

IMPORTANT NOTICE

You must read the following disclaimer before continuing

THIS DOCUMENT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE TRANSMITTED INTO OR DISTRIBUTED WITHIN THE UNITED STATES TO PERSONS UNLESS SUCH PERSONS ARE BOTH "QUALIFIED INSTITUTIONAL BUYERS" ("QIBs") (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT AND "QUALIFIED PURCHASERS" ("QPs") FOR THE PURPOSES OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"), IN EACH CASE FOR ITS OWN ACCOUNT FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO THE DISTRIBUTION THEREOF (EXCEPT IN ACCORDANCE WITH RULE 144A).

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

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

Confirmation of Your Representation: In order to be eligible to view the document or make an investment decision with respect to the securities, investors must either be (a) U.S. persons that are QIBs that are also QPs or (b) non-U.S. persons (in compliance with Regulation S under the Securities Act). By accessing the document, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) both QIBs and QPs and a U.S. person or (b) non-U.S. persons and that the email address that you gave us and to which this email has been delivered is not located in the United States, (2) such access to the document by you and any customer that you represent is not unlawful in the jurisdiction where it is being made to you and any customers you represent, and (3) you consent to delivery of the document by electronic transmission.

The document has been delivered on the basis that you are (a) a person in a member state of the European Economic Area ("**EEA**") that is a "qualified investor" within the meaning of Article 2(1)(e) of EU Directive 2003/71/EC (as amended) (a "**Qualified Investor**"), (b) in the United Kingdom (the "**UK**"), a Qualified Investor of the kind described in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or who otherwise falls within an exemption set forth in such Order so that section 21(1) of the Financial Services and Markets Act 2000 (as amended) does not apply to the Issuer and (c) a person to whom the document can be delivered lawfully in accordance with all other applicable securities laws.

The document has been delivered to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of *Avoca CLO XVI Designated Activity Company*, *BNP Paribas* or *KKR Credit Advisors (Ireland)* (or, in each case, any person who controls it or any director, officer, employee or

agent of it, or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version available to you on request from us.

You are reminded that the document has been delivered to you on the basis that you are a person into whose possession the document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver the document to any other person.

Avoca CLO XVI Designated Activity Company

(a designated activity company incorporated under the laws of Ireland, with company number 565494)

€273,250,000 Class A Senior Secured Floating Rate Notes due 2029

€55,850,000 Class B Senior Secured Floating Rate Notes due 2029

€25,650,000 Class C Deferrable Mezzanine Floating Rate Notes due 2029

€22,500,000 Class D Deferrable Mezzanine Floating Rate Notes due 2029

€27,750,000 Class E Deferrable Junior Floating Rate Notes due 2029

€11,800,000 Class F Deferrable Junior Floating Rate Notes due 2029

€46,000,000 Subordinated Notes due 2029

The assets securing the Notes will consist of a portfolio of Senior Loans, Secured Senior Bonds, Corporate Rescue Loans, Mezzanine Obligations and High Yield Bonds managed by KKR Credit Advisors (Ireland) (the "**Investment Manager**", which term shall include its permitted successors and assigns pursuant to the terms of the Investment Management Agreement).

Avoca CLO XVI Designated Activity Company (the "**Issuer**") will issue the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes (each as defined herein).

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 (such Classes of Notes, the "**Rated Notes**" together with the Subordinated Notes are collectively referred to herein as, the "**Notes**"). The Notes will be issued and secured pursuant to a trust deed (the "**Trust Deed**") to be dated on or around 30 June 2016 (the "**Issue Date**"), made between (amongst others) the Issuer and The Bank of New York Mellon, London Branch, in its capacity as trustee (the "**Trustee**").

Interest on the Notes will be payable (a)(i) quarterly in arrear on 15 January, 15 April, 15 July and 15 October at any time other than following the occurrence of a Frequency Switch Event (as defined herein); and (ii) semi-annually in arrear following the occurrence of a Frequency Switch Event on (A) 15 January and 15 July (where the Payment Date immediately prior to the occurrence of the Frequency Switch Event is 15 January or 15 July), or (B) 15 April and 15 October (where the Payment Date immediately prior to the occurrence of the Frequency Switch Event is 15 April or 15 October), commencing on 16 January 2017 and ending on the Maturity Date (as defined herein), (b) on any Redemption Date and (c) on any Unscheduled Payment Date (as defined herein) (in each case in accordance with the Priorities of Payments described herein and subject to adjustment for non-Business Days in accordance with the Conditions).

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

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

This 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 has approved this Prospectus as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus 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. Application has been made to The Irish Stock Exchange plc (the "**Irish Stock Exchange**") for the Notes to be admitted to the Official List and trading on its regulated market (the "**Main Securities Market**"). The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**"). It is anticipated that listing will take place on or about the Issue Date. There can be no assurance that any such listing will be granted or, if granted, that such listing will be maintained. Upon approval of this Prospectus by the Central Bank, this Prospectus will be filed with

the Irish Companies Registration Office in accordance with Regulation 38(1)(b) of the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) of Ireland.

This Prospectus constitutes a "prospectus" for the purposes of the Prospectus Directive.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

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 an 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 Corporate Services Agreement (each as defined herein)) of the Issuer will not be available for payment of such shortfall, all claims in respect of which shall be extinguished. See Condition 4(c) (*Limited Recourse and Non-Petition*).

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") AND WILL BE OFFERED ONLY: (A) OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("**REGULATION S**")); AND (B) WITHIN THE UNITED STATES TO PERSONS AND OUTSIDE THE UNITED STATES TO U.S. PERSONS (AS SUCH TERM IS DEFINED IN 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 CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS. SEE "*Plan of Distribution*" AND "*Transfer Restrictions*".

The Notes will be offered by the Issuer through BNP Paribas in its capacity as initial purchaser of the offering of such Notes (the "**Initial Purchaser**") subject to prior sale, when, as and if delivered to and accepted by the Initial Purchaser, and to certain conditions. It is expected that delivery of the Notes will be made on or about the Issue Date. The Initial Purchaser may offer the Notes at prices as may be negotiated at the time of sale which may vary among different purchasers.

BNP Paribas

Arranger, Lead Manager and Initial Purchaser

The date of this Prospectus is 28 June 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 delivery of this Prospectus at any time does not imply that the information herein is correct at any time subsequent to the date of this Prospectus.

None of the Initial Purchaser, the Arranger, the Lead Manager, the Trustee, the Investment Manager, the Collateral Administrator, any Agent, any Hedge Counterparty, the Retention Holder or any other party save for the Issuer as specified above in relation to the acceptance of responsibility makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained in this Prospectus or in any further notice or other document which may at any time be supplied in connection with the Notes or their distribution or accepts any responsibility or liability therefor. None of the Initial Purchaser, the Arranger, the Lead Manager, the Trustee, the Investment 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 Prospectus 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 Prospectus.

*This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the Initial Purchaser or any of its Affiliates, the Arranger or any of its Affiliates, the Lead Manager or any of its Affiliates, the Investment Manager, the Retention Holder, the Collateral Administrator, or any other person to subscribe for or purchase any of the Notes. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Initial Purchaser, the Arranger and the Lead Manager, to inform themselves about and to observe any such restrictions. In particular, the communication constituted by this Prospectus is directed only at persons who (i) are outside the United Kingdom and are offered and accept this Prospectus 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 (as amended) 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 Prospectus, 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 Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Initial Purchaser, the Arranger, the Lead Manager, the Trustee, the Investment Manager, the Retention Holder or the Collateral Administrator. The delivery of this Prospectus at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

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

"US dollar", "USD", "U.S. Dollar" or "\$" shall mean the lawful currency of the United States of America.

In connection with the issue of the Notes, no stabilisation will take place and BNP Paribas will not act as stabilising manager in respect of the Notes.

Each of S&P and Moody's are established in the EU and are registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**").

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

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

NOTICE TO INVESTORS

NOTICE TO KOREAN INVESTORS

The Subordinated Notes may be characterised as "debt securities" as defined under Article 4(3) of the Financial Investment Services and Capital Markets Act of Korea (the "**FSCMA**") or as any security listed under Article 4(2) of the FSCMA. No communication (whether written or oral) with the Issuer or its Affiliates, representatives, agents or counsel (including the usage of the terms or expressions of "**note**", "**security**", "**bond**" or "**instrument**") shall be deemed to be an assurance or guarantee that the Subordinated Notes will be characterised as debt securities under Korean laws and regulations and the generally accepted accounting principles in Korea ("**KGAAP**"). Each resident of Korea who purchases any Subordinated Notes shall be considered to be capable of assessing or analysing the legal nature or characterisation of the Subordinated Notes under Korean laws and regulations and KGAAP (based upon its own judgement and upon advice from such advisers as it has deemed necessary) and understanding the consequences and risks from the re-characterisation of the Subordinated Notes.

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 other regulatory requirement. None of the Issuer, the Investment Manager, the Initial Purchaser, the Retention Holder, the Arranger, the Lead Manager, the Collateral Administrator, the Trustee, their respective Affiliates or any other Person makes any representation, warranty or guarantee that any such information is sufficient for such purposes or any other purpose and no such Person shall have any liability to any prospective investor or any other Person with respect to the insufficiency of such information or any failure of the transactions contemplated hereby to satisfy the Retention Requirements or any other applicable legal, regulatory or other requirements. Each prospective investor in the Notes which is subject to the Retention Requirements or any other regulatory requirement should consult with its own legal, accounting and other advisors and/or its national regulator to determine whether, and to what extent, such information is sufficient for such purposes and any other requirements of which it is uncertain. See "*Risk Factors - Regulatory Initiatives*", "*Risk Factors – Risk Retention in Europe*", "*Risk Factors – Restrictions on the Discretion of the Investment Manager in Order to Comply with Risk Retention*" and "*The Retention Holder and Retention Requirements*" below.

VOLCKER RULE AND ISSUER RELIANCE ON RULE 3A-7

As at the Issue Date, the Issuer has not been registered under the Investment Company Act in reliance on both Section 3(c)(7) of the Investment Company Act and Rule 3a-7 of the Investment Company Act. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Initial Purchaser, the Arranger, the Lead Manager, the Investment Manager, the Trustee or any of their Affiliates makes any representation to any prospective investor or purchaser of the Notes regarding the application of the Volcker Rule or Rule 3a-7 of the Investment Company Act to the Issuer, or to such investor's investment in the Notes on the Issue Date or at any time in the future. See "*Risk Factors - Volcker Rule and Issuer Reliance on Rule 3a-7*" below.

Information as to placement within the United States

The Notes of each Class offered pursuant to an exemption from registration requirements under Rule 144A under the Securities Act ("**Rule 144A**") (the "**Rule 144A Notes**") will be sold only within the United States to persons and outside the United States to U.S. persons (as such term is defined in Regulation S), in each case, who are "qualified institutional buyers" (as defined in Rule 144A) ("**QIBs**") that are also "qualified purchasers" for purposes of Section 3(c)(7) of the Investment Company Act ("**QPs**"). Rule 144A Notes of each Class (other than, in certain circumstances as described below, Class E Notes, the Class F Notes and 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**") 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, Class E Notes, the Class F Notes and 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, any Class F Notes and any Subordinated Notes sold to Plans will be issued in definitive, certificated, fully registered form, registered in the name of the holder (or a nominee thereof) pursuant to the Trust Deed, and will be offered (i) outside the United States to non-U.S. persons in reliance on Regulation S and (ii) within the United States to persons and outside the United States to U.S. persons, in each case who are both QIBs and QPs (in reliance on Rule 144A) 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 in reliance on both Section 3(c)(7) of the Investment Company Act and Rule 3a-7 of the Investment Company Act, *provided* that, on any date, the Issuer has the right to rely solely on the exemption under Section 3(c)(7) under the Investment Company Act and to no longer rely on the exemption from the Investment Company Act provided by Rule 3a-7. Each purchaser of an interest in the Notes (other than a non-U.S. person outside the United States) will be deemed to have represented and agreed that it is a QP and will also be deemed to have made the representations set out in "*Transfer Restrictions*" herein. The purchaser of any Note, by such purchase, agrees that such Note is being acquired for its own account and not with a view to distribution and may be resold, pledged or otherwise transferred only (1) to the Issuer (upon redemption thereof or otherwise), (2) to a person the purchaser reasonably believes is a QIB which is also a QP, in a transaction meeting the requirements of Rule 144A, or (3) outside the United States to a non-U.S. person in an offshore transaction in reliance on Regulation S, in each case, in compliance with the Trust Deed and all applicable securities laws of any state of the United States or any other jurisdiction. See "*Transfer Restrictions*".

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

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

This Prospectus has been prepared by the Issuer solely for use in connection with the offering of the Notes described herein (the "**Offering**") and for the admission to trading of the Notes. Each of the Issuer and the Initial Purchaser reserves the right to reject any offer to purchase Notes in whole or in part for any reason, or to sell less than the stated initial principal amount of any Class of Notes offered hereby. This Prospectus is personal to each offeree to whom it has been delivered by the Issuer, the Initial Purchaser, the Arranger, the Lead Manager 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 Prospectus 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 Prospectus in whole or in part and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the securities offered herein is prohibited.

U.S. TAX DISCLOSURE

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

AVAILABLE INFORMATION

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

GENERAL NOTICE

EACH PURCHASER OF THE NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS SUCH NOTES OR POSSESSES OR DISTRIBUTES THIS PROSPECTUS AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE,

OFFER OR SALE BY IT OF SUCH NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE ISSUER OR THE INITIAL PURCHASER, THE ARRANGER, THE LEAD MANAGER, THE INVESTMENT MANAGER, THE TRUSTEE OR THE COLLATERAL ADMINISTRATOR (OR ANY OF THEIR RESPECTIVE AFFILIATES) SHALL HAVE ANY RESPONSIBILITY THEREFOR.

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

COMMODITY POOL REGULATION

IF TRADING IN HEDGE AGREEMENTS WOULD RESULT IN THE ISSUER'S ACTIVITIES FALLING WITHIN THE DEFINITION OF A "COMMODITY POOL" UNDER THE COMMODITY EXCHANGE ACT, THE INVESTMENT MANAGER EXPECTS TO BE EXEMPT FROM REGISTRATION WITH THE COMMODITY FUTURES TRADING COMMISSION (THE "CFTC") AS A COMMODITY POOL OPERATOR (A "CPO") OR COMMODITY TRADING ADVISOR (A "CTA") PURSUANT TO CFTC REGULATION 4.13(a)(3) AND CFTC REGULATION 4.14(a)(8)(i)(D). THEREFORE, UNLIKE A REGISTERED CPO, THE INVESTMENT MANAGER WOULD NOT BE REQUIRED TO DELIVER A CFTC DISCLOSURE DOCUMENT TO PROSPECTIVE INVESTORS, NOR WOULD IT BE REQUIRED TO PROVIDE INVESTORS WITH CERTIFIED ANNUAL REPORTS THAT SATISFY THE REQUIREMENTS OF CFTC RULES APPLICABLE TO REGISTERED CPOS.

