any Asset Swap Obligation, all amounts in Euro (or other currencies if applicable) payable to the Issuer by the applicable Asset Swap Counterparty in exchange for payment by the Issuer of the sale proceeds of any Collateral Debt Obligation as described in paragraph (a) above but amended to apply to such Asset Swap Obligation, under the related Asset Swap Transaction (after netting against any Asset Swap Termination Payment (determined without regard to the exclusions of unpaid amounts and Asset Swap Issuer Principal Exchange Amounts set forth in the definition thereof) payable by the Issuer in such circumstances); and
- (c) in the case of any Collateral Enhancement Obligation, all proceeds and any fees received upon the sale of such Collateral Enhancement Obligation,

in each case net of any amounts expended by or payable by the Issuer or the Collateral Administrator on behalf of the Issuer in connection with sale, disposition or termination of such Collateral Debt Obligation.

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

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

**“Scheduled Periodic Interest Rate Hedge Counterparty Payment”** means, with respect to any Interest Rate Hedge Agreement, all amounts scheduled to be paid by the Interest Rate Hedge Counterparty to the Issuer pursuant to the terms of such Interest Rate Hedge Agreement, excluding any Interest Rate Hedge Termination Receipt.

**“Scheduled Periodic Interest Rate Hedge Issuer Payment”** means, with respect to any Interest Rate Hedge Agreement, all amounts scheduled to be paid by the Issuer to the applicable Interest Rate Hedge Counterparty pursuant to the terms of such Interest Rate Hedge Agreement, excluding any Interest Rate Hedge Termination Payment.

**“Scheduled Principal Proceeds”** means:

- (a) in the case of any Collateral Debt Obligation, scheduled principal repayments received by the Issuer (including scheduled amortisation, instalment or sinking fund payments); and
- (b) in the case of any Hedge Agreements, any Hedge Replacement Receipts and Hedge Termination Payments transferred from the Hedge Termination Account into the Principal Account.

**“Second Lien Loan”** means an obligation (other than a Secured Senior Loan) with a junior contractual claim on tangible or intangible property (which property is subject to a prior lien (other than customary permitted liens, such as, but not limited to, any tax liens)) to secure payment of a debt or the fulfilment of a contractual obligation.

**“Secured Party”** means each of the Trustee, the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Subordinated Noteholders, the Placement Agent, the Arranger, the Collateral Manager, any Receiver or other Appointee, the Agents, each Hedge Counterparty, each Reporting Delegate and the Administrator and **“Secured Parties”** means any two or more of them as the context so requires.

**“Secured Senior Bond”** means a Collateral Debt Obligation that is a senior secured debt security in the form of, or represented by, a bond, note, certificated debt security or other debt security (that is not a Secured Senior Loan) as determined by the Collateral Manager in accordance with the standard of care set out in the Collateral Management Agreement (which determination will not be called into question as a result of subsequent events), or a Participation therein, provided that:

- (a) it is secured (i) by assets of the Obligor thereof if and to the extent that the provision of security over assets is permissible under applicable law (save in the case of assets where the failure to take such security is consistent with reasonable secured lending practices), and otherwise (ii) by 80.00 per cent. of the equity interests in the shares of an entity owning, either directly or indirectly, such assets; and
- (b) no other obligation of the Obligor has any higher priority security interest in such assets or shares referred to in (a) above provided that a revolving loan of the Obligor that, pursuant to its terms, may require one or more future advances to be made to the borrower may have a higher priority security interest in such assets or shares in the event of an enforcement in respect of such loan representing up to the Secured Senior RCF Percentage of the Obligor's senior debt.

“**Secured Senior Loan**” means a Collateral Debt Obligation (which may be a Revolving Obligation or a Delayed Drawdown Collateral Debt Obligation) that is a senior secured loan obligation as determined by the Collateral Manager in accordance with the standard of care set out in the Collateral Management Agreement (which determination will not be called into question as a result of subsequent events) or a Participation therein, provided that:

- (a) it is secured (i) by assets of the Obligor thereof if and to the extent that the provision of security over assets is permissible under applicable law (save in the case of assets where the failure to take such security is consistent with reasonable secured lending practices), and otherwise (ii) by 80.00 per cent. of the equity interests in the shares of an entity owning, either directly or indirectly, such assets; and
- (b) no other obligation of the Obligor has any higher priority security interest in such assets or shares referred to in (a) above provided that a revolving loan of the Obligor that, pursuant to its terms, may require one or more future advances to be made to the borrower may have a higher priority security interest in such assets or shares in the event of an enforcement in respect of such loan representing up to the Secured Senior RCF Percentage of the Obligor's senior debt.

“**Secured Senior RCF Percentage**” means in relation to a Secured Senior Bond or a Secured Senior Loan, 15 per cent. (or such higher percentage in respect of which Rating Agency Confirmation is obtained).

“**Securities Act**” means the United States Securities Act of 1933, as amended.

“**Selling Institution**” means an institution from whom (i) a Participation is taken and satisfies the applicable Rating Requirement; or (ii) an Assignment is acquired.

“**Semi-Annual Obligations**” means Collateral Debt Obligations which, at the relevant date of measurement, pay interest less frequently than quarterly but which are not Annual Obligations.

“**Senior Collateral Management Fee**” means the fee payable to the Collateral Manager in arrear on each Payment Date in respect of each Due Period pursuant to the Collateral Management Agreement in an amount, as determined by the Collateral Administrator, equal to, in respect of each Payment Date, 0.15 per cent. per annum of the Aggregate Collateral Balance as at the beginning of the Due Period immediately preceding such Payment Date (exclusive of any VAT) (calculated on the basis of a 360 day year and the actual number of days elapsed in such Due Period).

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

- (a) €300,000 per annum (pro-rated for the Due Period relating to such Payment Date on the basis of a 360 day year comprised of twelve 30-day months); and
- (b) 0.025 per cent. per annum (pro-rated for the Due Period relating to such Payment Date on the basis of a 360 day year and the actual number of days elapsed in such Due Period) of the Aggregate Collateral Balance as at the Determination Date immediately preceding the Payment Date in respect of such Due Period,

provided however that:

- (i) amounts in respect of any applicable VAT that are payable in respect of expenses expressed to be subject to the Senior Expenses Cap shall count towards the Senior Expenses Cap; and

- (ii) if the amount of Trustee Fees and Expenses and Administrative Expenses paid prior to the occurrence of a Frequency Switch Event on the three immediately preceding Payment Dates or, following the occurrence of a Frequency Switch Event, the immediately preceding Payment Date or during the related Due Period(s) (including the Due Period relating to the current Payment Date) is less than the stated Senior Expenses Cap, the amount of each such shortfall (if any) shall be added to the Senior Expenses Cap with respect to the then current Payment Date. For the avoidance of doubt, any such shortfall may not at any time result in an increase of the Senior Expenses Cap on a per annum basis.

“**Senior Loan**” means a collateral debt obligation that is a Secured Senior Loan, an Unsecured Senior Obligation or a Second Lien Loan.

“**Similar Law**” means any federal, state, local or non-U.S. law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or any interest therein) by virtue of its interest and thereby subject the Issuer or the Collateral Manager (or other persons responsible for the investment and operation of the Issuer’s assets) to any federal, state, local or non-U.S. law or regulation that is similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code.

“**Solvency II**” means Directive 2009/138/EC including any implementing and/or delegated regulation, technical standards and guidance related thereto as may be amended, replaced or supplemented from time to time.

“**Solvency II Retention Requirements**” means the risk retention requirements and due diligence requirements set out in Article 254 and 256 of Commission Delegated Regulation (EU) 2015/35, as amended from time to time.

“**Special Redemption**” has the meaning given to it in Condition 7(d) (*Special Redemption*).

“**Special Redemption Amount**” has the meaning given to it in Condition 7(d) (*Special Redemption*).

“**Special Redemption Date**” has the meaning given to it in Condition 7(d) (*Special Redemption*).

“**Spot Rate**” means with respect to any conversion of any currency into Euro or, as the case may be, of Euro into any other relevant currency, the relevant spot rate of exchange quoted by the Collateral Administrator on the date of calculation.

“**Step-Down Coupon Security**”, means an obligation in respect of which interest payments are scheduled to decrease as a function of the passage of time, provided that obligations in respect of which interest payments may decrease due to unscheduled events such as a decrease of the index relating to a Floating Rate Collateral Debt Obligation, the change from a default rate of interest to a non-default rate or an improvement in the Obligor’s financial condition shall not constitute Step-Down Coupon Securities.

“**Step-Up Coupon Security**”, means a security the interest rate of which increases over a specified period of time other than due to the increase of the floating rate index applicable to such security.

“**Structured Finance Security**” means any debt security which is secured directly, or represents the ownership of, a pool of consumer receivables, auto loans, auto leases, equipment leases, home or commercial mortgages, corporate debt or sovereign debt obligations or similar assets, including, without limitation, collateralised bond obligations, collateralised loan obligations or any similar security.

“**STS Regulation**” shall mean the proposed regulation of the European Union relating to a European framework for simple, transparent and standardised securitisation including any implementing regulation, technical standards and official guidance related thereto.

“**Subordinated Collateral Management Fee**” means the fee payable to the Collateral Manager in arrear on each Payment Date in respect of each Due Period pursuant to the Collateral Management Agreement in an amount, as determined by the Collateral Administrator, equal to, in respect of each Payment Date, 0.35 per cent. per annum of the Aggregate Collateral Balance as at the beginning of the Due Period immediately preceding such Payment Date as determined by the Collateral Administrator (exclusive of any VAT) (calculated on the basis of a 360 day year and the actual number of days elapsed in such Due Period).

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

“**Subordinated Notes Initial Offer Price Percentage**” means 97.55 per cent.

“**Substitute Collateral Debt Obligation**” means a Collateral Debt Obligation purchased in substitution for a previously held Collateral Debt Obligation pursuant to the terms of the Collateral Management Agreement and which satisfies the Eligibility Criteria and the purchase of which satisfies the Reinvestment Criteria.

“**Swap Tax Credit**” means any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by the Hedge Counterparty to the Issuer or a reduced payment from the Issuer to the Hedge Counterparty.

“**Target Par Amount**” means €400,000,000.

“**Target Par Cap**” means €402,000,000, provided that (i) upon the issuance of any additional Notes pursuant to Condition 17 (*Additional Issuances*), such amount shall be increased by the Principal Amount Outstanding of such additional Notes, or, if greater, the aggregate amount of the Principal Proceeds that result from the issuance of such additional Notes and (ii) the Collateral Manager may, at any time by written notice to the Issuer, the Trustee and the Collateral Administrator (which may be given by email) elect to increase the Target Par Cap, such increase being effective as at the date specified in such notice.

“**TARGET2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer system (or, if such system ceases to be operative, such other system (if any) determined by the Trustee to be a suitable replacement).

“**Third Party Indemnity Receipts**” has the meaning given to it in Condition 3(j)(xi) (*Expense Reserve Account*).

“**Trading Gains**” means, in respect of any Collateral Debt Obligation which is repaid, prepaid, redeemed or sold, any excess of the Principal Proceeds or Sale Proceeds thereof over the greater of (a) the purchase price (inclusive of transfer costs) paid by or on behalf of the Issuer for such Collateral Debt Obligation and (b) the principal balance of such Collateral Debt Obligation as determined at the time of such repayment, prepayment, redemption or sale thereof, in each case net of (i) any expenses incurred in connection with any such repayment, prepayment, redemption or sale thereof and (ii) any accrued (but uncapitalised) interest included in any Sale Proceeds (if applicable).

“**Transaction Documents**” means the Trust Deed (including these Conditions), the Agency Agreement, the Placement Agency Agreement, the Collateral Management Agreement, any Hedge Agreements, the Risk Retention Letter, the Collateral Acquisition Agreements, the Participation Agreements, the Administration Agreement, the Deed of Release, any Reporting Delegation Agreement and any document supplemental thereto or issued in connection therewith.

“**Trustee Fees and Expenses**” means the costs, fees and expenses and all other liabilities (including by way of indemnity and including, without limitation, legal fees) and all other amounts payable to the Trustee or any Appointee pursuant to the Trust Deed or any other Transaction Document from time to time *plus* any applicable VAT thereon payable under the Trust Deed or any other Transaction Document, including indemnity payments and any fees, costs, charges and expenses incurred by the Trustee in respect of any Refinancing (and to the extent such amounts relate to costs, fees and expenses, such VAT to be limited to irrecoverable VAT).

“**UCITS Directive**” means Directive 2009/65/EC on Undertakings for Collective Investment in Transferable Securities (as amended from time to time) including any implementing and/or delegated regulations, technical standards and guidance related hereto.

“**Underlying Instrument**” means the agreements or instruments pursuant to which a Collateral Debt Obligation has been issued or created and each other agreement that governs the terms of, or secures the obligations represented by, such Collateral Debt Obligation or under which the holders or creditors under such Collateral Debt Obligation are the beneficiaries.

“**Unfunded Amount**” means, with respect to any Revolving Obligation or Delayed Drawdown Collateral Debt Obligation, the excess, if any, of (i) the Commitment Amount under such Revolving Obligation or Delayed Drawdown Collateral Debt Obligation, as the case may be, at such time over (ii) the Funded Amount thereof at such time.



**“Unfunded Revolver Reserve Account”** means the account of the Issuer established and maintained with the Account Bank pursuant to the Agency Agreement, amounts standing to the credit of which, subject to certain conditions, may be used to fund in full the amount of any unfunded commitments or unfunded liabilities from time to time, in relation to Delayed Drawdown Collateral Debt Obligations and Revolving Obligations.

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

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

**“Unsaleable Assets”** means (a)(i) a Defaulted Obligation, (ii) an equity security or (iii) an obligation received in connection with an Offer, in a restructuring or plan of reorganisation with respect to the obligor, in each case, in respect of which the Issuer has not received a payment in cash during the preceding 12 months or (b) any Collateral Debt Obligation or Eligible Investment identified in an officer’s certificate of the Collateral Manager as having a Market Value multiplied by its Principal Balance of less than Euro 1,000, in the case of each of (a) and (b) with respect to which the Collateral Manager certifies to the Trustee (upon which certification the Trustee may rely) that (x) it has made efforts to dispose of such obligation (in accordance with the standard of care set out in the Collateral Management Agreement) for at least 90 days and (y) it determines (in accordance with the standard of care set out in the Collateral Management Agreement) that such obligation is not expected to be saleable in the foreseeable future.

**“Unscheduled Payment Date”** has the meaning given to it in Condition 3(k) (*Unscheduled Payment Dates*).

**“Unscheduled Principal Proceeds”** means (a) with respect to any Collateral Debt Obligation (other than an Asset Swap Obligation), principal proceeds received by the Issuer prior to the Collateral Debt Obligation Stated Maturity thereof as a result of optional redemptions, prepayments (including any acceleration) or Offers (excluding any premiums or make whole amounts in excess of the principal amount of such Collateral Debt Obligation) and (b) in the case of any Asset Swap Obligation, the Asset Swap Counterparty Principal Exchange Amount payable in respect of the amounts referred to in (a) above pursuant to the related Asset Swap Transaction, together with (i) any related Asset Swap Termination Receipts but less any related Asset Swap Termination Payment (to the extent any are payable and in each case determined without regard to the exclusions of unpaid amounts and Asset Swap Counterparty Principal Exchange Amounts or (as applicable) Asset Swap Issuer Principal Exchange Amounts set forth in the definitions thereof) and only to the extent not required for application towards the cost of entry into a Replacement Asset Swap Transaction and (ii) any related Asset Swap Replacement Receipts but only to the extent not required for application towards any related Asset Swap Termination Payments.

**“Unsecured Senior Obligation”** means a Collateral Debt Obligation that:

- (a) is a loan obligation senior to any unsecured, subordinated obligation of the Obligor as determined by the Collateral Manager in accordance with the standard of care set out in the Collateral Management Agreement (which determination will not be called into question as a result of subsequent events); and
- (b) is not secured (i) by assets of the Obligor or guarantor thereof if and to the extent that the granting of security over assets is permissible under applicable law or (ii) by 80.00 per cent. of the equity interests in the shares of an entity owning such fixed assets.

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

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

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

**“VAT”** means:

- (a) any tax, interest or penalties imposed in compliance with the European Council directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) (including, in

relation to Ireland, value added tax imposed by the Value Added Tax Act 1972 and supplemental legislation and regulations and, in relation to the United Kingdom, value added tax imposed by the Value Added Tax Act 1994 and supplemental legislation and regulations); and

- (b) any other tax, interest or penalties of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or elsewhere.

“**Volcker Rule**” means Section 619 of the U.S. Dodd-Frank Act and the corresponding implementing rules thereunder.

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

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

“**Warehouse Providers**” means the lenders and investors pursuant to the Warehouse Arrangements

“**Weighted Average Life Test**” has the meaning given to it in the Collateral Management Agreement.

“**Written Resolution**” means any Resolution of the Noteholders of the relevant Class in writing, as described in Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and as further described in, and as defined in, the Trust Deed.

“**Zero Coupon Obligation**” means any Collateral Debt Obligation the terms of which provide for repayment of a stated principal amount at a stated maturity date but which do not provide for periodic payments of interest in cash at any time while such security is outstanding.

## **2. Form and Denomination, Title, Transfer and Exchange**

### (a) Form and Denomination

The Notes of each Class may be issued in (i) global, certificated, fully registered form, without interest coupons, talons and principal receipts attached or (ii) definitive, certificated, fully registered form, without interest coupons, talons and principal receipts attached, in each case, in the applicable Minimum Denomination and integral multiples of any Authorised Integral Amount in excess thereof. A Global Certificate or Definitive Certificate (as applicable) will be issued to each Noteholder in respect of its registered holding of Notes. Each Definitive Certificate will be numbered serially with an identifying number which will be recorded in the Register which the Issuer shall procure to be kept by the Registrar.

### (b) Title to the Registered Notes

Title to the Notes passes upon registration of transfers in the Register in accordance with the provisions of the Agency Agreement and the Trust Deed. Notes will be transferable only on the books of the Issuer and its agents. The registered holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

### (c) Transfer

In respect of Notes represented by a Definitive Certificate, one or more such Notes may be transferred in whole or in part in nominal amounts of the applicable Authorised Denomination only upon the surrender, at the specified office of the Registrar or any Transfer Agent, of the Definitive Certificate representing such Note(s) to be transferred, with the form of transfer endorsed on such Definitive Certificate duly completed and executed and together with such other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Definitive Certificate, a new Definitive Certificate will be issued to the transferee in respect of the part transferred and a further new Definitive Certificate in respect of the balance of the holding not transferred will be issued to the transferor.

Interests in a Global Certificate will be transferable in accordance with the rules and procedures for the time being of the relevant Clearing System.

(d) Delivery of New Certificates

Each new Definitive Certificate to be issued pursuant to Condition 2(c) (*Transfer*) will be available for delivery within five Business Days of receipt of such form of transfer or of surrender of an existing certificate upon partial redemption. Delivery of new Definitive Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar, to whom delivery or surrender shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer or otherwise in writing, shall be mailed by pre-paid first class post, at the risk of the holder entitled to the new Definitive Certificate, to such address as may be so specified. In this Condition 2(d) (*Delivery of New Certificates*), “**Business Day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified offices of the Transfer Agent and the Registrar.

(e) Transfer Free of Charge

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

(f) Closed Periods

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 calendar days ending on the due date for redemption (in full) of that Note or (ii) during the period of seven calendar days ending on (and including) any Record Date.

(g) Regulations Concerning Transfer and Registration

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning the transfer of Notes scheduled to the Trust Deed, including without limitation, that a transfer of Notes in breach of certain of such regulations will result in such transfer being void *ab initio*. The regulations may be changed by the Issuer in any manner which is reasonably required by the Issuer (after consultation with the Trustee) to reflect changes in legal or regulatory requirements or in any other manner which, in the opinion of the Issuer (after consultation with the Trustee and subject to not less than 60 days’ notice of any such change having been given to the Noteholders in accordance with Condition 16 (*Notices*)), is not prejudicial to the interests of the holders of the relevant Class of Notes. A copy of the current regulations may be inspected at the offices of any Transfer Agent during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the term of the Notes and will be sent by the Registrar to any Noteholder who so requests.

(h) Forced Transfer of Rule 144A Notes

If the Issuer determines at any time that a holder of Rule 144A Notes (1) is a U.S. Person and (2) is not a QIB/QP (any such person, a “**Non-Permitted Holder**”), the Issuer shall promptly after determination that such person is a Non-Permitted Holder by the Issuer or a Transfer Agent (and notice by such Transfer Agent to the Issuer, if such Transfer Agent makes the determination), send notice to such Non-Permitted Holder demanding that such Non-Permitted Holder transfer its Notes outside the United States to a non-U.S. Person or within the United States to a U.S. Person that is a QIB/QP within 30 days of the date of such notice. If such Non-Permitted Holder fails to effect the transfer within such 30 day period, (a) upon direction from the Issuer or the Collateral Manager on its behalf, a Transfer Agent, on behalf of and at the expense of the Issuer, shall cause such Notes to be transferred in a sale to a person or entity that certifies to the Issuer, in connection with such transfer, that such person or entity either is not a U.S. Person or is a QIB/QP and (b) pending such transfer, no further payments will be made in respect of such beneficial interest. The Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Notes and selling such Notes to the highest such bidder. However, the Issuer may select a purchaser by any other means determined by it in its sole discretion. Each Noteholder and each other

person in the chain of title to the Non-Permitted Holder by its acceptance of an interest in the Notes agrees to cooperate with the Issuer to effect such transfers. The proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to the selling Noteholder. The terms and conditions of any sale hereunder shall be determined in the sole discretion of the Issuer, subject to the transfer restrictions set out herein, and the Issuer shall not be liable to any person having an interest in the Notes sold as a result of any such sale or the exercise of such discretion. The Issuer reserves the right to require any Noteholder to submit a written certification substantiating that it is a QIB/QP or a non-U.S. Person. If such holder fails to submit any such requested written certification on a timely basis, the Issuer has the right to assume that the holder of the Notes from whom such a certification is requested is not a QIB/QP or a non-U.S. Person. Furthermore, the Issuer reserves the right to refuse to honour a transfer of beneficial interests in a Rule 144A Note to any Person who is not either a non-U.S. Person or a U.S. Person that is a QIB/QP.

(i) Forced transfer pursuant to FATCA

Each Noteholder (which, for the purposes of this Condition 2(i) (*Forced transfer pursuant to FATCA*) may include a nominee or beneficial owner of a Note) will agree to provide the Issuer and its agents with any correct, complete and accurate information or documentation that may be required for the Issuer to comply with FATCA and to prevent the imposition of tax under FATCA on payments to or for the benefit of the Issuer. In the event the Noteholder fails to provide such information or documentation, or to the extent that its ownership of the Notes would otherwise cause the Issuer to be subject to tax under FATCA, (A) the Issuer and its agents are authorised to withhold amounts otherwise distributable to the Noteholder as compensation for any taxes to which the Issuer is subject under FATCA as a result of such failure or the Noteholder's ownership of Notes, and (B) to the extent necessary to avoid an adverse effect on the Issuer as a result of such failure or the Noteholder's ownership of Notes, the Issuer will have the right to compel the Noteholder (other than the Collateral Manager in relation to the Retention) to sell its Notes, and, if the Noteholder does not sell its Notes within 10 Business Days after notice from the Issuer or any agent of the Issuer, the Issuer will have the right to sell such Notes at a public or private sale called and conducted in any manner permitted by law, and to remit the net proceeds of such sale (taking into account any costs, charges, and any taxes incurred by the Issuer in connection with such sale) to the Noteholder as payment in full for such Notes. The Issuer may also assign each such Note a separate ISIN in the Issuer's sole discretion. For the avoidance of doubt, the Issuer shall have the right to sell a beneficial owner's interest in a Note (other than the Collateral Manager in relation to the Retention) in its entirety notwithstanding that the sale of a portion of such an interest would permit the Issuer to comply with FATCA.

(j) Forced Transfer pursuant to ERISA

If any Noteholder is determined by the Issuer to be a Noteholder who has made or is deemed to have made a prohibited transaction, Benefit Plan Investor, Controlling Person, Other Plan Law or Similar Law representation that is subsequently shown to be false or misleading, or whose beneficial ownership otherwise causes a violation of the 25 per cent. limitation set out in Title I of ERISA and Section 4975 of the Code (any such Noteholder a "**Non-Permitted ERISA Holder**"), the Non-Permitted ERISA Holder may be required by the Issuer to sell or otherwise transfer its Notes to an eligible purchaser (selected by the Issuer) at a price to be agreed between the Issuer (exercising its sole discretion) and such eligible purchaser at the time of sale, subject to the transfer restrictions set out in the Trust Deed. Each Noteholder and each other Person in the chain of title from the Noteholder, by its acceptance of an interest in such Notes, agrees to cooperate with the Issuer, to the extent required to effect such transfers. None of the Issuer, the Trustee and the Registrar shall be liable to any Noteholder having an interest in the Notes sold or otherwise transferred as a result of any such sale or transfer. The Issuer shall be entitled to deduct from the sale or transfer price an amount equal to all the expenses and costs incurred and any loss suffered by the Issuer as a result of such forced transfer. The Non-Permitted ERISA Holder will receive the balance, if any.

(k) Forced Transfer mechanics

In order to effect the forced transfer provisions set out in Conditions 2(h) (*Forced Transfer of Rule 144A Notes*), 2(i) (*Forced Transfer pursuant to FATCA*) and 2(j) (*Forced Transfer pursuant to ERISA*), the Issuer may repay any affected Notes and issue replacement Notes at the same price and the Issuer, the Trustee and the Agents (each at the expense of the Issuer) shall work with the Clearing

Systems to take such action as may be necessary to effect such repayment and issue of replacement Notes.

(l) Registrar authorisation

Each Noteholder and each Person in the chain of title from any Noteholder, by its acquisition of an interest in the Notes, shall be deemed to authorise the Registrar and the Clearing Systems to take such actions as are necessary in order to effect the forced transfer provisions set out in Conditions 2(h) (*Forced Transfer of Rule 144A Notes*), 2(i) (*Forced Transfer pursuant to FATCA*) and 2(j) (*Forced Transfer pursuant to ERISA*) above without the need for any further express instruction from any affected Noteholder. The Noteholders shall be bound by any actions taken by the Registrar, the Clearing Systems or any other party taken pursuant to the above-named Conditions.

(m) CM Voting Notes and CM Non-Voting Notes

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

CM Voting Notes shall be exchangeable at any time upon request by the relevant Noteholder into CM Exchangeable Non-Voting Notes or CM Non-Voting Notes. CM Exchangeable Non-Voting Notes shall be exchangeable upon request by the relevant Noteholder into:

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

CM Non-Voting Notes shall not be exchangeable at any time into CM Voting Notes or CM Exchangeable Non-Voting Notes.

Any such right to exchange a Note, as described and subject to the limitations set out in the immediately prior paragraph, may be exercised by a Noteholder holding a Definitive Certificate or a beneficial interest in a Global Certificate delivering to the Registrar or a Transfer Agent a duly completed exchange request substantially in the form provided in the Trust Deed.

(n) Contributions

At any time during or after the Reinvestment Period, any Subordinated Noteholder may (i) make a contribution of cash or (ii) by notice in writing to the Issuer, the Trustee, the Collateral Administrator and the Collateral Manager, designate for contribution any portion of Interest Proceeds or Principal Proceeds that would otherwise be distributed on its Notes in accordance with the Priorities of Payments, to the Issuer (each, a “**Contribution**” and each such Subordinated Noteholder, a “**Contributor**”). The Collateral Manager, on behalf of the Issuer, may accept or reject any Contribution in its reasonable discretion, provided that (x) the Collateral Manager shall reject any Contribution or portion thereof which would result in a Retention Deficiency, and (y) the Collateral Manager shall reject any contribution of less than €500,000. If a Contribution is accepted, it will be received into the Contributions Account and applied by the Collateral Manager on behalf of the Issuer as directed by the Contributor at the time such Contribution is made (or, if no direction is given by the Contributor, at the Collateral Manager’s reasonable discretion) in accordance with Condition 3(i)(viii) (*Contributions Account*). No Contribution or portion thereof will be returned to the Contributor at any time other than by operation of the Priorities of Payments.

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

### 3. Status

#### (a) Status

The Notes of each Class constitute direct, general, secured, unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in Condition 4(c) (*Limited Recourse and Non-Petition*). The Notes of each Class are secured in the manner described in Condition 4(a) (*Security*) and, within each Class, shall at all times rank *pari passu* and without any preference amongst themselves.

#### (b) Relationship Among the Classes

The Notes of each Class are constituted by the Trust Deed and are secured on the Collateral as further described in the Trust Deed. Payments of interest on the Class A Notes (where the Class A-1 Notes and the Class A-2 Notes will be treated as a single Class) will rank senior to payments of interest on each Payment Date in respect of each other Class; payment of interest on the Class B Notes (where the Class B-1 Notes and the Class B-2 Notes will be treated as a single Class) will be subordinated in right of payment to payments of interest in respect of the Class A Notes, but senior in right of payment to payments of interest in respect of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes; payment of interest on the Class C Notes will be subordinated in right of payment to payments of interest in respect of the Class A Notes and the Class B Notes, but senior in right of payment to payments of interest on the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes; payment of interest on the Class D Notes will be subordinated in right of payment to payments of interest in respect of the Class A Notes, the Class B Notes and the Class C Notes, but senior in right of payment to payments of interest on the Class E Notes, the Class F Notes and the Subordinated Notes; payment of interest on the Class E Notes will be subordinated in right of payment to payments of interest in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, but senior in right of payment to payments of interest on the Class F Notes and the Subordinated Notes; and payment of interest on the Class F Notes will be subordinated in right of payment to payments of interest in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, but senior in right of payment to payments of interest on the Subordinated Notes. Payment of interest on the Subordinated Notes will be subordinated in right of payment to payment of interest in respect of the Rated Notes. Interest on the Subordinated Notes shall be paid *pari passu* and without any preference amongst themselves.

No amount of principal in respect of the Class B Notes shall become due and payable until redemption and payment in full of the Class A Notes. No amount of principal in respect of the Class C Notes shall become due and payable until redemption and payment in full of the Class A Notes and the Class B Notes. No amount of principal in respect of the Class D Notes shall become due and payable until redemption and payment in full of the Class A Notes, the Class B Notes and the Class C Notes. No amount of principal in respect of the Class E Notes shall become due and payable until redemption and payment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes. No amount of principal in respect of the Class F Notes shall become due and payable until redemption and payment in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. Subject to the applicability of the Post-Acceleration Priority of Payments, the Subordinated Notes will be entitled to receive, out of Principal Proceeds, the amounts described under the Principal Proceeds Priority of Payments on a *pari passu* basis. Payments on the Subordinated Notes are subordinated to payments on the Rated Notes and other amounts described in the Priorities of Payments and no payments out of Principal Proceeds will be made on the Subordinated Notes until the Rated Notes and other payments ranking prior to the Subordinated Notes in accordance with the Priorities of Payments are paid in full.

#### (c) Priorities of Payments

The Collateral Administrator shall (on the basis of the Payment Date Report prepared by the Collateral Administrator in consultation with the Collateral Manager pursuant to the terms of the Collateral Management Agreement on each Determination Date), on behalf of the Issuer (i) on each Payment

Date prior to the acceleration of the Notes in accordance with Condition 10(b) (*Acceleration*); (ii) following the acceleration of the Notes pursuant to Condition 10(b) (*Acceleration*), which, if such acceleration is by way of the delivery of an Acceleration Notice (deemed or otherwise), such Acceleration Notice has subsequently been rescinded and annulled in accordance with Condition 10(c) (*Curing of Default*); and (iii) other than in connection with an optional redemption in whole under Condition 7(b) (*Optional Redemption*) or in accordance with Condition 7(g) (*Redemption Following Note Tax Event*) (in which event the Post-Acceleration Priority of Payments shall apply to Interest Proceeds and Principal Proceeds, but not, for the avoidance of doubt, Collateral Enhancement Obligation Proceeds which shall be distributed in accordance with the Collateral Enhancement Obligations Proceeds Priority of Payments), cause the Account Bank to disburse Interest Proceeds and Principal Proceeds transferred to the Payment Account, in each case, in accordance with the following Priorities of Payments:

(i) Application of Interest Proceeds

Subject as further provided below, Interest Proceeds in respect of a Due Period shall be paid on the Payment Date immediately following such Due Period in the following order of priority:

- (A) to the payment of: (i) firstly taxes owing by the Issuer payable in the related Due Period (other than amounts payable in respect of VAT to the recipient of a payment made by the Issuer pursuant to the Priorities of Payments, “gross-up” payments and Irish corporation tax payable in respect of the Issuer Fee referred to in (ii) below), as certified by an Authorised Officer of the Issuer to the Trustee, if any; and (ii) secondly the Issuer Fee to be retained by the Issuer for Irish corporate and tax purposes, for deposit into the Issuer Irish Account from time to time;
- (B) to the payment of accrued and unpaid Trustee Fees and Expenses, up to an amount equal to the sum of the Senior Expenses Cap in respect of the related Due Period and the Balance of the Expense Reserve Account (excluding Third Party Indemnity Receipts) as of the immediately preceding Determination Date, provided that following the occurrence of a Note Event of Default which is continuing, payment of Trustee Fees and Expenses under this paragraph shall not be limited to an amount equal to the Senior Expenses Cap and the Balance of the Expense Reserve Account (excluding Third Party Indemnity Receipts);
- (C) to the payment of Administrative Expenses in the priority stated in the definition thereof, up to an amount equal to the sum of the Senior Expenses Cap in respect of the related Due Period and the Balance of the Expense Reserve Account (excluding Third Party Indemnity Receipts) as of the immediately preceding Determination Date less any amounts paid pursuant to paragraph (B) above provided that following the occurrence of a Note Event of Default which is continuing, payment of the Administrative Expenses under this paragraph shall not be limited to an amount equal to the Senior Expenses Cap and the Balance of the Expense Reserve Account;
- (D) to the Expense Reserve Account:
- (1) at any time prior to the occurrence of a Frequency Switch Event, of an amount equal to the lesser of (x) an amount up to or equal to the On-going Expense Reserve Amount and (y) an amount designated by the Collateral Manager at its discretion; and
  - (2) at any time following the occurrence of a Frequency Switch Event, of an amount up to or equal to the On-going Expense Reserve Amount;
- (E) to the payment:
- (1) firstly, to the Collateral Manager of the Senior Collateral Management Fee due and payable on such Payment Date (save for any Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts) except that the Collateral Manager may, in its sole discretion, elect to (x) designate for reinvestment or (y) defer payment of some or all of the amounts that would have been payable to the Collateral Manager under this paragraph (E) (any such amounts, being “**Deferred Senior Collateral Management Amount**”) on any Payment Date, provided that any such amount designated for reinvestment pursuant to paragraph (x) shall (a)(i) be used to

purchase Substitute Collateral Debt Obligations or (ii) be deposited in the Principal Account pending reinvestment in Substitute Collateral Debt Obligations and (b) not be treated as unpaid for the purposes of this paragraph (E) or paragraph (X) below or in the case of a deferral pursuant to paragraph (y), shall be applied to the payment of amounts in accordance with paragraphs (F) through (V) and (Y) through (DD) below, subject to the Collateral Manager having notified the Collateral Administrator in writing not later than one Business Day prior to the relevant Determination Date of any amounts to be so applied and provided that interest shall not accrue on any Deferred Senior Collateral Management Amount so designated or deferred;

- (2) secondly, to the Collateral Manager, any previously due and unpaid Senior Collateral Management Fees,
- (F) to the payment on a *pro rata* and *pari passu* basis, of any Scheduled Periodic Interest Rate Hedge Issuer Payments (to the extent not paid or provided for out of the Interest Account), Scheduled Periodic Asset Swap Issuer Payments (to the extent not paid or provided for out of the relevant Asset Swap Account) and Hedge Termination Payments (other than Defaulted Hedge Termination Payments) (to the extent not paid out of the Hedge Termination Account);
- (G) to the payment on a *pro rata* and *pari passu* basis of all Interest Amounts due and payable on the Class A Notes (where the Class A-1 Notes and the Class A-2 Notes will be treated as a single Class) in respect of the Accrual Period ending on such Payment Date and all other Interest Amounts due and payable on such Class A Notes;
- (H) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class B Notes (where the Class B-1 Notes and the Class B-2 Notes will be treated as a single Class) in respect of the Accrual Period ending on such Payment Date and all other Interest Amounts due and payable on such Class B Notes;
- (I) if either of the Class A/B Coverage Tests is not satisfied on any Determination Date on and after the Effective Date, or in the case of the Class A/B Interest Coverage Test, on the Determination Date preceding the second Payment Date and each Determination Date thereafter, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause each Class A/B Coverage Test to be satisfied (if applicable) if recalculated following such redemption;
- (J) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class C Notes in respect of the Accrual Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Accrual Period);
- (K) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class C Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);
- (L) if either of the Class C Coverage Tests is not satisfied on any Determination Date on and after the Effective Date, or in the case of the Class C Interest Coverage Test, on the Determination Date preceding the second Payment Date and each Determination Date thereafter, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause each Class C Coverage Test (if applicable) to be satisfied if recalculated following such redemption;
- (M) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class D Notes in respect of the Accrual Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Accrual Period);
- (N) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class D Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);
- (O) if either of the Class D Coverage Tests is not satisfied on any Determination Date on and after the Effective Date, or in the case of the Class D Interest Coverage Test, on the Determination Date preceding the second Payment Date and each Determination Date thereafter, to the



redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause each Class D Coverage Test (if applicable) to be satisfied if recalculated following such redemption;

- (P) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class E Notes in respect of the Accrual Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Accrual Period);
- (Q) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class E Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);
- (R) if the Class E Par Value Test is not satisfied on any Determination Date on and after the Effective Date, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause the Class E Par Value Test (if applicable) to be satisfied if recalculated following such redemption;
- (S) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class F Notes in respect of the Accrual Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Accrual Period);
- (T) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class F Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);
- (U) if the Class F Par Value Test is not satisfied on any Determination Date following the Reinvestment Period, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause the Class F Par Value Test to be satisfied if recalculated immediately following such redemption;
- (V) on the Payment Date following the Effective Date and each Payment Date thereafter to the extent required, in the event of the occurrence of an Effective Date Rating Event which is continuing on the Business Day prior to such Payment Date, to redeem the Notes in accordance with the Note Payment Sequence until an Effective Date Rating Event is no longer continuing;
- (W) if, on any Payment Date during the Reinvestment Period, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (V) (inclusive) above, the Reinvestment Overcollateralisation Test has not been met, to the payment to the Principal Account as Principal Proceeds, for the acquisition of additional Collateral Debt Obligations (or, if the Collateral Manager determines that it is unable to identify such additional Collateral Debt Obligations that it considers appropriate for such reinvestment, in redemption by way of Special Redemption of the Notes in accordance with the Note Payment Sequence) in an amount (such amount, the “**Required Diversion Amount**”) equal to the lesser of (1) 50 per cent. of all remaining Interest Proceeds available for payment and (2) the amount which, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (V) (inclusive) above, would be sufficient to cause the Reinvestment Overcollateralisation Test to be satisfied;
- (X) to the payment:
  - (1) firstly, to the Collateral Manager of the Subordinated Collateral Management Fee due and payable on such Payment Date until such amount has been paid in full except that the Collateral Manager may, in its sole discretion, elect to (x) designate for reinvestment or (y) defer payment of some or all of the amounts that would have been payable to the Collateral Manager under this paragraph (X) (any such amounts, being “**Deferred Subordinated Collateral Management Amounts**”) on any Payment Date, provided that any such amount designated for reinvestment pursuant to paragraph (x) shall (a)(i) be used to purchase Substitute Collateral Debt Obligations or to purchase Rated Notes in accordance with Condition 7(k) (*Purchase*) or (ii) be deposited in the Principal Account pending reinvestment in Substitute Collateral Debt Obligations or the purchase of Rated

Notes in accordance with Condition 7(k) (*Purchase*) and (b) not be treated as unpaid for the purposes of paragraph (E) above or this paragraph (X) or in the case of a deferral pursuant to paragraph (y), shall be applied to the payment of amounts in accordance with paragraphs (Y) through (DD) below, subject to the Collateral Manager having notified the Collateral Administrator in writing not later than one Business Day prior to the relevant Determination Date of any amounts to be so applied and provided that interest shall not accrue on any Deferred Subordinated Collateral Management Amount so designated or deferred;

- (2) secondly, to the Collateral Manager of any previously due and unpaid Subordinated Collateral Management Fee, *plus* any interest accrued and payable in respect thereof (other than Deferred Subordinated Collateral Management Amounts) and any interest due and accrued on any due and unpaid Senior Collateral Management Fee (other than Deferred Senior Collateral Management Amounts) and any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority); and
  - (3) thirdly, at the election of the Collateral Manager (at its sole discretion) to the Collateral Manager in payment of any previously Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts;
- (Y) to the payment of Trustee Fees and Expenses (if any) not paid by reason of the Senior Expenses Cap;
- (Z) to the payment of Administrative Expenses (if any) not paid by reason of the Senior Expenses Cap in relation to each item thereof in the order of priority stated in the definition thereof;
- (AA) to the payment on a *pro rata* basis of any Defaulted Hedge Termination Payments due to any Hedge Counterparty;
- (BB) to the repayment of any Collateral Manager Advances and any interest thereon;
- (CC) during the Reinvestment Period at the direction and in the discretion of the Collateral Manager, to transfer to the Collateral Enhancement Account, any Collateral Enhancement Amounts;
- (DD) (1) if the Incentive Collateral Management Fee IRR Threshold has not been reached, any remaining Interest Proceeds to the payment of interest on the Subordinated Notes on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption), until the Incentive Collateral Management Fee IRR Threshold is reached; and
- (2) if, after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on such Payment Date in accordance with the Interest Proceeds Priority of Payments, the Principal Proceeds Priority of Payments and the Collateral Enhancement Obligation Proceeds Priority of Payments, the Incentive Collateral Management Fee IRR Threshold has been reached (on or prior to such Payment Date):
- (a) firstly, 20 per cent. of any remaining Interest Proceeds, to the payment to the Collateral Manager as an Incentive Collateral Management Fee, except that the Collateral Manager may, in its sole discretion, elect to (x) designate for reinvestment or (y) irrevocably waive payment of some or all of the amounts that would have been payable to the Collateral Manager (any such amounts, being “**Waived Incentive Collateral Management Amount**”) under this paragraph (DD)(2)(a) on any Payment Date, provided that any such amount in the case of (x) shall (a)(i) be used to purchase Substitute Collateral Debt Obligations or (ii) be deposited in the Principal Account pending reinvestment in Substitute Collateral Debt Obligations and (b) be treated as paid for the purposes of this paragraph (DD) or in the case of (y), shall be

applied to the payment of amounts in accordance with the paragraphs below, subject to the Collateral Manager having notified the Collateral Administrator in writing not later than one Business Day prior to the relevant Determination Date of any amounts to be so applied;

- (b) secondly, any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant tax authority); and
- (c) thirdly, any remaining Interest Proceeds, to the payment of interest on the Subordinated Notes on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption).

(ii) Application of Principal Proceeds

Principal Proceeds in respect of a Due Period shall be paid on the Payment Date immediately following such Due Period in the following order of priority:

- (A) to the payment on a sequential basis of the amounts referred to in paragraphs (A) through (I) (inclusive) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder;
- (B) to the payment of the amounts referred to in paragraph (J) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class A Notes and the Class B Notes have been redeemed in full;
- (C) to the payment of the amounts referred to in paragraph (K) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class A Notes and the Class B Notes have been redeemed in full;
- (D) to the payment of the amounts referred to in paragraph (L) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent necessary to cause the Class C Coverage Tests that are applicable on such Payment Date with respect to the Class C Notes to be satisfied as of the related Determination Date;
- (E) to the payment of the amounts referred to in paragraph (M) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class A, Class B Notes and Class C Notes have been redeemed in full;
- (F) to the payment of the amounts referred to in paragraph (N) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class A, Class B Notes and Class C Notes have been redeemed in full;
- (G) to the payment of the amounts referred to in paragraph (O) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent necessary to cause the Class D Coverage Tests that are applicable on such Payment Date with respect to the Class D Notes to be satisfied as of the related Determination Date;
- (H) to the payment of the amounts referred to in paragraph (P) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class A Notes, Class B Notes, Class C Notes and Class D Notes have been redeemed in full;
- (I) to the payment of the amounts referred to in paragraph (Q) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class A Notes, Class B Notes, Class C Notes and Class D Notes have been redeemed in full;
- (J) to the payment of the amounts referred to in paragraph (R) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent necessary to cause the Class E Par Value Test that is applicable on such Payment Date with respect to the Class E Notes to be satisfied as of the related Determination Date;

- (K) to the payment of the amounts referred to in paragraph (S) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes have been redeemed in full;
- (L) to the payment of the amounts referred to in paragraph (T) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent that the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes have been redeemed in full;
- (M) to the payment of the amounts referred to in paragraph (U) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent necessary to cause the Class F Par Value Test that is applicable on such Payment Date with respect to the Class F Notes to be satisfied as of the related Determination Date;
- (N) to the payment of the amounts referred to in paragraph (V) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder;
- (O) if such Payment Date is a Special Redemption Date, at the election of the Collateral Manager, to make payments in an amount equal to the Special Redemption Amount (if any) applicable to such Payment Date in accordance with the Note Payment Sequence;
- (P) during the Reinvestment Period, at the discretion of the Collateral Manager, either to the purchase of Substitute Collateral Debt Obligations or to the Principal Account pending reinvestment in Substitute Collateral Debt Obligations at a later date in each case subject to and in accordance with the Collateral Management Agreement;
- (Q) after the Reinvestment Period in the case of Principal Proceeds representing Unscheduled Principal Proceeds and Sale Proceeds from the sale of Credit Improved Obligations and Credit Impaired Obligations at the discretion of the Collateral Manager, either to the purchase of Substitute Collateral Debt Obligations or to the Principal Account pending reinvestment in Substitute Collateral Debt Obligations at a later date in each case subject to and in accordance with the Collateral Management Agreement;
- (R) after the Reinvestment Period, to redeem the Notes in accordance with the Note Payment Sequence;
- (S) to the payment on a sequential basis of the amounts referred to in paragraphs (X) through (CC) (inclusive) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder;
- (T) (1) if the Incentive Collateral Management Fee IRR Threshold has not been reached, any remaining Principal Proceeds to the payment on the Subordinated Notes on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes and immediately prior to such redemption), until the Incentive Collateral Management Fee IRR Threshold is reached; and
  - (2) if, after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on such Payment Date including in accordance with the Interest Proceeds Priority of Payments, the Collateral Enhancement Obligation Proceeds Priority of Payments and the Principal Proceeds Priority of Payments, the Incentive Collateral Management Fee IRR Threshold has been reached (on or prior to such Payment Date):
    - (a) *firstly*, 20 per cent. of any remaining Principal Proceeds, to the payment to the Collateral Manager as an Incentive Collateral Management Fee, except that any Waived Incentive Collateral Management Amount that would have been payable to the Collateral Manager under this paragraph (T)(2)(a) shall, where designated for reinvestment by the Collateral Manager, (a)(i) be used to purchase Substitute Collateral Debt Obligations or (ii) be deposited in the Principal Account pending

reinvestment in Substitute Collateral Debt Obligations and (b) be treated as paid for the purposes of this paragraph (T) or where irrevocably waived by the Collateral Manager, shall be applied to the payment of amounts in accordance with the paragraphs below, subject to the Collateral Manager having notified the Collateral Administrator in writing not later than one Business Day prior to the relevant Determination Date of any amounts to be so applied;

- (b) *secondly*, any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant tax authority); and
- (c) *thirdly*, any remaining Principal Proceeds, to the payment of principal on the Subordinated Notes on a *pro rata* basis and thereafter to the payment of interest on a *pro rata* basis on the Subordinated Notes (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes and immediately prior to such redemption).

(iii) Application of Collateral Enhancement Obligation Proceeds

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

- (A) to the payment of any Collateral Manager Advances and any interest thereon to the extent not paid in full pursuant to paragraph (BB) of the Interest Proceeds Priority of Payments or paragraph (S) of the Principal Proceeds Priority of Payments;
- (B) if the Incentive Collateral Management Fee IRR Threshold has not been reached, to the payment of interest on the Subordinated Notes on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption), until the Incentive Collateral Management Fee IRR Threshold is reached; and
- (C) if, after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on such Payment Date including in accordance with the Interest Proceeds Priority of Payments, the Collateral Enhancement Obligation Proceeds Priority of Payments and the Principal Proceeds Priority of Payments, the Incentive Collateral Management Fee IRR Threshold has been reached (on or prior to such Payment Date):
  - (1) *firstly*, 20 per cent. of any remaining Collateral Enhancement Obligation Proceeds, to the payment to the Collateral Manager as an Incentive Collateral Management Fee (save for any Waived Incentive Collateral Management Amounts);
  - (2) *secondly*, any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant tax authority); and
  - (3) *thirdly*, any remaining Collateral Enhancement Obligation Proceeds, to the payment of principal on the Subordinated Notes on a *pro rata* basis and thereafter to the payment of interest on a *pro rata* basis on the Subordinated Notes (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes and immediately prior to such redemption).

(iv) Taxes

- (A) Unless otherwise expressly stated, if the Issuer is required to deduct or withhold for or on account of tax from any amounts payable in accordance with the Priorities of Payment, payment of any amount so deducted or withheld shall, to the extent permitted by law, be made

by or on behalf of the Issuer to the relevant taxing authority *pari passu* with the payment in the relevant Priority of Payment from which the deduction or withholding was made.

(B) Other than in the case of any Incentive Collateral Management Fees or any Waived Incentive Collateral Management Amounts, if the Issuer must account to the recipient of any payment for any amounts in respect of VAT or in respect of any other taxes attributable to any of the items referred to in the Priorities of Payments set out above (other than paragraph (A) of the Interest Proceeds Priority of Payments), then such amounts in respect of taxes shall be paid *pro rata* and *pari passu* with such items.

(d) Non-payment of Amounts

Subject to the following paragraph, failure on the part of the Issuer to pay the Interest Amounts on the Rated Notes pursuant to Condition 6 (*Interest*) in accordance with the Priorities of Payments by reason solely that there are insufficient funds standing to the credit of the Payment Account shall not be a Note Event of Default unless and until such failure continues for a period of at least five Business Days (or seven Business Days in the case of an administrative error or omission as described in Condition 10(a)(i)), save in each case as the result of any deduction therefrom or the imposition of withholding thereon as set forth in Condition 9 (*Taxation*).

Unless a Frequency Switch Event has occurred and the relevant Class of Notes is the Controlling Class at such time, failure on the part of the Issuer to pay the Interest Amounts on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes in accordance with the Priorities of Payments by reason solely that there are insufficient funds standing to the credit of the Payment Account shall not constitute a Note Event of Default but instead will constitute Deferred Interest pursuant to Condition 6(c) (*Deferral of Interest*).

Non-payment of amounts due and payable on the Subordinated Notes as a result of the insufficiency of available Interest Proceeds will not constitute a Note Event of Default. Failure on the part of the Issuer to pay any principal when the same becomes due and payable on any Rated Note on the Maturity Date or any Redemption Date shall be a Note Event of Default provided that, in the case of a failure to disburse due to an administrative error or omission, such failure continues for a period of at least seven Business Days after the Trustee or the Issuer receives written notice of, or has actual knowledge of, such administrative error or omission and provided further that failure to effect any Optional Redemption or redemption following a Note Tax Event for which notice is withdrawn in accordance with the Conditions or, in the case of an Optional Redemption with respect to which a Refinancing fails, will not constitute a Note Event of Default.

Subject always to Interest Amounts payable in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes to Condition 6(c) (*Deferral of Interest*) (unless a Frequency Switch Event has occurred and the relevant Class of Notes is the Controlling Class at such time), and save as otherwise provided in respect of any unpaid Collateral Management Fees (and VAT payable in respect thereof), in the event of non-payment of any amounts referred to in the Interest Proceeds Priority of Payments or the Principal Proceeds Priority of Payments on any Payment Date, such amounts shall remain due and shall be payable on each subsequent Payment Date in the orders of priority provided for in this Condition 3 (*Status*). References to the amounts referred to in the Interest Proceeds Priority of Payments and the Principal Proceeds Priority of Payments of this Condition 3 (*Status*) shall include any amounts thereof not paid when due in accordance with this Condition 3 (*Status*) on any preceding Payment Date.

(e) Determination and Payment of Amounts

The Collateral Administrator will, in consultation with the Collateral Manager, on each Determination Date, calculate the amounts payable on the applicable Payment Date pursuant to the Priorities of Payments and will notify the Issuer and the Trustee of such amounts. The Account Bank (acting in accordance with the Payment Date Report compiled by the Collateral Administrator on behalf of the Issuer) shall, on behalf of the Issuer not later than 12.00 noon (London time) on the Business Day preceding each Payment Date, cause the amounts standing to the credit of the Principal Account, the Unused Proceeds Account and if applicable the Interest Account, the Expense Reserve Account and/or the Collateral Enhancement Account (together with, to the extent applicable, amounts standing to the credit of any other Account) to the extent required to pay the amounts referred to in the Interest

Proceeds Priority of Payments, the Principal Proceeds Priority of Payments, the Collateral Enhancement Obligation Proceeds Priority of Payments and the Post-Acceleration Priority of Payments which are payable on such Payment Date, to be transferred to the Payment Account in accordance with Condition 3(j) (*Payments to and from the Accounts*).

(f) De Minimis Amounts

The Collateral Administrator may, in consultation with the Collateral Manager, adjust the amounts required to be applied in payment of principal on any Class of Notes from time to time pursuant to the Priorities of Payments so that the amount to be so applied in respect of each such Note is a whole amount, not involving any fraction of a Euro cent or, at the discretion of the Collateral Administrator, any fraction of a Euro.

(g) Publication of Amounts

The Collateral Administrator will, on behalf of and at the expense of the Issuer, cause details of the amounts of interest and principal to be paid, and any amounts of interest payable but not paid, on each Payment Date in respect of the Notes to be notified at the expense of the Issuer to the Issuer, the Trustee, the Principal Paying Agent, the Registrar and the Irish Stock Exchange by no later than 11.00 a.m. (London time) on the Business Day following the applicable Payment Date and the Registrar shall procure that details of such amounts are notified at the expense of the Issuer to the Noteholders of each Class in accordance with Condition 16 (*Notices*) as soon as possible after notification thereof to the Registrar in accordance with the above but in no event later than (to the extent applicable) the third Business Day after the last day of the applicable Due Period.

(h) Notifications to be Final

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained or discretions exercised for the purposes of the provisions of this Condition 3 (*Status*) will (in the absence of manifest error) be binding on the Issuer, the Collateral Administrator, the Collateral Manager, the Trustee, the Registrar, the Principal Paying Agent, the Transfer Agent and all Noteholders and (in the absence of the Collateral Administrator's fraud, wilful default or negligence) no liability to the Issuer or the Noteholders shall attach to the Collateral Administrator in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 3 (*Status*).

(i) Accounts

The Issuer shall, on or prior to the Issue Date (or, in respect of a Counterparty Downgrade Collateral Account, on or about the date of entry by the Issuer into a Hedge Agreement with a new Hedge Counterparty), establish the following accounts with the Account Bank or (as the case may be) with the Custodian:

- (i) the Principal Account;
- (ii) the Interest Account;
- (iii) the Unused Proceeds Account;
- (iv) the Payment Account;
- (v) the Collateral Enhancement Account;
- (vi) the Expense Reserve Account;
- (vii) the Unfunded Revolver Reserve Account;
- (viii) the First Period Reserve Account;
- (ix) the Contributions Account;
- (x) the Collection Account;

- (xi) the Custody Account; and
- (xii) the Interest Smoothing Account.

The Issuer shall establish the following accounts with the Account Bank upon the request of the Collateral Manager:

- (i) the Counterparty Downgrade Collateral Account(s);
- (ii) the Hedge Termination Account(s); and
- (iii) the Asset Swap Account(s).

The Account Bank, the Principal Paying Agent and the Custodian shall at all times be a financial institution satisfying the Rating Requirement applicable thereto, which is resident and which is acting through an office which is situated, in the United Kingdom and which has the necessary regulatory consents to perform the services required by it under the Agency Agreement. If the Account Bank, the Principal Paying Agent or the Custodian at any time fails to satisfy the Rating Requirement, the Issuer shall use reasonable endeavours to procure that a replacement Account Bank, the Principal Paying Agent or Custodian, as applicable, acceptable to the Trustee, which satisfies the Rating Requirement is appointed in accordance with the provisions of the Agency Agreement.

Amounts standing to the credit of the Accounts (other than the Unfunded Revolver Reserve Account, each Counterparty Downgrade Collateral Account, the Payment Account and the Collection Account) from time to time may be invested by the Collateral Manager on behalf of the Issuer in Eligible Investments.

All interest accrued on any of the Accounts (save for each Counterparty Downgrade Collateral Account) from time to time shall be paid into the Interest Account, save to the extent that the Issuer is contractually bound to pay such amounts to a third party. All principal amounts received in respect of Eligible Investments standing to the credit of any Account from time to time shall be credited to that Account upon maturity, save to the extent that the Issuer is contractually bound to pay such amounts to a third party. All interest accrued on such Eligible Investments (including capitalised interest received upon the sale, maturity or termination of any such investment) shall be paid to the Interest Account as, and to the extent provided, above.

To the extent that any amounts required to be paid into any Account (other than the Counterparty Downgrade Collateral Account, the Asset Swap Account or the Hedge Termination Account) pursuant to the provisions of this Condition 3 (*Status*) are denominated in a currency other than Euro, the Collateral Manager, acting on behalf of the Issuer, may convert such amounts into the currency of the Account at the Spot Rate as determined by the Collateral Administrator at the direction of the Collateral Manager.

Notwithstanding any other provisions of this Condition 3(i) (*Accounts*), all amounts standing to the credit of each of the Accounts (other than (i) the Interest Account, (ii) the Payment Account, (iii) the Contributions Account, (iv) the Expense Reserve Account, (v) the Collateral Enhancement Account, (vi) all interest accrued on the Accounts, (vii) the Counterparty Downgrade Collateral Account, (viii) the Interest Smoothing Account, and (ix) each Asset Swap Account) shall be transferred to the Payment Account and shall constitute Principal Proceeds on the Business Day prior to any redemption of the Notes in full; all amounts standing to the credit of each of the Interest Account, the Interest Smoothing Account (to the extent necessary), the Contributions Account, the Expense Reserve Account and a Counterparty Downgrade Collateral Account, to the extent not required to be repaid to any Hedge Counterparty (or representing unpaid amounts under a terminated Hedge Transaction which constitute Principal Proceeds) shall be transferred to the Payment Account and shall constitute Interest Proceeds on the Business Day prior to the redemption of the Notes in full; and amounts standing to the credit of the Collateral Enhancement Account shall be transferred to the Payment Account and shall constitute Collateral Enhancement Obligations Proceeds on the Business Day prior to the redemption of the Notes in full.

Following the end of the Reinvestment Period, the Issuer (or the Collateral Manager, acting on its behalf) may open additional ledgers in the Principal Account to separate payments of Scheduled Principal Proceeds and Unscheduled Principal Proceeds.



For the avoidance of doubt, application of amounts in respect of Swap Tax Credits received by the Issuer shall be paid out of the Interest Account to the relevant Hedge Counterparty in accordance with the terms of the relevant Hedge Agreement, without regard to the Priorities of Payments.

Application of amounts in respect of Counterparty Downgrade Collateral and any interest or distributions thereon or liquidation proceeds thereof shall be paid in accordance with Condition 3(j)(v) (*Counterparty Downgrade Collateral Account*) and the terms of the relevant Hedge Agreement without regard to the Priorities of Payment.

(j) Payments to and from the Accounts

(i) Principal Account

The Issuer will procure that the following Principal Proceeds (save for those in respect of any Asset Swap Obligations) are paid into the Principal Account promptly upon receipt thereof (and, in the case of receipts on any Unhedged Collateral Debt Obligation, converted into Euro at the Applicable Exchange Rate), but in each case if applicable, excluding any Trading Gains which are required to be paid into the Interest Account in accordance with Condition 3(j)(ii)(N) (*Interest Account*) below:

(A) all principal payments received in respect of any Collateral Debt Obligation including, without limitation, save to the extent that they relate to Asset Swap Obligations;

(1) Scheduled Principal Proceeds, other than any Interest Rate Hedge Replacement Receipts or Interest Rate Hedge Termination Receipts;

(2) amounts received in respect of any maturity, scheduled amortisation, mandatory prepayment or mandatory sinking fund payment on a Collateral Debt Obligation;

(3) Unscheduled Principal Proceeds; and

(4) any other principal payments with respect to Collateral Debt Obligations or Eligible Investments (to the extent not included in the Sale Proceeds);

but excluding (i) any such payments received in respect of any Revolving Obligation or Delayed Drawdown Collateral Debt Obligation, to the extent required to be paid into the Unfunded Revolver Reserve Account and (ii) any Trading Gains which are paid or are payable into the Interest Account in accordance with Condition 3(j)(ii)(N) (*Interest Account*) below;

(B) any Asset Swap Counterparty Principal Exchange Amount (other than any payments from an Asset Swap Counterparty in respect of initial principal exchange amounts pursuant to an Asset Swap Transaction, which shall be paid into the relevant Asset Swap Account) received by the Issuer under any Asset Swap Transactions;

(C) the Balance standing to the credit of the relevant Hedge Termination Account in the circumstances described under Condition 3(j)(ix) (*Hedge Termination Account*) below;

(D) amounts received in respect of any Asset Swap Obligation which are not required to be paid to the applicable Asset Swap Counterparty pursuant to the related Asset Swap Transaction but which are required, pursuant to the Collateral Management Agreement, to be paid into the Principal Account following conversion thereof into Euro at the Applicable Exchange Rate;

(E) all interest and other amounts received in respect of any Defaulted Obligation or any Mezzanine Obligation for so long as it is a Defaulted Obligation or a Defaulted Deferring Mezzanine Obligation (as applicable) (save for Defaulted Obligation Excess Amounts and Defaulted Mezzanine Excess Amounts) and amounts representing the element of deferred interest in any payments received in respect of any PIK Obligation;

(F) all premiums (including prepayment premiums) receivable upon redemption of any Collateral Debt Obligation at maturity or otherwise or upon exercise of any put or call option in respect thereof which is above the outstanding principal amount of any Collateral Debt Obligation;

- (G) all fees and commissions received in connection with the purchase or sale of any Collateral Debt Obligations (including such fees received in relation to Corporate Rescue Loans) or Eligible Investments or work out or restructuring of any Defaulted Obligations or Collateral Debt Obligations as determined by the Collateral Manager in its reasonable discretion;
- (H) all Sale Proceeds received (save for any Trading Gains which are paid or are payable into the Interest Account in accordance with Condition 3(j)(ii)(N) (*Interest Account*) below) in respect of a Collateral Debt Obligation;
- (I) all Distributions and Sale Proceeds received in respect of Exchanged Security;
- (J) all Purchased Accrued Interest;
- (K) amounts transferred to the Principal Account from any other Account as required below;
- (L) all proceeds received from any additional issuance of the Notes that are not invested in Collateral Debt Obligations or required to be paid into the Interest Account;
- (M) any other amounts received in respect of the Collateral which are not required to be paid into another Account;
- (N) all amounts required to be transferred from the relevant Counterparty Downgrade Collateral Account;
- (O) all amounts transferred from the Expense Reserve Account;
- (P) all amounts payable into the Principal Account pursuant to paragraph (W) of the Interest Proceeds Priority of Payments upon the failure to satisfy the Reinvestment Overcollateralisation Test during the Reinvestment Period;
- (Q) all principal and Purchased Accrued Interest received in respect of any Non-Eligible Issue Date Collateral Debt Obligation or any other asset which did not satisfy the Eligibility Criteria on the date it was required to do so and which has not been sold by the Collateral Manager in accordance with Collateral Management Agreement;
- (R) all net Refinancing Proceeds;
- (S) all amounts transferred from the Contributions Account;
- (T) all net proceeds of issuance of any Refinancing Obligations issued in accordance with Condition 7(b) (*Optional Redemption*);
- (U) all amounts payable into the Principal Account pursuant to the Warehouse Arrangements;
- (V) any other amounts which are not required to be paid into any other Account in accordance with this Condition 3(j) (*Payments to and from the Accounts*); and
- (W) all amendment and waiver fees, late payment fees, commitment fees (other than scheduled commitment fees received by the Issuer in respect of Revolving Obligations and Delayed Drawdown Collateral Debt Obligations) syndication fees, delayed compensation and all other fees and commissions received in connection with any Collateral Debt Obligations and Eligible Investments, including, without limitation, upon purchase or sale thereof, in each case, to the extent not included in paragraph (G) above, provided that if at any time after the first anniversary of the Issue Date the Aggregate Collateral Balance (where for such purpose the Principal Balance of all Defaulted Obligations shall be deemed to be the lower of their Fitch Collateral Value and their Moody's Collateral Value) equals or exceeds the Target Par Amount and the Collateral Quality Tests are satisfied, all or any part of such amounts may be paid into the Interest Account at the discretion of the Collateral Manager, save to the extent received in respect of any Defaulted Obligation or restructuring of any Collateral Debt Obligation (other than Defaulted Obligation Excess Amounts).

The Issuer shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Principal Account, provided in each case that amounts deposited in the Principal Account pursuant to subparagraph (T) above, shall only be applied in accordance with subparagraph (4) below unless, after such application, there is a surplus of such proceeds:

- (1) on the Business Day prior to each Payment Date, all Principal Proceeds standing to the credit of the Principal Account to the Payment Account to the extent required for disbursement pursuant to the Principal Proceeds Priority of Payments, save for: (a) amounts deposited after the end of the related Due Period; and (b) any Principal Proceeds deposited prior to the end of the related Due Period to the extent such Principal Proceeds are permitted to be and have been designated for reinvestment by the Collateral Manager (on behalf of the Issuer) pursuant to the Collateral Management Agreement (including any payments to an Asset Swap Counterparty in respect of initial principal exchange amounts pursuant to an Asset Swap Transaction) for a period beyond such Payment Date, provided that (i) if the Coverage Tests are not satisfied, Principal Proceeds from Defaulted Obligations may not be designated for reinvestment by the Collateral Manager (on behalf of the Issuer) until after the following Payment Date and (ii) no such payment shall be made to the extent that such amounts are not required to be distributed pursuant to the Principal Proceeds Priority of Payments on such Payment Date;
- (2) at any time at the discretion of the Collateral Manager, acting on behalf of the Issuer, in accordance with the terms of, and to the extent permitted under, the Collateral Management Agreement, in the acquisition of Collateral Debt Obligations (including amounts equal to the Unfunded Amounts of any Revolving Obligations or Delayed Drawdown Collateral Debt Obligations which are required to be deposited in the Unfunded Revolver Reserve Account);
- (3) on any Payment Date, at the discretion of the Collateral Manager, acting on behalf of the Issuer, in accordance with and subject to the terms of the Collateral Management Agreement, in payment of the purchase price of any Notes purchased by the Issuer in accordance with Condition 7(k) (*Purchase*); and
- (4) on any Business Day on which a Refinancing has occurred, all amounts credited to the Principal Account pursuant to paragraph (T) above, to be applied in the redemption of the Class or Classes of Notes that are the subject of such Refinancing subject to and in accordance with Condition 7(b) (*Optional Redemption*).

(ii) Interest Account

The Issuer will procure that the following Interest Proceeds are credited to the Interest Account promptly upon receipt thereof (and, in the case of receipts on any Unhedged Collateral Debt Obligation, provided that any amounts denominated in a currency other than Euro shall be converted into Euro at the Applicable Exchange Rate):

- (A) all cash payments of interest in respect of the Collateral Debt Obligations (save for any Asset Swap Obligation) other than any Purchased Accrued Interest, together with all amounts received by the Issuer by way of gross up in respect of such interest and in respect of a claim under any applicable double taxation treaty but excluding any interest received in respect of any Defaulted Obligations and Mezzanine Obligation for so long as it is a Defaulted Obligation or Defaulted Deferring Mezzanine Obligation (as applicable) other than Defaulted Obligation Excess Amounts and Defaulted Mezzanine Excess Amounts (as applicable);
- (B) all interest accrued on the Balance standing to the credit of the Interest Account from time to time and all interest accrued in respect of the Balances standing to the credit of the other Accounts (save for the Counterparty Downgrade Collateral Account) (including interest on any Eligible Investments standing to the credit thereof);
- (C) at the Collateral Manager's discretion, if at any time after the first anniversary of the Issue Date the Aggregate Collateral Balance (and for such purpose the Principal Balance of all Defaulted Obligations shall be deemed to be the lower of their Fitch Collateral Value and their

Moody's Collateral Value) is equal to or greater than the Reinvestment Target Par Amount and the Collateral Quality Tests are satisfied, all or any portion of amendment and waiver fees late payment fees, commitment fees (other than scheduled commitment fees received by the Issuer in respect of Revolving Obligations and Delayed Drawdown Collateral Debt Obligations), syndication fees, delayed compensation and all other fees and commissions received in connection with any Collateral Debt Obligations and Eligible Investments as determined by the Collateral Manager in its reasonable discretion including, without limitation, upon purchase or sale thereof, in each case, to the extent not included in paragraph (i)(G) above, which fees and commissions shall be payable into the Principal Account pursuant to paragraph (i)(G) above and shall constitute Principal Proceeds);

- (D) all Scheduled Periodic Asset Swap Counterparty Payments received by the Issuer under an Asset Swap Transaction and all Scheduled Periodic Interest Rate Hedge Counterparty Payments received by the Issuer under an Interest Rate Hedge Transaction;
- (E) all accrued interest included in the proceeds of sale of any other Collateral Debt Obligation that are designated by the Collateral Manager as Interest Proceeds pursuant to the Collateral Management Agreement (provided that no such designation may be made in respect of (i) any Purchased Accrued Interest, (ii) (1) any interest received in respect of any Mezzanine Obligation for so long as it is a Defaulted Deferring Mezzanine Obligation other than Defaulted Mezzanine Excess Amounts or (2) a Defaulted Obligation save for Defaulted Obligation Excess Amounts);
- (F) all proceeds received during the related Due Period from any additional issuance of Subordinated Notes that are not reinvested or retained for reinvestment in Collateral Debt Obligations;
- (G) all amounts representing the element of deferred interest in any payments received in respect of any Mezzanine Obligation which is not a Defaulted Deferring Mezzanine Obligation which by its contractual terms provides for the deferral of interest;
- (H) amounts transferred to the Interest Account from the Unused Proceeds Account in the circumstances described under Condition 3(j)(iii) (*Unused Proceeds Account*) below;
- (I) all scheduled commitment fees received by the Issuer in respect of any Revolving Obligations or Delayed Drawdown Collateral Debt Obligations;
- (J) all amounts received by the Issuer in respect of interest paid in respect of any collateral deposited by the Issuer with a third party as security for any reimbursement or indemnification obligations to any other lender under a Revolving Obligation or a Delayed Drawdown Collateral Debt Obligation in an account established pursuant to an ancillary facility;
- (K) all amounts transferred from the Expense Reserve Account;
- (L) all amounts transferred from the Contributions Account;
- (M) all interest payments (together with amounts received by way of gross up of such interest and in respect of a claim under any applicable double tax treaty or otherwise), other than constituting Purchased Accrued Interest received in respect of any Non-Eligible Issue Date Collateral Debt Obligation or any other asset which did not satisfy the Eligibility Criteria on the date it was required to do so and which has not been sold by the Collateral Manager in accordance with Collateral Management Agreement;
- (N) any Trading Gains realised in respect of any Collateral Debt Obligation to the extent that the deposit of such amounts into the Principal Account would, in the sole discretion of the Collateral Manager, cause (or would be likely to cause) a Retention Deficiency then Trading Gains in an amount sufficient in order to ensure no Retention Deficiency occurs must be paid into the Interest Account upon receipt;
- (O) any Swap Tax Credit received by the Issuer;

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

The Issuer shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Interest Account:

- (1) on the Business Day prior to each Payment Date, all Interest Proceeds (save for Swap Tax Credits) standing to the credit of the Interest Account shall be transferred to the Payment Account to the extent required for disbursement pursuant to the Interest Proceeds Priority of Payments save for amounts deposited after the end of the related Due Period;
- (2) at any time, funds may be transferred to the relevant Asset Swap Account up to an amount equal to any shortfall in the Balance standing to the credit of such Account with respect to any payment obligation by the Issuer pursuant to Condition 3(j)(x)(B) (*Asset Swap Account*) at such time;
- (3) at any time, any amounts payable by the Issuer under any Interest Rate Hedge Transaction save for any Interest Rate Hedge Termination Payments that are Defaulted Hedge Termination Payments;
- (4) at any time in accordance with the terms of, and to the extent permitted under, the Collateral Management Agreement, in the acquisition of Collateral Debt Obligations to the extent that any such acquisition costs represent accrued interest;
- (5) at any time, any Swap Tax Credits shall be paid to the relevant Hedge Counterparty in accordance with the terms of the relevant Hedge Agreement; and
- (6) on the Business Day following each Determination Date save for: (i) the first Determination Date following the Issue Date; (ii) a Determination Date following the occurrence of a Note Event of Default which is continuing; and (iii) the Determination Date immediately prior to any redemption of the Notes in full, any Interest Smoothing Amount required to be transferred to the Interest Smoothing Account.

(iii) Unused Proceeds Account

The Issuer will procure that the following amounts are credited to the Unused Proceeds Account, as applicable:

- (A) an amount transferred from the Collection Account equal to the proceeds of issue of the Notes remaining after payment: (1) of amounts due or accrued with respect to action taken on or in connection with the Issue Date with respect to the issue of Notes and the entry into the Transaction Documents; (2) to fund the Expense Reserve Account in an amount equal to €1,550,000; (3) to fund the First Period Reserve Account in an amount equal to €2,300,000; and (4) of amounts required for repayment of any amounts borrowed by the Issuer (together with interest thereon) in order to finance the acquisition of certain Collateral Debt Obligations on or prior to the Issue Date pursuant to the Warehouse Arrangements; and
- (B) all proceeds received during the Initial Investment Period from any additional issuance of Notes that are not invested in Collateral Debt Obligations or paid into the Interest Account.

The Issuer shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the applicable sub-ledger of the Unused Proceeds Account:

- (1) at any time up to and including the last day of the Initial Investment Period, in accordance with the terms of, and to the extent permitted under, the Collateral Management Agreement, in the acquisition of Collateral Debt Obligations including any amounts

payable by the Issuer to an Asset Swap Counterparty in respect of initial principal exchange in relation to an Asset Swap Obligation;

- (2) in the event of the occurrence of an Effective Date Rating Event, the Balance standing to the credit of the Unused Proceeds Account, on the Business Day prior to the Payment Date falling immediately after the Effective Date, to the extent required, to the Payment Account for application as Principal Proceeds in accordance with the Priorities of Payments, in redemption of the Notes in accordance with the Note Payment Sequence or, if earlier, until an Effective Date Rating Event is no longer continuing; and
- (3) on or after the Effective Date, the Balance standing to the credit of the Unused Proceeds Account, to the Principal Account or the Interest Account, in each case, at the discretion of the Collateral Manager, acting on behalf of the Issuer, provided that as at such date:
  - (i) the Issuer has acquired or entered into binding commitments to acquire Collateral Debt Obligations, the Aggregate Principal Balance of which equals or exceeds the Target Par Amount; and
  - (ii) no more than 1.0 per cent. of the Aggregate Collateral Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be its Moody's Collateral Value) may be transferred to the Interest Account, save to the extent (if any) required to reduce the Aggregate Collateral Balance determined for the purposes of compliance with the Retention Requirements to the Target Par Cap.

(iv) Payment Account

The Issuer will procure that, on the Business Day prior to each Payment Date, all amounts standing to the credit of each of the Accounts which are required to be transferred from the other accounts to the Payment Account pursuant to Condition 3(i) (*Accounts*) and Condition 3(j) (*Payments to and from the Accounts*) are so transferred, and, on such Payment Date, the Collateral Administrator shall cause the Account Bank (acting on the basis of the Payment Date Report), to disburse such amounts in accordance with the Priorities of Payments. No amounts shall be transferred to or withdrawn from the Payment Account at any other time or in any other circumstances.

(v) Counterparty Downgrade Collateral Account

The Issuer will procure that all Counterparty Downgrade Collateral transferred pursuant to a Hedge Agreement shall be deposited in a separate account in respect of each Hedge Counterparty. All Counterparty Downgrade Collateral deposited from time to time in any Counterparty Downgrade Collateral Account shall be held and released pursuant to the terms set out below.

The funds or securities credited to the Counterparty Downgrade Collateral Account and any interest or distributions thereon or liquidation proceeds thereof are held separate from and do not form part of Principal Proceeds, Interest Proceeds or of Collateral Enhancement Obligation Proceeds (other than in the circumstances set out below) and accordingly, are not available to fund general distributions of the Issuer (save as set out below and in the applicable Hedge Agreement). The amounts standing to the credit of the applicable Counterparty Downgrade Collateral Account shall not be commingled with any other funds from any other party.