TABLE OF CONTENTS

	Page
Overview	1
Risk Factors	24
General	24
<i>General</i>	24
<i>Suitability</i>	24
<i>Limited Resources of Funds to Pay Expenses of the Issuer</i>	24
<i>Business and Regulatory Risks for Vehicles with Investment Strategies such as the Issuer's</i>	24
<i>Events in the CLO and Leveraged Finance Markets</i>	25
<i>Euro and Euro Zone Risk</i>	26
<i>Regulatory Initiatives</i>	26
<i>Risk Retention in Europe</i>	27
<i>Restrictions on the Discretion of the Investment Manager in Order to Comply with Risk Retention</i>	29
<i>EMIR</i>	30
<i>Alternative Investment Fund Managers Directive</i>	31
<i>U.S. Dodd-Frank Act</i>	32
<i>U.S. Risk Retention</i>	33
<i>CFTC Regulations</i>	34
<i>Commodity Pool Regulation</i>	34
<i>Volcker Rule and Issuer Reliance on Rule 3a-7</i>	35
<i>Reliance on Rating Agency Ratings</i>	36
<i>Flip Clauses</i>	36
<i>EU Financial Transaction Tax ("FTT")</i>	39
<i>Action Plan on Base Erosion and Profit Shifting</i>	39
<i>FATCA</i>	43
<i>Anti-Money Laundering, Corruption, Bribery and Similar Laws May Require Certain Actions or Disclosures</i>	44
<i>Third Party Litigation; Limited Funds Available</i>	44
<i>CRA</i>	44
<i>Negative Interest Rates</i>	45
Relating to the Notes	46
<i>Limited Liquidity and Restrictions on Transfer</i>	46
<i>Optional Redemption and Market Volatility</i>	46
<i>The Notes are Subject to Optional Redemption in Whole or in Part by Class</i>	47
<i>The Notes are Subject to Special Redemption at the Option of the Investment Manager</i>	48
<i>Mandatory Redemption</i>	48
<i>The Reinvestment Period may Terminate Early</i>	49

<i>The Investment Manager May Reinvest After the End of the Reinvestment Period</i>	49
<i>Certain Actions May Prevent the Failure of Coverage Tests and an Event of Default... ..</i>	49
<i>Additional Issuances of Subordinated Notes not subject to Anti-Dilution Rights or Noteholder approval</i>	50
<i>Limited Recourse Obligations.....</i>	50
<i>Failure of a Court to Enforce Non-Petition Obligations will Adversely Affect Noteholders</i>	51
<i>Subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes</i>	51
<i>Amount and Timing of Payments</i>	52
<i>Reports Provided by the Collateral Administrator Will Not Be Audited</i>	53
<i>Ratings of the Notes Not Assured and Limited in Scope</i>	53
<i>Rating Agencies May Refuse to Give Rating Agency Confirmations</i>	54
<i>Average Life and Prepayment Considerations.....</i>	55
<i>Volatility of the Subordinated Notes</i>	55
<i>A decrease in EURIBOR will lower the interest payable on the Floating Rate Notes and an increase in EURIBOR may indirectly reduce the credit support to the Notes</i>	56
<i>Interest Rate Mismatch</i>	58
<i>Net Proceeds less than Aggregate Amount of the Notes</i>	58
<i>Withholding Tax on the Notes.....</i>	58
<i>Security</i>	59
<i>Resolutions, Amendments and Waivers.....</i>	59
<i>Concentrated Ownership of One or More Classes of Notes</i>	61
<i>Enforcement Rights Following an Event of Default.....</i>	61
<i>Certain ERISA Considerations</i>	62
<i>Forced Transfer</i>	62
<i>U.S. Tax Characterisation of the Notes.....</i>	63
<i>Relating to the Collateral.....</i>	63
<i>The Portfolio</i>	63
<i>Nature of Collateral; Defaults</i>	64
<i>Acquisition of Collateral Debt Obligations Prior to the Issue Date</i>	65
<i>Considerations Relating to the Initial Investment Period.....</i>	66
<i>Characteristics and Risks Relating to the Portfolio.....</i>	67
<i>Characteristics of Senior Loans, Secured Senior Bonds and Mezzanine Obligations</i>	68
<i>Limited Liquidity, Prepayment and Default Risk in relation to Senior Loans, Mezzanine Obligations and Secured Senior Bonds.....</i>	69
<i>Increased Risks for Mezzanine Obligations.....</i>	70
<i>Prepayment Risk</i>	70
<i>Defaults and Recoveries.....</i>	70
<i>Investing in Cov-Lite Loans involves certain risks</i>	71
<i>Characteristics of High Yield Bonds.....</i>	72

<i>Investing in Second Lien Loans involves certain risks</i>	73
<i>Limited Control of Administration and Amendment of Collateral Debt Obligations</i>	73
<i>Participations, Novations and Assignments</i>	74
<i>Voting Restrictions on Syndicated Loans for Minority Holders</i>	75
<i>Corporate Rescue Loans</i>	75
<i>Bridge Loans</i>	76
<i>Collateral Enhancement Obligations</i>	76
<i>Counterparty Risk</i>	76
<i>Concentration Risk</i>	77
<i>Credit Risk</i>	77
<i>Interest Rate Risk</i>	77
<i>Non-Euro Obligations and Asset Swap Transactions</i>	78
<i>Portfolio Acquisition and Disposition Requirements</i>	79
<i>Reinvestment Risk/Uninvested Cash Balances</i>	79
<i>Ratings on Collateral Debt Obligations</i>	80
<i>Insolvency Considerations relating to Collateral Debt Obligations</i>	81
<i>Lender Liability Considerations; Equitable Subordination</i>	81
<i>Loan Repricing</i>	82
<i>Changes in Tax Law; No Gross Up; General</i>	82
<i>Investment Manager</i>	83
<i>No Initial Purchaser, Arranger or Lead Manager Role Post-Closing</i>	84
<i>Acquisition and Disposition of Collateral Debt Obligations</i>	84
<i>The Issuer Could Be Subject to Material Net Income Tax in Certain Circumstances</i>	85
<i>The Issuer may form Blocker Subsidiaries that would be subject to tax</i>	85
<i>Regulatory Risk related to Lending</i>	85
<i>Valuation Information; Limited Information</i>	86
Certain conflicts of interest	86
<i>Investment Manager Conflicts of Interest</i>	86
<i>Affiliate Relationship</i>	97
<i>Rating Agencies</i>	97
<i>Certain Conflicts of Interest Involving or Relating to BNP Paribas and its Affiliates</i>	97
Investment Company Act	99
Irish Law	100
<i>Centre of main interest</i>	100
<i>Examinership</i>	100
<i>Preferred Creditors</i>	101
Terms and Conditions of the Notes	102
Use of Proceeds	244
Form of the Notes	245

<i>Initial Issue of Notes</i>	245
<i>Amendments to Terms and Conditions</i>	246
<i>Exchange for Definitive Certificates</i>	247
Book Entry Clearance Procedures	249
<i>Euroclear and Clearstream, Luxembourg</i>	249
<i>Book Entry Ownership</i>	249
<i>Euroclear and Clearstream, Luxembourg</i>	249
<i>Relationship of Participants with Clearing Systems</i>	249
<i>Settlement and Transfer of Notes</i>	250
<i>Trading between Euroclear and/or Clearstream, Luxembourg Participants</i>	250
Ratings of the Notes	251
<i>General</i>	251
<i>S&P Ratings</i>	251
<i>Moody's Ratings</i>	252
The Issuer	253
<i>General</i>	253
<i>Business</i>	254
<i>Directors and Company Secretary</i>	254
<i>Business Activity</i>	255
<i>Indebtedness</i>	255
<i>Subsidiaries</i>	255
<i>Administrative Expenses of the Issuer</i>	255
<i>Financial Statements</i>	255
The Investment Manager	256
<i>Investment Manager</i>	256
<i>Personnel</i>	257
The Retention Holder and Retention Requirements	259
Description of the Retention Holder.....	259
<i>The Retention</i>	259
<i>Retention Holder Veto</i>	260
The Portfolio.....	261
Introduction	261
Acquisition and Disposition of Collateral Debt Obligations	261
Eligibility Criteria	263
Restructured Obligations	266
Management of the Portfolio.....	266
<i>Overview</i>	266
Sale of Collateral Debt Obligations.....	267
<i>Sale of Non-Eligible Issue Date Collateral Debt Obligations</i>	267

<i>Sale of Credit Impaired Obligations, Credit Improved Obligations and Defaulted Obligations.....</i>	267
<i>Discretionary Sales.....</i>	267
<i>Restricted Trading Period.....</i>	268
<i>Sale of Collateral Prior to Maturity Date.....</i>	268
<i>Sale of Assets which do not Constitute Collateral Debt Obligations.....</i>	269
<i>Disposal of Unsaleable Assets.....</i>	269
<i>Reinvestment of Collateral Debt Obligations.....</i>	270
<i>During the Reinvestment Period.....</i>	270
<i>Following the Expiry of the Reinvestment Period.....</i>	272
<i>The Portfolio Acquisition and Disposition Requirements.....</i>	273
<i>Amendments to Collateral Debt Obligation Stated Maturities of Collateral Debt Obligations.....</i>	274
<i>Expiry of the Reinvestment Criteria Certification.....</i>	274
<i>Reinvestment Overcollateralisation Test.....</i>	274
<i>Designation for Reinvestment.....</i>	275
<i>Application of Proceeds of Additional Issuances.....</i>	275
<i>Accrued Interest.....</i>	275
<i>Block Trades.....</i>	276
<i>Eligible Investments.....</i>	276
<i>Collateral Enhancement Obligations.....</i>	276
<i>Exchanged Securities.....</i>	277
<i>Margin Stock.....</i>	278
<i>Non-Euro Obligations.....</i>	278
<i>Revolving Obligations and Delayed Drawdown Collateral Debt Obligations.....</i>	278
<i>Participations.....</i>	279
<i>Assignments.....</i>	279
<i>Bivariate Risk Table.....</i>	279
<i>Portfolio Profile Tests and Collateral Quality Tests.....</i>	280
<i>Measurement of Tests.....</i>	280
<i>Portfolio Profile Tests.....</i>	281
<i>Collateral Quality Tests.....</i>	285
<i>Moody's Test Matrix.....</i>	285
<i>The S&P CDO Monitor Test.....</i>	288
<i>The Moody's Minimum Diversity Test.....</i>	289
<i>The Moody's Maximum Weighted Average Rating Factor Test.....</i>	291
<i>The Moody's Minimum Weighted Average Recovery Rate Test.....</i>	294
<i>The Minimum Weighted Average Spread Test.....</i>	296
<i>The Minimum Weighted Average Fixed Coupon Test.....</i>	300
<i>The Weighted Average Life Test.....</i>	301

<i>Rating Definitions</i>	301
<i>S&P Ratings Definitions</i>	301
<i>Moody's Ratings Definitions</i>	303
<i>The Coverage Tests</i>	306
Description of the Investment Management Agreement	308
Fees	308
Removal and Resignation.....	309
<i>Removal for Cause</i>	309
<i>Resignation</i>	311
Notes held by Investment Manager.....	311
Successor Investment Manager	311
Delegation	312
Liability of the Investment Manager and Standard of Care	312
Indemnities	314
<i>Investment Manager Indemnity</i>	314
<i>Issuer Indemnity</i>	314
Description of the Collateral Administrator	316
The Bank of New York Mellon SA/NV	316
Termination and Resignation of Appointment of the Collateral Administrator	316
Description of The Trustee	317
The Bank of New York Mellon, London Branch	317
Rule 3a-7	317
Termination and Resignation of Appointment of the Trustee	317
Hedging Arrangements.....	318
Hedge Agreement Eligibility Criteria	318
Form-Approved Hedge Agreements	319
Standard Terms of the Hedge Agreements.....	319
Currency Hedging Arrangements.....	320
<i>Asset Swap Agreements</i>	320
<i>Replacement Asset Swap Transactions</i>	321
Interest Rate Hedging Arrangements	322
<i>Interest Rate Hedge Agreements</i>	322
<i>Replacement Interest Rate Hedge Agreements</i>	322
<i>Gross up</i>	322
<i>Limited Recourse and Non-Petition</i>	322
<i>Termination Provisions</i>	323
<i>Rating Downgrade Requirements</i>	323
<i>Transfer and Modification</i>	324
<i>Governing Law</i>	324

Reporting of Specified Hedging Data	324
Description of the Reports	325
Monthly Reports.....	325
<i>Portfolio</i>	325
<i>Accounts</i>	326
<i>Hedge Transactions</i>	326
<i>Coverage Tests and Collateral Quality Tests</i>	327
<i>Portfolio Profile Tests</i>	328
<i>Bivariate Risk Table</i>	328
<i>Frequency Switch Event</i>	328
<i>Risk Retention</i>	328
<i>Portfolio Acquisition and Disposition Requirements</i>	328
<i>Payment Date Reports</i>	328
<i>Portfolio</i>	329
<i>Notes</i>	329
<i>Payment Date Payments</i>	329
<i>Accounts</i>	330
<i>Coverage Tests, Collateral Quality Tests and Portfolio Profile Tests</i>	330
<i>Hedge Transactions</i>	330
<i>Risk Retention</i>	330
<i>Portfolio Acquisition and Disposition Requirements</i>	330
<i>Frequency Switch Event</i>	331
<i>Miscellaneous</i>	331
Tax Considerations	332
General	332
Irish Taxation	332
Taxation of Noteholders	332
<i>Withholding Tax</i>	332
<i>Encashment Tax</i>	333
<i>Income Tax, PRSI and Universal Social Charge</i>	334
<i>Capital Gains Tax</i>	335
<i>Capital Acquisitions Tax</i>	335
<i>Stamp Duty</i>	335
United States Federal Income Taxation	335
Certain ERISA Considerations	348
Plan of Distribution	352
Transfer Restrictions	362
Rule 144A Notes	362
Regulation S Notes.....	372

General Information	378
Clearing Systems.....	378
ISINs	378
Listing	378
Consents and Authorisations	378
No Significant or Material Change	378
No Litigation	378
Accounts.....	379
Documents Available	379
Enforceability of Judgments.....	379
Index of Defined Terms.....	380
Annex A	391
Form of ERISA Certificate	391
Annex B.....	395
S&P Recovery Rates	395
Annex C S&P Default Rate Table	400
Annex D	402
S&P Regional Diversity Measure Table	402

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 Prospectus (this "**Prospectus**") 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 Prospectus. An index of defined terms appears at the back of this Prospectus. 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*".

Issuer

Avoca CLO XVI Designated Activity Company, a designated activity company incorporated under the laws of Ireland with company number 565494 and registered office at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

Investment Manager

KKR Credit Advisors (Ireland).

Trustee

The Bank of New York Mellon, London Branch.

Initial Purchaser, Arranger and Lead Manager

BNP Paribas

Collateral Administrator

The Bank of New York Mellon SA/NV acting through its office at 4th Floor, Hanover Building, Windmill Lane, Dublin 2, Ireland.

Notes

Class Notes	of	Principal Amount	Initial Stated Interest Rate ¹	Alternative Stated Interest Rate ²	S&P Ratings of at least ³	Moody's Ratings of at least ³	Maturity Date	Issue Price ⁴
A		€273,250,000	3 month EURIBOR + 1.35% per annum	6 month EURIBOR + 1.35% per annum	"AAA(sf)"	"Aaa (sf)"	2029	100%
B		€55,850,000	3 month EURIBOR + 2.05% per annum	6 month EURIBOR + 2.05% per annum	"AA(sf)"	"Aa2 (sf)"	2029	100%
C		€25,650,000	3 month EURIBOR + 3.10% per annum	6 month EURIBOR + 3.10% per annum	"A(sf)"	"A2 (sf)"	2029	100%
D		€22,500,000	3 month EURIBOR + 4.30% per annum	6 month EURIBOR + 4.30% per annum	"BBB(sf)"	"Baa2 (sf)"	2029	100%
E		€27,750,000	3 month EURIBOR + 6.25% per annum	6 month EURIBOR + 6.25% per annum	"BB(sf)"	"Ba2 (sf)"	2029	94.88%
F		€11,800,000	3 month EURIBOR + 8.25% per annum	6 month EURIBOR + 8.25% per annum	"B(sf)"	"B2 (sf)"	2029	87.75%
Subordinated		€46,000,000	N/A	N/A	Not Rated	Not Rated	2029	100%

1 Applicable at any time prior to the occurrence of a Frequency Switch Event, provided that the rate of interest on the Floating Rate Notes for the period from, and including, the Issue Date to, but excluding, the first Payment Date will be determined by reference to a straight line interpolation of 6 month EURIBOR and 9 month EURIBOR. Payment of interest on the Subordinated Notes will be made on an available funds basis in accordance with the Priorities of Payment. The Applicable Margin or spread over EURIBOR, in the case of the Floating Rate Notes, may be reduced pursuant to a refinancing in accordance with Condition 7(b)(ii) (*Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders, Investment Manager or Retention Holder*).

2 Applicable following the occurrence of a Frequency Switch Event.

3 The ratings assigned to the Class A Notes and the Class B Notes by S&P address the timely payment of interest and the ultimate payment of principal. The ratings assigned to the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes by S&P address the ultimate payment of principal and interest. The ratings assigned to the Notes by Moody's address the expected loss posed to investors by the legal final maturity on the Maturity Date. A security rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time by the applicable Rating Agency. As of the date of this Prospectus, each of the Rating Agencies is established in the European Union and is registered under Regulation (EC) No 1060/2009 (as amended) ("**CRA3**"). As such, each Rating Agency is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with CRA3.

4. The Initial Purchaser may offer the Notes at other prices as may be negotiated at the time of sale.

Eligible Purchasers

The Notes of each Class will be offered:

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

Distributions on the Notes***Payment Dates***

Interest on the Notes will be payable:

- (a) following the occurrence of a Frequency Switch Event on (A) 15 January and 15 July (where the Payment Date immediately prior to the occurrence of the relevant Frequency Switch Event is either 15 January or 15 July), or (B) 15 April and 15 October (where the Payment Date immediately prior to the occurrence of the relevant Frequency Switch Event is either 15 April or 15 October); and
- (b) at all other times, 15 January, 15 April, 15 July and 15 October,

in each case, in each year commencing 16 January 2017, up to and including the Maturity Date and any Redemption Date provided that if any Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day that is a Business Day (unless it would thereby fall in the following month, in which case it shall be brought forward to the immediately preceding Business Day).

Subject to the prior redemption in full of the Rated Notes, the Issuer or the Investment 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*).

Frequency Switch Event

A Frequency Switch Event shall occur if, on any Frequency Switch Measurement Date:

- (a) (i) the Aggregate Principal Balance (determined in accordance with the definition thereof, excluding Defaulted Obligations) of Collateral Debt Obligations that reset so as to become Semi-Annual Obligations in the previous Due Period (or where such Due Period is the first Due Period, in the last three months of such Due Period), is greater than or equal to 20 per cent. of

the Aggregate Collateral Balance (the Aggregate Collateral Balance being determined in accordance with the definition thereof, excluding Defaulted Obligations); (ii) for so long as any of (w) the Class A Notes or the Class B Notes remain outstanding, the Class A/B Interest Coverage Ratio is less than 100 per cent. (and provided that for such purpose, paragraphs (b) and (f) of the definition of Interest Coverage Amount shall be deemed to be equal to zero) or (x) the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, as applicable, constitute the Controlling Class, the related Interest Coverage Ratio for such Class is less than 100 per cent. (and provided that for such purpose, paragraphs (b) and (f) of the definition of Interest Coverage Amount shall be deemed to be equal to zero); and (iii) for so long as any of (y) the Class A Notes or the Class B Notes remain outstanding, the Class A/B Interest Coverage Ratio is greater than 100 per cent. (and provided for such purpose, (1) paragraphs (b) and (f) of the definition of Interest Coverage Amount shall be deemed to be equal to zero (2) accrued interest of Semi-Annual Obligations referred to in (a)(i) above shall be added to the numerator of the Class A/B Interest Coverage Ratio and (3) amounts standing to the credit of the Principal Account shall be added to the numerator of the Class A/B Interest Coverage Ratio) or (z) the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, as applicable, constitute the Controlling Class, the related Interest Coverage Ratio for such Class is greater than 100 per cent. (and provided for such purpose, (1) paragraphs (b) and (f) of the definition of Interest Coverage Amount shall be deemed to be equal to zero (2) accrued interest of Semi-Annual Obligations referred to in (a)(i) above shall be added to the numerator of the relevant Interest Coverage Ratio and (3) amounts standing to the credit of the Principal Account shall be added to the numerator of the relevant Interest Coverage Ratio); or

- (b) the Investment Manager declaring in its sole discretion that a Frequency Switch Event shall have occurred (provided that for so long as any of (x) the Class A Notes or the Class B Notes remain outstanding, the Class A/B Interest Coverage Ratio is greater than 100 per cent. (and provided for such purpose, (1) paragraphs (b) and (f) of the definition of Interest Coverage Amount shall be deemed to be equal to zero (2) accrued interest of Semi-Annual Obligations referred to in (a)(i) above shall be added to the numerator of the Class A/B Interest Coverage

Ratio and (3) amounts standing to the credit of the Principal Account shall be added to the numerator of the Class A/B Interest Coverage Ratio) or (y) the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, as applicable, constitute the Controlling Class, the related Interest Coverage Ratio for such Class is greater than 100 per cent. (and provided for such purpose, (1) paragraphs (b) and (f) of the definition of Interest Coverage Amount shall be deemed to be equal to zero (2) accrued interest of Semi-Annual Obligations referred to in (a)(i) above shall be added to the numerator of the relevant Interest Coverage Ratio and (3) amounts standing to the credit of the Principal Account shall be added to the numerator of the relevant Interest Coverage Ratio)).

Interest

Interest in respect of the Rated Notes will be payable semi-annually in arrear following the occurrence of a Frequency Switch Event and quarterly in arrear at all other times, in each case, on each Payment Date (with the first Payment Date occurring on 16 January 2017) in accordance with the Priorities of Payments.

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

Deferral of Interest

Failure on the part of the Issuer to pay the Interest Amounts due and payable on any Class of Notes pursuant to Condition 6 (*Interest*) and the Priorities of Payments shall not be an Event of Default pursuant to Condition 10(a)(i) (*Non-payment of interest*) 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 10 Business Days and:

- (a) in the case of the non-payment of interest due and payable on the Class C Notes, the Class A Notes and the Class B Notes have been redeemed in full;
- (b) in the case of the non-payment of interest due and payable on the Class D Notes, the Class A Notes, the Class B Notes and the Class C Notes have been redeemed in full;
- (c) in the case of the non-payment of interest due and payable on the Class E Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have been redeemed in full; and
- (d) in the case of the non-payment of interest due and payable on the Class F Notes, the Class A Notes, the

Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes have been redeemed in full,

and except in each case as the result of any deduction therefrom or the imposition of any withholding tax thereon as set out in Condition 9 (*Taxation*).

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 and a more senior Class of Notes remains Outstanding, an amount equal to such unpaid interest 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 on such unpaid amount at the rate of interest applicable to such Notes. See Condition 6(c) (*Deferral of Interest*).

Non-payment of residual distributions in respect of the Subordinated Notes as a result of the insufficiency of available Interest Proceeds will not constitute an Event of Default.

Redemption of the Notes

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

- (a) on the Maturity Date (see Condition 7(a) (*Final Redemption*));
- (b) 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 Investment Manager (acting on behalf of the Issuer) following certification by the Investment Manager to the Trustee that, using reasonable endeavours, it has been unable, for a period of 20 consecutive Business Days, to identify a sufficient quantity of additional or Substitute Collateral Debt Obligations in which to invest or reinvest Principal Proceeds (see Condition 7(d) (*Special Redemption*));
- (f) on any Payment Date following the expiry of the Reinvestment Period at the election of the Investment Manager in its sole discretion following a breach of the Reinvestment Overcollateralisation Test in accordance with the provisions of paragraph (V) of the Interest Proceeds Priority of Payments and Condition 7(d) (*Special Redemption*) to the extent necessary to cause the Reinvestment Overcollateralisation Test to be met;
- (g) in whole (with respect to all Classes of Rated Notes) but not in part on any Business Day falling on or after the expiry of the Non-Call Period from Sale Proceeds or Refinancing Proceeds (or any combination thereof) either if directed in writing by (i) the Subordinated Noteholders (acting by way of an Extraordinary Resolution) or (ii) the Retention Holder, in both cases subject to the prior written consent of the Investment Manager acting in its sole discretion (see Condition 7(b)(i)(A) (*Optional Redemption in Whole - Subordinated Noteholders or Retention Holder subject to consent of Investment Manager*));
- (h) 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 Investment Manager, the Retention Holder or the Subordinated Noteholders (acting by way of an Ordinary Resolution), as long as the Class of Rated Notes to be redeemed represents not less than the entire Class of such Rated Notes (see Condition 7(b)(ii) (*Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders, Investment Manager or Retention Holder*) and provided that any Refinancing in respect thereof shall be subject to the prior written consent of the Investment Manager acting in its sole discretion

(see Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*));

- (i) in whole (with respect to all Classes of Rated Notes) but not in part from Sale Proceeds on any Payment Date following the expiry of the Non-Call Period if, upon or at any time following the expiry of the Non-Call Period the Aggregate Collateral Balance is less than 15 per cent. of the Target Par Amount and if directed in writing by the Investment Manager or the Retention Holder (see Condition 7(b)(iii) (*Optional Redemption in Whole - Investment Manager or Retention Holder Clean-up Call*));
- (j) the Subordinated Notes may be redeemed in whole at the direction of the Subordinated Noteholders (acting by way of Extraordinary Resolution), the Investment Manager or the Retention Holder on any Business Day, following the redemption in full of all Classes of Rated Notes (see Condition 7(b)(viii) (*Optional Redemption of Subordinated Notes*));
- (k) on any Payment Date following the occurrence of a Collateral Tax Event in whole (with respect to all Classes of Rated Notes) at the option of (i) the Subordinated Noteholders acting by way of Extraordinary Resolution or (ii) the Retention Holder (See Condition 7(b)(i)(B) (*Optional Redemption in Whole - Subordinated Noteholders or Retention Holder subject to consent of Investment Manager*));
- (l) on any Payment Date in whole (with respect to all Classes of Rated Notes) at the option of the (i) Controlling Class or the Subordinated Noteholders in each case acting by way of Extraordinary Resolution or (ii) the Retention Holder, 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
- (m) at any time following an 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 July 2018 or, if such day is not a Business Day, on the next following day that is a Business Day (unless it would fall in the following month in which case such date shall be brought forward to the immediately preceding Business Day) (the "**Non-Call Period**"), the Notes are not subject to

Optional Redemption (save for upon a Collateral Tax Event, Note Tax Event or a Special Redemption). See Condition 7(b)(i)(B) (*Optional Redemption in Whole - Subordinated Noteholders or Retention Holder subject to consent of Investment Manager*), 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, Class D Notes, Class E Notes and the Class F Notes, any accrued and unpaid Deferred Interest on such Notes) subject to any election by the Noteholders to receive less than 100 per cent. in accordance with Condition 7(b)(iv)(B) (*Terms and Conditions of an Optional Redemption*); 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 (BB) of the Interest Proceeds Priority of Payments, paragraph (R) of the Principal Proceeds Priority of Payments, paragraphs (A) and (B) of the Collateral Enhancement Obligation Proceeds Priority of Payments and paragraph (AA) of the Post-Acceleration Priority of Payments (as applicable)) of the aggregate proceeds of liquidation of the Collateral, or realisation of the security thereover in such circumstances, remaining following application thereof in accordance with the Priorities of Payments.

Priorities of Payments

Prior to an acceleration of the Notes in accordance with Condition 10(b) (*Acceleration*) or following an acceleration of the Notes which has subsequently been rescinded and annulled in accordance with Condition 10(c) (*Curing of Default*) and other than in connection with an Optional Redemption in whole pursuant to Condition 7(b) (*Optional Redemption*) or 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 an acceleration of the Notes 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.

Investment Manager Advances

The Investment Manager, in its discretion, may make loan advances in Euro to the Issuer up to a maximum of four times during the Reinvestment Period in accordance with and subject to the terms of the Investment Management Agreement. Any such advance may only be made for the purpose of acquiring or exercising rights under Collateral Enhancement Obligations, provided that no single Investment Manager Advance may be for an amount less than €500,000 and the aggregate of all Investment Manager Advances may not exceed €8,000,000. Each Investment Manager Advance will bear interest at the applicable EURIBOR rate plus a margin of 4.0 per cent. per annum. Repayment by the Issuer of any Investment Manager Advance to the Investment Manager will only be made pursuant to and in accordance with the Priorities of Payments.

Investment Management Fees

Senior Investment Management Fee

0.15 per cent. per annum of the Aggregate Collateral Balance (exclusive of any VAT) calculated semi-annually following the occurrence of a Frequency Switch Event and quarterly at all other times, in each case on the basis of a 360-day year and the actual number of days elapsed in such Due Period. See "*Description of the Investment Management Agreement - Fees*".

Subordinated Management Fee

Investment

0.25 per cent. per annum of the Aggregate Collateral Balance (exclusive of any VAT) calculated semi-annually following the occurrence of a Frequency Switch Event and quarterly at all other times, in each case on the basis of a 360-day year and the actual number of days elapsed in such Due Period. See "*Description of the Investment Management Agreement - Fees*".

Incentive Investment Management Fee

The fee payable to the Investment Manager pursuant to the Investment Management Agreement on each Payment Date on which the Incentive Investment Management Fee IRR Threshold of 12 per cent. has been met or surpassed, such Incentive Investment Management Fee being payable (exclusive of VAT thereon) from 15 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 paragraph (BB) of the Interest Proceeds Priority of Payments, paragraph (R) of the Principal Proceeds Priority of

Payments, paragraph (B)(1) of the Collateral Enhancement Obligation Proceeds Priority of Payments and paragraph (AA) of the Post Acceleration Priority of Payments. See "*Description of the Investment Management Agreement - Fees*".

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, Corporate Rescue Loans, Mezzanine Obligations and High Yield Bonds. The Notes will also be secured by an assignment by way of security of various of the Issuer's other rights, including its rights under certain of the agreements described herein but excluding its rights in respect of the Issuer Irish Account and the Corporate Services 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 around or after the Issue Date unless either (i) such Hedge Agreement complies with the Hedge Agreement Eligibility Criteria or (ii) the Issuer obtains legal advice from U.S. nationally recognised legal counsel, knowledgeable in such matters to the effect that the entry into such arrangements shall not (x) require any of the Issuer, its directors or officers or the Investment Manager to register with the United States Commodity Futures Trading Commission the (the "**CFTC**") as a commodity pool operator or a commodity trading advisor pursuant to the United States Commodity Exchange Act of 1936, as amended (a "**Commodity Pool**") or (y) eliminate the Issuer's ability to rely on Rule 3a-7 under the Investment Company Act, unless and until the Issuer elects not to rely on the exclusion from registration under the Investment Company Act provided by Rule 3a-7.

Non-Euro Obligations and Asset Swap Transactions

Subject to the satisfaction of certain conditions in the Investment Management Agreement and the Portfolio Acquisition and Disposition Requirements (so long as they are applicable) and satisfaction of the Eligibility Criteria, the Issuer or the Investment Manager on its behalf may purchase Collateral Debt Obligations that are denominated in a Qualifying Currency other than Euro provided that an Asset Swap Transaction is entered into in respect of each such Non-Euro Obligation which satisfies the Hedge Agreement Eligibility Criteria and is with an Asset Swap Counterparty satisfying the applicable Rating Requirement, under which the currency risk is reduced or eliminated (and receipt of

Rating Agency Confirmation in relation thereto, unless such Asset Swap Transaction is a Form-Approved Asset Swap Agreement).

Under each Asset Swap Transaction, the currency risk arising from the receipt of certain cash flows from the relevant Non-Euro Obligation, including interest and principal payments thereon, are hedged. The Asset Swap Transaction shall terminate on or about 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 Investment 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 (other than in respect of a Form-Approved Interest Rate Hedge Agreement) and which satisfy the Hedge Agreement Eligibility Criteria, and provided that the Interest Rate Hedge Counterparty satisfies the applicable Rating Requirement and has the regulatory capacity to enter into derivatives transactions.

Investment Manager

Subject to the terms and conditions set forth in the Investment Management Agreement, the Investment Manager has agreed to act as the Issuer's investment manager with respect to the Portfolio, to act in specific circumstances in relation to the Portfolio on behalf of the Issuer and to carry out the duties and functions described herein. Pursuant to the Investment Management Agreement, the Issuer delegates authority to the Investment Manager to carry out certain functions in relation to the Portfolio and any hedging arrangements without the requirement for specific approval by the Issuer, the Collateral Administrator or the Trustee. See "*Description of the Investment Management Agreement*" and "*The Portfolio*".

Purchase of Collateral Debt Obligations

Initial Investment Period

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

- (a) the date designated as such by the Investment Manager, subject to the Effective Date Determination Requirements having been satisfied; and
- (b) 30 December 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 Investment 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.

Portfolio Acquisition and Disposition Requirements

The Issuer will not acquire (whether by purchase or substitution) or dispose of a Collateral Debt Obligation, a Collateral Enhancement Obligation, an Exchanged Security or an Eligible Investment unless the Portfolio Acquisition and Disposition Requirements are satisfied which includes a requirement that a Collateral Debt Obligation, a Collateral Enhancement Obligation, an Exchanged Security or an Eligible Investment is not being acquired or disposed of for the primary purpose of recognising gains or decreasing losses resulting from market value changes; *provided* that, on any date, the Issuer (or the Investment Manager on its behalf) may elect not to rely on Rule 3a-7 for its exemption from registration under the Investment Company Act, in which case, at all times thereafter, there will be no Portfolio Acquisition and Disposition Requirements and all references to such requirements in the Transaction Documents shall no longer be in effect.

Notwithstanding any other provisions in the Transaction Documents, unless and until the Issuer (or the Investment Manager, acting on behalf of the Issuer) is no longer able to rely on, or elects not to rely on, Rule 3a-7 for its exclusion from registration under the Investment Company Act, the Issuer will be subject to the requirements of Rule 3a-7, which provide that any issuer who is engaged in the business of purchasing, or otherwise acquiring and holding Eligible Assets (and in activities related or incidental thereto), and who does not issue redeemable securities will not be deemed to be an investment company for purposes of the Investment Company Act; provided that the conditions specified under Rule 3a-7 (including, among other things, the Portfolio Acquisition and Disposition Requirements) are met.

The Issuer will also obtain Rating Agency Confirmation prior to entering into any hedging arrangements after the Issue Date unless it is in a form in respect of which the Issuer (or the Investment Manager acting on behalf of the Issuer) has previously received approval from each Rating Agency. See "*Hedging Arrangements*".

Reinvestment in Collateral Debt Obligations

Subject to the limits described in the Priorities of Payments and Principal Proceeds available from time to time, the Investment Manager (on behalf of the Issuer) may, at its discretion, use reasonable endeavours to purchase Substitute Collateral Debt Obligations meeting the Eligibility Criteria, the Portfolio Acquisition and Disposition Requirements (so long as they are applicable) and in compliance with the Reinvestment Criteria during the Reinvestment Period.

Following expiry of the Reinvestment Period, only (i) Sale Proceeds from the sale of Credit Impaired Obligations, Credit Improved Obligations and Unscheduled Principal Proceeds received after the Reinvestment Period or (ii) amounts designated for reinvestment pursuant to paragraph (V)(2) of the Interest Proceeds Priority of Payments may be reinvested by the Issuer or the Investment Manager, on behalf of the Issuer, in Substitute Collateral Debt Obligations meeting the Eligibility Criteria, the Portfolio Acquisition and Disposition Requirements (so long as they are applicable) and in compliance with the 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, an obligation must satisfy certain specified Eligibility Criteria. Each obligation shall only be required to satisfy the Eligibility Criteria at the time the Issuer (or the Investment 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*".

Notwithstanding any other provisions in the Transaction Documents, with respect to any sale, acquisition or substitution of any Collateral Debt Obligation, the Investment Manager shall satisfy the Portfolio Acquisition and Disposition Requirements until such time, if any, as the Issuer (or the Investment Manager, acting on behalf of the Issuer) is no longer able to rely on, or elects not to rely on, Rule 3a-7 for its exclusion from registration under the Investment Company Act, in which case, at all times thereafter, there will be no Portfolio Acquisition and Disposition Requirements and all references thereto in the Transaction Documents shall no longer be in effect.

Restructured Obligations

In order for a Collateral Debt Obligation which is the subject of a restructuring to qualify as a Restructured Obligation, such Collateral Debt Obligation must satisfy the Restructured

Obligation Criteria as at the applicable Restructuring Date.

Collateral Quality Tests

The Collateral Quality Tests will comprise the following:

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

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 Maximum Weighted Average Rating Factor Test; and
- (c) the Moody's Minimum Weighted Average Recovery Rate Test.