Amounts standing to the credit of each Counterparty Downgrade Collateral Account will not be available for the Issuer to make payments to the Noteholders nor any other creditor of the Issuer. The Issuer will procure the payment of the following amounts (and shall ensure that no other payments are made, save to the extent required hereunder):

- (1) prior to the occurrence or designation of an "Early Termination Date" (as defined in the relevant Hedge Agreement) in respect of all "Transactions" (as defined in the relevant Hedge Agreement) entered into under the relevant Hedge Agreement pursuant to which all "Transactions" under such Hedge Agreement are terminated early, solely in or towards payment or transfer of:
  - (a) any "Return Amounts" (as defined in the applicable "Credit Support Annex" of the applicable Hedge Agreement);

- (b) any “Interest Amounts” and “Distributions” (each as defined in the applicable “Credit Support Annex” of the applicable Hedge Agreement) or such other equivalent amounts representing equivalent payments; and
  - (c) any return of collateral to the relevant Hedge Counterparty upon a novation of its obligations under such Hedge Agreement to a replacement Hedge Counterparty, directly to such Hedge Counterparty,
- in each case in accordance with the terms of the “Credit Support Annex” of the applicable Hedge Agreement;
- (2) following the designation of an “Early Termination Date” in respect of all “Transactions” under a Hedge Agreement pursuant to which all “Transactions” under such Hedge Agreement are terminated early where (A) the relevant Hedge Counterparty is a Defaulting Hedge Counterparty and (B) the Issuer enters into a replacement Hedge Agreement or any novation of the relevant Hedge Counterparty’s obligations to a replacement Hedge Counterparty on or around the “Early Termination Date” (as defined in such Hedge Agreement), in the following order of priority:
    - (a) first, in or towards payment of any Hedge Replacement Payment (to the extent not funded from the Hedge Termination Account);
    - (b) second, in or towards payment of any Hedge Termination Payment (to the extent not funded from the Hedge Termination Account); and
    - (c) third, the surplus remaining (if any) (the “**Counterparty Downgrade Collateral Account Surplus**”) be transferred to the Principal Account;
  - (3) following the designation of an “Early Termination Date” in respect of all “Transactions” under a Hedge Agreement pursuant to which all “Transactions” under such Hedge Agreement are terminated early where (A) the relevant Hedge Counterparty is not a Defaulting Hedge Counterparty and (B) the Issuer enters into a replacement Hedge Agreement or any novation of the relevant Hedge Counterparty’s obligations to a replacement Hedge Counterparty on or around the “Early Termination Date” (as defined in such Hedge Agreement) of such Hedge Agreement, in the following order of priority:
    - (a) first, in or towards payment of any Hedge Termination Payment (to the extent not funded from the Hedge Termination Account);
    - (b) second, in or towards payment of any Hedge Replacement Payment (to the extent not funded from the Hedge Termination Account); and
    - (c) third, the Counterparty Downgrade Collateral Account Surplus to be transferred to the Principal Account, and
  - (4) following the designation of an “Early Termination Date” (as defined in each Hedge Agreement) in respect of all “Transactions” under a Hedge Agreement pursuant to which all “Transactions” under the relevant Hedge Agreement are terminated early, if for any reason the Issuer is unable to or elects not to enter into a replacement Hedge Agreement or any novation of the relevant Hedge Counterparty’s obligations to a replacement Hedge Counterparty on or around the “Early Termination Date” (as defined in such Hedge Agreement), in the following order of priority:
    - (a) first, in or towards payment of any Hedge Termination Payment (to the extent not funded from the Hedge Termination Account); and
    - (b) second, the Counterparty Downgrade Collateral Account Surplus to be transferred to the Principal Account.

(vi) Collateral Enhancement Account

The Issuer will procure that all Collateral Enhancement Obligation Proceeds are credited on receipt into the Collateral Enhancement Account, and that on each Payment Date, any Collateral Enhancement Amount applied in payment into the Collateral Enhancement Account pursuant to paragraph (CC) of the Interest Proceeds Priority of Payments, is credited to the Collateral Enhancement Account.

The Issuer will (at the direction of the Collateral Manager which shall be made in its sole discretion) procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Collateral Enhancement Account:

- (1) at any time, in the acquisition of, or in respect of any exercise of any option or warrant comprised in, Collateral Enhancement Obligations, in accordance with the terms of the Collateral Management Agreement;
- (2) at any time, at the direction of the Issuer (or the Collateral Manager acting on its behalf), to purchase any Rated Notes in accordance with Condition 7(k) (*Purchase*);
- (3) on the occurrence of an Effective Date Rating Event, on the Business Day prior to the Payment Date falling immediately after the Effective Date, to the extent required, to the Payment Account for application as Principal Proceeds in accordance with the Priorities of Payments, in redemption of the Notes in accordance with the Note Payment Sequence or, if earlier until an Effective Date Rating Event is no longer continuing; and
- (4) at any time, at the direction of the Collateral Manager (acting in its discretion), the Balance standing to the credit of the Collateral Enhancement Account to be transferred to the Principal Account or the Interest Account or, on the Business Day prior to each Payment Date, to the Payment Account to the extent required for the payment of disbursements on such Payment Date in accordance with the Collateral Enhancement Obligation Proceeds Priority of Payments.

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

(vii) The Unfunded Revolver Reserve Account

The Issuer shall procure the following amounts are paid into the Unfunded Revolver Reserve Account:

- (A) upon the acquisition by or on behalf of the Issuer of any Revolving Obligation or Delayed Drawdown Collateral Debt Obligation, an amount (such amount the “**Revolver Reserve Commitment**”) equal to the amount which would cause the Balance standing to the credit of the Unfunded Revolver Reserve Account to be at least equal to the combined aggregate principal amounts of the Unfunded Amounts under each of the Revolving Obligations and Delayed Drawdown Collateral Debt Obligations (which Unfunded Amounts will be treated as part of the purchase price for the related Revolving Obligation or Delayed Drawdown Collateral Debt Obligation) less amounts posted thereafter as collateral (which do not constitute Funded Amounts), in each case, pursuant to paragraph (2) or (3) below, as applicable;
- (B) all principal payments received by the Issuer in respect of any Revolving Obligation or Delayed Drawdown Collateral Debt Obligation, if and to the extent that the amount of such principal payments may be re borrowed under such Revolving Obligation or Delayed Drawdown Collateral Debt Obligation or otherwise by the Collateral Manager, acting on behalf of the Issuer;
- (C) all repayments of collateral to the Issuer originally paid by the Issuer pursuant to paragraph (2) below; and



- (D) any Principal Proceeds required to be transferred to the Unfunded Revolver Reserve Account pursuant to the Principal Proceeds Priority of Payments.

The Issuer shall procure payment of the following amounts (and shall ensure that no other amounts are paid) out of the Unfunded Revolver Reserve Account:

- (1) all amounts required to fund any drawings under any Delayed Drawdown Collateral Debt Obligation or Revolving Obligation;
- (2) in respect of Delayed Drawdown Collateral Debt Obligations or Revolving Obligations, all amounts required to be deposited in the Issuer's name with any third party which satisfies the Rating Requirement applicable to an Account Bank (or if the third party does not satisfy the Rating Requirement applicable to an Account Bank, subject to receipt of Rating Agency Confirmation) as collateral for any funding obligations of the Issuer in respect of a Delayed Drawdown Collateral Debt Obligation or Revolving Obligation including but not limited to reimbursement or indemnification obligations of the Issuer owed to any other lender under such Revolving Obligation or Delayed Drawdown Collateral Debt Obligation (subject to such security documentation as may be agreed between such lender, the Collateral Manager acting on behalf of the Issuer and the Trustee);
- (3) (x) at any time at the direction of the Collateral Manager (acting on behalf of the Issuer) or (y) upon the sale (in whole or in part) of a Revolving Obligation or the reduction, cancellation or expiry of any commitment of the Issuer to make future advances or otherwise extend credit thereunder, any excess of (a) the amount standing to the credit of the Unfunded Revolver Reserve Account over (b) the sum of the Unfunded Amounts of all Revolving Obligations and Delayed Drawdown Collateral Debt Obligations after taking into account such sale or such reduction, cancellation or expiry of such commitment or notional amount to the Principal Account;
- (4) all interest accrued on the Balance standing to the credit of the Unfunded Revolver Reserve Account from time to time (including capitalised interest received upon the sale, maturity or termination of any Eligible Investment) to the Interest Account; and
- (5) at the discretion of the Collateral Manager, acting on behalf of the Issuer, to the Principal Account, to the extent that the Revolver Reserve Commitment would still be satisfied following such transfer.

(viii) Contributions Account

At any time during or after the Reinvestment Period, any Contributor may make a Contribution to the Issuer. The Collateral Manager, on behalf of the Issuer, may accept or reject any Contribution in its reasonable discretion (and will notify the Trustee of any such acceptance), provided that (x) the Collateral Manager shall reject any Contribution or portion thereof which would result in a Retention Deficiency and (y) the Collateral Manager shall reject any contribution of less than €500,000; provided that in the case of paragraph (ii) of the definition of "Contribution", such notice must be provided no later than two (2) Business Days prior to the applicable Payment Date. Each accepted Contribution will be credited to the Contributions Account. The Issuer will procure payment of the following amounts (and shall ensure that payment of no other amount is made save to the extent otherwise permitted) out of the Contribution Account, as provided below:

- (A) at any time, to the Principal Account for distribution on the next following Payment Date in accordance with the Priorities of Payments;
- (B) at any time, at the direction of the Issuer (or the Collateral Manager acting on its behalf), to the Interest Account for distribution in accordance with the Priorities of Payments;
- (C) at any time, in the acquisition of, or in respect of any exercise of any option or warrant comprised in, Collateral Enhancement Obligations, in accordance with the terms of the Collateral Management Agreement;

- (D) at any time, at the direction of the Issuer (or the Collateral Manager acting on its behalf), to purchase any Rated Notes in accordance with Condition 7(k) (*Purchase*);
- (E) on the occurrence of an Effective Date Rating Event that is continuing, on the Business Day prior to the Payment Date falling immediately after the Effective Date, to the extent required, to the Payment Account for application as Principal Proceeds in accordance with the Priorities of Payments, in redemption of the Notes in accordance with the Note Payment Sequence until an Effective Date Rating Event is no longer continuing; and
- (F) on the Business Day prior to any Payment Date, the Balance standing to the credit of the Contributions Account to the Payment Account for distribution on such Payment Date in accordance with the Principal Proceeds Priority of Payments or the Post-Acceleration Priority of Payments (as applicable) (1) at the direction of the Collateral Manager at any time prior to a Note Event of Default or (2) automatically upon an acceleration of the Notes in accordance with Condition 10(b) (*Acceleration*).

No Contribution or portion thereof accepted by the Collateral Manager will be returned to the Contributor at any time save for in accordance with the Priorities of Payments. All interest accrued on amounts standing to the credit of the Contributions Account will be transferred to the Interest Account for application as Interest Proceeds. For the avoidance of doubt, any amounts standing to the credit of the Contributions Account pursuant to paragraph (ii) of the definition of “Contribution” will be deemed for all purposes as having been paid to the Contributor pursuant to the Priorities of Payments.

(ix) Hedge Termination Account

The Issuer will procure that all Hedge Termination Receipts and Hedge Replacement Receipts are paid into the relevant Hedge Termination Account promptly upon receipt thereof.

The Issuer will procure payment of the following amounts (and shall ensure that payment of no other amount is made save to the extent otherwise permitted) out of the relevant Hedge Termination Account as provided below:

- (A) at any time, in the case of any Hedge Replacement Receipts paid into the relevant Hedge Termination Account, in payment of any Hedge Termination Payment due and payable to a Hedge Counterparty under the Hedge Transaction being replaced or to the extent not required to make such payment, in payment of such amount to the Principal Account;
- (B) at any time, in the case of any Hedge Termination Receipts paid into the relevant Hedge Termination Account, in payment of any Hedge Replacement Payment and any other amounts payable by the Issuer upon entry into a Replacement Interest Rate Hedge Transaction or a Replacement Asset Swap Transaction, as applicable in accordance with the Collateral Management Agreement; and
- (C) in the case of any Hedge Termination Receipts paid into the relevant Hedge Termination Account, in the event that:
  - (1) the Issuer, or the Collateral Manager on its behalf, determines not to replace the Hedge Transaction and Rating Agency Confirmation is received in respect of such determination; or
  - (2) termination of the Hedge Transaction under which such Hedge Termination Receipts are payable occurs on a Redemption Date (other than in connection with a Refinancing); or
  - (3) to the extent that such Hedge Termination Receipts are not required for application towards costs of entry into a Replacement Interest Rate Hedge Transaction or a Replacement Asset Swap Transaction, as applicable,

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

(x) Asset Swap Account

The Issuer will procure that all amounts due to the Issuer in respect of each Asset Swap Obligation (including, any payments from an Asset Swap Counterparty in respect of initial principal exchange amounts pursuant to an Asset Swap Transaction) shall, on receipt, be deposited in the Asset Swap Account maintained in the currency of such Asset Swap Obligation. Additional amounts may also be transferred to the relevant Asset Swap Account from the Interest Account at any time to the extent of any shortfall in the Balance standing to the credit of the relevant Asset Swap Account in respect of any payment required to be made by the Issuer pursuant to paragraph (B) below at such time.

The Issuer will procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the relevant Asset Swap Account:

- (A) at any time, to the extent of any initial principal exchange amount deposited into the relevant Asset Swap Account in accordance with the terms of and to the extent permitted under the Collateral Management Agreement, in the acquisition of Asset Swap Obligations;
- (B) Scheduled Periodic Asset Swap Issuer Payments due to each Asset Swap Counterparty pursuant to each Asset Swap Transaction;
- (C) Asset Swap Issuer Principal Exchange Amounts (other than any initial asset swap principal exchange amount denominated in Euro and due to an Asset Swap Counterparty pursuant to an Asset Swap Transaction, which shall be paid from the Principal Account or Unused Proceeds Account) due to each Asset Swap Counterparty pursuant to each Asset Swap Transaction; and
- (D) cash amounts (representing any excess standing to the credit of the relevant Asset Swap Account after provisioning for any amounts to be paid to any Asset Swap Counterparty pursuant to any Asset Swap Transaction) to the Principal Account after conversion thereof into Euro at the then Applicable Exchange Rate.

(xi) Expense Reserve Account

The Issuer shall procure that the following amounts are paid into the Expense Reserve Account:

- (A) on the Issue Date, an amount determined on the Issue Date for the payment of amounts due or accrued in connection with the issue of the Notes, in accordance with paragraph (1) below;
- (B) any On-going Expense Reserve Amount applied in payment into the Expense Reserve Account pursuant to paragraph (D) of the Interest Proceeds Priority of Payments and paragraph (A) of the Principal Proceeds Priority of Payments; and
- (C) any amounts received by the Issuer by way of indemnity payments from third parties (“**Third Party Indemnity Receipts**”).

The Issuer shall procure payment of the following amounts (and shall procure that no other amounts are paid) out of the Expense Reserve Account:

- (1) other than Third Party Indemnity Receipts, amounts due or accrued with respect to actions taken on or in connection with the Issue Date with respect to the issue of the Notes and the entry into the Transaction Documents;
- (2) other than Third Party Indemnity Receipts, subject to payment of any amounts referred to in paragraph (3) below, amounts standing to the credit of the Expense Reserve Account on or after the Determination Date immediately preceding the first Payment Date may be transferred to the Principal Account and/or the Interest Account in the sole discretion of the Issuer (or the Collateral Manager acting on its behalf);
- (3) at any time other than between a Determination Date and a Payment Date, the amount of, *firstly*, any Trustee Fees and Expenses and, *secondly*, Administrative Expenses which have accrued and become payable prior to the immediately following Payment Date, upon

receipt of invoices therefor from the relevant creditor, provided that any such payments, in aggregate, shall not cause the Balance of the Expense Reserve Account to fall below zero;

- (4) other than Third Party Indemnity Receipts, on the Business Day prior to each Payment Date, the Balance of the Expense Reserve Account shall be transferred to the Payment Account for application in accordance with the Interest Proceeds Priority of Payments on such Payment Date;
- (5) on any date, any Third Party Indemnity Receipts due and payable by the Issuer to the Trustee, in an amount which shall not at any time exceed the lesser of (i) the amount paid into the Expense Reserve Account in accordance with paragraph (C) above; and (ii) the amount of any indemnity payments payable by the Issuer to the Trustee. Any such amount so paid shall not be taken into account for the purposes of the application of the Senior Expenses Cap; and
- (6) any Third Party Indemnity Receipts in excess of paragraph (5) above shall be transferred to the Payment Account on the Business Day prior to each Payment Date for application in accordance with the Interest Proceeds Priority of Payments on such Payment Date.

(xii) Collection Account

The Issuer shall procure that the following amounts are credited to the Collection Account:

- (A) on the Issue Date, the proceeds of issue of the Notes; and
- (B) all amounts received in respect of any Collateral (excluding any Counterparty Downgrade Collateral).

The Issuer shall procure that the Collateral Administrator and the Account Bank transfer the following amounts out of the Collection Account:

- (A) on the Issue Date:
  - (1) amounts due or accrued with respect to action taken on or in connection with the Issue Date with respect to the issue of Notes and the entry into the Transaction Documents;
  - (2) to fund the Expense Reserve Account, an amount equal to €1,550,000;
  - (3) to fund the First Period Reserve Account, an amount equal to €2,300,000;
  - (4) amounts required for repayment of any amounts borrowed by the Issuer (together with interest thereon) in order to finance the acquisition of certain Collateral Debt Obligations on or prior to the Issue Date pursuant to the Warehouse Arrangements; and
  - (5) any remaining amounts to the Unused Proceeds Account; and
- (B) subject to the prior payment of all amounts pursuant to Condition 3(i)(xii)(A) above, all amounts standing to the credit of the Collection Account to the Accounts to which such funds are required to be credited to in accordance with Condition 3(i) (*Accounts*) on a daily basis such that the balance standing to the credit of the Collection Account at the end of each Business Day is zero.

(xiii) Interest Smoothing Account

On the Business Day following each Determination Date save for:

- (A) the first Determination Date following the Issue Date;
- (B) a Determination Date following the occurrence of a Note Event of Default which is continuing; and
- (C) the Determination Date immediately prior to any redemption of the Notes in full,

the Interest Smoothing Amount shall be credited to the Interest Smoothing Account from the Interest Account.

The Issuer shall procure on the Business Day falling after the Payment Date following the Determination Date on which any Interest Smoothing Amount was transferred to the Interest Smoothing Account, such Interest Smoothing Amount to be transferred to the Interest Account.

(xiv) First Period Reserve Account

The Issuer shall procure that on the Issue Date €2,300,000 is paid into the First Period Reserve Account from the Collection Account.

At any time up to and including the last day of the Initial Investment Period, the Collateral Manager, in its sole discretion (acting on behalf of the Issuer), may direct some or all amounts standing to the credit of the First Period Reserve Account to be used for the acquisition of Collateral Debt Obligations, subject to and in accordance with the Collateral Management Agreement. Following the Initial Investment Period, all amounts standing to the credit of the First Period Reserve Account (including all interest accrued thereon) shall be transferred to the Payment Account for disbursement pursuant to the Interest Proceeds Priority of Payments.

(k) Unscheduled Payment Dates

The Issuer or the Collateral Manager on its behalf may (and shall, in either case, if so directed by the Subordinated Noteholders acting by Ordinary Resolution) designate a date (other than a Scheduled Payment Date and a Redemption Date) as a Payment Date (each an “**Unscheduled Payment Date**”) if the following conditions are met:

- (i) such date is a Business Day falling after the date upon which the Rated Notes have been repaid or redeemed in full;
- (ii) such date falls no less than 5 Business Days after the Collateral Manager (on behalf of the Issuer) has notified the Trustee, the Collateral Administrator, the Principal Paying Agent and the Noteholders (in accordance with Condition 16 (*Notices*)) of such designation in writing;
- (iii) such date falls more than 5 Business Days prior to the next following Scheduled Payment Date; and
- (iv) such date falls no less than 5 Business Days after the immediately preceding Scheduled Payment Date and no less than 5 Business Days after any prior Unscheduled Payment Date.

#### 4. Security

(a) Security

Pursuant to the Trust Deed, the obligations of the Issuer under the Notes of each Class, the Trust Deed, the Agency Agreement, the Collateral Management Agreement, the Placement Agency Agreement, and the other Transaction Documents (together with the obligations owed by the Issuer to the other Secured Parties) are secured in favour of the Trustee for the benefit of the Secured Parties by:

- (i) an assignment by way of security of all the Issuer’s present and future rights, title and interest (and all entitlements or other benefits relating thereto) in respect of all Collateral Debt Obligations, Exchanged Securities, Collateral Enhancement Obligations, Eligible Investments standing to the credit of each of the Accounts (other than the Counterparty Downgrade Collateral Accounts) and any other investments (other than any Counterparty Downgrade Collateral), in each case held by or on behalf of the Issuer from time to time (where such rights are contractual rights (other than contractual rights the assignment of which would require the consent of a third party or the entry by the Trustee into an intercreditor agreement or deed) and where such contractual rights arise other than under securities), including, without limitation, all moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of sale, repayment and redemption thereof;

- (ii) a first fixed charge and first priority security interest granted over all the Issuer's present and future rights, title and interest (and all entitlements or other benefits relating thereto) in respect of all Collateral Debt Obligations, Exchanged Securities, Collateral Enhancement Obligations, Eligible Investments standing to the credit of each of the Accounts (other than the Counterparty Downgrade Collateral Accounts) and any other investments (other than any Counterparty Downgrade Collateral), in each case held by or on behalf of the Issuer (where such assets are securities or contractual rights not assigned by way of security pursuant to paragraph (i) above and which are capable of being the subject of a first fixed charge and first priority security interest), including, without limitation, all moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of sale, repayment and redemption thereof;
- (iii) a first fixed charge over all present and future rights of the Issuer in respect of each of the Accounts (other than the Counterparty Downgrade Collateral Accounts) and all moneys from time to time standing to the credit of such Accounts (other than the Counterparty Downgrade Collateral Accounts) and the debts represented thereby and including, without limitation, all interest accrued and other moneys received in respect thereof;
- (iv) a first fixed charge and first priority security interest (where the applicable assets are securities) over, or an assignment by way of security (where the applicable rights are contractual obligations) of, all present and future rights of the Issuer in respect of any Counterparty Downgrade Collateral standing to the credit of each Counterparty Downgrade Collateral Account; including, without limitation, all moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of sale, repayment and redemption thereof and over each Counterparty Downgrade Collateral Account and all moneys from time to time standing to the credit of each Counterparty Downgrade Collateral Account and the debts represented thereby including without limitation, all interest accrued and other monies received in respect thereof, and subject, in each case, to the rights of any Hedge Counterparty to the applicable Counterparty Downgrade Collateral Account and to the Counterparty Downgrade Collateral pursuant to the terms of the relevant Hedge Agreement and the Conditions (and, in each case, subject to any prior ranking security interest entered into by the Issuer in relation thereto in favour of a Hedge Counterparty);
- (v) an assignment by way of security of all the Issuer's present and future rights against the Custodian under the Agency Agreement (to the extent it relates to the Custody Account) and a first fixed charge over all of the Issuer's right, title and interest in and to the Custody Account (including each cash account relating to the Custody Account) and any cash held therein and the debts represented thereby;
- (vi) an assignment by way of security of all the Issuer's present and future rights under each Hedge Agreement and each Hedge Transaction entered into thereunder (including the Issuer's rights under any guarantee or credit support annex entered into pursuant to any Hedge Agreement, provided that such assignment by way of security 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), provided that such assignment by way of security is without prejudice to, and after giving effect to, any contractual netting or set-off provision contained in the relevant Hedge Agreement;
- (vii) an assignment by way of security of all the Issuer's present and future rights under the Collateral Management Agreement and all sums derived therefrom;
- (viii) a first fixed charge over all moneys held from time to time by the Principal Paying Agent and any other Agent for payment of principal, interest or other amounts on the Notes (if any);
- (ix) an assignment by way of security of all the Issuer's present and future rights under the Agency Agreement and the Placement Agency Agreement and all sums derived therefrom;
- (x) an assignment by way of security of all the Issuer's present and future rights under the Risk Retention Letter and all sums derived therefrom;

- (xi) an assignment by way of security of all the Issuer's present and future rights under the Collateral Acquisition Agreements and all sums derived therefrom;
- (xii) an assignment by way of security of all of the Issuer's present and future rights under the other Transaction Documents and all sums derived therefrom; and
- (xiii) a floating charge over the whole of the Issuer's undertaking and assets to the extent that such undertaking and assets are not subject to any other security created pursuant to the Trust Deed,

excluding for the purpose of (i) to (xiii) above, (A) the Issuer's rights under the Administration Agreement; and (B) all amounts standing to the credit of the Issuer Irish Account.

The security will extend to the ultimate balance of obligations of the Issuer owed to the Secured Parties, regardless of any intermediate payment or discharge in part.

The security created pursuant to paragraphs (i) to (xiii) above is granted to the Trustee for itself and as trustee for the Secured Parties as continuing security for the payment of their secured obligations pursuant to the Trust Deed provided that the security granted by the Issuer over any collateral provided to the Issuer pursuant to a Hedge Agreement will only be available to the Secured Parties (other than with respect to the collateral provided to the relevant Hedge Counterparty pursuant to such Hedge Agreement and Condition 3(j)(v) (*Counterparty Downgrade Collateral Account*)) when such collateral or amounts, as applicable, are expressed to be available to the Issuer and (if a title transfer arrangement) to the extent that no equivalent amount is owed to the Hedge Counterparty, pursuant to the relevant Hedge Agreement and/or Condition 3(j)(v) (*Counterparty Downgrade Collateral Account*).

If, for any reason, the purported assignment by way of security of, and/or the grant of first fixed charge over, and/or the grant of a floating charge over the property, assets, rights and/or benefits described above is found to be ineffective in respect of any such property, assets, rights and/or benefits (together, the "**Affected Collateral**"), the Issuer shall hold the benefit of the Affected Collateral and any sums received in respect thereof or any security interest, guarantee or indemnity or undertaking of whatever nature given to secure such Affected Collateral (together, the "**Trust Collateral**") on trust for the Trustee for the benefit of the Secured Parties and shall (i) account to the Trustee for or otherwise apply all sums received in respect of such Trust Collateral as the Trustee may direct (provided that, subject to the Conditions and the terms of the Collateral Management Agreement, if no Note Event of Default has occurred and is continuing, the Issuer shall be entitled to apply the benefit of such Trust Collateral and such sums in respect of such Trust Collateral received by it and held on trust under this paragraph without prior direction from the Trustee), (ii) exercise any rights it may have in respect of the Trust Collateral at the direction of the Trustee and (iii) at its own cost take such action and execute such documents as the Trustee may in its sole discretion require.

The Issuer may from time to time grant security:

- (1) by way of a first priority security interest to a Hedge Counterparty over:
  - (A) the Counterparty Downgrade Collateral deposited by such Hedge Counterparty in the Counterparty Downgrade Collateral Account related to such Hedge Counterparty including, without limitation, all moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of sale, repayment and redemption thereof; and
  - (B) the Counterparty Downgrade Collateral Account related to such Hedge Counterparty, all moneys from time to time standing to the credit of such Counterparty Downgrade Collateral Account and the debts represented thereby including without limitation, all interest accrued and other monies received in respect thereof,

as security for the Issuer's obligations to repay or redeem such Counterparty Downgrade Collateral pursuant to the terms of the applicable Hedge Agreement and these Conditions (subject to such security documentation as may be agreed between such third party, the Collateral Manager acting on behalf of the Issuer and the Trustee). For the avoidance of doubt, the Issuer may grant such security interest directly to the Hedge Counterparty; and/or

- (2) by way of first priority security interest over amounts representing all or part of the Unfunded Amount of any Revolving Obligation or Delayed Drawdown Collateral Debt Obligation and deposited in its name with a third party as security for any payment obligations of the Issuer in respect of such Revolving Obligation or Delayed Drawdown Collateral Debt Obligation including but not limited to reimbursement or indemnification obligation of the Issuer owed to any other lender under such Revolving Obligation or Delayed Drawdown Collateral Debt Obligation, subject to the terms of Condition 3(j)(vii) (*The Unfunded Revolver Reserve Account*) (including Rating Agency Confirmation).

All deeds, documents, assignments, instruments, bonds, notes, negotiable instruments, papers and any other instruments comprising, evidencing, representing and/or transferring the Portfolio will be deposited with or held by or on behalf of the Custodian until the security over such obligations is irrevocably discharged in accordance with the provisions of the Trust Deed. In the event that the ratings of the Custodian are downgraded to below the Rating Requirement or withdrawn, the Issuer shall use reasonable endeavours to procure that a replacement Custodian with the Rating Requirement and who is acceptable to the Trustee is appointed in accordance with the provisions of the Agency Agreement.

Pursuant to the terms of the Trust Deed, the Trustee is exempted from any liability in respect of any loss or theft or reduction in value of the Collateral, from any obligation to insure the Collateral and from any claim arising from the fact that the Collateral is held in a clearing system or in safe custody by the Custodian, a bank or other custodian. The Trustee has no responsibility for ensuring that the Account Bank, Principal Paying Agent or 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, account bank or principal paying agent, save that it will not unreasonably withhold its consent to the Issuer's procurement of any such replacement. The Trustee has no responsibility for the management of the Portfolio by the Collateral Manager or to supervise the administration of the Portfolio by the Collateral Administrator or by any other party and is entitled to rely on the certificates or notices of any relevant party without further enquiry. The Trust Deed also provides that the Trustee shall accept without investigation, requisition or objection such right, benefit, title and interest, if any, as the Issuer may have in and to any of the Collateral and is not bound to make any investigation into the same or into the Collateral in any respect.

(b) Application of Proceeds upon Enforcement

The Trust Deed provides that the net proceeds of realisation of, or enforcement with respect to the security over, the Collateral constituted by the Trust Deed, shall be applied in accordance with the Post-Acceleration Priority of Payments set out in Condition 11 (*Enforcement*).

(c) Limited Recourse and Non Petition

The obligations of the Issuer to pay amounts due and payable in respect of the Notes and to the other Secured Parties at any time shall be limited to the proceeds available at such time to make such payments in accordance with the Priorities of Payments. If the net proceeds of realisation of the security constituted by the Trust Deed, upon enforcement thereof in accordance with Condition 11 (*Enforcement*) and the provisions of the Trust Deed are less than the aggregate amount payable in such circumstances by the Issuer in respect of the Notes and to the other Secured Parties (such negative amount being referred to herein as a "shortfall"), the obligations of the Issuer in respect of the Notes of each Class and its obligations to the other Secured Parties in such circumstances will be limited to such net proceeds, which shall be applied in accordance with the Priorities of Payments. In such circumstances, the other assets (including the Issuer Irish Account and its rights under the Administration Agreement) of the Issuer will not be available for payment of such shortfall which shall be borne by the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders the Subordinated Noteholders and the other Secured Parties in accordance with the Priorities of Payments (applied in reverse order). The rights of the Secured Parties (including the Noteholders) to receive any further amounts in respect of such obligations shall be extinguished and none of the Noteholders of each Class or the other Secured Parties may take any further action to recover such amounts. None of the Noteholders of any Class, the Trustee or the other Secured Parties (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency, examinership, winding up or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with



any obligations of the Issuer relating to the Notes of any Class, the Trust Deed or otherwise owed to the Secured Parties, save for lodging a claim in the liquidation of the Issuer which is initiated by another non-Affiliated party or taking proceedings to obtain a declaration as to the obligations of the Issuer and without limitation to the Trustee's right to enforce and/or realise the security constituted by the Trust Deed (including by appointing a receiver or an administrative receiver).

None of the Trustee, the Directors, the Placement Agent, the Collateral Manager and any Agent has any obligation to any Noteholder of any Class for payment of any amount by the Issuer in respect of the Notes of any Class.

(d) Exercise of Rights in Respect of the Portfolio

Pursuant to the Collateral Management Agreement, the Issuer authorises the Collateral Manager, prior to enforcement of the security over the Collateral, to exercise all rights and remedies of the Issuer in its capacity as a holder of, or person beneficially entitled to, the Portfolio. In particular, the Collateral Manager is authorised, subject to any specific direction given by the Issuer, to attend and vote at any meeting of holders of, or other persons interested or participating in, or entitled to the rights or benefits (or a part thereof) under, the Portfolio and to give any consent, waiver, indulgence, time or notification, make any declaration or agree any composition, compounding or other similar arrangement with respect to any obligations forming part of the Portfolio.

(e) Information Regarding the Collateral

The Issuer shall procure that a copy of each Monthly Report and any Payment Date Report is made available to each Noteholder of each Class, the Trustee, the Collateral Manager and the Rating Agencies within two Business Days of publication thereof.

## 5. Covenants of and Restrictions on the Issuer

(a) Covenants of the Issuer

Unless otherwise provided in the Trust Deed, the Issuer covenants to the Trustee on behalf of the holders of the Notes that, for so long as any Note remains Outstanding, the Issuer will:

(i) take such steps as are reasonable to enforce all its rights:

- (A) under the Trust Deed;
- (B) in respect of the Collateral;
- (C) under the Agency Agreement;
- (D) under the Collateral Management Agreement;
- (E) under the Administration Agreement;
- (F) under the Collateral Acquisition Agreements;
- (G) under the Risk Retention Letter;
- (H) under any Hedge Agreements; and
- (I) under any Reporting Delegation Agreement.

(ii) comply with its obligations under the Notes, the Trust Deed, the Agency Agreement, the Collateral Management Agreement, each Reporting Delegation Agreement and each other Transaction Document to which it is a party;

(iii) keep proper books of account;

(iv) at all times maintain its tax residence outside the United Kingdom and the United States and will not establish a branch, agency, permanent establishment or place of business (and in this regard no account shall be taken of the activities which the Collateral Manager carries out on behalf of the

Issuer pursuant to the Collateral Management Agreement) or register as a company in the United Kingdom or the United States or elsewhere outside of Ireland, and shall not do or permit anything within its control which might result in its residence being considered to be outside Ireland for tax purposes;

- (v) maintain its central management and control and its place of effective management only in Ireland and in particular shall not be treated under any of the double taxation treaties entered into by Ireland as being resident in any other jurisdiction;
  - (vi) conduct its business and affairs such that, at all times:
    - (A) it shall maintain its registered office in Ireland;
    - (B) it shall hold all meetings of its board of Directors in Ireland and ensure that all of its directors are resident in Ireland for Irish tax purposes, that they will exercise their control over the business of the Issuer independently and that those directors (acting independently) exercise their authority only from and within Ireland by taking all key decisions relating to the Issuer in Ireland;
    - (C) it shall not open any office or branch or place of business outside of Ireland;
    - (D) it shall not knowingly take any action (save to the extent necessary for the Issuer to comply with its obligations under the Transaction Documents) which will cause its “centre of main interests” (within the meaning of European Council Regulation No. 1346/2000 on Insolvency Proceedings (the “**Insolvency Regulations**”)) to be located in any jurisdiction other than Ireland and will not establish any offices, branches or other establishments (as defined in the Insolvency Regulations) or register as a company in any jurisdiction other than Ireland;
  - (vii) pay its debts generally as they fall due;
  - (viii) do all such things as are necessary to maintain its corporate existence;
  - (ix) use its best endeavours to obtain and maintain the listing on the Main Securities Market of the Irish Stock Exchange of the outstanding Notes of each Class. If, however, it is unable to do so, having used such endeavours, or if the maintenance of such listings are agreed by the Trustee to be unduly onerous and the Trustee is satisfied that the interests of the holders of the Outstanding Notes of each Class would not thereby be materially prejudiced, the Issuer will instead use all reasonable endeavours promptly to obtain and thereafter to maintain a listing for such Notes on such other stock exchange(s) as it may (with the prior written approval of the Trustee) decide, provided that any such other stock exchange is a recognised stock exchange for the purposes of Section 64 of the Taxes Consolidation Act 1997 of Ireland;
  - (x) supply such information to the Rating Agencies as they may reasonably request;
  - (xi) ensure that its “centre of main interests” (as that term is referred to in article 3(1) of Council Regulation (EC) No. 1346/2000 on Insolvency Proceedings) and its tax residence is and remains at all times in Ireland; and
  - (xii) ensure an agent is appointed to assist in creating and maintaining the Issuer’s website to enable the Rating Agencies to comply with Rule 17g-5.
- (b) Restrictions on the Issuer

As more fully described in the Trust Deed, for so long as any of the Notes remain Outstanding, save as contemplated in the Transaction Documents, the Issuer covenants to the holders of such Outstanding Notes that (to the extent applicable) it will not, without the prior written consent of the Trustee:

- (i) sell, factor, discount, transfer, assign, lend or otherwise dispose of any of its right, title or interest in or to the Collateral, other than in accordance with the Collateral Management Agreement, nor will it create or permit to be outstanding any mortgage, pledge, lien, charge, encumbrance or other security interest over the Collateral except in accordance with the Trust Deed, these Conditions or the Transaction Documents;

- (ii) sell, factor, discount, transfer, assign, lend or otherwise dispose of, nor create or permit to be outstanding any mortgage, pledge, lien, charge, encumbrance or other security interest over, any of its other property or assets or any part thereof or interest therein other than in accordance with the Trust Deed, these Conditions or the Transaction Documents;
- (iii) engage in any business other than the holding and managing or both the holding and managing of “qualifying assets” within the meaning of Section 110 of the Taxes Consolidation Act 1997, as amended, of Ireland (the “TCA”) and in connection therewith shall not engage in any business other than:
  - (A) acquiring and holding any property, assets or rights that are capable of being effectively secured in favour of the Trustee or that are capable of being held on trust by the Issuer in favour of the Trustee under the Trust Deed;
  - (B) issuing and performing its obligations under the Notes;
  - (C) entering into, exercising its rights and performing its obligations under or enforcing its rights under the Trust Deed, the Agency Agreement, the Collateral Management Agreement, any Reporting Delegation Agreement and each other Transaction Document to which it is a party, as applicable; or
  - (D) performing any act incidental to or necessary in connection with any of the above;
- (iv) amend any term or Condition of the Notes of any Class (save in accordance with these Conditions and the Trust Deed);
- (v) agree to any amendment to any provision of, or grant any waiver or consent under the Trust Deed, the Agency Agreement, the Collateral Management Agreement, any Reporting Delegation Agreement, the Administration Agreement or any other Transaction Document to which it is a party;
- (vi) incur any indebtedness for borrowed money, other than in respect of:
  - (A) the Notes (including the issuance of additional Notes pursuant to Condition 17 (*Additional Issuances*)) or any document entered into in connection with the Notes or the sale thereof or any additional Notes or the sale thereof;
  - (B) any Refinancing; or
  - (C) as otherwise contemplated or permitted pursuant to the Trust Deed, the Collateral Management Agreement or the other Transaction Documents;
- (vii) amend its constitutional documents (save where such amendment is made to reflect a change in the name of the Issuer or as may be necessary and/or desirable as a result of the implementation of the Companies Act 2014);
- (viii) have any subsidiaries or establish any offices, branches or other “establishment” (as that term is used in article 2(h) of Council Regulation (EC) No. 1346/2000 on Insolvency Proceedings) outside of Ireland;
- (ix) have any employees (for the avoidance of doubt the Directors of the Issuer do not constitute employees);
- (x) enter into any reconstruction, amalgamation, merger or consolidation;
- (xi) convey or transfer all or a substantial part of its properties or assets (in one or a series of transactions) to any person, otherwise than as contemplated in these Conditions;
- (xii) issue any shares (other than such share as is in issue as at the Issue Date) nor redeem or purchase any of its issued share capital;
- (xiii) enter into any material agreement or contract with any Person (other than an agreement on customary market terms which for the avoidance of doubt will include agreements to buy and sell

obligations and documentation relating to restructurings (including steering committee indemnity letters), which terms do not contain the provisions below) unless such contract or agreement contains “limited recourse” and “non-petition” provisions and such Person agrees that, prior to the date that is two years and one day after all the related obligations of the Issuer have been paid in full (or, if longer, the applicable preference period under applicable insolvency law), such Person shall not take any action or institute any proceeding against the Issuer under any insolvency law applicable to the Issuer or which would reasonably be likely to cause the Issuer to be subject to or seek protection of, any such insolvency law; provided that such Person shall be permitted to become a party to and to participate in any proceeding or action under any such insolvency law that is initiated by any other Person other than one of its Affiliates;

- (xiv) otherwise than as contemplated in the Transaction Documents, release from or terminate the appointment of the Custodian or the Account Bank under the Agency Agreement, the Collateral Manager or the Collateral Administrator under the Collateral Management Agreement (including, in each case, any transactions entered into thereunder) or, in each case, from any executory obligation thereunder;
- (xv) commingle its assets with those of any other Person or entity;
- (xvi) make any election within the meaning of Section 110(6) of the TCA;
- (xvii) take any action which would cause it to cease to be a “qualifying company” within the meaning of Section 110 of the TCA;
- (xviii) enter into any lease in respect of, or own, premises;
- (xix) acquire Collateral Debt Obligations, Collateral Enhancement Obligations or any other obligations or securities issued by its partners or shareholders (if any); or
- (xx) act as an entity that issues notes to investors and uses the proceeds to grant new loans on its own account, but will purchase loans from another lender and therefore is not considered a first lender (for the purpose of Regulation (EC) No 24/2009 of the European Central Bank).

## 6. Interest

### (a) Payment Dates

#### (i) Rated Notes

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes each bear interest from (and including) the Issue Date and such interest will be payable:

(A) in the case of interest accrued during the initial Accrual Period, for the period from (and including) the Issue Date to (but excluding) the Payment Date falling on or about 15 September 2016); and

(B) thereafter:

(1) at any time prior to the occurrence of a Frequency Switch Event, quarterly; and

(2) at any time following the occurrence of a Frequency Switch Event, semi-annually,

in each case, in arrear on each Payment Date.

#### (ii) Subordinated Notes

Interest shall be payable on the Subordinated Notes to the extent funds are available in accordance with paragraph (DD) of the Interest Proceeds Priority of Payments, paragraph (T) of the Principal Proceeds Priority of Payments, paragraph (C) of the Collateral Enhancement Obligation Proceeds Priority of Payments and paragraph (Z) of the Post-Acceleration Priority of Payments on each Payment Date and shall continue to be payable in accordance with this Condition 6 (*Interest*) notwithstanding redemption in full of any Subordinated Note at its applicable Redemption Price.

Notwithstanding any other provision of these Conditions or the Trust Deed, all references herein and therein to the Subordinated Notes and the Subordinated Notes being redeemed in full or at their Principal Amount Outstanding shall be deemed to be amended to the extent required to ensure that a minimum of €1 principal amount of each such Class of Notes remains Outstanding at all times and any amounts which are to be applied in redemption of each such Class of Notes pursuant hereto which are in excess of the Principal Amount Outstanding thereof minus €1, shall constitute interest payable in respect of such Notes and shall not be applied in redemption of the Principal Amount Outstanding thereof, provided always however that such €1 principal shall no longer remain Outstanding and each such Class of Notes shall be redeemed in full on the date on which all of the Collateral securing the Notes has been realised and is to be finally distributed to the Noteholders.

If the aggregate of income and gains earned by the Issuer during an accounting period exceeds the costs and expenses accrued for that period, such excess shall accrue as additional interest on the Subordinated Notes but shall only be payable on any Payment Date following payment in full of amounts payable pursuant to the Priorities of Payments on such Payment Date.

(b) Interest Accrual

(i) Interest Accrual

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest in accordance with this Condition 6 (*Interest*) (both before and after judgment) until whichever is the earlier of (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (B) the day following seven days after the Trustee or the Principal Paying Agent has notified the Noteholders of such Class of Notes in accordance with Condition 16 (*Notices*) of receipt of all sums due in respect of all the Notes of such Class up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

(ii) Subordinated Notes

Payments on the Subordinated Notes will cease to be payable in respect of each Subordinated Note upon the date that all of the Collateral has been realised and no Interest Proceeds or Principal Proceeds remain available for distribution in accordance with the Priorities of Payments.

(c) Deferral of Interest

Unless a Frequency Switch Event has occurred and the relevant Class of Notes is the Controlling Class at such time, the Issuer shall, and shall only be obliged to, pay any Interest Amount payable in respect of the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes in full on any Payment Date, in each case to the extent that there are Interest Proceeds or Principal Proceeds available for payment thereof in accordance with the Priorities of Payments.

Unless a Frequency Switch Event has occurred and the relevant Class of Notes is the Controlling Class at such time, in the case of the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, an amount of interest equal to any shortfall in payment of the Interest Amount which would, but for the first paragraph of this Condition 6(c) (*Deferral of Interest*) otherwise be due and payable in respect of such Class of Notes on any Payment Date (each such amount being referred to as “**Deferred Interest**”) will not be payable on such Payment Date, but will be added to the principal amount of the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, as applicable, and thereafter will accrue interest at the rate of interest applicable to that Class of Notes, and the failure to pay such Deferred Interest to the holders of the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, as applicable, will not be a Note Event of Default until the Maturity Date or any earlier date when the Notes are redeemed in full. Interest will cease to accrue on each Note, or in the case of a partial repayment, on such part, from the date of repayment or the Maturity Date unless payment of principal is improperly withheld or unless default is otherwise made with respect to such payment of principal.

(d) Payment of Deferred Interest

Deferred Interest in respect of any Class C Note, Class D Note, Class E Note or Class F Note shall only become payable by the Issuer in accordance with respectively, paragraph (K), (N), (Q) and (T) of the Interest Proceeds Priority of Payments, paragraph (C), (F), (I) and (L) of the Principal Proceeds Priority of Payments and paragraph (K), (N), (Q) and (T) of the Post-Acceleration Priority of Payments and under the Note Payment Sequence in each place specified in the Priorities of Payments, to the extent that Interest Proceeds or Principal Proceeds, as applicable, are available to make such payment in accordance with the Priorities of Payments (and, if applicable, the Note Payment Sequence). For the avoidance of doubt, for so long as any Class A Notes and/or Class B Notes remain Outstanding, Deferred Interest on the Class C Notes and/or the Class D Notes and/or the Class E Notes and/or the Class F Notes, as applicable will be added to the principal amount of the Class C Notes and/or the Class D Notes and/or the Class E Notes and/or the Class F Notes, as applicable. An amount equal to any such Deferred Interest so paid shall be subtracted from the principal amount of the Class C Notes and/or the Class D Notes and/or the Class E Notes and/or the Class F Notes, as applicable.

(e) Interest on the Floating Rate Notes

(i) Floating Rate of Interest

The rate of interest from time to time in respect of the Class A-2 Notes (the “**Class A-2 Floating Rate of Interest**”), in respect of the Class B-2 Notes (the “**Class B-2 Floating Rate of Interest**”), in respect of the Class C Notes (the “**Class C Floating Rate of Interest**”), in respect of the Class D Notes (the “**Class D Floating Rate of Interest**”), in respect of the Class E Notes (the “**Class E Floating Rate of Interest**”) and in respect of the Class F Notes (the “**Class F Floating Rate of Interest**”) (and each a “**Floating Rate of Interest**”) will be determined by the Calculation Agent on the following basis:

(A) On each Interest Determination Date:

- (1) in the case of the initial Accrual Period, the Calculation Agent will determine a straight line interpolation of the offered rate for six month and nine month Euro deposits;
- (2) prior to the occurrence of a Frequency Switch Event, the Calculation Agent will determine the offered rate for three month Euro deposits; and
- (3) following the occurrence of a Frequency Switch Event, the Calculation Agent will determine the offered rate for six month Euro deposits (provided that, following the occurrence of a Frequency Switch Event, if the Accrual Period ending on the Maturity Date is a three month period, the Calculation Agent will determine the offered rate for three month Euro deposits on the Interest Determination Date relating to such period),

in each case, as at 11.00 am (Brussels time) on the Interest Determination Date in question (“**EURIBOR**”). Such offered rate will be that which appears on the display designated on the Bloomberg Screen “**BTMM EU**” Page (or such other page or service as may replace it for the purpose of displaying EURIBOR rates). The Class A-2 Floating Rate of Interest, the Class B-2 Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest and the Class F Floating Rate of Interest for such Accrual Period shall be the aggregate of the Applicable Margin (as defined below) and the rate which so appears, all as determined by the Calculation Agent.

- (B) If the offered rate so appearing is replaced by the corresponding rates of more than one bank then this paragraph (1) shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 being rounded upwards)) of the rates (being at least two) which so appear, as determined by the Calculation Agent. If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Calculation Agent will request each of four major banks in the Euro zone interbank market (the “**Reference Banks**”) to provide the Calculation Agent with:

- (1) in the case of the initial Accrual Period, a straight line interpolation of its offered quotation to leading banks for Euro deposits in the Euro zone interbank market for a period of six months and nine months;
- (2) prior to the occurrence of a Frequency Switch Event, its offered quotation to leading banks for Euro deposits in the Euro zone interbank market for a period of three months;
- (3) following the occurrence of a Frequency Switch Event, its offered quotation to leading banks for Euro deposits in the Euro zone interbank market for a period of six months, (provided that, following the occurrence of a Frequency Switch Event, if the Accrual Period ending on the Maturity Date is a three month period, the Calculation Agent shall request such offered quotations for a period of three months),

in each case, as at 11.00 am (Brussels time) on the Interest Determination Date in question. The Class A-2 Floating Rate of Interest, the Class B-2 Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest and the Class F Floating Rate of Interest for such Accrual Period shall be the aggregate of the Applicable Margin (if any) and the arithmetic mean, in each case, (rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 being rounded upwards)) of such quotations (or of such of them, being at least two, as are so provided), all as determined by the Calculation Agent.

- (C) If on any Interest Determination Date one only or none of the Reference Banks provides such quotation, the offered rate for three or six months Euro deposits used to calculate the Class A-2 Floating Rate of Interest, the Class B-2 Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest and the Class F Floating Rate of Interest, respectively, for the next Accrual Period shall be determined by reference to the last available offered rate for three or six month Euro deposits as determined by the Calculation Agent.

- (D) Where:

“**Applicable Margin**” means:

- (1) in the case of the Class A-2 Notes: 1.45 per cent. per annum;
- (2) in the case of the Class B-2 Notes: 2.10 per cent. per annum;
- (3) in the case of the Class C Notes: 2.90 per cent. per annum;
- (4) in the case of the Class D Notes: 3.90 per cent. per annum;
- (5) in the case of the Class E Notes: 5.50 per cent. per annum; and
- (6) in the case of the Class F Notes: 6.75 per cent. per annum.

- (E) Notwithstanding paragraphs (A) and (B) above, if, in relation to any Interest Determination Date, EURIBOR in respect of any Class of Floating Rate Notes as determined in accordance with paragraph (A) and (B) above, would yield a EURIBOR rate less than zero, such rate shall be deemed to be zero for the purposes of determining the applicable Floating Rate of Interest pursuant to this Condition 6(e)(i) (*Floating Rate of Interest*).

- (ii) Determination of Floating Rate of Interest and Calculation of Interest Amount

The Calculation Agent will, as soon as practicable after 11.00 am (Brussels time) on each Interest Determination Date, but in no event later than the Business Day after such date, determine the Class A-2 Floating Rate of Interest, the Class B-2 Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest and the Class F Floating Rate of Interest and calculate the interest amount payable in respect of the Class A-2 Notes, Class B-2 Notes, Class C Notes, the Class D Floating Rate of Interest, the Class E Notes and the Class F Notes for the relevant Accrual Period. The amount of interest (the “**Interest Amount**”) payable in respect of such Notes shall be calculated by applying the Class A-2 Floating

Rate of Interest in the case of the Class A-2 Notes, the Class B-2 Floating Rate of Interest in the case of the Class B-2 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, the Class E Floating Rate of Interest in the case of the Class E Notes and the Class F Floating Rate of Interest in the case of the Class F Notes, respectively, to an amount equal to the Principal Amount Outstanding in respect of the Class A-2 Notes, Class B-2 Notes, Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (as applicable), multiplying the product by the actual number of days in the Accrual Period concerned, divided by 360 and rounding the resultant figure to the nearest €0.01 (€0.005 being rounded upwards).

(iii) Reference Banks and Calculation Agent

The Issuer will procure that, so long as any Class A-2 Note, Class B-2 Note, Class C Note, Class D Note, Class E Note or Class F Note remains Outstanding:

- (1) a Calculation Agent shall be appointed and maintained for the purposes of determining the interest rate and interest amount payable in respect of the Notes; and
- (2) in the event that the Class A-2 Floating Rate of Interest, the Class B-2 Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest and the Class F Floating Rate of Interest are to be calculated by Reference Banks pursuant to paragraph (2) of Condition 6(e)(i) (*Floating Rate of Interest*), that the number of Reference Banks required pursuant to such paragraph (2) are appointed.

If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent for the purpose of calculating interest hereunder or fails duly to establish any Floating Rate of Interest for any Accrual Period, or to calculate the Interest Amount on any Class of Rated Notes, the Issuer shall (with the prior approval of the Trustee) appoint some other leading bank to act as such in its place. The Calculation Agent may not resign its duties without a successor having been so appointed.

(f) Interest on the Fixed Rate Notes

The Class A-1 Notes bear interest at the rate of 1.688 per cent. per annum (the “**Class A-1 Fixed Rate of Interest**”). The Class B-1 Notes bear interest at the rate of 2.612 per cent. per annum (the “**Class B-1 Fixed Rate of Interest**”). The Calculation Agent will, as soon as practicable after 11:00 a.m. (Brussels time) on each Interest Determination Date, but in no event later than the Business Day after such date, calculate the amount of interest (the “**Interest Amount**”) payable in respect of the Class A-1 Notes and the Class B-1 Notes shall be calculated by applying the Class A-1 Fixed Rate of Interest and Class B-1 Fixed Rate of Interest respectively to an amount equal to the Principal Amount Outstanding in respect of the Class A-1 Notes and the Class B-1 Notes, (as applicable), multiplying the product by the number of days in the Accrual Period concerned (the number of days to be calculated on the basis of a year of 360 days with 12 months of 30 days each), divided by 360 and rounding the resultant figure to the nearest €0.01 (€0.005 being rounded upwards).

(g) Interest in respect of Subordinated Notes

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



(h) Publication of Floating Rates of Interest, Interest Amounts and Deferred Interest

The Calculation Agent will cause the Class A-1 Fixed Rate of Interest, the Class A-2 Floating Rate of Interest, the Class B-1 Fixed Rate of Interest, the Class B-2 Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest and the Class F Floating Rate of Interest and the Interest Amounts payable in respect of each Class of Rated Notes, the amount of any Deferred Interest due but not paid on any Class C Notes, Class D Notes, Class E Notes or Class F Notes, in each case for each Accrual Period and Payment Date, the occurrence of a Frequency Switch Event on any Determination Date (following notification by the Collateral Manager or the Collateral Administrator of any such occurrence), and the Principal Amount Outstanding of each Class of Notes as of the applicable Payment Date to be notified to the Registrar, the Principal Paying Agent, the Transfer Agent, the Trustee and the Collateral Manager, for so long as the Notes are listed on the Main Securities 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, and occurrence of a Frequency Switch Event, 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-1 Notes, the Class A-2 Notes, the Class B-1 Notes, the Class B-2 Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes or the Payment Date in respect of any Class of Notes so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Accrual Period. If any of the Notes become due and payable under Condition 10 (*Events of Default*), interest shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this Condition 6 (*Interest*) but no publication of the applicable Interest Amounts shall be made unless the Trustee so determines.

(i) Determination or Calculation by Trustee

If the Calculation Agent does not at any time for any reason so calculate the Class A-1 Fixed Rate of Interest, Class A-2 Floating Rate of Interest, the Class B-1 Fixed Rate of Interest, the Class B-2 Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest or the Class F Floating Rate of Interest for an Accrual Period, the Trustee (or a person appointed by it for the purpose) shall do so and such determination or calculation shall be deemed to have been made by the Calculation Agent and shall be binding on the Noteholders. In doing so, the Trustee, or such person appointed by it, shall apply the foregoing provisions of this Condition 6 (*Interest*), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances and reliance on such persons as it has appointed for such purpose. The Trustee shall have no liability to any person in connection with any determination or calculation (including with regard to the timelines thereof) it is required to make pursuant to this Condition 6(i) (*Determination or Calculation by Trustee*).

(j) Notifications, etc. to be Final

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6 (*Interest*), whether by the Reference Banks (or any of them), the Calculation Agent or the Trustee, will be binding on the Issuer, the Reference Banks, the Calculation Agent, the Trustee, the Registrar, the Principal Paying Agent, the Transfer Agent and all Noteholders, save in the case that the Issuer certifies that any such notification, opinion, determination, certificate, quotation and decision is erroneous and the Issuer publishes a correction in accordance with Condition 16 (*Notices*), provided that the Trustee shall be under no obligation actively to monitor any such notifications, opinions, determinations, certificates, quotations and decisions for such errors. No liability to the Issuer or the Noteholders of any Class shall attach to the Reference Banks in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition 6(j) (*Notifications, etc. to be Final*).

## 7. Redemption and Purchase

### (a) Final Redemption

Save to the extent previously redeemed in full and cancelled, the Notes of each Class will be redeemed on the Maturity Date of such Notes. In the case of a redemption pursuant to this Condition 7(a) (*Final Redemption*), the Rated Notes will be redeemed at their Redemption Price in accordance with the Note Payment Sequence and the Subordinated Notes will be redeemed at the amount equal to their share of the amounts of Principal Proceeds to be applied towards such redemption pursuant to paragraph (T) of the Principal Proceeds Priority of Payments. Notes may not be redeemed other than in accordance with this Condition 7 (*Redemption and Purchase*).

### (b) Optional Redemption

#### (i) Optional Redemption in Whole - Subordinated Noteholders or Retention Holder

Subject to the provisions of Condition 7(b)(iv) (*Terms and Conditions of an Optional Redemption*), Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*) and Condition 7(b)(vi) (*Optional Redemption in whole of all Classes of Notes effected through Liquidation only*), the Rated Notes may be redeemed in whole but not in part by the Issuer at the applicable Redemption Prices from Sale Proceeds or any Refinancing Proceeds (or a combination thereof):

(A) on any Business Day falling on or after expiry of the Non-Call Period at the direction of:

(1) the Retention Holder; or

(2) the Subordinated Noteholders acting by an Ordinary Resolution (in the case of a Refinancing) and otherwise an Extraordinary Resolution (as evidenced by duly completed Redemption Notices); or

(B) upon the occurrence of a Collateral Tax Event, on any Business Day falling after such occurrence at the direction of the Subordinated Noteholders acting by Ordinary Resolution (as evidenced by duly completed Redemption Notices).

#### (ii) Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders or Collateral Manager

Subject to the provisions of Condition 7(b)(iv) (*Terms and Conditions of an Optional Redemption*) and Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*), the Rated Notes of any Class may be redeemed by the Issuer at the applicable Redemption Prices, solely from Refinancing Proceeds (in accordance with Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*) below) on any Business Day falling on or after expiry of the Non-Call Period at the direction of the Subordinated Noteholders acting by Ordinary Resolution (as evidenced by duly completed Redemption Notices) or at the written direction of the Collateral Manager. No such Optional Redemption may occur unless any Class of Rated Notes to be redeemed represents the entire Class of such Rated Notes (or, in relation to the Class A Notes, the redemption of the entire tranche of Class A-1 Notes and/or Class A-2 Notes, or in relation to the Class B Notes, the redemption of the entire tranche of Class B-1 Notes and/or Class B-2 Notes).

#### (iii) Optional Redemption in Whole - Collateral Manager Clean-up Call

Subject to the provisions of Condition 7(b)(iv) (*Terms and Conditions of an Optional Redemption*) and Condition 7(b)(iv) (*Optional Redemption in whole of all Classes of Notes effected through Liquidation only*), the Rated Notes may be redeemed in whole but not in part by the Issuer, at the applicable Redemption Prices, from Sale Proceeds on any Business Day falling on or after expiry of the Non-Call Period if, upon or at any time following the expiry of the Non-Call Period, the Aggregate Collateral Balance is less than 20 per cent. of the Target Par Amount and if directed in writing by the Collateral Manager.

(iv) Terms and Conditions of an Optional Redemption

In connection with any Optional Redemption:

- (A) the Issuer shall procure that at least 30 days' prior written notice of such Optional Redemption, including the applicable Redemption Date, and the relevant Redemption Price therefor, is given to the Trustee and the Noteholders in accordance with Condition 16 (*Notices*);
- (B) the Rated Notes to be redeemed shall be redeemed at their applicable Redemption Prices (subject, in the case of an Optional Redemption of all Classes of the Rated Notes in whole, to the right of holders of 100 per cent. of the aggregate Principal Amount Outstanding of any Class of Rated Notes to elect to receive less than 100 per cent. of the Redemption Price that would otherwise be payable to the holders of such Class of Rated Notes). Such right shall be exercised by delivery by each holder of the relevant Class of Rated Notes of a written direction confirming such holder's election to receive less than 100 per cent. of the Redemption Price that would otherwise be payable to it, together with evidence of their holding to the Issuer, the Trustee and the Collateral Manager no later than 30 days (or such shorter period of time as may be agreed by the Trustee and the Collateral Manager, (with regard to the Collateral Manager only, acting reasonably)) prior to the relevant Redemption Date;
- (C) the Collateral Manager shall have no right or other ability under the Collateral Management Agreement (but without prejudice to its rights in respect of any Subordinated Notes which it or its Affiliates may hold) to prevent an Optional Redemption directed by the Subordinated Noteholders in accordance with this Condition 7(b) (*Optional Redemption*);
- (D) any such redemption must comply with the procedures set out in Condition 7(b)(vii) (*Mechanics of Redemption*); and
- (E) any redemption in part of the Notes pursuant to Condition 7(b)(ii) (*Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders or Collateral Manager*) may be effected solely from Refinancing Proceeds in accordance with Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*) below.

(v) Optional Redemption effected in whole or in part through Refinancing

Following receipt of, or as the case may be, confirmation from the Registrar of receipt of (i) a direction in writing from the requisite percentage of Subordinated Noteholders; or (ii) a direction in writing from the Collateral Manager, as the case may be, to exercise any right of optional redemption pursuant Condition 7(b)(i) (*Optional Redemption in Whole –Subordinated Noteholders or Retention Holder*) or Condition 7(b)(ii) (*Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders or Collateral Manager*), the Issuer may:

- (A) in the case of a redemption in whole of all Classes of Rated Notes in accordance with Condition 7(b)(i) (*Optional Redemption in Whole –Subordinated Noteholders or Retention Holder*) (1) enter into a loan (as borrower thereunder) with one or more financial institutions; or (2) issue replacement notes; and
- (B) in the case of a redemption in part of an entire Class or Classes of Rated Notes (or, in relation to the Class A Notes, the redemption of the entire tranche of Class A-1 Notes and/or Class A-2 Notes, or in relation to the Class B Notes, the redemption of the entire tranche of Class B-1 Notes and/or Class B-2 Notes) in accordance with Condition 7(b)(ii) (*Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders*), issue replacement notes (each, a “**Refinancing Obligation**”), whose terms in each case will be negotiated by the Collateral Manager on behalf of the Issuer (any such refinancing, a “**Refinancing**”). The terms of any Refinancing and the identity of any financial institutions acting as lenders or purchasers thereunder are subject to the prior written consent of the Collateral Manager and the Subordinated Noteholders (acting by Ordinary Resolution) and

each Refinancing is required to satisfy the conditions described in this Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*).

Refinancing Proceeds shall be applied in addition to (or in place of) Sale Proceeds in the redemption of the Rated Notes in whole pursuant to Condition 7(b)(i) (*Optional Redemption in Whole – Subordinated Noteholders or Retention Holder*). In addition, Refinancing Proceeds may be applied in the redemption of the Rated Notes in part by Class (or, in relation to the Class A Notes, the redemption of the entire tranche of Class A-1 Notes and/or Class A-2 Notes, or in relation to the Class B Notes, the redemption of the entire tranche of Class B-1 Notes and/or Class B-2 Notes) pursuant to Condition 7(b)(ii) (*Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders or Collateral Manager*).

(C) Refinancing in relation to a Redemption in Whole

In the case of a Refinancing in relation to the redemption of all Classes of the Rated Notes in whole but not in part pursuant to Condition 7(b)(i) (*Optional Redemption in Whole – Subordinated Noteholders or Retention Holder*) as described above, such Refinancing will be effective only if:

- (1) the Issuer provides prior written notice thereof to the Rating Agencies;
- (2) all Refinancing Proceeds, all Sale Proceeds, if any, from the sale of Collateral Debt Obligations and Eligible Investments and all other available funds will be at least sufficient to pay any Refinancing Costs and all amounts due and payable in respect of all Classes of Notes save for the Subordinated Notes (including without limitation Deferred Interest on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes) and all amounts payable in priority thereto pursuant to the Priorities of Payments (subject to any election to receive less than 100 per cent. of Redemption Price) on such Redemption Date when applied in accordance with the Post-Acceleration Priority of Payments;
- (3) all Principal Proceeds, Refinancing Proceeds, Sale Proceeds, if any, and other available funds are used (to the extent necessary) to make such redemption;
- (4) each agreement entered into by the Issuer in respect of such Refinancing contains limited recourse and non-petition provisions substantially the same as those contained in the Trust Deed; and
- (5) all Refinancing Proceeds and all Sale Proceeds, if any, from the sale of Collateral Debt Obligations and Eligible Investments, are received by (or on behalf of) the Issuer prior to the applicable Redemption Date,

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

(D) Refinancing in relation to a Redemption in Part of a Class or Classes of Notes in Whole

In the case of a Refinancing in relation to a redemption of the Rated Notes in part by Class (or by tranche as described above in relation to the Class A Notes and/or the Class B Notes) pursuant to Condition 7(b)(ii) (*Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders or Collateral Manager*), such Refinancing will be effective only if:

- (1) the Issuer provides prior written notice thereof to the Rating Agencies;
- (2) the Refinancing Obligations are in the form of notes;
- (3) any redemption of a Class of Notes is a redemption of the entire Class (or tranche, as applicable) which is subject to the redemption;
- (4) the sum of (A) the Refinancing Proceeds and (B) the amount of Interest Proceeds standing to the credit of the Interest Account in excess of the aggregate amount of Interest

Proceeds which would be applied in accordance with the Interest Proceeds Priority of Payments prior to paying any amount in respect of the Subordinated Notes will be at least sufficient to pay in full:

- (a) the aggregate Redemption Prices of the entire Class or Classes (or tranche or tranches, as applicable) of Rated Notes subject to the Optional Redemption; plus
  - (b) all accrued and unpaid Trustee Fees and Expenses and Administrative Expenses in connection with such Refinancing;
- (5) the Refinancing Proceeds are used (to the extent necessary) to effect such redemption;
  - (6) each agreement entered into by the Issuer in respect of such Refinancing contains limited recourse and non-petition provisions substantially the same as those contained in the Trust Deed;
  - (7) the aggregate principal amount of the Refinancing Obligations in respect of each Class (or tranche, as applicable) of Notes being redeemed is equal to the aggregate Principal Amount Outstanding of the relevant Class (or tranche, as applicable) of Notes being redeemed with the Refinancing Proceeds;
  - (8) the maturity date of each class of Refinancing Obligation is the same as the Maturity Date of the Class or Classes (or tranche or tranches, as applicable) of Notes being redeemed with the Refinancing Proceeds;
  - (9) the interest rate of any Refinancing Obligations will not be greater than the interest rate of the Rated Notes subject to such Optional Redemption;
  - (10) payments in respect of the Refinancing Obligations are subject to the Priorities of Payments and rank at the same priority pursuant to the Priorities of Payments than the relevant Class or Classes (or tranche or tranches, as applicable) of Rated Notes being redeemed;
  - (11) the voting rights, consent rights, redemption rights and all other rights of the Refinancing Obligations are the same as the rights of the corresponding Class (or tranche, as applicable) of Rated Notes being redeemed; and
  - (12) all Refinancing Proceeds are received by (or on behalf of) the Issuer prior to the applicable Redemption Date,

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

If, in relation to a proposed optional redemption of the Notes, any of the conditions specified in this Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*) are not satisfied, the Issuer shall cancel the relevant redemption of the Notes and shall give notice of such cancellation to the Trustee, the Collateral Manager and the Noteholders in accordance with Condition 16 (*Notices*).

None of the Issuer, the Collateral Manager, the Collateral Administrator or the Trustee shall be liable to any party, including the Subordinated Noteholders, for any failure to obtain a Refinancing, and any such failure shall not constitute a Note Event of Default.

#### (E) Consequential Amendments

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

The Trustee shall not be obliged to agree to any modification which, in the opinion of the Trustee, would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) adding to or increasing the obligations, liabilities or duties, or decreasing the rights, powers, authorisations, discretions, indemnities or protections of the Trustee in respect of the Transaction Documents and the Trustee will be entitled to conclusively rely upon an officer's certificate and/or opinion of counsel as to matters of law (which may be supported as to factual (including financial and capital markets) matters by any relevant certificates and other documents necessary or advisable in the judgment of counsel delivering such opinion of counsel) provided by the Issuer or any other party to the Transaction Document to the effect that such amendment meets the requirements specified above and is permitted under the Trust Deed without the consent of the holders of the Notes (except that such officer or counsel will have no obligation to certify or opine as to the sufficiency of the Refinancing Proceeds).

(vi) Optional Redemption in whole of all Classes of Notes effected through Liquidation only

Following receipt of notice from the Issuer or, as the case may be, of confirmation from the Registrar of (i) a direction in writing from the required party or requisite percentage of Noteholders, as the case may be, in accordance with Condition 7(b)(i) (*Optional Redemption in Whole – Subordinated Noteholders or Retention Holder*) or Condition 7(g) (*Redemption following Note Tax Event*) or Condition 7(b)(iii) (*Optional Redemption in whole – Collateral Manager Clean-up Call*), to exercise any right of optional redemption pursuant to this Condition 7(b) (*Optional Redemption*) or Condition 7(g) (*Redemption Following Note Tax Event*) to be effected solely through the liquidation or realisation of the Collateral, the Collateral Administrator shall, as soon as practicable, and in any event not later than 17 Business Days prior to the scheduled Redemption Date (the “**Redemption Determination Date**”), provided that it has received such notice or confirmation at least 20 Business Days prior to the scheduled Redemption Date, calculate the Redemption Threshold Amount in consultation with the Collateral Manager. The Collateral Manager or any of its Affiliates will be permitted to purchase Collateral Debt Obligations in the Portfolio where the Subordinated Noteholders exercise their right of early redemption pursuant to this Condition 7(b) (*Optional Redemption*).

The Notes shall not be optionally redeemed pursuant to this Condition 7(b)(vi) (*Optional Redemption in whole of all Classes of Notes effected through Liquidation only*) where such Optional Redemption is to be effected solely through the liquidation or realisation of the Portfolio unless:

- (A) at least five Business Days before the scheduled Redemption Date the Collateral Manager shall have furnished to the Trustee evidence in a form reasonably satisfactory to the Trustee that the Collateral Manager on behalf of the Issuer has entered into a binding agreement or agreements with a financial or other institution or institutions (which (a) either (x) has a short-term senior unsecured rating of at least “P-1” by Moody’s or (y) in respect of which Rating Agency Confirmation from Moody’s has been obtained (provided, for the purposes of this paragraph (y), that a Rating Agency Confirmation cannot be deemed to not be required in these circumstances and must be provided as a positive confirmation); and (b) either (x) has a long-term issuer credit rating of at least “A” by Fitch or, if it does not have a long-term issuer credit rating by Fitch, a short-term issuer credit rating of “F1” by Fitch, or (y) in respect of which a Rating Agency Confirmation from Fitch has been obtained) to purchase (directly or by participation or other arrangement) from the Issuer, not later than the Business Day immediately preceding the scheduled Redemption Date in immediately available funds, all or part of the Portfolio at a purchase price at least sufficient, together with the Eligible Investments maturing, redeemable or putable to the issuer thereof at par on or prior to the scheduled Redemption Date, to meet the Redemption Threshold Amount; or
- (B) (i) prior to selling any Collateral Debt Obligations and/or Eligible Investments, the Collateral Manager certifies to the Trustee that, in its judgment, the aggregate sum of (A) expected proceeds from the sale of Eligible Investments, and (B) for each Collateral Debt Obligation, the product of its Principal Balance and its Market Value, shall be at least sufficient to meet the Redemption Threshold Amount; and (ii) at least five Business Days before the scheduled Redemption Date, the Issuer shall have received proceeds of disposition of all or part of the Portfolio at least sufficient to meet the Redemption Threshold Amount.

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

Any certification delivered by the Collateral Manager pursuant to this section must include (1) the prices of, and expected proceeds from, the sale (directly or by participation or other arrangement) of any Collateral Debt Obligations and/or Eligible Investments and (2) all calculations required by this Condition 7(b) (*Optional Redemption*) or Condition 7(g) (*Redemption following Note Tax Event*) (as applicable). The Trustee shall be entitled to rely upon such certification without further enquiry and without liability. Any Noteholder, the Collateral Manager or any of the Collateral Manager's Affiliates shall have the right, subject to the same terms and conditions afforded to other bidders, to bid on Collateral Debt Obligations to be sold as part of an Optional Redemption pursuant to this Condition 7(b)(vi) (*Optional Redemption in whole of all Classes of Notes effected through Liquidation only*).

If neither condition (A) nor (B) above is satisfied, the Issuer shall cancel the redemption of the Notes and shall give notice of such cancellation to the Trustee, the Collateral Manager and the Noteholders in accordance with Condition 16 (*Notices*). Such cancellation shall not constitute a Note Event of Default.

(vii) Mechanics of Redemption

Following calculation by the Collateral Administrator in consultation with the Collateral Manager of the relevant Redemption Threshold Amount, if applicable, the Collateral Administrator shall make such other calculations as it is required to make pursuant to the Collateral Management Agreement and shall notify the Issuer, the Trustee, the Collateral Manager and the Registrar, whereupon the Registrar shall notify the Noteholders (in accordance with Condition 16 (*Notices*)) of such amounts.

Any exercise of a right of Optional Redemption by the Subordinated Noteholders pursuant to this Condition 7(b) (*Optional Redemption*) or the Controlling Class or the Subordinated Noteholders pursuant to Condition 7(g) (*Redemption Following Note Tax Event*) shall be effected by delivery to a Transfer Agent, by the requisite amount of Subordinated Noteholders or the requisite amount of Noteholders of the Controlling Class (as applicable) of the Notes, as applicable, held thereby in respect of which such right is exercised and presenting such Definitive Certificate or Global Certificate for endorsement of exercise together with duly completed Redemption Notices not less than 30 days, or such shorter period of time as the Trustee and the Collateral Manager find reasonably acceptable prior to the applicable Redemption Date. No Redemption Notice and Subordinated Note or Notes comprising the Controlling Class so delivered or any direction given by the Collateral Manager may be withdrawn without the prior consent of the Issuer. The Registrar shall copy each Redemption Notice or any direction given by the Collateral Manager received to each of the Issuer, the Trustee, the Collateral Administrator, each Hedge Counterparty and, if applicable, the Collateral Manager.

The Collateral Manager shall notify the Issuer, the Trustee, the Collateral Administrator, each Hedge Counterparty and the Registrar upon satisfaction of any of the conditions set out in this Condition 7(b) (*Optional Redemption*) and shall use commercially reasonable endeavours to arrange for liquidation and/or realisation of the Portfolio in whole or in part as necessary, on behalf of the Issuer in accordance with the Collateral Management Agreement. The Issuer shall deposit, or cause to be deposited, the funds required for an optional redemption of the Notes in accordance with this Condition 7(b) (*Optional Redemption*) in the Payment Account on the applicable Redemption Date (*in the case of a Refinancing*) or on the Business Day prior to the applicable Redemption Date (*in the case of a redemption by liquidation*). Principal Proceeds and Interest Proceeds received in connection with a redemption in whole of all the Rated Notes shall be payable in accordance with the Post-Acceleration Priority of Payments. Refinancing Proceeds received in connection with a redemption in whole of a Class (or tranche, as applicable) of Rated Notes (other than a redemption in whole of all Classes of Rated Notes) shall be paid to the holders of such Class (or tranche, as applicable) of Notes to the extent required to redeem such Class (or tranche, as applicable) of Notes.

(viii) Optional Redemption of Subordinated Notes

The Subordinated Notes may be redeemed at their Redemption Price, in whole but not in part, on any Business Day on or after the redemption or repayment in full of the Rated Notes, at the direction of either of (x) the Subordinated Noteholders (acting by Extraordinary Resolution) or (y) the Collateral Manager.

(c) Mandatory Redemption upon Breach of Coverage Tests

(i) Class A Notes and Class B Notes

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

(ii) Class C Notes

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

(iii) Class D Notes

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

(iv) Class E Notes

If the Class E Par Value Test is not met on any Determination Date on and after the Effective Date, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Rated Notes in accordance with the Note Payment Sequence, on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) until such Class E Par Value Test is satisfied if recalculated following such redemption.

(v) Class F Notes

If the Class F Par Value Test is not met on any Determination Date following the Reinvestment Period, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Rated Notes in accordance with the Note Payment Sequence, on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) until such Class F Par Value Test is satisfied if recalculated following such redemption.

(d) Special Redemption

A special redemption (“**Special Redemption**”) of the Notes may occur in the circumstances described in (i) and (ii) below. For the avoidance of doubt, the exercise of a Special Redemption shall be at the sole and absolute discretion of the Collateral Manager (acting on behalf of the Issuer) and the Collateral



Manager shall be under no obligation to, or have any responsibility for, any Noteholder or any other person for the exercise or non-exercise (as applicable) of such Special Redemption.

- (i) During the Reinvestment Period, principal payments on the Notes shall be made in accordance with paragraph (W) of the Interest Proceeds Priority of Payments if (x) the Reinvestment Overcollateralisation Test is not met, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (V) thereof, and (y) the Collateral Manager determines in its discretion that it is unable to identify such additional Collateral Debt Obligations that it considers appropriate for such reinvestment. In such circumstances, an amount up to the applicable Required Diversion Amount (as determined by the Collateral Manager) shall be applied in redemption of the Notes in accordance with the Note Payment Sequence.
- (ii) Principal payments on the Notes shall be made in accordance with the Principal Proceeds Priority of Payments at the sole and absolute discretion of the Collateral Manager (acting on behalf of the Issuer) if, at any time during the Reinvestment Period, the Collateral Manager (acting on behalf of the Issuer) certifies to the Trustee (upon which certification the Trustee may rely without further enquiry and without liability) that using reasonable endeavours it has been unable, for a period of at least 20 consecutive Business Days, to identify additional Collateral Debt Obligations that are deemed appropriate by the Collateral Manager (acting on behalf of the Issuer) in its discretion and which meet the Eligibility Criteria or, to the extent applicable, the Reinvestment Criteria, in sufficient amounts to permit the investment or reinvestment of all or a portion of the funds then in the Principal Account that are to be invested in additional Collateral Debt Obligations. On the first Payment Date following the Due Period in which such notice is given (a “**Special Redemption Date**”), the funds in the Principal Account representing Principal Proceeds which, using reasonable endeavours, cannot be reinvested in additional Collateral Debt Obligations or Substitute Collateral Debt Obligations (the “**Special Redemption Amount**”) will be applied in accordance with paragraph (O) of the Principal Proceeds Priority of Payments. Notice of payments pursuant to this Condition 7(d)(ii) (*Special Redemption*) shall be given by the Issuer in accordance with Condition 16 (*Notices*) not less than three Business Days prior to the applicable Special Redemption Date to the Noteholders and to each Rating Agency. For the avoidance of doubt, the exercise of a Special Redemption shall be at the sole and absolute discretion of the Collateral Manager (acting on behalf of the Issuer) and the Collateral Manager shall be under no obligation to, or have any responsibility for, any Noteholder or any other person for the exercise or non-exercise (as applicable) of such Special Redemption.

(e) Redemption upon Effective Date Rating Event

In the event that as at the Business Day prior to the Payment Date following the Effective Date, an Effective Date Rating Event has occurred and is continuing, the Rated Notes shall be redeemed in accordance with the Note Payment Sequence on such Payment Date and thereafter on each Payment Date (to the extent required) out of Interest Proceeds and thereafter out of Principal Proceeds subject to the Priorities of Payments, in each case, until redeemed in full or, if earlier, until an Effective Date Rating Event is no longer continuing.