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

- (a) the Minimum Weighted Average Spread Test;
- (b) the Minimum Weighted Average Fixed Coupon Test; and
- (c) the Weighted Average Life Test.

Portfolio Profile Tests

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

	Minimum	Maximum
(a) Secured Senior Loans and Secured Senior Bonds in aggregate (which shall include the Balance of the Principal Account and the Unused Proceeds Account and any Eligible Investments which represent Principal Proceeds)	90.0%	N/A
(b) Secured Senior Loans (which shall include the Balance of the Principal Account and the Unused Proceeds Account and any Eligible Investments which represent Principal Proceeds)	70.0%	N/A

(c)	Unsecured Senior Loans, Second Lien Loans, Mezzanine Obligations and/or High Yield Bonds in aggregate	N/A	10.0%
(d)	Secured Senior Loans and Secured Senior Bonds to a single Obligor	N/A	2.5%, provided that the Aggregate Collateral Balance in respect of up to three Obligor may represent up to 3.0% each
(e)	Unsecured Senior Loans, Second Lien Loans, Mezzanine Obligations and High Yield Bonds in aggregate of a single Obligor	N/A	1.5%
(f)	Collateral Debt Obligations to a single Obligor	N/A	3.0%
(g)	Participations	N/A	5.0%
(h)	Current Pay Obligations	N/A	2.5%
(i)	Annual Obligations	N/A	5.0%
(j)	Revolving Obligations/Delayed Drawdown Collateral Debt Obligations	N/A	5.0%
(k)	Caa Obligations	N/A	7.5%
(l)	CCC Obligations	N/A	7.5%
(m)	Bridge Loans	N/A	2.5%
(n)	Corporate Rescue Loans	N/A	5.0%, provided that not more than 2.0% shall consist of Corporate Rescue Loans from a single Obligor
(o)	Fixed Rate Collateral Debt Obligations	N/A	10.0%
(p)	Maximum in any single S&P Industry Classification (as defined in the section " <i>The Portfolio - Portfolio Profile Tests and Collateral Quality Tests - Portfolio Profile Tests</i> ")	N/A	10.0%, provided any three S&P Industry Classifications may each individually comprise up to 13.5% each and one S&P Industry Classification may comprise up to 15.0%
(q)	Domicile of Obligor 1	N/A	10.0% Domiciled in countries or jurisdiction with a Moody's local currency country risk

			ceiling below "Aa3", unless Rating Agency Confirmation from Moody's is obtained
(r)	Domicile of Obligors 2	N/A	5.0% Domiciled in countries or jurisdiction rated with a Moody's local currency country risk ceiling below "A3", unless Rating Agency Confirmation from Moody's is obtained
(s)	Domicile of Obligors 3	N/A	10.0% Domiciled in countries or jurisdictions rated below "A-" by S&P
(t)	S&P Rating derived from a Moody's Rating	N/A	10.0%
(u)	Moody's Rating derived from an S&P Rating	N/A	10.0%
(v)	Cov-Lite Loans	N/A	20.0%
(w)	Obligations of an Obligor which is a Portfolio Company	N/A	20.0%
(x)	Non-Euro Obligations	N/A	30.0%
(y)	Indebtedness of Obligors 1	N/A	5.0% Collateral Debt Obligations issued by Obligors each of which has total current indebtedness (comprised of all financial debt owing by the Obligor including the maximum available amount or total commitment under any revolving or delayed draw loans) under their respective loan agreements and other debt instruments (including the Underlying Instruments) of less than EUR100,000,000; provided that not more than 0.60% shall consist of Collateral Debt Obligations issued by any single Obligor with total current indebtedness (comprised of all financial debt owing by such 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 less than EUR100,000,000
(z)	Indebtedness of Obligors 2	N/A	5.0% Collateral Debt Obligations issued by Obligors each of which has total current indebtedness (comprised of all financial debt owing by the Obligor including the maximum available amount or total commitment under any revolving or delayed draw loans) under their respective loan agreements and other debt instruments (including the Underlying Instruments) of between EUR100,000,000 and EUR200,000,000
(aa)	Bivariate Risk Table	N/A	See limits set out in " <i>The Portfolio - Bivariate Risk Table</i> "

Coverage Tests

Each of the Par Value Tests and Interest Coverage Tests shall apply on a Measurement Date in the case of (i) the Par Value Tests, on or after the Effective Date; and (ii) the Interest Coverage Tests, on and 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.

Class	Required Par Value Ratio
A/B	128.74%
C	119.85%
D	114.28%
E	106.61%
Class	Required Interest Coverage Ratio
A/B	120.00%
C	110.00%

D	105.00%
E	102.00%

Reinvestment Overcollateralisation Test

During the Reinvestment Period, if the Reinvestment Overcollateralisation Test is not satisfied on the relevant Determination Date, Interest Proceeds shall be applied, in an amount equal to the lesser of (i) 50 per cent. of all remaining Interest Proceeds available for payment pursuant to paragraph (V) of the Interest Proceeds Priority of Payments and (ii) the amount which, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (U) (inclusive) of the Interest Proceeds Priority of Payments, would be sufficient to cause the Reinvestment Overcollateralisation Test to be met as of the relevant Determination Date, to the payment into the Principal Account as Principal Proceeds to purchase additional Collateral Debt Obligations, *provided* that such payment would not, in the determination of the Collateral Administrator (with such consultation with the Investment Manager and the Retention Holder as the Collateral Administrator deems necessary), cause (or would not be likely to cause) a Retention Deficiency.

Following the expiry of the Reinvestment Period, if the Reinvestment Overcollateralisation Test is not satisfied on the relevant Determination Date, up to 50 per cent. of all remaining Interest Proceeds that would otherwise have been applied towards the payment of certain Issuer expenses and residual distributions on the Subordinated Notes will instead, in accordance with the Interest Proceeds Priority of Payments and at the election of the Investment Manager in its sole discretion, be either (x) used to redeem the Notes in accordance with Condition 7(d) (*Special Redemption*); or (y) deposited in the Principal Account for reinvestment in Substitute Collateral Debt Obligations (*provided* that such payment would not, in the determination of the Collateral Administrator (with such consultation with the Investment Manager and the Retention Holder as the Collateral Administrator deems necessary), cause (or would not be likely to cause) a Retention Deficiency), in each case to the extent necessary to cause the Reinvestment Overcollateralisation Test to be met if calculated following such deposit or payment.

Authorised Denominations

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

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

Form, Registration and Transfer of the Notes

The Regulation S Notes of each Class (other than, in certain circumstances as described below, Class E Notes, the Class F Notes and Subordinated Notes) 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, Class E Notes, the Class F Notes and Subordinated Notes) 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 Global Certificates will bear a legend and such 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 a Transfer Agent with a written certification substantially in the form set out in the Trust Deed regarding compliance with certain of such transfer restrictions. Any transfer of a beneficial interest in a Regulation S Global Certificate to a person who takes delivery through an interest in a Rule 144A Global Certificate is also subject to certification requirements substantially in the form set out in the Trust Deed and each purchaser thereof shall be deemed to

represent that such purchaser is a QP. In addition, interests in any of the Regulation S Notes may not at any time be held by any U.S. person or U.S. Resident. See "*Form of the Notes*" and "*Book Entry Clearance Procedures*".

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

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

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

Governing Law

The Notes, the Trust Deed, the Investment Management Agreement, the Agency Agreement, the Subscription Agreement and all other Transaction Documents (save for the Corporate Services Agreement and the Share Charge (which are governed by Irish law)) 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 has approved this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to 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. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange and trading on its regulated market and it is anticipated that listing will take place on or about the Issue Date. See "*General Information*".

Tax Status

See "*Tax Considerations*".

Certain ERISA Considerations

See "*Certain ERISA Considerations*".

Withholding Tax

No gross up of any payments to the Noteholders is required of the Issuer in respect of amounts deducted from or withheld for or on account of tax in relation to the Notes. See Condition 9 (*Taxation*).

Forced sale and withholding pursuant to FATCA

To comply with FATCA, the Issuer may require each Noteholder to provide certifications and identifying information about itself and certain of its owners. The Issuer may force the sale of a Noteholder's Notes in order to achieve FATCA Compliance, including Notes held by a Noteholder that fails to provide the required information or if the Issuer otherwise determines that such Noteholder's direct or indirect acquisition, holding or transfer of an interest in such Notes would cause the Issuer to be unable to achieve FATCA Compliance (and such sale could be for less than its then fair market value). In addition, the failure to provide such information, or the failure of certain non-U.S. financial institutions to comply with FATCA, may compel the Issuer to withhold on payments to such holders (and the Issuer will not pay any additional amounts with respect to such withholding).

Additional Issuances

Subject to certain conditions being met (including the prior written consent of the Investment Manager acting in its sole discretion), additional Notes of all existing Classes may be issued and sold. See Condition 17 (*Additional Issuances*).

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

characterisation as indebtedness or equity. To ensure that non-fungible additional Notes are distinguishable from the original Notes of the same Class, the Issuer is required to cause a separate ISIN to be issued to additional Notes, unless the Notes of any Class and such additional notes of the same Class of Notes are fungible for U.S. federal income tax purposes.

Retention Holder and Retention Requirements

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

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

RISK FACTORS

An investment in the Notes of any Class involves certain risks, including risks relating to the Collateral securing such Notes and risks relating to the structure and rights of such Notes and the related arrangements. Prospective investors should carefully consider the following factors, in addition to the matters set forth elsewhere in this Prospectus, 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".

General

General

It is intended that the Issuer will invest in loans, bonds and other financial assets with certain risk characteristics as described below and subject to the investment policies, restrictions and guidelines described in "*The Portfolio*". There can be no assurance that the Issuer's investments will be successful, that its investment objectives will be achieved, that the Noteholders will receive the full amounts payable by the Issuer under the Notes or that they will receive any return on their investment in the Notes. Prospective investors are therefore advised to review this entire Prospectus 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. None of the Initial Purchaser, the Arranger, the Lead Manager or the Trustee undertakes to review the financial condition or affairs of the Issuer or the Investment Manager during the life of the arrangements contemplated by this Prospectus or advise any investor or potential investor in the Notes of any information coming to the attention of the Initial Purchaser, the Arranger, the Lead Manager or the Trustee which is not included in this Prospectus.

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.

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. 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 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.

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

Legal, tax and regulatory changes could occur over the course of the life of the Notes that may adversely affect the Issuer. The regulatory environment for vehicles of the nature of the Issuer is evolving, and changes in regulation may adversely affect the value of investments held by the Issuer and the ability of the Issuer to obtain the leverage it might otherwise obtain or to pursue its investment

and trading strategies. In addition, the securities and derivatives markets are subject to comprehensive statutes, regulations and margin requirements. Certain regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and vehicles that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Issuer could be substantial and adverse.

Events in the CLO and Leveraged Finance Markets

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

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

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

There exist significant risks for the Issuer and investors as a result of adverse economic conditions. These risks include, among others: (i) the likelihood that the Issuer will find it difficult to sell any of its assets or to purchase new assets in the secondary market, (ii) the possibility that, on or after the Issue Date, the price at which assets can be sold by the Issuer will have deteriorated from their effective purchase price and (iii) the illiquidity of the Notes. These additional risks may affect the returns on the Notes to investors and/or the ability of investors to realise their investment in the Notes prior to their Maturity Date. It should be noted that the primary market for a number of financial products including leveraged loans stalled during the economic downturn. As well as reducing opportunities for the Issuer to purchase assets in the primary market, this increased the refinancing risk in respect of maturing assets. Although the primary market for certain financial products (including leveraged finance) has recovered, particularly in the United States of America, any further adverse conditions in the primary market may reduce the ability of the Investment Manager to invest and, ultimately, reduce the returns on the Notes to investors.

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

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

The result of the above is a significantly more restrictive regulatory environment including the implementation of new accounting and capital adequacy rules in addition to further regulation of derivative or securitised instruments. Such additional rules and regulations could, among other things,

adversely affect Noteholders as well as the flexibility of the Investment Manager in managing and administering the Collateral.

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.

Euro and Euro Zone Risk

The sovereign debt of several countries, in particular Greece, deteriorated during the global economic crisis and the risk of contagion to other, more stable, countries, particularly France and Germany, has continued to be a source of concern. This situation has also raised a number of uncertainties regarding the stability and overall standing of the European Economic and Monetary Union and may result in changes to the composition of the Euro zone.

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

Despite these measures, concerns persist regarding the 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 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. Investors should carefully consider how changes to the Euro zone may affect their investment in the Notes.

The outcome of the UK's referendum on membership of the European Union, held on 23 June 2016, was that the UK public voted by a majority in favour of the British government taking the necessary action for the UK to leave the European Union. At this time, it is not certain what steps will need to be taken to facilitate the UK's exit from the European Union or the length of time that this may take. Furthermore, the UK's decision to leave the European Union has caused, and is anticipated to continue to cause, significant new uncertainties and instability in the financial markets, which may affect the Issuer's risk profile. 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 of the UK's departure from the European Union will ultimately be for the Issuer, the Investment Manager or any other transaction party.

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 Initial Purchaser, the Arranger, the Lead Manager, the Investment Manager, the Trustee nor any of their Affiliates makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the Issue Date or at any time in the future.

Risk Retention in Europe

On 16 April 2013, the European Parliament adopted a new directive and a regulation, Regulation (EU) No. 575/2013 (the "**CRR**"), which was published in the Official Journal on 27 June 2013 and took effect on 1 January 2014. Articles 404-410 (inclusive) of the CRR ("**Article 404**") replace Article 122a of the Capital Requirements Directive in its entirety. Article 404 applies to (a) credit institutions established in a Member State of the European Economic Area ("**EEA**") and consolidated group affiliates thereof (including those that are based in the United States) and (b) investment firms (each such credit institution and investment firm, an "**Affected 404 Investor**") that invest in or have an exposure to credit risk in securitisations. Article 404 imposes an increased capital charge on a securitisation position acquired by an Affected 404 Investor unless, among other conditions, (a) the originator, sponsor or original lender for the securitisation has explicitly disclosed that it will retain on an ongoing basis, a material net economic interest of not less than five per cent., of the nominal value of the securitised exposures or of the tranches sold to investors, and (b) the Affected 404 Investor is able to demonstrate that it has undertaken certain due diligence in respect of its securitisation position and the underlying exposures and that procedures are established for monitoring the performance of the underlying exposures on an on-going basis. On 13 June 2014, Delegated Regulation (EU) No. 625/2014 of 13 March 2014 supplementing the CRR (the "**Final Technical Standards**") was published in the Official Journal of the European Union. The Final Technical Standards provide greater detail on the interpretation and implementation of Article 404 and came into force on 3 July 2014.

Investors should note that the European Banking Authority ("**EBA**") published a report on 22 December 2014 in which it highlighted some concerns about the way certain structures currently fulfil the CRR Retention Requirements, in particular recommending that the scope of the 'originator' definition be narrowed in keeping with the 'spirit' of the CRR. In this regard, see "*The Retention Holder and Retention Requirements*" section of this Prospectus, which sets out the Retention Holder's intention to fulfil such requirements as a 'sponsor' rather than as an 'originator'. Further to the EBA Report, on 30 September 2015 the European Commission published its draft legislative proposal for a new European securitisation regulation (the "**Draft STS Regulation**") setting out a number of proposed changes to the Retention Requirements. The European Commission also published its draft legislative proposal to amend the CRR on 30 September 2015 (the "**Draft CRR Amendment Regulation**"). Both the Draft STS Regulation and the Draft CRR Amendment Regulation will need to be considered, finalised and adopted by the European Parliament and Council of Ministers and are not expected to enter into force until the end of 2016 at the earliest. Investors should be aware that the Draft STS Regulation and the Draft CRR Amendment Regulation may enter into force in a form that differs from the draft published on September 30, 2015. Investors should also be aware that, pursuant to Article 410(1) of the CRR, the EBA is required to report to the European Commission annually on measures taken by competent authorities to ensure compliance with the retention requirements of Article 404. It is expected that Article 410 of the CRR will be repealed in its entirety by the Draft CRR Amendment Regulation and replaced by Article 30 of the Draft STS Regulation, which will require a report on the functioning of the final STS regulation, together with a draft legislative proposal if appropriate, to be delivered to the European Council and Parliament within four years of its entry into force. There can therefore be no assurances as to whether the transactions described herein will be affected by a change in law or regulation relating to the Retention Requirements, including as a result of any changes recommended in future reports or reviews.

On 22 July 2013, directive 2011/61/EU on Alternative Investment Fund Managers ("**AIFMD**") became effective. Article 17 of the AIFMD required the EU Commission to adopt level 2 measures similar to those in Article 404, allowing EEA managers of alternative investment funds ("**AIFMs**") to invest in securitisations on behalf of the alternative investment funds they manage only if the originator, sponsor or original lender has explicitly disclosed that it will retain on an ongoing basis, a material net economic interest of not less than five per cent. of the nominal value of the securitised exposures or of the tranches sold to investors and also to undertake certain due diligence requirements. Commission Delegated Regulation 231/2013 (the "**AIFMD Level 2 Regulation**") included those level 2 measures. Though the requirements in the AIFMD Level 2 Regulation are similar to those which apply under Article 404, they are not identical. In particular, the AIFMD Level 2 Regulation requires AIFMs to ensure that the sponsor or originator of a securitisation meets certain underwriting and originating criteria in granting credit, and imposes more extensive due diligence requirements on AIFMs investing in securitisations than are imposed on Affected 404 Investors under Article 404. Furthermore, AIFMs who discover after the assumption of a securitisation exposure that the retained interest does not meet the requirements, or subsequently falls below five per cent. of the economic risk, are required to take such corrective action as is in the best interests of its investors. It remains to be seen how this last requirement is expected to be addressed by AIFMs should those circumstances arise. The requirements of the AIFMD Level 2 Regulation apply to new securitisations issued on or after 1 January 2011.

Requirements similar to the retention requirement in each of Article 404 and the AIFMD also apply to investments in securitisations by other types of EEA investors such as insurance and reinsurance undertakings (following the entry into force of Delegated Regulation (EU) No 2015/35 of 10 October 2014 supplementing Solvency II on 18 January 2015 (the "**Solvency II Level 2 Regulation**")) and (once the level 2 measures are adopted under Article 50a (as inserted by Article 63 of the AIFMD) of Directive 2009/65/EC on Undertakings for Collective Investment in Transferable Securities (the "**UCITS Directive**")) will also apply to investments in securitisations by funds which require authorisation under the UCITS Directive (all of which, together with AIFMs and Affected 404 Investors, are "**Affected Investors**"). Though many aspects of the detail and effect of such requirements remain unclear, the EU risk retention and due diligence requirements described above and any other changes to the regulation or regulatory treatment of securitisations or of the Notes for some or all investors may also negatively impact the regulatory position of individual holders and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

Affected Investors should therefore make themselves aware of the requirements of the applicable legislation governing retention and due diligence requirements for investing in securitisations (and any implementing rules in relation to a relevant jurisdiction) in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. In doing so, Affected Investors should also bear in mind that such requirements are open to interpretation under national law in individual European Union member states.

Each Affected 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 herein in "*Restrictions on the Discretion of the Investment Manager in Order to Comply with Risk Retention*" and "*The Retention Holder and Retention Requirements*", information elsewhere in this Prospectus generally and in any investor report provided in relation to the transaction is sufficient for the purpose of satisfying such requirements. Affected Investors are required to independently assess and determine the sufficiency of such information. None of the Issuer, the Investment Manager, the Initial Purchaser, the Arranger, the Lead Manager, the Trustee, the Collateral Administrator, 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 or will be compliant with the requirements of Article 404, the CRR, the AIFMD, Solvency II, the UCITS Directive or any other applicable legal regulatory or other requirements and no such Person shall have any liability to any prospective investor or any other Person with respect to any

deficiency in such information or any failure of the transactions contemplated hereby to comply with or otherwise satisfy such requirements. If a regulator determines that the transaction did not comply or is no longer in compliance with Article 404, the CRR, the AIFMD, Solvency II, the UCITS Directive or any applicable legal, regulatory or other requirement, then if you are an Affected Investor you may be required by your regulator to set aside additional capital against your investment in the Notes or take others remedial measures in respect of your investment in the Notes.

With respect to the fulfilment by the Retention Holder of the risk retention requirements, please refer to "*The Retention Holder and Retention Requirements*" section of this Prospectus.

Restrictions on the Discretion of the Investment Manager in Order to Comply with Risk Retention

The aim behind the relevant retention requirements described in "*Risk Retention in Europe*" 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. Where the retainer opts to satisfy such requirements by holding the first loss tranche, the five per cent. is measured as the nominal value of the securitised exposures, calculated based on the Aggregate Collateral Balance. The Retention Holder has agreed to retain such an interest in the transaction 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 Aggregate Collateral Balance.

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

In particular, if, at any time, the deposit of Investment Gains into the Principal Account would, in the sole discretion of the Investment Manager cause (or would be likely to cause) a Retention Deficiency, such Investment Gains which would have been deposited into the Principal Account and designated for reinvestment or used to redeem the Notes in accordance with the Principal Proceeds Priority of Payments will instead be deposited into the Interest Account. Such Investment Gains will then be distributed as Interest Proceeds. In addition, the Investment Manager is not permitted to reinvest in Substitute Collateral Debt Obligations where a Retention Deficiency would occur as a direct result of, and immediately after giving effect to, such reinvestment or divert Interest Proceeds into the Principal Account to cause the Reinvestment Overcollateralisation Test to be met if such payment would cause a Retention Deficiency. As a result, the Investment 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 equals at least 5 per cent. of the Aggregate Collateral Balance.

As a result of such restrictions, the Issuer, or the Investment 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.

EMIR

The European Market Infrastructure Regulation EU 648/2012 ("**EMIR**") entered into force on 16 August 2012. EMIR and the regulations made under it impose certain obligations on parties to OTC derivative contracts according to whether they are "financial counterparties" such as European investment firms, alternative investment funds, credit institutions and insurance companies, or other entities which are "non-financial counterparties".

"Financial counterparties" (as defined in EMIR) will, depending on the identity of their counterparty, be subject to a general obligation to clear through a duly authorised or recognised central counterparty (the "**clearing obligation**") all "eligible" OTC derivative contracts entered into with other counterparties subject to the clearing obligation. They must also report the details of all derivative contracts to a trade repository (the "**reporting obligation**"), and undertake certain risk-mitigation techniques in respect of OTC derivative contracts which are not cleared by a central counterparty such as timely confirmation of terms, portfolio reconciliation and compression and the implementation of dispute resolution procedures (the "**risk mitigation obligations**"). Non-cleared OTC 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 exempted from the clearing obligation and certain additional risk mitigation obligations (such as the posting of collateral) provided the gross notional value of all derivative contracts entered into by the non-financial counterparty and other non-financial entities within its "group", excluding eligible hedging transactions, does not exceed certain thresholds (set per asset class of OTC derivatives). If the Issuer is considered to be a member of a "group" (as defined in EMIR) (which may, for example, potentially be the case if the Issuer is consolidated by a Noteholder as a result of such Noteholder's holding of a significant proportion of the Subordinated Notes) and if the aggregate notional value of OTC derivative contracts entered into by the Issuer and any non-financial entities within such group exceeds the applicable thresholds, the Issuer would be subject to the clearing obligation, or if the relevant contract is not a type required to be cleared, to the risk mitigation obligations, including the margin requirement. If the Issuer exceeds the applicable thresholds and its swaps become subject to mandatory clearing, this may also lead to a termination of the Hedge Agreements.

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

Clearing obligation

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

Margin requirement

On 8 March 2016, the European Supervisory Authorities submitted their final draft regulatory technical standards on risk-mitigation techniques for OTC derivative contracts not cleared by a central clearing counterparty to the European Commission. The European Commission has three months to decide whether to endorse such regulatory technical standards. If so endorsed, this will be followed by a

period of non-objection by the European Parliament and Council of the EU before the regulatory technical standards enter into force.

The draft regulatory technical standards detail the risk mitigation obligations and margin requirements in respect of non-cleared OTC derivatives as well as specify the criteria regarding intragroup exemptions and provide that the margin requirement will take effect on dates ranging from 1 September 2016 (for certain entities with a non-cleared OTC derivative portfolio above €3 trillion) to 1 September 2020 (for certain entities with a non-cleared OTC derivative portfolio above €8 billion).

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

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

The Conditions of the Notes allow the Issuer and oblige the Trustee without the consent of any of the Noteholders, to amend the Transaction Documents and/or the Conditions of the Notes to comply with the requirements of EMIR which may become applicable in future. The Trustee shall consent or sanction any such amendment without the consent of Noteholders if the Issuer certifies to the Trustee that such amendment is being made to comply with the requirements of EMIR.

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

Prospective investors should also be aware that on 13 August 2015 ESMA published four reports on the functioning of EMIR and providing input and recommendations to the European Commission's official review of EMIR (in accordance with Article 85(1) thereof). ESMA's reports recommend a number of changes to the EMIR framework, including potentially significant changes to the clearing obligation and the process for classifying non-financial counterparties. The ESMA reports are expected to feed into the general report on EMIR that the European Commission shall prepare and submit to the European Parliament and the Council; however the extent to which ESMA's recommendations will be integrated into the European Commission's report and ultimately endorsed is not known at this time and cannot be predicted.

Alternative Investment Fund Managers Directive

The AIFMD became effective on 22 July 2013, and introduced authorisation and regulatory requirements for managers of AIFs. If the Issuer were to be considered to be an AIF within the

meaning in the AIFMD, it would need to be managed by an AIFM. The Investment Manager is not authorised under the AIFMD but is authorised under the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) ("**MiFID**"). As the Investment Manager is not permitted to be authorised under the AIFMD and also to conduct certain regulated activities under MiFID, it will not be able to apply for an authorisation under the AIFMD unless it gives up its authorisation under MiFID (in which case it will not be able to qualify as a "sponsor" for purposes of the CRR (see "*Risk Retention in Europe*" above and "*The Retention Holder and Retention Requirements*" below). If considered to be an AIF, the Issuer would also be classified as a "financial counterparty" under EMIR and may be required to comply with clearing obligations with respect to Hedge Transactions including obligations to post margin to any central clearing counterparty or market counterparty. See also "*EMIR*" above.

There is an exemption from the definition of AIF in the AIFMD for "securitisation special purpose entities" (the "**SSPE Exemption**"), defined by reference to securitisation within the meaning of Article 1(2) of Regulation (EC) No 24/2009 of the European Central Bank of 19 December 2008 (as amended and recast by Regulation (EC) No 1075/2013). The European Securities and Markets Authority ("**ESMA**") has not yet given any formal guidance on the application of the SSPE Exemption or whether a vehicle such as the Issuer would fall within it. However, the Central Bank has confirmed that, pending such further clarification from ESMA, "registered financial vehicle corporations" within the meaning of Article 1(2) of Regulation (EC) No 24/2009 of the European Central Bank (as amended and recast by Regulation (EC) No 1075/2013), such as the Issuer, do not need to seek authorisation as an AIF, or appoint, an AIFM unless the Central Bank issues further guidance advising them to do so.

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

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

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

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 the most comprehensive change to financial regulation in the United States, and affects virtually every area of the capital markets. Implementation of the Dodd-Frank Act requires many lengthy rulemaking processes that will ultimately result in the adoption of a multitude of new regulations potentially applicable to the Issuer, the Investment Manager, the Trustee, the Collateral Administrator, the Information Agent, the Registrar, the Transfer Agent, the Calculation Agent, the Principal Paying Agent, the Account Bank, the Custodian and each of their subsidiaries and affiliates that transact business in the U.S. or with U.S. persons outside the U.S. In particular, once fully implemented, the Dodd-Frank Act will affect many aspects, in the U.S. and internationally, of the business of the Investment Manager, including securitisation, proprietary trading, investing, creation and management of investment funds, OTC derivatives and other activities. While certain regulations implementing various provisions of the Dodd-Frank Act have been finalised and

adopted, many implementing regulations currently exist only in draft form and are subject to comment and revision, while other implementing regulations have not yet been proposed. It is therefore difficult to predict whether and to what extent the businesses of the Issuer, the Investment Manager, the Trustee, the Collateral Administrator, the Information Agent, the Registrar, the Transfer Agent, the Calculation Agent, the Principal Paying Agent, the Account Bank, the Custodian and each of their subsidiaries and affiliates will be affected by the Dodd-Frank Act as implementing regulations are finalised over time and come into effect, and no assurance can be made that the impact of such changes would not have a material adverse effect on the prospects of the Issuer or the value or marketability of the Notes. In particular, if existing transactions are not exempted from any such new rules or regulations, compliance with such rules and regulations could impose significant costs on the Issuer and could have a material adverse effect on the Issuer and the holders of Notes. None of the Issuer, the Initial Purchaser, the Arranger, the Lead Manager, the Investment Manager, the Retention Holder, the Trustee, nor any of their Affiliates, makes any representation as to such matters.

U.S. Risk Retention

On 21 October 2014, the final rules implementing the credit risk retention requirements of Section 941 of the Dodd-Frank Act (the "**U.S. Risk Retention Rules**") were issued. The U.S. Risk Retention Rules generally (absent circumstances where an originator or lead arranger would qualify as the retention holder) require the investment manager of a collateralised loan obligation transaction (a "**CLO**") (or a "majority-owned affiliate", as defined in the U.S. Risk Retention Rules) to retain not less than 5 per cent. of the credit risk of the assets collateralising the CLO issuer's securities. The U.S. Risk Retention Rules will become effective from 24 December 2016 for CLOs. While the U.S. Risk Retention Rules would 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. While the impact of the U.S. Risk Retention Rules on the loan securitisation market and the leveraged loan market generally is uncertain, it is possible that a negative impact on secondary market liquidity for the Notes may be experienced immediately, notwithstanding the effective date of the U.S. Risk Retention Rules as to new transactions, due to effects of the U.S. Risk Retention Rules on market expectations, the relative appeal of alternative investments not impacted by the U.S. Risk Retention Rules or other factors. In addition, it is possible that the U.S. Risk Retention Rules will reduce the number of investment managers active in the market, which may result in fewer new issue CLOs and reduce the liquidity provided by CLOs to the leveraged loan market generally. A contraction or reduced liquidity in the loan market could reduce opportunities for the Investment Manager to sell Collateral Debt Obligations or to invest in Collateral Debt Obligations when it believes it is in the interest of the Issuer to do so, which in turn could negatively impact the return on the Portfolio and reduce the market value or liquidity of the Notes. Any reduction in the volume and liquidity provided by CLOs in the leveraged loan market could also reduce opportunities to redeem or refinance the Notes in an Optional Redemption. In addition, the U.S. Risk Retention Rules may impose retention requirements in the event of a Refinancing, or additional issuance of notes effected after the effective date of the U.S. Risk Retention Rules, which may impair or limit the ability of the Issuer to effect a Refinancing, or an additional issuance of Notes. Any additional issuance of Notes and any Refinancing is subject to the express prior written consent of the Investment Manager (acting in its sole discretion), which may take into account any obligations that could arise under the U.S. Risk Retention Rules should such additional issuance of Notes or Refinancing occur. None of the Issuer, the Initial Purchaser, the Arranger, the Lead Manager, the Investment Manager, the Retention Holder, the Trustee, nor any of their Affiliates, makes any representation as to such matters.

While the Investment Manager expects to acquire a majority of the Subordinated Notes on the Issue Date, the Investment Manager will not be under any obligation, subject to compliance with the Retention Requirements, to retain any such notes or otherwise take or refrain from taking any action for purposes of complying with the U.S. Risk Retention Rules. In addition, the U.S. Risk Retention Rules are substantially different in many respects from the Retention Requirements and a transaction or

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

CFTC Regulations

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

Commodity Pool Regulation

The Issuer's ability to enter into Hedge Transactions may cause the Issuer to be a "commodity pool" as defined in the United States Commodity Exchange Act of 1936, as amended (the "**CEA**") and the Investment Manager to be a "commodity pool operator" ("**CPO**") and/or a "commodity trading advisor" (a "**CTA**"), each as defined in the CEA in respect of the Issuer. The CEA, as amended by the Dodd-Frank Act, defines a "commodity pool" to include certain investment vehicles operated for the purpose of trading in "commodity interests" which includes swaps. CPOs and CTAs are subject to regulation by the CFTC and must register with the CFTC unless an exemption from registration is available. Based on recent CFTC interpretive guidance, the Issuer is not expected to be treated as a commodity pool and as such, the Issuer (or the Investment 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): (i) if, at the time such Hedge Agreement is entered into, it satisfies the Hedge Agreement Eligibility Criteria and the Portfolio Acquisition and Disposition Requirements, or (ii) following receipt of legal advice from U.S. nationally recognised legal counsel knowledgeable in such matters to the effect that it will not (x) cause the Issuer, its directors or officers, the Investment Manager or any of its or their affiliates or any other person to be required to register as a CPO and/or a CTA with the CFTC with respect to the Issuer or (y) eliminate the Issuer's ability to rely on Rule 3a-7 under the Investment Company Act, unless and until the Issuer elects not to rely on the exclusion from registration under the Investment Company Act provided by Rule 3a-7.

Notwithstanding the above, if the recent CFTC guidance referred to above changes or the Issuer engages in one or more activities that might cause it to be treated as a commodity pool and no exemption from registration is available, registration of the Investment Manager as a CPO and/or a CTA may be required before the Issuer (or the Investment Manager on the Issuer's behalf) may enter

into any Hedge Agreement. Registration of the Investment Manager as a CPO and/or a CTA could cause the Investment Manager to be subject to extensive compliance and reporting requirements that would involve material costs which would 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 Investment Manager elected to file for an exemption, the Investment 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 or CTA. Further, the conditions of such exemption may constrain the extent to which the Issuer may be able to enter into swap transactions. In particular, the limits imposed by such exemptions may prevent the Issuer from entering into a Hedge Transaction that the Investment Manager believes would be advisable or result in the Issuer incurring financial risks that would have been hedged pursuant to swap transactions absent such limits. In addition, the costs of obtaining and maintaining such exemption will be passed on to the Issuer.

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

Volcker Rule and Issuer Reliance on Rule 3a-7

Final rules implementing Section 619 of the Dodd-Frank Act (the "**Volcker Rule**") became effective on 21 July 2015. The Volcker Rule generally prohibits covered banking entities and other entities subject to the Volcker Rule from, among other things, acquiring or retaining an ownership interest in a "covered fund", which for purposes of the Volcker Rule includes any entity that would be an investment company but for the exemptions provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. Therefore, absent an exemption, the Issuer would be a covered fund.