(f) Redemption following Expiry of the Reinvestment Period

Following expiry of the Reinvestment Period, the Issuer shall, on each Payment Date occurring thereafter, apply Principal Proceeds transferred to the Payment Account immediately prior to the related Payment Date in redemption of the Notes at their applicable Redemption Prices in accordance with the Priorities of Payment.

(g) Redemption following Note Tax Event

Upon the occurrence of a Note Tax Event, the Issuer shall, subject to and in accordance with the terms of the Trust Deed, use all reasonable efforts to take such steps as are available to it to cure the Note Tax Event, including without limitation by changing the territory in which it is resident for tax purposes to another jurisdiction which, at the time of such change, would not give rise to a Note Tax Event. Upon the earlier of (a) the date upon which the Issuer certifies to the Trustee (upon which certification the Trustee may rely without further enquiry and without liability) and notifies (or procures the notification of) the Noteholders that it is not able to cure the Note Tax Event; and (b) the date which is 90 days from the date upon which the Issuer first becomes aware of such Note Tax Event (provided that such

90 day period shall be extended by a further 90 days in the event that during the former period the Issuer has notified (or procured the notification of) the Trustee and the Noteholders that, based on advice received by it, it expects that it shall have cured the Note Tax Event by the end of the latter 90 day period), the Controlling Class or the Subordinated Noteholders, in each case acting by way of Extraordinary Resolution, may elect that the Notes of each Class are redeemed, in whole but not in part, on any Payment Date thereafter, at their respective Redemption Prices in accordance with the Note Payment Sequence, in which case the Issuer shall so redeem the Notes on such terms, provided that such Note Tax Event would affect payment of principal or interest in respect of the Controlling Class or, as the case may be, the Subordinated Notes (in addition to any other Class of Notes) on such Payment Date; provided further that such redemption of the Notes, whether pursuant to the exercise of such option by the Controlling Class or the Subordinated Noteholders, shall take place in accordance with the procedures set out in Condition 7(b)(vii) (*Mechanics of Redemption*).

(h) Redemption

Unless otherwise specified in this Condition 7 (*Redemption and Purchase*), all Notes in respect of which any notice of redemption is given shall be redeemed on the Redemption Date at their applicable Redemption Prices and to the extent specified in such notice and in accordance with the requirements of this Condition 7 (*Redemption and Purchase*).

(i) Cancellation and Purchase

All Notes redeemed in full by the Issuer will be cancelled and may not be reissued or resold.

No Note may be surrendered (including in connection with any abandonment, donation, gift, contribution or other event or circumstance) except for payment as provided herein, for cancellation pursuant to Condition 7(k) (*Purchase*) below, for registration of transfer, exchange or redemption, or for replacement in connection with any Note mutilated, defaced or deemed lost or stolen.

In respect of Notes represented by a Global Certificate, cancellation of any Note required by the Conditions to be cancelled will be effected by reduction in the principal amount of the Notes on the Register, with a corresponding notation made on the applicable Global Certificate.

(j) Notice of Redemption

The Issuer shall procure that notice of any redemption in accordance with this Condition 7 (*Redemption and Purchase*) (which notice shall be irrevocable) is given to the Trustee, each Hedge Counterparty, and Noteholders in accordance with Condition 16 (*Notices*) and promptly in writing to the Rating Agencies.

(k) Purchase

On any Payment Date falling during the Reinvestment Period, at the discretion of the Collateral Manager, acting on behalf of the Issuer, in accordance with and subject to the terms of the Collateral Management Agreement the Issuer may, subject to the conditions below, purchase any of the Rated Notes (in whole or in part), using (a) Principal Proceeds (other than any amounts representing the Required Diversion Amount) standing to the credit of the Principal Account or amounts standing to the credit of the Collateral Enhancement Account, or (b) amounts standing to the credit of the Contributions Account.

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

- (i) (A) such purchase of Rated Notes shall occur in the following sequential order of priority: first, the Class A-1 Notes and the Class A-2 Notes on a *pro rata* and *pari passu* basis, until the Class A Notes are redeemed or purchased in full and cancelled; second, the Class B-1 Notes and the Class B-2 Notes on a *pro rata* and *pari passu* basis, until the Class B Notes are redeemed or purchased in full and cancelled; third, the Class C Notes, until the Class C Notes are redeemed or purchased in full and cancelled; fourth, the Class D Notes, until the Class D Notes are redeemed or purchased in full and cancelled; fifth, the Class E Notes, until the Class E Notes are redeemed or purchased in full and cancelled; and sixth, the Class F Notes, until the Class F Notes are redeemed or purchased in full and cancelled;

- (B) (1) each such purchase of Rated Notes of any Class shall be made pursuant to an offer made to all holders of the Rated Notes of such Class, by notice to such holders, which notice shall specify the purchase price (as a percentage of par) at which such purchase will be effected, the maximum amount of Principal Proceeds and amounts standing to the credit of the Collateral Enhancement Account and the Contributions Account that will be used to effect such purchase and the length of the period during which such offer will be open for acceptance;
- (2) each such holder of a Rated Note shall have the right, but not the obligation, to accept such offer in accordance with its terms; and
- (3) if the aggregate Principal Amount Outstanding of Notes of the relevant Class held by holders who accept such offer exceeds the amount of Principal Proceeds specified in such offer, a portion of the Notes of each accepting holder shall be purchased *pro rata* based on the respective Principal Amount Outstanding held by each such holder subject to adjustment for Authorised Denominations if required, and in the case of Class A-1 Notes and the Class A-2 Notes on a *pari passu* basis between the relevant holders of the Class A-1 Notes and the Class A-2 Notes; and in the case of Class B-1 Notes and the Class B-2 Notes on a *pari passu* basis between the relevant holders of the Class B-1 Notes and the Class B-2 Notes;
- (C) each such purchase shall be effected only at prices discounted from par;
- (D) each such purchase of Rated Notes shall occur prior to the expiry of the Reinvestment Period;
- (E) each Coverage Test is satisfied immediately prior to each such purchase and will be satisfied after giving effect to such purchase or, if any Coverage Test is not satisfied it shall be at least maintained or improved after giving effect to such purchase as it was immediately prior thereto;
- (F) if Sale Proceeds are used to consummate any such purchase, either:
  - (1) each requirement or test, as the case may be, of the Portfolio Profile Tests and the Collateral Quality Tests will be satisfied after giving effect to such purchase; or
  - (2) if any requirement or test, as the case may be, of the Portfolio Profile Tests and the Collateral Quality Tests was not satisfied immediately prior to such purchase, such requirement or test will be maintained or improved after giving effect to such purchase;
- (G) no Note Event of Default shall have occurred and be continuing;
- (H) any Rated Notes to be purchased shall be surrendered to the Registrar for cancellation and may not be reissued or resold;
- (I) each such purchase will otherwise be conducted in accordance with applicable law (including the laws of Ireland); and
- (J) the Issuer shall have given prior notice of such purchase to the Rating Agencies.

The Issuer shall surrender any purchased Rated Notes to the Registrar for cancellation and upon instruction by the Issuer, the Registrar shall cancel any such purchased Rated Notes surrendered to it for cancellation. The cancellation (and/or decrease, as applicable) of any such surrendered Notes shall be taken into account for purposes of all relevant calculations.

## 8. Payments

### (a) Method of Payment

Payments of principal upon final redemption in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of such Note at the specified office of the Principal Paying Agent or any Paying Agent by wire transfer. Payments of interest on each Note and, prior to redemption in full thereof, principal in respect of each Note, will be made by wire transfer

drawn on a bank in Western Europe and posted on the Business Day immediately preceding the relevant due date to the holder (or to the first named of joint holders) of the Note appearing on the Register at the close of business on the Record Date at his address shown on the register on the Record Date. Upon application of the holder to the specified office of the Principal Paying Agent or any Paying Agent not less than five Business Days before the due date for any payment in respect of a Note, the payment may be made (in the case of any final payment of principal against presentation and surrender (or, in the case of part payment only of such final payment, endorsement) of such Note as provided above) by wire transfer, in immediately available funds, on the due date to a Euro account maintained by the payee with a bank in Western Europe.

Payments of principal and interest in respect of Notes represented by a Global Certificate will be made against presentation and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Certificate to or to the order of the Principal Paying Agent or such other Transfer Agent as shall have been notified to the relevant Noteholders for such purpose. On each occasion on which a payment of interest (unless the Notes represented thereby do not bear interest) or principal is made in respect of the relevant Global Certificate, the Registrar shall note the same in the Register, if applicable, and cause the aggregate principal amount of the Notes represented by a Global Certificate to be decreased accordingly.

(b) Payments

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 9 (*Taxation*) and (ii) any withholding or deduction required pursuant to FATCA. No commission shall be charged to the Noteholders.

(c) Payments on Presentation Days

A holder shall be entitled to present a Note for payment only on a Presentation Date and shall not, except as provided in Condition 6 (*Interest*), be entitled to any further interest or other payment if a Presentation Date falls after the due date.

If a Note is presented for payment at a time when, as a result of differences in time zones it is not practicable to transfer the relevant amount to an account as referred to above for value on the relevant Presentation Date, the Issuer shall not be obliged so to do but shall be obliged to transfer the relevant amount to the account for value on the first practicable date after the Presentation Date.

(d) Paying Agent and Transfer Agents

The names of the initial Paying Agent and Transfer Agents and their initial specified offices are set out below. The Issuer reserves the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of the Paying Agent and any Transfer Agent and appoint additional or other Agents, provided that it will maintain (i) a Paying Agent and (ii) a paying agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such directive, in each case, as approved in writing by the Trustee and shall procure that it shall at all times maintain a Custodian, Account Bank, Collateral Manager and Collateral Administrator. Notice of any change in any Agent or their specified offices or in the Collateral Manager or Collateral Administrator will promptly be given to the Noteholders by the Issuer in accordance with Condition 16 (*Notices*).

## 9. Taxation

- (a) All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Ireland, or any political sub division or any authority therein or thereof or anywhere else in the world having power to tax, unless such withholding or deduction is required by law. For the avoidance of doubt, the Issuer shall not be required to gross up any payments made to Noteholders of any Class and shall withhold or deduct from any such payments any amounts on account of such tax where so required by law (including FATCA) or any such relevant taxing authority. Any such withholding or

deduction shall be treated as paid for all purposes under the Notes, and shall not constitute a Note Event of Default under Condition 10(a) (*Note Events of Default*).

- (b) Subject as provided below, if the Issuer certifies to the Trustee (upon which certification the Trustee may rely without further enquiry and without liability) that it has or will on the occasion of the next payment due in respect of the Notes of any Class become obliged by the laws of Ireland to withhold or account for tax so that it would be unable to make payment of the full amount that would otherwise be due but for the imposition of such tax, the Issuer (with the consent of the Trustee and save as provided below) shall use all reasonable endeavours to take such steps as are available to it as will result in there being no such requirement to withhold or account for tax for the substitution of a company incorporated in another jurisdiction approved in writing by the Trustee as the principal obligor under the Notes of such Class, or to change its tax residence to another jurisdiction approved by the Trustee, subject to receipt of Rating Agency Confirmation in relation to such change and in accordance with the Trust Deed.
- (c) Notwithstanding the above, if any taxes referred to in this Condition 9 (*Taxation*) arise:
- (i) due to any present or former connection of any Noteholder (or between a fiduciary, settlor, beneficiary, member or shareholder of such Noteholder if such Noteholder is an estate, a trust, a partnership, or a corporation) with Ireland (including without limitation, such Noteholder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having had a permanent establishment therein) otherwise than by reason only of the holding of any Note or receiving principal or interest in respect thereof;
  - (ii) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non residence or other similar claim for exemption from such tax or to provide information concerning nationality, residency or connection with Ireland or other applicable taxing authority;
  - (iii) in respect of a payment made or secured for the immediate benefit of an individual or a non-corporate entity which is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such directive or any arrangement entered into between the Member States and certain third countries and territories in connection with such directive;
  - (iv) as a result of presentation for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another paying agent or Transfer Agent in a Member State of the European Union;
  - (v) in connection with FATCA; or
  - (vi) any combination of the preceding clauses (i) through (v) inclusive,
- the requirements of Condition 7(g) (*Redemption following Note Tax Event*) shall not apply.
- (d) Any withholding or deduction required from amounts payable by the Issuer pursuant to this Condition 9 (*Taxation*) shall be deemed to be included in the same paragraph in the Priorities of Payments as the paragraph which contains the payment in respect of which such withholding or deduction is required to be made.

## 10. Events of Default

- (a) Note Events of Default

Any of the following events shall constitute a “**Note Event of Default**”:

- (i) Non-payment of interest

the Issuer fails to pay any Interest Amounts in respect of (x) the Class A Notes or the Class B Notes or (y) following the occurrence of a Frequency Switch Event, the Controlling Class, in each

case when the same becomes due and payable, and, in each case, failure to pay such interest in such circumstances continues for a period of at least five Business Days provided that, in the case of a failure to disburse due to an administrative error or omission, such failure continues for a period of at least seven Business Days after the Trustee or the Issuer receives written notice of, or has actual knowledge of, such administrative error or omission (save, in each case, as the result of any deduction therefrom or the imposition of any withholding thereon in the circumstances described in Condition 9 (*Taxation*)); and provided further that failure to effect any Optional Redemption or redemption following a Note Tax Event for which notice is withdrawn in accordance with the Conditions or, in the case of an Optional Redemption with respect to which a Refinancing fails, will not constitute a Note Event of Default;

(ii) Non-payment of principal

the Issuer fails to pay any principal when the same becomes due and payable on any Note on any Redemption Date and such failure to pay such principal continues for a period of at least five Business Days provided that, in the case of a failure to disburse due to an administrative error or omission, such failure continues for a period of at least seven Business Days after the Trustee or the Issuer receives written notice of, or has actual knowledge of, such administrative error or omission and provided further that failure to effect any Optional Redemption or redemption following a Note Tax Event for which notice is withdrawn in accordance with the Conditions or, in the case of an Optional Redemption with respect to which a Refinancing fails, will not constitute a Note Event of Default;

(iii) Default under Priorities of Payments

the failure on any Payment Date to disburse amounts (other than as described in paragraph (i) or (ii) above) available in the Payment Account in excess of €1,000 and payable in accordance with the Priorities of Payments and continuation of such failure for a period of ten Business Days or, in the case of a failure to disburse due to an administrative error or omission or another non credit-related reason (as determined by the Collateral Manager acting in accordance with the standard of care set out in the Collateral Management Agreement and certified in writing to the Trustee (upon which certification the Trustee may rely absolutely and without further enquiry or liability), but without liability as to such determination), such failure continues for ten Business Days after the Trustee or the Issuer receives written notice of, or has actual knowledge of, such administrative error or omission;

(iv) Collateral Debt Obligations

on any Measurement Date on and after the Effective Date, failure of the percentage equivalent of a fraction, (i) the numerator of which is equal to the Aggregate Collateral Balance and (ii) the denominator of which is equal to the Principal Amount Outstanding of the Class A Notes, to equal or exceed 102.5 per cent.;

(v) Breach of Other Obligations

except as otherwise provided in this definition of “**Note Event of Default**”, a default in a material respect in the performance by, or breach in a material respect of any material covenant of, the Issuer under the Trust Deed (provided that any failure to satisfy any Portfolio Profile Test, Collateral Quality Test or Coverage Test is not a Note Event of Default and any failure to satisfy the Effective Date Determination Requirements is not a Note Event of Default, except in either case to the extent provided in paragraph (iv) above) or the failure of any material representation or warranty of the Issuer made in the Trust Deed, these Conditions or, in either case, in any certificate or other writing delivered pursuant thereto or in connection therewith to be correct in each case in all material respects when the same shall have been made, and the continuation of such default, breach or failure for a period of 30 days after notice to the Issuer and the Collateral Manager by registered or certified mail or courier, from the Trustee, the Issuer, or the Collateral Manager, or to the Issuer, the Collateral Manager and the Trustee from the Controlling Class acting pursuant to an Ordinary Resolution, specifying such default, breach or failure and requiring it to be remedied and stating that such notice is a “Notice of Default” under the Trust Deed; provided that if the Issuer (as notified to the Trustee by the Collateral Manager in writing) has commenced curing such default, breach or failure during the 30 day period specified above, such default, breach or failure

shall not constitute a Note Event of Default under this paragraph (v) unless it continues for a period of 45 days (rather than, and not in addition to, such 30 day period specified above) after notice thereof in accordance herewith. For the purposes of this paragraph, the materiality of such default, breach, covenant, representation or warranty shall be determined by the Trustee;

(vi) Insolvency Proceedings

proceedings are initiated against the Issuer under any applicable liquidation, insolvency, bankruptcy, examinership, composition, reorganisation or other similar laws (together, “**Insolvency Law**”), or a receiver, administrative receiver, examiner, trustee, administrator, custodian, conservator, liquidator, curator or other similar official appointed in connection with any Insolvency Law or a security enforcement or related proceedings (a “**Receiver**”) is appointed in relation to the Issuer or in relation to the whole or any substantial part (in the opinion of the Trustee) of the undertaking or assets of the Issuer and in any of the foregoing cases, except in relation to the appointment of a Receiver, is not discharged within 30 days; or the Issuer is subject to, or initiates or consents to judicial proceedings relating to itself under any applicable Insolvency Law, or seeks the appointment of a Receiver, or makes a conveyance or assignment for the benefit of its creditors generally or otherwise becomes subject to any reorganisation or amalgamation (other than on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Controlling Class);

(vii) Illegality

it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Notes; or

(viii) Investment Company Act

the Issuer or any of the Collateral becomes required to register as an “Investment Company” under the Investment Company Act and such requirement continues for 45 days.

(b) Acceleration

- (i) If a Note Event of Default occurs and is continuing, the Trustee may, at its discretion and shall, at the request of the Controlling Class acting by way of Ordinary Resolution (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Issuer and the Collateral Manager that all the Notes are immediately due and repayable at their applicable Redemption Prices (such notice, an “**Acceleration Notice**”), provided that following the occurrence of a Note Event of Default described in paragraph (vi) or (vii) of the definition thereof, such notice shall be deemed to have been given and all the Notes shall automatically become immediately due and repayable at their applicable Redemption Prices.
- (ii) Upon any such notice being given or deemed to have been given to the Issuer in accordance with Condition 10(b)(i) (*Acceleration*), all of the Notes shall immediately become due and repayable at their applicable Redemption Prices.

(c) Curing of Default

At any time after a notice of acceleration of maturity of the Notes has been given pursuant to Condition 10(b)(i) (*Acceleration*) following the occurrence of a Note Event of Default (other than with respect to a Note Event of Default occurring under paragraph (vi) or (vii) of the definition thereof where such notice is not required) and prior to enforcement of the security pursuant to Condition 11 (*Enforcement*), the Trustee, subject to receipt of consent in writing from the Controlling Class, may and shall, if so requested by the Controlling Class, in each case, acting by Ordinary Resolution, (and subject, in each case, to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) rescind and annul such notice of acceleration under paragraph (b)(i) above and its consequences if:

- (i) the Issuer has paid or deposited with the Trustee a sum sufficient to pay:
  - (A) all overdue payments of interest and principal on the Notes, other than the Subordinated Notes;

- (B) all due but unpaid taxes owing by the Issuer, as certified by an Authorised Officer of the Issuer to the Trustee;
  - (C) all unpaid Trustee Fees and Expenses (without regard to the Senior Expenses Cap);
  - (D) all unpaid Administrative Expenses in the order of priority set out in the definition thereof (without regard to the Senior Expenses Cap); and
  - (E) all amounts due and payable by the Issuer under any Hedge Transaction; and
- (ii) the Trustee has determined that all Note Events of Default, other than the non-payment of the interest in respect of, or principal of, the Notes that have become due solely as a result of the acceleration thereof under paragraph (b) above due to such Note Events of Default, have been cured or waived.

All amounts received in respect of this Condition 10(c) (*Curing of Default*) shall be distributed two Business Days following the receipt by the Trustee of written notice from the Issuer confirming that the Issuer has received such amounts, in accordance with the Post-Acceleration Priority of Payments.

Any previous rescission and annulment of a notice of acceleration pursuant to this paragraph (c) shall not prevent the subsequent acceleration of the Notes if the Trustee, at its discretion or, as subsequently requested, accelerates the Notes in accordance with Condition 10(b) (*Acceleration*) above or if the Notes are automatically accelerated in accordance with paragraph (b)(i) above.

(d) Restriction on Acceleration of Notes

No acceleration of the Notes shall be permitted pursuant to this Condition 10(d) (*Restriction on Acceleration of Notes*) by any Class of Noteholders, other than the Controlling Class as provided in Condition 10(b) (*Acceleration*).

(e) Notification and Confirmation of No Default

The Issuer shall immediately notify the Trustee, the Collateral Manager, each Hedge Counterparty and the Noteholders in accordance with Condition 16 (*Notices*) and the Rating Agencies upon becoming aware of the occurrence of a Note Event of Default. The Trust Deed contains provision for the Issuer to provide written confirmation to the Trustee and the Rating Agencies on an annual basis and upon request that no Note Event of Default has occurred and that no condition, event or act has occurred which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition would constitute a Note Event of Default and that no other matter which is required (pursuant thereto) to be brought to the Trustee's attention has occurred.

(f) Collateral Manager Events of Default

Any of the following events shall constitute a “**Collateral Manager Event of Default**”:

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



which a reasonably prudent person could cure such breach, but in any case within 90 days after the date on which such 45-day period commenced;

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

Pursuant to the terms of the Collateral Management Agreement, the Collateral Manager may upon the occurrence of a Collateral Manager Event of Default pursuant to paragraphs (i) to (viii) of the definition thereof, subject to the appointment of a successor Collateral Manager, be removed upon at least 30 days' prior written notice by (i) the Issuer at its discretion; or (ii) the Trustee at the direction of the holders of (A) the Subordinated Notes, acting by Extraordinary Resolution or (B) the Controlling Class, acting by Extraordinary Resolution, (for the avoidance of doubt, in each case any Notes held by the Collateral Manager or a Collateral Manager Related Person and any Notes held in the form of CM Non-Voting Notes and CM Exchangeable Non-Voting Notes shall not be deemed to be Outstanding for the purposes of determining the quorum for any meeting held for the purposes of passing such a resolution), provided that notice of such removal shall have been given to the holders of each Class of the Notes by the Issuer in accordance with the Collateral Management Agreement.

The Issuer acknowledges that the rights of the Controlling Class to participate in the selection or removal of the Collateral Manager following a Collateral Manager Event of Default, as described above, are the rights of a creditor to exercise remedies upon the occurrence of an event of default.

## 11. Enforcement

### (a) Security Becoming Enforceable

Subject as provided in paragraph (b) below, the security constituted by the Trust Deed over the Collateral shall become enforceable upon an acceleration of the maturity of the Notes pursuant to Condition 10(b) (*Acceleration*).

### (b) Enforcement

At any time after the Notes become due and repayable and the security under the Trust Deed becomes enforceable, the Trustee may, at its discretion and shall, if so directed by the Controlling Class acting by Ordinary Resolution, but subject always to Condition 4(c) (*Limited Recourse and Non-Petition*), institute such proceedings or take any other action against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes and pursuant and subject to the terms of the Trust Deed and the Notes, realise and/or otherwise liquidate or sell the Collateral in whole or in part and/or take such other action as may be permitted under applicable laws against any Obligor in respect of the Collateral and/or take any other action to enforce the security over the Collateral in accordance with the Trust Deed (such actions together, "**Enforcement Actions**"), in each case without any liability as to the consequence of such action and without having regard (save to the extent provided in Condition 14(e) (*Entitlement of the Trustee and conflicts of interest*)) to the effect of such action on individual Noteholders of any Class or any other Secured Party provided however that:

(i) no such Enforcement Action may be taken by the Trustee unless:

(A) the Trustee (or an agent or other appointee on its behalf, including, without limitation, the Collateral Manager (an "**Enforcement Agent**")) determines (subject to paragraph (ii) below) (in accordance with Condition 11(b)(iii) below) that the anticipated proceeds realised from such Enforcement Action (*after deducting and allowing for any expenses properly incurred in connection therewith*) would be sufficient to discharge in full all amounts due and payable in respect of all Classes of Notes (including, without limitation, Deferred Interest on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes) other than the Subordinated Notes and all amounts payable in priority thereto pursuant to the Post-Acceleration Priority of Payments (such amount the "**Enforcement Threshold**" and such determination being an "**Enforcement Threshold Determination**"), subject to consultation with the Collateral Manager; or

(B) if the Enforcement Threshold will not have been met then subject to paragraph (ii) below:

(1) in the case of a Note Event of Default specified in sub-paragraph (i), (ii) or (iv) of Condition 10(a) (*Note Events of Default*), the Controlling Class acting by way of Ordinary Resolution (and no other Class of Notes) directs the Trustee to take Enforcement Action without regard to any other Note Event of Default which has occurred prior to, contemporaneously or subsequent to such Note Event of Default; or

- (2) in the case of any other Note Event of Default, the Noteholders of each Class of Rated Notes voting separately by Class by way of Ordinary Resolution direct the Trustee to take Enforcement Action.
- (ii) the Trustee shall not be bound to institute any Enforcement Action or take any other action unless it is directed to do so by the Controlling Class or, in the case of Condition 11(b)(i)(B)(2), each Class of Rated Notes as applicable, acting by Ordinary Resolution and, in each case, the Trustee is indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith. Following redemption and payment in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, the Trustee shall (provided it is indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith) act upon the directions of the Subordinated Noteholders acting by Extraordinary Resolution; and
- (iii) the Trustee shall determine or shall request that an Enforcement Agent determines the aggregate proceeds that can be realised pursuant to any Enforcement Action by using reasonable efforts to obtain (with the cooperation of the Collateral Manager if requested by the Trustee and in each case to the extent the Collateral Manager is not the Enforcement Agent), bid prices with respect to each asset comprising the Portfolio from two recognised dealers at the time making a market therein and shall compute the anticipated proceeds of sale or liquidation on the basis of the lower of such bid prices for each such asset. In the event that the Enforcement Agent (with the cooperation of the Collateral Manager if requested by the Trustee and in each case to the extent the Collateral Manager is not the Enforcement Agent), is only able to obtain bid prices with respect to an asset from one recognised dealer at the time making a market therein, the Enforcement Agent shall compute the anticipated proceeds of sale or liquidation on the basis of such one bid price. Provided that the Trustee exercises reasonable care in selecting an Enforcement Agent (if the Enforcement Agent is not the Collateral Manager), the Trustee may rely on the determination of such Enforcement Agent without liability. In addition, for the purposes of determining issues relating to the execution of a sale or liquidation of the Portfolio, the Trustee may obtain and rely on (without liability) an opinion and/or advice of an independent investment banking firm, or other appropriate financial or legal advisor (the cost of which shall be payable to the Trustee as Trustee Fees and Expenses).

The Trustee shall notify the Noteholders (in accordance with Condition 16) (*Notices*), the Issuer, the Agents, the Collateral Manager, each Hedge Counterparty and the Rating Agencies in the event that the Trustee or an Enforcement Agent on its behalf makes an Enforcement Threshold Determination at any time or the Trustee takes any Enforcement Action at any time (such notice an “**Enforcement Notice**”). Following the delivery of an Acceleration Notice (deemed or otherwise) which has not been rescinded and annulled in accordance with Condition 10(c) (*Curing of Default*) or, as the case may be following automatic acceleration of the Notes or pursuant to an Optional Redemption in whole in accordance with Condition 7(b) (*Optional Redemption*) or 7(g) (*Redemption Following Note Tax Event*), Interest Proceeds, Principal Proceeds and the net proceeds of enforcement of the security over the Collateral (other than with respect to any (i) Counterparty Downgrade Collateral, and/or Swap Tax Credits (which are required to be paid or returned to a Hedge Counterparty outside the Priorities of Payments) and (ii) any Collateral Enhancement Obligation Proceeds (which are required to be applied in accordance with the Collateral Enhancement Obligation Proceeds Priority of Payments)), shall be credited to the Payment Account and shall be distributed in accordance with the following order of priority but in each case only to the extent that all payments of a higher priority have been made in full (the “**Post-Acceleration Priority of Payments**”):

- (A) to the payment of taxes owing by the Issuer accrued in respect of the related Due Period (other than Irish corporation tax payable in respect of the Issuer Fee referred to below), as certified by an Authorised Officer of the Issuer to the Trustee, if any; and to the payment of the Issuer Fee to be retained by the Issuer for Irish corporate and tax purposes, for deposit into the Issuer Irish Account from time to time;

- (B) to the payment of accrued and unpaid Trustee Fees and Expenses up to an amount equal to the Senior Expenses Cap in respect of the related Due Period, provided that following the occurrence of a Note Event of Default which is continuing, payment of the Trustee Fees and Expenses under this paragraph shall not be limited to an amount equal to the Senior Expenses Cap and the Balance of the Expense Reserve Account;
- (C) to the payment of Administrative Expenses, provided that following an enforcement of the Notes in accordance with Condition 11 (*Enforcement*) such payment shall only be made to any recipients thereof that are Secured Parties, in relation to each item thereof in the order of priority specified in the definition thereof, up to an amount equal to the Senior Expenses Cap in respect of the related Due Period less any amounts paid pursuant to paragraph (B) above, provided that following the occurrence of a Note Event of Default which is continuing, payment of the Administrative Expenses under this paragraph shall not be limited to an amount equal to the Senior Expenses Cap and the Balance of the Expense Reserve Account;
- (D) to the payment on a *pro rata* and *pari passu* basis, of any Scheduled Periodic Interest Rate Hedge Issuer Payments (to the extent not paid or provided for out of the Interest Account), Scheduled Periodic Asset Swap Issuer Payments (to the extent not paid or provided for out of the relevant Asset Swap Account) and Hedge Termination Payments (other than Defaulted Hedge Termination Payments);
- (E) to the payment:
- (1) *firstly*, on a *pro rata* and *pari passu* basis (x) on a *pro rata* basis to the Collateral Manager of the Senior Collateral Management Fee due and payable on such Payment Date and any VAT in respect thereof (whether payable to the Collateral Manager or, other than following an enforcement of the Notes in accordance with Condition 11 (*Enforcement*), directly to the relevant taxing authority) save for any Deferred Senior Collateral Management Amounts which shall not be paid pursuant to this paragraph; and
  - (2) *secondly*, to the Collateral Manager, any previously due and unpaid Senior Collateral Management Fees (other than Deferred Senior Collateral Management Amounts) and any VAT in respect thereof (whether payable to the Collateral Manager or, other than following an enforcement of the Notes in accordance with Condition 11 (*Enforcement*), directly to the relevant taxing authority),
- (F) to the payment, on a *pro rata* and *pari passu* basis of all Interest Amounts due and payable on the Class A-1 Notes and the Class A-2 Notes;
- (G) to the redemption on a *pro rata* and *pari passu* basis of the Class A-1 Notes and the Class A-2 Notes, until the Class A-1 Notes and the Class A-2 Notes have been redeemed in full;
- (H) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class B-1 Notes and the Class B-2 Notes;
- (I) to the redemption on a *pro rata* and *pari passu* basis of the Class B-1 Notes and the Class B-2 Notes, until the Class B-1 Notes and the Class B-2 Notes have been redeemed in full;
- (J) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class C Notes;
- (K) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class C Notes;
- (L) to the redemption on a *pro rata* and *pari passu* basis of the Class C Notes, until the Class C Notes have been redeemed in full;
- (M) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class D Notes;

- (N) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class D Notes;
- (O) to the redemption on a *pro rata* and *pari passu* basis of the Class D Notes, until the Class D Notes have been redeemed in full;
- (P) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class E Notes;
- (Q) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class E Notes;
- (R) to the redemption on a *pro rata* and *pari passu* basis of the Class E Notes, until the Class E Notes have been redeemed in full;
- (S) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class F Notes;
- (T) to the payment on a *pro rata* and *pari passu* basis of any Deferred Interest on the Class F Notes;
- (U) to the redemption on a *pro rata* and *pari passu* basis of the Class F Notes, until the Class F Notes have been redeemed in full;
- (V) to the payment:
  - (1) *firstly*, to the Collateral Manager of the Subordinated Collateral Management Fee due and payable on such Payment Date;
  - (2) *secondly*, to the Collateral Manager of any previously due and unpaid Subordinated Collateral Management Fee (other than Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts);
  - (3) *thirdly, pro rata* and *pari passu* to the Collateral Manager in payment of any Deferred Senior Collateral Management Amounts and Deferred Subordinated Collateral Management Amounts, the deferral of which has been rescinded by the Collateral Manager and
  - (4) *fourthly*, to the repayment of any Collateral Manager Advances and any interest thereon.
- (W) to the payment of Trustee Fees and Expenses not paid by reason of the Senior Expenses Cap (if any);
- (X) to the payment of Administrative Expenses not paid by reason of the Senior Expenses Cap (if any), in relation to each item thereof, in the order of priority specified therein;
- (Y) to the payment on a *pro rata* and *pari passu* basis of any Defaulted Hedge Termination Payments due to any Hedge Counterparty; and
- (Z) (1) if the Incentive Collateral Management Fee IRR Threshold has not been reached, any remaining Interest Proceeds and Principal Proceeds to the payment on the Subordinated Notes on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption), until the Incentive Collateral Management Fee IRR Threshold is reached; and
  - (2) if, after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on the date of such distribution including pursuant to paragraph (1) above, paragraph (DD) of the Interest Proceeds

Priority of Payments and paragraph (T) of the Principal Proceeds Priority of Payments and the Collateral Enhancement Obligation Proceeds Priority of Payments, the Incentive Collateral Management Fee IRR Threshold has been reached (on or prior to such Payment Date):

- (a) *firstly*, 20 per cent. of any remaining Interest Proceeds and Principal Proceeds, to the payment to the Collateral Manager as an Incentive Collateral Management Fee (save for any Waived Incentive Collateral Management Amounts, which the Collateral Manager has, in its sole discretion, elected to (x) designate for reinvestment or (y) irrevocably waive);
- (b) *secondly*, any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority); and
- (c) *thirdly*, any remaining Interest Proceeds and Principal Proceeds, to the payment on the Subordinated Notes on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes and immediately prior to such redemption),

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

Subject to the foregoing paragraph, if the Issuer must account to the recipient of any payment for any amounts in respect of VAT or in respect of any other taxes attributable to any of the items referred to in (B) to (Z)(1) above, then such amounts in respect of taxes shall be paid *pro rata* and *pari passu* with such items.

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

(c) Only Trustee to Act

Only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Noteholders or, in respect of the Collateral, of any of the other Secured Parties under the Trust Deed and the Notes and no Noteholder or other Secured Party may proceed directly against the Issuer or any of its assets unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable period after having received written notice of such failure and such failure or neglect continues for at least 30 days following receipt of such notice by the Trustee. Any proceeds received by a Noteholder or other Secured Party pursuant to any such proceedings brought by a Noteholder or other Secured Party shall be paid promptly following receipt thereof to the Trustee for application pursuant to the terms hereof. After realisation of the security which has become enforceable and distribution of the net proceeds in accordance with the Priorities of Payments, no Noteholder or other Secured Party may take any further steps against the Issuer to recover any sum still unpaid in respect of the Notes or the Issuer's obligations to such Secured Party and all claims against the Issuer to recover any sum still unpaid in respect of the Notes or the Issuer's obligations to such Secured Party and all claims against the Issuer in respect of such sums unpaid shall be extinguished. In particular, none of the Trustee, any Noteholder or any other Secured Party shall be entitled in respect thereof to petition or take any other step for the winding up of the Issuer except to the extent permitted under the Trust Deed.

(d) Purchase of Collateral by Noteholders

Upon any sale of any part of the Collateral following the acceleration of the Notes under Condition 10(b) (*Acceleration*), whether made under the power of sale under the Trust Deed or by virtue of judicial proceedings, any Noteholder, the Collateral Manager or any Collateral Manager

Related Person may (but shall not be obliged to) bid for and purchase the Collateral or any part thereof and, upon compliance with the terms of sale, may hold, retain, possess or dispose of such property in its or their own absolute right without accountability. In addition, any purchaser in any such sale which is a Noteholder may deliver Notes held by it in place of payment of the purchase price for such Collateral where the amount payable to such Noteholder in respect of such Notes pursuant to the Priorities of Payments out of the net proceeds of such sale is equal to or exceeds the purchase moneys so payable.

## **12. Prescription**

Claims in respect of principal and interest payable on redemption in full of the relevant Notes while the Notes are represented by a Definitive Certificate will become void unless presentation for payment is made as required by Condition 7 (*Redemption and Purchase*) within a period of five years, in the case of interest, and ten years, in the case of principal, from the date on which payment in respect of such Notes is received by the applicable Paying Agent.

Notwithstanding the above, claims against the Issuer in respect of principal and interest on the Notes while the Notes are represented by a Global Certificate will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the date on which any payment first becomes due.

## **13. Replacement of Notes**

If any Note is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of any Transfer Agent, subject in each case to all applicable laws and Irish Stock Exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes must be surrendered before replacements will be issued.

## **14. Meetings of Noteholders, Modification, Waiver and Substitution**

### **(a) Provisions in Trust Deed**

The Trust Deed contains provisions for convening meetings of the Noteholders or any Class thereof (and of passing Written Resolutions) to consider matters affecting the interests of the Noteholders including, without limitation, modifying or waiving certain of the provisions of these Conditions and the substitution of the Issuer in certain circumstances. The provisions in this Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) are descriptive of the detailed provisions of the Trust Deed.

### **(b) Decisions and Meetings of Noteholders**

#### **(i) General**

Decisions may be taken by Noteholders by way of Ordinary Resolution or Extraordinary Resolution, in each case, either acting together or, to the extent specified in any applicable Transaction Document, as a Class of Noteholders acting independently. Such Resolutions can be effected either at a duly convened meeting of the applicable Noteholders or by the applicable Noteholders resolving in writing, in each case, in at least the minimum percentages specified in the table "*Minimum Percentage Voting Requirements*" in paragraph (iii) below. Meetings of the Noteholders may be convened by the Issuer, the Trustee (subject to being indemnified and/or secured and/or prefunded to its satisfaction) or by one or more Noteholders holding not less than 10 per cent. in principal amount of the Notes Outstanding of a particular Class, subject to certain conditions including minimum notice periods.

The Trustee may, in its discretion, determine that any proposed Ordinary Resolution or Extraordinary Resolution affects the holders of only one or more Classes of Notes, in which event the required quorum and minimum percentage voting requirements of such Ordinary Resolution or Extraordinary Resolution may be determined by reference only to the holders of that Class or Classes of Notes and not the holders of any other Notes as set forth in the tables below.

The holder of each Global Certificate will be treated as being one person for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each €1,000 of principal amount of Notes for which the relevant Global Certificate may be exchanged.

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

(ii) Quorum

The quorum required for any meeting convened to consider an Ordinary Resolution or Extraordinary Resolution, in each case, of all the Noteholders or of any Class of Noteholders, or at any adjourned meeting to consider such a Resolution, shall be as set out in the relevant column and row corresponding to the type of resolution in the table “*Quorum Requirements*” below.

<b>Quorum Requirements</b>		
<b>Type of Resolution</b>	<b>Any meeting other than a meeting adjourned for want of quorum</b>	<b>Meeting previously adjourned for want of quorum</b>
Extraordinary Resolution of all Noteholders (or a certain Class or Classes only)	One or more persons holding or representing not less than 66 $\frac{2}{3}$ per cent. of the aggregate Principal Amount Outstanding of the Notes (or the Notes of the relevant Class or Classes only, if applicable)	One or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Notes (or the Notes of the relevant Class or Classes only, if applicable)
Ordinary Resolution of all Noteholders (or a certain Class or Classes only)	One or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of the Notes (or the Notes of the relevant Class or Classes only, if applicable)	One or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Notes (or the Notes of the relevant Class or Classes only, if applicable)

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

(iii) Minimum Voting Rights

Set out in the table “*Minimum Percentage Voting Requirements*” below are the minimum percentages required to pass the Resolutions specified in such table which, (A) in the event that such Resolution is being considered at a duly convened meeting of Noteholders, shall be determined by reference to the percentage which the aggregate Principal Amount Outstanding of Notes held or represented by any person or persons who vote in favour of such Resolution represents of the aggregate Principal Amount Outstanding of all applicable Notes which are represented at such meeting and are voted or, (B) in the case of any Written Resolution, shall be determined by reference to the percentage which the aggregate Principal Amount Outstanding of Notes entitled to be voted in respect of such Resolution and which are voted in favour thereof represent of the aggregate Principal Amount Outstanding of all the Notes entitled to vote in respect of such Written Resolution.

**Minimum Percentage Voting Requirements**

<b>Type of Resolution</b>	<b>Per cent.</b>
Extraordinary Resolution of all Noteholders (or of a certain Class or Classes only)	Not less than 66 $\frac{2}{3}$ per cent.
Ordinary Resolution of all Noteholders (or of a certain Class or Classes only)	Not less than 50 per cent.



For the purposes of determining voting rights attributable to the Notes and the applicable quorum at any meeting of the Noteholders pursuant to this Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*), (i) the Class A-1 Notes and the Class A-2 Notes together and (ii) the Class B-1 Notes and the Class B-2 Notes together, shall in each case be deemed to constitute a single Class in respect of any voting rights specifically granted to them including as the Controlling Class.

(iv) Written Resolutions

Any Written Resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant Noteholders and the date of such Written Resolution shall be the date on which the latest such document is signed. Any Extraordinary Resolution or Ordinary Resolution may be passed by way of a Written Resolution.

(v) All Resolutions Binding

Subject to Condition 14(e) (*Entitlement of the Trustee and conflicts of interest*) and in accordance with the Trust Deed, any Resolution of the Noteholders (including any resolution of a specified Class or Classes of Noteholders, where the resolution of one or more other Classes is not required) duly passed shall be binding on all Noteholders (regardless of Class and regardless of whether or not a Noteholder was present at the meeting at which such Resolution was passed).

(vi) Extraordinary Resolution

Subject to the right of veto of the Retention Holder referred to in Condition 14(b)(ix) (*Retention Holder Veto*), any Resolution to sanction any of the following items will be required to be passed by an Extraordinary Resolution (in each case, subject to anything else specified in the Trust Deed, the Collateral Management Agreement or the relevant Transaction Document, as applicable):

- (A) the exchange or substitution for the Notes of a Class, or the conversion of the Notes of a Class into, shares, bonds or other obligations or securities of the Issuer or any other entity (other than in the case of a Refinancing);
- (B) the modification of any provision relating to the timing and/or circumstances of the payment of interest or redemption of the Notes of a Class at maturity or otherwise (including the circumstances in which the maturity of such Notes may be accelerated (other than in the case of a Refinancing));
- (C) the modification of any of the provisions of the Trust Deed which would directly and adversely affect the calculation of the amount of any payment of interest or principal on any Note (other than in the case of a Refinancing);
- (D) the adjustment of the outstanding principal amount of the Notes Outstanding of the relevant Class other than in connection with a further issue of Notes pursuant to Condition 17 (*Additional Issuances*);
- (E) a change in the currency of payment of the Notes of a Class;
- (F) any change in the Priorities of Payments or of any payment items in the Priorities of Payments;
- (G) the modification of the provisions concerning the quorum required at any meeting of Noteholders or the minimum percentage required to pass a Resolution or any other provision of the Trust Deed or these Conditions which requires the written consent of the holders of a requisite principal amount of the Notes of any Class Outstanding;
- (H) any modification of any Transaction Document having a material adverse effect on the security over the Collateral constituted by the Trust Deed;
- (I) any item requiring approval by Extraordinary Resolution pursuant to these Conditions or any Transaction Document; and

(J) any modification of this Condition 14(b) (*Decisions and Meetings of Noteholders*).

(vii) Ordinary Resolution

Subject to the right of veto of the Retention Holder referred to in Condition 14(b)(ix) (*Retention Holder Veto*), any meeting of the Noteholders shall, subject to these Conditions and the Trust Deed, have the power by Ordinary Resolution to approve any other matter relating to the Notes not referred to in paragraph (vi) (*Extraordinary Resolution*) above.

(viii) Matters affecting a certain Class of Notes

Matters affecting the interests of only one Class (in the opinion of the Trustee) shall only be considered by and voted upon at a meeting of Noteholders of that Class or by written resolution of the holders of that Class.

(ix) Retention Holder Veto

No Resolution to approve the exercise by the Issuer of its rights under Condition 14(c) (*Modification and Waiver*) to effect any modification of the Eligibility Criteria, the Portfolio Profile Tests, the Collateral Quality Tests, the Reinvestment Criteria or any material changes to them, in each case that could affect the Retention Holder's ability to comply with the Retention Requirements (save for those that are made to ensure compliance with the Retention Requirements) will be effective without the consent in writing of the Retention Holder.

(c) Modification and Waiver

The Trust Deed and the Collateral Management Agreement both provide that, without the consent of the Noteholders (save where such consent is specified below), the Issuer may, subject to the right of veto of the Retention Holder referred to in Condition 14(b)(ix) (*Retention Holder Veto*), amend, modify, supplement and/or waive the relevant provisions of the Trust Deed and/or the Collateral Management Agreement and/or any other Transaction Document (subject to the consent of the other parties thereto, except as otherwise provided therein) (as applicable), and the Trustee shall consent to such amendment, modification, supplement or waiver, subject as provided below (other than an amendment, modification, supplement or waiver, pursuant to paragraphs (x), (xi) and (xii) below, which shall be subject to the prior written consent of the Trustee in accordance with the relevant paragraph), for any of the following purposes:

- (i) to add to the covenants of the Issuer for the benefit of the Noteholders;
- (ii) to charge, convey, transfer, assign, mortgage or pledge any property to or with the Trustee;
- (iii) to correct or amplify the description of any property at any time subject to the security of the Trust Deed, or to better assure, convey and confirm unto the Trustee any property subject or required to be subject to the security of the Trust Deed (including, without limitation, any and all actions necessary or desirable as a result of changes in law or regulations) or subject to the security of the Trust Deed any additional property;
- (iv) to evidence and provide for the acceptance of appointment under the Trust Deed by a successor Trustee subject to and in accordance with the terms of the Trust Deed and to add to or change any of the provisions of the Trust Deed as shall be necessary to facilitate the administration of the trusts under the Trust Deed by more than one Trustee, pursuant to the requirements of the relevant provisions of the Trust Deed;
- (v) to make such changes, appoint a listing agent, a transfer agent or any other agent as shall be necessary or advisable in order for the Notes of each Class to be (or to remain) listed on the Main Securities Market of the Irish Stock Exchange or any other exchange and to amend the Trust Deed to reflect any amendments of any relevant authorities or such agents in respect thereof;
- (vi) save as contemplated in paragraph (d) (*Substitution*) below, to take any action advisable to prevent the Issuer from becoming subject to withholding or other taxes, fees or assessments;

- (vii) to take any action advisable to reduce the risk that the Issuer will be treated as resident in the UK for UK tax purposes, as trading through a permanent establishment in the UK for UK tax purposes or as subject to VAT (in Ireland or elsewhere) in respect of any Collateral Management Fees;
- (viii) to take any action advisable to prevent the Issuer from being treated as engaged in a United States trade or business or otherwise be subject to United States federal, state or local income tax on a net income basis;
- (ix) to modify the restrictions on and procedures for resales and other transfers of Notes to reflect any changes in ERISA or other applicable law or regulation (or the interpretation thereof) to enable the Issuer to rely upon any exemption from registration under the Securities Act or the Investment Company Act or to remove restrictions on resale and transfer to the extent not required thereunder;
- (x) to enter into any additional agreements not expressly prohibited by the Trust Deed or the Collateral Management Agreement (as applicable) as well as any amendment, modification or waiver of such additional agreements if the Trustee determines that such entry, amendment, modification or waiver would not, upon becoming effective, be materially prejudicial to the interests of the Noteholders of any Class, in each case provided that any such additional agreements include customary limited recourse and non-petition provisions;
- (xi) to make any other modification of any of the provisions of the Trust Deed, the Collateral Management Agreement or any other Transaction Document which, in the opinion of the Trustee, is of a formal, minor or technical nature or is made to correct a manifest error and, in the case of a modification of the Collateral Management Agreement, subject to the consent in writing of the Collateral Manager;
- (xii) to make any other modification (save as otherwise provided in the Trust Deed, the Collateral Management Agreement or the relevant Transaction Document), and/or give any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any other Transaction Document, which in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders of any Class and, in the case of a modification of the Collateral Management Agreement, subject to the consent in writing of the Collateral Manager;
- (xiii) to amend the name of the Issuer;
- (xiv) to make any amendments to the Trust Deed or any other Transaction Document to enable the Issuer to comply with FATCA or CRS (or any other similar regime for the reporting and automatic exchange of information);
- (xv) notwithstanding paragraph (xxix) below, to modify or amend any components of (i) the Moody's Test Matrix; or (ii) the Fitch Tests Matrices, subject to confirmation from the applicable Rating Agency that the proposed modification or amendment will not affect the current rating of the Notes (which may be provided by way of email);
- (xvi) to make any changes necessary to permit any additional issuances of Notes or to issue replacement notes in accordance with Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*);
- (xvii) notwithstanding paragraph (xxix) below, to (i) evidence any waiver or modification by any Rating Agency in its rating methodology or as to any requirement or condition, as applicable, of such Rating Agency set forth in the Transaction Documents (including without limitation, recovery rates applicable to Collateral Debt Obligations) subject to receipt of confirmation from the Rating Agency to which such waiver, modification, requirement or condition relates that the proposed waiver, modification, requirement or condition will not affect the current rating of the Notes (which may be provided by way of email from the relevant Rating Agency) or (ii) to otherwise conform any Transaction Document to the Offering Circular;
- (xviii) to modify the Transaction Documents in order to comply with Rule 17g-5 of the Exchange Act;
- (xix) to make such changes as shall be necessary to facilitate the Issuer to effect a Refinancing in part in accordance with Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*);

- (xx) to make any other modification of any of the provisions of the Trust Deed, the Collateral Management Agreement or any other Transaction Document to comply with changes in the Retention Requirements or corresponding retention requirements under the UCITS Directive or the requirements of Solvency II or which result from the implementation of the implementing technical standards relating thereto or any subsequent risk retention legislation or official guidance;
- (xxi) to make any other modification of any of the provisions of the Trust Deed, the Collateral Management Agreement or any other Transaction Document to comply with the CRA, the STS Regulation, or which result from the implementation of the implementing technical standards relating thereto;
- (xxii) to modify the terms of the Transaction Documents (including but not limited to any Hedge Agreements) and/or the Conditions in order to enable the Issuer to comply with any requirements of the CFTC or in relation to the Dodd-Frank Act, subject to receipt by the Trustee of a certificate of the Issuer certifying to the Trustee (upon which certification the Trustee shall be entitled to rely on without further enquiry and without liability) that the requested amendments are to be made solely for the purpose of enabling the Issuer to comply with CFTC requirements or the Dodd-Frank Act;
- (xxiii) to modify the terms of the Transaction Documents (including but not limited to any Hedge Agreement) and/or the Conditions in order to enable the Issuer to comply with any requirements in respect of EMIR, subject to receipt by the Trustee of a certificate of the Issuer certifying to the Trustee (upon which certification the Trustee shall be entitled to rely on without further enquiry and without liability) that the requested amendments are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under EMIR;
- (xxiv) to modify the terms of the Transaction Documents (including but not limited to any Hedge Agreement) and/or the Conditions in order to enable the Issuer to comply with any requirements in respect of AIFMD, subject to receipt by the Trustee of a certificate of the Issuer certifying to the Trustee (upon which certification the Trustee shall be entitled to rely on without further enquiry and without liability) that the requested amendments are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under AIFMD;
- (xxv) to modify the terms of any Hedge Agreements in order to enable the Issuer and/or a Hedge Counterparty to comply with any regulatory requirements applicable to it which come into force after the Issue Date;
- (xxvi) to make any changes necessary to prevent the Issuer from becoming an investment company or being required to register as an investment company under the Investment Company Act;
- (xxvii) to make any modification or amendment determined by the Issuer, as advised by the Collateral Manager (in consultation with legal counsel experienced in such matters) as necessary or advisable for any Class of Rated Notes to not be considered an “ownership interest” as defined for the purposes of section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and the applicable rules and regulations thereunder, provided that such modification or amendment would not, in the opinion of the Issuer, be materially prejudicial to the interests of the Noteholders of any Class;
- (xxviii) notwithstanding any other provisions of this Condition 14(c) (*Modification and Waiver*), if S&P, Fitch or Moody’s (as applicable) publicly announce a change in the S&P recovery rates, the Fitch Recovery Rates, Moody’s Recovery Rates, Fitch Rating Factors or Moody’s Rating Factors (as applicable), to amend or modify such recovery rates or rating factors in the Transaction Documents to reflect such changes announced by the relevant Rating Agency;
- (xxix) subject to paragraph (xv) and paragraph (xvii) above and subject to Rating Agency Confirmation, the consent of the Controlling Class acting by Ordinary Resolution and the consent in writing of the Retention Holder, to make any modifications to the Collateral Quality Tests, Portfolio Profile Tests, Reinvestment Criteria or Eligibility Criteria and all related definitions;

- (xxx) to amend, modify, enter into, accommodate the execution or facilitate the transfer by the relevant Hedge Counterparty of any Hedge Agreement upon terms satisfactory to the Collateral Manager and subject to receipt of Rating Agency Confirmation;
- (xxxii) to make such changes as are necessary to facilitate the transfer of any Hedge Agreement to a replacement counterparty or the roles of any Agent to a replacement agent, in each case in circumstances where such Hedge Counterparty or Agent does not satisfy the applicable Rating Requirement and subject to such replacement counterparty or agent (as applicable) satisfying the applicable requirements in the Transaction Documents
- (xxxiii) 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;
- (xxxiv) to amend, modify or otherwise accommodate changes to any Transaction Document relating to the administrative procedures for reaffirmation of ratings on the Notes as required by the rating criteria of the Rating Agencies;
- (xxxv) to accommodate the settlement of the Notes in book-entry form through the facilities of Euroclear and/or Clearstream, Luxembourg or otherwise;
- (xxxvi) to reduce the permitted Minimum Denomination of the Notes, provided that any such reduction in Minimum Denomination shall not adversely affect the Issuer (in respect of any legal or regulatory requirement or tax treatment of the Issuer);
- (xxxvii) to change the date within the month on which Reports are required to be delivered;
- (xxxviii) to evidence the succession of another person to the Issuer and the assumption by any such successor of the covenants of the Issuer in the Transaction Documents and in the Notes, provided that any such successor shall not itself have a worse position than the Issuer in respect of any tax, legal or regulatory requirement or tax treatment; and
- (xxxviii) to make such modifications to the provisions of the Collateral Management Agreement and the Conditions as the Collateral Manager and/or the Collateral Administrator have advised the Trustee (upon which advice the Trustee shall be entitled to rely absolutely and without further enquiry or liability) are necessary in order to calculate the amounts due on any Unscheduled Payment Date directed under Condition 3(k) (*Unscheduled Payment Dates*).

Any such modification, authorisation or waiver shall be binding on the Noteholders and shall be notified by the Issuer as soon as reasonably practicable following the execution of any trust deed supplemental to the Trust Deed or any other modification, authorisation or waiver pursuant to this Condition 14(c) (*Modification and Waiver*) to:

- (A) so long as any of the Notes rated by the Rating Agencies remains Outstanding, the Rating Agencies; and
- (B) the Noteholders in accordance with Condition 16 (*Notices*).

Notwithstanding anything to the contrary herein and in the Trust Deed, the Issuer shall not agree to amend, modify or supplement any provisions of the Transaction Documents if, in the reasonable opinion of the Issuer, such change shall have a material adverse effect on the rights or obligations of a Hedge Counterparty without the Hedge Counterparty's prior written consent.

The Issuer shall notify each Hedge Counterparty of any proposed amendment to any provisions of the Transaction Documents and seek the consent of such Hedge Counterparty in respect thereof, in each case to the extent required in accordance with and subject to the terms of the relevant Hedge Agreement. For the avoidance of doubt, such notice shall only be given and such consent shall only be sought to the extent required in accordance with and subject to the terms of the relevant Hedge Agreement and, where such consent is sought, any such amendment shall only be made following the expiry of the notice.

For the avoidance of doubt, and subject to the right of veto of the Retention Holder referred to in Condition 14(b)(ix) (*Retention Holder Veto*), the Trustee shall, subject to the following paragraph,

without the consent or sanction of any of the Noteholders or any other Secured Party (unless otherwise specified above), concur with the Issuer, in making any modification, amendment, waiver or supplement pursuant to the paragraphs above (save for modifications, amendments, waivers or supplements in accordance with paragraphs (x), (xi) and (xii) above) to the Transaction Documents which the Issuer (or the Collateral Manager on behalf of the Issuer) certifies to the Trustee is required pursuant to the paragraphs above (other than paragraphs (x), (xi) and (xii)) (upon which certification the Trustee shall be entitled to rely on without further enquiry and without liability) provided that the Trustee shall not be obliged to agree to any modification which, in the opinion of the Trustee, would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) adding to or increasing the obligations, liabilities or duties, or decreasing the rights, powers, authorisations, discretions, indemnities or protections, of the Trustee in respect of the Transaction Documents.

In the case of a modification, amendment, waiver or supplement pursuant to paragraph (x), (xi) and (xii) above, the Trustee may impose such conditions as it sees fit and provided that the Trustee shall not be required to give its consent in relation to paragraphs (x), (xi) and (xii) on less than 21 days' notice and the Trustee shall be entitled to obtain legal, financial or other expert advice, at the expense of the Issuer, and rely on such advice in connection with determining whether or not to give such consent as it sees fit.

(d) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require (without the consent of the Noteholders of any Class), to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes of each Class, if required for taxation purposes, provided that such substitution would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders of any Class. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders, but subject to receipt of Rating Agency Confirmation (subject to receipt of such information and/or opinions as the Rating Agencies may require), to a change of the law governing the Notes and/or the Trust Deed, provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders of any Class. Any substitution agreed by the Trustee pursuant to this Condition 14(d) (*Substitution*) shall be binding on the Noteholders, and shall be notified by the Issuer to the Noteholders as soon as practicable in accordance with Condition 16 (*Notices*).

The Trustee may, subject to the satisfaction of certain conditions specified in the Trust Deed, including receipt of Rating Agency Confirmation, agree to a change in the place of residence of the Issuer for taxation purposes without the consent of the Noteholders of any Class, provided the Issuer does all such things as the Trustee may require in order that such change in the place of residence of the Issuer for taxation purposes is fully effective and complies with such other requirements which are in the interests of the Noteholders as it may reasonably direct.

The Issuer shall procure that, so long as the Notes are listed on the Main Securities Market of the Irish Stock Exchange any material amendments or modifications to the Conditions of the Notes, the Trust Deed or such other conditions made pursuant to this Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) shall be notified to the Irish Stock Exchange.

(e) Entitlement of the Trustee and conflicts of interest

In connection with the exercise of its trusts, powers, duties and discretions (including but not limited to those referred to in this Condition 14(e) (*Entitlement of the Trustee and conflicts of interest*)), the Trustee shall have regard to the interests of each Class of Noteholders as a Class and shall not have regard to the consequences of such exercise for individual Noteholders of such Class and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 9 (*Taxation*).

In considering the interests of Noteholders while the Global Certificates are held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its

operator as to the identity (either individually or by category) of its account holders with entitlements to each Global Certificate and may consider such interests as if such account holders were the holders of any Global Certificate.

The Trust Deed provides that in the event of any conflict of interest between or among the holders of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes, the interests of the holders of the Controlling Class will prevail. If the holders of the Controlling Class do not have an interest in the outcome of the conflict, the Trustee shall give priority to the interests of (i) the Class B Noteholders over the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders, (ii) the Class C Noteholders over the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders; and (iii) the Class D Noteholders over the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders; and (iv) the Class E Noteholders over the Class F Noteholders and the Subordinated Noteholders; and (v) the Class F Noteholders over the Subordinated Noteholders. If the Trustee receives conflicting or inconsistent requests from two or more groups of holders of a Class, given priority as described in this paragraph, each representing less than the majority by principal amount of such Class, the Trustee shall give priority to the group which holds the greater aggregate principal amount of Notes Outstanding of such Class. The Trust Deed provides further that the Trustee will act upon the directions of the holders of the Controlling Class (or other Class given priority as described in this paragraph) in such circumstances subject to being indemnified and/or secured and/or prefunded to its satisfaction, and shall not be obliged to consider the interests of and is exempted from any liability to the holders of any other Class of Notes.

In addition, the Trust Deed provides that, so long as any Note is Outstanding, the Trustee shall have no regard to the interests of any Secured Party other than the Noteholders or, at any time, to the interests of any other person.

#### **15. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances, including provisions relieving it from instituting proceedings to enforce repayment or to enforce the security constituted by or pursuant to the Trust Deed, unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer or any other party to any Transaction Document and any entity related to the Issuer or any other party to any Transaction Document without accounting for any profit. The Trustee is exempted from any liability in respect of any loss or theft or reduction of value of the Collateral from any obligation to insure, or to monitor the provisions of any insurance arrangements in respect of, the Collateral (for the avoidance of doubt, under the Trust Deed the Trustee is under no such obligation) and from any claim arising from the fact that the Collateral is held by the Custodian or is otherwise held in safe custody by a bank or other custodian. The Trustee shall not be responsible for the performance by the Custodian of any of its duties under the Agency Agreement or for the performance by the Collateral Manager of any of its duties under the Collateral Management Agreement, for the performance by the Collateral Administrator of its duties under the Collateral Management Agreement or for the performance by any other person appointed by the Issuer in relation to the Notes or by any other party to any Transaction Document. The Trustee shall not have any responsibility for the administration, management or operation of the Collateral including the request by the Collateral Manager to release any of the Collateral from time to time.

The Trust Deed contains provisions for the retirement of the Trustee and the removal of the Trustee by Extraordinary Resolution of the Controlling Class, but no such retirement or removal shall become effective until a successor trustee is appointed.

#### **16. Notices**

Notices to Noteholders will be valid if posted to the address of such Noteholder appearing in the Register at the time of publication of such notice by pre-paid, first class mail (or any other manner approved by the Trustee which may be by electronic transmission) and (for so long as the Notes are listed on the Main Securities 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 or such other process as the Irish Stock Exchange may require. Any such notice shall be deemed to have been given to the Noteholders (a) in

the case of inland mail three days after the date of dispatch thereof, (b) in the case of overseas mail, seven days after the dispatch thereof or, (c) in the case of electronic transmission, on the date of dispatch.

The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders (or a category of them) if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

Notwithstanding the above, so long as any Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders shall be given by delivery of the relevant notice to that clearing system for communication by it to entitled account holders in substitution for delivery thereof as required by the Conditions of such Notes provided that such notice is also made to the Company Announcements Office of the Irish Stock Exchange for so long as such Notes are listed on the Main Securities Market of the Irish Stock Exchange and the rules of the Irish Stock Exchange so require. Such notice will be deemed to have been given to the Noteholders on the date of delivery of the relevant notice to the relevant clearing system.

## 17. Additional Issuances

- (a) The Issuer may from time to time, subject to the approval of the Subordinated Noteholders acting by Ordinary Resolution and subject to the separate approval of the Retention Holder create and issue further Notes having the same terms and conditions as existing Classes of Notes (subject as provided below) and which shall be consolidated and form a single series with the Outstanding Notes of such Class (unless otherwise provided), and will use the proceeds of sale thereof to purchase additional Collateral Debt Obligations and, if applicable, enter into additional Hedge Transactions in connection with the Issuer's issuance of, and making payments on, the Notes and ownership of and disposition of the Collateral Debt Obligations, provided that the following conditions are met:
- (i) such additional issuances in relation to the applicable Class of Notes may not exceed 100 per cent. in the aggregate of the original aggregate principal amount of such Class of Notes;
  - (ii) such additional Notes must be issued for a cash sale price and the net proceeds applied firstly, to pay any costs or expenses arising out of or in connection with the issuance of such additional Notes and thereafter, invested in Collateral Debt Obligations or, pending such investment, during the Initial Investment Period deposited in the Unused Proceeds Account or, thereafter, deposited in the Principal Account and, in each case, invested in Eligible Investments;
  - (iii) such additional Notes must be of each Class of Notes and issued in a proportionate amount among the Classes so that the relative proportions of aggregate principal amount of the Classes of Notes existing immediately prior to such additional issuance remain unchanged immediately following such additional issuance (save with respect to Subordinated Notes as described in paragraph (b) below);
  - (iv) the terms (other than the date of issuance, the issue price and the date from which interest will accrue) of such Notes must be identical to the terms of the previously issued Notes of the applicable Class of Notes;
  - (v) Rating Agency Confirmation has been obtained;
  - (vi) the Coverage Tests are satisfied or, if not satisfied, the Coverage Tests will be maintained or improved after giving effect to such additional issuance of Notes;
  - (vii) the holders of the relevant Class of Notes in respect of which further Notes are issued shall have been notified in writing by the Issuer 30 days prior to such issuance and shall have been afforded the opportunity to purchase additional Notes of the relevant Class in an amount not to exceed the percentage of the relevant Class of Notes each holder held immediately prior to the issuance (the "**Anti-Dilution Percentage**") of such additional Notes and on the same terms offered to investors generally; provided that this paragraph (vii) shall not apply to any additional issuance of Subordinated Notes if such issuance is required in order to prevent or cure a Retention Deficiency for any reason including but not limited to, where such Retention Deficiency will occur due to an additional issuance of any Class of Notes;



- (viii) so long as the existing Notes of the Class of Notes to be issued are listed on the Main Securities 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 Main Securities Market of the Irish Stock Exchange (for so long as the rules of the Irish Stock Exchange so requires);
  - (ix) such additional issuances are in accordance with all applicable laws including, without limitation, the securities and banking laws and regulations of Ireland and do not adversely affect the Irish tax position of the Issuer;
  - (x) the Issuer and the Trustee will have received advice of tax counsel of nationally recognised standing in the United States experienced in such matters to the effect that any additional Class A Notes, Class B Notes, Class C Notes, and Class D Notes will be treated, and any additional Class E Notes should be treated, as indebtedness for U.S. federal income tax purposes, *provided*, however, that the advice of tax counsel described in this clause (x) will not be required with respect to any additional Notes that bear a different International Securities Identification Number (or equivalent identifier) from the Notes of the same Class that were issued on the Issue Date and are Outstanding at the time of the additional issuance;
  - (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)(1) to the holders of such additional Notes; and
  - (xii) to the extent such additional issuance would otherwise cause a Retention Deficiency, the Issuer shall concurrently issue, and the Retention Holder shall purchase and hold on the same terms of the Risk Retention Letter, sufficient additional Subordinated Notes such that, after giving effect to the additional issuance and after the receipt by the Issuer of the proceeds thereof into the Unused Proceeds Account or the Principal Account (as applicable), the Retention Holder shall hold Subordinated Notes with a Principal Amount Outstanding sufficient to ensure that a Retention Deficiency shall not occur following such additional issuance.
- (b) In addition to the ability to issue further Notes of each Class simultaneously, the Issuer may issue and sell additional Subordinated Notes, subject to the approval of the Subordinated Noteholders acting by Ordinary Resolution (other than in the case of an issuance of Subordinated Notes required in order to cure or prevent a Retention Deficiency) and subject to the separate approval of the Retention Holder but without issuing Notes of any other Class, provided that:
- (i) the subordination terms of such Subordinated Notes are identical to the terms of the previously issued Subordinated Notes;
  - (ii) the terms (other than the date of issuance, the issue price and the date from which interest will accrue) of such Subordinated Notes must be identical to the terms of the previously issued Subordinated Notes;
  - (iii) such additional Subordinated Notes are issued for a cash sale price and the net proceeds to be applied firstly, to pay any costs or expenses arising out of or in connection with the issuance of such additional Notes and thereafter, towards the Permitted Uses;
  - (iv) the Issuer must notify the Rating Agencies then rating any Notes of such additional issuance;
  - (v) the holders of the Subordinated Notes shall have been notified in writing by the Issuer 30 days prior to such issuance and shall have been afforded the opportunity to purchase additional Subordinated Notes in an amount not to exceed the Anti-Dilution Percentage of such additional Subordinated Notes and on the same terms offered to investors generally; provided that this paragraph (v) shall not apply if such issuance is required in order to prevent or cure a Retention Deficiency for any reason including, but not limited to where such Retention Deficiency will occur due to an additional issuance of any Class of Notes;
  - (vi) such additional issuance is in accordance with all applicable laws including, without limitation, the securities and banking laws and regulations of Ireland and do not adversely affect the Irish tax position of the Issuer; and

- (vii) to the extent such additional issuance would otherwise cause a Retention Deficiency, the Issuer shall concurrently issue, and the Retention Holder shall purchase and hold on the same terms of the Risk Retention Letter, sufficient additional Subordinated Notes such that, after giving effect to the additional issuance and after the receipt by the Issuer of the proceeds thereof into the Unused Proceeds Account or the Principal Account (as applicable), the Retention Holder shall hold Subordinated Notes with a Principal Amount Outstanding sufficient to ensure that a Retention Deficiency shall not occur following such additional issuance.

References in these Conditions to the “Notes” include (unless the context requires otherwise) any other notes issued pursuant to this Condition 17 (*Additional Issuances*) and forming a single series with the Notes. Any further securities forming a single series with Notes constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed. Any costs or expenses arising out of or in connection with an issuance of additional Notes pursuant to this Condition 17 (*Additional Issuances*) shall be borne by the Issuer and paid out of the proceeds of issuance of the relevant additional Notes.

## **18. Third Party Rights**

No person shall have any right to enforce any term or Condition of the Note under the Contracts (Rights of Third Parties) Act 1999.

## **19. Governing Law**

### **(a) Governing Law**

The Trust Deed and each Class of Notes and any dispute, controversy, proceedings or claim of whatever nature (whether contractual or non-contractual) arising out of or in any way relating to the Trust Deed or any Class of Notes are governed by and shall be construed in accordance with English law. The Administration Agreement is governed by and shall be construed in accordance with Irish law.

### **(b) Jurisdiction**

The courts of England are to have jurisdiction to settle any disputes (whether contractual or non-contractual) which may arise out of or in connection with the Notes, and accordingly any legal action or proceedings arising out of or in connection with the Notes (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders and the Trustee and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

### **(c) Agent for Service of Process**

The Issuer appoints TMF Corporate Services Limited (having an office, at the date hereof, at 5th Floor, 6 St. Andrew Street, London, EC4A 3AE, United Kingdom) as its agent in England to receive service of process in any Proceedings in England based on any of the Notes. If for any reason the Issuer does not have such agent in England, it will promptly appoint a substitute process agent and notify the Trustee and the Noteholders of such appointment. Nothing herein shall affect the right to service of process in any other manner permitted by law.

## USE OF PROCEEDS

The net proceeds of the issue of the Notes after payment of fees and expenses payable on or about the Issue Date (including, without duplication amounts deposited into the Expense Reserve Account) are expected to be approximately €401,300,000. The gross proceeds will be deposited into the Collection Account and the Issuer shall procure that the Collateral Administrator and the Account Bank transfer the following amounts out of the Collection Account on the Issue Date: (a) amounts due or accrued with respect to action taken on or in connection with the Issue Date with respect to the issue of Notes and the entry into the Transaction Documents; (b) to fund the Expense Reserve Account, an amount equal to €1,550,000; (c) to fund the First Period Reserve Account, an amount equal to €2,300,000; (d) amounts required for repayment of any amounts borrowed by the Issuer (together with interest thereon) in order to finance the acquisition of certain Collateral Debt Obligations on or prior to the Issue Date pursuant to the Warehouse Arrangements (including the payment of certain costs and expenses related to the Warehouse Arrangements), and (e) any remaining amounts to the Unused Proceeds Account. The net proceeds transferred to the Unused Proceeds Account (together with the amounts credited to the First Period Reserve Account) will be used to purchase additional Collateral Debt Obligations during the Initial Investment Period (as defined in the Conditions).

## FORM OF THE NOTES

References below to Notes and to the Global Certificates and the Definitive Certificates representing such Notes are to each respective Class of Notes, except as otherwise indicated.

### Initial Issue of Notes

The Regulation S Notes of each Class (other than, in certain circumstances described below, the Class E Notes, the Class F Notes and the Subordinated Notes) will be represented on issue by a Regulation S Global Certificate deposited with, and registered in the name of, a nominee of a common depositary for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Regulation S Global Certificate may be held at any time only through Euroclear or Clearstream, Luxembourg. See “*Book Entry Clearance Procedures*”. Beneficial interests in a Regulation S Global Certificate may not be held by a U.S. Person or U.S. Resident at any time. By acquisition of a beneficial interest in a Regulation S Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it is not a U.S. Person, and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest only to a person whom the seller reasonably believes (a) to be a non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (b) to be a person who takes delivery in the form of an interest in a Rule 144A Note. See “*Transfer Restrictions*”.

The Rule 144A Notes of each Class (other than, in certain circumstances, the Class E Notes, the Class F Notes and the Subordinated Notes) will be represented on issue by a Rule 144A Global Certificate deposited with, and registered in the name of, a nominee of a common depositary for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Rule 144A Global Certificate may only be held at any time only through Euroclear or Clearstream, Luxembourg. See “*Book Entry Clearance Procedures*”. By acquisition of a beneficial interest in a Rule 144A Global Certificate, the purchaser thereof will be deemed to represent, amongst other things, that it is a QIB/QP and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Trust Deed. See “*Transfer Restrictions*”.

Beneficial interests in Global Certificates will be subject to certain restrictions on transfer set forth therein and in the Trust Deed and as set forth in Regulation S and Rule 144A, and the Notes will bear the applicable legends regarding the restrictions set forth under “*Transfer Restrictions*”. In the case of each Class of Notes, a beneficial interest in a Regulation S Global Certificate may be transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Certificate in denominations greater than or equal to the Minimum Denominations applicable to interests in such Rule 144A Global Certificate only upon receipt by a Transfer Agent of a written certification (in the form provided in the Trust Deed) to the effect that the transferor reasonably believes that the transferee is a QIB/QP and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in the Rule 144A Global Certificates may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Certificate only upon receipt by a Transfer Agent of a written certification (in the form provided in the Trust Deed) from the transferor to the effect that the transfer is being made to a non-U.S. Person and in accordance with Regulation S.

Any beneficial interest in a Regulation S Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Certificate will, upon transfer, cease to be an interest in such Regulation S Global Certificate and become an interest in the Rule 144A Global Certificate, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Rule 144A Global Certificate for as long as it remains such an interest. Any beneficial interest in a Rule 144A Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Regulation S Global Certificate will, upon transfer, cease to be an interest in a Rule 144A Global Certificate and become an interest in the Regulation S Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Regulation S Global Certificate for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Except in the limited circumstances described below, owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of certificated Notes.

Each initial investor and each transferee of a Class E Note, Class F Note or a Subordinated Note either (a) shall be deemed to represent (among other things) that it is not and is not acting on behalf of (and for so long as it holds such Note or interest therein will not be, and will not be acting on behalf of) a Benefit Plan Investor or a

Controlling Person or (b) may not acquire such Class E Note, a Class F Note or Subordinated Note in the form of a Rule 144A Global Certificate or a Regulation S Global Certificate unless such transferee: (i) obtains the written consent of the Issuer; (ii) provides an ERISA certificate to the Issuer and the Transfer Agent as to its status as a Benefit Plan Investor or Controlling Person (substantially in the form of Annex A); and (iii) (unless the written consent of the Issuer to the contrary is obtained and other than in the case of the Retention held by the Collateral Manager and any other Notes held by a Collateral Manager Related Person) the transferee holds such Class E Note, Class F Note or Subordinated Note in the form of a Definitive Certificate. Any Class E Note, Class F Note or Subordinated Note in the form of a Definitive Certificate shall be registered in the name of the holder thereof. No proposed transfer of Class E Notes, Class F Notes or Subordinated Notes (or interests therein) will be permitted or recognised if a transfer to a transferee will cause 25 per cent. or more of the total value of the Class E Notes, Class F Notes or Subordinated Notes (determined separately by class) to be held by Benefit Plan Investors, disregarding Class E Notes, Class F Notes or Subordinated Notes (or interests therein) held by Controlling Persons.

The Notes are not issuable in bearer form.

### **Exchange for Definitive Certificates**

#### *Exchange*

Each Global Certificate will be exchangeable, free of charge to the holder, on or after its Definitive Exchange Date (as defined below), in whole but not in part, for Definitive Certificates if a Global Certificate is held (directly or indirectly) on behalf of Euroclear, Clearstream, Luxembourg or an alternative clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces its intention to permanently cease business or does in fact do so.

In addition, interests in Global Certificates representing Class E Notes, Class F Notes or Subordinated Notes may be exchangeable for interests in a Definitive Certificate representing the Class E Note, the Class F Note or Subordinated Note if a transferee is or is acting on behalf of a Benefit Plan Investor or is a Controlling Person provided: (i) such transferee has obtained the consent of the Issuer in respect of such transfer; and (ii) the transferee has provided the Issuer and the Transfer Agent with a certification substantially in the form of Annex A hereto.

The Registrar will not register the transfer of, or exchange of interests in, a Global Certificate for Definitive Certificates during the period from (but excluding) the Record Date to (and including) the date for any payment of principal or interest in respect of the Notes.

If only one of the Global Certificates (the “**Exchanged Global Certificate**”) becomes exchangeable for Definitive Certificates in accordance with the above paragraphs, transfers of Notes may not take place between, on the one hand, persons holding Definitive Certificates issued in exchange for beneficial interests in the Exchanged Global Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other Global Certificate.

“**Definitive Exchange Date**” means a day falling not less than 30 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar and any Transfer Agent is located.

#### *Delivery*

In such circumstances, the relevant Global Certificate shall be exchanged in full for Definitive Certificates and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Certificate must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Certificates and (b) in the case of the Rule 144A Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Definitive Certificates issued in exchange for a beneficial interest in the Rule 144A

Global Certificate shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under “*Transfer Restrictions*” below.

*Legends*

The holder of a Definitive Certificate in registered definitive form, as applicable, may transfer the Notes represented thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer and to the extent applicable, written consent of the Issuer and a duly completed ERISA certificate substantially in the form of Annex A to a Transfer Agent and the Issuer. Upon the transfer, exchange or replacement of a Definitive Certificate in registered definitive form, as applicable, bearing the legend referred to under “*Transfer Restrictions*” below, or upon specific request for removal of the legend on a Definitive Certificate in registered definitive form, as applicable, the Issuer will deliver only Definitive Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act.