The Transaction Documents contain certain requirements that are intended to allow the Issuer to rely on the exemption from the definition of "investment company" of Rule 3a-7 under the Investment Company Act, which will, among other things, mean the Issuer will not be expected to fall within the definition of a "covered fund" for purposes of the Volcker Rule. There can be no assurance, however, that compliance with those requirements, including the Portfolio Acquisition and Disposition Requirements, will be adequate for the Issuer to rely on Rule 3a-7. While the Issuer may take other steps to comply with a different exception to the definition of "covered fund", there is no guarantee that any such steps would be successful. Accordingly, the Issuer may become a "covered fund" in the future.

If the Issuer were determined not to qualify for Rule 3a-7, or were otherwise determined to be a covered fund, then covered banking entities and other entities subject to the Volcker Rule could be restricted from acquiring and retaining certain ownership interests in the Issuer. The Volcker Rule and interpretations thereunder are still uncertain, may restrict or discourage the acquisition of Notes by such entities, and may adversely affect the liquidity of the Notes. Although the Volcker Rule provides

limited exceptions and exemptions to its prohibitions, each investor in the Notes must make its own determination as to whether it is subject to the Volcker Rule, whether its investment in the Notes would or could in the future be restricted or prohibited under the Volcker Rule, whether any extension of the Volcker Rule conformance period would be applicable to such investor's investment in the Notes, and the potential impact of the Volcker Rule on its investment, any liquidity in connection therewith and on its portfolio generally. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Initial Purchaser, the Arranger, the Lead Manager, the Investment Manager, the Trustee or any of their Affiliates makes any representation to any prospective investor or purchaser of the Notes regarding the application of the Volcker Rule to the Issuer, or to such investor's investment in the Notes on the Issue Date or at any time in the future.

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.

Flip Clauses

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

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

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

Court and that, therefore, the suit should be removed to a U.S. district court. Given the current state of U.S. and English law, this is likely to be an area of continued judicial focus particularly in respect of multi-jurisdictional insolvencies.

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

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

LIBOR and EURIBOR Reform

The London Inter-Bank Offered Rate ("**LIBOR**") has been reformed, with developments including:

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

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

The Euro Interbank Offered Rate ("**EURIBOR**") together with LIBOR, 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 "**Benchmark Regulation**") on indices used as benchmarks in financial instruments and financial contracts.

The European Parliament adopted the Benchmark Regulation on 28 April 2016. It is anticipated that the Benchmark Regulation will be formally adopted by the Council of the European Union in June 2016. The Benchmark Regulation will enter into force after its publication in the Official Journal of the European Union and is anticipated to apply 18 months after entry into force.

The Benchmark Regulation will 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 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 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.

Benchmarks such as LIBOR or 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 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 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 could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;
- (c) if the applicable rate of interest on any Collateral 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 the Hedge Agreement, and potential termination of the Hedge Agreement;
- (d) if the EURIBOR benchmarks referenced in paragraph (A) of Condition 6(e)(i) (*Floating Rate of Interest*) are discontinued, interest on the Notes will be calculated under paragraph (B) of Condition 6(e)(i) (*Floating Rate of Interest*); and

- (e) the administrator of a relevant benchmark will not have any involvement in the Collateral Debt Obligations or the Notes and may take any actions in respect of such benchmark without regard to the effect of such actions on the Collateral Debt Obligations or the Notes.

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

EU Financial Transaction Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax (the "**FTT**") to be adopted in certain participating EU member states (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia, although Estonia has since stated that it will not participate). If the Commission's Proposal is adopted, the FTT would be a tax primarily on "**financial institutions**" (which would include the Issuer) in relation to "**financial transactions**" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

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

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions (including concluding swap transactions and/or purchases or sales of securities (such as authorised investments)) if it is adopted based on the Commission's Proposal. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest or principal than expected. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Notes (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's proposal. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Joint statements issued by participating member states indicated an intention to implement the FTT by 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, with earliest implementation of the FTT likely to be at some date after 30 June 2016.

Action Plan on Base Erosion and Profit Shifting

On 5 October 2015, the OECD published final reports, analyses and sets of recommendations ("**deliverables**") for each of the 15 actions it has identified as part of its "**BEPS Project**".

Subsequently, during a meeting on 8 October 2015 in Lima, Peru, G20 finance ministers endorsed this final package of deliverables. The deliverables were subsequently endorsed by G20 Leaders during their annual summit on 15-16 November 2015 in Antalya, Turkey.

The BEPS Project is a reference to the various discussion documents, proposals and recommendations that the OECD has published since 2013 as a means of reforming certain domestic and treaty-based tax rules. The purpose of the OECD in doing so has been to target so-called base erosion and profit shifting or "BEPS", which are practices designed to reduce taxable income in particular jurisdictions through the exploitation or other use of these tax rules.

Despite this overarching objective, the BEPS Project encompasses a wide range of areas, which may encroach upon tax treatments that are not necessarily considered to result from practices of this nature. Actions of the project which have a potentially broad ambit in this regard include Action 2 (Neutralising the Effects of Hybrid Mismatch Arrangements), Action 4 (Limiting Base Erosion Involving Interest Deductions and Other Financial Payments), Action 6 (Preventing the Granting of Treaty Benefits in Inappropriate Circumstances) and Action 7 (Preventing the Artificial Avoidance of Permanent Establishment Status).

Application to Issuer

Given the subject matter of the above actions and certain key ingredients of the Issuer's expected tax treatment (including the Issuer's ability to deduct interest under the Notes from its taxable profits and receive interest under Collateral Debt Obligations free of local withholding taxes under applicable double tax treaties), those actions are potentially relevant to the Issuer.

However, based exclusively on the content of the final reports that the OECD has published for those actions, it is not generally considered that the recommendations in those reports would adversely affect the Issuer's tax treatment if adopted by relevant jurisdictions. Possible exceptions to this relate to Actions 4 and 6 and the precise means by which jurisdictions ultimately adopt those recommendations, as described below.

Action 4

In the final report for 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 would only apply to tax deductions for net interest and economically equivalent payments, as mentioned. 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 it to the Issuer.

Action 6

Similarly, certain recommendations that form part of the OECD's final report for Action 6 may also affect the Issuer depending upon the extent to which countries choose to adopt those recommendations in applicable double taxation treaties.

In particular, the OECD has recommended in that final report that countries implement one or both of a "limitation-on-benefits" ("**LOB**") provision and a "principal purposes test" ("**PPT**") and that benefits under those treaties are denied to entities that cannot satisfy these provisions.

Under the PPT that the OECD has recommended, an entity would generally be denied benefits under an applicable treaty if it were 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.

In contrast, under both the detailed and simplified versions of the LOB provisions that the OECD has provisionally recommended in its final report for Action 6 (the final form of those provisions remains subject to further work on the part of the OECD), the Issuer may be denied benefits under applicable double tax treaties unless certain conditions based on its legal nature, ownership structure and activities were satisfied, none of which it is considered the Issuer would currently be able to satisfy.

As a result, if an LOB of either the simplified or more detailed nature that has been included in the OECD's final report for Action 6 were implemented into an applicable double tax treaty, the Issuer might be denied benefits under that treaty, including in respect of withholding tax otherwise applicable to interest to which the Issuer is entitled under Collateral Debt Obligations.

However, as part of the LOB provisions that are recommended in the OECD's final report for Action 6, it is proposed that a company such as the Issuer would be able to apply to the tax authorities of the other contracting state for the granting of discretionary benefits under an applicable treaty (that is, in place of having to satisfy the other LOB provisions) provided that "the establishment, acquisition or maintenance of the [company in question] and the conduct of its operations" do not have as one of their "principal purposes the obtaining of [the applicable treaty] benefit".

The OECD indicated in its final report for Action 6 that the treaty entitlement of "non-CIV [collective investment] funds" such as the Issuer would continue to be considered and that the OECD may publish revised LOB provisions to take account of this in 2016 (potentially making it easier for the Issuer to satisfy those provisions).

As preparation for this, the OECD published a discussion document dated 24th March 2016 which suggests possible means under which such "non-CIV funds" such as the Issuer might be able to satisfy or be exempt from the type of LOB provision that is recommended in the final report for Action 6 (special accommodation or exemption is suggested, for example, relating to certain "widely held" and "regulated" investment funds or those with a high proportion of treaty eligible investors).

It is unclear, however, which, if any, of the suggestions will form part of any special regime that Action 6 ultimately recommends for non-CIV funds of this nature. The extent to which any of the suggestions would actually benefit the Issuer is also unclear.

However, on 28th January 2016 the EU Commission published its own draft "Anti-Tax Avoidance Directive" aimed at countering corporate tax avoidance, in which the Commission did not recommend that Member States adopt the LOB provisions that were included in the final report for Action 6 (broadly because the Commission views the narrowness of those LOB provisions in certain areas as detrimental to the EU Single Market (particularly the Capital Markets Union) by discouraging cross-border investment). Instead, the Commission recommended that if such Members States adopt PPT provisions in their double tax treaties, they adopt a particular version of those provisions which accommodates EU caselaw.

As a final point, it should be noted that under Action 15 of the BEPS Project the intention is for countries to implement the treaty-based measures that are recommended under Action 6 by way of multilateral instrument rather than by way of the more protracted process of negotiating and amending

individual tax treaties. This is potentially relevant to the speed with which those measures might be included in double taxation treaties that are relevant to the Issuer.

Implementation

The preceding analysis only considers the potential application of the recommendations that the OECD has included in the final reports for its BEPS Project. It remains unclear how, when and the extent to which affected countries will ultimately adopt those recommendations (particularly in light of the EU Anti-Tax Avoidance Directive). The previous commentary should be read in light of this.

The Common Reporting Standard

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

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation ("**DAC II**") implements the CRS in a European context and creates a mandatory obligation for all Member States to exchange financial account information in respect of residents in other Member States on an annual basis commencing in 2017 in respect of the 2016 calendar year (or from 2018 in the case of Austria). The Irish Finance Act 2015 contained measures necessary to implement DAC II. Regulations, the Mandatory Automatic Exchange of Information in the Field of Taxation Regulations 2015 (the "**DAC Regulations**"), giving effect to DAC II from 1 January 2016, came into operation on 31 December 2015.

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

Over 95 jurisdictions have committed to exchanging information under the CRS and a group of 50 countries, including Ireland, have committed to the early adoption of the CRS from 1 January 2016 (known as the "**Early Adopter Group**"), with the first data exchanges expected to take place in September 2017. All Member States are members of the Early Adopter Group.

Under the Regulations a reporting FI, such as the Issuer, is required to collect certain information (e.g. name, address, jurisdiction of residence, TIN, date and place of birth (as appropriate)) on holders of the Notes and on certain Controlling Persons (as defined in the CRS) in the case of the holder of the Notes being an Entity (as defined in the CRS), in order to identify accounts which are reportable to the Irish Revenue Commissioners. The Irish Revenue Commissioners 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 is required to make a nil return for that year to the Irish Revenue Commissioners.

The Issuer (or any nominated service provider) will agree that information (including the identity of any Noteholder) supplied for the purposes of CRS and DAC II compliance is intended for the Issuer's (or any nominated service provider's) use for the purposes of satisfying CRS and DAC II requirements and the Issuer (or any nominated service provider) will agree, to the extent permitted by applicable law,

that it will take reasonable steps to treat such information in a confidential manner, except that the Issuer may disclose such information (i) to its officers, directors, agents and advisors, (ii) to the extent reasonably necessary or advisable in connection with tax matters, including achieving CRS and DAC II compliance, (iii) to any person with the consent of the applicable Noteholder, or (iv) as otherwise required by law or court order or on the advice of its advisors. Further information in relation to CRS and DAC II can be found on the Automatic Exchange of Information ("AEOI") webpage on www.revenue.ie.

FATCA

FATCA potentially imposes a withholding tax of 30 per cent. on certain payments made to the Issuer, including potentially all interest paid on, and proceeds from the sale or other disposition of Collateral Debt Obligations or Eligible Investments in U.S. obligors, unless the Issuer complies with regulations in Ireland that implement the intergovernmental agreement between Ireland and the United States (the "**Ireland IGA**"). The Ireland IGA requires, among other things, that the Issuer collect and, in certain circumstances, provide to the Irish Revenue Commissioners (which will provide such information to the U.S. Internal Revenue Service (the "**IRS**") substantial information regarding certain direct and indirect holders of the Notes unless the Issuer qualifies as a "Non-Reporting Irish Financial Institution" (as defined in the Ireland IGA) or is otherwise entitled to an exemption under FATCA. The Issuer anticipates that withholding will not be imposed on payments made to the Issuer, or on payments made by the Issuer, unless the IRS has specifically listed the Issuer as a non-participating financial institution, the Issuer has otherwise assumed responsibility for withholding under U.S. tax law, or the Issuer is unable to comply with FATCA, including the Ireland IGA. The Issuer intends to comply with its obligations under FATCA, including the Ireland IGA. However, in some cases, the ability to comply could depend on factors outside of the Issuer's control. The rules under FATCA, including the Ireland IGA may also change in the future. Future guidance may subject payments on the Notes to a withholding tax of 30 per cent. if each foreign financial institution ("**FFI**"), as defined under FATCA, that holds any such Note, or any intermediary through which any such Note is held, has not entered into an information reporting agreement with the IRS under FATCA or complied with the terms of a relevant intergovernmental agreement. Holders that do not supply information required under the Trust Deed to permit compliance by the Issuer with FATCA, including the Ireland IGA, or whose ownership of Notes may otherwise prevent the Issuer from complying with FATCA (for example by causing the Issuer to be affiliated with a non-compliant FFI), may be subjected to punitive measures under the Trust Deed, including but not limited to forced transfer of their Notes. There can be no assurance, however, that these measures will be effective, and that the Issuer and holders of the Notes will not be subject to withholding taxes under FATCA, including regulations implementing the Ireland IGA. The imposition of such taxes could materially affect the Issuer's ability to make payments on the Notes or could reduce such payments, and FATCA Compliance Costs may be significant. If the Issuer were to move from Ireland to another jurisdiction, the Issuer would be required to enter into an agreement with the IRS or comply with the terms of that jurisdiction's intergovernmental agreement with the United States relating to FATCA in order to avoid the imposition of FATCA withholding. FATCA may also apply to intermediaries and holders may be subject to withholding or forced transfers if they do not comply with similar information requests made by an intermediary (or if an intermediary otherwise fails to comply with FATCA).

FATCA and the provisions of the Ireland IGA and Irish regulations are complex and their application to the Issuer is not entirely certain as the rules continue to be issued and revised. Each Noteholder should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in its particular circumstance.

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

Many jurisdictions have adopted wide-ranging anti-money laundering, economic and trade sanctions, and anti-corruption and anti-bribery laws, and regulations (collectively, the "**Requirements**"). Any of the Issuer, the Initial Purchaser, the Arranger, the Lead Manager, the Investment 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 Initial Purchaser, the Arranger, the Lead Manager, the Investment Manager and the Trustee will comply with Requirements to which they are or may become subject and to interpret such Requirements broadly in favour of disclosure. Failure to honour any request by the Issuer, the Initial Purchaser, the Arranger, the Lead Manager, the Investment Manager or the Trustee to provide requested information or take such other actions as may be necessary or advisable for the Issuer, the Initial Purchaser, the Arranger, the Lead Manager, the Investment Manager or the Trustee to comply with any Requirements, related legal process or appropriate requests (whether formal or informal) may result in, among other things, a forced sale to another investor of such investor's Notes. In addition, it is expected that each of the Issuer, the Initial Purchaser, the Arranger, the Lead Manager, the Investment Manager and the Trustee intends to comply with applicable anti-money laundering and anti-terrorism, economic and trade sanctions, and anti-corruption or anti-bribery laws, and regulations of the United States and other countries, and will disclose any information required or requested by authorities in connection therewith.

Third Party Litigation; Limited Funds Available

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

CRA

CRA Regulation in Europe

On 13 May 2013, the finalised text of a Regulation of the European Parliament and of the European Council amending Regulation EC 1060/2009 on credit rating agencies ("**CRA3**") was published. CRA3 became effective on 20 June 2013 (the "**CRA3 Effective Date**"). 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 those structured finance instruments. The European Commission has adopted a delegated regulation, detailing the scope and nature of the required disclosure however, the disclosure reporting requirements will only become effective on 1 January 2017. Such disclosures will need to be made via a website to be set up by ESMA. As yet, this website has not been set up and ESMA has announced that it is unlikely that such website will be available by 1 January 2017 so issuers, originators and sponsors would not be able to comply with Article 8(b) from such date. ESMA has confirmed that it does not expect to be in a position to receive the required disclosure from 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. In accordance with the current proposed Draft STS Regulation, it is intended that Article 8(b) of CRA3 will be repealed and that disclosure requirements will be governed thereafter by the final STS regulation. However, it is uncertain at this time if the Draft STS Regulation will be adopted in its current form.

Additionally, CRA3 has introduced a requirement that issuers or related third parties of structured finance instruments solicit two independent ratings for their obligations; and should consider appointing at least one rating agency having less than a ten per cent. market share. The Issuer has engaged S&P and Moody's as independent rating agencies to rate each Class of Rated Notes. The Issuer considered appointing a rating agency with no more than ten per cent. of the total market share but determined not to do so. Investors should consult their legal advisers as to the applicability of CRA3 in respect of their investment in the Notes.

Each of Moody's Investors Service Ltd and Standard & Poor's Credit Market Services Europe Limited are established in the EU and are registered under CRA3.