## BOOK ENTRY CLEARANCE PROCEDURES

*The Issuer confirms that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by the third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

The information set out below has been obtained from sources that the Issuer believes to be reliable, but prospective investors are advised to make their own enquiries as to such procedures. In particular, such information is subject to any change in or interpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (together, the “**Clearing Systems**”) currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Trustee, the Collateral Manager, the Placement Agent or any Agent party to the Agency Agreement (or any Affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act), will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

### **Euroclear and Clearstream, Luxembourg**

Custodial and depositary links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading (See “*Settlement and Transfer of Notes*” below).

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders (“**Direct Participants**”) or indirectly (“**Indirect Participants**”) and together with Direct Participants, “**Participants**”) through organisations which are accountholders therein.

### **Book Entry Ownership**

#### *Euroclear and Clearstream, Luxembourg*

Each Regulation S Global Certificate and each Rule 144A Global Certificate will have an ISIN and a Common Code and will be registered in the name of, and deposited with, a nominee of the common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

#### *Relationship of Participants with Clearing Systems*

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note represented by a Global Certificate must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg. The Issuer expects that, upon receipt of any payment in respect of Notes represented by a Global Certificate, the common depositary by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants’ or accountholder’s accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Certificate as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Certificate held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such

persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Certificate and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Certificate in respect of each amount so paid. None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

#### *Settlement and Transfer of Notes*

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct Participant and Indirect Participant's records. Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Certificate held within a Clearing System is exchanged for Definitive Certificates.

No Clearing System has knowledge of the actual Beneficial Owners of the Notes held within such Clearing System and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

#### **Trading between Euroclear and/or Clearstream, Luxembourg Participants**

Secondary market sales of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.



## RATINGS OF THE NOTES

### General

It is a condition of the issue and sale of the Notes that the Notes (except for the Subordinated Notes) be issued with at least the following ratings: the Class A-1 Notes: “Aaa(sf)” from Moody’s and “AAAsf” from Fitch; the Class A-2 Notes: “Aaa(sf)” from Moody’s and “AAAsf” from Fitch; the Class B-1 Notes: “Aa2(sf)” from Moody’s and “AAsf” from Fitch; the Class B-2 Notes: “Aa2(sf)” from Moody’s and “AAsf” from Fitch; the Class C Notes: “A2 (sf)” from Moody’s and “Asf” from Fitch; the Class D Notes: “Baa2(sf)” from Moody’s and “BBBsf” from Fitch; the Class E Notes: “Ba2(sf)” from Moody’s and “BBsf” from Fitch and the Class F Notes: “B2(sf)” from Moody’s and “B-sf” from Fitch. The Subordinated Notes being offered hereby will not be rated.

The Fitch ratings assigned to the Class A Notes and the Class B Notes address the timely payment of interest and the ultimate payment of principal. The Fitch ratings assigned to the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes address the ultimate payment of principal and interest. The Moody’s ratings assigned to the Rated Notes address expected loss. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the applicable rating agency.

### Moody’s Ratings

The ratings assigned to the Rated Notes by Moody’s are based upon its assessment of the probability that the Collateral Debt Obligations will provide sufficient funds to pay each such Class of Notes, based largely upon Moody’s statistical analysis of historical default rates on debt obligations with various ratings, the asset and interest coverage required for such Class of Rated Notes (which in the case of a Class of Rated Notes is achieved through the subordination of each Class of Notes ranking below such Class of Rated Notes) and the diversification requirements that the Collateral Debt Obligations are required to satisfy.

Moody’s ratings address the expected loss posed to investors by the legal final maturity on the Maturity Date. The structure allows for timely payment of interest and ultimate payment of principal with respect to the Class A Notes and Class B Notes by the legal final maturity on the Maturity Date.

Moody’s analysis of the likelihood that each Collateral Debt Obligation will default is based on historical default rates for similar debt obligations, the historical volatility of such default rates (which increases as securities with lower ratings are added to the portfolio) and an additional default assumption to account for future fluctuations in defaults. Moody’s then determines the level of credit protection necessary to achieve the expected loss associated with the rating of the structured securities, taking into account the expected volatility of the default rate of the portfolio based on the level of diversification by region, obligor and industry. There can be no assurance that the actual default rates on the Collateral Debt Obligations held by the Issuer will not exceed the rates assumed by Moody’s in its analysis.

In addition to these quantitative tests, Moody’s ratings take into account qualitative features of a transaction, including the experience of the Collateral Manager, the legal structure and the risks associated with such structure and other factors that they deem relevant.

As at the date of this Offering Circular, each of the Rating Agencies is established in the European Union (“EU”) and is registered under Regulation (EC) No 1060/2009 (as amended) (the “CRA Regulation”). As such, each Rating Agency is included in the list of credit rating agencies published by the European Securities and Markets Authority (“ESMA”) on its website in accordance with the CRA Regulation.

### Fitch Ratings

The ratings assigned to the Rated Notes by Fitch are based upon Fitch’s statistical analysis of historical default rates on debt obligations with similar characteristics to the Collateral Debt Obligations and the various eligibility requirements that the Collateral Debt Obligations are required to satisfy.

Fitch analyses the likelihood that each Collateral Debt Obligation will default, based on historical default rates for similar debt obligations, the historical volatility of such default rates (which increases as securities with lower ratings are added to the portfolio) and an additional default assumption to account for future fluctuations in defaults. Fitch then determines the level of credit protection necessary based on a specific percentile of the portfolio default distribution determined by the Fitch “Portfolio Credit Model” which takes into account the

correlation between assets in the portfolio based on the level of diversification by region, issuer and industry. The results of a statistical analysis are incorporated into a cash flow model built to mimic the structure of the transaction. In this regard, the results of several default scenarios, in conjunction with various qualitative tests (e.g. analysis of the strength of the Collateral Manager), are used to determine the credit enhancement required to support a particular rating.

Fitch's ratings of the Rated Notes were established under various assumptions and scenarios.

There can be no assurance that actual defaults on the Collateral Debt Obligations will not exceed those assumed by Fitch in its analysis, or that recovery rates with respect thereto (and consequently loss rates) will not defer from those assumed by Fitch.

In addition to those quantitative tests, Fitch ratings take into account qualitative features of a transaction, including the experience of the Collateral Manager, the legal structure and the risks associated with such structure and other factors that Fitch deems relevant.

## THE ISSUER

### General

The Issuer is a special purpose vehicle established for the purpose of issuing asset backed securities and was incorporated in Ireland as a private limited company on 15 April 2015 under the Companies Act 2014 (as amended) (the “**Companies Act**”) with the name of Arbour CLO III Limited and with company registration number 547843 and having its registered office at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland. The telephone number of the registered office of the Issuer is +353 1 614 6240 and the facsimile number is +353 1 614 6250.

The authorised share capital of the Issuer is EUR 1,000 divided into 1,000 ordinary shares of EUR 1.00 each (the “**Shares**”). The Issuer has issued one Share, which is fully paid up and is held on trust by TMF Management (Ireland) Limited (as “**Share Trustee**”) under the terms of a declaration of trust (the “**Declaration of Trust**”) dated 17 October 2014, whereby the Share Trustee holds the Share on trust for charitable purposes. The Share Trustee will have no beneficial interest in and will derive no benefit (other than its fees for acting as Share Trustee) from its holding of the shares of the Issuer. The Share Trustee will apply any income derived from the Issuer solely for the above purposes.

TMF Administration Services Limited (the “**Administrator**”), an Irish company, acts as the corporate administrator for the Issuer. The office of the Administrator serves as the general business office of the Issuer. Through the office and pursuant to the terms of the corporate administration agreement entered into on 24 April 2015 between the Issuer and the Administrator (the “**Administration Agreement**”), the Administrator performs various management functions on behalf of the Issuer, including the provision of certain clerical, reporting, accounting, administrative and other services until termination of the Administration Agreement. In consideration of the foregoing, the Administrator receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses. The terms of the Administration Agreement provide that either party may terminate the Administration Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Administration Agreement which is either incapable of remedy or which is not cured within 30 days from the date on which it was notified of such breach. In addition, either party may terminate the Administration Agreement at any time by giving at least two months’ written notice to the other party.

The Administrator’s principal office is at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

### Business

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

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

The Issuer has, and will have, no material assets other than the Portfolio held from time to time, the Balances standing to the credit of the Accounts and the benefit of the Agency and Account Bank Agreement, the Collateral Management Agreement, the Collateral Acquisition Agreements, any Hedge Agreements and any Reporting Delegation Agreement and any other Transaction Documents entered into by or on behalf of the

Issuer from time to time, such fees (as agreed) payable to it in connection with the issue of the Notes, the sum of EUR1.00 representing the proceeds of its issued and paid up share capital, any Issuer Fees and the remainder of the amounts standing to the credit of the Issuer Irish Account. The only assets of the Issuer available to meet claims of the holders of the Notes and the other Secured Parties are the assets comprised in the Collateral.

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

### **Directors and Company Secretary**

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

The Directors of the Issuer as at the date of this Offering Circular are Chris McDonald and Mary O'Doherty. The business address of the Directors is 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

The Company Secretary is TFM Administration Services Limited of 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

### **Business Activity**

Prior to the Issue Date, the Issuer entered into the Warehouse Arrangements in order to enable the Issuer to acquire certain Collateral Debt Obligations on or before the Issue Date. Amounts owing under the Warehouse Arrangements will be fully repaid together with accrued interest on the Issue Date using the proceeds from the issuance of the Notes.

The Issuer has not previously carried on any business or activities other than those incidental to its incorporation, the acquisition of the Portfolio, the authorisation and issue of the Notes and activities incidental to the exercise of its rights and compliance with its obligations under the Collateral Acquisition Agreements, the Notes, the Placement Agency Agreement, the Agency Agreement, the Trust Deed, the Collateral Management Agreement, the Administration Agreement, the Deed of Release, each Hedge Agreement and the other documents and agreements entered into in connection with the issue of the Notes and the purchase of the Portfolio.

### **Indebtedness**

The Issuer has no indebtedness as at the date of this Offering Circular, other than that which the Issuer has incurred or shall incur in relation to the transactions contemplated herein.

### **Subsidiaries**

The Issuer has no subsidiaries.

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

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

### **Financial Statements**

Since its date of incorporation, save in connection with the Warehouse Arrangements as described above, the Issuer has not commenced operations and no financial statements of the Issuer have been prepared as at the date of this Offering Circular. The Issuer intends to publish its first financial statements in respect of the period ending on 31 December 2015. The Issuer will not prepare interim financial statements. The financial year of the Issuer ends on 31 December in each year.

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

## **Directors Experience**

*Mary O'Doherty*

Senior Legal and Compliance Manager      TMF Management (Ireland) Limited

As Senior Legal and Compliance Manager of TMF Management (Ireland) Ltd (**'TMF Ireland'**), Mary is responsible for managing the legal and compliance obligations of a portfolio of structured finance entities at TMF's operations in Dublin. The Irish company was formed in 2004 and has grown rapidly, providing several hundred clients with a range of company secretarial, accounting and payroll services. TMF Ireland has particular strength in structured finance services, and carries out management/administration of SPVs across all types of securitizations as well as aviation (lease-in/ lease-out, etc.), shipping and other asset finance transactions. Globally, TMF Group acts as corporate service provider to more than 3,000 SPVs. TMF Ireland also provides corporate administration services to a large international client base of trading companies, including many that chose Ireland to establish their European base. Prior to joining TMF, Mary was an associate solicitor in the Capital Markets team in Walkers Ireland.

*Chris McDonald*

Manager – Global Business Services

As Manager of Global Business Services in TMF Ireland, Chris reports to the Client Services Director and is responsible for the overall management of the Global Business Services Department (Management Accounting, Company Secretarial, Payroll and Internal Accounting) which has a team of 11 professionals. Chris has more than 10 years experience in finance and accounting roles. Prior to joining TMF in August 2015, Chris was a senior financial analyst with MSD leading a team of analysts providing high level business performance analysis throughout the EMEA region.

## THE COLLATERAL MANAGER

### General

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

A number of Oaktree’s senior executives and investment professionals have been investing together for over 30 years. As of 31 December 2015, Oaktree (together with its affiliates) managed \$97.4 billion in assets in a wide range of investment strategies, including distressed debt, corporate debt (including mezzanine finance, high yield bonds and senior loans), control investing (including power related opportunities), convertible securities, real estate and listed equities. Oaktree is registered with the SEC as an investment adviser under the Advisers Act.

### Collateral Manager

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

### The Senior Executives

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

### Oaktree’s Ownership

Oaktree is indirectly controlled by Oaktree Capital Group, LLC (“**OCG**”), a publicly-traded company listed on the New York Stock Exchange under the ticker symbol “**OAK**”. Senior executives control approximately 95% of OCG’s voting power and serve as directors of OCG. The senior executives, together with OCG’s outside directors and certain executive officers, indirectly own approximately 41% of Oaktree’s equity interests. Other current and former employees of Oaktree and a small group of longtime clients hold approximately 28% of Oaktree’s equity interest. The remaining 31% of the equity is held by OCG’s public unitholders.

Oaktree is a Delaware limited partnership and OCG is a Delaware limited liability company.

### Global Presence

As a global investment management firm, Oaktree has an international presence. Since opening its first international office in Singapore in July 1998, Oaktree and its affiliates have expanded their presence to 18 cities in 13 different countries, as of 31 December 2015.

### Investment Professionals

As of 31 December 2015 Oaktree had over 325 investment, legal and compliance professionals who are supported by over 400 administrative and marketing professionals. Oaktree specialists invest in less efficient markets and alternative investments, specifically concentrating their efforts in distressed debt, corporate debt (including mezzanine finance, high yield debt and senior loans), control investing (including power-related opportunities), convertible securities, real estate and listed equities, all of which capabilities complement and leverage off each other.

Oaktree’s twelve person European Senior Loan team consists of one portfolio manager, Ms. Ward, nine research analysts and two traders who serve as shared resources. Furthermore, the European Senior Loan team is supported by one dedicated European CLO analyst who is responsible for CLO reporting and portfolio analysis.

## Oaktree Senior Management

### **Howard Marks, CFA** **Co-Chairman**

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

### **Bruce Karsh** **Co-Chairman and Chief Investment Officer**

Mr. Karsh is Oaktree's Co-Chairman and one of the firm's co-founders. He also is chief investment officer and serves as portfolio manager for Oaktree's Distressed Opportunities and Value Opportunities strategies. Prior to co-founding Oaktree, Mr. Karsh was a managing director of TCW Asset Management Company, and the portfolio manager of the Special Credits Funds from 1988 until 1995. Prior to joining TCW, Mr. Karsh worked as Assistant to the Chairman of SunAmerica, Inc. Prior to that, he was an attorney with the law firm of O'Melveny & Myers. Before working at O'Melveny & Myers, Mr. Karsh clerked for the Honorable Anthony M. Kennedy, then of the U.S. Court of Appeals for the Ninth Circuit and presently Associate Justice of the U.S. Supreme Court. Mr. Karsh holds an A.B. degree in economics *summa cum laude* from Duke University, where he was elected to Phi Beta Kappa. He went on to earn a J.D. from the University of Virginia School of Law, where he served as Notes Editor of the Virginia Law Review and was a member of the Order of the Coif. Mr. Karsh is Chairman of the Board of Tribune Media Company and privately held companies. He is a member of the investment committee of the Broad Foundations. Mr. Karsh is Trustee Emeritus of Duke University, having served as Trustee from 2003 to 2015, and as Chairman of the Board of DUMAC, LLC, the entity that managed Duke's endowment, from 2005 to 2015.

### **Jay Wintrob** **Chief Executive Officer**

Mr. Wintrob is Oaktree's Chief Executive Officer and has served as a member of the Board of Directors since 2011. Prior to joining the firm as Chief Executive Officer, he was President and Chief Executive Officer of AIG Life and Retirement, the U.S.-based life and retirement services segment of American International Group, Inc., from 2009 to 2014. Following AIG's acquisition of SunAmerica in 1998, Mr. Wintrob was Vice Chairman and Chief Operating Officer of AIG Retirement Services, Inc. from 1998 to 2001, and President and Chief Executive Officer from 2001 to 2009. Mr. Wintrob began his career in financial services in 1987 as Assistant to the Chairman of SunAmerica Inc., and then went on to serve in several other executive positions, including President of SunAmerica Investments, Inc. overseeing the company's invested asset portfolio. Prior to joining SunAmerica, Mr. Wintrob was with the law firm of O'Melveny & Myers. He received his B.A. and J.D. from the University of California, Berkeley. Mr. Wintrob is a board member of several non-profit organizations, including The Broad Foundations, The J. Paul Getty Trust and the Skirball Cultural Center.

**John Frank**  
**Vice Chairman**

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

**Steve Kaplan**  
**Principal and Group Founder**

Mr. Kaplan is a Principal and the former head of our Global Principal Group. Mr. Kaplan joined Oaktree in 1995, having previously served as a managing director of TCW and portfolio manager in the TCW Special Credits Group. Prior to joining TCW in 1993, Mr. Kaplan was a Partner with the law firm of Gibson, Dunn & Crutcher and responsible for that firm's East Coast bankruptcy and workout practice. During his career as an attorney, Mr. Kaplan specialized in transactions involving the purchase and sale of companies undergoing financial restructurings. Mr. Kaplan presently serves on the boards of Regal Entertainment Group and Townsquare Media, Inc. He has previously served on the boards of Alliance HealthCare Services, Inc.; Genco Shipping and Trading Ltd.; and General Maritime Corporation. In addition, he currently serves on the boards of numerous private companies. Mr. Kaplan is also a trustee of numerous non-profit boards of directors, including the Jonsson Comprehensive Cancer Center Foundation and the New York University School of Law. Mr. Kaplan graduated with a B.S. degree in political science *summa cum laude* from the State University of New York at Stony Brook and a J.D. from the New York University School of Law.

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

Prior to joining Oaktree in 1995, Mr. Kirchheimer was a vice president and the Chief Administrative Officer of Ticketmaster Corporation, a leading ticket processing and distribution company. Previously, he was Executive Vice President and Chief Financial Officer of Republic Pictures Corporation, a publicly-held entertainment company. From 1979 to 1986, Mr. Kirchheimer was with Price Waterhouse in Los Angeles, most recently serving as a senior audit manager. Mr. Kirchheimer graduated Phi Beta Kappa and *summa cum laude* with a B.A. degree in economics from Colorado College and an M.B.A. in accounting and finance from the Booth School of Business of the University of Chicago. He is a Certified Public Accountant (inactive).

**Sheldon Stone**  
**Principal and Portfolio Manager**

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



**Todd Molz**  
**General Counsel and Chief Administrative Officer**

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

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

Mr. Smith joined Oaktree in 2010 after having spent 25 years with JP Morgan Chase & Co., most recently as a managing director and head of Compliance for the Americas Asset Management business. Prior to JP Morgan Chase, Mr. Smith held various financial and audit management positions in the pharmaceutical and transportation industries. Mr. Smith received a B.S. degree in accounting and economics from St. John's University. He is a Certified Public Accountant (inactive).

**Susan Gentile, CPA**  
**Managing Director and Chief Accounting Officer**

Ms. Gentile joined Oaktree from the Clorox Company, where she was most recently Controller and Chief Accounting Officer. Additionally, she has held accounting, internal controls and financial reporting roles for Levi Strauss & Co.; Motorola, Inc.; and Next Level Communications, Inc. Ms. Gentile began her career in the audit and assurance practice at Deloitte & Touche LLP. She received her B.S. and B.A. degrees in finance from Boston University, School of Management. Ms. Gentile is a Certified Public Accountant.

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

Mr. Graves serves as head of Credit Strategies for Oaktree and as the portfolio manager of Multi-Strategy Credit. He oversees the Multi-Strategy Credit, U.S. Senior Loan, European Senior Loan, U.S. Convertible Securities, non-U.S. Convertible Securities, High Income Convertible Securities, Mezzanine Finance, Strategic Credit and Emerging Markets Total Return strategies. He is also active in corporate management matters for the firm. From 2010 to 2015, Mr. Graves was responsible for Oaktree's corporate and strategic development efforts, leading the firm's product step-outs into emerging markets credit, strategic credit, value equities, infrastructure, the enhanced income strategies, structured credit and senior secured lending. Since joining the firm in 2001 and through to 2013, he served as an investment professional in the Distressed Opportunities, Value Opportunities and Strategic Credit strategies, where he was most recently a co-portfolio manager and contributed to the analysis, portfolio construction and management of the investment funds. Prior to joining Oaktree, Mr. Graves served as a Principal in William E. Simon & Sons' Private Equity Group and as an analyst at Merrill Lynch & Company in the Mergers and Acquisitions Group. Prior thereto, Mr. Graves worked at Price Waterhouse LLP in the Audit Business Services division. Mr. Graves received a B.A. degree in history from the University of California, Los Angeles and an M.B.A. in entrepreneurial finance from the Wharton School at the University of Pennsylvania, where he currently serves on the Wharton School Graduate Executive Board. He is a Certified Public Accountant (inactive).

**European CLO Portfolio Management**

**Shannon Ward**  
**Managing Director and Portfolio Manager, Oaktree Capital Management (UK) LLP**

Ms. Ward serves as portfolio manager of Oaktree's European High Yield Bond and European Senior Loan strategies, and co-portfolio manager of the Global High Yield Bond strategy. She has over 23 years of corporate finance and investing experience. Ms. Ward joined Oaktree in 2006 from AIG Global Investment Group, where she spent five years as a vice president for High Yield Investments. Before that, she spent over five years at

Banc of America Securities, most recently as a managing director in the Entertainment/Media Group, and after her M.B.A., joined Union Bank of California as an assistant vice president in the Communications and Media Group. Ms. Ward received a B.A. degree in psychology from the University of California, Santa Barbara and an M.B.A. with a concentration in finance from the University of Southern California.

### **Credit Risk Mitigation**

The Collateral Manager has internal policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation. The policies and procedures of the Collateral Manager in this regard broadly include the following:

- (a) criteria for the granting of credit and the process for approving, amending, renewing and re-financing credits (as to which, in relation to the Collateral Debt Obligations, see the information set out in this Offering Circular headed “*The Portfolio*” which describes the criteria that the selection of Collateral Debt Obligations to be included in the Portfolio is subject to);
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures (as to which it should be noted that the Portfolio will be serviced in line with the servicing procedures of the Collateral Manager – please see the sections of this Offering Circular headed “*The Portfolio*” and “*Description of the Collateral Management Agreement*”);
- (c) adequate diversification of credit portfolios given the overall credit strategy (as to which, in relation to the Portfolio, see the section of this Offering Circular headed “*The Portfolio – Portfolio Profile Tests*”);
- (d) policies and procedures in relation to risk mitigation techniques (as to which, see further the sections of this Offering Circular headed “*The Portfolio*” and “*Description of the Collateral Management Agreement*”, which describes the ways in which the Collateral Manager is required to monitor the Portfolio); and
- (e) to the extent not subject to confidentiality restrictions, upon reasonable request, as soon as reasonably practicable grant readily available access to all materially relevant data on the credit quality and performance of the individual underlying exposures, cash flows and collateral supporting a securitisation exposure and to any information that is necessary to conduct comprehensive and well-informed stress tests on the cash flows and collateral values supporting the underlying exposures (as to which, see further the sections of this Offering Circular headed “*The Portfolio*” and “*Description of the Reports*”, which describe the criteria used for selection of the Collateral Debt Obligations and the reports prepared and provided in respect of such Collateral Debt Obligations).

## THE RETENTION HOLDER AND RETENTION REQUIREMENTS

*The information appearing in the section entitled “The Retention Holder and Retention Requirements” below consists of a summary of certain provisions of the Risk Retention Letter and does not purport to be complete and is qualified by reference to the detailed provisions of such letter.*

### Description of the Retention Holder

The Collateral Manager shall act as Retention Holder for the purposes of the Retention Requirements. The Collateral Manager anticipates that it will fall within the definition of a “sponsor” for the purpose of the Retention Requirements.

### The Retention

On the Issue Date, the Retention Holder will sign the Risk Retention Letter addressed to the Issuer, the Trustee (for the benefit of the Noteholders), the Collateral Administrator, the Placement Agent and the Arranger.

Under the Risk Retention Letter, the Retention Holder will:

- (a) undertake to acquire and hold on an ongoing basis for so long as any Class of Notes remain outstanding a net economic interest in the transaction which will be comprised of a first loss tranche in accordance with paragraph 1(d) of Article 405 of the CRR, Article 51(1)(d) of the AIFMD Level 2 Regulation, and paragraph 2(d) of Article 254 of Solvency II (in each case as such provision applies as at the Issue Date) by holding in its own name and for its own account on an on-going basis for so long as any Class of Notes remains Outstanding, Subordinated Notes with a Principal Amount Outstanding representing no less than 5.0 per cent. of the Target Par Cap (the “**Retention**”), subject to the proviso below;
- (b) agree that neither it nor any of its Affiliates will sell, hedge or otherwise mitigate its credit risk under or associated with the Retention or the underlying Portfolio of Collateral Debt Obligations, except to the extent permitted in accordance with the Retention Requirements;
- (c) take such further action, provide such information and enter into such other agreements as may reasonably be required to satisfy the Retention Requirements as of: (a) the Issue Date and (b) solely as regards the provision of information in the possession of the Retention Holder and to the extent the same is not subject to a duty of confidentiality, any time prior to maturity of the Notes;
- (d) agree to confirm its continued compliance with the covenants set out at paragraphs (a) and (b) above on a monthly basis to the Issuer, the Collateral Manager, the Trustee, the Collateral Administrator, the Placement Agent, and the Arranger in writing (which may be by way of email);
- (e) represent and covenant that it is, and will remain so for so long as it is required to hold the Retention, a CRR Investment Firm;
- (f) represent that it is an investment firm subject to regulation under the United Kingdom implementation of Directive 2004/39/EC and authorised by the United Kingdom Financial Conduct Authority;
- (g) agree that it shall immediately notify the Issuer, the Trustee, the Collateral Administrator, the Placement Agent, and the Arranger if for any reason it: (i) ceases to hold the Retention in accordance with paragraph (a) above; (ii) fails to comply with the covenants set out in paragraph (b) above, in any way; or (iii) any of the representations contained in the Risk Retention Letter fail to be true on any date; and
- (h) notify the Collateral Administrator in writing of any sale, disposal or acquisition of an interest in the Subordinated Notes by the Retention Holder promptly following such sale, disposal or acquisition,

provided however that:

- (i) the Retention Holder may transfer the Retention to the extent such transfer would not cause the transaction described in this Offering Circular to cease to be compliant with the Retention Requirements; and

- (ii) the Retention Holder's undertakings in respect of the Retention are made as of the Issue Date, with such undertakings being binding for so long as any of the Notes remain Outstanding, and the Retention Holder does not have any obligation to change the quantum, method or nature of its holding of the Retention as a result of any changes to the Retention Requirements following the Issue Date or any other changes to regulations or the interpretation thereof the result of which the Issuer is considered to be an alternative investment fund as defined under AIFMD following the Issue Date.

## THE PORTFOLIO

The following description of the Portfolio consists of a summary of certain provisions of the Collateral Management Agreement which does not purport to be complete and is qualified by reference to the detailed provisions of such agreement. Terms used and not otherwise defined herein or in this Offering Circular as specifically referenced herein shall have the meaning given to them in Condition 1 (*Definitions*) of the Conditions of the Notes.

### Introduction

Pursuant to the Collateral Management Agreement, the Collateral Manager is required to act in specific circumstances in relation to the Portfolio on behalf of the Issuer and to carry out the duties and functions described below. In addition, the Collateral Administrator is required to perform certain calculations in relation to the Portfolio on behalf of the Issuer, in each case to the extent and in accordance with the information provided to it by the Collateral Manager.

#### *Acquisition of Collateral Debt Obligations*

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

The Issuer anticipates that, by the Issue Date, it (or the Collateral Manager on its behalf) will have purchased or committed to purchase Collateral Debt Obligations, the Aggregate Principal Balance of which is equal to at least €280,000,000 which is approximately 70 per cent. of the Target Par Amount. Such Collateral Debt Obligations have been selected on behalf of the Issuer prior to the Issue Date by Oaktree Capital Management (UK) LLP, acting pursuant to an interim collateral management agreement, and their acquisition prior to the Issue Date has been funded pursuant to certain Warehouse Arrangements. The proceeds of issue of the Notes after payment of: (a) amounts used by the Issuer to fund the First Period Reserve Account in an amount equal to €2,300,000, (b) the acquisition costs for the Collateral Debt Obligations acquired by the Issuer on or prior to the Issue Date, including repayment of the Issuer's warehouse funding pursuant to the Warehouse Arrangements; and (c) amounts used by the Issuer to fund the Expense Reserve Account for the payment of certain fees, costs and expenses incurred in connection with the issue of the Notes and anticipated to be payable by the Issuer following completion of the issue of the Notes, may be deposited in, the Interest Account, the Principal Account, the Expense Reserve Account and the Unused Proceeds Account on the Issue Date.

##### *Acquisition of Collateral Debt Obligations generally*

The Collateral Manager will determine and will act in accordance with the standard of care set out in the Collateral Management Agreement to cause to be acquired by the Issuer a portfolio of Secured Senior Loans, Unsecured Senior Obligations, Secured Senior Bonds, Second Lien Loans, Mezzanine Obligations, Corporate Rescue Loans, PIK Obligations, Bridge Loans and High Yield Bonds during the Initial Investment Period, the Reinvestment Period and thereafter. The Collateral Manager acting on behalf of the Issuer, shall act in accordance with the standard of care set out in the Collateral Management Agreement to purchase Collateral Debt Obligations with an Aggregate Principal Balance equal to at least the Target Par Amount out of the Balance standing to the credit of the Unused Proceeds Account and the First Period Reserve Account during the Initial Investment Period.

The Issuer does not expect and is not required to satisfy the Collateral Quality Tests, Portfolio Profile Tests or the Coverage Tests prior to the Effective Date. The Collateral Manager may declare that the Initial Investment Period has ended and the Effective Date has occurred prior to 12 August 2016, subject to the Effective Date Determination Requirements being satisfied.

On or after the Effective Date, the Balance standing to the credit of the Unused Proceeds Account will be transferred to the Principal Account and/or the Interest Account, in each case, at the discretion of the Collateral Manager (acting on behalf of the Issuer), provided that as at such date: (i) the Issuer has acquired or entered into binding commitments to acquire Collateral Debt Obligations, the Aggregate Principal Balance of which equals or exceeds the Target Par Amount; and (ii) no more than 1.0 per cent. of the Aggregate Collateral Balance may be transferred to the Interest Account, save to the extent (if any) required to reduce the Aggregate Collateral Balance determined for the purposes of compliance with the Retention Requirements to the Target Par Cap.

Within 10 Business Days following the Effective Date, the Collateral Administrator shall issue a report (the "**Effective Date Report**") containing the information required in a Monthly Report, confirming whether the

Issuer has acquired or entered into a binding commitment to acquire Collateral Debt Obligations having an Aggregate Principal Balance which equals or exceeds the Target Par Amount, copies of which shall be forwarded to the Issuer, the Trustee, the Collateral Manager and the Rating Agencies (provided that, for the purposes of determining the Aggregate Principal Balance as provided above, the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be the lower of its Moody's Collateral Value and its Fitch Collateral Value) and the Issuer will provide, or cause the Collateral Manager to provide confirmation to the Trustee and the Collateral Administrator that it has received an accountants' certificate recalculating and comparing the Aggregate Principal Balance of all Collateral Debt Obligations purchased or committed to be purchased as at such date and the computations and results of the Portfolio Profile Tests, the Collateral Quality Tests and the Coverage Tests (other than the Interest Coverage Tests) by reference to such Collateral Debt Obligations.

The Collateral Manager (acting on behalf of the Issuer) shall promptly, following receipt of the Effective Date Report request that the Rating Agencies confirm their Initial Ratings of the Rated Notes, provided that if the Effective Date Moody's Condition is satisfied then such rating confirmation shall be deemed to have been received from Moody's. If the Effective Date Moody's Condition is not satisfied within 20 Business Days following the Effective Date the Collateral Manager shall promptly notify Moody's. If either (i)(a) the Effective Date Determination Requirements have not been satisfied as at the Effective Date (unless Rating Agency Confirmation is received in respect of such failure to satisfy any of the Effective Date Determination Requirements) and (b) either the Collateral Manager (acting on behalf of the Issuer) fails to present a Rating Confirmation Plan to the Rating Agencies or Rating Agency Confirmation has not been obtained for the Rating Confirmation Plan or Rating Agency Confirmation has not been received following a request therefor by the Collateral Manager; or (ii) the Effective Date Moody's Condition is not satisfied and following a request therefor from the Collateral Manager following the Effective Date, Rating Agency Confirmation from Moody's is not received, then an Effective Date Rating Event shall have occurred, provided that any downgrade or withdrawal of any of the Initial Ratings of the Notes which is not directly related to a request for confirmation thereof or which occurs after confirmation thereof by the Rating Agency shall not constitute an Effective Date Rating Event. If an Effective Date Rating Event has occurred and is continuing on the Business Day prior to the Payment Date next following the Effective Date, the Rated Notes shall be redeemed, pursuant to Condition 7(e) (*Redemption upon Effective Date Rating Event*) on such Payment Date and thereafter on each Payment Date (to the extent required) out of Interest Proceeds and thereafter out of Principal Proceeds subject to the Priorities of Payments, until the earlier of (x) the date on which the Effective Date Rating Event is no longer continuing and (y) the date on which the Rated Notes have been redeemed in full. The Collateral Manager shall notify the Rating Agencies upon the discontinuance of an Effective Date Rating Event.

During such time as an Effective Date Rating Event shall have occurred and be continuing the Collateral Manager (acting on behalf of the Issuer) may prepare and present to the Rating Agencies a Rating Confirmation Plan setting forth the timing and manner of acquisition of additional Collateral Debt Obligations and/or any other intended action which will cause confirmation or reinstatement of the Initial Ratings. The Collateral Manager (acting on behalf of the Issuer) is under no obligation whatsoever to present a Rating Confirmation Plan to the Rating Agencies.

### **Eligibility Criteria**

Subject as provided below, each Collateral Debt Obligation must, at the time of entering into a binding commitment to purchase such obligation by, or on behalf of, the Issuer, satisfy the following criteria (the "**Eligibility Criteria**") as determined by the Collateral Manager in its reasonable discretion (which determination will not be called into question as a result of subsequent events) (capitalised terms in each case read and construed as if such obligation were a Collateral Debt Obligation):

- (a) it is a Secured Senior Loan, a Secured Senior Bond, a Corporate Rescue Loan, an Unsecured Senior Obligation, a Mezzanine Obligation, a Second Lien Loan, a High Yield Bond, a PIK Obligation or a Bridge Loan;
- (b) it is (I) denominated in Euro or (II) is denominated in a Qualifying Currency other than Euro and either (1) if such Non-Euro Obligation was acquired in the Primary Market and is denominated in a Qualifying Unhedged Obligation Currency within six months of the settlement date thereof, and otherwise (2) no later than the settlement date of the acquisition thereof the Issuer (or the Collateral Manager on its behalf) enters into an Asset Swap Transaction with a notional amount in the relevant currency equal to the aggregate principal amount of such obligation and otherwise complies with the

requirements set out in respect of such obligation in the Collateral Management Agreement and (III) is not convertible into or payable in any other currency;

- (c) it is not a Collateral Debt Obligation which has a Collateral Debt Obligation Stated Maturity which is later than the Maturity Date;
- (d) it is not a Defaulted Obligation or a Credit Impaired Obligation;
- (e) it is not a lease (including, for the avoidance of doubt, a financial lease);
- (f) it is not a Structured Finance Security, a Project Finance Loan, a pre-funded letter of credit or a Synthetic Security;
- (g) it provides for a fixed amount of principal payable on scheduled payment dates and/or at maturity and does not by its terms provide for earlier amortisation or prepayment in each case at a price of less than par;
- (h) it does not constitute “margin stock” (as defined under Regulation U issued by the Board of Governors of the United States Federal Reserve System);
- (i) it is an obligation in respect of which, following acquisition thereof by the Issuer by the selected method of transfer, payments of interest to the Issuer will not be subject to withholding tax (other than U.S. withholding tax imposed on commitment fees, amendment fees, waiver fees, consent fees, letter of credit fees, extension fees, or other similar fees) imposed by any jurisdiction unless either: (i) such withholding tax can, upon completion of any appropriate procedural formalities, be sheltered by application being made under an applicable double tax treaty or otherwise; or (ii) the Obligor (or Selling Institution in the case of a Participation) is required to make “gross-up” payments to the Issuer that cover the full amount of any such withholding on an after-tax basis;
- (j) other than in the case of Corporate Rescue Loans, it is an obligation which has a Moody’s Rating of “Caa3” or higher and a Fitch Rating of “CCC” or higher;
- (k) it is not a debt obligation whose repayment is subject to substantial non-credit related risk;
- (l) it will not result in the imposition of any present or future, actual or contingent, monetary liabilities or obligations of the Issuer other than those: (i) which arise out of future drawing obligations in respect of a Revolving Obligation or a Delayed Drawdown Collateral Debt Obligation and which are fully collateralised by way of amounts deposited in the Unfunded Revolver Reserve Account; (ii) which may arise at its option; (iii) which are fully collateralised; (iv) which are subject to limited recourse provisions similar to those set out in the Trust Deed; (v) which are owed to the agent bank in relation to the performance of its duties under a Collateral Debt Obligation; or (vi) which may arise as a result of an undertaking to participate in a financial restructuring whereby the Collateral Debt Obligation is redeemed in full and the Issuer enters into a restructured Collateral Debt Obligation in respect of which the Obligor of such Collateral Debt Obligation prior to such restructuring is an affiliate of the Obligor of the restructured obligation and where the restructured Collateral Debt Obligation satisfies the Eligibility Criteria and the imposition of any present or future, actual or contingent, monetary liabilities or obligations of the Issuer following such restructuring shall not exceed the redemption amounts from such restructured Collateral Debt Obligation;
- (m) it will not require the Issuer or the pool of collateral to be registered as an investment company under the Investment Company Act;
- (n) it is not a debt obligation that pays scheduled interest less frequently than annually (other than, for the avoidance of doubt, PIK Obligations);
- (o) it is not subject to a tender offer, voluntary redemption, exchange offer, conversion or other similar action for a price less than its par amount plus all accrued and unpaid interest;
- (p) its acquisition by the Issuer will not result in the imposition of stamp duty, stamp duty reserve tax or similar tax or duty payable by the Issuer or by any other person entitled to recover the same from the Issuer, unless such tax or duty has been included in the purchase price of such Collateral Debt Obligation;

- (q) both (i) the Collateral Debt Obligation is capable of being, on settlement, the subject of a first fixed charge, a first priority security interest or other arrangement having a similar commercial effect in favour of the Trustee for the benefit of the Secured Parties and (ii) (subject to (i) above) the Issuer (or the Collateral Manager on behalf of the Issuer) has notified the Trustee in the event that any Collateral Debt Obligation that is a bond is held through the Custodian but not held through Euroclear or does not satisfy the requirements relating to Euroclear collateral specified in the Trust Deed and has taken such action as the Trustee may require to effect such security interest;
- (r) it is a “qualifying asset” for the purposes of section 110 of the Taxes Consolidation Act 1997 of Ireland;
- (s) is an obligation of an Obligor or Obligors Domiciled in a Non-Emerging Market Country (as determined by the Collateral Manager acting on behalf of the Issuer);
- (t) it has not been called for, and is not subject to a pending redemption;
- (u) it is capable of being sold, assigned or participated to the Issuer, together with any associated security, without any breach of applicable selling restrictions or of any contractual provisions;
- (v) it is not a Step-Down Coupon Security;
- (w) it must require the consent of at least 66⅔ per cent. of the lenders to the Obligor thereunder for any change that is adverse to the interests of holders thereof to the principal repayment profile or interest applicable on such obligation (for the avoidance of doubt, excluding any changes originally envisaged in the loan documentation), provided that in the case of a Collateral Debt Obligation that is a bond, such percentage requirement shall refer to the percentage of holders required to approve a resolution on any such matter, either as a percentage of those attending a quorate bondholder meeting or as a percentage of all bondholders acting by way of a written resolution;
- (x) it is not, and is not convertible into, an equity security;
- (y) in the case of an obligation of a company incorporated or established in, or a sovereign issuer of, the United States, or otherwise bearing interest that arises, for U.S. federal income tax purposes, from sources within the United States, it is in registered form for U.S. federal income tax purposes, unless it is not a “registration-required obligation” as defined in Section 163(f) of the Code;
- (z) if it is a Revolving Obligation, it can only be drawn in Euro;
- (aa) it is not a Zero Coupon Obligation or a Current Pay Obligation;
- (bb) it is not a Collateral Debt Obligation with an Obligor domiciled in a country with a Moody’s local currency country risk ceiling below “A3”; and
- (cc) it is not an obligation of an Obligor that has total current indebtedness (comprising of all financial debt owing by the Obligor including the maximum available amount or total commitment under any revolving or delayed draw loans) of less than EUR 100,000,000.

Other than (i) Issue Date Collateral Debt Obligations which must satisfy the Eligibility Criteria on the Issue Date and (ii) Collateral Debt Obligations which are the subject of a restructuring (whether effected by way of an amendment to the terms of such Collateral Debt Obligation (including but not limited to an extension of its maturity) or by way of substitution of new obligations and/or change of Obligor) which must satisfy the Restructured Obligation Criteria on the applicable Restructuring Date, the subsequent failure of any Collateral Debt Obligation to satisfy any of the Eligibility Criteria shall not prevent any obligation which would otherwise be a Collateral Debt Obligation from being a Collateral Debt Obligation so long as such obligation satisfied the Eligibility Criteria, when the Issuer or the Collateral Manager on behalf of the Issuer entered into a binding agreement to purchase such obligation.

“**Bridge Loan**” shall mean any Collateral Debt Obligation that: (i) is incurred in connection with a merger, acquisition, consolidation, sale of all or substantially all of the assets of a person, restructuring or similar transaction; (ii) by its terms, is required to be repaid within one year of the incurrence thereof with proceeds from additional borrowings or other refinancings (provided, however, that any additional borrowing or refinancing having a term of more than one year may be included as a Bridge Loan if one or more financial



institutions shall have provided the Obligor with a binding written commitment to provide the same); and (iii) prior to its purchase by the Issuer, has a Moody's Rating and a Fitch Rating or, if the Bridge Loan is not rated by Moody's and Fitch, Rating Agency Confirmation has been obtained.

**“Project Finance Loan”** means a loan obligation under which the obligor is obliged to make payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of payments) on revenues arising from infrastructure assets, including, without limitation:

- (a) the sale of products, such as electricity, water, gas or oil, generated by one or more infrastructure assets in the utility industry by a special purpose entity; and
- (b) fees charged in respect of one or more highways, bridges, tunnels, pipelines or other infrastructure assets by a special purpose entity, and

in each case, the sole activity of such special purpose entity is the ownership and/or management of such asset or assets and the acquisition and/or development of such asset by the special purpose entity was effected primarily with the proceeds of debt financing made available to it on a limited recourse basis.

**“Synthetic Security”** means a security or swap transaction (other than a letter of credit or a Participation) that has payments of interest or principal on a reference obligation or the credit performance of a reference obligation.

### **Restructured Obligations**

If a Collateral Debt Obligation becomes the subject of a restructuring whether effected by way of an amendment to the terms of such Collateral Debt Obligation (including but not limited to an amendment of its maturity date) or by way of substitution of new obligations and/or change of Obligor, such obligation shall only constitute a Restructured Obligation if such obligation satisfies each of the criteria (a), (b), (e), (f), (g), (h), (k), (l), (m), (n), (o), (p), (q), (r), (s), (t) (provided that if the redemption price in respect of the pending redemption of any such Collateral Debt Obligation is expected to be 100 per cent. of the Principal Balance of such Collateral Debt Obligation, such Collateral Debt Obligation will be considered to satisfy paragraph (t)), (u), (w), (y), (z), (aa), (bb) and (cc) of the Eligibility Criteria thereof and such obligation has been assigned or otherwise has a Moody's Rating (such criteria, the **“Restructured Obligation Criteria”**) on the related Restructuring Date.

If the Collateral Manager determines in its reasonable discretion that a Collateral Debt Obligation satisfies the Restructured Obligation Criteria it will provide an Issuer Order (as defined in the Collateral Management Agreement) to the Trustee, which certifies the same.

### **Management of the Portfolio**

#### *Overview*

The Collateral Manager (acting on behalf of the Issuer) is permitted, in certain circumstances and, subject to certain requirements, to sell Collateral Debt Obligations and Exchanged Securities and to reinvest the Sale Proceeds (other than accrued interest on such Collateral Debt Obligations included in Interest Proceeds by the Collateral Manager) thereof in Substitute Collateral Debt Obligations. The Collateral Manager shall notify the Collateral Administrator of all necessary details of the Collateral Debt Obligation or Exchanged Security to be sold and the proposed Substitute Collateral Debt Obligation to be purchased and the Collateral Administrator (on behalf of the Issuer) shall determine and shall provide confirmation of whether the Portfolio Profile Tests and Reinvestment Criteria which are required to be satisfied, maintained or improved (as applicable) in connection with any such sale or reinvestment are satisfied, maintained or improved (as applicable) or, if any such criteria are not satisfied, maintained or improved (as applicable), shall notify the Issuer and the Collateral Manager of the reasons and the extent to which such criteria are not so satisfied, maintained or improved (as applicable).

The Collateral Manager will determine and use reasonable endeavours to cause to be purchased by the Issuer, Collateral Debt Obligations (including all Substitute Collateral Debt Obligations) taking into account the Eligibility Criteria and any applicable Reinvestment Criteria and the guidelines contained in the Collateral Management Agreement and will monitor the performance of the Collateral Debt Obligations on an on-going basis to the extent practicable using sources of information reasonably available to it and provided that the

Collateral Manager shall not be responsible for determining whether or not the terms of any individual Collateral Debt Obligation have been observed.

The activities referred to below that the Collateral Manager may undertake on behalf of the Issuer are subject to the Issuer's monitoring of the performance of the Collateral Manager under the Collateral Management Agreement.

#### *Sale of Collateral Debt Obligations*

##### *Sale of Non-Eligible Issue Date Collateral Debt Obligations*

The Collateral Manager, acting on behalf of the Issuer shall sell any Issue Date Collateral Debt Obligations which do not comply with the Eligibility Criteria on the Issue Date (each a "**Non-Eligible Issue Date Collateral Debt Obligation**"). Any Sale Proceeds received in connection therewith may be reinvested in Substitute Collateral Debt Obligations satisfying the Eligibility Criteria or credited to the Principal Account pending such reinvestment.

##### *Sale of Credit Impaired Obligations, Credit Improved Obligations and Defaulted Obligations*

Credit Impaired Obligations, Credit Improved Obligations and Defaulted Obligations may be sold at any time by the Collateral Manager (acting on behalf of the Issuer) subject to:

- (a) the Collateral Manager's knowledge, no Note Event of Default having occurred which is continuing; and
- (b) the Collateral Manager determines, in accordance with the standard of care set out in the Collateral Management Agreement, that such security constitutes a Credit Impaired Obligation, a Credit Improved Obligation or a Defaulted Obligation as the case may be.

##### *Sale of Exchanged Securities and Collateral Enhancement Obligations*

Any Exchanged Security may be sold at any time by the Collateral Manager in its discretion (acting on behalf of the Issuer) subject to, to the Collateral Manager's knowledge, no Note Event of Default having occurred which is continuing.

In addition to any discretionary sale of Exchanged Security as provided above, the Collateral Manager shall be required by the Issuer to sell (on behalf of the Issuer) any Exchanged Security which constitutes Margin Stock, as soon as practicable upon its receipt or upon its becoming Margin Stock (as applicable) in accordance with the standard of care set out in the Collateral Management Agreement.

Collateral Enhancement Obligations may be sold at any time.

##### *Sale of Assets which do not constitute Collateral Debt Obligations*

In the event that an asset did not satisfy the Eligibility Criteria on the date it was required to do so in accordance with the Collateral Management Agreement, the Collateral Manager shall sell such asset in accordance with the standard of care set out in the Collateral Management Agreement. Such proceeds shall constitute Sale Proceeds and may be reinvested in accordance with and subject to the Reinvestment Criteria.

##### *Discretionary Sales*

The Issuer or the Collateral Manager (acting on behalf of the Issuer) may dispose of any Collateral Debt Obligation (other than a Non-Eligible Issue Date Collateral Debt Obligation, an obligation which did not satisfy the Eligibility Criteria on the date on which the Collateral Manager on behalf of the Issuer entered into a binding commitment to acquire it, a Credit Improved Obligation, a Credit Impaired Obligation, a Defaulted Obligation, an Exchanged Security or a Collateral Enhancement Obligation, each of which may only be sold in the circumstances provided above) at any time provided:

- (a) to the Collateral Manager's knowledge, no Note Event of Default having occurred which is continuing;

- (b) after giving effect to such sale, the Aggregate Principal Balance outstanding of all Collateral Debt Obligations sold as described in this paragraph during the preceding 12 calendar months (or, for the first 12 calendar months after the Issue Date, during the period commencing on the Issue Date) is not greater than 25 per cent. of the Aggregate Collateral Balance (excluding, any Non-Eligible Issue Date Collateral Debt Obligation, an obligation which did not satisfy the Eligibility Criteria on the date on which the Collateral Manager on behalf of the Issuer entered into a binding commitment to acquire it, any Credit Improved Obligation, any Credit Impaired Obligation, any Defaulted Obligation, any Exchanged Security and any Collateral Enhancement Obligation) as of the first day of such 12 calendar month period (or as of the Issue Date, as the case may be); and
- (c) either:
  - (i) during the Reinvestment Period, the Collateral Manager reasonably believes prior to such sale that it will be able to enter into one or more binding commitments to reinvest all or a portion of the proceeds of such sale in one or more additional Collateral Debt Obligations within 60 days after the settlement of such sale in accordance with the Reinvestment Criteria; or
  - (ii) at any time, either (1) the Sale Proceeds from such sale are at least equal to the Investment Criteria Adjusted Balance of such Collateral Debt Obligation; or (2) after giving effect to such sale, the Aggregate Principal Balance of all Collateral Debt Obligations (excluding the Collateral Debt Obligations being sold but including, without duplication, the expected Sale Proceeds of such sale) plus, without duplication, the amounts on deposit in the Principal Account and the Unused Proceeds Account (to the extent such amounts have not and will not be designated as Interest Proceeds to be credited to the Interest Account and including Eligible Investments therein but save for any interest accrued on Eligible Investments) will be greater than (or equal to) the Reinvestment Target Par Amount.

For the purposes of determining the percentage of Collateral Debt Obligations sold during any such period, the amount of any Collateral Debt Obligations sold will be reduced to the extent of any purchases of Collateral Debt Obligations of the same Obligor (which are *pari passu* or senior to such sold Collateral Debt Obligations) occurring within 45 Business Days of such sale (determined based upon the date of any relevant trade confirmation or commitment letter) so long as any such Collateral Debt Obligation was sold with the intention of purchasing a Collateral Debt Obligation of the same Obligor (which would be *pari passu* or senior to such sold Collateral Debt Obligation).

“**Investment Criteria Adjusted Balance**” means with respect to a Collateral Debt Obligation, the Principal Balance of such Collateral Debt Obligation, provided that the Investment Criteria Adjusted Balance of:

- (a) a Deferring Obligation shall be the lesser of:
  - (i) its Fitch Collateral Value; and
  - (ii) its Moody’s Collateral Value;
- (b) a Discount Obligation shall be the product of such obligation’s:
  - (i) purchase price (expressed as a percentage of par); and
  - (ii) Principal Balance; and
- (c) a Collateral Debt Obligation which has been included in the calculation of the CCC/Caa Excess shall be the product of its Market Value and its Principal Balance,

provided that if a Collateral Debt Obligation satisfies two or more of (a) through (c) above, the Investment Criteria Adjusted Balance of such Collateral Debt Obligation shall be calculated using the category which results in the lowest value.

*Restricted Trading Period*

The Issuer or the Collateral Manager (acting on its behalf) shall promptly notify Fitch and Moody’s following the commencement of a Restricted Trading Period.

### *Sale of Collateral Prior to Maturity Date*

In the event of: (i) any redemption of the Rated Notes in whole prior to the Maturity Date; or (ii) receipt of notification from the Trustee of enforcement of the security over the Collateral; the Collateral Manager (acting on behalf of the Issuer) will (at the direction of the Trustee following the enforcement of such security), as far as practicable, arrange for liquidation of the Collateral in order to procure that the proceeds thereof are in immediately available funds by the Business Day prior to the applicable Redemption Date or date of purchase and sell all or part of the Portfolio, as applicable, in accordance with Condition 7(b)(vi) (*Optional redemption in whole of all Classes of Notes effected through Liquidation only*) and clause 6 (*Realisation of Collateral*) of the Collateral Management Agreement but without regard to the limitations set out in clause 5 (*Sale and Reinvestment of Portfolio Assets*) and Schedule 5 (*Reinvestment Criteria*) of the Collateral Management Agreement (which will include any limitations or restrictions set out in the Conditions of the Notes and the Trust Deed).

### *Reinvestment of Collateral Debt Obligations*

“**Reinvestment Criteria**” means, during the Reinvestment Period, the criteria set out under “*During the Reinvestment Period*” below and following the expiry of the Reinvestment Period, the criteria set out below under “*Following the Expiry of the Reinvestment Period*”. The Reinvestment Criteria shall not apply prior to the Effective Date or in the case of a Collateral Debt Obligation which has been restructured where such restructuring has become binding on the holders thereof (whether or not such obligation would constitute a Restructured Obligation).

### *During the Reinvestment Period*

During the Reinvestment Period, the Collateral Manager (acting on behalf of the Issuer) may, at its discretion, reinvest any Principal Proceeds in the purchase of additional Collateral Debt Obligations or Substitute Collateral Debt Obligations satisfying the Eligibility Criteria provided that immediately after entering into a binding commitment to acquire such Collateral Debt Obligation and taking into account existing commitments, the criteria set out below, must be satisfied:

- (a) to the Collateral Manager’s knowledge (without the need for enquiry or investigation), no Note Event of Default has occurred that is continuing at the time of such purchase;
- (b) on and after the Effective Date (or in the case of the Interest Coverage Tests, the Determination Date immediately prior to the second Payment Date) the Coverage Tests are satisfied or if (other than with respect to the reinvestment of any proceeds received upon the sale of, or as a recovery on, any Defaulted Obligation, such proceeds may only be reinvested if the Coverage Tests will be satisfied immediately following such reinvestment) as calculated immediately prior to sale or prepayment (in whole or in part) of the relevant Collateral Debt Obligation the Principal Proceeds of which are being reinvested, any Coverage Test was not satisfied, the coverage ratio relating to such test will be maintained or improved after giving effect to such reinvestment than it was immediately prior to sale or prepayment (in whole or in part) of the relevant Collateral Debt Obligation;
- (c) in the case of a Substitute Collateral Debt Obligation purchased with Sale Proceeds of a Credit Impaired Obligation or a Defaulted Obligation either:
  - (i) the Aggregate Principal Balance of all Substitute Collateral Debt Obligations purchased with such Sale Proceeds shall at least equal such Sale Proceeds; or
  - (ii) the sum of: (A) the Aggregate Principal Balance of all Collateral Debt Obligations (for which purposes, the Principal Balance of each Defaulted Obligation shall be its Market Value) (excluding all of the Collateral Debt Obligations being sold but including, without duplication, the Collateral Debt Obligations being purchased and the anticipated cash proceeds, if any, of such sale that are not applied to the purchase of such Substitute Collateral Debt Obligation); and (B) amounts standing to the credit of the Principal Account and Unused Proceeds Account (including any Eligible Investments (save for interest accrued on Eligible Investments)) is greater than the Reinvestment Target Par Amount;
- (d) after the Effective Date, either: (A) each of the Portfolio Profile Tests and the Collateral Quality Tests will be satisfied; or (B) if any of the Portfolio Profile Tests or Collateral Quality Tests are not satisfied

such test will be (x) (other than paragraph (p) of the Portfolio Profile Tests) maintained or (y) improved after giving effect to such reinvestment than it was immediately prior to sale or prepayment (in whole or in part) of the relevant Collateral Debt Obligation;

- (e) the date on which the Issuer (or the Collateral Manager acting on behalf of the Issuer) enters into a binding commitment to purchase such Collateral Debt Obligation occurs during the Reinvestment Period;
- (f) with respect to the reinvestment of Sale Proceeds (other than Sale Proceeds from Credit Impaired Obligations, Defaulted Obligations and Exchanged Security) either:
  - (i) the Aggregate Principal Balance of all Collateral Debt Obligations (calculated for this purpose on the basis that the Principal Balance of each Defaulted Obligation is its Market Value) shall be maintained or improved after giving effect to such reinvestment when compared with the Aggregate Principal Balance (calculated for this purpose on the basis that the Principal Balance of each Defaulted Obligation is its Market Value) immediately prior to the sale that generates such Sale Proceeds; or
  - (ii) after giving effect to such sale, the sum of: (A) the Aggregate Principal Balance of all Collateral Debt Obligations (for which purposes, the Principal Balance of each Defaulted Obligation is its Market Value) (excluding all of the Collateral Debt Obligations being sold but including, without duplication, the Substitute Collateral Debt Obligations being purchased and the anticipated cash proceeds, if any, of such sale that are not applied to the purchase of such Substitute Collateral Debt Obligations); and (B) amounts standing to the credit of the Principal Account and Unused Proceeds Account (including any Eligible Investments (save for interest accrued on Eligible Investments)) is greater than the Reinvestment Target Par Amount; and
- (g) no Retention Deficiency occurs as a direct result of, and immediately after giving effect to, such reinvestment,

provided that, for the avoidance of doubt, with respect to any Collateral Debt Obligations for which the trade date has occurred during the Reinvestment Period but which settles after such date, the purchase of such Collateral Debt Obligations shall be treated as a purchase made during the Reinvestment Period for the purposes of the Trust Deed.

#### *Following the Expiry of the Reinvestment Period*

Following the expiry of the Reinvestment Period, Unscheduled Principal Proceeds and Sale Proceeds from the sale of Credit Impaired Obligations or Credit Improved Obligations only, may be reinvested by the Collateral Manager (acting on behalf of the Issuer) in one or more Substitute Collateral Debt Obligations satisfying the Eligibility Criteria, in each case provided that:

- (a) to the Collateral Manager's knowledge (without the need for enquiry or investigation) no Note Event of Default has occurred that is continuing at the time of such purchase;
- (b) the Aggregate Principal Balance of Substitute Collateral Debt Obligations equals or exceeds (i) the Aggregate Principal Balance of the related Collateral Debt Obligations that produced such Unscheduled Principal Proceeds or Sale Proceeds or (ii) the amount of Sale Proceeds of such Credit Impaired Obligations or Credit Improved Obligations, as the case may be;
- (c) sub-paragraphs (j) and (k) of the Portfolio Profile Tests are satisfied immediately after giving effect to such reinvestment;
- (d) each Coverage Test is satisfied immediately prior to and will be satisfied immediately after giving effect to such purchase;
- (e) either: (I) the Portfolio Profile Tests and the Collateral Quality Tests (except the Weighted Average Life Test, the Moody's Maximum Weighted Average Rating Factor Test, the Moody's Minimum Diversity Test and the Fitch Maximum Weighted Average Rating Factor Test) are satisfied after giving effect to such reinvestment; or (II) if any such test was not satisfied immediately prior to such investment, such test will be satisfied after giving effect to such reinvestment or will be (x) (other than

paragraph (p) of the Portfolio Profile Tests) maintained or (y) improved after giving effect to such reinvestment;

- (f) each of the Weighted Average Life Test, the Moody's Maximum Weighted Average Rating Factor Test and the Fitch Maximum Weighted Average Rating Factor Test are satisfied immediately after giving effect to such reinvestment;
- (g) the Collateral Debt Obligation Stated Maturity of each Substitute Collateral Debt Obligation is the same as or earlier than the Collateral Debt Obligation Stated Maturity of the Collateral Debt Obligation that produced such Unscheduled Principal Proceeds or Sale Proceeds;
- (h) no Retention Deficiency occurs as a direct result of, and immediately after giving effect to, such reinvestment; and
- (i) a Restricted Trading Period is not currently in effect.

Following the expiry of the Reinvestment Period, any Unscheduled Principal Proceeds and any Sale Proceeds from the sale of Credit Impaired Obligations or Credit Improved Obligations that have not been reinvested as provided above prior to the end of the Due Period in which such proceeds were received shall be paid into the Principal Account and disbursed in accordance with the Principal Proceeds Priority of Payments on the following Payment Date (subject as provided at the end of this paragraph), save that the Collateral Manager (acting on behalf of the Issuer) may in its discretion procure that Unscheduled Principal Proceeds and Sale Proceeds from the sale of any Credit Impaired Obligations or Credit Improved Obligations are paid into the Principal Account and designated for reinvestment in Substitute Collateral Debt Obligations, in which case such Principal Proceeds shall not be so disbursed in accordance with the Principal Proceeds Priority of Payments for so long as they remain so designated for reinvestment but for no longer than the later of (i) 90 calendar days following receipt by the Issuer and (ii) the end of the following Due Period; provided that, in each case where any of the applicable Reinvestment Criteria are not satisfied as of the Payment Date next following receipt of such Sale Proceeds or Unscheduled Principal Proceeds, all such funds shall be paid into the Principal Account and disbursed in accordance with the Principal Proceeds Priority of Payments set out in Condition 3(c)(ii) (*Application of Principal Proceeds*) and such funds shall be applied only in redemption of the Notes in accordance with the Priorities of Payments.

#### *Unsaleable Assets*

Notwithstanding the other requirements set forth herein and in the Trust Deed, on any Business Day after the Reinvestment Period, if the Collateral Manager reasonably anticipates that the Notes will be redeemed in full, the Collateral Manager, acting in accordance with the standard of care set out in the Collateral Management Agreement, may (in anticipation and for the purposes of effecting such redemption) conduct an auction on behalf of the Issuer of Unsaleable Assets in accordance with the procedures described in this paragraph. Promptly after receipt of written notice from the Collateral Manager of such auction, the Principal Paying Agent will provide notice (in such form as is prepared by the Collateral Manager) to the Noteholders of an auction, setting forth in reasonable detail a description of each Unsaleable Asset and the following auction procedures:

- (a) any Noteholder may submit a written bid within 10 Business Days after the date of such notice to purchase one or more Unsaleable Assets no later than the date specified in the auction notice (which will be at least 15 Business Days after the date of such notice);
- (b) each bid must include an offer to purchase for a specified amount of cash on a proposed settlement date no later than 20 Business Days after the date of the auction notice; and
- (c) if no Noteholder submits such a bid within the time period specified under paragraph (i) above, unless the Collateral Manager determines that delivery in kind is not legally or commercially practicable and provides written notice thereof to the Principal Paying Agent, the Principal Paying Agent will provide notice thereof to each Noteholder and the Collateral Manager shall offer to deliver (at such Noteholder's expense) a *pro rata* portion (as determined by the Collateral Manager) of each unsold Unsaleable Asset to the Noteholders or Beneficial Owners of the most senior Class that provide delivery instructions to the Collateral Administrator on or before the date specified in such notice, subject to minimum denominations, provided that:

- (i) to the extent that minimum denominations do not permit a *pro rata* distribution, the Collateral Administrator will distribute the Unsaleable Assets on a *pro rata* basis to the extent possible and the Collateral Manager will select by lottery the Noteholder or Beneficial Owner to whom the remaining amount will be delivered and deliver written notice thereof to the Collateral Administrator; and
  - (ii) that the Collateral Administrator will use commercially reasonable efforts to effect delivery of such interests; and
- (d) if no such Noteholder or Beneficial Owner provides delivery instructions to the Collateral Administrator, the Collateral Administrator will promptly notify the Collateral Manager and offer to deliver (at the cost of the Collateral Manager) the Unsaleable Asset to the Collateral Manager. If the Collateral Manager declines such offer, the Collateral Administrator will take such action as directed by the Collateral Manager (on behalf of the Issuer) in writing to dispose of the Unsaleable Asset, which may be by donation to a charity, abandonment or other means.

For the avoidance of doubt, any sale or delivery of an Unsaleable Asset to any Noteholder will not result in a decrease in the Principal Amount Outstanding of the Notes.

*Amendments to the maturity of Collateral Debt Obligations following the Reinvestment Period*

The Issuer (or the Collateral Manager on its behalf) may execute, enter into, agree to or vote in favour of any amendment or modification extending or having the effect of extending the maturity of a Collateral Debt Obligation (a “**Maturity Amendment**”) if (x) after giving effect to such Maturity Amendment, the Collateral Debt Obligation Stated Maturity of the Collateral Debt Obligation that is the subject of such Maturity Amendment is not later than 18 months prior to the Maturity Date of the Rated Notes and (y) either (i) the Weighted Average Life Test will be satisfied after giving effect to such amendment or (ii) if the Weighted Average Life Test was not satisfied prior to the amendment, the Weighted Average Life will be reduced after giving effect to such amendment.

If the Issuer or the Collateral Manager has not voted in favour of a Maturity Amendment which would contravene the requirements of this paragraph but the Collateral Debt Obligation Stated Maturity has been extended, by way of scheme of arrangement or otherwise, the Issuer or the Collateral Manager acting on its behalf may but shall not be required to sell such Collateral Debt Obligation provided that in any event the Collateral Manager shall dispose of such Collateral Debt Obligation prior to the Maturity Date. Such proceeds shall constitute Sale Proceeds and may be reinvested in accordance with and subject to the Reinvestment Criteria.

*Expiry of the Reinvestment Criteria Certification*

Immediately preceding the end of the Reinvestment Period, the Collateral Manager will deliver to the Trustee and the Collateral Administrator a schedule of Collateral Debt Obligations purchased by the Issuer with respect to which purchases the trade date has occurred but the settlement date has not yet occurred and will certify to the Trustee that sufficient Principal Proceeds are available (including for this purpose, cash on deposit in the Principal Account, any scheduled distributions of Principal Proceeds, as well as any Principal Proceeds that will be received by the Issuer from the sale of Collateral Debt Obligations for which the trade date has already occurred but the settlement date has not yet occurred) to effect the settlement of such Collateral Debt Obligations.

*Designation for Reinvestment*

After the expiry of the Reinvestment Period, the Collateral Manager shall, one Business Day following each Determination Date, notify the Issuer and the Collateral Administrator in writing of all Principal Proceeds which the Collateral Manager determines in its discretion (acting on behalf of the Issuer, and subject to the terms of the Collateral Management Agreement as described above) shall remain designated for reinvestment in accordance with the Reinvestment Criteria, on or after the following Payment Date in which event such Principal Proceeds shall not constitute Principal Proceeds which are to be paid into the Payment Account and disbursed on such Payment Date in accordance with the Priorities of Payments.

The Collateral Manager (acting on behalf of the Issuer) may direct that the proceeds of sale of any Collateral Debt Obligation which represents accrued interest be designated as Interest Proceeds and paid into the Interest

Account save for: (i) Purchased Accrued Interest; (ii) any interest received in respect of any Mezzanine Obligation for so long as it is a Defaulted Deferring Mezzanine Obligation other than Defaulted Mezzanine Excess Amounts; and (iii) any interest received in respect of a Defaulted Obligation for so long as it is a Defaulted Obligation other than Defaulted Obligation Excess Amounts.

#### *Accrued Interest*

Amounts included in the purchase price of any Collateral Debt Obligation comprising accrued interest thereon may be paid from the Interest Account, the Principal Account or the Unused Proceeds Account at the discretion of the Collateral Manager (acting on behalf of the Issuer) but subject to the terms of the Collateral Management Agreement and Condition 3(j) (*Payments to and from the Accounts*). Notwithstanding the foregoing, in any Due Period, all payments of interest and proceeds of sale received during such Due Period in relation to any Collateral Debt Obligation, in each case, to the extent that such amounts represent accrued and/or capitalised interest in respect of such Collateral Debt Obligation (including, in respect of a Mezzanine Obligation, any accrued interest which, as at the time of purchase, had been capitalised and added to the principal amount of such Mezzanine Obligation in accordance with its terms), which was purchased at the time of acquisition thereof with Principal Proceeds and/or principal amounts from the Unused Proceeds Account shall constitute Purchased Accrued Interest and shall be deposited into the Principal Account as Principal Proceeds.

#### *Block Trades*

The requirements described herein with respect to the Portfolio shall be deemed to be satisfied upon any sale and/or purchase of Collateral Debt Obligations on any day in the event that such Collateral Debt Obligations satisfy such requirements in aggregate rather than on an individual basis.

For the purpose of calculating compliance with the Reinvestment Criteria at the election of the Collateral Manager in its sole discretion, any proposed investment (whether a single Collateral Debt Obligation or a group of Collateral Debt Obligations) identified by the Collateral Manager as such at the time (the “**Initial Trading Plan Calculation Date**”) when compliance with the Reinvestment Criteria is required to be calculated (a “**Trading Plan**”) may be evaluated after giving effect to all sales and reinvestments proposed to be entered into within the 20 Business Days following the date of determination of such compliance (such period, the “**Trading Plan Period**”); provided that: (i) no Trading Plan may result in the purchase of Collateral Debt Obligations having an Aggregate Principal Balance that exceeds 5.0 per cent. of the Aggregate Collateral Balance as of the first day of the Trading Plan Period; (ii) no Trading Plan Period may include a Payment Date; (iii) no more than one Trading Plan may be in effect at any time during a Trading Plan Period; and (iv) if the Reinvestment Criteria are satisfied prospectively after giving effect to a Trading Plan but are not satisfied upon the expiry of the related Trading Plan Period, the Reinvestment Criteria shall not at any time thereafter be evaluated by giving effect to a Trading Plan unless Rating Agency Confirmation with respect to any subsequent Trading Plan is received; provided that no further Rating Agency Confirmation shall be required after receiving Rating Agency Confirmation unless a Trading Plan fails, in which case Rating Agency Confirmation will be required with respect to the immediately subsequent Trading Plan; provided that no Trading Plan may result in the averaging of the purchase price of a Collateral Debt Obligation or Collateral Debt Obligations purchased at separate times for purposes of determining whether any particular Collateral Debt Obligation is a Discount Obligation. For the avoidance of doubt, compliance with the Reinvestment Criteria upon completion of a Trading Plan pursuant to (iv) above, shall be calculated with respect to those Collateral Debt Obligations that were actually sold and/or purchased as part of the relevant Trading Plan on the basis of data used as at the Initial Trading Plan Calculation Date.

#### *Eligible Investments*

The Issuer or the Collateral Manager (acting on behalf of the Issuer) may from time to time purchase Eligible Investments out of the Balances standing to the credit of the Accounts (other than the Counterparty Downgrade Collateral Account, the Collection Account, the Unfunded Revolver Reserve Account, each Asset Swap Account, the Hedge Termination Account and the Payment Account). For the avoidance of doubt, Eligible Investments may be sold by the Issuer or the Collateral Manager (acting on behalf of the Issuer) at any time.

#### *Collateral Enhancement Obligations*

The Collateral Manager (acting on behalf of the Issuer) may, from time to time purchase Collateral Enhancement Obligations independently or as part of a unit with the Collateral Debt Obligations being so purchased.



All funds required in respect of the purchase price of any Collateral Enhancement Obligations, and all funds required in respect of the exercise price of any rights or options thereunder, may be paid out of the balance standing to the credit of the Collateral Enhancement Account at the relevant time, by means of a Collateral Manager Advance or as a Permitted Use of certain other proceeds. Pursuant to Condition 3(j)(vi) (*Collateral Enhancement Account*), such Balance shall be comprised of all sums deposited therein from time to time which will include interest and/or principal payable in respect of the Subordinated Notes which the Collateral Manager acting on behalf of the Issuer, determines shall be paid into the Collateral Enhancement Account pursuant to the Priorities of Payments rather than being paid to the Subordinated Noteholders.

Collateral Enhancement Obligations may be sold at any time by the Issuer, or the Collateral Manager on behalf of the Issuer, and all Collateral Enhancement Obligation Proceeds received by the Issuer shall be deposited into the Collateral Enhancement Account.

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

#### *Exchanged Securities*

Any Exchanged Security may be sold at any time by the Collateral Manager in its discretion (acting on behalf of the Issuer) subject to, to the Collateral Manager's knowledge, no Note Event of Default having occurred which is continuing.

In addition to any discretionary sale of Exchanged Securities as provided above, the Collateral Manager shall be required by the Issuer to sell (on behalf of the Issuer) any Exchanged Security which constitutes Margin Stock, as soon as practicable upon its receipt or upon its becoming Margin Stock (as applicable) in accordance with the standard of care set out in the Collateral Management Agreement.

#### *Exercise of Warrants and Options*

The Collateral Manager acting on behalf of the Issuer, may, at any time exercise a warrant or option attached to a Collateral Debt Obligation or comprised in a Collateral Enhancement Obligation and shall on behalf of the Issuer instruct the Account Bank to make any necessary payment pursuant to a duly completed form of instruction.

#### *Margin Stock*

The Collateral Management Agreement requires that the Collateral Manager, on behalf of the Issuer, shall use reasonable endeavours to sell any Collateral Debt Obligation, Exchanged Security or Collateral Enhancement Obligation which is or at any time becomes Margin Stock as soon as practicable following such event.

“**Margin Stock**” means margin stock as defined under Regulation U issued by the Federal Reserve Board, including any debt security which is by its terms convertible into Margin Stock.

#### *Non-Euro Obligations*

The Collateral Manager shall be authorised to purchase, on behalf of the Issuer, Non-Euro Obligations from time to time provided that any such Non-Euro Obligation shall only constitute a Collateral Debt Obligation that satisfies paragraph (b) of the Eligibility Criteria if either (i) for any Non-Euro Obligation denominated in a Qualifying Unhedged Obligation Currency and acquired in the Primary Market, within six months of the settlement date of acquisition thereof or otherwise (ii) not later than the settlement date of acquisition thereof, the Collateral Manager procures entry by the Issuer into an Asset Swap Transaction pursuant to which the currency risk arising from receipt of cash flows from such Non-Euro Obligations, including interest and principal payments, is hedged through the swapping of such cash flows for Euro payments to be made by an Asset Swap Counterparty and provided that the Aggregate Principal Balance of all Unhedged Collateral Debt Obligations which are not at the time of determination subject to an Asset Swap Transaction shall not exceed 2.5 per cent. of the Aggregate Collateral Balance at any time. Notwithstanding the foregoing, the Collateral Manager shall only be authorised to purchase, on behalf of the Issuer, Non-Euro Obligations for which an Asset Swap Transaction has not been entered into and in respect of which the Collateral Manager does not intend to enter into an Asset Swap Transaction prior to the settlement of the purchase thereof if, before and immediately after such purchase, the Aggregate Collateral Balance (for which purposes, the Principal Balance of such

Unhedged Collateral Debt Obligation and any other Unhedged Collateral Debt Obligation the purchase of which is yet to settle shall be equal to the product of (1) 50 per cent. of its principal amount and (2) the prevailing Spot Rate and the Principal Balance of each Defaulted Obligation shall be the lower of its Moody's Collateral Value and its Fitch Collateral Value) is greater than or equal to the Reinvestment Target Par Amount. For the purposes of this calculation, obligations which are to constitute Non-Euro Obligations in respect of which the Issuer has entered into a binding commitment to purchase but which have not yet settled shall be included as Non-Euro Obligations. The Collateral Manager (on behalf of the Issuer) shall be authorised to enter into spot exchange transactions, as necessary, to fund the Issuer's payment obligations under any Asset Swap Transaction or the purchase of any Unhedged Collateral Debt Obligations. The Collateral Manager (on behalf of the Issuer) shall be authorised to enter into spot exchange transactions, as necessary, to fund the Issuer's payment obligations under any Asset Swap Transaction. Rating Agency Confirmation shall be required in relation to entry into each Asset Swap Transaction unless such Asset Swap Transaction is a Form Approved Asset Swap. See the "*Hedging Arrangements*" section of this Offering Circular.

#### *Revolving Obligations and Delayed Drawdown Collateral Debt Obligations*

The Collateral Manager acting on behalf of the Issuer, may acquire Collateral Debt Obligations which are Revolving Obligations or Delayed Drawdown Collateral Debt Obligations from time to time.

Each Revolving Obligation and Delayed Drawdown Collateral Debt Obligation will, pursuant to its terms, require the Issuer to make one or more future advances or other extensions of credit (including extensions of credit made on an unfunded basis pursuant to which the Issuer may be required to reimburse the provider of a guarantee or other ancillary facilities made available to the obligor thereof in the event of any default by the obligor thereof in respect of its reimbursement obligations in connection therewith). Such Revolving Obligations and Delayed Drawdown Collateral Debt Obligations may or may not provide that they may be repaid and reborrowed from time to time by the Obligor thereunder. Upon acquisition of any Revolving Obligations and Delayed Drawdown Collateral Debt Obligations, the Issuer shall deposit into the Unfunded Revolver Reserve Account amounts equal to the combined aggregate principal amounts of the Unfunded Amounts under each of the Revolving Obligations and Delayed Drawdown Collateral Debt Obligations.

To the extent required, the Issuer, or the Collateral Manager acting on its behalf, may direct that amounts standing to the credit of the Unfunded Revolver Reserve Account be deposited with a third party from time to time as collateral for any payment obligations of the Issuer in relation to a Revolving Obligation or a Delayed Drawdown Collateral Debt Obligation including but not limited to reimbursement or indemnification obligations owed by the Issuer to any other lender in connection with a Revolving Obligation or a Delayed Drawdown Collateral Debt Obligation, as applicable and upon receipt of an Issuer Order (as defined in the Collateral Management Agreement) the Trustee shall release such amounts from the security granted thereover pursuant to the Trust Deed.

#### *Participations*

The Collateral Manager acting on behalf of the Issuer, may from time to time acquire Collateral Debt Obligations from Selling Institutions by way of Participation provided that at the time such Participation is taken:

- (a) the percentage of the Aggregate Collateral Balance that represents Participations (including, for the avoidance of doubt each participation and sub-participation from which the Issuer, directly or indirectly derives its interest in the relevant Collateral Debt Obligation) entered into by the Issuer with a single Selling Institution will not exceed the individual and aggregate percentages set forth in the Bivariate Risk Table determined by reference to the credit rating of such third party (or any guarantor thereof); and
- (b) the percentage of the Aggregate Collateral Balance that represents Participations (including, for the avoidance of doubt each participation and sub-participation from which the Issuer, directly or indirectly derives its interest in the relevant Collateral Debt Obligation) entered into by the Issuer with Selling Institutions (or any guarantor thereof) each having the same credit rating (taking the lowest rating assigned thereto by any Rating Agency), will not exceed the aggregate third party credit exposure limit set forth in the Bivariate Risk Table for such credit rating.

Each Participation entered into pursuant to a sub-participation agreement shall be substantially in the form of:

- (a) the LSTA Model Participation Agreement for par/near par trades (as published by the Loan Syndications and Trading Association Inc. from time to time); or
- (b) the LMA Funded Participation (Par) (as published by the Loan Market Association from time to time); or
- (c) such other documentation provided such agreement contains limited recourse and non-petition language substantially the same as that contained in the Trust Deed.

*Assignments*

The Collateral Manager acting on behalf of the Issuer, may from time to time acquire Collateral Debt Obligations from Selling Institutions by way of Assignment provided that at the time such Assignment is acquired the Collateral Manager acting on behalf of the Issuer shall have complied, to the extent within 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).

“**Assignment**” means an interest in a loan acquired directly by way of novation or assignment.

*Bivariate Risk Table*

The following is the bivariate risk table (the “**Bivariate Risk Table**”) and as referred to in “*Portfolio Profile Tests*” below and “*Participations*” above. For the purposes of the limits specified in the Bivariate Risk Table, the individual third party credit exposure limit shall be determined by reference to all Participations (excluding any Defaulted Obligations) entered into by the Issuer with the same counterparty (such amount in respect of such entity, the “**Third Party Exposure**”) and the applicable percentage limits shall be determined by reference to the lower of the Fitch or Moody’s ratings applicable to such counterparty and the aggregate third party credit exposure limit shall be determined by reference to the aggregate of Third Party Exposure of all such counterparties which share the same rating level or have a lower rating level, as indicated in the Bivariate Risk Table.

**Bivariate Risk Table**

<b>Long-Term /Short Term Senior Unsecured Debt Rating of Selling Institution</b>	<b>Individual Third Party Credit Exposure Limit*</b>	<b>Aggregate Third Party Credit Exposure Limit*</b>
Moody’s		
Aaa	10%	10%
Aa1	10%	10%
Aa2	10%	10%
Aa3	10%	10%
A1	5%	10%
A2 (without a Moody’s short- term rating of at least P1)	5%	5%
A3 or below	0%	0%
<b>Long-Term Issuer Credit Rating of Selling Institution</b>	<b>Individual Third Party Credit Exposure Limit*</b>	<b>Aggregate Third Party Credit Exposure Limit*</b>
Fitch		
AAA	10%	10%
AA+	10%	10%
AA	10%	10%
AA-	10%	10%
A+	5%	10%
A	5%	5%
A- or below	0%	0%

- \* As a percentage of the Aggregate Collateral Balance (excluding any Defaulted Obligations) the aggregate third party credit exposure limit shall be determined by reference to the aggregate of the third party credit exposure of all such Counterparties which share the same rating level or have a lower rating level, as indicated in the Bivariate Risk Table.

## **Portfolio Profile Tests and Collateral Quality Tests**

### *Measurement of Tests*

The Portfolio Profile Tests and the Collateral Quality Tests will be used as criteria for purchasing Collateral Debt Obligations. The Collateral Administrator will measure the Portfolio Profile Tests and the Collateral Quality Tests on each Measurement Date (save as otherwise provided herein).

Substitute Collateral Debt Obligations in respect of which a binding commitment has been made to purchase such Substitute Collateral Debt Obligations but such purchase has not been settled shall nonetheless be deemed to have been purchased for the purposes of the Portfolio Profile Tests, the Coverage Tests and the Collateral Quality Tests. Collateral Debt Obligations in respect of which a binding commitment has been made to sell such Collateral Debt Obligations but such sale has not been settled shall nonetheless be deemed to have been sold for the purposes of the Portfolio Profile Tests, the Coverage Tests and the Collateral Quality Tests. See “*Reinvestment of Collateral Debt Obligations*” above.

Notwithstanding the foregoing, the failure of the Portfolio to meet the requirements of the Portfolio Profile Tests at any time shall not prevent any obligation which would otherwise be a Collateral Debt Obligation from being a Collateral Debt Obligation.

### *Portfolio Profile Tests*

The Portfolio Profile Tests will consist of each of the following:

- (a) not less than 90.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Secured Senior Loans and Secured Senior Bonds (which term, for the purposes of this paragraph (a), shall comprise the aggregate of the Aggregate Principal Balance of the Secured Senior Loans and Secured Senior Bonds and the Balances standing to the credit of the Principal Account and the Unused Proceeds Account and any Eligible Investments which represent Principal Proceeds, in each case as at the relevant Measurement Date and shall exclude any First Lien Last Out Loans);
- (b) not less than 70.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Secured Senior Loans;
- (c) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of Collateral Debt Obligations other than Secured Senior Loans and Secured Senior Bonds;
- (d) not more than 3.0 per cent. of the Aggregate Collateral Balance shall be the obligation of any single Obligor;
- (e) with respect to Secured Senior Loans and Secured Senior Bonds, not more than 2.5 per cent. of the Aggregate Collateral Balance shall be the obligation of any single Obligor, provided that not more than 3 Obligors may each represent up to 3.0 per cent. of the Aggregate Collateral Balance;
- (f) with respect to Collateral Debt Obligations other than Secured Senior Loans and Secured Senior Bonds, in aggregate, not more than 1.5 per cent. of the Aggregate Collateral Balance shall be the obligation of any single Obligor;
- (g) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of Participations;
- (h) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of Current Pay Obligations;
- (i) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Revolving Obligations or Delayed Drawdown Collateral Debt Obligations;

- (j) not more than 7.5 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Moody's Caa Obligations;
- (k) not more than 7.5 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Fitch CCC Obligations;
- (l) not more than 2.5 per cent. of the Aggregate Collateral Balance shall consist of Bridge Loans;
- (m) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of Corporate Rescue Loans;
- (n) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are PIK Obligations;
- (o) not more than 2.5 per cent of the Aggregate Collateral Balance shall consist of Unhedged Collateral Debt Obligations;
- (p) not less than 5.0 per cent. of the Aggregate Collateral Balance and not more than 15.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Unhedged Fixed Rate Collateral Debt Obligations;
- (q) not more than 20.0 per cent. of the Aggregate Collateral Balance shall be obligations comprising any one Fitch industry category provided that in respect of the three Fitch industry categories containing the most Collateral Debt Obligations, measured according to the Principal Balance thereof, not more than 40.0 per cent. thereof may consist of Collateral Debt Obligations whose Obligor belongs to one of those Fitch industry categories;
- (r) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of Obligors who are domiciled in countries with a Moody's local currency country risk ceiling of "A1" or below unless a Rating Agency Confirmation from Moody's is obtained;
- (s) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of Obligors who are domiciled in countries or jurisdictions with a country ceiling below "AAA" by Fitch unless a Rating Agency Confirmation from Fitch is obtained;
- (t) the limits set forth in the Bivariate Risk Table determined by reference to the ratings of Selling Institutions shall be satisfied;
- (u) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of obligations with a Moody's Rating which is derived from an S&P rating;
- (v) the aggregate of the Euro notional amount of each Asset Swap Transaction together with the aggregate of the notional amount of each Interest Rate Hedge Transaction shall not be greater than 30.0 per cent. of the Aggregate Collateral Balance;
- (w) not more than 30.0 per cent. of the Aggregate Collateral Balance shall consist of Cov-Lite Loans;
- (x) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of Annual Obligations; and
- (y) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of obligations issued by Obligors each of which has total current indebtedness (comprising of all financial debt owing by the Obligor including the maximum available amount or total commitment under any revolving or delayed draw loans) under its respective loan agreements and other debt instruments (including the Underlying Instruments) of equal to or greater than EUR 100,000,000 but less than EUR 150,000,000 in aggregate principal amount.

The percentage requirements applicable to different types of Collateral Debt Obligations specified in the Portfolio Profile Tests shall be determined by reference to the Aggregate Principal Balance of such type of Collateral Debt Obligations, excluding Defaulted Obligations. Collateral Debt Obligations for which the Issuer (or the Collateral Manager acting on behalf of the Issuer) has entered into binding commitments to purchase but have not yet settled shall be included for the purposes of calculating the Portfolio Profile Tests and Collateral

Debt Obligations for which the Issuer (or the Collateral Manager acting on behalf of the Issuer) has entered into binding commitments to sell but have not yet settled shall be excluded for the purposes of calculating the Portfolio Profile Tests.

*Collateral Quality Tests*

The Collateral Quality Tests will consist of each of the following:

- (a) so long as any Notes rated by Moody's are Outstanding:
  - (i) the Moody's Minimum Diversity Test;
  - (ii) the Moody's Minimum Weighted Average Recovery Rate Test;
  - (iii) the Moody's Maximum Weighted Average Rating Factor Test;
  - (iv) the Moody's Minimum Weighted Average Floating Spread Test; and
  - (v) the Moody's Minimum Weighted Average Coupon Test; and
- (b) so long as any Notes rated by Fitch are Outstanding:
  - (i) the Fitch Maximum Weighted Average Rating Factor Test;
  - (ii) the Fitch Minimum Weighted Average Recovery Rate Test;
  - (iii) the Fitch Minimum Weighted Average Spread Test;
  - (iv) the Fitch Minimum Weighted Average Fixed Coupon Test; and
  - (v) the Maximum Obligor Concentration Test; and
- (c) so long as any Rated Notes are Outstanding:
  - the Weighted Average Life Test;

each as defined in the Collateral Management Agreement.

The Principal Balance of Defaulted Obligations shall be excluded for the purposes of calculating the Collateral Quality Tests.

*The Moody's Test Matrix*

Subject to the provisions provided below, on or after the Effective Date, the Collateral Manager will have the option to elect which of the cases set forth in the matrix set out below (the "**Moody's Test Matrix**") shall be applicable for purposes of the Moody's Maximum Weighted Average Rating Factor Test, the Moody's Minimum Diversity Test and the Moody's Minimum Weighted Average Floating Spread Test.

For any given case:

- (a) the applicable column for performing the Moody's Minimum Diversity Test will be the column (or linear interpolation between two adjacent columns, as applicable) in which the elected case is set out;
- (b) the applicable row and column for performing the Moody's Maximum Weighted Average Rating Factor Test will be the row and column (or linear interpolation between two adjacent rows and/or two adjacent columns, as applicable) in which the elected case is set out;
- (c) the applicable row for performing the Moody's Minimum Weighted Average Floating Spread Test will be the row (or linear interpolation between two adjacent rows, as applicable) in which the elected test is set out; and

- (d) the Weighted Average Life of the current Portfolio as of such Measurement Date is less than the number of years (rounded to the nearest one hundredth thereof) during the period from such Measurement Date to the date specified in the elected matrix.

On the Effective Date, the Collateral Manager will be required to elect which case shall apply initially. Thereafter, on ten Business Days' notice (which may be given by way of email) to the Issuer, the Collateral Administrator and Moody's, the Collateral Manager may elect to have a different case apply, provided that the Moody's Minimum Diversity Test, the Moody's Maximum Weighted Average Rating Factor Test, the Moody's Minimum Weighted Average Recovery Rate Test and the Moody's Minimum Weighted Average Floating Spread Test applicable to the case to which the Collateral Manager desires to change are satisfied (and, in relation to the Moody's Minimum Weighted Average Floating Spread Test, taking into account the case that the Collateral Manager has elected to apply under the Fitch Test Matrix) or, in the case of any tests that are not satisfied, are closer to being satisfied. In no event will the Collateral Manager be obliged to elect to have a different case apply. The Moody's Test Matrix may be amended and/or supplemented and/or replaced by the Collateral Manager subject to notification of such changes being provided by Moody's (which notification may be given by way of e-mail).

### Moody's Test Matrix

#### Minimum Diversity Score

Moody's Minimum Weighted Average Floating Spread	Moody's Minimum Weighted Average Coupon	Minimum Diversity Score											
		<u>31</u>	<u>32</u>	<u>33</u>	<u>34</u>	<u>35</u>	<u>36</u>	<u>37</u>	<u>38</u>	<u>39</u>	<u>40</u>	<u>41</u>	<u>42</u>
3.00%	5.00%	2165	2180	2195	2210	2225	2230	2237	2246	2250	2260	2275	2280
3.00%	5.20%	2173	2188	2203	2218	2233	2248	2258	2261	2266	2278	2283	2288
3.00%	5.40%	2181	2196	2211	2226	2241	2256	2266	2276	2281	2286	2291	2296
3.00%	5.50%	2185	2200	2215	2230	2245	2260	2270	2280	2285	2290	2295	2300
3.00%	5.60%	2194	2209	2224	2239	2254	2269	2273	2283	2288	2293	2304	2309
3.00%	5.70%	2198	2213	2228	2243	2258	2273	2283	2286	2291	2303	2308	2313
3.00%	5.80%	2202	2217	2232	2247	2262	2277	2287	2290	2302	2307	2312	2317
3.00%	6.00%	2211	2226	2241	2256	2271	2286	2296	2306	2311	2316	2321	2326
3.00%	6.20%	2219	2234	2249	2264	2279	2294	2304	2314	2319	2324	2329	2334
3.10%	5.00%	2250	2265	2280	2295	2310	2325	2335	2345	2350	2355	2360	2365
3.10%	5.20%	2258	2273	2288	2303	2318	2333	2343	2353	2358	2363	2368	2373
3.10%	5.40%	2266	2281	2296	2311	2326	2341	2351	2361	2366	2371	2376	2381
3.10%	5.50%	2270	2285	2300	2315	2330	2345	2355	2365	2370	2375	2380	2385
3.10%	5.60%	2278	2293	2308	2323	2338	2353	2363	2373	2378	2383	2388	2393
3.10%	5.70%	2282	2297	2312	2327	2342	2357	2367	2377	2382	2387	2392	2397
3.10%	5.80%	2286	2301	2316	2331	2346	2361	2371	2381	2386	2391	2396	2401
3.10%	6.00%	2294	2309	2324	2339	2354	2369	2379	2389	2394	2399	2404	2409
3.10%	6.20%	2302	2317	2332	2347	2362	2377	2387	2397	2402	2407	2412	2417
3.20%	5.00%	2330	2345	2360	2375	2390	2405	2415	2425	2430	2435	2440	2445
3.20%	5.20%	2338	2353	2368	2383	2398	2413	2423	2433	2438	2443	2448	2453
3.20%	5.40%	2346	2361	2376	2391	2406	2421	2431	2441	2446	2451	2456	2461
3.20%	5.50%	2350	2365	2380	2395	2410	2425	2435	2445	2450	2455	2460	2465
3.20%	5.60%	2358	2373	2388	2403	2418	2433	2443	2453	2458	2463	2468	2473
3.20%	5.70%	2362	2377	2392	2407	2422	2437	2447	2457	2462	2467	2472	2477
3.20%	5.80%	2366	2381	2396	2411	2426	2441	2451	2461	2466	2471	2476	2481
3.20%	6.00%	2374	2389	2404	2419	2434	2449	2459	2469	2474	2479	2484	2489

3.20%	6.20%	2382	2397	2412	2427	2442	2457	2467	2477	2482	2487	2492	2497
3.30%	5.00%	2410	2425	2440	2455	2470	2485	2495	2505	2510	2515	2520	2525
3.30%	5.20%	2418	2433	2448	2463	2478	2493	2503	2513	2518	2523	2528	2533
3.30%	5.40%	2426	2441	2456	2471	2486	2501	2511	2521	2526	2531	2536	2541
3.30%	5.50%	2430	2445	2460	2475	2490	2505	2515	2525	2530	2535	2540	2545
3.30%	5.60%	2436	2451	2466	2481	2496	2511	2521	2531	2536	2541	2546	2551
3.30%	5.70%	2439	2454	2469	2484	2499	2514	2524	2534	2539	2544	2549	2554
3.30%	5.80%	2442	2457	2472	2487	2502	2517	2527	2537	2542	2547	2552	2557
3.30%	6.00%	2448	2463	2478	2493	2508	2523	2533	2543	2548	2553	2558	2563
3.30%	6.20%	2454	2469	2484	2499	2514	2529	2539	2549	2554	2559	2564	2569
3.40%	5.00%	2470	2485	2500	2515	2530	2545	2555	2565	2570	2575	2580	2585
3.40%	5.20%	2478	2493	2508	2523	2538	2553	2563	2573	2578	2583	2588	2593
3.40%	5.40%	2486	2501	2516	2531	2546	2561	2571	2581	2586	2591	2596	2601
3.40%	5.50%	2490	2505	2520	2535	2550	2565	2575	2585	2590	2595	2600	2605
3.40%	5.60%	2495	2510	2525	2540	2555	2570	2580	2590	2595	2600	2605	2610
3.40%	5.70%	2498	2513	2528	2543	2558	2573	2583	2593	2598	2603	2608	2613
3.40%	5.80%	2500	2515	2530	2545	2560	2575	2585	2595	2600	2605	2610	2615
3.40%	6.00%	2505	2520	2535	2550	2565	2580	2590	2600	2605	2610	2615	2620
3.40%	6.20%	2510	2525	2540	2555	2570	2585	2595	2605	2610	2615	2620	2625
3.50%	5.00%	2520	2535	2550	2565	2580	2595	2605	2615	2620	2625	2630	2635
3.50%	5.20%	2528	2543	2558	2573	2588	2603	2613	2623	2628	2633	2638	2643
3.50%	5.40%	2536	2551	2566	2581	2596	2611	2621	2631	2636	2641	2646	2651
3.50%	5.50%	2540	2555	2570	2585	2600	2615	2625	2635	2640	2645	2650	2655
3.50%	5.60%	2544	2559	2574	2589	2604	2619	2629	2639	2644	2649	2654	2659
3.50%	5.70%	2546	2561	2576	2591	2606	2621	2631	2641	2646	2651	2656	2661
3.50%	5.80%	2548	2563	2578	2593	2608	2623	2633	2643	2648	2653	2658	2663
3.50%	6.00%	2552	2567	2582	2597	2612	2627	2637	2647	2652	2657	2662	2667
3.50%	6.20%	2556	2571	2586	2601	2616	2631	2641	2651	2656	2661	2666	2671
3.60%	5.00%	2560	2575	2590	2605	2620	2635	2645	2655	2660	2665	2670	2675
3.60%	5.20%	2568	2583	2598	2613	2628	2643	2653	2663	2668	2673	2678	2683
3.60%	5.40%	2576	2591	2606	2621	2636	2651	2661	2671	2676	2681	2686	2691
3.60%	5.50%	2580	2595	2610	2625	2640	2655	2665	2675	2680	2685	2690	2695
3.60%	5.60%	2584	2599	2614	2629	2644	2659	2669	2679	2684	2689	2694	2699
3.60%	5.70%	2586	2601	2616	2631	2646	2661	2671	2681	2686	2691	2696	2701
3.60%	5.80%	2588	2603	2618	2633	2648	2663	2673	2683	2688	2693	2698	2703
3.60%	6.00%	2592	2607	2622	2637	2652	2667	2677	2687	2692	2697	2702	2707
3.60%	6.20%	2596	2611	2626	2641	2656	2671	2681	2691	2696	2701	2706	2711
3.70%	5.00%	2600	2615	2630	2645	2660	2675	2685	2695	2700	2705	2710	2715
3.70%	5.20%	2608	2623	2638	2653	2668	2683	2693	2703	2708	2713	2718	2723
3.70%	5.40%	2616	2631	2646	2661	2676	2691	2701	2711	2716	2721	2726	2731
3.70%	5.50%	2620	2635	2650	2665	2680	2695	2705	2715	2720	2725	2730	2735
3.70%	5.60%	2624	2639	2654	2669	2684	2699	2709	2719	2724	2729	2734	2739
3.70%	5.70%	2626	2641	2656	2671	2686	2701	2711	2721	2726	2731	2736	2741
3.70%	5.80%	2628	2643	2658	2673	2688	2703	2713	2723	2728	2733	2738	2743
3.70%	6.00%	2632	2647	2662	2677	2692	2707	2717	2727	2732	2737	2742	2747
3.70%	6.20%	2636	2651	2666	2681	2696	2711	2721	2731	2736	2741	2746	2751



3.80%	5.00%	2640	2655	2670	2685	2700	2715	2725	2735	2740	2745	2750	2755
3.80%	5.20%	2648	2663	2678	2693	2708	2723	2733	2743	2748	2753	2758	2763
3.80%	5.40%	2656	2671	2686	2701	2716	2731	2741	2751	2756	2761	2766	2771
3.80%	5.50%	2660	2675	2690	2705	2720	2735	2745	2755	2760	2765	2770	2775
3.80%	5.60%	2665	2680	2694	2709	2724	2739	2750	2760	2766	2771	2777	2782
3.80%	5.70%	2668	2682	2696	2711	2726	2741	2752	2763	2768	2774	2780	2786
3.80%	5.80%	2670	2684	2698	2713	2728	2743	2754	2765	2771	2777	2783	2789
3.80%	6.00%	2675	2689	2702	2717	2732	2747	2759	2770	2777	2783	2790	2796
3.80%	6.20%	2680	2693	2706	2721	2736	2751	2763	2775	2782	2789	2796	2803
3.90%	5.00%	2690	2700	2710	2725	2740	2755	2770	2785	2795	2805	2815	2825
3.90%	5.20%	2698	2708	2718	2733	2748	2763	2778	2793	2803	2813	2823	2833
3.90%	5.40%	2706	2716	2726	2741	2756	2771	2786	2801	2811	2821	2831	2841
3.90%	5.50%	2710	2720	2730	2745	2760	2775	2790	2805	2815	2825	2835	2845
3.90%	5.60%	2714	2724	2734	2749	2764	2779	2794	2809	2819	2829	2839	2849
3.90%	5.70%	2716	2726	2736	2751	2766	2781	2796	2811	2821	2831	2841	2851
3.90%	5.80%	2718	2728	2738	2753	2768	2783	2798	2813	2823	2833	2843	2853
3.90%	6.00%	2722	2732	2742	2757	2772	2787	2802	2817	2827	2837	2847	2857
3.90%	6.20%	2726	2736	2746	2761	2776	2791	2806	2821	2831	2841	2851	2861
4.00%	5.00%	2730	2740	2750	2765	2780	2795	2810	2825	2835	2845	2855	2865
4.00%	5.20%	2738	2748	2758	2773	2788	2803	2818	2833	2843	2853	2863	2873
4.00%	5.40%	2746	2756	2766	2781	2796	2811	2826	2841	2851	2861	2871	2881
4.00%	5.50%	2750	2760	2770	2785	2800	2815	2830	2845	2855	2865	2875	2885
4.00%	5.60%	2754	2764	2774	2789	2804	2819	2834	2849	2859	2869	2879	2889
4.00%	5.70%	2756	2766	2776	2791	2806	2821	2836	2851	2861	2871	2881	2891
4.00%	5.80%	2758	2768	2778	2793	2808	2823	2838	2853	2863	2873	2883	2893
4.00%	6.00%	2762	2772	2782	2797	2812	2827	2842	2857	2867	2877	2887	2897
4.00%	6.20%	2766	2776	2786	2801	2816	2831	2846	2861	2871	2881	2891	2901
4.10%	5.00%	2770	2780	2790	2805	2820	2835	2850	2865	2875	2885	2895	2905
4.10%	5.20%	2778	2788	2798	2813	2828	2843	2858	2873	2883	2893	2903	2913
4.10%	5.40%	2786	2796	2806	2821	2836	2851	2866	2881	2891	2901	2911	2921
4.10%	5.50%	2790	2800	2810	2825	2840	2855	2870	2885	2895	2905	2915	2925
4.10%	5.60%	2794	2804	2814	2829	2844	2859	2874	2889	2899	2909	2919	2929
4.10%	5.70%	2796	2806	2816	2831	2846	2861	2876	2891	2901	2911	2921	2931
4.10%	5.80%	2798	2808	2818	2833	2848	2863	2878	2893	2903	2913	2923	2933
4.10%	6.00%	2802	2812	2822	2837	2852	2867	2882	2897	2907	2917	2927	2937
4.10%	6.20%	2806	2816	2826	2841	2856	2871	2886	2901	2911	2921	2931	2941
4.20%	5.00%	2800	2810	2820	2845	2860	2875	2890	2905	2915	2925	2935	2945
4.20%	5.20%	2808	2818	2828	2853	2868	2883	2898	2913	2923	2933	2943	2953
4.20%	5.40%	2816	2826	2836	2861	2876	2891	2906	2921	2931	2941	2951	2961
4.20%	5.50%	2820	2830	2840	2865	2880	2895	2910	2925	2935	2945	2955	2965
4.20%	5.60%	2824	2834	2844	2869	2884	2899	2914	2929	2939	2949	2959	2969
4.20%	5.70%	2826	2836	2846	2871	2886	2901	2916	2931	2941	2951	2961	2971
4.20%	5.80%	2828	2838	2848	2873	2888	2903	2918	2933	2943	2953	2963	2973
4.20%	6.00%	2832	2842	2852	2877	2892	2907	2922	2937	2947	2957	2967	2977
4.20%	6.20%	2836	2846	2856	2881	2896	2911	2926	2941	2951	2961	2971	2981
4.30%	5.00%	2840	2850	2860	2885	2900	2915	2930	2945	2955	2965	2975	2985

4.30%	5.20%	2848	2858	2868	2893	2908	2923	2938	2953	2963	2973	2983	2993
4.30%	5.40%	2856	2866	2876	2894	2909	2924	2939	2961	2971	2981	2991	3001
4.30%	5.50%	2860	2870	2880	2895	2910	2925	2940	2965	2975	2985	2995	3005
4.30%	5.60%	2861	2874	2884	2899	2914	2929	2944	2969	2979	2989	2999	3009
4.30%	5.70%	2862	2876	2886	2901	2916	2931	2946	2971	2981	2991	3001	3011
4.30%	5.80%	2863	2878	2888	2903	2918	2933	2948	2973	2983	2993	3003	3013
4.30%	6.00%	2864	2882	2892	2907	2922	2937	2952	2977	2987	2997	3007	3017
4.30%	6.20%	2865	2890	2896	2911	2926	2941	2956	2981	2991	3001	3011	3021
4.40%	5.00%	2856	2886	2896	2911	2926	2941	2956	2981	2991	3001	3011	3021
4.40%	5.20%	2864	2894	2904	2919	2934	2949	2964	2989	2999	3009	3019	3029
4.40%	5.40%	2872	2902	2912	2927	2942	2957	2972	2997	3007	3017	3027	3037
4.40%	5.50%	2880	2910	2920	2935	2950	2965	2980	3005	3015	3025	3035	3045
4.40%	5.60%	2884	2915	2925	2940	2955	2970	2985	3010	3020	3030	3040	3050
4.40%	5.70%	2888	2917	2928	2943	2958	2973	2988	3013	3023	3033	3043	3053
4.40%	5.80%	2889	2919	2930	2945	2960	2975	2990	3015	3025	3035	3045	3055
4.40%	6.00%	2891	2924	2935	2950	2965	2980	2995	3020	3030	3040	3050	3060
4.40%	6.20%	2893	2925	2940	2955	2970	2985	3000	3025	3035	3045	3055	3065
4.50%	5.00%	2884	2909	2930	2959	2974	2989	3004	3029	3039	3049	3059	3069
4.50%	5.20%	2900	2913	2938	2967	2982	2997	3012	3037	3047	3057	3067	3077
4.50%	5.40%	2912	2926	2946	2975	2990	3005	3020	3045	3055	3065	3075	3085
4.50%	5.50%	2915	2935	2950	2985	3000	3015	3030	3055	3065	3075	3085	3095
4.50%	5.60%	2916	2939	2956	2986	3006	3021	3036	3061	3071	3081	3091	3101
4.50%	5.70%	2918	2943	2960	2987	3007	3024	3039	3064	3074	3084	3094	3104
4.50%	5.80%	2919	2944	2961	2988	3008	3027	3042	3067	3077	3087	3097	3107
4.50%	6.00%	2922	2949	2967	2992	3009	3033	3048	3068	3083	3093	3103	3113
4.50%	6.20%	2923	2951	2972	2993	3010	3039	3054	3069	3089	3099	3109	3119

### The Fitch Tests Matrices

Subject to the provisions provided below, on or after the Effective Date, the Collateral Manager will have the option to elect which of the cases set forth in the matrices to be set out in Collateral Management Agreement (substantially in the form set out below) (each such matrix a “**Fitch Tests Matrix**” and together the “**Fitch Tests Matrices**”) shall be applicable for purposes of the Fitch Maximum Weighted Average Rating Factor Test, the Fitch Minimum Weighted Average Recovery Rate Test and the Fitch Minimum Weighted Average Spread Test.

For any given case within a Fitch Tests Matrix:

- (a) the applicable column for performing the Fitch Maximum Weighted Average Rating Factor Test will be the column (or linear interpolation between two adjacent columns, as applicable) in the Fitch Tests Matrix selected by the Collateral Manager;
- (b) the applicable row for performing the Fitch Minimum Weighted Average Spread Test and the Fitch Minimum Weighted Average Fixed Coupon Test will be the row (or linear interpolation between two adjacent rows, as applicable) in the Fitch Tests Matrix selected by the Collateral Manager; and
- (c) the applicable column and row for performing the Fitch Minimum Weighted Average Recovery Rate Test will be the row and column (or linear interpolation between two adjacent rows and/or two adjacent columns, as applicable) in the Fitch Tests Matrix selected by the Collateral Manager in relation to (a) and (b) above.

On the Effective Date, the Collateral Manager will be required to elect which case and which Fitch Tests Matrix shall apply initially. Thereafter, on two Business Days' notice (which may be given by way of email) to the Issuer, the Collateral Administrator and Fitch, the Collateral Manager may elect to have a different case within such Fitch Tests Matrix or within a different Fitch Tests Matrix apply, provided that the Fitch Maximum Weighted Average Rating Factor Test, the Fitch Minimum Weighted Average Recovery Rate Test, the Fitch Minimum Weighted Average Spread Test and the Maximum Obligor Concentration Test applicable to the case to which the Collateral Manager desires to change are satisfied or, in the case of any tests that are not satisfied, are closer to being satisfied if the different case applies. The Fitch Tests Matrices may be amended and/or supplemented and/or replaced by the Collateral Manager subject to notification of such changes being provided by Fitch (which notification may be given by way of e-mail).

## Fitch Tests Matrices

### *Fitch Tests Matrix 1: 21% concentration limit for any 10 obligors*

		Fitch Rating Factor									
Fitch Minimum Weighted Average Spread	Fitch Minimum Weighted Average Fixed Coupon										
		<u>30</u>	<u>31</u>	<u>32</u>	<u>33</u>	<u>33.5</u>	<u>34</u>	<u>34.5</u>	<u>35</u>	<u>36</u>	<u>37</u>
3.00%	5.00%	78.43%	79.25%	80.02%	80.68%	81.03%	81.37%	81.74%	82.09%	82.73%	83.34%
3.00%	5.20%	78.11%	78.95%	79.72%	80.41%	80.76%	81.10%	81.47%	81.82%	82.47%	83.08%
3.00%	5.40%	77.86%	78.71%	79.50%	80.20%	80.56%	80.90%	81.40%	81.71%	82.39%	82.97%
3.00%	5.50%	77.70%	78.56%	79.35%	80.16%	80.52%	80.86%	81.36%	81.67%	82.33%	82.96%
3.00%	5.60%	77.66%	78.52%	79.32%	80.13%	80.50%	80.85%	81.35%	81.66%	82.32%	82.95%
3.00%	5.70%	77.61%	78.48%	79.28%	80.11%	80.48%	80.83%	81.34%	81.64%	82.31%	82.94%
3.00%	5.80%	77.57%	78.44%	79.25%	80.08%	80.46%	80.82%	81.32%	81.63%	82.30%	82.93%
3.00%	6.00%	77.49%	78.36%	79.18%	80.03%	80.42%	80.79%	81.30%	81.61%	82.27%	82.91%
3.00%	6.20%	77.40%	78.28%	79.11%	79.98%	80.38%	80.76%	81.28%	81.58%	82.25%	82.89%
3.10%	5.00%	77.60%	78.47%	79.27%	80.10%	80.48%	80.83%	81.33%	81.64%	82.30%	82.94%
3.10%	5.20%	77.32%	78.20%	79.05%	79.93%	80.34%	80.73%	81.25%	81.56%	82.23%	82.87%
3.10%	5.40%	77.03%	77.93%	78.82%	79.76%	80.21%	80.63%	81.17%	81.47%	82.15%	82.80%
3.10%	5.50%	76.89%	77.79%	78.71%	79.67%	80.14%	80.58%	81.13%	81.43%	82.11%	82.77%
3.10%	5.60%	76.85%	77.75%	78.67%	79.62%	80.08%	80.52%	81.06%	81.37%	82.05%	82.71%
3.10%	5.70%	76.80%	77.71%	78.62%	79.57%	80.03%	80.46%	80.99%	81.31%	81.99%	82.65%
3.10%	5.80%	76.76%	77.67%	78.58%	79.51%	79.97%	80.39%	80.93%	81.25%	81.93%	82.59%
3.10%	6.00%	76.67%	77.58%	78.49%	79.41%	79.86%	80.27%	80.79%	81.13%	81.80%	82.47%
3.10%	6.20%	76.59%	77.50%	78.40%	79.31%	79.74%	80.15%	80.65%	81.01%	81.68%	82.35%
3.20%	5.00%	76.79%	77.70%	78.61%	79.55%	80.01%	80.44%	80.98%	81.29%	81.97%	82.63%
3.20%	5.20%	76.50%	77.42%	78.31%	79.20%	79.63%	80.02%	80.52%	80.89%	81.56%	82.23%
3.20%	5.40%	76.21%	77.15%	78.02%	78.85%	79.25%	79.61%	80.07%	80.48%	81.15%	81.82%
3.20%	5.50%	76.07%	77.01%	77.87%	78.68%	79.06%	79.40%	79.84%	80.28%	80.94%	81.62%
3.20%	5.60%	76.02%	76.97%	77.83%	78.64%	79.02%	79.36%	79.80%	80.23%	80.89%	81.57%
3.20%	5.70%	75.96%	76.92%	77.79%	78.60%	78.98%	79.32%	79.75%	80.18%	80.84%	81.51%
3.20%	5.80%	75.91%	76.88%	77.75%	78.56%	78.94%	79.28%	79.71%	80.13%	80.79%	81.46%
3.20%	6.00%	75.80%	76.80%	77.67%	78.49%	78.87%	79.21%	79.62%	80.03%	80.68%	81.35%
3.20%	6.20%	75.69%	76.71%	77.59%	78.41%	78.79%	79.13%	79.53%	79.93%	80.58%	81.24%
3.30%	5.00%	75.95%	76.91%	77.78%	78.59%	78.97%	79.31%	79.74%	80.17%	80.82%	81.50%
3.30%	5.20%	75.59%	76.63%	77.51%	78.34%	78.71%	79.05%	79.44%	79.83%	80.48%	81.13%
3.30%	5.40%	75.23%	76.34%	77.24%	78.08%	78.45%	78.79%	79.15%	79.50%	80.13%	80.76%
3.30%	5.50%	75.05%	76.20%	77.11%	77.95%	78.32%	78.66%	79.00%	79.33%	79.96%	80.58%
3.30%	5.60%	75.00%	76.16%	77.07%	77.91%	78.28%	78.62%	78.96%	79.29%	79.92%	80.53%
3.30%	5.70%	74.94%	76.11%	77.03%	77.87%	78.24%	78.58%	78.92%	79.25%	79.87%	80.49%
3.30%	5.80%	74.89%	76.07%	76.99%	77.83%	78.20%	78.54%	78.88%	79.21%	79.83%	80.44%
3.30%	6.00%	74.78%	75.98%	76.91%	77.76%	78.12%	78.47%	78.81%	79.13%	79.74%	80.34%
3.30%	6.20%	74.67%	75.90%	76.83%	77.68%	78.04%	78.39%	78.73%	79.05%	79.65%	80.25%
3.40%	5.00%	74.93%	76.10%	77.02%	77.86%	78.23%	78.57%	78.91%	79.24%	79.86%	80.47%
3.40%	5.20%	74.57%	75.81%	76.75%	77.60%	77.97%	78.31%	78.65%	78.97%	79.57%	80.16%

3.40%	5.40%	74.20%	75.52%	76.48%	77.34%	77.70%	78.05%	78.39%	78.70%	79.28%	79.84%
3.40%	5.50%	74.02%	75.38%	76.35%	77.21%	77.57%	77.92%	78.26%	78.57%	79.13%	79.68%
3.40%	5.60%	73.93%	75.29%	76.26%	77.13%	77.49%	77.84%	78.19%	78.50%	79.06%	79.62%
3.40%	5.70%	73.85%	75.19%	76.17%	77.04%	77.41%	77.77%	78.12%	78.43%	79.00%	79.55%
3.40%	5.80%	73.76%	75.10%	76.08%	76.96%	77.33%	77.69%	78.05%	78.36%	78.93%	79.49%
3.40%	6.00%	73.58%	74.91%	75.90%	76.79%	77.17%	77.54%	77.90%	78.22%	78.80%	79.37%
3.40%	6.20%	73.41%	74.72%	75.72%	76.62%	77.01%	77.39%	77.76%	78.08%	78.67%	79.24%
3.50%	5.00%	73.82%	75.17%	76.15%	77.02%	77.39%	77.75%	78.10%	78.41%	78.98%	79.54%
3.50%	5.20%	73.24%	74.54%	75.55%	76.46%	76.85%	77.24%	77.62%	77.94%	78.54%	79.12%
3.50%	5.40%	72.65%	73.91%	74.94%	75.89%	76.32%	76.73%	77.14%	77.47%	78.10%	78.70%
3.50%	5.50%	72.36%	73.60%	74.64%	75.61%	76.05%	76.48%	76.90%	77.24%	77.88%	78.49%
3.50%	5.60%	72.27%	73.51%	74.55%	75.53%	75.97%	76.40%	76.83%	77.17%	77.81%	78.43%
3.50%	5.70%	72.18%	73.41%	74.46%	75.44%	75.89%	76.33%	76.76%	77.10%	77.75%	78.36%
3.50%	5.80%	72.10%	73.32%	74.37%	75.36%	75.81%	76.25%	76.69%	77.03%	77.68%	78.30%
3.50%	6.00%	71.92%	73.13%	74.19%	75.19%	75.65%	76.10%	76.54%	76.89%	77.55%	78.17%
3.50%	6.20%	71.74%	72.94%	74.01%	75.02%	75.49%	75.95%	76.40%	76.75%	77.42%	78.05%
3.60%	5.00%	72.16%	73.39%	74.44%	75.42%	75.87%	76.31%	76.74%	77.08%	77.73%	78.35%
3.60%	5.20%	71.57%	72.76%	73.83%	74.85%	75.33%	75.80%	76.26%	76.61%	77.29%	77.93%
3.60%	5.40%	70.98%	72.13%	73.22%	74.28%	74.80%	75.29%	75.78%	76.14%	76.84%	77.50%
3.60%	5.50%	70.69%	71.82%	72.92%	74.00%	74.53%	75.04%	75.54%	75.91%	76.62%	77.29%
3.60%	5.60%	70.60%	71.72%	72.82%	73.90%	74.43%	74.94%	75.45%	75.82%	76.54%	77.22%
3.60%	5.70%	70.51%	71.63%	72.72%	73.80%	74.34%	74.85%	75.35%	75.73%	76.46%	77.15%
3.60%	5.80%	70.42%	71.53%	72.62%	73.71%	74.24%	74.75%	75.26%	75.64%	76.38%	77.08%
3.60%	6.00%	70.24%	71.34%	72.42%	73.51%	74.05%	74.56%	75.07%	75.46%	76.21%	76.93%
3.60%	6.20%	70.06%	71.15%	72.22%	73.31%	73.85%	74.37%	74.88%	75.28%	76.05%	76.79%
3.70%	5.00%	70.49%	71.61%	72.70%	73.78%	74.31%	74.83%	75.33%	75.71%	76.44%	77.13%
3.70%	5.20%	69.88%	70.97%	72.03%	73.12%	73.66%	74.18%	74.69%	75.11%	75.90%	76.65%
3.70%	5.40%	69.27%	70.33%	71.36%	72.47%	73.01%	73.54%	74.06%	74.50%	75.35%	76.17%
3.70%	5.50%	68.97%	70.01%	71.03%	72.14%	72.69%	73.22%	73.74%	74.20%	75.08%	75.93%
3.70%	5.60%	68.88%	69.91%	70.93%	72.04%	72.59%	73.12%	73.64%	74.11%	75.00%	75.86%
3.70%	5.70%	68.79%	69.82%	70.83%	71.94%	72.50%	73.03%	73.55%	74.02%	74.92%	75.79%
3.70%	5.80%	68.70%	69.72%	70.73%	71.85%	72.40%	72.93%	73.45%	73.93%	74.84%	75.71%
3.70%	6.00%	68.52%	69.53%	70.53%	71.65%	72.20%	72.74%	73.26%	73.75%	74.67%	75.57%
3.70%	6.20%	68.34%	69.34%	70.33%	71.45%	72.01%	72.55%	73.07%	73.57%	74.51%	75.43%
3.80%	5.00%	68.77%	69.80%	70.81%	71.92%	72.47%	73.00%	73.53%	74.00%	74.90%	75.77%
3.80%	5.20%	68.16%	69.16%	70.14%	71.26%	71.82%	72.36%	72.89%	73.39%	74.35%	75.29%
3.80%	5.40%	67.55%	68.52%	69.47%	70.61%	71.17%	71.71%	72.25%	72.78%	73.80%	74.80%
3.80%	5.50%	67.25%	68.20%	69.13%	70.28%	70.84%	71.39%	71.93%	72.48%	73.53%	74.56%
3.80%	5.60%	67.17%	68.12%	69.05%	70.20%	70.75%	71.28%	71.84%	72.39%	73.44%	74.47%
3.80%	5.70%	67.09%	68.04%	68.97%	70.11%	70.67%	71.18%	71.75%	72.30%	73.35%	74.38%
3.80%	5.80%	67.01%	67.96%	68.90%	70.03%	70.58%	71.07%	71.66%	72.20%	73.26%	74.30%
3.80%	6.00%	66.86%	67.80%	68.74%	69.87%	70.41%	70.85%	71.48%	72.02%	73.08%	74.12%
3.80%	6.20%	66.70%	67.64%	68.58%	69.70%	70.24%	70.64%	71.30%	71.84%	72.90%	73.94%
3.90%	5.00%	67.07%	68.02%	68.96%	70.10%	70.65%	71.15%	71.73%	72.27%	73.33%	74.36%
3.90%	5.20%	66.54%	67.48%	68.43%	69.54%	70.08%	70.43%	71.13%	71.66%	72.73%	73.77%
3.90%	5.40%	66.01%	66.95%	67.91%	68.99%	69.51%	69.71%	70.53%	71.04%	72.12%	73.18%

3.90%	5.50%	65.75%	66.68%	67.65%	68.71%	69.22%	69.35%	70.23%	70.73%	71.82%	72.89%
3.90%	5.60%	65.67%	66.60%	67.57%	68.63%	69.13%	69.28%	70.14%	70.64%	71.73%	72.80%
3.90%	5.70%	65.59%	66.52%	67.49%	68.54%	69.05%	69.21%	70.05%	70.54%	71.64%	72.71%
3.90%	5.80%	65.51%	66.44%	67.41%	68.46%	68.96%	69.15%	69.96%	70.45%	71.55%	72.62%
3.90%	6.00%	65.35%	66.28%	67.26%	68.29%	68.79%	69.01%	69.78%	70.27%	71.37%	72.45%
3.90%	6.20%	65.19%	66.12%	67.10%	68.13%	68.62%	68.87%	69.60%	70.08%	71.19%	72.27%
4.00%	5.00%	65.57%	66.50%	67.47%	68.52%	69.03%	69.20%	70.03%	70.52%	71.62%	72.69%
4.00%	5.20%	65.04%	65.96%	66.95%	67.97%	68.46%	68.74%	69.43%	69.90%	71.01%	72.10%
4.00%	5.40%	64.51%	65.43%	66.42%	67.41%	67.89%	68.29%	68.82%	69.28%	70.40%	71.51%
4.00%	5.50%	64.24%	65.16%	66.16%	67.13%	67.60%	68.06%	68.52%	68.97%	70.10%	71.21%
4.00%	5.60%	64.16%	65.08%	66.08%	67.05%	67.52%	67.99%	68.45%	68.90%	70.03%	71.13%
4.00%	5.70%	64.07%	65.01%	66.01%	66.98%	67.45%	67.91%	68.37%	68.83%	69.95%	71.06%
4.00%	5.80%	63.99%	64.93%	65.93%	66.90%	67.37%	67.84%	68.30%	68.75%	69.88%	70.98%
4.00%	6.00%	63.83%	64.77%	65.78%	66.75%	67.22%	67.69%	68.15%	68.61%	69.73%	70.83%
4.00%	6.20%	63.66%	64.62%	65.62%	66.60%	67.07%	67.54%	68.01%	68.47%	69.59%	70.68%
4.10%	5.00%	64.06%	64.99%	65.99%	66.96%	67.43%	67.90%	68.36%	68.81%	69.94%	71.04%
4.10%	5.20%	63.50%	64.47%	65.47%	66.45%	66.93%	67.40%	67.87%	68.33%	69.45%	70.54%
4.10%	5.40%	62.95%	63.95%	64.96%	65.94%	66.42%	66.91%	67.38%	67.84%	68.96%	70.03%
4.10%	5.50%	62.67%	63.69%	64.70%	65.68%	66.17%	66.66%	67.13%	67.60%	68.71%	69.78%
4.10%	5.60%	62.59%	63.61%	64.62%	65.60%	66.09%	66.59%	67.07%	67.54%	68.66%	69.73%
4.10%	5.70%	62.50%	63.54%	64.55%	65.53%	66.02%	66.52%	67.02%	67.49%	68.62%	69.69%
4.10%	5.80%	62.42%	63.46%	64.47%	65.45%	65.94%	66.45%	66.96%	67.43%	68.57%	69.64%
4.10%	6.00%	62.25%	63.30%	64.32%	65.30%	65.79%	66.32%	66.84%	67.32%	68.47%	69.55%
4.10%	6.20%	62.09%	63.15%	64.16%	65.15%	65.64%	66.18%	66.73%	67.21%	68.38%	69.45%
4.20%	5.00%	62.48%	63.52%	64.53%	65.51%	66.00%	66.51%	67.00%	67.47%	68.60%	69.68%
4.20%	5.20%	61.93%	63.00%	64.01%	65.00%	65.50%	66.04%	66.62%	67.10%	68.29%	69.36%
4.20%	5.40%	61.37%	62.48%	63.50%	64.49%	64.99%	65.58%	66.23%	66.72%	67.97%	69.05%
4.20%	5.50%	61.09%	62.22%	63.24%	64.23%	64.74%	65.35%	66.04%	66.53%	67.81%	68.89%
4.20%	5.60%	61.01%	62.15%	63.18%	64.19%	64.71%	65.32%	66.00%	66.50%	67.78%	68.85%
4.20%	5.70%	60.93%	62.08%	63.12%	64.16%	64.68%	65.29%	65.97%	66.47%	67.75%	68.82%
4.20%	5.80%	60.85%	62.01%	63.07%	64.12%	64.65%	65.26%	65.93%	66.43%	67.72%	68.78%
4.20%	6.00%	60.68%	61.87%	62.95%	64.05%	64.58%	65.20%	65.86%	66.37%	67.66%	68.71%
4.20%	6.20%	60.52%	61.73%	62.83%	63.98%	64.52%	65.14%	65.79%	66.31%	67.60%	68.63%
4.30%	5.00%	60.91%	62.06%	63.11%	64.15%	64.67%	65.28%	65.96%	66.46%	67.74%	68.81%
4.30%	5.20%	60.36%	61.59%	62.72%	63.91%	64.46%	65.08%	65.72%	66.24%	67.54%	68.56%
4.30%	5.40%	59.81%	61.12%	62.33%	63.67%	64.25%	64.87%	65.49%	66.03%	67.34%	68.31%
4.30%	5.50%	59.54%	60.88%	62.14%	63.55%	64.14%	64.77%	65.37%	65.92%	67.24%	68.19%
4.30%	5.60%	59.47%	60.81%	62.09%	63.52%	64.10%	64.73%	65.34%	65.89%	67.21%	68.16%
4.30%	5.70%	59.40%	60.75%	62.05%	63.49%	64.07%	64.70%	65.31%	65.86%	67.18%	68.13%
4.30%	5.80%	59.33%	60.68%	62.00%	63.46%	64.03%	64.66%	65.28%	65.82%	67.15%	68.10%
4.30%	6.00%	59.20%	60.55%	61.90%	63.39%	63.95%	64.59%	65.22%	65.76%	67.09%	68.05%
4.30%	6.20%	59.06%	60.42%	61.81%	63.33%	63.88%	64.52%	65.16%	65.70%	67.03%	67.99%
4.40%	5.00%	59.39%	60.73%	62.03%	63.48%	64.06%	64.69%	65.30%	65.85%	67.17%	68.13%
4.40%	5.20%	58.92%	60.29%	61.72%	63.27%	63.81%	64.45%	65.10%	65.63%	66.97%	67.93%
4.40%	5.40%	58.46%	59.85%	61.40%	63.06%	63.56%	64.20%	64.90%	65.42%	66.76%	67.74%
4.40%	5.50%	58.23%	59.63%	61.24%	62.96%	63.43%	64.08%	64.80%	65.31%	66.66%	67.64%

4.40%	5.60%	58.18%	59.59%	61.20%	62.92%	63.39%	64.04%	64.77%	65.28%	66.63%	67.60%
4.40%	5.70%	58.13%	59.54%	61.16%	62.88%	63.36%	64.00%	64.74%	65.24%	66.60%	67.57%
4.40%	5.80%	58.08%	59.50%	61.12%	62.84%	63.32%	63.96%	64.70%	65.21%	66.56%	67.53%
4.40%	6.00%	57.97%	59.41%	61.04%	62.75%	63.24%	63.87%	64.64%	65.14%	66.50%	67.46%
4.40%	6.20%	57.87%	59.33%	60.96%	62.67%	63.17%	63.79%	64.58%	65.07%	66.44%	67.39%
4.50%	5.00%	58.12%	59.53%	61.15%	62.87%	63.35%	63.99%	64.73%	65.23%	66.59%	67.56%
4.50%	5.20%	57.77%	59.24%	60.88%	62.59%	63.10%	63.71%	64.51%	65.00%	66.37%	67.32%
4.50%	5.40%	57.43%	58.95%	60.61%	62.32%	62.85%	63.43%	64.30%	64.77%	66.16%	67.08%
4.50%	5.50%	57.26%	58.81%	60.47%	62.18%	62.72%	63.29%	64.19%	64.66%	66.05%	66.96%
4.50%	5.60%	57.22%	58.77%	60.43%	62.14%	62.68%	63.25%	64.15%	64.63%	66.02%	66.93%
4.50%	5.70%	57.18%	58.72%	60.39%	62.10%	62.65%	63.22%	64.12%	64.59%	65.99%	66.90%
4.50%	5.80%	57.14%	58.68%	60.36%	62.06%	62.61%	63.18%	64.08%	64.56%	65.96%	66.87%
4.50%	6.00%	57.06%	58.59%	60.28%	61.99%	62.53%	63.11%	64.01%	64.49%	65.90%	66.81%
4.50%	6.20%	56.98%	58.51%	60.20%	61.91%	62.46%	63.04%	63.94%	64.42%	65.84%	66.75%
4.60%	5.50%	56.49%	57.99%	59.75%	61.45%	62.01%	62.60%	63.52%	64.01%	65.48%	66.38%

**Fitch Tests Matrix 2: 23% concentration limit for any 10 obligors**

		<b>Fitch Rating Factor</b>									
<b>Fitch Minimum Weighted Average Spread</b>	<b>Fitch Minimum Weighted Average Fixed Coupon</b>										
		<u><b>30</b></u>	<u><b>31</b></u>	<u><b>32</b></u>	<u><b>33</b></u>	<u><b>33.5</b></u>	<u><b>34</b></u>	<u><b>34.5</b></u>	<u><b>35</b></u>	<u><b>36</b></u>	<u><b>37</b></u>
3.00%	5.00%	78.59%	79.41%	80.16%	80.83%	81.17%	81.53%	81.74%	82.09%	82.73%	83.34%
3.00%	5.20%	78.27%	79.11%	79.87%	80.55%	80.90%	81.25%	81.47%	81.82%	82.47%	83.08%
3.00%	5.40%	78.03%	78.87%	79.65%	80.35%	80.70%	81.05%	81.40%	81.71%	82.39%	82.97%
3.00%	5.50%	77.87%	78.72%	79.50%	80.31%	80.66%	81.01%	81.36%	81.67%	82.33%	82.96%
3.00%	5.60%	77.83%	78.68%	79.48%	80.30%	80.65%	81.00%	81.35%	81.66%	82.32%	82.95%
3.00%	5.70%	77.79%	78.64%	79.47%	80.28%	80.64%	80.99%	81.34%	81.64%	82.31%	82.94%
3.00%	5.80%	77.74%	78.60%	79.45%	80.27%	80.63%	80.98%	81.32%	81.63%	82.30%	82.93%
3.00%	6.00%	77.66%	78.52%	79.41%	80.24%	80.61%	80.96%	81.30%	81.61%	82.27%	82.91%
3.00%	6.20%	77.57%	78.44%	79.38%	80.21%	80.59%	80.94%	81.28%	81.58%	82.25%	82.89%
3.10%	5.00%	77.78%	78.63%	79.46%	80.28%	80.64%	80.99%	81.33%	81.64%	82.30%	82.94%
3.10%	5.20%	77.49%	78.36%	79.34%	80.18%	80.58%	80.92%	81.25%	81.56%	82.23%	82.87%
3.10%	5.40%	77.21%	78.09%	79.23%	80.08%	80.51%	80.86%	81.17%	81.47%	82.15%	82.80%
3.10%	5.50%	77.07%	77.95%	79.17%	80.03%	80.48%	80.83%	81.13%	81.43%	82.11%	82.77%
3.10%	5.60%	77.02%	77.91%	79.11%	79.96%	80.41%	80.76%	81.06%	81.37%	82.05%	82.71%
3.10%	5.70%	76.98%	77.87%	79.05%	79.90%	80.35%	80.69%	81.00%	81.31%	81.99%	82.65%
3.10%	5.80%	76.94%	77.83%	78.99%	79.84%	80.28%	80.62%	80.93%	81.25%	81.93%	82.59%
3.10%	6.00%	76.85%	77.75%	78.87%	79.71%	80.14%	80.49%	80.80%	81.13%	81.80%	82.47%
3.10%	6.20%	76.77%	77.67%	78.75%	79.59%	80.01%	80.35%	80.67%	81.01%	81.68%	82.35%
3.20%	5.00%	76.97%	77.86%	79.04%	79.89%	80.33%	80.67%	80.98%	81.29%	81.97%	82.63%
3.20%	5.20%	76.69%	77.59%	78.64%	79.47%	79.88%	80.22%	80.54%	80.89%	81.56%	82.23%
3.20%	5.40%	76.40%	77.32%	78.24%	79.05%	79.43%	79.77%	80.10%	80.48%	81.15%	81.82%
3.20%	5.50%	76.26%	77.18%	78.04%	78.84%	79.20%	79.54%	79.88%	80.28%	80.94%	81.62%
3.20%	5.60%	76.21%	77.14%	78.00%	78.80%	79.16%	79.50%	79.83%	80.23%	80.89%	81.57%
3.20%	5.70%	76.16%	77.10%	77.96%	78.76%	79.12%	79.46%	79.79%	80.18%	80.84%	81.51%
3.20%	5.80%	76.11%	77.06%	77.92%	78.72%	79.08%	79.42%	79.74%	80.13%	80.79%	81.46%
3.20%	6.00%	76.00%	76.97%	77.84%	78.64%	79.00%	79.35%	79.65%	80.03%	80.68%	81.35%
3.20%	6.20%	75.90%	76.89%	77.76%	78.57%	78.93%	79.27%	79.56%	79.93%	80.58%	81.24%
3.30%	5.00%	76.14%	77.09%	77.95%	78.75%	79.11%	79.45%	79.78%	80.17%	80.82%	81.50%
3.30%	5.20%	75.80%	76.81%	77.68%	78.49%	78.85%	79.19%	79.47%	79.83%	80.48%	81.13%
3.30%	5.40%	75.45%	76.53%	77.41%	78.23%	78.59%	78.93%	79.16%	79.50%	80.13%	80.76%
3.30%	5.50%	75.28%	76.39%	77.28%	78.10%	78.46%	78.80%	79.00%	79.33%	79.96%	80.58%
3.30%	5.60%	75.23%	76.35%	77.24%	78.06%	78.42%	78.76%	78.96%	79.29%	79.92%	80.53%
3.30%	5.70%	75.18%	76.31%	77.20%	78.02%	78.38%	78.72%	78.92%	79.25%	79.87%	80.49%
3.30%	5.80%	75.13%	76.27%	77.16%	77.98%	78.34%	78.68%	78.88%	79.21%	79.83%	80.44%
3.30%	6.00%	75.02%	76.18%	77.08%	77.90%	78.26%	78.61%	78.81%	79.13%	79.74%	80.34%
3.30%	6.20%	74.92%	76.10%	77.00%	77.82%	78.18%	78.53%	78.73%	79.05%	79.65%	80.25%
3.40%	5.00%	75.16%	76.30%	77.19%	78.01%	78.37%	78.71%	78.91%	79.24%	79.86%	80.47%
3.40%	5.20%	74.82%	76.02%	76.92%	77.74%	78.10%	78.45%	78.65%	78.97%	79.57%	80.16%
3.40%	5.40%	74.47%	75.74%	76.65%	77.48%	77.84%	78.19%	78.39%	78.70%	79.28%	79.84%



3.40%	5.50%	74.30%	75.60%	76.52%	77.35%	77.71%	78.06%	78.26%	78.57%	79.13%	79.68%
3.40%	5.60%	74.21%	75.51%	76.43%	77.27%	77.63%	77.99%	78.19%	78.50%	79.06%	79.62%
3.40%	5.70%	74.12%	75.41%	76.34%	77.18%	77.55%	77.91%	78.12%	78.43%	79.00%	79.55%
3.40%	5.80%	74.03%	75.32%	76.25%	77.10%	77.47%	77.84%	78.05%	78.36%	78.93%	79.49%
3.40%	6.00%	73.86%	75.13%	76.08%	76.94%	77.32%	77.69%	77.90%	78.22%	78.80%	79.37%
3.40%	6.20%	73.68%	74.94%	75.90%	76.77%	77.16%	77.54%	77.76%	78.08%	78.67%	79.24%
3.50%	5.00%	74.10%	75.39%	76.32%	77.17%	77.53%	77.89%	78.10%	78.41%	78.98%	79.54%
3.50%	5.20%	73.50%	74.76%	75.72%	76.61%	77.01%	77.40%	77.62%	77.94%	78.54%	79.12%
3.50%	5.40%	72.91%	74.13%	75.13%	76.06%	76.48%	76.90%	77.14%	77.47%	78.10%	78.70%
3.50%	5.50%	72.61%	73.82%	74.83%	75.78%	76.22%	76.65%	76.90%	77.24%	77.88%	78.49%
3.50%	5.60%	72.52%	73.73%	74.74%	75.70%	76.14%	76.58%	76.83%	77.17%	77.81%	78.43%
3.50%	5.70%	72.43%	73.63%	74.65%	75.61%	76.06%	76.50%	76.76%	77.10%	77.75%	78.36%
3.50%	5.80%	72.34%	73.54%	74.56%	75.53%	75.98%	76.43%	76.69%	77.03%	77.68%	78.30%
3.50%	6.00%	72.17%	73.35%	74.39%	75.37%	75.83%	76.28%	76.54%	76.89%	77.55%	78.17%
3.50%	6.20%	71.99%	73.16%	74.21%	75.20%	75.67%	76.13%	76.40%	76.75%	77.42%	78.05%
3.60%	5.00%	72.41%	73.61%	74.63%	75.60%	76.04%	76.48%	76.74%	77.08%	77.73%	78.35%
3.60%	5.20%	71.81%	72.98%	74.03%	75.04%	75.52%	75.99%	76.26%	76.61%	77.29%	77.93%
3.60%	5.40%	71.22%	72.35%	73.44%	74.49%	74.99%	75.49%	75.78%	76.14%	76.84%	77.50%
3.60%	5.50%	70.92%	72.04%	73.14%	74.21%	74.73%	75.24%	75.54%	75.91%	76.62%	77.29%
3.60%	5.60%	70.83%	71.94%	73.04%	74.11%	74.63%	75.14%	75.45%	75.82%	76.54%	77.22%
3.60%	5.70%	70.74%	71.85%	72.94%	74.01%	74.54%	75.05%	75.35%	75.73%	76.46%	77.15%
3.60%	5.80%	70.65%	71.75%	72.84%	73.92%	74.44%	74.95%	75.26%	75.64%	76.38%	77.08%
3.60%	6.00%	70.46%	71.56%	72.64%	73.72%	74.25%	74.76%	75.07%	75.46%	76.21%	76.93%
3.60%	6.20%	70.28%	71.37%	72.45%	73.53%	74.05%	74.57%	74.88%	75.28%	76.05%	76.79%
3.70%	5.00%	70.72%	71.82%	72.92%	73.99%	74.51%	75.03%	75.33%	75.71%	76.44%	77.13%
3.70%	5.20%	70.10%	71.18%	72.25%	73.34%	73.87%	74.39%	74.69%	75.11%	75.90%	76.65%
3.70%	5.40%	69.49%	70.53%	71.59%	72.68%	73.22%	73.75%	74.06%	74.50%	75.35%	76.17%
3.70%	5.50%	69.18%	70.21%	71.26%	72.36%	72.90%	73.43%	73.74%	74.20%	75.08%	75.93%
3.70%	5.60%	69.09%	70.11%	71.16%	72.26%	72.80%	73.33%	73.64%	74.11%	75.00%	75.86%
3.70%	5.70%	69.00%	70.02%	71.06%	72.16%	72.70%	73.23%	73.55%	74.02%	74.92%	75.79%
3.70%	5.80%	68.91%	69.92%	70.96%	72.06%	72.61%	73.14%	73.45%	73.93%	74.84%	75.71%
3.70%	6.00%	68.72%	69.73%	70.76%	71.87%	72.41%	72.95%	73.26%	73.75%	74.67%	75.57%
3.70%	6.20%	68.54%	69.54%	70.56%	71.67%	72.22%	72.76%	73.07%	73.57%	74.51%	75.43%
3.80%	5.00%	68.98%	69.99%	71.03%	72.14%	72.68%	73.21%	73.53%	74.00%	74.90%	75.77%
3.80%	5.20%	68.36%	69.35%	70.37%	71.48%	72.03%	72.57%	72.89%	73.39%	74.35%	75.29%
3.80%	5.40%	67.75%	68.70%	69.70%	70.83%	71.38%	71.93%	72.25%	72.78%	73.80%	74.80%
3.80%	5.50%	67.44%	68.38%	69.37%	70.50%	71.06%	71.61%	71.93%	72.48%	73.53%	74.56%
3.80%	5.60%	67.36%	68.30%	69.29%	70.42%	70.97%	71.50%	71.84%	72.39%	73.44%	74.47%
3.80%	5.70%	67.28%	68.22%	69.21%	70.33%	70.89%	71.39%	71.75%	72.30%	73.35%	74.38%
3.80%	5.80%	67.20%	68.14%	69.13%	70.25%	70.80%	71.28%	71.66%	72.20%	73.26%	74.30%
3.80%	6.00%	67.04%	67.98%	68.97%	70.08%	70.63%	71.05%	71.48%	72.02%	73.08%	74.12%
3.80%	6.20%	66.88%	67.82%	68.81%	69.91%	70.46%	70.83%	71.30%	71.84%	72.90%	73.94%
3.90%	5.00%	67.26%	68.20%	69.19%	70.31%	70.87%	71.36%	71.73%	72.27%	73.33%	74.36%
3.90%	5.20%	66.73%	67.67%	68.66%	69.75%	70.29%	70.62%	71.13%	71.66%	72.73%	73.77%
3.90%	5.40%	66.20%	67.14%	68.13%	69.19%	69.71%	69.87%	70.53%	71.04%	72.12%	73.18%
3.90%	5.50%	65.93%	66.87%	67.86%	68.91%	69.43%	69.50%	70.23%	70.73%	71.82%	72.89%

3.90%	5.60%	65.85%	66.79%	67.78%	68.83%	69.34%	69.43%	70.14%	70.64%	71.73%	72.82%
3.90%	5.70%	65.77%	66.71%	67.70%	68.74%	69.25%	69.37%	70.05%	70.54%	71.64%	72.76%
3.90%	5.80%	65.69%	66.63%	67.62%	68.66%	69.17%	69.30%	69.96%	70.45%	71.55%	72.69%
3.90%	6.00%	65.53%	66.47%	67.46%	68.49%	68.99%	69.17%	69.78%	70.27%	71.37%	72.56%
3.90%	6.20%	65.37%	66.31%	67.30%	68.32%	68.82%	69.04%	69.60%	70.08%	71.19%	72.43%
4.00%	5.00%	65.75%	66.69%	67.68%	68.72%	69.23%	69.35%	70.03%	70.52%	71.62%	72.74%
4.00%	5.20%	65.22%	66.16%	67.15%	68.16%	68.66%	68.91%	69.43%	69.90%	71.01%	72.30%
4.00%	5.40%	64.69%	65.63%	66.62%	67.60%	68.08%	68.46%	68.82%	69.28%	70.40%	71.85%
4.00%	5.50%	64.42%	65.36%	66.35%	67.32%	67.79%	68.24%	68.52%	68.97%	70.10%	71.63%
4.00%	5.60%	64.34%	65.28%	66.27%	67.24%	67.72%	68.17%	68.49%	68.95%	70.07%	71.60%
4.00%	5.70%	64.26%	65.21%	66.20%	67.17%	67.64%	68.09%	68.46%	68.92%	70.04%	71.57%
4.00%	5.80%	64.18%	65.13%	66.12%	67.09%	67.57%	68.02%	68.43%	68.90%	70.01%	71.54%
4.00%	6.00%	64.01%	64.98%	65.96%	66.94%	67.42%	67.87%	68.38%	68.85%	69.94%	71.48%
4.00%	6.20%	63.85%	64.82%	65.81%	66.79%	67.27%	67.73%	68.32%	68.80%	69.88%	71.42%
4.10%	5.00%	64.24%	65.19%	66.18%	67.15%	67.62%	68.08%	68.46%	68.92%	70.03%	71.56%
4.10%	5.20%	63.69%	64.67%	65.66%	66.64%	67.12%	67.58%	68.27%	68.75%	69.82%	71.37%
4.10%	5.40%	63.14%	64.16%	65.14%	66.13%	66.62%	67.09%	68.08%	68.59%	69.61%	71.17%
4.10%	5.50%	62.87%	63.90%	64.89%	65.88%	66.37%	66.85%	67.98%	68.51%	69.51%	71.07%
4.10%	5.60%	62.79%	63.82%	64.83%	65.83%	66.33%	66.82%	67.95%	68.47%	69.48%	71.03%
4.10%	5.70%	62.71%	63.75%	64.78%	65.79%	66.30%	66.79%	67.91%	68.43%	69.45%	70.99%
4.10%	5.80%	62.63%	63.67%	64.73%	65.75%	66.26%	66.76%	67.88%	68.40%	69.41%	70.95%
4.10%	6.00%	62.46%	63.52%	64.63%	65.67%	66.19%	66.70%	67.81%	68.32%	69.35%	70.87%
4.10%	6.20%	62.30%	63.36%	64.53%	65.58%	66.12%	66.64%	67.75%	68.25%	69.29%	70.79%
4.20%	5.00%	62.69%	63.73%	64.77%	65.78%	66.29%	66.78%	67.91%	68.42%	69.44%	70.98%
4.20%	5.20%	62.14%	63.21%	64.43%	65.50%	66.05%	66.59%	67.68%	68.18%	69.22%	70.71%
4.20%	5.40%	61.59%	62.70%	64.09%	65.22%	65.82%	66.40%	67.46%	67.94%	69.01%	70.44%
4.20%	5.50%	61.32%	62.44%	63.92%	65.08%	65.70%	66.30%	67.35%	67.82%	68.90%	70.31%
4.20%	5.60%	61.25%	62.38%	63.88%	65.05%	65.67%	66.26%	67.32%	67.78%	68.86%	70.28%
4.20%	5.70%	61.17%	62.32%	63.85%	65.01%	65.64%	66.22%	67.28%	67.75%	68.83%	70.24%
4.20%	5.80%	61.10%	62.26%	63.81%	64.98%	65.61%	66.18%	67.25%	67.71%	68.79%	70.21%
4.20%	6.00%	60.95%	62.15%	63.73%	64.91%	65.54%	66.10%	67.19%	67.64%	68.72%	70.14%
4.20%	6.20%	60.80%	62.03%	63.66%	64.84%	65.48%	66.01%	67.12%	67.56%	68.65%	70.07%
4.30%	5.00%	61.15%	62.31%	63.84%	65.00%	65.63%	66.21%	67.28%	67.74%	68.82%	70.23%
4.30%	5.20%	60.66%	61.91%	63.59%	64.77%	65.42%	65.94%	67.06%	67.49%	68.58%	70.01%
4.30%	5.40%	60.16%	61.52%	63.34%	64.53%	65.21%	65.66%	66.84%	67.24%	68.34%	69.78%
4.30%	5.50%	59.91%	61.32%	63.21%	64.42%	65.11%	65.53%	66.73%	67.12%	68.23%	69.67%
4.30%	5.60%	59.86%	61.28%	63.17%	64.38%	65.06%	65.49%	66.70%	67.09%	68.19%	69.63%
4.30%	5.70%	59.81%	61.23%	63.13%	64.35%	65.02%	65.46%	66.67%	67.06%	68.15%	69.60%
4.30%	5.80%	59.77%	61.19%	63.09%	64.31%	64.98%	65.43%	66.63%	67.03%	68.12%	69.57%
4.30%	6.00%	59.67%	61.10%	63.01%	64.24%	64.90%	65.37%	66.57%	66.98%	68.05%	69.51%
4.30%	6.20%	59.58%	61.02%	62.93%	64.17%	64.81%	65.31%	66.51%	66.92%	67.98%	69.45%
4.40%	5.00%	59.80%	61.22%	63.12%	64.34%	65.01%	65.46%	66.66%	67.06%	68.15%	69.60%
4.40%	5.20%	59.49%	60.93%	62.85%	64.10%	64.73%	65.25%	66.44%	66.86%	67.91%	69.39%
4.40%	5.40%	59.18%	60.64%	62.58%	63.87%	64.45%	65.05%	66.23%	66.67%	67.67%	69.18%
4.40%	5.50%	59.02%	60.50%	62.45%	63.75%	64.31%	64.95%	66.12%	66.57%	67.55%	69.07%
4.40%	5.60%	58.97%	60.46%	62.41%	63.71%	64.27%	64.94%	66.08%	66.54%	67.52%	69.04%

4.40%	5.70%	58.93%	60.41%	62.37%	63.67%	64.24%	64.92%	66.04%	66.50%	67.49%	69.00%
4.40%	5.80%	58.88%	60.37%	62.33%	63.64%	64.20%	64.91%	66.01%	66.47%	67.46%	68.97%
4.40%	6.00%	58.79%	60.29%	62.25%	63.56%	64.13%	64.88%	65.93%	66.40%	67.40%	68.91%
4.40%	6.20%	58.70%	60.20%	62.17%	63.48%	64.05%	64.86%	65.86%	66.33%	67.35%	68.84%
4.50%	5.00%	58.92%	60.40%	62.36%	63.67%	64.23%	64.92%	66.04%	66.49%	67.48%	69.00%
4.50%	5.20%	58.61%	60.12%	62.09%	63.41%	63.98%	64.83%	65.78%	66.27%	67.29%	68.78%
4.50%	5.40%	58.30%	59.83%	61.82%	63.16%	63.73%	64.74%	65.53%	66.04%	67.09%	68.56%
4.50%	5.50%	58.14%	59.69%	61.69%	63.03%	63.61%	64.70%	65.41%	65.93%	67.00%	68.45%
4.50%	5.60%	58.09%	59.64%	61.65%	62.99%	63.57%	64.63%	65.37%	65.89%	66.96%	68.42%
4.50%	5.70%	58.05%	59.60%	61.61%	62.94%	63.54%	64.57%	65.34%	65.86%	66.93%	68.39%
4.50%	5.80%	58.00%	59.55%	61.57%	62.90%	63.50%	64.50%	65.30%	65.83%	66.90%	68.36%
4.50%	6.00%	57.91%	59.46%	61.50%	62.81%	63.43%	64.37%	65.23%	65.77%	66.84%	68.30%
4.50%	6.20%	57.81%	59.37%	61.42%	62.73%	63.35%	64.24%	65.16%	65.71%	66.77%	68.24%
4.60%	5.50%	57.25%	58.83%	60.97%	62.21%	62.91%	63.44%	64.74%	65.33%	66.39%	67.88%

## The Moody's Minimum Diversity Test

The “**Moody's Minimum Diversity Test**” will be satisfied as at any Measurement Date from (and including) the Effective Date, if the Diversity Score equals or exceeds the number set forth in the column entitled “Minimum Diversity Score” in the Moody's Test Matrix based upon the applicable “row/column” combination chosen by the Collateral Manager (or interpolating between two adjacent rows and/or two adjacent columns (as applicable)).

The “**Diversity Score**” is a single number that indicates collateral concentration and correlation in terms of both issuer and industry concentration and correlation. It is similar to a score that Moody's uses to measure concentration and correlation for the purposes of its ratings. A higher Diversity Score reflects a more diverse portfolio in terms of the issuer and industry concentration. The Diversity Score for the Collateral Debt Obligations is calculated by summing each of the Industry Diversity Scores which are calculated as follows:

- (a) an “**Average Principal Balance**” is calculated by summing the Obligor Principal Balances and dividing by the sum of the aggregate number of issuers and/or borrowers represented;
- (b) an “**Obligor Principal Balance**” is calculated for each Obligor represented in the Collateral Debt Obligations by summing the Principal Balances of all Collateral Debt Obligations (excluding Defaulted Obligations) issued by such Obligor, provided that if a Collateral Debt Obligation has been sold or is the subject of an optional redemption or Offer, and the Sale Proceeds or Unscheduled Principal Proceeds from such event have not yet been reinvested in Substitute Collateral Debt Obligations or distributed to the Holders or the other creditors of the Issuer in accordance with the Priorities of Payments, the Obligor Principal Balance shall be calculated as if such Collateral Debt Obligation had not been sold or was not subject to such an optional redemption or Offer;
- (c) an “**Equivalent Unit Score**” is calculated for each Obligor by taking the lesser of (i) one and (ii) the Obligor Principal Balance for such Obligor divided by the Average Principal Balance;
- (d) an “**Aggregate Industry Equivalent Unit Score**” is then calculated for each of the 35 Moody's industrial classification groups by summing the Equivalent Unit Scores for each Obligor in the industry (or such other industrial classification groups and Equivalent Unit Scores as are published by Moody's from time to time); and
- (e) an “**Industry Diversity Score**” is then established by reference to the Diversity Score Table shown below (or such other Diversity Score Table as is published by Moody's from time to time) (the “**Diversity Score Table**”) for the related Aggregate Industry Equivalent Unit Score. If the Aggregate Industry Equivalent Unit Score falls between any two such scores shown in the Diversity Score Table, then the Industry Diversity Score is the lower of the two Diversity Scores in the Diversity Score Table.

For purposes of calculating the Diversity Scores any Obligors Affiliated with one another will be considered to be one Obligor.

<b>Diversity Score Table</b>							
<b>Aggregate Industry Equivalent Unit Score</b>	<b>Industry Diversity Score</b>	<b>Aggregate Industry Equivalent Unit Score</b>	<b>Industry Diversity Score</b>	<b>Aggregate Industry Equivalent Unit Score</b>	<b>Industry Diversity Score</b>	<b>Aggregate Industry Equivalent Unit Score</b>	<b>Industry Diversity Score</b>
0.0000	0.0000	5.0500	2.7000	10.1500	4.0200	15.2500	4.5300
0.0500	0.1000	5.1500	2.7333	10.2500	4.0300	15.3500	4.5400
0.1500	0.2000	5.2500	2.7667	10.3500	4.0400	15.4500	4.5500
0.2500	0.3000	5.3500	2.8000	10.4500	4.0500	15.5500	4.5600
0.3500	0.4000	5.4500	2.8333	10.5500	4.0600	15.6500	4.5700
0.4500	0.5000	5.5500	2.8667	10.6500	4.0700	15.7500	4.5800
0.5500	0.6000	5.6500	2.9000	10.7500	4.0800	15.8500	4.5900
0.6500	0.7000	5.7500	2.9333	10.8500	4.0900	15.9500	4.6000
0.7500	0.8000	5.8500	2.9667	10.9500	4.1000	16.0500	4.6100
0.8500	0.9000	5.9500	3.0000	11.0500	4.1100	16.1500	4.6200
0.9500	1.0000	6.0500	3.0250	11.1500	4.1200	16.2500	4.6300
1.0500	1.0500	6.1500	3.0500	11.2500	4.1300	16.3500	4.6400
1.1500	1.1000	6.2500	3.0750	11.3500	4.1400	16.4500	4.6500
1.2500	1.1500	6.3500	3.1000	11.4500	4.1500	16.5500	4.6600
1.3500	1.2000	6.4500	3.1250	11.5500	4.1600	16.6500	4.6700

<b>Aggregate Industry Equivalent Unit Score</b>	<b>Industry Diversity Score</b>	<b>Aggregate Industry Equivalent Unit Score</b>	<b>Industry Diversity Score</b>	<b>Aggregate Industry Equivalent Unit Score</b>	<b>Industry Diversity Score</b>	<b>Aggregate Industry Equivalent Unit Score</b>	<b>Industry Diversity Score</b>
1.4500	1.2500	6.5500	3.1500	11.6500	4.1700	16.7500	4.6800
1.5500	1.3000	6.6500	3.1750	11.7500	4.1800	16.8500	4.6900
1.6500	1.3500	6.7500	3.2000	11.8500	4.1900	16.9500	4.7000
1.7500	1.4000	6.8500	3.2250	11.9500	4.2000	17.0500	4.7100
1.8500	1.4500	6.9500	3.2500	12.0500	4.2100	17.1500	4.7200
1.9500	1.5000	7.0500	3.2750	12.1500	4.2200	17.2500	4.7300
2.0500	1.5500	7.1500	3.3000	12.2500	4.2300	17.3500	4.7400
2.1500	1.6000	7.2500	3.3250	12.3500	4.2400	17.4500	4.7500
2.2500	1.6500	7.3500	3.3500	12.4500	4.2500	17.5500	4.7600
2.3500	1.7000	7.4500	3.3750	12.5500	4.2600	17.6500	4.7700
2.4500	1.7500	7.5500	3.4000	12.6500	4.2700	17.7500	4.7800
2.5500	1.8000	7.6500	3.4250	12.7500	4.2800	17.8500	4.7900
2.6500	1.8500	7.7500	3.4500	12.8500	4.2900	17.9500	4.8000
2.7500	1.9000	7.8500	3.4750	12.9500	4.3000	18.0500	4.8100
2.8500	1.9500	7.9500	3.5000	13.0500	4.3100	18.1500	4.8200
2.9500	2.0000	8.0500	3.5250	13.1500	4.3200	18.2500	4.8300
3.0500	2.0333	8.1500	3.5500	13.2500	4.3300	18.3500	4.8400
3.1500	2.0667	8.2500	3.5750	13.3500	4.3400	18.4500	4.8500
3.2500	2.1000	8.3500	3.6000	13.4500	4.3500	18.5500	4.8600
3.3500	2.1333	8.4500	3.6250	13.5500	4.3600	18.6500	4.8700
3.4500	2.1667	8.5500	3.6500	13.6500	4.3700	18.7500	4.8800
3.5500	2.2000	8.6500	3.6750	13.7500	4.3800	18.8500	4.8900
3.6500	2.2333	8.7500	3.7000	13.8500	4.3900	18.9500	4.9000
3.7500	2.2667	8.8500	3.7250	13.9500	4.4000	19.0500	4.9100
3.8500	2.3000	8.9500	3.7500	14.0500	4.4100	19.1500	4.9200
3.9500	2.3333	9.0500	3.7750	14.1500	4.4200	19.2500	4.9300
4.0500	2.3667	9.1500	3.8000	14.2500	4.4300	19.3500	4.9400
4.1500	2.4000	9.2500	3.8250	14.3500	4.4400	19.4500	4.9500
4.2500	2.4333	9.3500	3.8500	14.4500	4.4500	19.5500	4.9600
4.3500	2.4667	9.4500	3.8750	14.5500	4.4600	19.6500	4.9700
4.4500	2.5000	9.5500	3.9000	14.6500	4.4700	19.7500	4.9800
4.5500	2.5333	9.6500	3.9250	14.7500	4.4800	19.8500	4.9900
4.6500	2.5667	9.7500	3.9500	14.8500	4.4900	19.9500	5.0000
4.7500	2.6000	9.8500	3.9750	14.9500	4.5000		
4.8500	2.6333	9.9500	4.0000	15.0500	4.5100		
4.9500	2.6667	10.0500	4.0100	15.1500	4.5200		

### The Moody's Maximum Weighted Average Rating Factor Test

The "Moody's Maximum Weighted Average Rating Factor Test" will be satisfied as at any Measurement Date from (and including) the Effective Date, if the Adjusted Weighted Average Moody's Rating Factor of the Collateral Debt Obligations as at such Measurement Date is equal to or less than the sum of (i) the number set forth in the Moody's Test Matrix at the intersection of the applicable "row/column" combination chosen by the Collateral Manager (or interpolating between two adjacent rows and/or two adjacent columns (as applicable)), (acting on behalf of the Issuer) as at such Measurement Date plus (ii) the Moody's Weighted Average Recovery Adjustment, plus (iii) the Moody's Weighted Average Spread Adjustment.