Negative Interest Rates

Investors should be aware that, pursuant to the Agency Agreement, to the extent that the European Central Bank's or any other authority's deposit rate from time to time results in the Account Bank incurring negative deposit rates as a result of maintaining the Accounts on the Issuer's behalf, the Issuer is required to pay to the Account Bank an amount equal to any such negative interest charged on such Account or on cash deposits made on behalf of the Issuer. Any such amounts will be payable as an Administrative Expense, subject to and in accordance with the Priorities of Payments, and may negatively affect the amounts payable to Noteholders.

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.

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

Relating to the Notes

Limited Liquidity and Restrictions on Transfer

Although there is currently a limited market for notes representing collateralised debt obligations similar to the Notes (other than the Subordinated Notes), there is currently no market for the Notes themselves. The Initial Purchaser, the Arranger or the Lead Manager may make a market for the Notes (other than the Subordinated Notes), but are 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*" sections of this Prospectus. Such restrictions on the transfer of the Notes may further limit their liquidity.

Optional Redemption and Market Volatility

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

A form of liquidity for the Subordinated Notes is the optional redemption provisions set out in Condition 7(b)(i) (*Optional Redemption in Whole - Subordinated Noteholders or Retention Holder subject to consent of Investment Manager*) and, after the redemption in full of the Rated Notes, Condition 7(b)(viii) (*Optional Redemption of Subordinated Notes*). 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.

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

The Rated Notes may be redeemed in whole from Sale Proceeds and/or Refinancing Proceeds (i) on any Business Day after the expiry of the Non-Call Period, either (x) at the written direction of the Subordinated Noteholders acting by way of Extraordinary Resolution or (y) at the written direction in writing of the Retention Holder, subject in both cases, to the consent of the Investment Manager; (ii) on any Business Day following the occurrence of a Collateral Tax Event at the direction of (x) the Subordinated Noteholders acting by Extraordinary Resolution or (y) the Retention Holder; or (iii) on any Payment Date following the occurrence of a Note Tax Event at the written direction of (x) the Controlling Class or the Subordinated Noteholders acting by way of Extraordinary Resolution or (y) the Retention Holder.

In addition, the Rated Notes may be redeemed in part by Class from Refinancing Proceeds at the applicable Redemption Prices, on any Business Day falling on or after expiry of the Non-Call Period at the written direction of the Subordinated Noteholders acting by Ordinary Resolution or at the written direction of the Investment Manager or the Retention Holder (subject to the prior written consent of the Investment Manager, acting in its sole discretion). Any such redemption shall be of an entire Class or Classes of Notes subject to a number of conditions. See Condition 7(b) (*Optional Redemption*).

As described in Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*) Refinancing Proceeds may be used in connection with either a redemption in whole of the Rated Notes or a redemption in part of the Rated Notes by Class. In the case of a Refinancing upon a redemption of the Rated Notes in whole but not in part, such Refinancing will only be effective if (among other things) the Refinancing Proceeds, all Sale Proceeds from the sale of Collateral Debt Obligations and Eligible Investments received in accordance with the procedures set forth in the Trust Deed, and all other available funds will be at least sufficient to pay any Refinancing Costs and all amounts due and payable in respect of all Classes of Notes (including without limitation Deferred Interest on any Class of Rated Notes entitled thereto) save for the Subordinated Notes and all amounts payable in priority thereto pursuant to the Priorities of Payments (subject to any election to receive less than 100 per cent. of Redemption Price) on such Redemption Date when applied in accordance with the Post-Acceleration Priority of Payments.

In the case of a Refinancing upon a redemption of the Rated Notes in part by Class, such Refinancing will only be effective if certain conditions are satisfied, including but not limited to: (i) any redemption of a Class of Notes is a redemption of the entire Class which is subject to the redemption and (ii) the sum of (A) the Refinancing Proceeds and (B) the amount of Interest Proceeds standing to the credit of the Interest Account in excess of the aggregate amount of Interest Proceeds which would be applied in accordance with the Interest Proceeds Priority of Payments prior to paying any amount in respect of the Subordinated Notes will be at least sufficient to pay the aggregate Redemption Prices of the entire Class or Classes of Rated Notes subject to the Optional Redemption in full and all accrued and unpaid Trustee Fees and Expenses and Administrative Expenses in connection with such Refinancing in full. See Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*).

The Trust Deed provides that the holders of the Subordinated Notes will not have any cause of action against any of the Issuer, the Investment Manager, the Collateral Administrator, the Initial Purchaser, the Arranger, the Lead Manager or the Trustee for any failure to obtain a Refinancing (including as a result of the Investment Manager determining in its sole discretion not to provide its consent thereto). In particular, there can be no assurance that the Subordinated Noteholders or the Retention Holder will be able to exercise their right to redeem the Rated Notes as described above since in both cases the

consent of the Investment Manager is required in accordance with Condition 7(b)(i) (*Optional Redemption in Whole - Subordinated Noteholders or Retention Holder subject to consent of Investment Manager*). 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 Subordinated Notes. No assurance can be given that any such amendments to the Trust Deed or the terms of any Refinancing will not adversely affect the holders of any Class or Classes of Notes not subject to redemption (or, in the case of the Subordinated Notes, the holders of the Subordinated Notes who do not direct such redemption).

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

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

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

The Notes are Subject to Special Redemption at the Option of the Investment Manager

The Notes will be subject to redemption in part by the Issuer on any Payment Date during the Reinvestment Period if the Investment Manager in its sole discretion certifies to the Trustee that it has been unable, for a period of at least 20 consecutive Business Days, to identify additional Collateral Debt Obligations that are deemed appropriate by the Investment Manager in its sole discretion and which would meet the Eligibility Criteria and whose acquisition by the Issuer would be in compliance with, 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 an elimination, deferral or reduction of amounts available to make payments with respect to the Subordinated Notes.

Following the expiry of the Reinvestment Period, if and to the extent that the Reinvestment Overcollateralisation Test is not satisfied on any Determination Date, the Investment Manager in its sole discretion may elect to apply up to 50 per cent. of all remaining Interest Proceeds available for payment pursuant to paragraph (V) of the Interest Proceeds Priority of Payments to the redemption of the Notes in accordance with the Note Payment Sequence pursuant to Condition 7(d) (*Special Redemption*). Such redemption shall be in an amount which, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (U) of the Interest Proceeds Priority of Payments, would be sufficient to cause the Reinvestment Overcollateralisation Test to be met.

Mandatory Redemption

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 residual returns to the

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

The Reinvestment Period may Terminate Early

The Reinvestment Period may terminate early if any of the following occur: (a) acceleration following an Event of Default or (b) the Investment Manager notifies the Issuer that it is unable to invest in additional Collateral Debt Obligations in accordance with the Investment 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.

The Investment Manager May Reinvest After the End of the Reinvestment Period

After the end of the Reinvestment Period, the Investment Manager may still reinvest Unscheduled Principal Proceeds received with respect to the 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 Trust Deed and the Investment Management Agreement. In addition, if and to the extent that the Reinvestment Overcollateralisation Test is not satisfied on any Determination Date following the expiry of the Reinvestment Period, the Investment Manager in its sole discretion may elect to reinvest up to 50 per cent. of all remaining Interest Proceeds available for payment pursuant to paragraph (V) of the Interest Proceeds Priority of Payments by purchasing additional Collateral Debt Obligations subject to and in accordance with the Reinvestment Criteria applicable to Unscheduled Principal Proceeds and the Sale Proceeds from the sale of Credit Impaired Obligations and Credit Improved Obligations received after the Reinvestment Period in an amount which, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (U) of the Interest Proceeds Priority of Payments would be sufficient to cause the Reinvestment Overcollateralisation Test to be met. See "*The Portfolio - Reinvestment of Collateral Debt Obligations – Following the Expiry of the Reinvestment Period*" below.

Certain Actions May Prevent the Failure of Coverage Tests and an Event of Default

Investors should note that, pursuant to the Transaction Documents and subject to certain conditions specified therein:

- (a) the Issuer may issue additional Notes and apply the net proceeds to acquire Collateral Debt Obligations or (in the case of a further issuance of Subordinated Notes) apply such net proceeds as Interest Proceeds (see Condition 17 (*Additional Issuances*)); and/or
- (b) the Investment Manager may, pursuant to the Priorities of Payments, apply funds by either deferring or designating for reinvestment in Collateral Debt Obligations all or a portion of the Investment Management Fees that would otherwise have been payable to it (see the Priorities of Payments).

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 an 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).

Additional Issuances of Subordinated Notes not subject to Anti-Dilution Rights or Noteholder approval

The Issuer may issue and sell additional Notes, subject to the satisfaction of a number of conditions, including but not limited to the consent of (i) the Retention Holder (ii) the Investment Manager and (iii) the Subordinated Noteholders acting by way of Ordinary Resolution. However, the consent of the Class A Noteholders and the Subordinated Noteholders to any additional issuance of Subordinated Notes if such issuance is required in order to prevent or cure a Retention Deficiency for any reason shall not be required. In addition, the holders of the relevant Class of Notes in respect of which further Notes are issued shall be afforded the opportunity to purchase additional Notes of the relevant Class in an amount not to exceed the percentage of the relevant Class of Notes each holder held immediately prior to the issuance of such additional Notes. However, 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. Further, the Retention Holder may, acting in a commercially reasonable manner and subject to the prior written consent of the Investment Manager, instruct the Issuer to issue and sell additional Subordinated Notes 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*).

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 Investment Manager, the Noteholders of any Class, the Initial Purchaser, the Arranger, the Lead Manager, 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 Investment Manager, the Noteholders, the Initial Purchaser, the Arranger, the Lead Manager, 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 any Blocker Subsidiary, or join in any institution against the Issuer or any Blocker Subsidiary of, any bankruptcy, reorganisation, arrangement, insolvency, examinership, winding up or liquidation proceedings or other proceedings under any applicable bankruptcy or similar

law in connection with any obligations of the Issuer relating to the Notes, the Trust Deed or otherwise owed to the Noteholders, save for lodging a claim in the liquidation of the Issuer or any Blocker Subsidiary 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 or any Blocker Subsidiary.

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 petition was presented in respect of the Issuer, then the presentation of such a petition could (subject to certain conditions) result in one or more payments on the Notes made during the period prior to such presentation being deemed to be preferential transfers subject to avoidance by the bankruptcy trustee or similar official exercising authority with respect to the Issuer's bankruptcy estate. It could also result in the bankruptcy court, trustee or receiver liquidating the assets of the Issuer without regard to any votes or directions required for such liquidation pursuant to the Trust Deed and could also result in any payments on the Notes made during the period prior to such presentation being deemed to be a fraudulent or improper disposition of the Issuer's assets.

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

Subject to the distribution of Collateral Enhancement Obligation Proceeds pursuant to the Collateral Enhancement Obligation Proceeds Priority of Payments described below, the Class B Notes are fully subordinated to the Class A Notes, the Class C Notes are fully subordinated to the Class A Notes and the Class B Notes, the Class D Notes are fully subordinated to the Class A Notes, the Class B Notes and the Class C Notes, the Class E Notes are fully subordinated to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the Class F Notes are fully subordinated to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, and the Subordinated Notes are fully subordinated to the Rated Notes.

Subject to the distribution of Collateral Enhancement Obligation Proceeds pursuant to the Collateral Enhancement Obligation Proceeds Priority of Payments described below, 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. Residual 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 Investment Manager on behalf of the Issuer to transfer residual 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, if the Reinvestment Overcollateralisation Test is not met, the requirement to (i) during the Reinvestment Period, transfer amounts to the Principal Account or (ii) following the expiry of the Reinvestment Period, at the election of the Investment Manager in its sole discretion, to either (x) apply amounts to the Redemption of the Rated Notes or (y) transfer amounts to the Principal Account for reinvestment in Substitute Collateral Debt Obligations, in each case to the extent necessary to meet the Reinvestment Overcollateralisation Test in accordance with the Conditions. Notwithstanding the above, Collateral Enhancement Obligation Proceeds may be distributed to the Subordinated Noteholders pursuant to the Collateral Enhancement Proceeds Priority of Payments on a Payment Date on which scheduled interest on the Rated Notes is not paid in full.

Non-payment of any Interest Amount due and payable in respect of: (i) the Class A Notes or the Class B Notes; or (ii) the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes (in each

case to the extent that the relevant Class is the most senior Class of Notes Outstanding), on any Payment Date, will constitute an Event of Default pursuant to Condition 10(a)(i) (*Non-payment of interest*) (where such non-payment continues for a period of at least five Business Days or 10 Business Days in the case of an administrative error or omission). In such circumstances, the Controlling Class, acting by Ordinary Resolution, may request the Trustee to accelerate the Notes pursuant to Condition 10 (*Events of Default*).

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

The Trust Deed provides that in the event of any conflict of interest among or between the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders, the interests of the Controlling Class will prevail. If the holders of the Controlling Class do not have an interest in the outcome of the conflict, the Trustee shall give priority to the interests of the most senior Class of Notes Outstanding. If the Trustee shall receive conflicting or inconsistent requests from two or more groups of holders of the Controlling Class (or another Class is given priority as described in this paragraph), the Trustee shall give priority to the group which holds the greater amount of Notes Outstanding of such Class. The Trust Deed provides further that the Trustee will act upon the directions of the holders of the Controlling Class (or other Class given priority as described in this paragraph) in such circumstances, and shall not be obliged to consider the interests of the holders of any other Class of Notes. See Condition 14(e) (*Entitlement of the Trustee and Conflicts of Interest*).

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, at any time, scheduled interest on the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, or to pay residual interest and principal distributions on the Subordinated Notes, due to there being insufficient funds available to pay such interest in accordance with the applicable Priority of Payments, will not be an Event of Default pursuant to Condition 10(a)(i) (*Non-payment of interest*) unless such Class is the most senior Class of

Notes Outstanding. Payments of residual interest and principal distributions on the Subordinated Notes will only be made to the extent that there are Interest Proceeds, Principal Proceeds and Collateral Enhancement Obligation Proceeds available for such purpose in accordance with the Priorities of Payments. No residual interest or principal distributions 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.

Reports Provided by the Collateral Administrator Will Not Be Audited

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

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

Rating Agencies May Refuse to Give Rating Agency Confirmations

Historically, many actions by issuers of collateralised loan obligation vehicles (including but not limited to issuing additional securities and amending relevant agreements) have been conditioned on receipt of confirmation from the applicable rating agencies that such action would not cause the ratings on the applicable securities to be reduced or withdrawn. Recently, certain rating agencies have changed the manner and the circumstances under which they are willing to provide such confirmation and have indicated reluctance to provide confirmation in the future, regardless of the requirements of the Trust Deed and the other Transaction Documents. If the Transaction Documents require that written confirmation from a Rating Agency be obtained before certain actions may be taken and if 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 Investment Manager or the Issuer that confirmation from such Rating Agency is not required for a certain action, that it is declining to review the effect of such action, or that its practice is to not give such confirmations for certain types of actions, the requirement for confirmation from such Rating Agency will not apply. Further, in connection with the Effective Date, if either Rating Agency has not yet confirmed its initial ratings of the applicable Rated Notes or, in the case of Moody's, it has not been deemed to have provided such confirmation, the applicable Rated Notes will be subject to redemption in part in an amount and in the manner described under Condition 7(e) (*Redemption upon Effective Date Rating Event*). There can be no assurance that a Rating Agency will provide such rating confirmations upon request, regardless of the terms agreed to among transaction participants, or not subsequently withdraw or downgrade its ratings on one or more Classes of Rated Notes, which could materially adversely affect the value of liquidity of the Notes.

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

Rule 17g-5 under the Exchange Act 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. A rating agency who has reviewed the transaction may have a fundamentally different methodology or approach to or opinion of the structure or the nature or quality of all or some of the underlying Collateral Debt Obligations which may result in a view or rating which differs

significantly from the ratings assigned by the Rating Agencies. 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 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.

Average Life and Prepayment Considerations

The Maturity Date of the Notes is the Payment Date falling on or about 15 July 2029 (subject to adjustment for non-Business Days); however, the principal of the Notes of each Class is expected to be repaid in full prior to the Maturity Date. Average life refers to the average amount of time that will elapse from the date of delivery of a Note until each Euro of the principal of such Note will be paid to the investor. The average lives of the Notes will be determined by the amount and frequency of principal payments, which are dependent upon, among other things, the amount of payments received at or in advance of the scheduled maturity of the Collateral Debt Obligations (whether through sale, maturity, redemption, default or other liquidation or disposition). The actual average lives and actual maturities of the Notes will be affected by the financial condition of the obligors 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 will also 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 Investment Manager, the Trustee, the Initial Purchaser, the Arranger, the Lead Manager, 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 Prospectus or to reflect the occurrence of unanticipated events.

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 or the Reinvestment Overcollateralisation Test 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 or the Reinvestment Overcollateralisation Test have been satisfied. This feature will likely reduce the return on the Subordinated Notes and/or one or more subordinate Classes of Rated Notes and cause temporary or permanent suspension of distributions to the Subordinated Notes and/or one or more subordinate Classes of Rated Notes. See *Mandatory Redemption* 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.