The "Moody's Weighted Average Rating Factor" is determined by summing the products obtained by multiplying the Principal Balance of each Collateral Debt Obligation, excluding Defaulted Obligations, by its Moody's Rating Factor, dividing such sum by the Aggregate Principal Balances of all such Collateral Debt Obligations, excluding Defaulted Obligations, and rounding the result up to the nearest whole number.

The "Moody's Rating Factor" relating to any Collateral Debt Obligation is the number set forth in the table below opposite the Moody's Default Probability Rating of such Collateral Debt Obligation.

<b>Moody's Default Probability Rating</b>	<b>Moody's Rating Factor</b>	<b>Moody's Default Probability Rating</b>	<b>Moody's Rating Factor</b>
Aaa	1	Ba1	940
Aa1	10	Ba2	1,350
Aa2	20	Ba3	1,766
Aa3	40	B1	2,220
A1	70	B2	2,720
A2	120	B3	3,490
A3	180	Caa1	4,770
Baa1	260	Caa2	6,500
Baa2	360	Caa3	8,070
Baa3	610	Ca or lower	10,000

The "Moody's Weighted Average Recovery Adjustment" means, as of any Measurement Date, the greater of:

- (a) zero; and
- (b) the product of:
  - (i) (A) the Weighted Average Moody's Recovery Rate as of such Measurement Date multiplied by 100 minus (B) 42; and
  - (ii) (A) with respect to the adjustment of the Moody's Maximum Weighted Average Rating Factor Test:
    - (1) 50, if the Moody's Minimum Weighted Average Floating Spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Collateral Manager (or interpolating between two adjacent rows, (as applicable)) is less than or equal to 3.1 per cent.;
    - (2) 60, if the Moody's Minimum Weighted Average Floating Spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Collateral Manager (or interpolating between two adjacent rows, (as applicable)) is greater than 3.1 per cent. but less than or equal to 3.2 per cent.; and
    - (3) 70, if the Moody's Minimum Weighted Average Floating Spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Collateral Manager (or interpolating between two adjacent rows, (as applicable)) is greater than 3.2 per cent.; and
  - (B) with respect to the adjustment of the Moody's Minimum Weighted Average Floating Spread Test:

- (1) 0.05 per cent. if the Moody's Minimum Weighted Average Floating Spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Collateral Manager (or interpolating between two adjacent rows, (as applicable)) is less than or equal to 3.4 per cent.; and
- (2) 0.1 per cent. if the Moody's Minimum Weighted Average Floating Spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Collateral Manager (or interpolating between two adjacent rows, (as applicable)) is greater than 3.4 per cent.,

provided that if the Weighted Average Moody's Recovery Rate for purposes of determining the Moody's Weighted Average Recovery Adjustment is greater than 60 per cent., then such Weighted Average Moody's Recovery Rate shall equal 60 per cent. unless Rating Agency Confirmation is obtained; and provided further that the amount specified in clause (b)(i) above may only be allocated once on any Measurement Date and the Collateral Manager shall designate to the Collateral Administrator in writing on each such date the portion of such amount that shall be allocated to clause (b)(ii)(A) and the portion of such amount that shall be allocated to clause (b)(ii)(B) (it being understood that, absent an express designation by the Collateral Manager, all such amounts shall be allocated to clause (b)(ii)(A)).

**“Adjusted Weighted Average Moody's Rating Factor”** means, as of any Measurement Date, a number equal to the Weighted Average Moody's Rating Factor determined in the following manner: each applicable rating on credit watch by Moody's that is (a) on review for upgrade will be treated as having been upgraded by one rating subcategory, (b) on review for downgrade will be treated as having been downgraded by two rating subcategories and (c) on negative outlook will be treated as having been downgraded by one rating subcategory.

**“Moody's Weighted Average Spread Adjustment”** means, as of any date of determination, the greater of (a) zero and (b) an amount equal to the product of (i) 1.45 per cent. minus the weighted average Applicable Margin of the Class A-2 Notes and (ii) 20,000.

*The Moody's Minimum Weighted Average Recovery Rate Test*

The **“Moody's Minimum Weighted Average Recovery Rate Test”** will be satisfied, as at any Measurement Date from (and including) the Effective Date, if the Weighted Average Moody's Recovery Rate is greater than or equal to 42 per cent.

The **“Weighted Average Moody's Recovery Rate”** means, as of any Measurement Date, the number, expressed as a percentage, obtained by summing the products obtained by multiplying the Principal Balance of each Collateral Debt Obligation (excluding Defaulted Obligations) by its corresponding Moody's Recovery Rate and dividing such sum by the Aggregate Principal Balance of all such Collateral Debt Obligations and rounding up to the nearest 0.1 per cent.

The **“Moody's Recovery Rate”** is, except as otherwise advised by Moody's, with respect to any Collateral Debt Obligation, as of any Measurement Date, the recovery rate determined in accordance with the following, in the following order of priority:

- (a) if the Collateral Debt Obligation has been specifically assigned a recovery rate by Moody's (for example, in connection with the assignment by Moody's of an estimated rating), such recovery rate;
- (b) if the preceding clause does not apply to the Collateral Debt Obligation, except with respect to Corporate Rescue Loan, the rate determined pursuant to the table below based on the number of rating subcategories difference between the Collateral Debt Obligation's Moody's Rating and its Moody's Default Probability Rating (for purposes of clarification, if the Moody's Rating is higher than the Moody's Default Probability Rating, the rating subcategories difference will be positive and if it is lower, negative):

<b>Number of Moody's Ratings Subcategories Difference Between the Moody's Rating and the Moody's Default Probability Rating</b>	<b>Moody's Secured Senior Loans</b>	<b>Secured Senior Bonds; Secured Senior Loans (other than Moody's Secured Senior Loans); Second Lien Loans; Mezzanine Obligations*</b>	<b>All other Collateral Debt Obligations</b>
+2 or more	60%	55%	45%
+1	50%	45%	35%
0	45%	35%	30%
-1	40%	25%	25%
-2	30%	15%	15%
-3 or less	20%	5%	5%

(c) if the Collateral Debt Obligation is a Corporate Rescue Loan (other than a Corporate Rescue Loan which has been specifically assigned a recovery rate by Moody's), 50%.

\*If such Collateral Debt Obligation is publicly rated by Moody's and does not have both a CFR and an Assigned Moody's Rating, such Collateral Debt Obligation will be deemed to be an Unsecured Senior Loan or High Yield Bond for purposes of this table.

*The Fitch Maximum Weighted Average Rating Factor Test*

“**Fitch Maximum Weighted Average Rating Factor Test**” means that test that will be satisfied, on any Measurement Date from (and including) the Effective Date, if the Fitch Weighted Average Rating Factor as at such date is less than or equal to the applicable level in the Fitch Tests Matrices.

“**Fitch Weighted Average Rating Factor**” is the number determined by summing the products obtained by multiplying the Principal Balance of each Collateral Debt Obligation, excluding Defaulted Obligations, by its Fitch Rating Factor, dividing such sum by the Aggregate Principal Balance of all such Collateral Debt Obligations, excluding Defaulted Obligations, and rounding the result to the nearest two decimal places.

“**Fitch Rating Factor**” means, in respect of any Collateral Debt Obligation, the number set forth in the table below opposite the Fitch Rating in respect of such Collateral Debt Obligation. The following table provides certain probabilities of default relating to Fitch Rating Factors. The information is subject to change and any probabilities of default in respect of Fitch Rating Factors may not at any time necessarily reflect the below table.

<b>Fitch Rating</b>	<b>Fitch Rating Factor</b>
AAA	0.19
AA+	0.35
AA	0.64
AA-	0.86
A+	1.17
A	1.58
A-	2.25
BBB+	3.19
BBB	4.54
BBB-	7.13
BB+	12.19
BB	17.43
BB-	22.80
B+	27.80
B	32.18
B-	40.60
CCC+	62.80
CCC	62.80
CCC-	62.80
CC	100.00
C	100.00
D	100.00



*The Fitch Minimum Weighted Average Recovery Rate Test*

“**Fitch Minimum Weighted Average Recovery Rate Test**” means the test that will be satisfied in respect of the Notes on any Measurement Date from (and including) the Effective Date, if the Fitch Weighted Average Recovery Rate is greater than or equal to the applicable level in the Fitch Tests Matrices.

“**Fitch Weighted Average Recovery Rate**” means, as of any Measurement Date, the rate (expressed as a percentage) determined by summing the products obtained by multiplying the Principal Balance of each Collateral Debt Obligation, excluding Defaulted Obligations, by the Fitch Recovery Rate in relation thereto and dividing such sum by the Aggregate Principal Balance of all Collateral Debt Obligations, excluding Defaulted Obligations, and rounding to the nearest 0.1 per cent.

“**Fitch Recovery Rate**” means, with respect to a Collateral Debt Obligation, the recovery rate determined in accordance with paragraphs (a) to (d) below or (in any case) such other recovery rate as Fitch may notify the Collateral Manager from time to time:

- (a) if such Collateral Debt Obligation has a public Fitch recovery rating, or a recovery rating is assigned by Fitch in the context of provision by Fitch of a credit opinion to the Collateral Manager, the recovery rate corresponding to such recovery rating in the table below (unless a specific recovery rate (expressed as a percentage) is provided by Fitch):

<u>Fitch recovery rating</u>	<u>Fitch recovery rate (%)</u>
RR1	95%
RR2	80%
RR3	60%
RR4	40%
RR5	20%
RR6	5%

- (b) if such Collateral Debt Obligation is a Corporate Rescue Loan and has neither a public Fitch recovery rating, nor a recovery rating assigned to it by Fitch in the context of provision by Fitch of a credit opinion, the Issuer or the Collateral Manager on behalf of the Issuer shall apply to Fitch for a Fitch recovery rating, provided that the Fitch recovery rating in respect of such Corporate Rescue Loan shall be considered to be “RR3” pending provision by Fitch of such Fitch recovery rating, and the recovery rate applicable to such Corporate Rescue Loan shall be the recovery rate corresponding to such Fitch recovery rating in the table above;

- (c) if such Collateral Debt Obligation has no public Fitch recovery rating, no recovery rating is assigned by Fitch in the context of provision by Fitch of a credit opinion to the Collateral Manager, is not a Corporate Rescue Loan and has a public S&P recovery rating, the recovery rate corresponding to such recovery rating in the table below:

<u>S&amp;P recovery rating</u>	<u>Fitch recovery rate (%)</u>
1+	95%
1	95%
2	80%
3	60%
4	40%
5	20%
6	5%

and

- (d) if such Collateral Debt Obligation (i) has no public Fitch recovery rating, (ii) neither a recovery rating nor an obligation’s specific recovery rate is assigned by Fitch in the context of provision by Fitch of a credit opinion to the Collateral Manager and (iii) is not a Corporate Rescue Loan and has no public S&P recovery rating, (x) if such Collateral Debt Obligation is a Senior Secured Loan or Senior Secured Bond, the recovery rate applicable to such Senior Secured Loan or Senior Secured Bond shall be the recovery rate corresponding to the Fitch recovery rating of “RR3” in the table above and (y) otherwise,

the recovery rate determined in accordance with the table below, where the Collateral Debt Obligation shall be categorised as “Strong Recovery” if it is a Senior Secured Loan or Senior Secured Bond, The “Moderate Recovery” if it is an Unsecured Senior Obligation and otherwise “Weak Recovery”, and shall fall into the country group corresponding to the country in which the Obligor thereof is Domiciled:

	<u>United States</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>
Strong Recovery	80	75	55	45	35
Moderate Recovery	45	45	40	30	25
Weak Recovery	20	20	5	5	5

The country group of a Collateral Debt Obligation shall be determined, by reference to the country where it is Domiciled, in accordance with the below:

**Group A:** Australia, Austria, Bahamas, Bermuda, Canada, Cayman Islands, Denmark, Finland, Germany, Gibraltar, Hong Kong, Iceland, Ireland, Japan, Jersey, Liechtenstein, Netherlands, New Zealand, Norway, Singapore, South Korea, Sweden, Switzerland, Taiwan, the UK.

**Group B:** Belgium, France, Italy, Luxembourg, Portugal, Spain.

**Group C:** Bulgaria, Costa Rica, Chile, Croatia, Czech Republic, Estonia, Hungary, Israel, Latvia, Lithuania, Malaysia, Malta, Mauritius, Mexico, Poland, Slovakia, Slovenia, South Africa, Thailand, Tunisia, Uruguay.

**Group D:** Albania, Argentina, Asia Others, Barbados, Bosnia and Herzegovina, Brazil, China, Colombia, Cyprus, Dominican Republic, Eastern Europe Others, Ecuador, Egypt, El Salvador, Greece, Guatemala, India, Indonesia, Iran, Jamaica, Kazakhstan, Liberia, Macedonia, Marshall Islands, Middle East and North Africa Others, Moldova, Morocco, Other Central America, Other South America, Other Sub-Saharan Africa, Pakistan, Panama, Peru, Philippines, Puerto Rico, Qatar, Romania, Russia, Saudi Arabia, Serbia and Montenegro, Turkey, Ukraine, Venezuela, Vietnam.

*The Fitch Minimum Weighted Average Spread Test*

The “**Fitch Minimum Weighted Average Spread Test**” means the test which will be satisfied if, as at any Measurement Date from (and including) the Effective Date, the Weighted Average Floating Spread plus the Excess Weighted Average Coupon equals or exceeds the Fitch Minimum Weighted Average Spread, in each case, as at such Measurement Date.

“**Fitch Minimum Weighted Average Spread**” means the weighted average spread (expressed as a percentage) applicable to the level in the Fitch Tests Matrices as selected by the Collateral Manager.

*The Fitch Minimum Weighted Average Fixed Coupon Test*

The “**Fitch Minimum Weighted Average Fixed Coupon Test**” means the test which will be satisfied if, as at any Measurement Date from (and including) the Effective Date, the Weighted Average Coupon plus the Excess Weighted Average Floating Spread equals or exceeds the Fitch Minimum Weighted Average Fixed Coupon, in each case, as at such Measurement Date.

“**Fitch Minimum Weighted Average Fixed Coupon**” means the weighted average fixed coupon applicable to the level in the Fitch Test Matrices as selected by the Collateral Manager.

*The Moody’s Minimum Weighted Average Floating Spread Test*

The “**Moody’s Minimum Weighted Average Floating Spread Test**” will be satisfied if, as at any Measurement Date from (and including) the Effective Date, the Weighted Average Floating Spread as at such Measurement Date plus the Excess Weighted Average Coupon as at such Measurement Date equals or exceeds the Moody’s Minimum Weighted Average Floating Spread as at such Measurement Date.

The “**Moody’s Minimum Weighted Average Floating Spread**”, as of any Measurement Date, will equal the percentage set forth in the Moody’s Test Matrix based upon the option chosen by the Collateral Manager (interpolating between two adjacent rows and/or two adjacent columns (as applicable)) as currently applicable to

the Portfolio reduced by the Moody's Weighted Average Recovery Adjustment, provided such reduction may not reduce the Moody's Minimum Weighted Average Floating Spread below 3.0 per cent.

The "**Weighted Average Floating Spread**" as of any Measurement Date, is the number obtained by dividing:

- (a) the amount equal to (A) the Aggregate Funded Spread plus (B) the Aggregate Unfunded Spread plus (C) the Aggregate Excess Funded Spread; by
- (b) an amount equal to the Aggregate Principal Balance of all Floating Rate Collateral Debt Obligations as of such Measurement Date (in each case, excluding Defaulted Obligations and, for any Deferring Obligation, any interest that has been deferred and capitalised thereon),

in each case adjusted for any withholding tax deducted in respect of the relevant obligation which is neither grossed up nor recoverable under any applicable double tax treaty or otherwise.

The "**Aggregate Funded Spread**" is, as of any Measurement Date, the sum of:

- (a) in the case of each Floating Rate Collateral Debt Obligation (including only the required non-deferrable, current cash pay interest required by the Underlying Instruments thereon and excluding Non-Euro Obligations, Defaulted Obligations, Deferring Obligations and the unfunded portion of any Delayed Drawdown Collateral Debt Obligation and Revolving Obligation) that bears interest at a spread over EURIBOR, (i) the stated interest rate spread on such Collateral Debt Obligation above EURIBOR multiplied by (ii) the Principal Balance of such Collateral Debt Obligation (excluding the unfunded portion of any Delayed Drawdown Collateral Debt Obligation or Revolving Obligation);
- (b) in the case of each Floating Rate Collateral Debt Obligation (including only the required non-deferrable, current cash pay interest required by the Underlying Instruments thereon and excluding Non-Euro Obligations, Defaulted Obligations, Deferring Obligations and the unfunded portion of any Delayed Drawdown Collateral Debt Obligation and Revolving Obligation) that bears interest at a spread over an index other than EURIBOR, (i) the excess of the sum of such spread and such index over the EURIBOR rate that has an equivalent frequency and setting date to the corresponding interest rate in respect of such Floating Rate Collateral Debt Obligation as of the immediately preceding interest determination date pursuant to the relevant Underlying Instrument (which spread or excess may be expressed as a negative percentage) multiplied by (ii) the Principal Balance of each such Collateral Debt Obligation (excluding the unfunded portion of any Delayed Drawdown Collateral Debt Obligation or Revolving Obligation);
- (c) in the case of each Floating Rate Collateral Debt Obligation which is a Non-Euro Obligation (including, only the required non-deferrable, current cash pay interest required by the Underlying Instruments thereon and excluding Defaulted Obligations, Deferring Obligations and the unfunded portion of any Delayed Drawdown Collateral Debt Obligation and Revolving Obligation) and subject to an Asset Swap Transaction, (i) the interest rate spread over EURIBOR (in respect of the applicable Hedge Agreement) payable by the applicable Asset Swap Counterparty to the Issuer under the related Asset Swap Transaction multiplied by (ii) the Principal Balance of such Non-Euro Obligation; and
- (d) in the case of each Floating Rate Collateral Debt Obligation which is a Non-Euro Obligation (including, only the required non-deferrable, current cash pay interest required by the Underlying Instruments thereon and excluding Defaulted Obligations, Deferring Obligations and the unfunded portion of any Delayed Drawdown Collateral Debt Obligation and Revolving Obligation) which is not subject to an Asset Swap Transaction (i) 85 per cent. of the interest rate spread over such floating rate index upon which the Unhedged Collateral Debt Obligation pays interest multiplied by (y) the Principal Balance of such Non-Euro Obligation,

provided however that for purposes of this definition:

- (i) with respect to any Floating Rate Collateral Debt Obligation with a EURIBOR floor the interest rate spread will be deemed to be (A) the stated interest rate spread plus, (B) if positive, (x) the EURIBOR floor value minus (y) EURIBOR as in effect for the current accrual period;
- (ii) with respect to a Step-Up Coupon Security that is a Floating Rate Collateral Debt Obligation, the relevant spread shall be deemed to be the margin applicable as at the relevant Measurement Date and with respect to a Step-Down Coupon Security that is a Floating Rate

Collateral Debt Obligation, the relevant spread shall be deemed to be the lowest margin permissible as at the relevant Measurement Date;

- (iii) a Fixed Rate Collateral Debt Obligation which is subject to an Interest Rate Hedge Transaction which swaps the fixed rate on such Collateral Debt Obligation for a floating rate shall be treated as a Floating Rate Collateral Debt Obligation with a stated spread and index equal to the stated floating rate payable by the applicable Interest Rate Hedge Counterparty to the Issuer under such Interest Rate Hedge Transaction;
- (iv) a Floating Rate Collateral Debt Obligation which is subject to an Interest Rate Hedge Transaction which swaps the floating rate on such Collateral Debt Obligation for a fixed rate shall be disregarded; and
- (v) each reference to “EURIBOR” so far as it relates to a Collateral Debt Obligation shall mean EURIBOR as determined pursuant to the Underlying Instrument in respect of such Collateral Debt Obligation.

The “**Aggregate Unfunded Spread**” is, as of any Measurement Date, the sum of the products obtained by multiplying (i) for each Delayed Drawdown Collateral Debt Obligation and Revolving Obligation (other than Defaulted Obligations and Deferring Obligations), the related commitment fee then in effect as of such date and (ii) the undrawn commitments of each such Delayed Drawdown Collateral Debt Obligation and Revolving Obligation as of such date.

The “**Aggregate Excess Funded Spread**” is, as of any Measurement Date, the amount obtained by multiplying:

- (a) EURIBOR applicable to the Rated Notes during the Accrual Period in which such Measurement Date occurs; by
- (b) the amount (not less than zero) equal to (i) the Aggregate Principal Balance of the Collateral Debt Obligations (excluding (x) for any Deferring Obligation, any interest that has been deferred and capitalised thereon and (y) the Principal Balance of any Defaulted Obligation and (z) the Principal Balance of any Fixed Rate Collateral Debt Obligation) as of such Measurement Date minus (ii) the Target Par Amount minus (iii) the aggregate amount of Principal Proceeds received from the issuance of additional notes pursuant to the Trust Deed;

The “**Excess Weighted Average Coupon**” means a percentage, equal as of any Measurement Date, to a number obtained by multiplying (a) the excess, if any, of the Weighted Average Coupon over the Moody’s Minimum Weighted Average Coupon or the Fitch Minimum Weighted Average Fixed Coupon, as the case may be, by (b) the number obtained by dividing the Aggregate Principal Balance of all Fixed Rate Collateral Debt Obligations by the Aggregate Principal Balance of all Floating Rate Collateral Debt Obligations.

*Moody’s Minimum Weighted Average Coupon Test*

The “**Moody’s Minimum Weighted Average Coupon Test**” will be satisfied on any Measurement Date if the Weighted Average Coupon plus the Excess Weighted Average Floating Spread equals or exceeds the Moody’s Minimum Weighted Average Coupon.

The “**Moody’s Minimum Weighted Average Coupon**” means as of any Measurement Date the percentage set forth in the Moody’s Test Matrix based upon the option chosen by the Collateral Manager (interpolating between two adjacent rows and/or two adjacent columns (as applicable)) as currently applicable to the Portfolio.

The “**Weighted Average Coupon**”, as of any Measurement Date, is the number obtained by dividing:

- (a) the amount equal to the Aggregate Coupon; by
- (b) an amount equal to the Aggregate Principal Balance of all Fixed Rate Collateral Debt Obligations as of such Measurement Date,

(A) in each case, excluding (i) Defaulted Obligations; (ii) for any Mezzanine Obligation and for any Deferring Obligation, any interest that has been deferred and capitalised thereon; and (iii) the unfunded portion of any Delayed Drawdown Collateral Debt Obligations and Revolving Obligations and (B) in each case, adjusted for

any withholding tax deducted in respect of any relevant Collateral Debt Obligation which is neither grossed up nor recoverable under any applicable double tax treaty or otherwise.

The “**Aggregate Coupon**” is, as of any Measurement Date, the sum of:

- (a) with respect to any Fixed Rate Collateral Debt Obligation which is a Non-Euro Obligation and subject to an Asset Swap Transaction (including only the required non-deferrable, current cash pay interest required by the Underlying Instruments thereon and excluding Defaulted Obligations, Deferring Obligations and the unfunded portion of any Delayed Drawdown Collateral Debt Obligations and Revolving Obligations), the product of (x) stated coupon on such Non-Euro Obligation expressed as a percentage and (y) the Principal Balance of such Non-Euro Obligation;
- (b) with respect to any Fixed Rate Collateral Debt Obligation which is a Non-Euro Obligation which is not subject to an Asset Swap Transaction (including only the required non-deferrable, current cash pay interest required by the Underlying Instruments thereon and excluding Defaulted Obligations, Deferring Obligations and the unfunded portion of any Delayed Drawdown Collateral Debt Obligations and Revolving Obligations), an amount equal to the Euro equivalent of, the product of (x) 85 per cent. of the stated per annum coupon on such Collateral Debt Obligation expressed as a percentage and (y) the Principal Balance of such Non-Euro Obligation converted into Euro at the applicable Spot Rate; and
- (c) with respect to all other Fixed Rate Collateral Debt Obligations (and excluding Defaulted Obligations, Deferring Obligations and the unfunded portion of any Delayed Drawdown Collateral Debt Obligations and Revolving Obligations), the sum of the products obtained by multiplying, in the case of each Fixed Rate Collateral Debt Obligation (including, for any Collateral Debt Obligation, only the required, non-deferrable current cash pay interest required by the Underlying Instruments thereon), (x) the stated coupon on such Collateral Debt Obligation expressed as a percentage and (y) the Principal Balance of such Collateral Debt Obligation,

*provided that:*

- (i) with respect to any Step-Up Coupon Security, the relevant coupon shall be deemed to be the margin which may be applicable as at the relevant Measurement Date pursuant to the terms of the relevant Underlying Instrument and with respect to a Step-Down Coupon Security, the relevant spread shall be deemed to be the lowest margin permissible as at the relevant Measurement Date pursuant to the terms of the relevant Underlying Instrument;
- (ii) a Floating Rate Collateral Debt Obligation which is subject to an Interest Rate Hedge Transaction which swaps the floating rate on such Collateral Debt Obligation for a fixed rate shall be treated as a Fixed Rate Collateral Debt Obligation with a stated coupon equal to the stated fixed rate payable by the applicable Interest Rate Hedge Counterparty to the Issuer under such Interest Rate Hedge Transaction; and
- (iii) a Fixed Rate Collateral Debt Obligation which is subject to an Interest Rate Hedge Transaction which swaps the fixed rate on such Collateral Debt Obligation for a floating rate shall be disregarded.

“**Excess Weighted Average Floating Spread**” means a percentage equal as of any Measurement Date to a number obtained by multiplying (a) the excess, if any, of the Weighted Average Floating Spread over the Moody’s Minimum Weighted Average Floating Spread or the Fitch Minimum Weighted Average Floating Spread, as the case may be, by (b) the number obtained by dividing the Aggregate Principal Balance of all Floating Rate Collateral Debt Obligations by the Aggregate Principal Balance of all Fixed Rate Obligations.

*The Weighted Average Life Test*

The “**Weighted Average Life Test**” will be satisfied on any Measurement Date if the Weighted Average Life as of such date is less than the number of years (rounded to the nearest one hundredth thereof) during the period from such Measurement Date to 12 February 2024.

“**Average Life**” is, on any Measurement Date with respect to any Collateral Debt Obligation, the quotient obtained by dividing (i) the sum of the products of (a) the number of years (rounded to the nearest one hundredth thereof) from such Measurement Date to the respective dates of each successive scheduled

distribution of principal of such Collateral Debt Obligation and (b) the respective amounts of principal of such scheduled distributions by (ii) the sum of all successive scheduled distributions of principal on such Collateral Debt Obligation.

“**Weighted Average Life**” is, as of any Measurement Date with respect to all Collateral Debt Obligations other than Defaulted Obligations, the number of years following such date obtained by summing the products obtained by multiplying:

- (a) the Average Life at such time of each such Collateral Debt Obligation by (b) the Principal Balance of such Collateral Debt Obligation,

and dividing such sum by:

- (b) the Aggregate Principal Balance at such time of all Collateral Debt Obligations other than Defaulted Obligations.

#### *Maximum Obligor Concentration Test*

The “**Maximum Obligor Concentration Test**” will be satisfied on any Measurement Date if the Obligor Concentration as at such Measurement Date is less than or equal to the Maximum Obligor Concentration as at such Measurement Date.

The “**Maximum Obligor Concentration**” means, on any Measurement Date the obligor concentration applicable to the Fitch Tests Matrix selected by the Collateral Manager on such date in accordance with the Collateral Management Agreement.

“**Obligor Concentration**” means, on any Measurement Date, the percentage of the Aggregate Collateral Balance represented by the Aggregate Principal Balance of Collateral Debt Obligations relating to the ten (10) Obligors contained in the Portfolio on such date that yield the highest such percentage (where for the purposes of determining the Aggregate Collateral Balance and the Aggregate Principal Balance, the Principal Balance of each Defaulted Obligation shall be excluded).

#### **Rating Definitions**

##### *Moody’s Ratings Definitions*

“**Assigned Moody’s Rating**” means the monitored publicly available rating or the unpublished monitored loan rating or the credit estimate expressly assigned to a debt obligation (or facility) by Moody’s.

“**CFR**” means, with respect to an obligor of a Collateral Debt Obligation, if such obligor has a corporate family rating by Moody’s, then such corporate family rating; provided, if such obligor does not have a corporate family rating by Moody’s but any entity in the obligor’s corporate family does have a corporate family rating, then the CFR is such corporate family rating.

“**Moody’s Default Probability Rating**” means, with respect to any Collateral Debt Obligation, as of any date of determination, the rating determined in accordance with the following methodology:

- (a) if the Obligor of such Collateral Debt Obligation has a CFR by Moody’s, then such CFR;
- (b) if not determined pursuant to paragraph (a) above, if the Obligor of such Collateral Debt Obligation has one or more senior unsecured obligations with an Assigned Moody’s Rating, then the Assigned Moody’s Rating on such obligation as selected by the Collateral Manager in its sole discretion;
- (c) if not determined pursuant to clauses (a) or (b) above, or if the Obligor of such Collateral Debt Obligation has one or more senior secured obligations with an Assigned Moody’s Rating, then the Moody’s rating that is one subcategory lower than the Assigned Moody’s Rating on any such senior secured obligation as selected by the Collateral Manager in its sole discretion;
- (d) if not determined pursuant to clauses (a), (b) or (c) above, if a credit estimate has been assigned to such Collateral Debt Obligation by Moody’s upon the request of the Issuer, the Collateral Manager or an Affiliate of the Collateral Manager, then the Moody’s Default Probability Rating is such credit estimate;

- (e) if not determined pursuant to clauses (a), (b), (c) or (d) above, the Moody's Derived Rating; and
- (f) if not determined pursuant to clauses (a), (b), (c), (d) or (e) above, the Collateral Debt Obligation will be deemed to have a Moody's Default Probability Rating of "Caa3".

“**Moody's Derived Rating**” means, with respect to a Collateral Debt Obligation whose Moody's Rating or Moody's Default Probability Rating cannot be determined pursuant to paragraph (a), (b) or (c) of the respective definitions thereof, the Moody's Derived Rating for purposes of paragraph (d) of the definition of Moody's Rating and Moody's Default Probability Rating (as applicable) shall be determined as set forth below:

- (a) with respect to any Corporate Rescue Loan, one subcategory below the facility rating (whether public or private) of such Corporate Rescue Loan rated by Moody's;
- (b) if not determined pursuant to paragraph (a) above, if the Obligor of such Collateral Debt Obligation has a long-term issuer rating by Moody's, then such long-term issuer rating;
- (c) if not determined pursuant to paragraph (a) or (b) above, if another obligation of the Obligor is rated by Moody's, then by adjusting the rating of the related Moody's rated obligations of the related Obligor by the number of rating sub-categories according to the table below:

<b>Obligation Category of Rated Obligation</b>	<b>Rating of Rated Obligation</b>	<b>Number of Subcategories Relative to Rated Obligation Rating</b>
Senior secured obligation	greater than or equal to B2	-1
Senior secured obligation	less than B2	-2
Subordinated obligation	greater than or equal to B3	+1
Subordinated obligation	less than B3	0

- (d) if not determined pursuant to paragraph (a), (b) or (c) above, if the Obligor of such Collateral Debt Obligation has a corporate family rating by Moody's, then one subcategory below such corporate family rating;
- (e) if not determined pursuant to paragraph (a), (b), (c) or (d) above, then by using any one of the methods provided below:
  - (i) pursuant to the table below:

<b>Type of Collateral Debt Obligation</b>	<b>S&amp;P Rating (Public and Monitored)</b>	<b>Collateral Debt Obligation Rated by S&amp;P</b>	<b>Number of Subcategories Relative to Moody's Equivalent of S&amp;P Rating</b>
Not Structured Finance Obligation	≥BBB-	Not a Loan or Participation in Loan	-1
Not Structured Finance Obligation	≤BB+	Not a Loan or Participation in Loan	-2
Not Structured Finance Obligation		Loan or Participation in Loan	-2

- (ii) if such Collateral Debt Obligation is not rated by S&P but another security or obligation of the Obligor has a public and monitored rating by S&P (a “**parallel security**”), then the rating of such parallel security will at the election of the Collateral Manager be determined in accordance with the table set forth in sub paragraph (e)(i) above, and the Moody's Derived Rating for the purposes of paragraph (d) of the definition of Moody's Rating and Moody's Default Probability Rating (as applicable) of such Collateral Debt Obligation will be determined in accordance with the methodology set forth in paragraph (a) above (for such purposes treating the parallel security as if it were rated by Moody's at the rating determined pursuant to this sub paragraph (e)(ii)); or
- (iii) if such Collateral Debt Obligation is a Corporate Rescue Loan, no Moody's Derived Rating may be determined based on a rating by S&P or any other rating agency; or
- (f) if such Collateral Debt Obligation is not rated by Moody's or S&P and no other security or obligation of the issuer of such Collateral Debt Obligation is rated by Moody's or S&P, and if Moody's has been

requested by the Issuer, the Collateral Manager or the issuer of such Collateral Debt Obligation to assign a rating or rating estimate with respect to such Collateral Debt Obligation but such rating or rating estimate has not been received, pending receipt of such estimate, the Moody's Derived Rating for purposes of paragraph (d) of the definition of Moody's Rating and Moody's Default Probability Rating (as applicable) of such Collateral Debt Obligation shall be (x) "B3" if the Collateral Manager certifies to the Trustee and the Collateral Administrator that the Collateral Manager believes that such estimate will be at least "B3" and if the Aggregate Principal Balance of Collateral Debt Obligations determined pursuant to this paragraph (f) does not exceed 5 per cent. of the Aggregate Collateral Balance of all Collateral Debt Obligations or (y) otherwise, "Caa2".

**"Moody's Rating"** means:

- (a) with respect to a Collateral Debt Obligation that is a Secured Senior Loan or a Secured Senior Bond:
  - (i) if such Collateral Debt Obligation has an Assigned Moody's Rating, such Assigned Moody's Rating;
  - (ii) if such Collateral Debt Obligation does not have an Assigned Moody's Rating but the Obligor of such Collateral Debt Obligation has a CFR, then the Moody's rating that is one subcategory higher than such CFR;
  - (iii) if neither paragraph (i) nor (ii) above apply, if such Collateral debt Obligation does not have an Assigned Moody's Rating but the Obligor of such Collateral Debt Obligation has one or more senior unsecured obligations with an Assigned Moody's Rating, then the Moody's rating that is two subcategories higher than the Assigned Moody's Rating on any such obligation as selected by the Collateral Manager in its sole discretion;
  - (iv) if none of clauses (i) through (iii) above apply, at the election of the Collateral Manager, the Moody's Derived Rating; and
  - (v) if none of clauses (i) through (iv) above apply, the Collateral Debt Obligation will be deemed to have a Moody's Rating of "Caa3"; and
- (b) with respect to a Collateral Debt Obligation other than a Secured Senior Loan or a Secured Senior Bond:
  - (i) if such Collateral Debt Obligation has an Assigned Moody's Rating, such Assigned Moody's Rating;
  - (ii) if such Collateral Debt Obligation does not have an Assigned Moody's Rating but the Obligor of such Collateral Debt Obligation has one or more senior unsecured obligations with an Assigned Moody's Rating, then the Assigned Moody's Rating on any such obligation as selected by the Collateral Manager in its sole discretion;
  - (iii) if neither paragraph (i) nor (ii) above apply, if such Collateral Debt Obligation does not have an Assigned Moody's Rating but the Obligor of such Collateral Debt Obligation has a CFR, then the Moody's rating that is one subcategory lower than such CFR;
  - (iv) if none of clauses (i), (ii) or (iii) above apply, if such Collateral Debt Obligation does not have an Assigned Moody's Rating but the Obligor of such Collateral Debt Obligation has one or more subordinated debt obligations with an Assigned Moody's Rating, then the Moody's rating that is one subcategory higher than the Assigned Moody's Rating on any such obligation as selected by the Collateral Manager in its sole discretion;
  - (v) if none of clauses (i) through (iv) above apply, at the election of the Collateral Manager, the Moody's Derived Rating; and
  - (vi) if none of clauses (i) through (v) above apply, the Collateral Debt Obligation will be deemed to have a Moody's Rating of "Caa3".



“**Moody’s Secured Senior Loan**” means:

- (a) a loan that:
  - (i) is not (and cannot by its terms become) subordinate in right of payment to any other debt obligation of the Obligor of the loan or no other obligation of the Obligor has any higher priority security interest in such assets or stock, provided that a revolving loan of the Obligor that, pursuant to its terms, may require one or more advances to be made to the borrower may have a higher priority security interest in such assets or stock in the event of an enforcement in respect of such loan representing up to 15 per cent. of the Obligor’s senior debt (or more if Rating Agency Confirmation from Moody’s has been obtained);
  - (ii) (x) is secured by a valid first priority perfected security interest or lien in, to or on specified collateral securing the Obligor’s obligations under the loan and (y) such specified collateral does not consist entirely of equity securities or common stock; provided that any loan that would be considered a Moody’s Secured Senior Loan but for paragraph (y) above shall be considered a Moody’s Secured Senior Loan if it is a loan made to a parent entity and as to which the Collateral Manager determines in good faith that the value of the common stock of the subsidiary (or other equity interests in the subsidiary) securing such loan at or about the time of acquisition of such loan by the Issuer has a value that is at least equal to the outstanding principal balance of such loan and the outstanding principal balances of any other obligations of such parent entity that are *pari passu* with such loan, which value may include, among other things, the enterprise value of such subsidiary of such parent entity; and
  - (iii) the value of the collateral securing the loan together with other attributes of the Obligor (including, without limitation, its general financial condition, ability to generate cash flow available for debt service and other demands for that cash flow) is adequate (as determined by the Collateral Manager, in accordance with the standard of care set out in the Collateral Management Agreement) to repay the loan in accordance with its terms and to repay all other loans of equal seniority secured by a first lien or security interest in the same collateral); and
- (b) the loan is not:
  - (i) a Corporate Rescue Loan; or
  - (ii) a loan for which the security interest or lien (or the validity or effectiveness thereof) in substantially all of its collateral attaches, becomes effective, or otherwise “springs” into existence after the origination thereof.

“**Moody’s Senior Secured Floating Rate Note**” means, a Senior Secured Floating Rate Note that (x) has a Moody’s facility rating and the obligor of such note has a Moody’s corporate family rating and (y) such Moody’s facility rating is not lower than such Moody’s corporate family rating.

#### *Fitch Ratings Definitions*

The “**Fitch Rating**” of any Collateral Debt Obligation will be determined in accordance with the below:

- (a) if such Collateral Debt Obligation is not a Corporate Rescue Loan:
  - (i) with respect to any Collateral Debt Obligation in respect of which there is a Fitch issuer default rating, whether public or privately provided to the Collateral Manager following notification by the Collateral Manager that the Issuer has entered into a binding commitment to acquire such Collateral Debt Obligation (the “**Fitch Issuer Default Rating**”), the Fitch Rating shall be such Fitch Issuer Default Rating;
  - (ii) if the Obligor thereof has an outstanding long-term financial strength rating from Fitch (the “**Fitch LTSR**”), then the Fitch Rating shall be one notch lower than such Fitch LTSR;
  - (iii) if in respect of any other obligation of the Obligor or its Affiliates, there is a publicly available rating by Fitch, then the Fitch Rating shall be the Fitch IDR Equivalent determined by applying the Fitch Rating Mapping Table (as defined below) to such rating;

- (iv) if in respect of the Collateral Debt Obligation there is a Moody's CFR, a Moody's Long Term Issuer Rating, or an S&P Issuer Credit Rating, then the Fitch Rating shall be the rating that corresponds to the lowest thereof;
  - (v) if in respect of the Collateral Debt Obligation, there is an Insurance Financial Strength Rating, then the Fitch Rating shall be one notch lower than such Insurance Financial Strength Rating;
  - (vi) if in respect of the Collateral Debt Obligation there is a Moody's/S&P Corporate Issue Rating, then the Fitch Rating shall be the Fitch IDR Equivalent determined by applying the Fitch Rating Mapping Table (as defined below) to such rating; or
  - (vii) if a Fitch Rating cannot otherwise be assigned, the Collateral Manager, on behalf of the Issuer, shall apply to Fitch for a credit opinion which shall then be the Fitch Rating or shall agree a rating with Fitch which shall then be the Fitch Rating, provided that pending receipt from Fitch of any credit opinion, the applicable Collateral Debt Obligation shall either be deemed to have a Fitch Rating of "B-", subject to the Collateral Manager believing (in its reasonable judgement) that such credit assessment will be at least "B-" or the rating specified as applicable thereto by Fitch pending receipt of such credit assessment; or
- (b) if such Collateral Debt Obligation is a Corporate Rescue Loan,
- (i) if such Corporate Rescue Loan has a publicly available rating from Fitch or has been assigned an issue-level credit assessment by Fitch, the Fitch Rating shall be such rating or credit assessment; or
  - (ii) otherwise the Issuer or the Collateral Manager on behalf of the Issuer shall apply to Fitch for an issue-level credit assessment provided that, pending receipt from Fitch of any issue-level credit assessment, the applicable Corporate Rescue Loan shall either be deemed to have a Fitch Rating of "B-", subject to the Collateral Manager believing (in its reasonable judgement) that such credit assessment will be at least "B-" or the rating specified as applicable thereto by Fitch pending receipt of such credit assessment.

For the purposes of determining the Fitch Rating, the following definitions shall apply, provided always that (x) if the applicable Collateral Debt Obligation has been put on rating watch negative for possible downgrade by Fitch, then the rating used to determine the Fitch Rating above shall be one rating subcategory below such rating by Fitch, and (y) if such Collateral Debt Obligation has been put on rating watch negative or negative credit watch for possible downgrade by Moody's or S&P, then in the case only where the Fitch Rating is derived from a rating assigned by Moody's or S&P, the rating used to determine the Fitch Rating above shall be one rating subcategory below such rating by Moody's or S&P (as applicable), (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 and (aa) with respect to any Current Pay Obligation that is rated "D" or "RD", the Fitch Rating of such Current Pay Obligation will be "CCC".

**"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:

<b>Rating Type</b>	<b>Applicable Rating Agency(ies)</b>	<b>Issue rating</b>	<b>Mapping Rule</b>
Corporate family rating or long term issuer rating	Moody's	n/a	+0
Issuer credit rating	S&P	n/a	+0
Senior unsecured	Fitch, Moody's or S&P	Any	+0
Senior, senior secured or subordinated secured	Fitch or S&P	"BBB-" or above	+0
Senior, senior secured or subordinated secured	Fitch or S&P	"BB+" or below	-1
Senior, senior secured or subordinated secured	Moody's	"Ba1" or above	-1
Senior, senior secured or subordinated secured	Moody's	"Ba2" or below, but above "Ca"	-2
Senior, senior secured or subordinated secured	Moody's	"Ca"	-1
Subordinated (junior or senior)	Fitch, Moody's or S&P	"B+" / "B1" or above	+1
Subordinated (junior or senior)	Fitch, Moody's or S&P	"B" / "B2" or below	+2

**"Insurance Financial Strength Rating"** means, in respect of a Collateral Debt Obligation, the lower of any applicable public insurance financial strength rating by S&P or Moody's in respect thereof.

**"Moody's CFR"** means, in respect of a Collateral Debt Obligation, a publicly available corporate family rating by Moody's in respect of the Obligor thereof.

**"Moody's Long Term Issuer Rating"** means, in respect of a Collateral Debt Obligation, a publicly available long term issuer rating by Moody's in respect of the Obligor thereof.

**"Moody's/S&P Corporate Issue Rating"** means, in respect of a Collateral Debt Obligation, the lower of the Fitch IDR Equivalent ratings, determined in accordance with the Fitch Rating Mapping Table, corresponding to any outstanding publicly available issue rating by Moody's and/or S&P in respect of any other obligation of the Obligor or any of its Affiliates.

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

**"S&P Rating"** means, with respect to any Collateral Debt Obligation, as of any date of determination, the rating assigned to such Collateral Debt Obligation by S&P.

### **The Coverage Tests**

The Coverage Tests will consist of the Class A/B Par Value Test, the Class C Par Value Test, the Class D Par Value Test, the Class E Par Value Test, the Class F Par Value Test, the Class A/B Interest Coverage Test, the Class C Interest Coverage Test and the Class D Interest Coverage Test. The Coverage Tests will be used primarily to determine whether Principal Proceeds may be reinvested in Substitute Collateral Debt Obligations, whether Interest Proceeds which would otherwise be used to pay interest on the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes must instead be used to pay principal of the Class A Notes and the Class B Notes in the event of failure to satisfy the Class A/B Coverage Tests and to pay principal of the Class A Notes, the Class B Notes and the Class C Notes in the event of failure to satisfy the Class C Coverage Tests; to pay principal of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes in the event of failure to satisfy the Class D Coverage Tests, to pay the principal of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and Class E Notes in the event of failure to satisfy the Class E Par Value Test, or, following the Reinvestment Period, to pay the principal of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, Class E Notes and the Class F Notes in the event of failure to satisfy the Class F Par Value Test, in each case to the extent necessary to cause the Coverage Tests relating to the relevant Class of Notes to be satisfied.

Each of the Class A/B Par Value Test, the Class A/B Interest Coverage Test, the Class C Par Value Test, the Class C Interest Coverage Test, the Class D Par Value Test, the Class D Interest Coverage Test, the Class E Par Value Test and the Class F Par Value Test shall apply on a Measurement Date (i) on and after the Effective Date in respect of the Par Value Tests (other than the Class F Par Value Test); (ii) following the expiry of the

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

<u>Coverage Test and Ratio</u>	<u>Percentage at which Test is Satisfied</u>
Class A/B Par Value	131.85%
Class A/B Interest Coverage	120.00%
Class C Par Value	123.29%
Class C Interest Coverage	110.00%
Class D Par Value	115.53%
Class D Interest Coverage	105.00%
Class E Par Value	107.23%
Class F Par Value	104.18%

#### **Required diversion in respect of the Reinvestment Overcollateralisation Test**

If, on any Payment Date during the Reinvestment Period, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (V) (inclusive) of the Interest Proceeds Priority of Payments, the Reinvestment Overcollateralisation Test has not been met, Interest Proceeds shall be paid to the Principal Account as Principal Proceeds, for the acquisition of additional Collateral Debt Obligations (or, if the Collateral Manager determines that it is unable to identify such additional Collateral Debt Obligations that it considers appropriate for such reinvestment, in redemption by way of Special Redemption of the Notes in accordance with the Note Payment Sequence) in an amount equal to the lesser of (1) 50 per cent. of all remaining Interest Proceeds available for payment and (2) the amount which, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (V) (inclusive) of the Interest Proceeds Priority of Payments, would be sufficient to cause the Reinvestment Overcollateralisation Test to be satisfied.

## DESCRIPTION OF THE COLLATERAL MANAGEMENT AGREEMENT

*The following description of the Collateral Management Agreement consists of a summary of certain provisions of the Collateral Management Agreement which does not purport to be complete and is qualified by reference to the detailed provisions of such agreement. Capitalised terms used in this section and not defined in this Offering Circular shall have the meaning given to them in the Collateral Management Agreement.*

### Fees

As compensation for the performance of its collateral management services under the Collateral Management Agreement, the Collateral Manager (and/or, at its direction, an Affiliate of the Collateral Manager) will receive, in arrear, from the Issuer a senior collateral management fee, (exclusive of VAT) on each Payment Date, equal to 0.15 per cent. per annum of the Aggregate Collateral Balance measured as of the beginning of the Due Period relating to the applicable Payment Date, which collateral management fee will be payable senior to the Notes, but subordinated to certain fees and expenses of the Issuer (such fee, the “**Senior Collateral Management Fee**”).

The Collateral Management Agreement also provides that the Collateral Manager (and/or, at its direction, an Affiliate of the Collateral Manager) will receive, in arrear, from the Issuer a subordinated collateral management fee (exclusive of VAT) on each Payment Date, equal to 0.35 per cent. per annum of the Aggregate Collateral Balance measured as of the beginning of the Due Period relating to the applicable Payment Date (such fee, the “**Subordinated Collateral Management Fee**”). Each of the Senior Collateral Management Fee and the Subordinated Collateral Management Fee shall be calculated based upon the actual number of days elapsed in the applicable Due Period divided by 360.

In addition to the Senior Collateral Management Fee and the Subordinated Collateral Management Fee, the Collateral Manager (and/or, at its direction, an Affiliate of the Collateral Manager) will receive an incentive collateral management fee (exclusive of VAT), payable on each Payment Date as provided below and subject to the Priorities of Payments, if the Incentive Collateral Management Fee IRR Threshold has met or exceeded 12 per cent., in an amount equal to 20 per cent. of any Interest Proceeds, Principal Proceeds and Collateral Enhancement Obligation Proceeds that would otherwise be available to distribute to the Subordinated Noteholders in accordance with the Priorities of Payments (the “**Incentive Collateral Management Fee**”).

If amounts distributable on any Payment Date in accordance with the Priorities of Payments are insufficient to pay the Senior Collateral Management Fee in full, then a portion of the Senior Collateral Management Fee equal to the shortfall will be deferred and will be payable on subsequent Payment Dates on which funds are available therefor according to the Priorities of Payments.

If amounts distributable on any Payment Date in accordance with the Priorities of Payments are insufficient to pay the Subordinated Collateral Management Fee in full, then a portion of the Subordinated Collateral Management Fee equal to the shortfall will be deferred and will be payable on subsequent Payment Dates on which funds are available therefor according to the Priorities of Payments.

The Collateral Manager may elect to (x) defer, (y) waive or (z) designate for reinvestment any Senior Collateral Management Fees and Subordinated Collateral Management Fees and may elect to (i) irrevocably waive or (ii) designate for reinvestment any Incentive Collateral Management Fees. Any amounts so deferred, waived or designated for reinvestment shall be applied in accordance with the Priorities of Payments. In addition, the Collateral Manager may elect to direct the Issuer to pay any Collateral Management Fee (in part or in whole) to a party of its choice. The Collateral Manager shall provide to the Collateral Administrator all information that the Collateral Administrator requires in order for it to effect any such payment. Any due and unpaid Collateral Management Fees will remain due and payable and, other than any Deferred Senior Collateral Management Amounts, Deferred Subordinated Collateral Management Amounts and Waived Incentive Collateral Management Amounts, shall accrue interest at a rate of three-month EURIBOR or, if a Frequency Switch Event has occurred, six-month EURIBOR, plus two per cent. per annum from (and including) the Payment Date on which such fee is due, to (but excluding) the date on which such fee is actually paid in accordance with the Priorities of Payments.

### Affiliate Transactions

The Collateral Manager may conduct transactions for its own account, for the account of its Affiliates, for the account of the Issuer or for the accounts of third parties and will endeavour to resolve conflicts arising therefrom

in a manner that it deems fair to the extent possible under the prevailing facts and circumstances and applicable law as disclosed under “*Risk Factors – Certain Conflicts of Interest – Collateral Manager*”. Without limiting the foregoing but subject to compliance with the Collateral Manager’s best execution policy and acquisition standards, the Collateral Manager, on behalf of and for the account of the Issuer, may sell Collateral Debt Obligations to, or buy Collateral Debt Obligations from, the Collateral Manager, any Affiliate of the Collateral Manager, or any fund managed by the Collateral Manager (some or all of which Affiliates or funds may be owned in part by principals, partners, members, directors, managers, managing directors, officers, employees, agents or Affiliates of the Collateral Manager) in transactions in which the Collateral Manager, an Affiliate or such fund acts as principal on the other side of the transaction from the Issuer and buys or sells the Collateral Debt Obligations for its own account, provided that such affiliate transactions shall be made in accordance with the affiliate transaction procedures set forth in the Collateral Management Agreement.

### **Standard of Care of the Collateral Manager**

Pursuant to the Collateral Management Agreement, the Collateral Manager will agree with the Issuer that it will perform its obligations, duties and discretions under the Collateral Management Agreement, with reasonable care, using a degree of skill and attention no less than that which the Collateral Manager exercises with respect to comparable assets that it manages for itself and others having similar investments, objectives and restrictions and in a manner consistent with practices and procedures followed by prudent collateral managers of international recognition relating to assets of the nature and character of the Collateral (the “**Standard of Care**”), provided that the Collateral Manager will not be liable for any loss or damage resulting from any failure to satisfy the Standard of Care except to the extent any act or omission of the Collateral Manager constitutes a Collateral Manager Breach. The Standard of Care may change from time to time to reflect changes by the Collateral Manager to its customary and usual administrative policies and procedures provided that such policies and procedures are at least as rigorous as the foregoing. To the extent not inconsistent with the foregoing, the Collateral Manager will follow its customary and usual administrative policies and procedures in performing its duties under the Collateral Management Agreement.

### **Responsibilities of the Collateral Manager, Indemnities**

The Collateral Manager will not be liable in contract or tort to the Issuer, the Trustee or the holders of the Notes or to any other person for any loss incurred as a result of the actions taken by the Collateral Manager under the Collateral Management Agreement, except by reason of acts or omissions constituting bad faith, wilful misconduct or gross negligence (with such term given its meaning under New York law) in the performance of its obligations under the express terms of the Collateral Management Agreement or by reason of any information provided by the Collateral Manager for inclusion in this Offering Circular containing any untrue statement of material fact or omitting to state a material fact necessary in order to make such statements, in the light of the circumstances under which they were made, not misleading (together, “**Collateral Manager Breaches**”). Investors should note that for such purpose and notwithstanding that the Notes and the Transaction Documents are governed by English law, the interpretation of “gross negligence” will be pursuant to New York law. Under New York law, the concept of gross negligence is a significantly lower standard of care than negligence under English law, requiring conduct akin to intentional wrongdoing or reckless indifference under English law. As a result, the Collateral Manager may in some circumstances have no liability for its actions or inactions under the Transaction Documents where it would otherwise have been liable if a mere negligence standard was applied under English law or if New York law was not designated as the law pursuant to which the concept of gross negligence for this purpose would be interpreted. Subject to the standard of care specified above, the Collateral Manager (and any Affiliates of the Collateral Manager, and their shareholders, managers, directors, officers, members, attorneys, advisors, agents, partners, consultants and employees) will be entitled to indemnification by the Issuer in relation, *inter alia*, to the performance of the Collateral Manager’s obligations under the Collateral Management Agreement, which will be payable in accordance with the Priorities of Payments.

The Collateral Manager shall indemnify the Issuer in respect of any Collateral Manager Breaches.

### **Resignation of the Collateral Manager**

The Collateral Manager may resign, subject to the appointment of a successor collateral manager in accordance with the Collateral Management Agreement, for any reason upon at least 90 days’ prior written notice to the Issuer, the Trustee, the Collateral Administrator, the Noteholders in accordance with the Conditions, the Rating Agencies and each Hedge Counterparty. The Collateral Manager may resign its appointment hereunder upon shorter notice whether or not a replacement Collateral Manager has been appointed where there is a change in

law or the application of any applicable law which makes it illegal for the Collateral Manager to carry on its duties under the Collateral Management Agreement.

### **Collateral Manager Event of Default**

The Collateral Manager may, subject to the appointment of a successor collateral manager in accordance with the Collateral Management Agreement, be removed following the occurrence of a Collateral Manager Event of Default upon at least 30 days prior written notice by (i) the Issuer at its discretion; or (ii) the Trustee at the direction of the holders of (A) the Subordinated Notes, acting by Extraordinary Resolution or (B) the Controlling Class, acting by Extraordinary Resolution (for the avoidance of doubt, in each case excluding any Notes held by the Collateral Manager or a Collateral Manager Related Person and any Notes held in the form of CM Non-Voting Notes and CM Exchangeable Non-Voting Notes), provided that notice of such removal shall have been given to the holders of each Class of the Notes by the Issuer or the Trustee, as the case may be, in accordance with the Conditions.

If the Collateral Manager becomes aware that a Collateral Manager Event of Default has occurred, the Collateral Manager shall give prompt written notice thereof to the Issuer, the Trustee, the Rating Agencies, each Hedge Counterparty and the holders of the Outstanding Notes in accordance with the Conditions.

### **No Voting Rights**

Any Notes held by or on behalf of the Collateral Manager or any Collateral Manager Related Person will have no voting rights with respect to any vote (or written direction or consent) in connection with the removal of the Collateral Manager or with respect to the assignment or delegation by the Collateral Manager of its obligations under the Collateral Management Agreement and will be deemed not to be Outstanding in connection with any such vote, provided, however, that any Notes held by the Collateral Manager or any Collateral Manager Related Person will have voting rights (including in respect of written directions and consents and appointment of a successor collateral manager) with respect to all other matters as to which Noteholders are entitled to vote (including, without limitation, in relation to the appointment of a successor Collateral Manager).

### **Delegation and Transfers**

The Collateral Manager may not assign its material rights or delegate material responsibilities under the Collateral Management Agreement unless (a) it obtains the written consent of: (i) the Issuer; (ii) the holders of the Controlling Class acting by Ordinary Resolution; and (iii) the holders of the Subordinated Notes acting by Ordinary Resolution, in each case excluding the Notes held by the Collateral Manager or any Collateral Manager Related Person, and subject to receipt by the Issuer of a Rating Agency Confirmation; (b) such assignee or delegate has the requisite Irish regulatory capacity; (c) such assignment or delegation does not cause the Issuer to become chargeable to taxation in any jurisdiction other than Ireland; (d) such assignment or delegation will not cause the transaction described in this Offering Circular to cease to be compliant with the Retention Requirements; and (e) such arrangement does not cause additional VAT to become payable by the Issuer (whether to a tax authority or any counterparty); provided, that, to the extent permitted by the Collateral Management Agreement, such consent and Rating Agency Confirmation under (a) above shall not be required in (i) the case of a Permitted Assignee or (ii) to enter into (or have its direct or indirect parent enter into) any consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all of its CLO management business to another entity (such action a “**CM Merger**”) and, at the time of such CM Merger the resulting, surviving or transferee entity assumes (or continues with) all the obligations of the Collateral Manager under the Collateral Management Agreement generally provided that the resulting, surviving or transferee entity has the Irish regulatory capacity to act as Collateral Manager under the Collateral Management Agreement. A “Permitted Assignee”, for the purposes of the Collateral Management Agreement, means an Affiliate of the Collateral Manager that certifies in writing to the Issuer that it (i) is legally qualified and has the Irish regulatory capacity to act as Collateral Manager under the Collateral Management Agreement; and (ii) employs the principal personnel performing the duties required under the Collateral Management Agreement prior to such assignment.

Notwithstanding the above, the Collateral Manager may delegate to an agent selected in accordance with its Standard of Care any or all of its immaterial administrative duties under the Collateral Management Agreement including its duties in respect of the Issuer’s obligations under EMIR, FATCA and CRS without the consent of the Issuer or any Noteholder and without receiving any Rating Agency Confirmation, *provided*, that no such delegation of obligations or duties by the Collateral Manager will relieve the Collateral Manager from any liability under the Collateral Management Agreement.

The Issuer may not assign its rights under the Collateral Management Agreement without the prior written consent of the Collateral Manager, the Trustee, the holders of each Class of Notes acting by Ordinary Resolution, each voting as a separate class, and subject to Rating Agency Confirmation, except in the case of an assignment by the Issuer (i) to an entity that is a successor to the Issuer permitted under the Trust Deed or (ii) to the Trustee.

### **Appointment of Successor**

Upon any removal or resignation of the Collateral Manager (except in the circumstances where it has become illegal for the Collateral Manager to carry on its duties under the Collateral Management Agreement), the Collateral Manager will continue to act in such capacity until a successor collateral manager has been appointed in accordance with the terms of the Collateral Management Agreement, including receipt of Rating Agency Confirmation in respect thereof and provided it is legally qualified and has the capacity (including Irish regulatory capacity to provide collateral management services to Irish counterparties as a matter of the laws of Ireland) to act as Collateral Manager under the Collateral Management Agreement. The successor collateral manager will be selected by the Issuer as proposed by the holders of the Controlling Class acting by Ordinary Resolution, provided that the holders of the Subordinated Notes do not object within 30 days after the giving of notice thereof in accordance with the Conditions of such proposed selection by the Issuer. If the Subordinated Noteholders do object as described in the previous sentence, then they must also propose an alternative replacement collateral manager, which shall be appointed as successor provided that the holders of the Controlling Class acting by Ordinary Resolution do not object within 30 days after the giving of notice thereof in accordance with the Conditions of such proposed selection. If the holders of the Controlling Class do object as described in the previous sentence, then they must also propose an alternative replacement collateral manager, which shall be appointed as successor provided that the Subordinated Noteholders acting by Ordinary Resolution do not object within 30 days after the giving of notice thereof in accordance with the Conditions of such proposed selection. If the Subordinated Noteholders do object as described in the previous sentence, then the Issuer shall appoint a successor collateral manager proposed by the holders of the Controlling Class acting by Ordinary Resolution that (i) has not previously been objected to by the Subordinated Noteholders (ii) is not an Affiliate of any such holder voting in favour of such Ordinary Resolution and (iii) otherwise meets the criteria for a successor collateral manager under the Collateral Management Agreement. If no successor collateral manager has been appointed within 180 days or if the Collateral Manager is required to resign as a result of illegality, the Issuer (subject to the approval of the Controlling Class, acting by Ordinary Resolution) shall appoint a successor collateral manager which satisfies the criteria specified in the Collateral Management Agreement subject to receipt of Rating Agency Confirmation.

### **CM Non-Voting Notes and CM Exchangeable Non-Voting Notes**

In accordance with the Conditions, Class A Notes, Class B Notes, Class C Notes and Class D Notes may be held in the form of CM Voting Notes, CM Non-Voting Notes or CM Exchangeable Non-Voting Notes.

No Notes either held in the form of CM Non-Voting Notes or CM Exchangeable Non-Voting Notes shall have any voting rights with respect to and shall not be counted for the purposes of determining a quorum and the results of voting on any CM Removal Resolution or CM Replacement Resolution.

### **Upon notice of removal or resignation of the Collateral Manager**

In the event that the Collateral Manager has received notice that it will be removed or has given notice of its resignation, until a successor collateral manager has been appointed and has accepted such appointment in accordance with the terms specified in the Collateral Management Agreement, purchases and sales of Collateral Debt Obligations shall be only be made in relation to sale of Margin Stock, Credit Impaired Obligations and Defaulted Obligations.



## DESCRIPTION OF THE COLLATERAL ADMINISTRATOR

*The information appearing in this section has been prepared by the Collateral Administrator and has not been independently verified by the Issuer, the Placement Agent or any other party. None of the Placement Agent or any other party other than the Collateral Administrator assumes any responsibility for the accuracy or completeness of such information.*

Elavon Financial Services Limited is a limited liability company registered in Ireland with the Companies Registration Office (registered number 418442), with its registered office at Block E, Cherrywood Business Park, Loughlinstown, Dublin, Ireland acting through its UK Branch (registered number BR009373) from its offices at 125 Old Broad Street, London, EC2N 1AR under the trade name U.S. Bank Global Corporate Trust Services.

Elavon Financial Services Limited is regulated by the Central Bank of Ireland and is subject to the .Financial Conduct Authority's Conduct of Business Rules.

### **Termination and Resignation of Appointment of the Collateral Administrator**

Pursuant to the terms of the Collateral Management Agreement, the Collateral Administrator may be removed: (a) without cause at any time upon at least 90 days' prior written notice; or (b) with cause upon at least 10 days' prior written notice by the Issuer at its discretion or the Trustee acting upon the written directions of the holders of the Subordinated Notes acting by way of Ordinary Resolution and subject to the Trustee being secured and/or indemnified and/or prefunded to its satisfaction. In addition the Collateral Administrator may also resign its appointment without cause on at least 45 days' prior written notice and with cause upon at least 10 days' prior written notice to the Issuer, the Trustee and the Collateral Manager. No resignation or removal of the Collateral Administrator will be effective until a successor collateral administrator has been appointed pursuant to the terms of the Collateral Management Agreement.

## HEDGING ARRANGEMENTS

*The following section consists of a summary of certain provisions which, pursuant to the Collateral Management Agreement, are required to be contained in each Hedge Agreement and Hedge Transaction. Such summary does not purport to be complete and is qualified by reference to the detailed provisions of each Hedge Agreement and Hedge Transaction. The terms of a Hedge Agreement or Hedge Transaction may differ from the description provided herein, subject to receipt of Rating Agency Confirmation in respect thereof or without Rating Agency Confirmation if such Hedge Transaction constitutes either a Form Approved Interest Rate Hedge or a Form Approved Asset Swap.*

### Hedge Agreements

Subject to such arrangements complying with the Hedge Agreement Eligibility Criteria at the time such arrangements are entered into, the Issuer (or the Collateral Manager on its behalf) may enter into transactions documented under a 1992 ISDA Master Agreement (Multicurrency - Cross Border) or 2002 ISDA Master Agreement or such other form published by the International Swaps and Derivatives Association, Inc. (“ISDA”).

### Currency Hedging Arrangements

#### *Asset Swap Agreements*

The Issuer (or the Collateral Manager on behalf of the Issuer) may purchase Non-Euro Obligations provided that any such Non-Euro Obligation shall only constitute a Collateral Debt Obligation that satisfies paragraph (b) of the Eligibility Criteria if either (i) for any Non-Euro Obligation denominated in a Qualifying Unhedged Obligation Currency and acquired in the Primary Market, within six months of the settlement date of acquisition thereof or otherwise (ii) not later than the settlement date of acquisition thereof, the Collateral Manager procures entry by the Issuer into an Asset Swap Transaction pursuant to which the currency risk arising from receipt of cash flows from such Non-Euro Obligations, including interest and principal payments, is hedged through the swapping of such cash flows for Euro payments to be made by an Asset Swap Counterparty and provided that the Aggregate Principal Balance of all Unhedged Collateral Debt Obligations which are not at the time of determination subject to an Asset Swap Transaction shall not exceed 2.5 per cent. of the Aggregate Collateral Balance at any time. Notwithstanding the foregoing, the Collateral Manager shall only be authorised to purchase, on behalf of the Issuer, Non-Euro Obligations for which an Asset Swap Transaction has not been entered into and in respect of which the Collateral Manager does not intend to enter into an Asset Swap Transaction prior to the settlement of the purchase thereof if, before and immediately after such purchase, the Aggregate Collateral Balance (for which purposes, the Principal Balance of such Unhedged Collateral Debt Obligation and any other Unhedged Collateral Debt Obligation the purchase of which is yet to settle shall be equal to the product of (1) 50 per cent. of its principal amount and (2) the prevailing Spot Rate and the Principal Balance of each Defaulted Obligation shall be the lower of its Moody’s Collateral Value and its Fitch Collateral Value) is greater than or equal to the Reinvestment Target Par Amount. For the purposes of this calculation, obligations which are to constitute Non-Euro Obligations in respect of which the Issuer has entered into a binding commitment to purchase but which have not yet settled shall be included as Non-Euro Obligations.

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 mismatch between the Notes and any Non-Euro Obligations; and
- (b) other than in the case of a Form Approved Asset Swap, subject to receipt of Rating Agency Confirmation in respect thereof,

and at the time such Asset Swap Transaction is entered into it shall comply with the Hedge Agreement Eligibility Criteria.

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 (or in the context of an Asset Swap Counterparty whose obligations are irrevocably and unconditionally guaranteed, an obligation for the guarantor to satisfy the applicable Rating Requirements) 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 Collateral 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 Non-Euro Obligation or the related Obligor, 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 or its affiliate. 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 other than in circumstances where (a) the Collateral Manager intends to sell the related Non-Euro Obligation on behalf of the Issuer, (b) a Redemption Date has or is scheduled to occur or (c) a Restructuring Date has occurred or is scheduled to occur the Issuer, or the Collateral Manager on its behalf, shall, within 30 days of such termination, act in accordance with the standard of care set out in the Collateral Management Agreement to 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 irrevocably and unconditionally 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 (i) at the time such Replacement Asset Swap Transaction is entered into it shall comply with the Hedge Agreement Eligibility Criteria and (ii) the Issuer shall obtain Rating Agency Confirmation unless such Replacement Asset Swap Transaction is a Form Approved Asset Swap. For the avoidance of doubt, the Collateral Manager may elect to sell the Non-Euro Obligation related to such terminated Asset Swap Transaction in accordance with the terms of the Collateral Management Agreement.

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

The Issuer (or the Collateral Manager on its behalf) may enter into any additional Interest Rate Hedge Transactions from time to time. Each Interest Rate Hedge Transaction will be evidenced by a confirmation

entered into pursuant to an Interest Rate Hedge Agreement. An Interest Rate Hedge Transaction, if entered into, will be:

- (a) used to hedge any interest rate mismatch between the Notes (other than the Subordinated Notes) and the Collateral Debt Obligations;
- (b) in the case of a Form Approved Interest Rate Hedge, 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 Interest Rate Hedge, subject to receipt of Rating Agency Confirmation in respect thereof,

and at the time such Interest Rate Hedge Transaction is entered into it complies with the Hedge Agreement Eligibility Criteria.

Further, each Interest Rate Hedge Counterparty will be required to include in the relevant Interest Rate Hedge Agreement the applicable terms and criteria specified by the relevant Rating Agency, which include without limitation, an obligation to comply with applicable Rating Requirements (or in the context of an Asset Swap Counterparty whose obligations are irrevocably and unconditionally guaranteed, an obligation for the guarantor to satisfy the applicable Rating Requirements) and take certain actions upon downgrade as described further below. No Interest Rate Hedge Transaction may be entered into if, at the time of entry into such Interest Rate Hedge 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 Interest Rate Hedge Transaction.

#### *Acceleration*

Upon the insolvency of the Issuer and/or the acceleration of the Notes in accordance with Condition 10(b) (*Acceleration*), the Interest Rate Hedge Counterparty may, but shall not be obliged to, terminate the Interest Rate Hedge Transactions in which case any Interest Rate Hedge Termination Payment would be paid in accordance with the Post-Acceleration Priority of Payments.

#### *Replacement Interest Rate Hedge Agreements*

If any Interest Rate Hedge Transaction terminates in whole at any time in circumstances in which the applicable Interest Rate Hedge Counterparty is the “Defaulting Party” or an “Affected Party” (each such term as defined in the applicable Interest Rate Hedge Agreement), the Issuer, or the Collateral Manager on its behalf, shall, within 30 days of such termination, act in accordance with the standard of care set out in the Collateral Management Agreement to enter into a Replacement Interest Rate Hedge Transaction in respect of such terminated Interest Rate Hedge Transaction with one or more Interest Rate Hedge Counterparties who satisfy the applicable Rating Requirement (or whose obligations are irrevocably and unconditionally 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 interest rate risk is reduced or eliminated and (a) at the time such Replacement Interest Rate Hedge Transaction is entered into it complies with the Hedge Agreement Eligibility Criteria and (b) the Issuer obtains Rating Agency Confirmation unless such Replacement Interest Rate Hedge Transaction is a Form Approved Interest Rate Hedge.

#### **Hedge Agreement Eligibility Criteria**

The Collateral Manager shall only cause the Issuer to enter into Hedge Agreements that at the time such Hedge Agreements are entered into, satisfy the Hedge Agreement Eligibility Criteria.

Any Hedge Transaction entered into pursuant to and satisfying the Hedge Agreement Eligibility Criteria as of the time of entry shall be deemed to have been entered into consistent with the standard of care set out in the Collateral Management Agreement insofar as the risk of causing the Issuer to be a commodity pool is concerned.

The Collateral Manager shall apply the standard of care set out in the Collateral Management Agreement in respect of the risk of causing the Issuer to become subject to clearing under EMIR, the Dodd-Frank Act or any other applicable legal, regulatory or other requirements, and the Collateral Manager shall consult with reputable legal counsel when it considers appropriate having regard to the standard of care set out in the Collateral Management Agreement and seek advice from such counsel that the Hedge Agreement Eligibility Criteria

remain sufficient to prevent any commodity pool operator of the Issuer, including the Collateral Manager, from being required to register as a CPO with the CFTC in respect of the Issuer.

In addition, if the Collateral Manager has actual knowledge of any change in law, rule or regulation or interpretation thereof that would lead the Collateral Manager to reasonably question whether, notwithstanding compliance with the Hedge Agreement Eligibility Criteria, such change in law or regulation or interpretation thereof would cause any commodity pool operator of the Issuer, including the Collateral Manager, to be required to register as a CPO with the CFTC in respect of the Issuer, the Collateral Manager shall seek a bring-down memorandum in respect of the memorandum on the Hedge Agreement Eligibility Criteria delivered on the Issue Date (or, if a prior bring-down memorandum or modification memorandum has been issued, then a bring-down of such memorandum or equivalent memorandum, as the case may be). If the Collateral Manager cannot obtain such a bring-down or equivalent memorandum on the basis of the original Hedge Agreement Eligibility Criteria, the Collateral Manager shall not cause the Issuer to enter into any further Hedge Agreements unless in respect of any such further Hedge Agreement the Collateral Manager obtains legal advice of reputable legal counsel that such Hedge Agreement will not cause any commodity pool operator of the Issuer, including the Collateral Manager, to be required to register as a CPO with the CFTC in respect of the Issuer.

Notwithstanding anything contained in the Collateral Management Agreement or the Trust Deed to the contrary, the Collateral Manager may by notice in writing to the Issuer and the Trustee unilaterally elect to modify the Hedge Agreement Eligibility Criteria without the consent of any other party so long as it first causes the Issuer to obtain (or itself obtains on behalf of the Issuer) an opinion from reputable legal counsel that Hedge Agreements entered into in compliance with such modified Hedge Agreement Eligibility Criteria will not cause:

- (a) any commodity pool operator of the Issuer, including the Collateral Manager, to be required to register as a CPO with the CFTC in respect of the Issuer; and
- (b) the Issuer to become subject to clearing under EMIR, the Dodd-Frank Act or any other applicable legal, regulatory or other requirements.

From and after the delivery of the notice described in the preceding sentence, the Hedge Agreement Eligibility Criteria shall be deemed amended to include the aforementioned modifications.

#### *Standard Terms of the Hedge Agreements*

Each Hedge Agreement entered into by or on behalf of the Issuer shall contain the following standard provisions, save to the extent that any change thereto is agreed by the Issuer and the applicable Hedge Counterparty and subject to receipt of Rating Agency Confirmation in respect thereof or the Hedge Agreement being either a Form Approved Interest Rate Hedge or a Form Approved Asset Swap.

#### *Gross up*

Under each Hedge Agreement neither the Issuer nor the applicable Hedge Counterparty will be obliged to gross up any payments thereunder in the event of any withholding or deduction for or on account of tax required to be paid on such payments. Any such event may however result in a "Tax Event" which is a "Termination Event" for the purposes of the relevant Hedge Agreement. In the event of the occurrence of a Tax Event (as defined in such Hedge Agreement), each Hedge Agreement will include provision for the relevant Affected Party (as defined therein) to use reasonable endeavours to (i) (in the case of the Hedge Counterparty) arrange for a transfer of all of its interests and obligations under the Hedge Agreement and all Transactions (as defined in the Hedge Agreement) thereunder to an Affiliate that is incorporated in another jurisdiction so as to avoid the requirement to withhold or deduct for or on account of tax; or (ii) (in the case of the Issuer) transfer its residence for tax purposes to another jurisdiction or if a substitute principal obligor under the Notes has been substituted for the Issuer in accordance with Condition 9 (*Taxation*), arrange for a transfer of all of its interest and obligations under the Hedge Agreement and all Transactions thereunder to that substitute principal obligor so as to avoid the requirement to withhold or deduct for or on account of tax subject to satisfaction of the conditions specified therein (including receipt of Rating Agency Confirmation).

#### *Limited Recourse and Non-Petition*

The obligations of the Issuer under each Hedge Agreement will be limited to the proceeds of enforcement of the Collateral as applied in accordance with the Priorities of Payments set out in Condition 3(c) (*Priorities of Payments*), provided that any Counterparty Downgrade Collateral standing to the credit of a Counterparty

Downgrade Collateral Account shall be applied and delivered by the Issuer (or by the Collateral Manager on its behalf) in accordance with Condition 3(j)(v) (*Counterparty Downgrade Collateral Account*). The Issuer will have the benefit of non-petition language similar to the language set out in Condition 4(c) (*Limited Recourse and Non-Petition*).

#### *Termination Provisions*

Each Hedge Agreement may terminate by its terms, whether or not the Notes have been paid in full prior to such termination, upon the occurrence of a number of events (which may include without limitation):

- (a) certain events of bankruptcy, insolvency, receivership or reorganisation of the Issuer or the related Hedge Counterparty;
- (b) failure on the part of the Issuer or the related Hedge Counterparty to make any payment under the applicable Hedge Agreement after taking into account the applicable grace period;
- (c) a change in law making it illegal for either the Issuer or the related Hedge Counterparty to be a party to, or to perform its obligations under, any applicable Hedge Agreement;
- (d) the principal due in respect of the Notes is declared to be due and payable in accordance with the terms of the Trust Deed and the Trustee has started to sell all or part of the Collateral as a consequence thereof;
- (e) failure by a Hedge Counterparty to comply with the requirements of the Rating Agencies in the event that it (or, in the context of an Asset Swap Counterparty whose obligations are irrevocably and unconditionally guaranteed, its guarantor) is subject to a rating withdrawal or downgrade by the Rating Agencies to below the applicable Rating Requirement;
- (f) the Notes are redeemed in whole prior to the Maturity Date (otherwise than as a result of a Note Event of Default thereunder);
- (g) representations related to certain regulatory matters prove to be incorrect when made, if the Issuer becomes subject to the AIFMD, or if the Issuer or the Collateral Manager is required to register as a “commodity pool operator” and such party does not so register pursuant to the United States Commodity Exchange Act of 1936, as amended and certain representations relating to EMIR;
- (h) other regulatory changes occur and the parties are unable to agree appropriate amendments to the Hedge Agreement or which have a material adverse effect on a Hedge Counterparty;
- (i) material changes are made to the Transaction Documents without the consent of a Hedge Counterparty which would have a material adverse effect on the Hedge Counterparty; and
- (j) any other event as specified in the relevant Hedge Agreement.

A termination of a Hedge Agreement does not constitute a Note Event of Default under the Notes though the repayment in full of the Notes may be an additional termination event under a Hedge Agreement.

Upon the occurrence of any Note Event of Default or Termination Event (each as defined in the applicable Hedge Agreement), a Hedge Agreement may be terminated by the Hedge Counterparty or the Issuer (or the Collateral Manager on its behalf) in accordance with the detailed provisions thereof and a lump sum (the “**Termination Payment**”) may become payable by the Issuer to the applicable Hedge Counterparty or vice versa. Depending on the terms of the applicable Hedge Agreement, such Termination Payment may be determined by the applicable Hedge Counterparty and/or Issuer (or the Collateral Manager on its behalf) by reference to market quotations obtained in respect of the entry into a replacement swap(s) on the same terms as that terminated or as otherwise described in the applicable Hedge Agreement or, subject and in accordance with the terms of the relevant Hedge Agreement, any loss suffered by a party.

Asset Swap Agreements may also contain provisions which allow an Asset Swap Transaction to terminate upon the occurrence of certain credit events related to the underlying Non-Euro Obligation. These credit events could potentially be triggered in circumstances where the related Collateral Debt Obligation would not constitute a Defaulted Obligation (as such term is defined in the Conditions). In such instances the related Asset Swap

Transaction would terminate and the Issuer (or the Collateral Manager acting on its behalf) may need to sell the related Non-Euro Obligation unless a new Asset Swap Transaction can be entered into.

#### *Rating Downgrade Requirements*

Each Hedge Agreement will contain provisions requiring certain remedial action to be taken in the event that the Hedge Counterparty (or, as relevant, its guarantor) is subject to a rating withdrawal or downgrade, such provisions being in accordance with the rating methodology of the Rating Agencies at the time of entry into such Hedge Agreements. Such provisions may include a requirement that a Hedge Counterparty must post collateral; or transfer the Hedge 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 Hedge Agreement or take other actions subject to Rating Agency Confirmation.

#### *Transfer and Modification*

The Collateral Manager acting on behalf of the Issuer, may not modify any Hedge Transaction or Hedge Agreement without Rating Agency Confirmation in relation to such modification, save to the extent that it would constitute a Form Approved Asset Swap or a Form Approved Interest Rate Hedge (as applicable) following such modification. A Hedge Counterparty may transfer its rights and obligations under a Hedge Agreement to any institution which (or whose credit support provider (as defined in the applicable Hedge Agreement)) satisfies the applicable Rating Requirement and provided that such institution satisfies any applicable regulatory requirements.

Any of the requirements set out herein may be modified in order to meet any new or additional requirements of any Rating Agency then rating any Class of Notes.

#### *Governing Law*

Each Hedge Agreement together with each Hedge Transaction thereunder in each case, including any non-contractual obligations arising out of or in relation thereto, will be governed by, and construed in accordance with, English law.

#### *Reporting of Specified Hedging Data*

The Collateral Manager, on behalf of the Issuer, may from time to time enter into agreements (each a “**Reporting Delegation Agreement**”) in a form approved by the Rating Agencies for the delegation of certain derivative transaction reporting obligations to one or more Hedge Counterparties or third parties (each, in such capacity, a “**Reporting Delegate**”).

## DESCRIPTION OF THE REPORTS

### Monthly Reports

The Collateral Administrator, not later than the eleventh Business Day after the last Business Day of each month (save in respect of any month for which a Payment Date Report or the Effective Date Report has been prepared) commencing in June 2016, (in respect of the last Business Day of May 2016), on behalf, and at the expense, of the Issuer and in consultation with the Collateral Manager, shall compile and make available a monthly report via a secured website currently located at <https://usbtrustgateway.usbank.com/portal/login.do> which shall be accessible to the Issuer, the Trustee, the Collateral Manager, each Hedge Counterparty and the Rating Agencies and any Noteholder by way of a unique password (the “**Monthly Report**”), (which, in the case of each Noteholder, may be obtained from the Collateral Administrator subject to receipt by the Collateral Administrator of certification that such holder is a holder of a beneficial interest in any Notes) which shall contain, without limitation, the information set out below with respect to the Portfolio, determined by the Collateral Administrator as at the last Business Day of each month in consultation with the Collateral Manager.

### Portfolio

- (a) the Aggregate Principal Balance of the Collateral Debt Obligations and Eligible Investments representing Principal Proceeds;
- (b) the Aggregate Collateral Balance of the Collateral Debt Obligations;
- (c) the Adjusted Collateral Principal Amount of the Collateral Debt Obligations;
- (d) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Debt Obligation, its Principal Balance, LoanX ID, CUSIP number, ISIN or identification thereof, annual interest rate or spread (and EURIBOR floor if any), facility, Collateral Debt Obligation Stated Maturity, Obligor, the Domicile of the Obligor, location of assets, location of security, Fitch Recovery Rate, Moody’s Recovery Rate, Moody’s Rating, Fitch Rating and any other public rating (other than any confidential credit estimate), its Moody’s industry category and Fitch Industry Category;
- (e) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Debt Obligation, whether such Collateral Debt Obligation is a Secured Senior Loan, Secured Senior Bond, Unsecured Senior Obligation, Second Lien Loan, Mezzanine Loan or High Yield Bond, Fixed Rate Collateral Debt Obligation, Corporate Rescue Loan, PIK Obligation, Current Pay Obligation, Annual Obligation, Revolving Obligation, Delayed Drawdown Collateral Debt Obligation, Bridge Loan, Discount Obligation or Discount Obligation Exception;
- (f) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Enhancement Obligation and Exchanged Security (to the extent applicable), its principal amount, face amount, annual interest rate, Collateral Debt Obligation Stated Maturity and Obligor, details of the type of instrument it represents and details of any amounts payable thereunder or other rights accruing pursuant thereto;
- (g) subject to any confidentiality obligations binding on the Issuer, the number, identity and, if applicable, Principal Balance of, respectively, any Collateral Debt Obligations, Collateral Enhancement Obligations or Exchanged Security that were released for sale or other disposition (specifying the reason for such sale or other disposition and the section in the Collateral Management Agreement pursuant to which such sale or other disposition was made), the Aggregate Principal Balances of Collateral Debt Obligations released for sale or other disposition at the Collateral Manager’s discretion (expressed as a percentage of the Adjusted Collateral Principal Amount and measured at the date of determination of the last Monthly Report), the sale price thereof and identity of any of the purchasers thereof (if any) that are Affiliated with the Collateral Manager, and the amount of any Trading Gains resulting from such sale paid into the Interest Account;
- (h) subject to any confidentiality obligations binding on the Issuer, the purchase or sale price of each Collateral Debt Obligation, Eligible Investment and Collateral Enhancement Obligation acquired by the Issuer and in which the Issuer has granted a security interest to the Trustee, and each Collateral Debt Obligation, Eligible Investment and Collateral Enhancement Obligation sold by the Issuer since the



date of determination of the last Monthly Report and the identity of the purchasers or sellers thereof, if any, that are Affiliated with the Issuer or the Collateral Manager;

- (i) subject to any confidentiality obligations binding on the Issuer, the identity of each Collateral Debt Obligation which became a Defaulted Obligation or Deferring Obligation or in respect of which an Exchanged Security has been received since the date of determination of the last Monthly Report, the approximate Market Value of each Collateral Debt Obligation which became a Defaulted Obligation and the identity and Principal Balance of each Moody's Caa Obligation, Fitch CCC Obligation and Current Pay Obligation;
- (j) subject to any confidentiality obligations binding on the Issuer, the identity of each Collateral Debt Obligation which became a Restructured Obligation and its Obligor, as well as, where applicable, the name of the Obligor prior to the restructuring and the Obligor's new name after the Restructuring Date;
- (k) the Aggregate Principal Balance of Collateral Debt Obligations which were upgraded or downgraded since the most recent Monthly Report and of which the Collateral Administrator or the Collateral Manager has actual knowledge;
- (l) the approximate Market Value of, respectively, the Collateral Debt Obligations and the Collateral Enhancement Obligations;
- (m) in respect of each Collateral Debt Obligation, its Moody's Rating and Fitch Rating (other than any confidential credit estimate) as at (i) the date of acquisition; (ii) the date of the previous Monthly Report; and (iii) the date of the current Monthly Report;
- (n) the Aggregate Principal Balance of Collateral Debt Obligations comprising Participations in respect of which the Selling Institutions are not the lenders of record;
- (o) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Debt Obligation which is a Cov-Lite Loan, its Principal Balance, Obligor, Fitch Recovery Rate, Moody's Recovery Rate, Moody's Rating, Fitch Rating and any other public rating (other than any confidential credit estimate), its Moody's industry category and Fitch Industry Category;
- (p) the applicable row and column in the Moody's Test Matrix and Fitch Tests Matrices which are being applied for the purposes of the Collateral Quality Tests; and
- (q) a commentary provided by the Collateral Manager with respect to the Portfolio (provided that the Collateral Manager may provide such commentary via its own secure website and not the Reports).

#### *Accounts*

- (a) the identity of the Account Bank;
- (b) the Balances standing to the credit of each of the Accounts other than the Collection Account;
- (c) the purchase price, principal amount, redemption price, annual interest rate, maturity date and Obligor under each Eligible Investment purchased from funds in the Accounts; and
- (d) the rating by Moody's and Fitch in respect of each Eligible Investment.

#### *Hedge Transactions*

- (a) the outstanding notional amount (as defined therein) of each Hedge Transaction, distinguishing between (i) Asset Swap Transactions, and (ii) Interest Rate Hedge Transactions and the current rate of EURIBOR;
- (b) the amount scheduled to be received and paid by the Issuer pursuant to each Hedge Transaction on or before the next Payment Date;
- (c) the name of each Hedge Counterparty, the then current Moody's rating and Fitch rating in respect of each Hedge Counterparty and whether such Hedge Counterparty satisfies the Rating Requirements; and

- (d) the maturity date, the strike price and the underlying currency notional amount of each currency option, the upfront premium paid or payable by the Issuer thereunder and, in relation to each currency option exercised, the date of exercise, the spot foreign exchange rate at the time of exercise, the notional amount of the optional exercised, the aggregate notional amount of the option which remains unexercised and the aggregate premium received.

*Frequency Switch Event*

- (a) whether a Frequency Switch Event has occurred and the date of such Frequency Switch Event as notified to the Collateral Administrator by the Collateral Manager or as determined by the Collateral Administrator in consultation with the Collateral Manager.

*Coverage Tests and Collateral Quality Tests*

- (a) a statement as to whether each of the Class A/B Par Value Test, the Class C Par Value Test, the Class D Par Value Test, the Class E Par Value Test, the Class F Par Value Test and the Reinvestment Overcollateralisation Test is satisfied and details of the relevant Par Value Ratios;
- (b) a statement as to whether each of the Class A/B Interest Coverage Test, the Class C Interest Coverage Test and the Class D Interest Coverage Test is satisfied and details of the relevant Interest Coverage Ratios;
- (c) the Weighted Average Life and a statement as to whether the Weighted Average Life Test is satisfied;
- (d) the Weighted Average Floating Spread (shown as including and excluding the Aggregate Excess Funded Spread), the Weighted Average Coupon and the Weighted Average Coupon Adjustment Percentage, and a statement as to whether the Moody's Minimum Weighted Average Floating Spread and the Fitch Minimum Weighted Average Spread Test are satisfied (so long as any Notes are rated by Moody's and Fitch respectively);
- (e) so long as any Notes rated by Moody's are Outstanding, the Adjusted Weighted Average Moody's Rating Factor and a statement as to whether the Moody's Maximum Weighted Average Rating Factor Test is satisfied;
- (f) so long as any Notes rated by Moody's are Outstanding, (i) the Weighted Average Moody's Recovery Rate and a statement as to whether the Moody's Minimum Weighted Average Recovery Rate Test is satisfied and (ii) subject to any confidentiality undertakings binding on the Issuer, with respect to each Collateral Debt Obligation, (A) the name of the Obligor; (B) the Moody's Default Probability Rating (if public); (C) the name of the Collateral Debt Obligation as documented in its Underlying Instrument (or, where it is not practicable to provide this information, such information shall, upon request from Moody's, be provided to Moody's in the event that Moody's is unable to map such name to its database); (D) the seniority of the Collateral Debt Obligation; (E) the Moody's Rating of the Collateral Debt Obligation (if public); and (F) the Moody's assigned recovery rate (if the relevant Collateral Debt Obligation has a Moody's Rating which is public);
- (g) so long as any Notes rated by Moody's are Outstanding, the Diversity Score and a statement as to whether the Moody's Minimum Diversity Test is satisfied;
- (h) so long as any Notes rated by Fitch are Outstanding, whether or not the Fitch Maximum Weighted Average Rating Factor Test is satisfied;
- (i) so long as any Notes rated by Fitch are Outstanding, whether or not the Fitch Minimum Weighted Average Recovery Rate Test is satisfied;
- (j) the Obligor Concentration and a statement as to whether the Maximum Obligor Concentration Test is satisfied; and
- (k) a statement identifying any Collateral Debt Obligation in respect of which the Collateral Manager has made its own determination of "Market Value" (pursuant to the definition thereof) for the purposes of any of the Coverage Tests.

### *Portfolio Profile Tests*

- (a) in respect of each Portfolio Profile Test, a statement as to whether such test is satisfied, together with details of the result of the calculations required to be made in order to make such determination which details shall include the applicable numbers, levels and/or percentages resulting from such calculations;
- (b) the identity and Moody's rating and Fitch rating of each Selling Institution, together with any changes in the identity of such entities since the date of determination of the last Monthly Report and details of the aggregate amount of Participations entered into with each such entity; and
- (c) a statement as to whether the limits specified in the Bivariate Risk Table are met by reference to the Moody's ratings and Fitch ratings of Selling Institutions and, if such limits are not met, a statement as to the nature of the non-compliance.

### *Risk Retention*

- (a) confirmation that the Collateral Administrator has received written confirmation from the Retention Holder that:
  - (i) it continues to hold Subordinated Notes with a Principal Amount Outstanding representing no less than 5.0 per cent. of the Target Par Cap (the "**Retention**"); and
  - (ii) it has not sold, hedged or otherwise mitigated its credit risk under or associated with the Retention or the underlying portfolio of Collateral Debt Obligations, except to the extent permitted in accordance with the Retention Requirements;
- (b) confirmation of any other information or agreements supplied by the Retention Holder as reasonably required to satisfy the Retention Requirements from time to time, subject to and in accordance with the Risk Retention Letter;
- (c) the calculation of 5.0 per cent. of the Aggregate Collateral Balance and 5.0 per cent. of the Target Par Cap for the purposes of determining the Retention and whether a Retention Deficiency has occurred; and
- (d) the amount of any Trading Gains paid into the Interest Account since the previous Payment Date.

### *CM Voting Notes/ CM Non-Voting Notes*

For so long as any Class A Notes, Class B Notes, Class C Notes or Class D Notes are Outstanding:

- (a) the aggregate Principal Amount Outstanding of all CM Voting Notes;
- (b) the aggregate Principal Amount Outstanding of all CM Non-Voting Notes; and
- (c) the aggregate Principal Amount Outstanding of all CM Exchangeable Non-Voting Notes.

### *Payment Date Report*

The Collateral Administrator, on behalf, and at the expense, of the Issuer and in consultation with the Collateral Manager, shall render a report (the "**Payment Date Report**"), prepared and determined as of each Determination Date, and made available via a secured website currently located at <https://usbtrustgateway.usbank.com/portal/login.do> which shall be accessible to the Collateral Manager, the Issuer, the Trustee, the Placement Agent, the Registrar, each Hedge Counterparty, the Rating Agencies and any Noteholder by way of a unique password (which, in the case of each Noteholder may be obtained from the Collateral Administrator subject to receipt by the Collateral Administrator of certification that such holder is a holder of a beneficial interest in any Notes) not later than the Business Day preceding the related Payment Date. Upon receipt of each Payment Date Report, the Collateral Administrator, in the name and at the expense of the Issuer, shall notify the Irish Stock Exchange of the Principal Amount Outstanding of each Class of Notes after giving effect to the principal payments, if any, on the next Payment Date. The Payment Date Report shall contain the following information:

### *Portfolio*

- (a) the Aggregate Principal Balance of the Collateral Debt Obligations as of the close of business on such Determination Date, after giving effect to (A) Principal Proceeds received on the Collateral Debt Obligations with respect to the related Due Period and the reinvestment of such Principal Proceeds in Substitute Collateral Debt Obligations during such Due Period and (B) the disposal of any Collateral Debt Obligations during such Due Period;
- (b) subject to any confidentiality obligations binding on the Issuer, a list of, respectively, the Collateral Debt Obligations and Collateral Enhancement Obligations indicating the Principal Balance and Obligor of each; and
- (c) the information required pursuant to “*Monthly Reports — Portfolio*” above.

### *Notes*

- (a) the Principal Amount Outstanding of the Notes of each Class and such aggregate amount as a percentage of the original aggregate Principal Amount Outstanding of the Notes of such Class at the beginning of the Accrual Period, the amount of principal payments to be made on the Notes of each Class on the related Payment Date, and the aggregate amount of the Notes of each Class Outstanding and such aggregate amount as a percentage of the original aggregate amount of the Notes of such Class Outstanding after giving effect to the principal payments, if any, on the next Payment Date;
- (b) the interest payable in respect of each Class of Notes (as applicable), including the amount of any Deferred Interest payable on the related Payment Date (in the aggregate and by Class);
- (c) the Interest Amount payable in respect of each Class of Notes on the next Payment Date;
- (d) EURIBOR for the related Due Period and the Floating Rate of Interest applicable to each Class of Rated Notes during the related Due Period; and
- (e) whether a Frequency Switch Event has occurred and the date of such Frequency Switch Event as notified to the Collateral Administrator by the Collateral Manager or as determined by the Collateral Administrator in consultation with the Collateral Manager.

### *Payment Date Payments*

- (a) the amounts payable pursuant to the Interest Proceeds Priority of Payments, the Principal Proceeds Priority of Payments, the Collateral Enhancement Obligation Proceeds Priority of Payments and the Post-Acceleration Priority of Payments;
- (b) the Trustee Fees and Expenses, the amount of any Collateral Management Fees and Administrative Expenses payable on the related Payment Date, in each case, on an itemised basis; and
- (c) any Asset Swap Termination Payments, any Interest Rate Hedge Termination Payments and any Defaulted Hedge Termination Payments.

### *Accounts*

- (a) the Balance standing to the credit of the Interest Account at the end of the related Due Period;
- (b) the Balance standing to the credit of the Principal Account at the end of the related Due Period;
- (c) the Balance standing to the credit of the Interest Account immediately after all payments and deposits to be made on the next Payment Date;
- (d) the Balance standing to the credit of the Principal Account immediately after all payments and deposits to be made on the next Payment Date;
- (e) the amounts payable from the Interest Account through a transfer to the Payment Account pursuant to the Priorities of Payments on such Payment Date;

- (f) the amounts payable from the Principal Account through a transfer to the Payment Account pursuant to the Priorities of Payments on such Payment Date;
- (g) the amounts payable from any other Accounts (through a transfer to the Payment Account) pursuant to the Priorities of Payments on such Payment Date, together with details of whether such amounts constitute Interest Proceeds or Principal Proceeds;
- (h) the Balance standing to the credit of each of the other Accounts at the end of the related Due Period;
- (i) the purchase price, principal amount, redemption price, annual interest rate, maturity date of and Obligor of each Eligible Investment purchased from funds in the Accounts;
- (j) the Principal Proceeds received during the related Due Period;
- (k) the Interest Proceeds received during the related Due Period; and
- (l) the Collateral Enhancement Obligation Proceeds received during the related Due Period.

*Coverage Tests, Collateral Quality Tests and Portfolio Profile Tests*

- (a) the information required pursuant to “*Monthly Reports — Coverage Tests and Collateral Quality Tests*” above and information on each item included under the definition of Interest Coverage Amount; and
- (b) the information required pursuant to “*Monthly Reports — Portfolio Profile Tests*” above.

*Hedge Transactions*

The information required pursuant to “*Monthly Reports — Hedge Transactions*” above.

*Risk Retention*

The information required pursuant to “*Monthly Reports – Risk Retention*” above.

*CM Voting Notes / CM Non-Voting Notes*

The information required pursuant to “*Monthly Reports – CM Voting Notes / CM Non-Voting Notes*” above.

*Miscellaneous*

Each report shall state that it is for the purposes of information only, that certain information included in the report is estimated, approximated or projected and that it is provided without any representations or warranties as to the accuracy or completeness thereof and that none of the Collateral Administrator, the Trustee, the Issuer or the Collateral Manager will have any liability for estimates, approximations or projections contained therein.

In addition, the Collateral Administrator shall provide the Issuer with such other information and in such a format relating to the Portfolio as the Issuer may reasonably request and which is in the possession of the Collateral Administrator, in order for the Issuer to satisfy its obligation to make certain filings of information with the Irish Central Bank and in respect of the preparation of its financial statements and tax returns.

## TAX CONSIDERATIONS

### General

Purchasers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Note.

Potential purchasers who are in any doubt about their tax position on purchase, ownership, transfer or exercise of any Note should consult their own tax advisers. **In particular, no representation is made as to the manner in which payments under the Notes would be characterised by any relevant taxing authority.** Potential investors should be aware that the relevant fiscal rules or their interpretation may change, possibly with retrospective effect, and that this summary is not exhaustive. This summary does not constitute legal or tax advice or a guarantee to any potential investor of the tax consequences of investing in the Notes.

### Irish Taxation

The following is a summary based on the laws and practices currently in force in Ireland regarding the tax position of investors beneficially owning their Notes and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

### Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent), is required to be withheld from payments of Irish source interest. However, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act, 1997 (the “**1997 Act**”) for certain interest bearing securities issued by a body corporate (such as the Issuer) which are quoted on a recognised stock exchange (which would include the Irish Stock Exchange) (“**quoted Eurobonds**”).

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

- (a) the person by or through whom the payment is made is not in Ireland; or
- (b) the payment is made by or through a person in Ireland, and either:
  - (i) the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (e.g. Euroclear, Clearstream Banking SA and Clearstream Banking AG), or
  - (ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to the person by or through whom the payment is made in the prescribed form.

So long as the Notes are quoted on a recognised stock exchange and are held in a recognised clearing system such as Euroclear, Clearstream Banking SA or Clearstream Banking AG (or, if not so held, payments on the Notes are made through a paying agent not in Ireland), interest on the Notes can be paid by the Issuer and any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

If, for any reason, the quoted Eurobond exemption referred to above does not or ceases to apply, the Issuer can still pay interest on the Notes free of withholding tax provided it is a qualifying company within the meaning of Section 110 of the 1997 Act (a “**Qualifying Company**”) and provided the interest is paid to a person resident in either (i) a member state of the European Union (other than Ireland) or (ii) a country with which Ireland has signed a comprehensive double taxation agreement (such a country mentioned in either (i) or (ii) being a “**Relevant Territory**”). For this purpose, residence is determined by reference to the law of the country in which the recipient claims to be resident. This exemption from withholding tax will not apply, however, if the interest is paid to a company in connection with a trade or business carried on by it through a branch or agency located in Ireland.

In certain limited circumstances a payment of interest by the Issuer which is considered dependent on the results of the Issuer's business or which represents more than a reasonable commercial return can be re-characterised as a distribution subject to dividend withholding tax.

A payment of profit dependent or excessive interest on the Notes will not be re-characterised as a distribution to which dividend withholding tax could apply where, broadly, the Noteholder is:

- (a) an Irish tax resident person;
- (b) 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;
- (c) 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
- (d) an exempt pension fund, government body or other resident in a Relevant Territory person (which is not a Specified Person).

In certain circumstances, Irish tax will be required to be withheld at the standard rate from interest on any quoted Eurobond, where such interest is collected by a bank or other agent in Ireland on behalf of any Noteholder.

#### **Taxation of Noteholders**

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish income tax. Interest paid on the Notes may have an Irish source and therefore be within the charge to Irish income tax and the universal social charge. Ireland operates a self-assessment system in respect of income tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

However, interest on the Notes will be exempt from Irish income tax if the recipient of the interest is resident in a Relevant Territory provided either (i) the Notes are quoted Eurobonds and are exempt from withholding tax as set out above and the recipient is not a resident of Ireland (ii) in the event of the Notes not being or ceasing to be quoted Eurobonds exempt from withholding tax, if the Issuer is a Qualifying Company, or (iii) if the Issuer has ceased to be a Qualifying Company, the recipient of the interest is a company and the jurisdiction concerned imposes a tax that generally applies to interest receivable in that jurisdiction by companies from sources outside that jurisdiction.

In addition, provided that the Notes are quoted Eurobonds and are exempt from withholding tax as set out above, the interest on the Notes will be exempt from Irish income tax if the recipient of the interest is (i) a company under the control, directly or indirectly, of persons who by virtue of the law of a relevant territory are resident in that country and that person or persons are not themselves under the control whether directly or indirectly of a person who is not resident in such a country, or (ii) a company, the principal class of shares of such company, or another company of which the recipient company is a 75% subsidiary, is substantially and regularly traded on one or more recognised stock exchanges in Ireland or a relevant territory or a stock exchange approved by the Irish Minister for Finance.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed, may have a liability to Irish corporation tax on the interest.

Noteholders receiving interest on the Notes which does not fall within any of the above exemptions may be liable to Irish income tax and the universal social charge on such interest.

## **Capital Gains Tax**

A Noteholder will not be subject to Irish tax on capital gains on a disposal of Notes unless such holder is resident or ordinarily resident in Ireland or carries on a trade in Ireland through a branch or agency in respect of which the Notes are used or held.

## **Capital Acquisitions Tax**

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax if either (i) the donor or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the donor is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Notes are regarded as property situate in Ireland.

Bearer Notes are generally regarded as situated where they are physically located at any particular time. Registered Notes are generally regarded as situated where the principal register of Noteholders is maintained or is required to be maintained, but the Notes may be regarded as situated in Ireland regardless of their physical location or the location of the register as they secure a debt due by an Irish resident debtor and they may be secured over Irish property. Accordingly, if such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the donor or the donee/successor.

## **Stamp Duty**

Provided the Issuer remains a Qualifying Company no stamp duty or similar tax is imposed in Ireland on the issue, transfer or redemption of the Notes provided the money raised on the issue of the Notes is used in the course of the Issuer's business.

## **Common Reporting Standard (CRS)**

The Common Reporting Standard ("CRS") framework was first released by the OECD in February 2014. To date, more than 90 jurisdictions have publically committed to implementation, many of which are early adopter countries, including Ireland. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the "Standard") was published, involving the use of two main elements, the Competent Authority Agreement ("CAA") and the CRS.

The goal of the Standard is to provide for the annual automatic exchange between governments of financial account information reported to them by local Financial Institutions (FIs) relating to account holders tax resident in other participating countries to assist in the efficient collection of tax. The OECD, in developing the CM and CRS, have used FATCA concepts and as such the Standard is broadly similar to the FATCA requirements, albeit with numerous alterations. It will result in a significantly higher number of reportable persons due to the increased instances of potentially in-scope accounts and the inclusion of multiple jurisdictions to which accounts must be reported.

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

Under the Regulations reporting FIs, are required to collect certain information on accountholders and on certain Controlling Persons in the case of the accountholder(s) being an Entity, as defined for CRS purposes to identify accounts which are reportable to the Irish tax authorities. The Irish tax authorities shall in turn exchange such information with their counterparts in participating jurisdictions. However, to the extent that the Notes are held within a recognised clearing system, the Issuer should have no reportable accounts in a tax year. In that event the Issuer will make a nil return for that year to the Irish Revenue Commissioners. Further information in relation to CRS can be found on the Automatic Exchange of Information (AEOI) webpage on [www.revenue.ie](http://www.revenue.ie).



## Certain U.S. Federal Income Tax Considerations

### *General*

The following discussion summarises certain of the material U.S. federal income tax consequences of the purchase, beneficial ownership, and disposition of the Notes.

For purposes of this summary, a “**U.S. Holder**” is a beneficial owner of a Note that is:

- (i) an individual who is a citizen or a resident of the United States, for U.S. federal income tax purposes;
- (ii) a corporation (or other entity that is treated as a corporation for U.S. federal tax purposes) that is created or organised in or under the laws of the United States, any State thereof, or the District of Columbia;
- (iii) an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- (iv) a trust if a court within the United States is able to exercise primary supervision over its administration, and one or more United States persons have the authority to control all of its substantial decisions.

For purposes of this summary, a “**Non-U.S. Holder**” is a beneficial owner of a Note that is:

- (i) a nonresident alien individual for U.S. federal income tax purposes;
- (ii) a foreign corporation for U.S. federal income tax purposes;
- (iii) an estate whose income is not subject to U.S. federal income tax on a net income basis; or
- (iv) a trust if no court within the United States is able to exercise primary jurisdiction over its administration or if no United States persons have the authority to control all of its substantial decisions.

An individual may, subject to certain exceptions, be deemed to be a resident of the United States for U.S. federal income tax purposes by reason of being present in the United States for at least 31 days in the calendar year and for an aggregate of more than 182 days during a three-year period ending in the current calendar year (counting for such purposes all of the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year).

This summary is based on interpretations of the Internal Revenue Code of 1986, as amended (the “**Code**”), regulations issued thereunder, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any such change may be applied retroactively and may adversely affect the federal income tax consequences described herein. This summary addresses only holders that purchase Notes at initial issuance for cash (and at their issue price) and beneficially own such Notes as capital assets and not as part of a “straddle”, “hedge”, “synthetic security” or a “conversion transaction” for federal income tax purposes, or as part of some other integrated investment. This summary does not discuss all of the tax consequences (such as any alternative minimum tax consequences) that may be relevant to particular investors or to investors subject to special treatment under the federal income tax laws (such as banks, thrifts, or other financial institutions; insurance companies; securities dealers or brokers, or traders in securities electing mark-to-market treatment; mutual funds or real estate investment trusts; small business investment companies; S corporations; partnerships or investors that hold their Notes through a partnership or other entity treated as a partnership for U.S. federal income tax purposes; U.S. Holders whose functional currency is not the U.S. dollar; certain former citizens or residents of the United States; retirement plans or other tax-exempt entities, or persons holding the Notes in tax-deferred or tax-advantaged accounts; or “controlled foreign corporations” or “passive foreign investment companies” for U.S. federal income tax purposes). This summary also does not address the tax consequences to shareholders, or other equity holders in, or beneficiaries of, a holder of Notes, or any state, local or foreign tax consequences of the purchase, ownership or disposition of the Notes. Finally, this summary does not address the tax consequences to a Contributor of a Contribution as described in Condition 2(n) (*Contributions*).

**PROSPECTIVE PURCHASERS OF NOTES SHOULD CONSULT THEIR TAX ADVISORS AS TO THE U.S. FEDERAL, STATE AND LOCAL TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES, AS WELL AS ANY CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION TO WHICH THEY MAY BE SUBJECT.**

## **U.S. Federal Tax Treatment of the Issuer**

The Issuer will be treated as a foreign corporation for U.S. federal income tax purposes. The Issuer intends to operate so as not to be subject to U.S. federal income tax on its net income. In this regard, the Issuer will receive an opinion of Weil, Gotshal & Manges LLP to the effect that, if the Issuer and the Collateral Manager comply with the Trust Deed and the Collateral Management Agreement, including the tax guidelines appended to the Collateral Management Agreement (the “**U.S. Tax Guidelines**”), and certain other assumptions specified in the opinion are satisfied, although no authority exists that deals with situations substantially similar to those of the Issuer, the contemplated activities of the Issuer will not cause the Issuer to be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes under current law. This opinion will be based on certain assumptions and certain representations and agreements regarding restrictions on the future activities of the Issuer and the Collateral Manager. The Issuer intends to conduct its business in accordance with the assumptions, representations and agreements upon which such opinion is based. In complying with such assumptions, representations and agreements, the Issuer and the Collateral Manager are entitled to rely in the future upon the advice and/or opinions of their selected counsel, and the opinion of Weil, Gotshal & Manges LLP will assume that any such advice and/or opinions are correct and complete. Investors should also be aware that the opinion of Weil, Gotshal & Manges LLP simply represents counsel’s best judgment and is not binding on the IRS or the courts. In addition, the Issuer could be treated as engaged in the conduct of a trade or business within the United States as a result of unanticipated activities, changes in law, contrary conclusions by the IRS or other causes. Failure of the Issuer or the Collateral Manager to comply with the U.S. Tax Guidelines, the Trust Deed or the Collateral Management Agreement may not give rise to a default or a Note Event of Default under the Trust Deed or the Collateral Management Agreement and may not give rise to a claim against the Issuer or the Collateral Manager. In the event of such a failure, the Issuer could be treated as engaged in a U.S. trade or business for U.S. federal income tax purposes. In addition, the U.S. Tax Guidelines permit the Issuer (or the Collateral Manager acting on its behalf) to receive advice from nationally recognised U.S. tax counsel to the effect that any changes in its structure and operations will not cause the Issuer to be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes. The opinion of Weil, Gotshal & Manges LLP will assume the correctness of any such advice. The opinion of Weil, Gotshal & Manges LLP is not binding on the IRS or the courts. Moreover, a change in law or its interpretation could result in the Issuer being treated as engaged in a trade or business within the United States for U.S. federal income tax purposes, or otherwise subject to U.S. federal income tax on a net income basis (notwithstanding that the Collateral Manager is acting in accordance with the U.S. Tax Guidelines). Finally, the Trust Deed could be amended in a manner that permits or causes the Issuer to be engaged in a trade or business in the United States for U.S. federal income tax purposes.

If it were determined that the Issuer is engaged in a trade or business within the United States for U.S. federal income tax purposes, and the Issuer has taxable income that is effectively connected with such U.S. trade or business, the Issuer would be subject under the Code to the regular U.S. federal corporate income tax on its effectively connected taxable income (computed possibly without any allowance for deductions), possibly on a gross basis, and possibly to a 30% branch profits tax and state and local taxes as well. The imposition of such a tax liability could materially adversely affect the Issuer’s ability to make payments on the Notes. The balance of this summary assumes that the Issuer is not subject to U.S. federal income tax on its net income.

## **U.S. Federal Tax Treatment of the Notes**

Upon the issuance of the Notes, the Issuer will receive an opinion of Cadwalader, Wickersham & Taft LLP to the effect that, based on certain assumptions, the Class A Notes, Class B Notes, Class C Notes, and Class D Notes will be treated, and the Class E Notes should be treated, as indebtedness for U.S. federal income tax purposes. No opinion will be received with respect to the Class F Notes. The Issuer intends to treat each Class of the Rated Notes as indebtedness for U.S. federal, state, and local income and franchise tax purposes. The Issuer’s characterisations will be binding on all Noteholders, and the Trust Deed requires the Noteholders to treat the Rated Notes as indebtedness for U.S. federal, state and local income and franchise tax purposes. Nevertheless, the IRS could assert, and a court could ultimately hold, that one or more Classes of Rated Notes are equity in the Issuer. If any Rated Notes were treated as equity in, rather than debt of, the Issuer for U.S. federal income tax purposes, then the Noteholders of those Notes would be subject to the special and potentially adverse U.S. tax rules applicable to U.S. equity owners in PFICs (as defined below). See “*Possible Treatment of Class E Notes and Class F Notes as Equity for U.S. Federal Tax Purposes*” below. Except as otherwise indicated, the balance of this summary assumes that all of the Rated Notes are treated as indebtedness of the Issuer for U.S. federal, state and local income and franchise tax purposes. Prospective investors in the Rated Notes should consult their tax advisors regarding the U.S. federal, state and local income and franchise tax consequences to the investors in the event their Rated Notes are treated as equity in the Issuer.

The Issuer intends to treat the Subordinated Notes as equity in the Issuer for U.S. federal income tax purposes, and each holder by its purchase of a Subordinated Note agrees to treat the Subordinated Notes consistently with this treatment.

The Trust Deed could be amended in a manner that materially adversely affects the U.S. federal tax consequences of an investment in the Notes as described herein, including by affecting the U.S. federal income tax characterization of the Notes as indebtedness or equity or changing the characterization and timing of income inclusions to U.S. Holders in respect of the Notes. The remainder of this discussion and the tax opinion of Cadwalader, Wickersham & Taft LLP assume that the Trust Deed is not so amended.

## **U.S. Federal Tax Treatment of U.S. Holders of Rated Notes**

### **Class A Notes and Class B Notes**

*Stated Interest.* U.S. Holders of Class A Notes and Class B Notes will include in gross income the U.S. dollar value of payments of stated interest accrued or received on their Notes, in accordance with their usual method of tax accounting, as ordinary interest income.

In general, U.S. Holders of Class A Notes or Class B Notes that use the cash method of accounting will calculate the U.S. dollar value of payments of stated interest based on the euro-to-U.S. dollar spot exchange rate at the time a payment is received.

In general, U.S. Holders of Class A Notes or Class B Notes that use the accrual method of accounting or that otherwise are required to accrue stated interest before receipt will calculate the U.S. dollar value of accrued interest based on the average euro-to-U.S. dollar spot exchange rate during the applicable Accrual Period (or, with respect to an Accrual Period that spans two taxable years, at the average euro-to-U.S. dollar spot exchange rate for the partial period within the U.S. Holder's taxable year). Alternatively, a U.S. Holder of Class A Notes or Class B Notes can elect to calculate the U.S. dollar value of accrued interest based on the euro-to-U.S. dollar spot exchange rate on the last day of the applicable Accrual Period (or, with respect to an Accrual Period that spans two taxable years, at the euro-to-U.S. dollar spot exchange rate on the last day of the U.S. Holder's taxable year) or, if the last day of the Accrual Period is within five business days of the U.S. Holder's receipt of the payment, the spot exchange rate on the date of receipt. Any such election must be applied to all debt instruments held by the U.S. Holder and is irrevocable without the consent of the IRS.

Accrual basis U.S. Holders of Class A Notes or Class B Notes also will recognize foreign currency exchange gain or loss on the receipt of interest payments on their Class A Notes or Class B Notes to the extent that the U.S. dollar value of such payments (based on the euro-to-U.S. dollar spot exchange rate on the date such payments are received) differs from the U.S. dollar value of such payments when they were accrued. The foreign currency exchange gain or loss generally will be treated as ordinary income or loss.

*Original Issue Discount.* In addition, if the discount at which a substantial amount of the Class A-1 Notes, Class A-2 Notes, Class B-1 Notes or Class B-2 Notes is first sold to investors is at least 0.25 per cent. of the principal amount of the Class, multiplied by the number of complete years to the weighted average maturity of the Class, then the Issuer will treat the Class as issued with original issue discount (“**OID**”) for U.S. federal income tax purposes. The total amount of OID with respect to a Note within the Class will equal the excess of the principal amount of the Note over its issue price (the first price at which a substantial amount of Notes within the Class was sold to investors). U.S. Holders of Notes that are issued with OID will be required to include the U.S. dollar value of OID in advance of the receipt of cash attributable to such income. In general, U.S. Holders of the Class A Notes or Class B Notes will calculate the U.S. dollar value of OID based on the average euro-to-U.S. dollar spot exchange rate during the applicable Accrual Period (or, with respect to an Accrual Period that spans two taxable years, at the average euro-to-U.S. dollar spot exchange rate for the partial period within the U.S. Holder's taxable year). Alternatively, a U.S. Holder of the Class A Notes or Class B Notes can elect to calculate the U.S. dollar value of OID based on the euro-to U.S. dollar spot exchange rate on the last day of the applicable Accrual Period (or, with respect to an Accrual Period that spans two taxable years, at the euro-to-U.S. dollar spot exchange rate on the last day of the U.S. Holder's taxable year) or, if the last day of the Accrual Period is within five business days of the U.S. Holder's receipt of the payment of accrued OID, the spot exchange rate on the date of receipt. Any such election must be applied to all debt instruments held by the U.S. Holder and is irrevocable without the consent of the IRS.

A U.S. Holder will be required to include OID in income as it accrues (regardless of the U.S. Holder's method of accounting) under a constant yield method. Accruals of any such OID will be based on the weighted average

life of the applicable Class rather than its stated maturity. It is possible, however, that the IRS could assert and a court could ultimately hold that some other method of accruing OID should apply. Accruals of OID on the Class A-2 Notes and the Class B-2 Notes will be calculated by assuming that interest will be paid over the life of the applicable Class based on the value of EURIBOR used in setting the interest rate for the first Accrual Period, and then adjusting the accrual for each subsequent Accrual Period based on the difference between the value of EURIBOR used in setting interest for that subsequent Accrual Period and the assumed rate.

U.S. Holders of Class A Notes or Class B Notes that are issued with OID also will recognise foreign currency exchange gain or loss on the receipt of interest payments on their Class A Notes or Class B Notes to the extent that the U.S. dollar value of such payments (based on the euro-to-U.S. dollar spot exchange rate on the date such payments are received) differs from the U.S. dollar value of the corresponding amounts of OID when they were accrued. The foreign currency exchange gain or loss generally will be treated as ordinary income or loss.

**Sale, Exchange or Retirement.** In general, a U.S. Holder will have a basis in its Note equal to the U.S. dollar value of the cost of such Note (based, in the case of a Class A Note or a Class B Note, on the euro-to-U.S. dollar spot exchange rate on the date the Note was acquired, or the settlement date for the purchase of the Note if the Note is treated under applicable Treasury regulations as a security traded on an established securities market and the U.S. Holder either uses the cash method of accounting, or uses the accrual method of accounting and so elects (which election must be applied consistently from year to year)), (i) increased by the U.S. dollar value of any such amount includable in income as OID (as described above), and (ii) reduced by the U.S. dollar value of payments of principal on such Note (based, in the case of a Class A Note or a Class B Note, on the euro-to-U.S. dollar spot exchange rate on the date any such payments were received).

A U.S. Holder will generally recognise foreign currency exchange gain or loss on the receipt of any principal payments on a Class A Note or Class B Note prior to a sale, exchange, or retirement of such Note to the extent that the U.S. dollar value of each such principal payment (based on the euro-to-U.S. dollar spot exchange rate on the date any such payment was received) differs from the U.S. dollar value of the equivalent principal amount of the Note on the date that the Note was acquired (based on the euro-to-U.S. dollar spot exchange rate on such date). Any such foreign currency exchange gain or loss generally will be treated as ordinary income or loss.

Upon a sale, exchange, or retirement of a Class A Note or Class B Note, a U.S. Holder will generally recognise gain or loss equal to the difference between the U.S. dollar value of the amount realised on the sale, exchange, or retirement (less any accrued and unpaid interest, which will be taxable as described above) and the holder's tax basis in such Note. In the case of a Class A Note or Class B Note, any such gain or loss will be foreign currency exchange gain or loss to the extent that the U.S. dollar value of the principal amount of the Note on the date of the sale, exchange, or retirement (based on the euro-to-U.S. dollar spot exchange rate on such date) differs from the U.S. Holder's basis in such Note. Any such foreign currency exchange gain or loss generally will be treated as ordinary income or loss. Any gain or loss in excess of foreign currency exchange gain or loss will be capital gain or loss, and generally will be treated as long-term capital gain or loss if the U.S. Holder held the Note for more than one year at the time of disposition. In certain circumstances, U.S. Holders who are individuals may be entitled to preferential tax rates for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited.

#### **Class C Notes, Class D Notes, Class E Notes and Class F Notes**

*Original Issue Discount.* The Issuer will treat the Class C Notes, Class D Notes, Class E Notes and Class F Notes as issued with OID for U.S. federal income tax purposes. The total amount of OID with respect to a Class C Note, Class D Note, Class E Note or Class F Note will equal the sum of all payments to be received under such Note less its issue price (the first price at which a substantial amount of Notes within the applicable Class was sold to investors). U.S. Holders of the Class C Notes, Class D Notes, Class E Notes, or Class F Notes will be required to include the U.S. dollar value of OID in advance of the receipt of cash attributable to such income. In general, U.S. Holders will calculate the U.S. dollar value of OID based on the average euro-to-U.S. dollar spot exchange rate during the applicable Accrual Period (or, with respect to an Accrual Period that spans two taxable years, at the average euro-to-U.S. dollar spot exchange rate for the partial period within the U.S. Holder's taxable year). Alternatively, a U.S. Holder can elect to calculate the U.S. dollar value of OID based on the euro-to-U.S. dollar spot exchange rate on the last day of the applicable Accrual Period (or, with respect to an Accrual Period that spans two taxable years, at the euro-to-U.S. dollar spot exchange rate on the last day of the U.S. Holder's taxable year) or, if the last day of the Accrual Period is within five business days of the U.S. Holder's receipt of the payment of accrued OID, the euro-to-U.S. dollar spot exchange rate on the date of receipt. Any such election must be applied to all debt instruments held by the U.S. Holder and is irrevocable without the consent of the IRS.

A U.S. Holder of Class C Notes, Class D Notes, Class E Notes or Class F Notes will be required to include OID in income as it accrues (regardless of the U.S. Holder's method of accounting) under a constant yield method. Accruals of any such OID will be based on the weighted average life of the applicable Class rather than its stated maturity. Accruals of OID on the Class C Notes, Class D Notes, Class E Notes, and Class F Notes will be calculated by assuming that interest will be paid over the life of the applicable Class based on the value of EURIBOR used in setting the interest rate for the first Accrual Period, and then adjusting the accrual for each subsequent Accrual Period based on the difference between the value of EURIBOR used in setting interest for that subsequent Accrual Period and the assumed rate. It is possible, however, that the IRS could assert, and a court could ultimately hold, that some other method of accruing OID on the Class C Notes, Class D Notes, Class E Notes, or Class F Notes should apply.

U.S. Holders of Class C Notes, Class D Notes, Class E Notes, or Class F Notes also will recognise foreign currency exchange gain or loss on the receipt of interest payments on their Notes to the extent that the U.S. dollar value of such payments (based on the euro-to-U.S. dollar spot exchange rate on the date such payments are received) differs from the U.S. dollar value of the corresponding amounts of OID when they were accrued. The foreign currency exchange gain or loss generally will be treated as ordinary income or loss.

*Sale, Exchange or Retirement.* In general, a U.S. Holder of a Class C Note, Class D Note, Class E Note or Class F Note will have a basis in such Note equal to the U.S. dollar value of the cost of such Note (based on the euro-to-U.S. dollar spot exchange rate on the date the Note was acquired, or the settlement date for the purchase of the Note if the Note is treated under applicable Treasury regulations as a security traded on an established securities market and the U.S. Holder either uses the cash method of accounting, or uses the accrual method of accounting and so elects (which election must be applied consistently from year to year)), (i) increased by any amount includable in income by such U.S. Holder as OID (as described above), and (ii) reduced by the U.S. dollar value of any payments received on such Note (based on the euro-to-U.S. dollar spot exchange rate on the date any such payments were received). A U.S. Holder will generally recognise foreign currency exchange gain or loss on the receipt of any principal payments on a Class C Note, Class D Note, Class E Note or Class F Note prior to a sale, exchange, or retirement of such Note to the extent that the U.S. dollar value of each such principal payment (based on the euro-to-U.S. dollar spot exchange rate on the date any such payment was received) differs from the U.S. dollar value of the equivalent principal amount of the Note on the date that the Note was acquired (based on the euro-to-U.S. dollar spot exchange rate on such date). Any such foreign currency exchange gain or loss generally will be treated as ordinary income or loss.

Upon a sale, exchange, or retirement of a Class C Note, Class D Note, Class E Note or Class F Note, a U.S. Holder will generally recognise gain or loss equal to the difference between the U.S. dollar value of the amount realised on the sale, exchange, or retirement and the holder's tax basis in such Note. Any such gain or loss will be foreign currency exchange gain or loss to the extent that the U.S. dollar value of the principal amount of the Note on the date of the sale, exchange, or retirement (based on the euro-to-U.S. dollar spot exchange rate on such date) differs from the U.S. Holder's basis in such Note. Any such foreign currency exchange gain or loss generally will be treated as ordinary income or loss. Any gain or loss in excess of foreign currency exchange gain or loss will be capital gain or loss, and generally will be treated as long-term capital gain or loss if the U.S. Holder held the Note for more than one year at the time of disposition. In certain circumstances, U.S. Holders who are individuals may be entitled to preferential tax rates for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited.

### **Alternative Characterisation**

It is possible that the Rated Notes could be treated as "contingent payment debt instruments" for U.S. federal income tax purposes. In this event, the timing of a U.S. Holder's OID inclusions could differ from that described above and any gain recognised on the sale, exchange, or retirement of such Notes would be treated as ordinary income and not as capital gain.

### **Receipt of Euro**

U.S. Holders will have a tax basis in any euro received in respect of the Notes on a sale, redemption, or other disposition of the Notes equal to the U.S. dollar value of the euro on that date. Any gain or loss recognised on a sale, exchange, or other disposition of those euro generally will be ordinary income or loss. A U.S. Holder that converts the euro into U.S. dollars on the date of receipt generally should not recognise ordinary income or loss in respect of the conversion.

## **Possible Treatment of Class E Notes and Class F Notes as Equity for U.S. Federal Tax Purposes**

As described above under “*U.S. Federal Tax Treatment of the Notes*,” the Issuer intends to treat the Class E Notes and Class F Notes as indebtedness for U.S. federal, state, and local income and franchise tax purposes, and the Trust Deed requires Noteholders to treat the Class E Notes and Class F Notes as indebtedness for U.S. federal, state and local income and franchise tax purposes. Nevertheless, the IRS could assert, and a court could ultimately hold, that the Class E Notes and Class F Notes are equity in the Issuer for U.S. federal income tax purposes.

If the Class E Notes or Class F Notes are treated as equity in the Issuer, because the Issuer will be a passive foreign investment company (a “**PFIC**”) for U.S. federal income tax purposes, the U.S. dollar value of gain on the sale of the Class E Notes and/or the Class F Notes could be treated as ordinary income and subject to an additional tax in the nature of interest, and the U.S. dollar value of certain interest on such Notes could be subject to the additional tax. A U.S. Holder of such Notes might be able to avoid the ordinary income treatment and additional tax by writing “Protective QEF Election” on the top of an IRS Form 8621, filling out the form, checking Box A (Election to Treat the PFIC as a QEF) and filing the form with the IRS with respect to their Class E Notes and the Class F Notes, or by filing a protective statement with the IRS preserving the U.S. Holder’s ability to elect retroactively to treat the Issuer as a “qualified electing fund” (a “**QEF**”) and so electing at the appropriate time. The Issuer will provide, upon request and at the cost of the Issuer, all information and documentation that a U.S. Holder making a protective QEF election with respect to the Issuer is required to obtain for U.S. federal income tax purposes. If the Class E Notes or Class F Notes are treated as equity, a U.S. Holder also will be required to file an annual PFIC report.

If the Issuer holds any Collateral Debt Obligations that are treated as equity in a foreign corporation for U.S. federal income tax purposes, and if the Class E Notes or Class F Notes are treated as equity in the Issuer, U.S. Holders of Class E Notes or Class F Notes could be treated as owning an indirect equity interest in a PFIC or a controlled foreign corporation (“**CFC**”) and could be subject to certain adverse tax consequences. In particular, a U.S. Holder of an indirect equity interest in a PFIC is treated as owning the PFIC directly. The U.S. Holder, and not the Issuer, would be required to make a QEF election with respect to each indirect interest in a PFIC. However, certain PFIC information statements are necessary for U.S. Holders that have made QEF elections, and there can be no assurance that the Issuer can obtain such statements from a PFIC. Thus, there can be no assurance that a U.S. Holder would be able to make the election with respect to any indirectly held PFIC.

In addition, if the Class E Notes or Class F Notes represent equity in the Issuer for U.S. federal income tax purposes, a U.S. Holder of such Notes would be required to file an IRS Form 926 with the IRS if (i) such person is treated as owning, directly or by attribution, immediately after the U.S. Holder’s purchase of Notes, at least 10 per cent. by value of the Issuer or (ii) the amount of cash transferred by such person (or any related person) to the Issuer during the 12-month period ending on the date of such purchase exceeds \$100,000. U.S. Holders may wish to file a “protective” IRS Form 926 with respect to their Class E Notes and Class F Notes.

Finally, if the Class E Notes or Class F Notes represent equity in the Issuer, a U.S. Holder of such Notes will be required to file an IRS Form 5471 with the IRS if the U.S. Holder is treated as owning (actually or constructively) at least 10 per cent. by value of the equity of the Issuer for U.S. federal income tax purposes, and may be required to provide additional information regarding the Issuer annually on IRS Form 5471 if the U.S. Holder is treated as owning (actually or constructively) more than 50 per cent. by value of the equity of the Issuer for U.S. federal income tax purposes. U.S. Holders may wish to file a “protective” IRS Form 5471 with respect to their Class E Notes and Class F Notes.

Prospective U.S. Holders of Class E Notes and Class F Notes should consult with their tax advisors regarding whether to make protective filings of IRS Forms 8621, 926 and 5471 with respect to such Notes and the consequences to them if the Class E Notes or Class F Notes are treated as equity in the Issuer.

## **U.S. Federal Tax Treatment of U.S. Holders of Subordinated Notes**

*Investment in a Passive Foreign Investment Company.* The Issuer will constitute a PFIC for U.S. federal income tax purposes, and, except to the extent that the Issuer is also a CFC and a U.S. Holder is a 10% United States shareholder in the Issuer (as described below under “*Investment in a Controlled Foreign Corporation*”), U.S. Holders of Subordinated Notes will be subject to the PFIC rules. U.S. Holders should consider making an election to treat the Issuer as a QEF. Generally, a U.S. Holder makes a QEF election on IRS Form 8621, attaching a copy of that form to its U.S. federal income tax return for the first taxable year for which it held its Subordinated Notes. If a U.S. Holder makes a timely QEF election with respect to the Issuer, the electing U.S.

Holder will be required in each taxable year to include in gross income (i) as ordinary income, the U.S. dollar value of the U.S. Holder's *pro rata* share of the Issuer's ordinary earnings and (ii) as long-term capital gain, the U.S. dollar value of the U.S. Holder's *pro rata* share of the Issuer's net capital gain, whether or not distributed. A U.S. Holder will not be eligible for the dividends received deduction in respect of such income or gain. In addition, any losses of the Issuer in a taxable year will not be available to the U.S. Holder and may not be carried back or forward in computing the Issuer's ordinary earnings and net capital gain in other taxable years. If applicable, the rules pertaining to a CFC, discussed below generally override those pertaining to a PFIC with respect to which a QEF election is in effect.

In certain cases in which a QEF does not distribute all of its earnings in a taxable year, the electing U.S. Holder may also be permitted to elect to defer payment of some or all of the taxes on the QEF's income, subject to a nondeductible interest charge on the deferred amount. In this respect, prospective purchasers of Subordinated Notes should be aware that it is expected that the Collateral Debt Obligations will include high-yield debt obligations and such instruments may have substantial OID, the cash payment of which may be deferred, perhaps for a substantial period of time. In addition, the Issuer may use proceeds from the sale of Collateral Debt Obligations to retire other classes of Notes. As a result, in any given year, the Issuer may have substantial amounts of earnings for U.S. federal income tax purposes that are not distributed on the Subordinated Notes. Thus, absent an election to defer payment of taxes, U.S. Holders that make a QEF election with respect to the Issuer may owe tax on significant "phantom" income.

The Issuer will provide, upon request and at the cost of the Issuer, all information and documentation that a U.S. Holder making a QEF election with respect to the Issuer is required to obtain for U.S. federal income tax purposes.

A U.S. Holder of Subordinated Notes (other than certain U.S. Holders that are subject to the rules pertaining to a CFC, described below) that does not make a timely QEF election will be required to report the U.S. dollar value of any gain on the disposition of its Subordinated Notes as ordinary income, rather than capital gain, and to compute the tax liability on such gain and any "Excess Distribution" (as defined below) received in respect of the Subordinated Notes as if such items had been earned ratably over each day in the U.S. Holder's holding period (or a certain portion thereof) for the Subordinated Notes. The U.S. Holder will be subject to tax on such gain or Excess Distributions at the highest ordinary income tax rate for each taxable year in which such gain or Excess Distributions are treated as having been earned, other than the current year (for which the U.S. Holder's regular ordinary income tax rate will apply), regardless of the rate otherwise applicable to the U.S. Holder. Further, such U.S. Holder will also be liable for a nondeductible interest charge as if such income tax liabilities had been due with respect to each such prior year. For purposes of these rules, gifts, exchanges pursuant to corporate reorganisations and use of the Subordinated Notes as security for a loan may be treated as taxable dispositions of such Subordinated Notes. In addition, a stepped-up basis in the Subordinated Notes will not be available upon the death of an individual U.S. Holder who has not made a timely QEF election with respect to the Issuer.

An "**Excess Distribution**" is the amount by which the U.S. dollar value of distributions during a taxable year in respect of a Note exceeds 125 per cent. of the average amount of distributions in respect thereof during the three preceding taxable years (or, if shorter, the U.S. Holder's holding period for the Note).

In many cases, the U.S. federal income tax on any gain on disposition or receipt of Excess Distributions is likely to be substantially greater than the tax if a timely QEF election is made. A U.S. HOLDER OF A SUBORDINATED NOTE SHOULD STRONGLY CONSIDER MAKING A QEF ELECTION WITH RESPECT TO THE ISSUER.

*Investment in a Controlled Foreign Corporation.* The Issuer will be a CFC if more than 50 per cent. of the equity interests in the Issuer, measured by reference to combined voting power or value, are owned directly, indirectly, or constructively by 10 per cent. United States shareholders. For this purpose, a "**10 per cent. United States shareholder**" is any United States person that possesses directly, indirectly, or constructively 10 per cent. or more of the combined voting power of all classes of equity in the Issuer. It is likely that the Subordinated Notes will be treated as voting securities. In this case, a U.S. Holder of Subordinated Notes possessing directly, indirectly, or constructively 10 per cent. or more of the sum of the aggregate outstanding principal amount of the Subordinated Notes would be treated as a 10 per cent. United States shareholder. If more than 50 per cent. of the Subordinated Notes (and any Rated Notes that are treated as equity in the Issuer for U.S. federal income tax purposes), determined with respect to aggregate value or aggregate outstanding principal amount, are owned directly, indirectly, or constructively by such 10 per cent. United States shareholders, the Issuer will be treated as a CFC. If, for any given taxable year, the Issuer is treated as a CFC, a

10 per cent. United States shareholder of the Issuer will be required to include as ordinary income an amount equal to the U.S. dollar value of that person's *pro rata* share of the Issuer's "subpart F income" at the end of such taxable year. Among other items, and subject to certain exceptions, "subpart F income" includes dividends, interest, annuities, gains from the sale of shares and securities, certain gains from commodities transactions, certain types of insurance income and income from certain transactions with related parties. It is likely that, if the Issuer were to constitute a CFC, all of its income would be subpart F income.

If the Issuer is treated as a CFC and a U.S. Holder is treated as a 10 per cent. United States shareholder of the Issuer, the Issuer will not be treated as a PFIC with respect to the U.S. Holder for the period during which the Issuer remains a CFC and the U.S. Holder remains a 10 per cent. United States shareholder of the Issuer (the "qualified portion" of the U.S. Holder's holding period for the Subordinated Notes). As a result, to the extent the Issuer's subpart F income includes net capital gains, such gains will be treated as ordinary income to the 10 per cent. United States shareholder under the CFC rules, notwithstanding the fact that the character of such gains generally would otherwise be preserved under the QEF rules. If the qualified portion of the U.S. Holder's holding period for the Subordinated Notes subsequently ceases (either because the Issuer ceases to be a CFC or the U.S. Holder ceases to be a 10 per cent. United States shareholder), then solely for purposes of the PFIC rules, the U.S. Holder's holding period for the Subordinated Notes will be treated as beginning on the first day following the end of such qualified portion, unless the U.S. Holder has owned any Subordinated Notes for any period of time prior to such qualified portion and has not made a QEF election with respect to the Issuer. In that case, the Issuer will again be treated as a PFIC which is not a QEF with respect to the U.S. Holder and the beginning of the U.S. Holder's holding period for the Subordinated Notes will continue to be the date upon which the U.S. Holder acquired the Subordinated Notes, unless the U.S. Holder makes an election to recognise gain with respect to the Subordinated Notes and a QEF election with respect to the Issuer. In the event that the Issuer is a CFC, then, at the request of any U.S. Holder that is a 10 per cent. United States shareholder with respect to the Issuer and at the Issuer's expense, the Issuer will provide the information necessary for the U.S. Holder to comply with any filing requirements that arise as a result of the Issuer's classification as a CFC.

*Indirect Interests in PFICs and CFCs.* If the Issuer owns a Collateral Debt Obligation that is treated as equity in a foreign corporation for U.S. federal income tax purposes, U.S. Holders of Subordinated Notes could be treated as owning an indirect equity interest in a PFIC or a CFC and could be subject to certain adverse tax consequences.

In particular, a U.S. Holder of an indirect equity interest in a PFIC is treated as owning the PFIC directly. The U.S. Holder, and not the Issuer, would be required to make a QEF election with respect to each indirect interest in a PFIC. However, certain PFIC information statements are necessary for U.S. Holders that have made QEF elections, and there can be no assurance that the Issuer can obtain such statements from a PFIC, and thus there can be no assurance that a U.S. Holder will be able to make the election with respect to any indirectly held PFIC.

Accordingly, if the U.S. Holder has not made a QEF election with respect to the indirectly held PFIC, the U.S. Holder would be subject to the adverse consequences described above under "*Investment in a Passive Foreign Investment Company*" with respect to any Excess Distributions of such indirectly held PFIC, any gain indirectly realised by such U.S. Holder on the sale by the Issuer of such PFIC, and any gain indirectly realised by such U.S. Holder with respect to the indirectly held PFIC on the sale by the U.S. Holder of its Subordinated Notes (which may arise even if the U.S. Holder realises a loss on such sale). Moreover, if the U.S. Holder has made a QEF election with respect to the indirectly held PFIC, the U.S. Holder will be required to include in income the U.S. dollar value of its *pro rata* share of the indirectly held PFIC's ordinary earnings and net capital gain as if the indirectly held PFIC were held directly (as described above), and the U.S. Holder will not be permitted to use any losses or other expenses of the Issuer to offset such ordinary earnings and/or net capital gains. Accordingly, if any of the Collateral Debt Obligations are treated as equity interests in a PFIC, U.S. Holders could experience significant amounts of "phantom" income with respect to such interests.

If a Collateral Debt Obligation is treated as an indirect equity interest in a CFC and a U.S. Holder owns directly, indirectly, or constructively 10 per cent. or more of the CFC's voting power for U.S. federal income tax purposes, the U.S. Holder generally will be required to include the U.S. dollar value of its *pro rata* share of the CFC's "subpart F income" as ordinary income at the end of each taxable year, as described above under "Investment in a Controlled Foreign Corporation," regardless of whether the CFC distributed any amounts to the Issuer during such taxable year or whether the U.S. Holder made a QEF election with respect to the indirectly held CFC. In addition, the U.S. dollar value of gain realised by the U.S. Holder on the sale by the Issuer of the CFC, and the U.S. dollar value of gain realised by the U.S. Holder on the sale by the U.S. Holder of its Subordinated Notes (as described below), generally will be treated as ordinary income to the extent of the U.S.



Holder's *pro rata* share of the CFC's current and accumulated earnings and profits, reduced by any amounts previously taxed pursuant to the CFC rules. U.S. Holders should consult their own tax advisors regarding the tax issues associated with such investments in light of their own individual circumstances.

*Phantom Income.* U.S. Holders may be subject to U.S. federal income tax on the amounts that exceed the distributions they receive on the Subordinated Notes. For example, if the Issuer is a CFC and a U.S. Holder is a 10 per cent. United States shareholder with respect to the Issuer, or a U.S. Holder makes a QEF election with respect to the Issuer, the U.S. Holder will be subject to federal income tax with respect to its share of the Issuer's income and gain (to the extent of the Issuer's "**earnings and profits**"), which may exceed the Issuer's distributions. It is expected that the Issuer's income and gain (and earnings and profits) will exceed cash distributions with respect to (i) debt instruments that were issued with OID and are held by the Issuer, and (ii) the acquisition at a discount of the Rated Notes by the Issuer (including by reason of a Refinancing or any deemed exchange that occurs for U.S. federal income tax purposes as a result of a modification of the Trust Deed). U.S. Holders should consult their tax advisors regarding the timing of income and gain on the Subordinated Notes.

*Distributions.* The treatment of actual distributions of cash on the Subordinated Notes will vary depending on whether a U.S. Holder has made a timely QEF election with respect to the Issuer (as described above). See "*Investment in a Passive Foreign Investment Company.*" If a timely QEF election has been made, distributions should be allocated first to amounts previously taxed pursuant to the QEF election (or pursuant to the CFC rules, if applicable) and to this extent will not be taxable to such U.S. Holder. Distributions in excess of such previously taxed amounts will be taxable to U.S. Holders as ordinary income upon receipt, to the extent of any remaining amounts of untaxed current and accumulated earnings and profits of the Issuer. Distributions in excess of previously taxed amounts and any remaining current and accumulated earnings and profits of the Issuer will be treated first as a nontaxable return of capital, to the extent of the U.S. Holder's adjusted tax basis in the Subordinated Notes (as described below under "*Sale, Redemption, or Other Disposition*"), and then as a disposition of a portion of the Subordinated Notes. In addition, a U.S. Holder will recognise exchange gain or loss with respect to amounts previously taxed pursuant to the QEF election (or pursuant to the CFC rules, if applicable) equal to the difference, if any, between the U.S. dollar value of the distribution on the date received and the U.S. dollar value of the previously taxed amount. Any exchange gain or loss will generally be treated as ordinary income or loss.

If a U.S. Holder has not made a timely QEF election with respect to the Issuer then, except to the extent that distributions are attributable to amounts previously taxed pursuant to the CFC rules, some or all of any distributions with respect to the Subordinated Notes may constitute Excess Distributions, taxable as described above under the heading "*Investment in a Passive Foreign Investment Company.*" In addition, distributions in excess of a U.S. Holder's adjusted tax basis in the Subordinated Notes would be treated as a disposition of a portion of the Subordinated Notes and subject to an additional tax reflecting a deemed interest charge, as described below under "*—Sale, Redemption, or Other Disposition*".

Distributions on the Subordinated Notes will not be eligible for the dividends received deduction, and will not qualify as "qualified dividend income."

*Sale, Redemption, or Other Disposition.* In general, a U.S. Holder of Subordinated Notes will recognise gain or loss upon the sale, redemption, or other disposition of the Subordinated Notes (including a distribution that is treated as a disposition of the Subordinated Notes, as described above under "*Distributions*") equal to the difference between the U.S. dollar value of the amount realised and the U.S. Holder's adjusted tax basis in the Subordinated Notes. The U.S. dollar value of the amount realised generally is based on the euro-to-U.S. dollar spot exchange rate on the date of the disposition. However, if the Subordinated Notes are treated under applicable Treasury regulations as stock or securities traded on an established securities market and the U.S. Holder uses the cash method of accounting, then the U.S. dollar value of the amount realised is based instead on the euro-to-U.S. dollar spot exchange rate on the settlement date for the sale. U.S. Holders that use the accrual method of accounting also may elect to use the settlement date valuation, provided that they apply it consistently from year to year.

A U.S. Holder's tax basis in its Subordinated Notes initially will equal the U.S. dollar value of the amount paid by the U.S. Holder for the Subordinated Notes, determined under rules analogous to the rules for determining the U.S. dollar value of the amount realised. The U.S. Holder's tax basis in the Subordinated Notes will be increased by amounts taxable to the U.S. Holder by reason of any QEF election, or by reason of the CFC rules, as applicable, and decreased by the U.S. dollar value of actual distributions by the Issuer that are deemed to

consist of such previously taxed amounts or are treated as a nontaxable return of capital, as described above under “*Distributions*”.

If the U.S. Holder has made a timely QEF election with respect to the Issuer, then, except to the extent that the Issuer is treated as a CFC and the U.S. Holder is treated as a 10 per cent. United States shareholder of the Issuer, gain or loss upon the sale, redemption, or other disposition of the Subordinated Notes generally will be treated as foreign currency exchange gain or loss, and taxable as ordinary income or loss, to the extent of the positive or negative change in the U.S. dollar value of any amounts previously taxed pursuant to the QEF election from the date of each deemed distribution pursuant to the election (based on the euro-to-U.S. dollar spot exchange rate on that date) to the date of the disposition. Any gain or loss in excess of foreign currency exchange gain or loss will be capital gain or loss, and generally will be long-term capital gain or loss if the U.S. Holder has held the Subordinated Notes for more than one year at the time of the disposition. In certain circumstances, U.S. Holders who are individuals may be entitled to preferential tax rates for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited.

If a U.S. Holder does not make a timely QEF election with respect to the Issuer as described above and is not subject to the CFC rules, any gain realised on the sale, redemption, or other disposition of a Subordinated Note (or any gain deemed to accrue prior to the time a non-timely QEF election is made) will be taxed as ordinary income and subject to an additional tax reflecting a deemed interest charge under the special tax rules described above. See “*Investment in a Passive Foreign Investment Company*.”

If the Issuer is treated as a CFC and a U.S. Holder is treated as a 10 per cent. United States shareholder of the Issuer, then any gain or loss realised by the U.S. Holder upon a sale, redemption, or other disposition of the Subordinated Notes, other than gain or loss subject to the PFIC rules, if applicable, generally will be treated as foreign currency exchange gain or loss, and taxable as ordinary income or loss, to the extent of the positive or negative change in the U.S. dollar value of any amounts previously taxed pursuant to the CFC rules (based on the euro-to-U.S. dollar spot exchange rate on that date) to the date of the disposition. Any gain in excess of foreign currency exchange gain will be treated as ordinary income to the extent of the U.S. dollar value of the U.S. Holder’s *pro rata* share of the Issuer’s previously untaxed earnings and profits.

In addition, as described above under “*Indirect Interests in PFICs and CFCs*,” the U.S. dollar value of any gain attributable to interests in PFICs or CFCs owned by the Issuer may be treated as ordinary income to a U.S. Holder upon the sale, redemption, or other disposition of the U.S. Holder’s Subordinated Notes.

*Receipt of Euro.* U.S. Holders will have a tax basis in any euro received in respect of the Notes on a sale, redemption, or other disposition of the Notes equal to the U.S. dollar value of the euro on that date. Any gain or loss recognised on a sale, exchange, or other disposition of those euro generally will be ordinary income or loss. A U.S. Holder that converts the euro into U.S. dollars on the date of receipt generally should not recognise ordinary income or loss in respect of the conversion.

*Transfer and Information Reporting Requirements.* A U.S. Holder that purchases the Subordinated Notes for cash will be required to file an IRS Form 926 or similar form with the IRS if (i) such person is treated as owning, directly or by attribution, immediately after the transfer, at least 10 per cent. by vote or value of the Issuer or (ii) the amount of cash transferred by such person (or any related person) to the Issuer during the 12-month period ending on the date of such transfer exceeds \$100,000.

A U.S. Holder that is treated as owning (actually or constructively) at least 10 per cent. by vote or value of the equity of the Issuer for U.S. federal income tax purposes may be required to file an information return on IRS Form 5471, and provide additional information regarding the Issuer annually on IRS Form 5471 if it is treated as owning (actually or constructively) more than 50 per cent. by vote or value of the equity of the Issuer for U.S. federal income tax purposes.

In addition, U.S. Holders generally will be required to file an annual PFIC report.

U.S. Holders that fail to comply with these reporting requirements may be subject to adverse tax consequences, including a “tolling” of the statute of limitations with respect to their U.S. tax returns. U.S. Holders should consult their tax advisors with respect to these and any other reporting requirements that may apply with respect to their acquisition or ownership of the Subordinated Notes.

### **Specified Foreign Financial Asset Reporting**

U.S. Holders who are individuals may be subject to reporting obligations with respect to their Notes if they do not hold their Notes in an account maintained by a financial institution and the aggregate value of their Notes and certain other “specified foreign financial assets” exceeds \$50,000. Significant penalties can apply if a U.S. Holder is required to disclose its Notes and fails to do so.

### **3.8 per cent. Medicare Tax on “Net Investment Income”**

U.S. Holders that are individuals or estates and certain trusts are subject to an additional 3.8 per cent. tax on all or a portion of their “net investment income,” or “undistributed net investment income” in the case of an estate or trust, which may include any income or gain with respect to the Notes, to the extent of their net investment income or undistributed net investment income (as the case may be) that, when added to their other modified adjusted gross income, exceeds \$200,000 for an unmarried individual, \$250,000 for a married taxpayer filing a joint return (or a surviving spouse), \$125,000 for a married individual filing a separate return, or the dollar amount at which the highest tax bracket begins for an estate or trust (which, in 2016, is \$12,400). The 3.8 per cent. Medicare tax is determined in a different manner than the regular income tax and special rules apply with respect to the PFIC and CFC rules described above. U.S. Holders should consult their advisors with respect to the 3.8 per cent. Medicare tax.

### **FBAR Reporting**

A U.S. Holder of Subordinated Notes (or any Class of Notes that are treated as equity in the Issuer for U.S. federal income tax purposes) may be required to file FinCEN Form 114 with respect to foreign financial accounts in which the Issuer has a financial interest if the U.S. Holder holds more than 50 per cent. of the aggregate outstanding principal amount of such Notes or is otherwise treated as owning more than 50 per cent. of the total value or voting power of the Issuer’s outstanding equity.

### **Reportable Transactions**

A participant in a “reportable transaction” is required to disclose its participation in such a transaction on IRS Form 8886. Any foreign currency exchange loss in excess of \$50,000 recognised by a U.S. Holder may be subject to this disclosure requirement. Failure to comply with this disclosure requirement can result in substantial penalties. U.S. Holders should consult their advisors with respect to the requirement to disclose reportable transactions.

### **U.S. Federal Tax Treatment of Non-U.S. Holders of Notes**

In general, payments on the Notes to a Non-U.S. Holder that provides appropriate tax certifications to the Issuer and gain realised on the sale, exchange or retirement of the Notes by the Non-U.S. Holder will not be subject to U.S. federal income or withholding tax unless (i) such income is effectively connected with a trade or business conducted by such Non-U.S. Holder in the United States, or (ii) in the case of gain, such Non-U.S. Holder is a nonresident alien individual who holds the Notes as a capital asset and is present in the United States for more than 182 days in the taxable year of the sale and certain other conditions are satisfied.

### **Information Reporting and Backup Withholding**

Under certain circumstances, the Code requires “information reporting” annually to the IRS and to each holder, and “backup withholding”, with respect to certain payments made on or with respect to the Notes. Backup withholding will apply to a U.S. Holder only if the U.S. Holder (i) fails to furnish its Taxpayer Identification Number (“TIN”) which, for an individual, would be his or her Social Security Number, (ii) furnishes an incorrect TIN, (iii) is notified by the IRS that it has failed to properly report payments of interest and dividends, or (iv) under certain circumstances, fails to certify, under penalties of perjury, that it has furnished a correct TIN and has not been notified by the IRS that it is subject to backup withholding for failure to report interest and dividend payments. The exemption generally is available to U.S. Holders that provide a properly completed IRS Form W-9.

A Non-U.S. Holder that provides an applicable IRS Form W-8, together with all appropriate attachments, signed under penalties of perjury, identifying the Non-U.S. Holder and stating that the Non-U.S. Holder is not a United States person, will not be subject to IRS reporting requirements and U.S. backup withholding.

Information reporting and backup withholding may apply to the proceeds of a sale of Notes made within the United States or conducted through certain U.S. related financial intermediaries, unless the payor receives the statement described above or the Non-U.S. Holder otherwise establishes an exemption.

Backup withholding is not an additional tax and may be refunded (or credited against the holder's U.S. federal income tax liability, if any), provided that certain required information is furnished. The information reporting requirements may apply regardless of whether withholding is required. Copies of the information returns also may be made available to the tax authorities in the country in which a Non-U.S. Holder is a resident under the provisions of an applicable income tax treaty or agreement.

## **FATCA**

Under FATCA, the Issuer may be subject to a 30 per cent. withholding tax on certain income, and on the gross proceeds from the sale, maturity, or other disposition of certain of its assets. Under an intergovernmental agreement entered into between the United States and Ireland, the Issuer will not be subject to withholding under FATCA if it complies with Irish implementing regulations that require the Issuer to provide the name, address, and taxpayer identification number of, and certain other information with respect to, certain holders of Notes to the Office of Revenue Commissioners of Ireland, which would then provide this information to the IRS. The Issuer expects to comply with the intergovernmental agreement and these regulations. However, there can be no assurance that the Issuer will be able to do so. Moreover, the intergovernmental agreement or the Irish implementing regulations could be amended to require the Issuer to withhold on "passthru" payments to holders that fail to provide certain information to the Issuer or are certain "foreign financial institutions" that do not comply with FATCA.

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

## **Future Legislation and Regulatory Changes Affecting Noteholders**

Future legislation, regulations, rulings or other authority could affect the federal income tax treatment of the Issuer and Noteholders. The Issuer cannot predict whether and to what extent any such legislative or administrative changes could change the tax consequences to the Issuer and to the Noteholders. Prospective Noteholders should consult their tax advisors regarding possible legislative and administrative changes and their effect on the federal tax treatment of the Issuer and their investment in the Notes.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR NOTEHOLDER. EACH PROSPECTIVE NOTEHOLDER IS STRONGLY URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE NOTEHOLDER'S OWN CIRCUMSTANCES.

## **EU Directive on the Taxation of Savings Income**

Under Council Directive 2003/48/EC (as amended) on the taxation of savings income (the "**EU Savings Directive**"), member states of the European Union have been required to provide to the tax authorities of other member states details of certain payments of interest or similar income paid or secured by a person established in a member state to or for the benefit of an individual resident in another member state or certain limited types of entities established in another member state. For a transitional period, Austria has been required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

However, in order to prevent overlap between the EU Savings Directive and provisions relating to a common reporting standard framework (being the Standard for Automatic Exchange of Financial Account Information in Tax Matters published on 21 July 2014 by the OECD and Council Directive 2014/107/EU on Administrative

Co-operation in the Field of Taxation), the Council of the European Union, on 10 November 2015, published a direction which repealed the EU Savings Directive from 1 January 2017 in the case of Austria and 1 January 2016 in the case of any other member states. The repeal is subject to transitional provisions imposing on-going requirements to fulfil certain administrative obligations such as reporting and exchange of information relating to, or accounting for withholding taxes, on payments made before those dates.

If a payment were to be made or collected through a member state of the European Union which operates a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor the Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Pursuant to Condition 8(d) (*Paying Agent and Transfer Agent*), the Issuer is required to maintain a paying agent in an EU member state that is not obliged to withhold or deduct tax pursuant to, the EU Savings Directive, or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any other law implementing or complying with, or introduced in order to conform to, the EU Savings Directive or any arrangement entered into between the EU member states and certain third countries and territories in connection with such Directive.

## RULE 17G-5 COMPLIANCE

The Issuer, in order to permit the Rating Agencies to comply with its obligations under Rule 17g-5 promulgated under the Exchange Act (“**Rule 17g-5**”), has agreed to post (or have its agent post) on a password-protected internet website (the “**Rule 17g-5 Website**”), (i) at the same time such information is provided to the Rating Agencies, all information (which will not include any reports from the Issuer’s independent public accountants) that the Issuer or other parties on its behalf, including the Trustee and the Collateral Manager, provide to the Rating Agencies for the purposes of determining the initial credit rating of the Rated Notes or undertaking credit rating surveillance of the Rated Notes and (ii) in accordance with SEC Release No. 34-72936, any Form ABS Due Diligence – 15E which has been provided by the Independent Accountants, only in its complete and unedited form; provided, however, that, prior to the occurrence of a Note Event of Default, without the prior written consent of the Collateral Manager no party other than the Issuer, the Trustee or the Collateral Manager may provide information to the Rating Agencies on the Issuer’s behalf. On the Issue Date, the Issuer will engage Elavon Financial Services Limited in accordance with the Collateral Management Agreement, to assist the Issuer in complying with certain of the posting requirements under Rule 17g-5 (in such capacity, the “**Information Agent**”). Any notices or requests to, or any other written communications with or written information provided to, the Rating Agencies, or any of its officers, directors or employees, to be given or provided to such Rating Agencies pursuant to, in connection with or related, directly or indirectly, to the Trust Deed, the Collateral Management Agreement, any transaction document relating thereto, the Portfolio or the Notes, will be in each case furnished directly to the Rating Agencies after a copy has been delivered to the Information Agent or the Issuer for posting to the Rule 17g-5 Website. For the purposes of this paragraph, “**SEC Release No. 34-72936**”, “**Independent Accounts**” and “**Accounts’ Report**” shall each have the meanings given to them in the Collateral Management Agreement.

## CERTAIN ERISA CONSIDERATIONS

ERISA imposes certain requirements on “employee benefit plans” subject thereto including entities (such as collective investment funds, insurance company separate accounts and some insurance company general accounts) the underlying assets of which are deemed to include the assets of such plans (collectively, “**ERISA Plans**”), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of prudence, diversification and investments being made in accordance with the documents governing the plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan, as well as assets of those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts and Keogh plans, and entities the underlying assets of which include the assets of such plans (together with ERISA Plans, “**Plans**”) and certain persons (referred to as “parties in interest” under ERISA or “disqualified persons” under the Code (collectively, “**Parties in Interest**”) having certain relationships to such Plans, unless a statutory or administrative exception or exemption is applicable to the transaction. A Party in Interest who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code and the transaction may have to be rescinded at significant cost to the Issuer.

Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and certain non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to substantially similar rules under Federal, state, local or non-U.S. laws, and may be subject to the prohibited transaction rules of Section 503 of the Code.

Under ERISA and a regulation issued by the United States Department of Labor (29 C.F.R. Section 2510.3 101, , as modified by Section 3(42) of ERISA the “**Plan Asset Regulation**”), if a Plan invests in an “equity interest” of an entity that is neither a “publicly offered security” nor a security issued by an investment company registered under the Investment Company Act of 1940, the Plan’s assets are deemed to include both the equity interest and an undivided interest in each of the entity’s underlying assets, unless it is established (a) that the entity is an “operating company,” as that term is defined in the Plan Asset Regulation, or (b) that less than 25 per cent of the total value of each class of equity interest in the entity, disregarding the value of any equity interests held by persons (other than Benefit Plan Investors) with discretionary authority or control over the assets of the entity or who provide investment advice for a fee with respect to such assets (such as the Collateral Manager), and their respective Affiliates (each a “**Controlling Person**”), is held by Benefit Plan Investors (the “**25 per cent. Limitation**”). A “**Benefit Plan Investor**” means (1) an employee benefit plan (as defined in Section 3(3) of ERISA), that is subject to the provisions of part 4 of Subtitle B of Title I of ERISA, (2) a plan to which Section 4975 of the Code applies, or (3) any entity whose underlying assets include plan assets by reason of such an employee benefit plan’s or plan’s investment in such entity.

If the underlying assets of the Issuer are deemed to be Plan assets, the obligations and other responsibilities of Plan sponsors, Plan fiduciaries and Plan administrators, and of Parties in Interest, under Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code, as applicable, may be expanded, and there may be an increase in their liability under these and other provisions of ERISA and the Code. In addition, various providers of fiduciary or other services to the entity, and any other parties with authority or control with respect to the Issuer, could be deemed to be Plan fiduciaries or otherwise parties in interest or disqualified persons by virtue of their provision of such services (and there could be an improper delegation of authority to such providers).

The Plan Asset Regulation defines an “equity interest” as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and that has no substantial equity features. Although it is not free from doubt, the Class A Notes, Class B Notes, Class C Notes and the Class D Notes offered hereby will be treated by the Issuer as indebtedness with no substantial equity features for purposes of ERISA. The treatment of the Class A Notes, Class B Notes, Class C Notes, and the Class D Notes as not being equity interests in the Issuer could, however, be affected, subsequent to their issuance, by certain changes in the structure or financial condition of the Issuer. However, the characteristics of the Class E Notes, the Class F Notes and the Subordinated Notes for purposes of the Plan Asset Regulation are less certain. The Class E Notes, the Class F Notes and the Subordinated Notes may be considered “equity interests” for purposes of the Plan Asset Regulation. Accordingly, the Issuer intends to limit investments by Benefit Plan Investors in Class E Notes, Class F Notes and Subordinated Notes. In reliance on representations made by investors in the Class E

Notes, Class F Notes and the Subordinated Notes, the Issuer intends to limit investment by Benefit Plan Investors in Class E Notes, Class F Notes and Subordinated Notes to less than 25 per cent. of the total value of the Class E Notes, the Class F Notes and the Subordinated Notes at all times (determined separately by Class), excluding for purposes of such calculation Class E Notes, Class F Notes and Subordinated Notes held by a Controlling Person. Each prospective purchaser (including a transferee) of a Class E Note, a Class F Note or a Subordinated Note will be required to make certain representations regarding its status as a Benefit Plan Investor or Controlling Person and other ERISA matters as described under “*Transfer Restrictions*” below. No Class E Note, Class F Note or Subordinated Note (or interests therein) may be acquired by or transferred to purchasers that have represented that they are Benefit Plan Investors or Controlling Persons to the extent that such sale may result in Benefit Plan Investors owning 25 per cent. or more of the total value of the Class E Notes, the Class F Notes or the Subordinated Notes (determined separately by class in accordance with Section 3(42) of ERISA, the Plan Asset Regulation and the Trust Deed). Except as otherwise provided by the Plan Asset Regulation, each Class E Note, each Class F Note and each Subordinated Note held by persons that have represented that they are Controlling Persons will be disregarded and will not be treated as outstanding for purposes of determining compliance with such 25 per cent. Limitation.

Even if the Class A Notes, Class B Notes, Class C Notes and Class D Notes would not be treated as equity interests in the Issuer for purposes of ERISA, it is possible that an investment in such Notes by a Benefit Plan Investor (or with the use of the assets of a Benefit Plan Investor) could be treated as a prohibited transaction under ERISA and/or Section 4975 of the Code. Such a prohibited transaction, however, may be subject to a statutory or administrative exemption. Even if an exemption were to apply, such exemption may not, however, apply to all of the transactions that could be deemed prohibited transactions in connection with an investment in the Notes by a Benefit Plan Investor.

Each of the Issuer, the Placement Agent, the Collateral Manager, or their respective Affiliates may be the sponsor of, or investment adviser with respect to one, or more Plans. Because such parties may receive certain benefits in connection with the sale of the Notes to such Plans, whether or not the Notes are treated as equity interests in the Issuer, the purchase of such Notes using the assets of a Plan over which any of such parties has investment authority might be deemed to be a violation of the prohibited transaction rules of ERISA and/or Section 4975 of the Code for which no exemption may be available. Accordingly, the Class A Notes, Class B Notes, Class C Notes and Class D Notes may not be acquired using the assets of any Plan if any of the Issuer, the Placement Agent, the Collateral Manager or their respective affiliates has investment authority with respect to such assets (except to the extent (if any) that a favourable statutory or administrative exemption or exception applies, or the transaction is not otherwise prohibited).

It should be noted that an insurance company’s general account may be deemed to include assets of Plans under certain circumstances, e.g., where a Plan purchases an annuity contract issued by such an insurance company, based on the reasoning of the United States Supreme Court in *John Hancock Mutual Life Ins. Co. v. Harris Trust and Savings Bank*, 510 U.S. 86 (1993). An insurance company considering the purchase of Notes with assets of its general account should consider such purchase and the insurance company’s ability to make the representations described above in light of *John Hancock Mutual Life Ins. Co. v. Harris Trust and Savings Bank*, Section 401(c) of ERISA and a regulation promulgated by the U.S. Department of Labor under that Section of ERISA, 29 C.F.R. Section 2550.401c 1.

Each purchaser and transferee of a Class A Note, Class B Note, Class C Note or Class D Note or any interest in such Note will be deemed to have represented, warranted and agreed that (i) either (A) it is not and is not acting on behalf of (and for so long as it holds any such Note or interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor or a governmental, church, non-U.S. or other plan which is subject to any federal, state, local or non-U.S. law or regulation that is similar to the prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code (“**Other Plan Law**”), and no part of the assets to be used by it to acquire or hold such Note or any interest therein constitutes the assets of any Benefit Plan Investor or such governmental, church, non-U.S. or other plan, or (B) its acquisition, holding and disposition of such Note (or interests therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or, in the case of a governmental, church, non-U.S. or other plan, a non-exempt violation of any Other Plan Law, and (ii) it will not sell or transfer such Notes (or interests therein) to a transferee acquiring such Notes (or interests therein) unless the transferee makes, or is deemed to make the foregoing representations, warranties and agreements described in paragraph (i) hereof.

If you are a purchaser or transferee of a Class E Note, a Class F Note or a Subordinated Note in the form of a Regulation S Global Certificate or a Rule 144A Global Certificate (or any interest therein) you will be deemed to represent, warrant and agree that (i) you are not and are not acting on behalf of (and for so long as you hold



such Note or an interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor or Controlling Person unless you receive the written consent of the Issuer, provide an ERISA certificate (substantially in the form of Annex A hereto) to the Issuer as to your status as a Benefit Plan Investor or Controlling Person and, unless the written consent of the Issuer to the contrary is obtained and other than in the case of the Retention held by the Collateral Manager and any other Notes held by a Collateral Manager Related Person, hold such Note in the form of a Definitive Certificate; and (ii) (A) if you are, or are acting on behalf of, a Benefit Plan Investor, your 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 (B) if you are a governmental, church, non-U.S. or other plan, (1) you are not, and for so long as you hold such Note or interest therein will not be, subject to any federal, state, local or non-U.S. law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or any interest therein) by virtue of its interest and thereby subject the Issuer or the Collateral Manager (or other persons responsible for the investment and operation of the Issuer's assets) to Other Plan Law ("**Similar Law**") and (2) your acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt violation of any Other Plan Law and (3) you will agree to certain transfer restrictions regarding your interest in such Notes. If you are a purchaser or transferee of a Class E Note, Class F Note or Subordinated Note forming part of the Retention, you shall represent whether or not you are or are acting on behalf of a Benefit Plan Investor or a Controlling Person.

If you are a purchaser or transferee of a Class E Note, a Class F Note or a Subordinated Note in the form of a Definitive Certificate, you will be required to (i) represent, warrant and agree in writing to the Issuer (1) whether or not, for so long as you hold such Note or interest therein, you are, or are acting on behalf of, a Benefit Plan Investor, (2) whether or not, for so long as you hold such Note or interest therein, you are a Controlling Person and (3) that (a) if you are, or are acting on behalf of, a Benefit Plan Investor, your acquisition, holding and disposition of such Note will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code and (b) if you are a governmental, church or non-U.S. plan, (x) you are not, and for so long as you hold such Note or interest therein will not be, subject to Similar Law and (y) your acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt violation of any Other Plan Law, (ii) agree to certain transfer restrictions regarding your interest in such Notes and (iii) provide a completed ERISA Certificate in or substantially in the form set out in Annex A hereto.

No transfer of an interest in Class E Notes, Class F Notes or Subordinated Notes will be permitted or recognised if it would cause the 25 per cent. Limitation described above to be exceeded with respect to the Class E Notes, the Class F Notes or the Subordinated Notes (determined separately by Class).

Any Plan fiduciary considering whether to acquire a Note on behalf of a Plan or an employee benefit plan not subject to ERISA or Section 4975 of the Code should consult with its counsel regarding the potential consequences of such investment, the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code and/or similar provisions of Other Plan Law, and the scope of any available exemption relating to such investment.

The sale of Notes to a Plan or an employee benefit plan not subject to ERISA or Section 4975 of the Code is in no respect a representation or warranty by the Issuer, or any other person that this investment meets all relevant legal requirements with respect to investments by Plans or such other plans generally or any particular plan, that any prohibited transaction exemption would apply to the acquisition, holding, or disposition of this investment by such plans in general or any particular plan, or that this investment is appropriate for such plans generally or any particular plan.

## PLAN OF DISTRIBUTION

Citigroup Global Markets Limited (in its capacity as placement agent, the “**Placement Agent**”) has agreed with the Issuer, subject to the satisfaction of certain conditions, to facilitate the sale of the Notes pursuant to the Placement Agency Agreement. The Placement Agency Agreement entitles the Placement Agent to terminate it in certain circumstances prior to payment being made to the Issuer. Each of the Issuer and the Placement Agent may offer the Notes at prices as may be privately negotiated at the time of sale, which may vary among different purchasers and may be different from the issue price of the Notes.

It is a condition of the issue of the Notes of each Class that the Notes of each other Class be issued in the following principal amounts: Class A-1 Notes: €10,000,000, Class A-2 Notes: €230,000,000, Class B-1 Notes: €25,000,000, Class B-2 Notes: €19,000,000, Class C Notes: €23,000,000, Class D Notes: €23,500,000, Class E Notes: €27,500,000, Class F Notes: €11,750,000 and Subordinated Notes: €44,600,000.

The Collateral Manager has agreed with the Placement Agent, subject to the satisfaction of certain conditions, to acquire the Retention from the Placement Agent on the Issue Date at their respective issue prices.

The Issuer has agreed to indemnify the Placement Agent, the Collateral Manager, the Collateral Administrator, the Trustee and certain other participants against certain liabilities or to contribute to payments they may be required to make in respect thereof.

Certain of the Collateral Debt Obligations may have been originally underwritten or placed by the Placement Agent. In addition, the Placement Agent may have in the past performed and may in the future perform investment banking services or other services for issuers of the Collateral Debt Obligations. In addition, the Placement Agent and its Affiliates may from time to time as a principal or through one or more investment funds that it or they manage, make investments in the equity securities of one or more of the issuers of the Collateral Debt Obligations, with a result that one or more of such issuers may be or may become controlled by the Placement Agent or its Affiliates.

No action has been or will be taken by the Issuer, the Placement Agent or the Retention Holder that would permit a public offering of the Notes or possession or distribution of this Offering Circular or any other offering material in relation to the Notes in any jurisdiction where action for the purpose is required. No offers, sales or deliveries of any Notes, or distribution of this Offering Circular or any other offering material relating to the Notes, may be made in or from any jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer or the Placement Agent.

- (a) *United States*: The Placement Agent has made the following representations, warranties and covenants:
- (i) The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. Persons or to U.S. Residents except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act and in the manner so as not to require the registration of the Issuer as an “investment company” pursuant to the Investment Company Act.
  - (ii) The Placement Agent proposes to sell the Notes (a) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S and in accordance with applicable law and (b) in the United States (directly or through its U.S. broker dealer Affiliate) in reliance on Rule 144A only to or for the accounts of QIBs, provided that each of such purchasers or accountholders is also a QP.
  - (iii) Any offer or sale of Rule 144A Notes in reliance on Rule 144A will be made by broker dealers who are registered as such under the Exchange Act. After the Notes are released for sale, the offering price and other selling terms may from time to time be varied by the Placement Agent.
  - (iv) The Placement Agent has acknowledged and agreed that it will not offer, sell or deliver any Regulation S Notes to, or for the account or benefit of, any U.S. Person or U.S. Resident as part of their distribution at any time and that it will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Regulation S Notes a confirmation or other notice setting forth the prohibition on offers and sales of the Regulation

S Notes within the United States or to, or for the account or benefit of, any U.S. Person or U.S. Resident.

- (v) This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes and for the listing of the Notes of each Class on the Irish Stock Exchange and the admission of the Notes to trading on its Main Securities Market. The Issuer and the Placement Agent reserves the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the principal amount of Notes which may be offered. This Offering Circular does not constitute an offer to any person in the United States or to any U.S. Person. Distribution of this Offering Circular to any such U.S. Person or to any person within the United States, other than in accordance with the procedures described above, is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer and the Arranger and the Placement Agent, is prohibited.
- (b) *United Kingdom:* The Placement Agent, which is authorised and regulated by the Financial Conduct Authority, has represented and agreed that:
- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“FSMA”) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.
- (c) *European Economic Area:* In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) the Placement Agent has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in that Relevant Member State at any time:
- (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Issuer for any such offer; or
- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive,
- provided that no such offer of Notes shall require the publication by the Issuer or any other entity of a prospectus pursuant to Article 3 of the Prospectus Directive.
- For the purposes of this provision, the expression an ‘offer of the Notes to the public’ in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU and includes any relevant implementing measure in each Relevant Member State ).
- (d) *Australia:* Neither this Offering Circular nor any other prospectus or other disclosure document (as defined in the Corporations Act 2001 (the “**Corporations Act**”)) in relation to the Notes has been or will be lodged with the Australian Securities and Investments Commission (“**ASIC**”). The Placement Agent has therefore further represented and agreed that:
- (i) the Notes may not be offered or sold, directly or indirectly, in Australia, its territories or possessions, or to any resident of Australia, except by way of an offer or sale not required to be disclosed pursuant to Part 6D.2 or Part 7.9 of the Corporations Act; and

- (ii) this Offering Circular does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a ‘retail client’ (as defined in section 761G of the Corporations Act and applicable regulations) in Australia. This Offering Circular is provided only to ‘professional investors’ as defined in the Corporations Act.
- (e) *Denmark*: The Placement Agent has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any of the Notes to the public in Denmark unless in accordance with the Danish Securities Trading Act, Consolidation Act No. 831 of 12 June 2014 as amended from time to time and any Orders issued thereunder.

For the purposes of this provision, an offer of the Notes in Denmark means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

- (f) *Ireland*: The Placement Agent has represented and agreed that:
- (i) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended), including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998 (as amended);
  - (ii) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Act 2014, the Central Bank Acts 1942 to 2015 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989; and
  - (iii) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under Section 1370 of the Companies Act 2014 by the Central Bank of Ireland.
- (g) *Japan*: The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the FIEA) and the Placement Agent has represented and agreed that none of the Notes nor any interest therein will be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.
- (h) *Netherlands*: The Placement Agent has represented and agreed that it will not make an offer of the Notes which are the subject of the offering contemplated by this Offering Circular to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive, unless such offer is made exclusively to legal entities which are qualified investors (as defined in the Financial Markets Supervisions Act (*Wet op het financieel toezicht*) and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands, provided that no such offer of Notes shall require the Issuer or the Placement Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expressions (i) an “offer of Notes to the public” in relation to any Notes in The Netherlands; and (ii) “Prospectus Directive”, have the meaning given to them above in the section entitled “*European Economic Area*”.

- (i) *New Zealand*: This offer of Notes does not constitute an ‘offer of securities to the public’ for the purposes of the Securities Act 1978 and, accordingly, there is neither a registered prospectus nor an investment statement available in respect of the offer. The Placement Agent has therefore represented and agreed that the Notes will only be offered to persons whose principal business is the investment of

money or who, in the course of and for the purposes of their business, habitually invest money in accordance with the Securities Act 1978 and the Securities Regulations 2009.

- (j) *Norway*: The Placement Agent has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in Norway (the “**Norway Relevant Implementation Date**”) it has not made and will not make an offer of Notes to the public in Norway except that it may, with effect from and including the Norway Relevant Implementation Date, make an offer of the Notes to the public in Norway at any time:
- (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
  - (ii) to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Issuer for any such offer; or
  - (iii) in any other circumstances which do not require the publication by the Issuer or any other entity of a document pursuant to Article 3(2) of the Prospectus Directive.

For the purposes of the provision above, the expression an ‘offer of notes to the public’ in relation to any Notes in Norway means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in Norway by any measure implementing the Prospectus Directive in Norway and the expression ‘Prospectus Directive’ means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in Norway.

- (k) *South Korea*: The Notes have not been registered with the Financial Services Commission of Korea for a public offering in Korea. The Placement Agent has therefore represented and agreed that the Notes have not been and will not be offered, sold or delivered directly or indirectly, or offered, sold or delivered to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea, except as otherwise permitted under applicable Korean Laws and regulations, including the Financial Investment Services and Capital Markets Act and the Foreign Exchange Transaction Law and the decrees and regulations thereunder.
- (l) *Switzerland*: This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.
- (m) **General**

Each purchaser of the Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells such Notes or possesses or distributes this Offering Circular and must obtain 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 Placement Agent, the Arranger, the Collateral 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 be required to bear the financial risks of this investment for an indefinite period of time.

## TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

### Rule 144A Notes

Each prospective purchaser of Rule 144A Notes, by accepting delivery of this Offering Circular, will be deemed to have represented and agreed (or in certain circumstances shall be required to represent and agree) that such person acknowledges that this Offering Circular is personal to it and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Offering Circular, or disclosure of any of its contents to any person other than such offeree and those persons, if any, retained to advise it with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

Each purchaser or transferee of (i) Notes represented by a Rule 144A Global Certificate will be deemed to have represented and agreed and (ii) Notes represented by Rule 144A Definitive Certificates will be required to represent and agree, as follows:

- (1) The purchaser (a) is a QIB, (b) is aware that the sale of such Rule 144A Notes to it is being made in reliance on Rule 144A, (c) is acquiring such Notes for its own account or for the account of a QIB as to which the purchaser exercises sole investment discretion, and in a principal amount of not less than €250,000 for the purchaser and for each such account and (d) will provide notice of the transfer restrictions described in the “Transfer Restrictions” to any subsequent transferees.
- (2) The purchaser understands that such Rule 144A Notes have not been and will not be registered under the Securities Act, and may be reoffered, resold or pledged or otherwise transferred only (a)(i) to a person whom the purchaser reasonably believes is a QIB purchasing for its own account or for the account of a QIB as to which the purchaser exercises sole investment discretion in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S and (b) in accordance with all applicable securities laws including the securities laws of any state of the United States. The purchaser understands that the Issuer has not been registered under the Investment Company Act. The purchaser understands that before any interest in a Rule 144A Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Notes, the Registrar is required to receive a written certification from the purchaser (in the form provided in the Trust Deed) as to compliance with the transfer restrictions described herein. The purchaser understands and agrees that any purported transfer of the Rule 144A Notes to a purchaser that does not comply with the requirements of this paragraph (2) shall be null and void *ab initio*.
- (3) The purchaser is not purchasing such Rule 144A Notes with a view toward the resale, distribution or other disposition thereof in violation of the Securities Act. The purchaser understands that an investment in the Rule 144A Notes involves certain risks, including the risk of loss of its entire investment in the Rule 144A Notes under certain circumstances. The purchaser has had access to such financial and other information concerning the Issuer and the Notes as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Rule 144A Notes, including an opportunity to ask questions of, and request information from, the Issuer.
- (4) In connection with the purchase of the Rule 144A Notes: (a) none of the Issuer, the Placement Agent, the Trustee, the Collateral Manager or the Collateral Administrator is acting as a fiduciary or financial or collateral manager for the purchaser; (b) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer, the Placement Agent, the Trustee, the Collateral Manager or the Collateral Administrator other than in this Offering Circular for such Notes and any representations expressly set forth in a written agreement with such party; (c) none of the Issuer, the Placement Agent, the Trustee, the Collateral Manager or the Collateral Administrator has given to the purchaser (directly or indirectly through any other person) any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to an investment in the Rule 144A Notes; (d) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and

accounting advisors to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Trust Deed) based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer, the Placement Agent, the Trustee, the Collateral Manager or the Collateral Administrator; (e) the purchaser has evaluated the rates, prices or amounts and other terms and conditions of the purchase and sale of the Rule 144A Notes with a full understanding of all of the risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; and (f) the purchaser is a sophisticated investor.

- (5) The purchaser and each account for which the purchaser is acquiring such Rule 144A Notes is a QP. The purchaser is acquiring the Rule 144A Notes in a principal amount of not less than €250,000. The purchaser and each such account is acquiring the Rule 144A Notes as principal for its own account for investment and not for sale in connection with any distribution thereof. The purchaser and each such account: (a) was not formed for the specific purpose of investing in the Rule 144A Notes (except when each beneficial owner of the purchaser and each such account is a QP); (b) to the extent the purchaser is a private investment company formed before April 30, 1996, the purchaser has received the necessary consent from its beneficial owners; (c) is not a pension, profit sharing or other retirement trust fund or plan in which the partners, beneficiaries or participants, as applicable, may designate the particular investments to be made; and (d) is not a broker dealer that owns and invests on a discretionary basis less than U.S.\$25,000,000 in securities of unaffiliated issuers. Further, the purchaser agrees with respect to itself and each such account: (x) that it shall not hold such Rule 144A Notes for the benefit of any other person and shall be the sole beneficial owner thereof for all purposes; (y) that it shall not sell participation interests in the Rule 144A Notes or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the Rule 144A Notes; and (z) that the Rule 144A Notes purchased directly or indirectly by it constitute an investment of no more than 40 per cent. of the purchaser's and each such account's assets (except when each beneficial owner of the purchaser and each such account is a QP). The purchaser understands and agrees that any purported transfer of the Rule 144A Notes to a purchaser that does not comply with the requirements of this paragraph (5) will be of no force and effect, will be void *ab initio* and the Issuer will have the right to direct the purchaser to transfer its Rule 144A Notes to a Person who meets the foregoing criteria.
- (6) (a) With respect to the purchase, holding and disposition of any Class A Note, Class B Note, Class C Note or Class D Note or any interest in such Note (i) either (A) is not and 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 Note or any interest therein constitutes the assets of any Benefit Plan Investor or such governmental, church, non-U.S. or other plan, or (B) its acquisition, holding and disposition of such Note (or interests therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or, in the case of a governmental, church, non-U.S. or other Plan, a non-exempt violation of any Other Plan Law, and (ii) it will not sell or transfer such Notes (or interests therein) to an acquiror acquiring such Notes (or interests therein) unless the acquiror makes the foregoing representations, warranties and agreements described in paragraph (i) hereof. Any purported transfer of the Notes in violation of the requirements set forth in this paragraph shall be null and void *ab initio* and the acquiror understands that the Issuer will have the right to cause the sale of such Notes to another acquiror that complies with the requirements of this paragraph in accordance with the terms of the Trust Deed.
- (b) (i) With respect to any Class E Notes, Class F Notes or Subordinated Notes in the form of a Rule 144A Global Certificate: (i) it is not, and is not acting on behalf of (and for so long as it holds such Notes or interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor or Controlling Person unless it receives the written consent of the Issuer, provides an ERISA certificate (in substantially the form of Annex A hereto) to the Issuer and the Transfer Agent as to its status as a Benefit Plan Investor or Controlling Person and, unless the written consent of the Issuer to the contrary is obtained and other than in the case of the Retention held by the Collateral Manager and any other Notes held by a Collateral Manager Related Person, holds such Notes in the form of a Definitive Certificate and (ii) (A) if it is, or is acting on behalf of, a Benefit Plan Investor, its acquisition, holding and disposition of such

Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, and (B) if it is a governmental, church, non-U.S. or other plan, (1) it is not, and for so long as it holds such Notes or interest therein will not be, subject to any Similar Law and (2) its acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt violation of any Other Plan Law.

- (ii) With respect to acquiring or holding a Class E Note, a Class F Note or a Subordinated Note in the form of a Definitive Certificate (i) (A) whether or not, for so long as it holds such Note or interest therein, it is, or is acting on behalf of, a Benefit Plan Investor, (B) whether or not, for so long as it holds such Note or interest therein, it is a Controlling Person and (C) that (1) if it is, or is acting on behalf of, a Benefit Plan Investor, its acquisition, holding and disposition of such Class E Note, Class F Note or Subordinated Note will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code and (2) if it is a governmental, church, non-U.S. or other plan, (x) it is not, and for so long as it holds such Class E Note, Class F Note or Subordinated Note or interest therein will not be, subject to any Similar Law and (y) its acquisition, holding and disposition of such Note will not constitute or result in a non-exempt violation of any Other Plan Law, (ii) that it will agree to certain transfer restrictions regarding its interest in such Class E Note, Class F Note or Subordinated Note and (iii) has provided a completed ERISA Certificate in or substantially in the form set out in Annex A hereto. Any purported transfer of the Class E Notes, the Class F Notes or the Subordinated Notes in violation of the requirements set forth in this paragraph or the preceding paragraph shall be null and void *ab initio* and the acquiror understands that the Issuer will have the right to cause the sale of such Class E Notes, Class F Notes or Subordinated Notes to another acquiror that complies with the requirements of this paragraph in accordance with the terms of the Trust Deed.
- (c) The purchaser acknowledges that the Issuer, the Placement Agent, the Trustee, the Collateral Manager and the Collateral Administrator and their Affiliates, and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
- (7) The purchaser understands that pursuant to the terms of the Trust Deed, the Issuer has agreed that the Rule 144A Notes will bear the legend set forth below, and will be represented by one or more Rule 144A Global Certificates or Rule 144A Definitive Certificates, as applicable. The Rule 144A Notes may not at any time be held by or on behalf of, within the United States, persons, or outside the United States, U.S. Persons that are not QIB/QPs. Before any interest in a Rule 144A Note may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Note, the transferor will be required to provide the Issuer and a Transfer Agent with a written certification (in the form provided in the Trust Deed) as to compliance with the transfer restrictions.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND, IN THE CASE OF CLAUSES (1) AND (2), IN A PRINCIPAL AMOUNT OF NOT LESS THAN €250,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, AND IN EACH CASE, TO A PURCHASER THAT (V) IS A QUALIFIED PURCHASER FOR THE PURPOSE OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER, (X) HAS RECEIVED THE NECESSARY CONSENT



FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE APRIL 30, 1996, (Y) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS AND (Z) IS NOT A PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION OR IN THE CASE OF CLAUSE (3), €100,000 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. NEITHER U.S. PERSONS NOR U.S. RESIDENTS (AS DETERMINED FOR THE PURPOSES OF THE INVESTMENT COMPANY ACT (“**U.S. RESIDENTS**”)) MAY HOLD AN INTEREST IN A REGULATION S NOTE. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE TRANSFER AGENT OR ANY INTERMEDIARY. IN ADDITION TO THE FOREGOING, IN THE EVENT OF A VIOLATION OF (V) THROUGH (Z), THE ISSUER MAINTAINS THE RIGHT TO DIRECT THE RESALE OF ANY NOTES PREVIOUSLY TRANSFERRED TO NON-PERMITTED HOLDERS (AS DEFINED IN THE TRUST DEED) IN ACCORDANCE WITH AND SUBJECT TO THE TERMS OF THE TRUST DEED. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE TRUST DEED TO ITS TRANSFEREE.

TRANSFERS OF THIS NOTE OR OF PORTIONS OF THIS NOTE SHOULD BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE TRUST DEED REFERRED TO HEREIN.

PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS NOTE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE REGISTRAR.

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES AND CLASS D NOTES ONLY*] [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (I) EITHER (A) IT IS NOT AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR INTEREST HEREIN WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF) AN EMPLOYEE BENEFIT PLAN, AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”), THAT IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), APPLIES, OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN’S OR PLAN’S INVESTMENT IN SUCH ENTITY 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 OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (“**OTHER PLAN LAW**”), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD SUCH NOTE OR ANY INTEREST THEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE (OR INTERESTS THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, A NON-EXEMPT VIOLATION OF ANY OTHER PLAN LAW, AND (II) IT WILL NOT SELL OR TRANSFER SUCH NOTES (OR INTERESTS THEREIN) TO AN ACQUIROR ACQUIRING SUCH NOTES (OR INTERESTS THEREIN) UNLESS THE ACQUIROR MAKES THE FOREGOING REPRESENTATIONS, WARRANTIES AND AGREEMENTS DESCRIBED IN CLAUSE (I) HEREOF. ANY PURPORTED TRANSFER OF THE NOTES IN VIOLATION OF THE REQUIREMENTS SET FORTH IN THIS PARAGRAPH SHALL BE NULL AND VOID *AB INITIO* AND THE ACQUIROR UNDERSTANDS THAT THE ISSUER WILL HAVE THE RIGHT TO CAUSE THE SALE OF SUCH NOTES TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.]

[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES, THE CLASS F NOTES AND SUBORDINATED NOTES IN THE FORM OF RULE 144A GLOBAL NOTES ONLY] [EACH PURCHASER OR TRANSFEREE OF THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] WILL BE REQUIRED OR DEEMED TO REPRESENT, WARRANT AND AGREE THAT (1) IT IS NOT AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR INTEREST HEREIN WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON UNLESS SUCH PURCHASER OR TRANSFEREE RECEIVES THE WRITTEN CONSENT OF THE ISSUER, PROVIDES AN ERISA CERTIFICATE TO THE ISSUER AND THE TRANSFER AGENT AS TO ITS STATUS AS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND, UNLESS THE WRITTEN CONSENT OF THE ISSUER TO THE CONTRARY IS OBTAINED AND OTHER THAN IN THE CASE OF THE RETENTION HELD BY THE COLLATERAL MANAGER AND ANY OTHER NOTES HELD BY A COLLATERAL MANAGER RELATED PERSON, HOLDS SUCH 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 SUCH NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”) OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), AND (B) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL 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 INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER AND THE COLLATERAL MANAGER (OR OTHER PERSONS RESPONSIBLE FOR THE INVESTMENT AND OPERATION OF THE ISSUER’S ASSETS) TO LAWS OR REGULATIONS THAT ARE SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“**SIMILAR LAW**”), AND (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY APPLICABLE STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE 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 THIS NOTE IN VIOLATION OF THE REQUIREMENTS SET FORTH IN THIS PARAGRAPH SHALL BE NULL AND VOID *AB INITIO* AND THE ACQUIROR UNDERSTANDS THAT THE ISSUER WILL HAVE THE RIGHT TO CAUSE THE SALE OF SUCH SUBORDINATED NOTES TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO TRANSFER OF A [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER AND THE TRANSFER AGENT WILL NOT RECOGNIZE ANY SUCH TRANSFER, IF IT WOULD CAUSE 25 PER CENT. OR MORE OF THE TOTAL VALUE OF THE [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] (OR INTERESTS THEREIN) HELD BY CONTROLLING PERSONS (“**25 PER CENT. LIMITATION**”).

THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, TO COMPEL ANY BENEFICIAL OWNER OF A [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION, BENEFIT PLAN INVESTOR, CONTROLLING PERSON, SIMILAR LAW OR OTHER PLAN LAW REPRESENTATION THAT IS SUBSEQUENTLY SHOWN TO BE FALSE OR MISLEADING OR WHOSE OWNERSHIP OTHERWISE CAUSES A VIOLATION OF THE 25 PER CENT. LIMITATION TO SELL ITS INTEREST IN THE [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE], AS APPLICABLE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.]

[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES, THE CLASS F NOTES AND THE SUBORDINATED NOTES IN THE FORM OF RULE 144A DEFINITIVE CERTIFICATES ONLY] [EACH PURCHASER OR TRANSFEREE OF THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] WILL BE REQUIRED TO REPRESENT, WARRANT AND AGREE IN WRITING TO THE ISSUER AND THE TRANSFER AGENT (A) WHETHER OR NOT, FOR SO LONG AS IT HOLDS THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] OR AN INTEREST HEREIN, IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, (B) WHETHER OR NOT, FOR SO LONG AS IT HOLDS THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] OR AN INTEREST HEREIN, IT IS A CONTROLLING PERSON AND (C) THAT (1) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”) OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”) AND (2) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (a) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] OR AN INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY NOTE (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER AND THE COLLATERAL MANAGER (OR OTHER PERSONS RESPONSIBLE FOR THE INVESTMENT AND OPERATION OF THE ISSUER’S ASSETS) TO LAWS OR REGULATIONS THAT ARE SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“SIMILAR LAW”), AND (b) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY APPLICABLE STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“OTHER PLAN LAW”). EACH PURCHASER OR SUBSEQUENT TRANSFEREE, AS APPLICABLE, OF [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] WILL BE REQUIRED TO COMPLETE AN ERISA CERTIFICATE SUBSTANTIALLY IN THE FORM OF ANNEX A TO THE OFFERING CIRCULAR IDENTIFYING ITS STATUS AS A BENEFIT PLAN INVESTOR OR A CONTROLLING PERSON. “BENEFIT PLAN INVESTOR” MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE “PLAN ASSETS” BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN’S INVESTMENT IN THE ENTITY. “CONTROLLING PERSON” MEANS A PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR ANY PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR ANY AFFILIATE OF ANY SUCH PERSON. AN “AFFILIATE” OF A PERSON INCLUDES ANY PERSON, DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH THE PERSON. “CONTROL” WITH RESPECT TO A PERSON OTHER THAN AN INDIVIDUAL MEANS THE POWER TO EXERCISE A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF SUCH PERSON. ANY PURPORTED TRANSFER OF THIS NOTE IN VIOLATION OF THE REQUIREMENTS SET FORTH IN THIS PARAGRAPH SHALL BE NULL AND VOID *AB INITIO* AND THE ACQUIROR UNDERSTANDS THAT THE ISSUER WILL HAVE THE RIGHT TO CAUSE THE SALE OF SUCH NOTE TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO TRANSFER OF A [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER AND THE TRANSFER AGENT WILL NOT RECOGNIZE ANY SUCH TRANSFER, IF IT WOULD CAUSE 25 PER CENT. OR MORE OF THE TOTAL VALUE OF THE [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] (OR INTERESTS THEREIN) HELD BY CONTROLLING PERSONS (“**25 PER CENT. LIMITATION**”).

THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, TO COMPEL ANY BENEFICIAL OWNER OF A [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION, BENEFIT PLAN INVESTOR, CONTROLLING PERSON, SIMILAR LAW OR OTHER PLAN LAW REPRESENTATION THAT IS SUBSEQUENTLY SHOWN TO BE FALSE OR MISLEADING OR WHOSE OWNERSHIP OTHERWISE CAUSES A VIOLATION OF THE 25 PER CENT. LIMITATION TO SELL ITS INTEREST IN THE [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE], AS APPLICABLE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.]

[*LEGEND TO BE INCLUDED IN RELATION TO THE [CLASS A NOTES, CLASS B NOTES,] CLASS C NOTES, CLASS D NOTES, CLASS E NOTES AND CLASS F NOTES ONLY*] [THE [CLASS A NOTES, CLASS B NOTES,] CLASS C NOTES, CLASS D NOTES, CLASS E NOTES AND CLASS F NOTES WILL BE ISSUED WITH ORIGINAL ISSUE DISCOUNT (“**OID**”) FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, TOTAL AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY MAY BE OBTAINED BY CONTACTING THE ISSUER AT 3<sup>RD</sup> FLOOR, KILMORE HOUSE, PARK LANE, SPENCER DOCK, DUBLIN 1, IRELAND. THE ISSUER SHALL APPOINT EXTERNAL ACCOUNTANTS TO ASSIST IN THE COMPILATION OF THE RELEVANT INFORMATION AND THE REQUESTING NOTEHOLDER SHALL BE RESPONSIBLE FOR THE FEES INCURRED.]

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES AND CLASS D NOTES IN THE FORM OF CM NON-VOTING NOTES OR CM EXCHANGEABLE NON-VOTING NOTES ONLY*] [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED THAT SUCH NOTE OR INTEREST HEREIN SHALL NOT CARRY ANY RIGHT TO VOTE IN RESPECT OF, OR BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF VOTING ON A CM REMOVAL RESOLUTION OR A CM REPLACEMENT RESOLUTION.]

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES AND CLASS D NOTES IN THE FORM OF CM VOTING NOTES ONLY*] [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED THAT SUCH NOTE OR INTEREST HEREIN SHALL CARRY A RIGHT TO VOTE IN RESPECT OF, AND BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF VOTING ON A CM REMOVAL RESOLUTION OR A CM REPLACEMENT RESOLUTION.]

- (8) The purchaser will not, at any time, offer to buy or offer to sell the Notes by any form of general solicitation or advertising, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio or seminar or meeting whose attendees have been invited by general solicitations or advertising.
- (9) Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.
- (10) The purchaser will treat the Issuer and the Notes as described in the “*Tax Considerations—Certain U.S. Federal Income Tax Considerations*” section of the Offering Circular for all U.S. federal, state and local income tax purposes and will take no action inconsistent with such treatment unless required by law.
- (11) The purchaser will timely furnish the Issuer or its agents with any tax forms or certifications (including, without limitation, IRS Form W-9, an applicable IRS Form W-8, or any successors to such IRS forms) that the Issuer or its agents may reasonably request (A) to permit the Issuer or its agents to make payments to the purchaser without, or at a reduced rate of, deduction or withholding, (B) to enable the

Issuer or its agents to qualify for a reduced rate of withholding or deduction in any jurisdiction from or through which the Issuer or its agents receive payments, and (C) to enable the Issuer or its agents to satisfy reporting and other obligations under the Code and Treasury Regulations or under any other applicable law, and will update or replace any tax forms or certifications as appropriate or in accordance with their terms or subsequent amendments thereto. The purchaser acknowledges that the failure to provide, update or replace any such tax forms or certifications may result in the imposition of withholding or back-up withholding upon payments to the purchaser, or to the Issuer. Amounts withheld from payments to the purchaser by the Issuer or its agents that are, in their sole judgment, required to be withheld pursuant to applicable tax laws will be treated as having been paid to the purchaser by the Issuer.

- (12) The purchaser will provide the Issuer or its agents with any correct, complete and accurate information and documentation that may be required for the Issuer to comply with FATCA and to prevent the imposition of U.S. federal withholding tax under FATCA on payments to or for the benefit of the Issuer. In the event the purchaser fails to provide such information or documentation, or to the extent that its ownership of Notes would otherwise cause the Issuer to be subject to any tax under FATCA, (A) the Issuer or its agents are authorized to withhold amounts otherwise distributable to the purchaser as compensation for any amounts withheld from payments to or for the benefit of the Issuer as a result of such failure or such ownership, and (B) to the extent necessary to avoid an adverse effect on the Issuer as a result of such failure or such ownership, the Issuer will have the right to compel the purchaser (other than the Collateral Manager in relation to the Retention) to sell its Notes and, if the purchaser does not sell its Notes within 10 Business Days after notice from the Issuer or its agents, the Issuer will have the right to sell such Notes at a public or private sale called and conducted in any manner permitted by law, and to remit the net proceeds of such sale (taking into account any taxes incurred by the Issuer in connection with such sale) to such person as payment in full for such Notes. The Issuer may also assign each such Note a separate ISIN in the Issuer's sole discretion. The purchaser agrees that the Issuer, the Trustee or their agents or representatives may (1) provide any information and documentation concerning its investment in its Notes to the Office of the Revenue Commissioners of Ireland, the U.S. Internal Revenue Service and any other relevant tax authority and (2) take such other steps as they deem necessary or helpful to ensure that the Issuer complies with FATCA.
- (13) If it is a purchaser of Class E Notes, Class F Notes, or Subordinated Notes and is not a “**United States person**” (as defined in Section 7701(a)(30) of the Code), the purchaser represents that either:
- (a) it is not a bank (within the meaning of Section 881(c)(3)(A) of the Code) or an affiliate of a bank;
  - (b) (x) after giving effect to its purchase of Notes, it will not directly or indirectly own more than 33-1/3 per cent., by value, of the aggregate of the Notes within such Class and any other Notes that are ranked *pari passu* with or are subordinated to such Notes, and will not otherwise be related to the Issuer (within the meaning of Treasury regulations section 1.881-3) and (y) it has not purchased the Notes in whole or in part to avoid any U.S. federal tax liability (including, without limitation, any U.S. withholding tax that would be imposed on payments on the Collateral Debt Obligations if the Collateral Debt Obligations were held directly by the purchaser); or
  - (c) it has provided an IRS Form W-8ECI representing that all payments received or to be received by it from the Issuer are effectively connected with the conduct of a trade or business in the United States and includible in its gross income.
- (14) If it is a purchaser of Subordinated Notes and owns more than 50% of the Subordinated Notes by value or is otherwise treated as a member of the Issuer's “expanded affiliated group” (as defined in Treasury regulations section 1.1471-5T(i) (or any successor provision)), the purchaser will (A) confirm that any member of such expanded affiliated group (assuming that the Issuer is a “participating FFI” within the meaning of Treasury regulations section 1.1471-1T(b)(91) (or any successor provision)) that is treated as a “foreign financial institution” within the meaning of Section 1471(d)(4) of the Code and any Treasury regulations promulgated thereunder is either a “participating FFI”, a “registered deemed-compliant FFI” or an “exempt beneficial owner” within the meaning of Treasury regulations section 1.1471-4T(e) (or any successor provision), and (B) promptly notify the Issuer in the event that any member of such expanded affiliated group that is treated as a “foreign financial institution” within the

meaning of Section 1471(d)(4) of the Code and any Treasury regulations promulgated thereunder is not either a “participating FFI”, a “registered deemed-compliant FFI” or an “exempt beneficial owner” within the meaning of Treasury regulations section 1.1471-4T(e) (or any successor provision), in each case except to the extent that the Issuer or its agents have provided the purchaser with an express waiver of this requirement.

- (15) If it is a purchaser of Subordinated Notes, the purchaser will not treat any income with respect to its Subordinated Notes as derived in connection with the Issuer’s active conduct of a banking, financing, insurance, or other similar business for purposes of Section 954(h)(2) of the Code.
- (16) No purchase or transfer of a Class E Note, Class F Note or Subordinated Note in the form of a Definitive Certificate will be recorded or otherwise recognised unless the purchaser or transferee has provided the Issuer and the Trustee with certificates in or substantially in the form of Annex A hereto.
- (17) The purchaser understands and acknowledges that the Issuer has the right under the Trust Deed to compel any Non-Permitted Holder or Non-Permitted ERISA Holder to sell its interest in the Notes, or may sell such interest in its Notes on behalf of such Non-Permitted Holder or Non-Permitted ERISA Holder.
- (18) The purchaser understands and acknowledges that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositaries.

### **Regulation S Notes**

Each purchaser or transferee of Regulation S Notes will be deemed (or in certain circumstances shall be required) to have made the representations set forth in clauses (4), (6), (8) and (10) through (18) (inclusive) above (except that references to Rule 144A Notes shall be deemed to be references to Regulation S Notes) and to have further represented and agreed as follows:

- (1) The purchaser is located outside the United States and is not a U.S. Person.
- (2) The purchaser understands that the Notes have not been and will not be registered under the Securities Act and that the Issuer has not registered and will not register under the Investment Company Act. It agrees, for the benefit of the Issuer, the Placement Agent and any of their Affiliates, that, if it decides to resell, pledge or otherwise transfer such Notes (or any beneficial interest or participation therein) purchased by it, any offer, sale or transfer of such Notes (or any beneficial interest or participation therein) will be made in compliance with the Securities Act and only (i) to a person (A) it reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a nominal amount of not less than €250,000 for it and each such account, in a transaction that meets the requirements of Rule 144A and takes delivery in the form of a Rule 144A Note and (B) that constitutes a QP; or (ii) to a non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 (as applicable) under Regulation S.
- (3) The purchaser understands that unless the Issuer determines otherwise in compliance with applicable law, such Notes will bear a legend set forth below.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND, IN THE CASE OF CLAUSES (1) AND (2), IN A PRINCIPAL AMOUNT OF NOT LESS THAN €250,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, AND IN EACH CASE, TO A PURCHASER THAT (V) IS A QUALIFIED PURCHASER FOR THE

PURPOSE OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER, (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE APRIL 30, 1996, (Y) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS AND (Z) IS NOT A PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION OR IN THE CASE OF CLAUSE (3), €100,000 AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. NEITHER U.S. PERSONS NOR U.S. RESIDENTS (AS DETERMINED FOR THE PURPOSES OF THE INVESTMENT COMPANY ACT (“**U.S. RESIDENTS**”)) MAY HOLD AN INTEREST IN A REGULATION S NOTE. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE TRANSFER AGENT OR ANY INTERMEDIARY. IN ADDITION TO THE FOREGOING, IN THE EVENT OF A VIOLATION OF (V) THROUGH (Z), THE ISSUER MAINTAINS THE RIGHT TO DIRECT THE RESALE OF ANY NOTES PREVIOUSLY TRANSFERRED TO NON-PERMITTED HOLDERS (AS DEFINED IN THE TRUST DEED) IN ACCORDANCE WITH AND SUBJECT TO THE TERMS OF THE TRUST DEED. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE TRUST DEED TO ITS TRANSFEREE.

TRANSFERS OF THIS NOTE OR OF PORTIONS OF THIS NOTE SHOULD BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE TRUST DEED REFERRED TO HEREIN.

PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS NOTE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE REGISTRAR.

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES AND CLASS D NOTES ONLY]* [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (I) EITHER (A) IT IS NOT AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR INTEREST HEREIN WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF) AN EMPLOYEE BENEFIT PLAN, AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”), THAT IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), APPLIES, OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN’S OR PLAN’S INVESTMENT IN SUCH ENTITY WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) (“**BENEFIT PLAN INVESTOR**”), OR A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (“**OTHER PLAN LAW**”), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD SUCH NOTE OR ANY INTEREST THEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE (OR INTERESTS THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, A NON-EXEMPT VIOLATION OF ANY OTHER PLAN LAW, AND (II) IT WILL NOT SELL OR TRANSFER SUCH NOTES (OR INTERESTS THEREIN) TO AN ACQUIROR ACQUIRING SUCH NOTES (OR INTERESTS THEREIN) UNLESS THE ACQUIROR MAKES THE FOREGOING REPRESENTATIONS, WARRANTIES AND AGREEMENTS DESCRIBED IN CLAUSE (I) HEREOF. ANY PURPORTED TRANSFER OF THE NOTES IN VIOLATION OF THE REQUIREMENTS SET FORTH IN THIS PARAGRAPH SHALL BE NULL AND VOID *AB INITIO* AND THE ACQUIROR UNDERSTANDS THAT THE ISSUER WILL HAVE

THE RIGHT TO CAUSE THE SALE OF SUCH NOTES TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.]

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES, THE CLASS F NOTES AND THE SUBORDINATED NOTES IN THE FORM OF REGULATION S GLOBAL NOTES ONLY*] [EACH PURCHASER OR TRANSFEREE OF THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] WILL BE REQUIRED OR DEEMED TO REPRESENT, WARRANT AND AGREE THAT (1) IT IS NOT AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR INTEREST HEREIN, WILL NOT BE AND WILL NOT BE ACTING ON BEHALF OF), A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON UNLESS SUCH PURCHASER OR TRANSFEREE RECEIVES THE WRITTEN CONSENT OF THE ISSUER, PROVIDES AN ERISA CERTIFICATE SUBSTANTIALLY IN THE FORM OF ANNEX A TO THE OFFERING CIRCULAR TO THE ISSUER AND THE TRANSFER AGENT AS TO ITS STATUS AS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND, UNLESS THE WRITTEN CONSENT OF THE ISSUER TO THE CONTRARY IS OBTAINED AND OTHER THAN IN THE CASE OF THE RETENTION HELD BY THE COLLATERAL MANAGER AND ANY OTHER NOTES HELD BY A COLLATERAL MANAGER RELATED PERSON, HOLDS SUCH NOTE IN THE FORM OF A DEFINITIVE CERTIFICATE AND (2) (A) IF YOU ARE, OR ARE ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, YOUR ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”) OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), AND (B) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL 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 INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER AND THE COLLATERAL MANAGER (OR OTHER PERSONS RESPONSIBLE FOR THE INVESTMENT AND OPERATION OF THE ISSUER’S ASSETS) TO LAWS OR REGULATIONS THAT ARE SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“**SIMILAR LAW**”), AND (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY APPLICABLE STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE 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 THIS NOTE IN VIOLATION OF THE REQUIREMENTS SET FORTH IN THIS PARAGRAPH SHALL BE NULL AND VOID *AB INITIO* AND THE ACQUIROR UNDERSTANDS THAT THE ISSUER WILL HAVE THE RIGHT TO CAUSE THE SALE OF SUCH NOTES TO ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO TRANSFER OF A [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER AND THE TRANSFER AGENT WILL NOT RECOGNIZE ANY SUCH TRANSFER, IF IT WOULD CAUSE 25 PER CENT. OR MORE OF THE TOTAL VALUE OF THE [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING [CLASS E NOTES] [CLASS F NOTES]



[SUBORDINATED NOTES] (OR INTERESTS THEREIN) HELD BY CONTROLLING PERSONS (“**25 PER CENT. LIMITATION**”).

THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, TO COMPEL ANY BENEFICIAL OWNER OF A [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION, BENEFIT PLAN INVESTOR, CONTROLLING PERSON, SIMILAR LAW OR OTHER PLAN LAW REPRESENTATION THAT IS SUBSEQUENTLY SHOWN TO BE FALSE OR MISLEADING OR WHOSE OWNERSHIP OTHERWISE CAUSES A VIOLATION OF THE 25 PER CENT. LIMITATION TO SELL ITS INTEREST IN THE [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE], AS APPLICABLE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.]

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES, THE CLASS F NOTES AND THE SUBORDINATED NOTES IN THE FORM OF REGULATION S DEFINITIVE CERTIFICATES ONLY]* [EACH PURCHASER OR TRANSFEREE OF THIS NOTE WILL BE REQUIRED TO REPRESENT, WARRANT AND AGREE IN WRITING TO THE ISSUER AND THE TRANSFER AGENT (A) WHETHER OR NOT, FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN, IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, (B) WHETHER OR NOT, FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN, IT IS A CONTROLLING PERSON AND (C) THAT (1) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”) OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”) AND (2) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (a) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL 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 INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER AND THE COLLATERAL MANAGER (OR OTHER PERSONS RESPONSIBLE FOR THE INVESTMENT AND OPERATION OF THE ISSUER’S ASSETS) TO LAWS OR REGULATIONS THAT ARE SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“**SIMILAR LAW**”), AND (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY APPLICABLE STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“**OTHER PLAN LAW**”). EACH PURCHASER OR SUBSEQUENT TRANSFEREE, AS APPLICABLE, OF [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] WILL BE REQUIRED TO COMPLETE AN ERISA CERTIFICATE SUBSTANTIALLY IN THE FORM OF ANNEX A TO THE OFFERING CIRCULAR IDENTIFYING ITS STATUS AS A BENEFIT PLAN INVESTOR OR A CONTROLLING PERSON. “**BENEFIT PLAN INVESTOR**” MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE “**PLAN ASSETS**” BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN’S OR PLAN’S INVESTMENT IN THE ENTITY. “**CONTROLLING PERSON**” MEANS A PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR ANY PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR ANY AFFILIATE OF ANY SUCH PERSON. AN “**AFFILIATE**” OF A PERSON INCLUDES ANY PERSON, DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH THE PERSON. “**CONTROL**” WITH RESPECT TO A PERSON OTHER THAN AN INDIVIDUAL MEANS THE POWER TO EXERCISE A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF SUCH PERSON. ANY PURPORTED TRANSFER OF THIS [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] IN VIOLATION OF THE REQUIREMENTS SET FORTH IN THIS PARAGRAPH SHALL BE NULL AND VOID *AB INITIO* AND THE ACQUIROR UNDERSTANDS THAT THE ISSUER WILL HAVE THE RIGHT TO CAUSE THE SALE OF SUCH [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] TO

ANOTHER ACQUIROR THAT COMPLIES WITH THE REQUIREMENTS OF THIS PARAGRAPH IN ACCORDANCE WITH THE TERMS OF THE TRUST DEED.

NO TRANSFER OF [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER AND THE TRANSFER AGENT WILL NOT RECOGNIZE ANY SUCH TRANSFER, IF IT WOULD CAUSE 25 PER CENT. OR MORE OF THE TOTAL VALUE OF THE [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] (OR INTERESTS THEREIN) HELD BY CONTROLLING PERSONS (“**25 PER CENT. LIMITATION**”).

THE ISSUER HAS THE RIGHT, UNDER THE TRUST DEED, TO COMPEL ANY BENEFICIAL OWNER OF [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES] WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION, BENEFIT PLAN INVESTOR, CONTROLLING PERSON, SIMILAR LAW OR OTHER PLAN LAW REPRESENTATION THAT IS SUBSEQUENTLY SHOWN TO BE FALSE OR MISLEADING OR WHOSE OWNERSHIP OTHERWISE CAUSES A VIOLATION OF THE 25 PER CENT. LIMITATION TO SELL ITS INTEREST IN THE [CLASS E NOTE] [CLASS F NOTE] [SUBORDINATED NOTE] OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

*[LEGEND TO BE INCLUDED IN RELATION TO THE [CLASS A NOTES, CLASS B NOTES,] CLASS C NOTES, CLASS D NOTES, CLASS E NOTES AND CLASS F NOTES ONLY] [THE [CLASS A NOTES, CLASS B NOTES,] CLASS C NOTES, CLASS D NOTES, CLASS E NOTES AND CLASS F NOTES WILL 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 AT 3<sup>RD</sup> FLOOR, KILMORE HOUSE, PARK LANE, SPENCER DOCK, DUBLIN 1, IRELAND. THE ISSUER SHALL APPOINT EXTERNAL ACCOUNTANTS TO ASSIST IN THE COMPILATION OF THE RELEVANT INFORMATION AND THE REQUESTING NOTEHOLDER SHALL BE RESPONSIBLE FOR THE FEES INCURRED.]*

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES AND CLASS D NOTES IN THE FORM OF CM NON-VOTING NOTES OR CM EXCHANGEABLE NON-VOTING NOTES ONLY] [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED THAT SUCH NOTE OR INTEREST HEREIN SHALL NOT CARRY ANY RIGHT TO VOTE IN RESPECT OF, OR BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF VOTING ON A CM REMOVAL RESOLUTION OR A CM REPLACEMENT RESOLUTION.]*

*[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES AND CLASS D NOTES IN THE FORM OF CM VOTING NOTES ONLY] [EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED THAT SUCH NOTE OR INTEREST HEREIN SHALL CARRY A RIGHT TO VOTE IN RESPECT OF, AND BE COUNTED FOR THE PURPOSES OF DETERMINING A QUORUM AND THE RESULT OF VOTING ON A CM REMOVAL RESOLUTION OR A CM REPLACEMENT RESOLUTION.]*

- (4) The purchaser acknowledges that the Issuer, the Placement Agent, the Retention Holder, the Trustee, the Collateral Manager or the Collateral Administrator and their Affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
- (5) The purchaser understands that the Regulation S Notes may not, at any time, be held by, or on behalf of, U.S. Persons or U.S. Residents.

A transferor who transfers an interest in a Regulation S Note to a transferee who will hold the interest in the same form is not required to make any additional representation or certification.

## GENERAL INFORMATION

### Clearing Systems

The Notes of each Class (other than, in certain circumstances, the Class E Notes, the Class F Notes and the Subordinated Notes) have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code and International Securities Identification Number (“ISIN”) for the Notes of each Class are set out below:

	Regulation S Notes		Rule 144A Global Notes	
	ISIN	Common Code	ISIN	Common Code
Class A-1 CM Voting Notes	XS1348955516	134895551	XS1348955862	134895586
Class A-1 CM Non-Voting Notes	XS1348955789	134895578	XS1348955946	134895594
Class A-1 CM Exchangeable Non-Voting Notes	XS1348955607	134895560	XS1348956084	134895608
Class A-2 CM Voting Notes	XS1348956167	134895616	XS1348956597	134895659
Class A-2 CM Non-Voting Notes	XS1348956241	134895624	XS1348956670	134895667
Class A-2 CM Exchangeable Non-Voting Notes	XS1348956324	134895632	XS1348956753	134895675
Class B-1 CM Voting Notes	XS1348956837	134895683	XS1348956910	134895691
Class B-1 CM Non-Voting Notes	XS1348957132	134895713	XS1348959690	134895969
Class B-1 CM Exchangeable Non-Voting Notes	XS1348957058	134895705	XS1348957215	134895721
Class B-2 CM Voting Notes	XS1348957306	134895730	XS1348957561	134895756
Class B-2 CM Non-Voting Notes	XS1348959773	134895977	XS1348959856	134895985
Class B-2 CM Exchangeable Non-Voting Notes	XS1348957488	134895748	XS1348957645	134895764
Class C CM Voting Notes	XS1348958379	134895837	XS1348958536	134895853
Class C CM Non-Voting Notes	XS1348960276	134896027	XS1348960359	134896035
Class C CM Exchangeable Non-Voting Notes	XS1348958452	134895845	XS1348958619	134895861
Class D CM Voting Notes	XS1348958700	134895870	XS1348958965	134895896
Class D CM Non-Voting Notes	XS1348960433	134896043	XS1348960516	134896051
Class D Notes CM Exchangeable Non-Voting Notes	XS1348958882	134895888	XS1348959005	134895900
Class E Notes	XS1348959187	134895918	XS1348960607	134896060
Class F Notes	XS1348959260	134895926	XS1348959344	134895934
Subordinated Notes	XS1348960789	134896078	XS1348959427	134895942

### Listing

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its Main Securities Market. The Main Securities Market is a regulated market for the purposes of the Markets in Financial Instruments Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any member state of the European Economic Area. It is anticipated that listing and admission to trading will take place on or about the Issue Date. There can be no assurance that such listing and admission to trading will be granted. This Offering Circular constitutes a “prospectus” for the purposes of the Prospectus Directive. A copy of this “prospectus” prepared pursuant to the Prospectus Directive will be available from the website of the Central Bank.

### Expenses in relation to Admission to Trading

The expenses in relation to the admission of the Notes to trading on the Main Securities Market will be approximately €7,241.

## **Consents and Authorisations**

The Issuer has obtained all necessary consents, approvals and authorisations in Ireland (if any) in connection with the issue and performance of the Notes. The issue of the Notes was authorised by a resolution of the board of Directors of the Issuer passed on 8 February 2016.

## **No Significant or Material Change**

There has been no significant change in the financial or trading position or prospects of the Issuer since its incorporation on 15 April 2015 and there has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 15 April 2015.

## **No Litigation**

The Issuer is not involved, and has not been involved, in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had since the date of its incorporation a significant effect on the Issuer's financial position or profitability.

## **Accounts**

Since the date of its incorporation, other than entering into certain documentation which has now been terminated, without any net assets or liabilities for the Issuer relating to a transaction which did not proceed, the Issuer has not commenced operations other than in respect of entering into the warehouse agreements in respect of the acquisition of certain assets to be comprised in the Portfolio on or prior to the Issue Date and has not produced accounts.

So long as any Note remains outstanding, copies of the most recent annual audited financial statements of the Issuer can be obtained at the specified offices of the Transfer Agents during normal business hours. The first financial statements of the Issuer will be in respect of the period from incorporation to 31 December 2015. The annual accounts of the Issuer will be audited. The Issuer will not prepare interim financial statements.

The Trust Deed requires the Issuer to provide written confirmation to the Trustee on an annual basis and otherwise promptly on request that no Note Event of Default or Potential Note Event of Default (as defined in the Trust Deed) or other matter which is required to be brought to the Trustee's attention has occurred.

## **Documents Available**

Copies of the following documents may be inspected in electronic format (and, in the case of each of (e) and (f) below, will be available for collection free of charge) at the registered offices of Issuer during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the term of the Notes:

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) the Trust Deed (which includes the form of each Note of each Class);
- (c) the Agency Agreement;
- (d) the Collateral Management Agreement;
- (e) each Monthly Report;
- (f) each Payment Date Report; and
- (g) the Risk Retention Letter.

## **Enforceability of Judgments**

The Issuer is a private limited company incorporated under the laws of Ireland. None of the Directors of the Issuer are residents of the United States, and all or a substantial portion of the assets of the Issuer and such persons are located outside of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons or to enforce against any of them in the

United States courts judgments obtained in United States courts, including judgments predicated upon civil liability provisions of the securities laws of the United States or any State or territory within the United States.

As the United States is not a party to a convention with Ireland in respect of the enforcement of judgments, common law rules apply in order to determine whether a judgment of the United States courts is enforceable in Ireland. A judgment of the United States courts will be enforced by the courts of Ireland if the following general requirements are satisfied:

- (a) the United States courts must have had jurisdiction in relation to the particular defendant according to Irish conflict of law rules (the submission to jurisdiction by the defendant would satisfy this rule); and
- (b) the judgment must be final and conclusive and the decree must be final and unalterable in the court which pronounces it. A judgment can be final and conclusive even if it is subject to appeal or even if an appeal is pending. Where, however, the effect of lodging an appeal under the applicable law is to stay execution of the judgment, it is possible that, in the meantime, the judgment should not be actionable in Ireland. It remains to be determined whether final judgment given in default of appearance is final and conclusive.

However, the Irish courts may refuse to enforce a judgment of the United States courts which meets the above requirements for one of the following reasons:

- (a) if the judgment is not for a definite sum of money;
- (b) if the judgment was obtained by fraud;
- (c) the enforcement of the judgment in Ireland would be contrary to natural or constitutional justice;
- (d) the judgment is contrary to Irish public policy or involves certain United States laws which will not be enforced in Ireland; or
- (e) jurisdiction cannot be obtained by the Irish courts over the judgment debtors in the enforcement proceedings by personal service in Ireland or outside Ireland under Order 11 of the Superior Courts Rules.

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**ANNEX A**  
**FORM OF ERISA CERTIFICATE**

The purpose of this ERISA Certificate (this “**Certificate**”) is, among other things, to (i) endeavour to ensure that less than 25 per cent. of the total value of the Class E Notes, the Class F Notes and the Subordinated Notes (determined separately by Class) issued by Arbour CLO III Limited (the “**Issuer**”) is held by (a) an employee benefit plan that is subject to the fiduciary responsibility provisions of Title I of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), (b) a plan that is subject to Section 4975 of the Internal Revenue Code of 1986, 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**”), (ii) obtain from you certain representations and agreements and (iii) provide you with certain related information with respect to your acquisition, holding or disposition of [Class E Notes] [Class F Notes] [Subordinated Notes]. By signing this Certificate, you agree to be bound by its terms.

Please be aware that the information contained in this Certificate is not intended to constitute advice and the examples given below are not intended to be, and are not, comprehensive. You should contact your own counsel if you have any questions in completing this Certificate. Capitalized terms not defined in this Certificate shall have the meanings ascribed to them in the Trust Deed.

If a box is not checked, you are representing, warranting and agreeing that the applicable Section does not, and will not, apply to you.

1.  **Employee Benefit Plans Subject to ERISA or the Code.** We, or the entity on whose behalf we are acting, are an “employee benefit plan” within the meaning of Section 3(3) of ERISA that is subject to the fiduciary responsibility provisions of Title I of ERISA or a “plan” within the meaning of Section 4975(e)(1) of the Code that is subject to Section 4975 of the Code.

**Examples:** (i) tax qualified retirement plans such as pension, profit sharing and section 401(k) plans, (ii) welfare benefit plans such as accident, life and medical plans, (iii) individual retirement accounts or “IRAs” and “Keogh” plans and (iv) certain tax-qualified educational and savings trusts.

2.  **Entity Holding Plan Assets.** We, or the entity on whose behalf we are acting, are an entity or fund whose underlying assets include “plan assets” by reason of a Benefit Plan Investor’s investment in such entity.

**Examples:** (i) an insurance company separate account, (ii) a bank collective trust fund and (iii) a hedge fund or other private investment vehicle where 25 per cent. or more of the total value of any class of its equity is held by Benefit Plan Investors.

If you check Box 2, please indicate the maximum percentage of the entity or fund that will constitute “plan assets” for purposes of Title I of ERISA or Section 4975 of the Code: \_\_\_\_\_per cent.

AN ENTITY OR FUND THAT CANNOT PROVIDE THE FOREGOING PERCENTAGE HEREBY ACKNOWLEDGES THAT FOR PURPOSES OF DETERMINING WHETHER BENEFIT PLAN INVESTORS OWN LESS THAN 25 PER CENT. OF THE VALUE OF THE [CLASS E NOTES] [CLASS F NOTES] [SUBORDINATED NOTES], 100 PER CENT. OF THE ASSETS OF THE ENTITY OR FUND WILL BE TREATED AS “PLAN ASSETS.”

ERISA and the regulations promulgated thereunder are technical. Accordingly, if you have any questions regarding whether you may be an entity described in this Section 2, you should consult with your counsel.

3.  **Insurance Company General Account.** We, or the entity on whose behalf we are acting, are an insurance company purchasing the [Class E Notes] [Class F Notes] [Subordinated Notes] with funds from our or their general account (i.e., the insurance company’s corporate investment portfolio), whose assets, in whole or in part, constitute “plan assets” under Section 401(a) of ERISA for purposes of 29 C.F.R. Section 2510.3-101 as modified by Section 3(42) of ERISA (the “**Plan Asset Regulations**”).

If you check Box 3, please indicate the maximum percentage of the insurance company general account that will constitute “plan assets” under Section 401(a) of ERISA for purposes of conducting the 25 per cent. test under

the Plan Asset Regulations: \_\_\_\_ per cent. IF YOU DO NOT INCLUDE ANY PERCENTAGE IN THE BLANK SPACE, YOU WILL BE COUNTED AS IF YOU FILLED IN 100 PER CENT. IN THE BLANK SPACE.

4.  **None of Sections (1) Through (3) Above Apply.** We, or the entity on whose behalf we are acting, are a person that does not fall into any of the categories described in Sections (1) through (3) above. If, after the date hereof, any of the categories described in Sections (1) through (3) above would apply, we will promptly notify the Issuer and the Transfer Agent of such change.

5. **No Prohibited Transaction.** If we checked any of the boxes in Sections (1) through (3) above, we represent, warrant and agree that our acquisition, holding and disposition of the [Class E Notes] [Class F Notes] [Subordinated Notes] do not and will not constitute or result in 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, and for so long as we hold any Note or interest therein, will not be subject to 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 interest therein) by virtue of its interest and thereby subject the Issuer and the Collateral Manager (or other persons responsible for the investment and operation of the Issuer's assets) to laws or regulations that are similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, and (b) our acquisition, holding and disposition of the [Class E Notes] [Class F Notes] [Subordinated Notes] do not and will not constitute or result in a non-exempt violation of any law or regulation that is similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code.

7.  **Controlling Person.** We are, or we are acting on behalf of any of: (i) the Trustee, (ii) the Collateral Manager, (iii) any person that has discretionary authority or control with respect to the assets of the Issuer, (iv) any person who provides investment advice for a fee (direct or indirect) with respect to such assets or (v) any "affiliate" of any of the above persons. "Affiliate" shall have the meaning set forth in the Plan Asset Regulations. Any of the persons described in the first sentence of this Section 7 is referred to in this Certificate as a "Controlling Person."

**Note:** We understand that, for purposes of determining whether Benefit Plan Investors hold less than 25 per cent. of the total value of the Class E Notes, the Class F Notes and the Subordinated Notes (determined separately by Class), the Class E Notes, the Class F Notes and the Subordinated Notes held by Controlling Persons (other than Benefit Plan Investors) are required to be disregarded.

8. **Compelled Disposition.** We acknowledge and agree that:

- (i) if any representation that we made hereunder is or 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 not permit the acquisition to which this certificate relates or, promptly after discovery of such facts will send notice to us demanding that we transfer our interest to a person that is not a Non-Permitted ERISA Holder within 10 days after the date of such notice;
- (ii) if we fail to transfer our [Class E Notes] [Class F Notes] [Subordinated Notes], the Issuer shall have the right, without further notice to us, to sell our [Class E Notes] [Class F Notes] [Subordinated Notes] or our interest in the [Class E Notes] [Class F Notes] [Subordinated Notes] to a purchaser selected by the Issuer that is not a Non-Permitted ERISA Holder on such terms as the Issuer may choose;
- (iii) the Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the [Class E Notes] [Class F Notes] [Subordinated Notes] and selling such securities to the highest such bidder. However, the Issuer may select a purchaser by any other means determined by it in its sole discretion;

- (iv) by our acceptance of an interest in the [Class E Notes] [Class F Notes] [Subordinated Notes], we agree to cooperate with the Issuer to effect such transfers;
  - (v) the proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to us; and
  - (vi) the terms and conditions of any sale under this sub-section shall be determined in the sole discretion of the Issuer, and the Issuer shall not be liable to us as a result of any such sale or the exercise of such discretion.
9. **Required Notification and Agreement.** We hereby agree that we (a) will inform the Issuer and a Transfer Agent of any proposed transfer by us of all or a specified portion of the [Class E Notes] [Class F Notes] [Subordinated Notes] and (b) will not initiate any such transfer after we have been informed by the Issuer or the Transfer Agent in writing that such transfer would cause the 25 per cent. Limitation to be exceeded. We hereby agree and acknowledge that after a Transfer Agent effects any permitted transfer of [Class E Notes] [Class F Notes] [Subordinated Notes] owned by us to a Benefit Plan Investor or a Controlling Person or receives notice of any such permitted change of status, the Issuer and a Transfer Agent shall include such [Class E Notes] [Class F Notes] [Subordinated Notes] in future calculations of the 25 per cent. Limitation made pursuant hereto unless subsequently notified that such [Class E Notes] [Class F Notes] [Subordinated Notes] (or such portion), as applicable, would no longer be deemed to be held by Benefit Plan Investors or Controlling Persons.
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] [Class F Notes] [Subordinated Notes]. We understand and agree that the information supplied in this Certificate will be used and relied upon by the Issuer and a Transfer Agent to determine that Benefit Plan Investors own or hold less than 25 per cent. of the total value of the Class E Notes, the Class F Notes and the Subordinated Notes (determined separately by class) upon any subsequent transfer of [Class E Notes] [Class F Notes] [Subordinated Notes] in accordance with the Trust Deed.
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, Citigroup Global Markets Limited and the Collateral Manager as third party beneficiaries hereof, (ii) copies of this Certificate and any information contained herein may be provided to the Issuer, the Trustee, Citigroup Global Markets Limited, the Collateral Manager, affiliates of any of the foregoing parties and to each of the foregoing parties' respective counsel for purposes of making the determinations described above and (iii) any acquisition or transfer of the [Class E Notes] [Class F Notes] [Subordinated Notes] by us that is not in accordance with the provisions of this Certificate shall be null and void from the beginning, and of no legal effect.
12. **Future Transfer Requirements.**
- Transferee Letter and its Delivery.** We acknowledge and agree that we may not transfer any [Class E Notes] [Class F Notes] [Subordinated Notes] to any person unless the Issuer and a Transfer Agent have received a certificate substantially in the form of this Certificate. Any attempt to transfer in violation of this section will be null and void from the beginning, and of no legal effect.

**Note:** Unless you are notified otherwise, the name and address of the Issuer is as follows:

Arbour CLO III Limited, 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

**IN WITNESS WHEREOF**, the undersigned has duly executed and delivered this Certificate.

\_\_\_\_\_ [Insert Purchaser's Name]

By:

Name:

Title:

Dated:

This Certificate relates to EUR\_\_\_\_\_ of [Class E Notes] [Class F Notes] [Subordinated Notes]

**REGISTERED OFFICE OF THE ISSUER**

**Arbour CLO III Limited**

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Spencer Dock  
Dublin 1  
Ireland

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London  
E14 5LB  
United Kingdom

**COLLATERAL MANAGER**

**Oaktree Capital Management (UK) LLP**

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United Kingdom

**TRANSFER AGENT AND REGISTRAR**

**U.S. Bank National Association**

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Massachusetts 02110  
USA

**COLLATERAL ADMINISTRATOR,  
INFORMATION AGENT, CALCULATION  
AGENT, PRINCIPAL PAYING AGENT,  
ACCOUNT BANK AND CUSTODIAN**

Elavon Financial Services Limited  
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London EC2N 1AR  
United Kingdom

**TRUSTEE**

U.S. Bank Trustees Limited  
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London EC2N 1AR  
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**IRISH LISTING AGENT**

**A&L Listing Limited**

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