A decrease in EURIBOR will lower the interest payable on the Floating Rate Notes and an increase in EURIBOR may indirectly reduce the credit support to the Notes

The Floating Rate Notes accrue interest based on EURIBOR. On the Issue Date, the Floating Rate Notes will accrue interest at a rate based on three month EURIBOR. For any Accrual Period during which a Frequency Switch Event occurs and for each Accrual Period following such Frequency Switch Event, the Floating Rate Notes will accrue interest at a rate based on six month EURIBOR, provided that if a Frequency Switch Event occurs during an Accrual Period, the Floating Rate Notes will accrue interest at a rate based on six month EURIBOR from the Interest Determination Date immediately prior to such Frequency Switch Event.

The interest rate may fluctuate from one Accrual Period to another in response to changes in EURIBOR. The Subordinated Notes do not bear a stated rate of interest. EURIBOR has, in the past, experienced high volatility and significant fluctuations. It is possible that EURIBOR will continue to fluctuate and none of the Issuer, the Collateral Administrator, the Investment Manager, the Initial Purchaser, the Arranger, the Lead Manager or any of their respective Affiliates make any representation as to the level of EURIBOR in the future. Because the Floating Rate Notes bear interest based upon three month EURIBOR, or six month EURIBOR following Frequency Switch Event, as described in Condition 6(e)(i) (*Floating Rate of Interest*), there may be a basis mismatch between the Floating Rate Notes and the underlying Collateral with interest rates based on an index other than EURIBOR, interest rates based on EURIBOR for a different period of time or even three month or six month EURIBOR for a different accrual period. In addition, not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Fixed Rate Collateral Debt Obligations. It is possible that EURIBOR payable on the Floating Rate Notes may rise (or fall) during periods in which EURIBOR (or another applicable index) with respect to the various Collateral is stable or falling (or rising but capped at a level lower than EURIBOR for the Floating Rate Notes). No assurance can be made that the portion of Floating Rate Collateral Debt Obligations of the Issuer that

bear interest based on indices other than EURIBOR will not increase in the future. Some Collateral Debt Obligations, however, may have EURIBOR floor arrangements that may help mitigate this risk, but there is no requirement for any Collateral Debt Obligation to have a EURIBOR floor and there is no guarantee that any such EURIBOR 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 during periods in which the Issuer owns assets forming part of the Collateral bearing interest at a fixed rate, is falling or is rising but is capped at a lower level, "excess spread" (i.e., the difference between the interest collected on the Collateral 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 instead be used to pay interest on the Rated Notes.

In circumstances where, following the occurrence of a Frequency Switch Event, the Payment Dates have become 15 April and 15 October each year (in accordance with the definition of "Payment Date"), the final Accrual Period prior to the Maturity Date will be a three month period, and the EURIBOR rate applicable to this final Accrual Period will be three month EURIBOR. As a result, depending on the difference between the offered rate for three month EURIBOR and the offered rate for six month EURIBOR, interest accrued during this final Accrual Period may be higher or lower than a three month Accrual Period to which six month EURIBOR was applicable.

There may also be a timing mismatch between the Floating Rate Notes and the underlying Collateral Debt Obligations as EURIBOR (or other applicable index) on such Collateral Debt Obligations may adjust more frequently or less frequently, on different dates than EURIBOR on the Floating Rate Notes. Such a mismatch could result in the Issuer not collecting sufficient Interest Proceeds to make interest payments on the Rated Notes. In addition to Interest Smoothing, as further described herein, the Issuer may or may not enter into interest rate swap transactions to hedge any interest rate or timing mismatch. To the extent described herein, the Issuer may enter into Hedge Agreements to reduce the effect of any such interest rate mismatch. The Investment Manager shall only cause the Issuer to enter into Hedge Agreements that either (i) satisfy the Hedge Agreement Eligibility Criteria at the time such Hedge Agreements are entered into; or (ii) in respect of which, the Issuer obtains legal advice of U.S. nationally recognised legal counsel knowledgeable in such matters to the effect that such arrangements will not (x) cause the Issuer or the Investment Manager to be required to register as a CPO and/or a CTA with the CFTC with respect to the Issuer or (y) eliminate the Issuer's ability to rely on Rule 3a-7 under the Investment Company Act, unless and until the Issuer elects not to rely on the exclusion from registration under the Investment Company Act provided by Rule 3a-7. In addition, the Issuer will not acquire (whether by purchase or substitution) or dispose of a Collateral Debt Obligation unless the Portfolio Acquisition and Disposition Requirements are satisfied which includes a requirement that a Collateral Debt Obligation is not being acquired or disposed of for the primary purpose of recognising gains or decreasing losses resulting from market value changes; *provided* that, on any date, the Issuer (or the Investment Manager on its behalf) may elect not to rely on Rule 3a-7 for its exemption from registration under the Investment Company Act, in which case, at all times thereafter, there will be no Portfolio Acquisition and Disposition Requirements and all references to such requirements in the Transaction Documents shall no longer be in effect. Notwithstanding any other provisions in the Transaction Documents, unless and until the Issuer (or the Investment Manager on its behalf) is no longer able to rely on, or elects not to rely on, Rule 3a-7 for its exclusion from registration under the Investment Company Act, the Issuer will be subject to the requirements of Rule 3a-7, which provide that any issuer who is engaged in the business of purchasing, or otherwise acquiring and holding Eligible Assets (and in activities related or incidental thereto), and who does not issue redeemable securities will not be deemed to be an investment company for purposes of the Investment Company Act; provided that the conditions specified under Rule 3a-7 (including, among other things, the Portfolio Acquisition and Disposition Requirements) are met. For further details see "*Hedging Arrangements*".

Even if the Issuer were to enter into one or more Hedge Agreements, 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 Rated Notes and to make residual distributions to the holders of the Subordinated Notes, nor that the Hedge Agreements will ensure any particular return on any such Notes.

Interest Rate Mismatch

In addition, some Collateral Debt Obligations may permit the Obligor to re-set the interest period applicable to it from quarterly to semi-annual and vice versa. Interest Amounts are due and payable in respect of the Rated Notes on a semi-annual basis following a Frequency Switch Event and on a quarterly basis prior to a Frequency Switch Event. If a significant number of Collateral Debt Obligations re-set to semi-annual interest payments there may be insufficient Interest Proceeds received to make quarterly interest payments on the Rated Notes. In order to mitigate the effects of any such timing mismatch, the Issuer shall hold back a portion of the interest received on Collateral Debt Obligations which pay interest less frequently than quarterly in order to make quarterly payments of interest on the Rated Notes ("**Interest Smoothing**") (on each Payment Date prior to the occurrence of a Frequency Switch Event). There can be no assurance that Interest Smoothing shall be sufficient to mitigate any timing mismatch.

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

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 an Event of Default on or about that date.

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, the Issuer has the right to withhold up to 30 per cent. on all payments made to any holder or beneficial owner of an interest in any of the Notes that fails to comply with its requests for identifying information to enable the Issuer to achieve FATCA Compliance or to certain FFIs that fail to enter into a FATCA agreement with the IRS. See further "*Risk Factors – FATCA*" above.

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 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 (a) the holders of each of the Controlling Class or the Subordinated Notes, in each case acting by way of Extraordinary Resolution, or (b) the Retention Holder, 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.

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 (or its nominee) 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 through its accounts with Clearstream, Luxembourg and The Depository Trust Company ("**DTC**"), as appropriate. 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. A first fixed charge over the Portfolio will be created under English law pursuant to the Trust Deed on the Issue Date which will, in relation to the Collateral Debt Obligations that are held through the Custodian, take effect as a security interest over (i) the beneficial interest of the Issuer in its share of the pool of securities fungible with the relevant Collateral Debt Obligations held in the accounts of the Custodian on trust for the Issuer and (ii) the Issuer's ancillary contractual rights against the Custodian in accordance with the terms of the Agency Agreement (as defined in the Conditions) which may expose the Secured Parties to the risk of loss in the case of a shortfall of such securities in the event of insolvency of the Custodian.

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

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

Fixed Security

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

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, however all of the following discussion is subject to the provision in Condition 14(b)(ix) (*Retention Holder Veto*), that provided no Retention Event has occurred and is continuing, no modification nor any Resolution to approve the modification of the Eligibility Criteria, the Portfolio Profile Tests, the Collateral Quality Tests, the Reinvestment Criteria or any material changes to them, nor the appointment of a replacement Investment Manager (other than a replacement Investment Manager appointed upon the removal of the

Retention Holder or any Affiliate of the Retention Holder, as applicable, in its capacity as Investment Manager), will be effective without the consent in writing of the Retention Holder.

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 case 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 an 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, if 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. The removal for cause of the Investment Manager can only be effected by (a) the holders of the Controlling Class, acting independently by Extraordinary Resolution or (b) a Majority of each Class of Notes acting by way of Ordinary Resolution and passed by way of Written Resolution (consequently the meeting provisions for resolutions do not apply for the removal right of each Class of Notes). For purposes of this paragraph, "**Majority**" means the holders of more than 50 per cent. of the aggregate Principal Amount Outstanding of the Notes of any Class or Classes.

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.

Each Hedge Counterparty may also need to be notified and its prior consent required to the extent provided for in the applicable Hedge Agreement in respect of a modification, amendment or supplement to any provision of a Transaction Document. The Hedge Agreements may allow a certain period for the relevant Hedge Counterparty to consider and respond to such a consent request. During such period and pending a response from the relevant Hedge Counterparty, the Issuer may not be able to make such modification, amendment or supplement, and therefore implementation thereof may be delayed. Further, any such consent, if withheld in accordance with the terms of the applicable Hedge Agreement, may prevent the Transaction Documents from being modified, amended or supplemented in a manner which may be beneficial to Noteholders.

In addition to the Trustee's right to agree to changes to the Transaction Documents to, among other things, correct a manifest error, or to changes which, in its opinion, are not materially prejudicial to the interests of the Noteholders of any Class without the consent of the Noteholders, the Trustee shall be obliged to consent to modifications and waivers granted in respect of certain other matters, subject, in certain instances, to certification or confirmation being given to the Trustee by the Issuer or the Investment Manager that such modifications and/or waivers to the Transaction Documents are required but without the consent of the Noteholders, as set out in Condition 14(c) (*Modification and Waiver*).

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 appointment of a successor investment manager involve the direction of holders of specified percentages of either or both of the Subordinated Notes and/or the Controlling Class.

Enforcement Rights Following an Event of Default

If an Event of Default occurs and is continuing, the Trustee may, at its discretion, and shall, at the request of the Controlling Class acting by 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 Investment Manager that all the Notes are immediately due and repayable, provided that following the occurrence of an Event of Default described in Condition 10(a)(vi) (*Insolvency Proceedings*) or 10(a)(vii) (*Illegality*), such notice shall be deemed to have been given and all the Notes shall automatically become immediately due and repayable.

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 an Event of Default specified in subparagraphs (i) (*Non-payment of interest*), (ii) (*Non-payment of principal*) or (iv) (*Collateral Debt Obligations*) of Condition 10(a) (*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 Event of Default which has occurred prior to, contemporaneously or subsequent to

such Event of Default; or (C) in the case of any other Event of Default, each Class of Rated Notes acting independently by way of Ordinary Resolution may direct the Trustee to take Enforcement Action (subject to 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.

In addition, whilst non-payment of interest on the Class B Notes within 5 Business Days (or 10 Business Days where such non-payment results from an administrative error) of it being so due and payable constitutes an Event of Default under the Notes, the holders of the Class B Notes will not be entitled to procure acceleration of the Notes or enforcement of the security over the Collateral at any time whilst any of the Class A Notes remain Outstanding. In the event of any such non-payment of interest on the Class B Notes and non-acceleration of the Notes or enforcement of the security over the Collateral, interest on the Class B Notes will not be deferred and will itself bear interest.

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, 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 of this Prospectus entitled "*Certain ERISA Considerations*" below.

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 Investment 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 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 under FATCA, the Issuer may be required to, among other things, provide certain information about the Noteholders to a taxing authority (see further "*Risk Factors – General – FATCA*" above). The Issuer also may force the sale of a Noteholder's Notes in order to achieve FATCA Compliance, including Notes held by a Noteholder that fails to provide the required information or if the Issuer otherwise reasonably determines that a Noteholder's acquisition or holding of an interest in such a Note would cause the Issuer to be unable to achieve FATCA Compliance (and such sale could be for less than its then fair market value). For these purposes, the Issuer shall have the right to sell a Noteholder's interest in its Notes in its entirety notwithstanding that the sale of only a portion of such an interest would permit the Issuer to achieve FATCA Compliance. If the Issuer is required to sell the Notes, the Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly transact in securities and selling such Notes to the highest such bidder. However, the Issuer may select a purchaser by any other means determined by it in its sole discretion. Each Noteholder and each other person in the chain of title, by its acceptance of an interest in the Notes agrees to co-operate with the Issuer and the Transfer Agents to effect such transfers. The terms and conditions of any such transfer shall be determined in the sole discretion of the Issuer subject to the transfer restrictions set out in this Prospectus and the Trust Deed, and neither the Issuer nor the Transfer Agents shall be liable to any person having an interest in the Notes sold as a result of any such sale or the exercise of such discretion.

U.S. Tax Characterisation of the Notes

The Issuer agrees, and, by its acceptance of a Rated Note, each holder will be deemed to have agreed, to treat the Rated Notes as debt of the Issuer for U.S. federal income tax purposes, except as otherwise required by applicable law (as described in "*Tax Considerations - United States Federal Income Taxation*"), provided that this shall not limit a holder of Class E Notes or Class F Notes from making a protective qualified electing fund election. The determination of whether a Note will be treated as debt for U.S. federal income tax purposes generally is based on the facts and circumstances existing at the time the Note is issued. Prospective investors should be aware that the classification of an instrument as debt or equity is highly factual, and there can be no assurance that the IRS will not seek to characterise as something other than indebtedness any particular Class or Classes of the Rated Notes.

The U.S. Treasury and IRS have issued proposed regulations under section 385 of the Code that, if adopted in their present form as final regulations, would in certain circumstances treat a Rated Note that otherwise would be treated as debt for U.S. federal income tax purposes as equity (in whole or in part) for such purposes. The proposed regulations are complex and may be changed before they are finalized. Investors in the Rated Notes should consult with their own tax advisors regarding the possible effect of the proposed section 385 regulations on them.

The Issuer agrees, and, by its acceptance of a Subordinated Note, each holder will be deemed to have agreed, to treat such Subordinated Note as equity in the Issuer for U.S. federal income tax purposes, except as otherwise required by applicable law.

Relating to the Collateral

The Portfolio

The decision by any prospective holder of Notes to invest in such Notes should be based, among other things (including, without limitation, the identity of the Investment Manager), on the Eligibility Criteria which each Collateral Debt Obligation is required to satisfy, as disclosed in this Prospectus, 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 Prospectus 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 judgement and ability of the Investment Manager in acquiring investments for purchase on behalf of the Issuer over time. No assurance can be given that the Issuer will be successful in obtaining suitable investments or that, if such investments are made, the objectives of the Issuer will be achieved.

None of the Issuer, the Initial Purchaser, the Arranger or the Lead Manager 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 Initial Purchaser, the Arranger, the Lead Manager, the Custodian, the Investment Manager, the Retention Holder, 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 Investment Manager, the Collateral Administrator, any Hedge Counterparty, the Agents, the Retention Holder, the Initial Purchaser, the Arranger, the Lead Manager 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.

Nature of Collateral; Defaults

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

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

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

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

The financial markets periodically experience substantial fluctuations in prices for obligations of the types that may be Collateral Debt Obligations and limited liquidity for such obligations. No assurance can be made that the conditions giving rise to such price fluctuations and limited liquidity will not occur, subsist or become more acute following the Issue Date. During periods of limited liquidity and higher price volatility, the ability of the Investment Manager (on behalf of the Issuer) to acquire or dispose of Collateral Debt Obligations at a price and time that the Investment Manager deems advantageous may be impaired. As a result, in periods of rising market prices, the Issuer may be unable to participate in price increases fully to the extent that it is either unable to dispose of Collateral Debt Obligations whose prices have risen or to acquire Collateral Debt Obligations whose prices are on the increase; the Investment Manager's inability to dispose fully and promptly of positions in declining

markets will conversely cause the value of the Portfolio to decline as the value of unsold positions is marked to lower prices. A decrease in the value of the Collateral Debt Obligations would also adversely affect the proceeds of sale that could be obtained upon the sale of the Collateral Debt Obligations and could ultimately affect the ability of the Issuer to pay in full or redeem the Notes. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition of such Collateral Debt Obligations at any time, or that the proceeds of any such sale or disposition would be sufficient to repay a corresponding par amount of principal of and interest on the Notes after, in each case, paying all amounts payable prior thereto pursuant to the Priorities of Payments. Moreover, there can be no assurance as to the amount or timing of any recoveries received in respect of Defaulted Obligations.

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

Acquisition of Collateral Debt Obligations Prior to the Issue Date

On behalf of the Issuer, the Investment Manager has acquired, and will continue to enter into binding commitments to acquire, Collateral Debt Obligations prior to the Issue Date pursuant to a financing arrangement (the "**Warehouse Arrangements**"). The Warehouse Arrangements were provided by the Initial Purchaser as a senior lender and an Affiliate of the Investment Manager as a subordinated noteholder (together, the "**Warehouse Providers**"). Some of the Collateral Debt Obligations may have been acquired from the Warehouse Providers or their Affiliates. The involvement of the Initial Purchaser under the Warehouse Arrangements was solely in its capacity as senior lender and agent thereunder (which included a right to approve the purchases of Collateral Debt Obligations by the Issuer) and its agreement to fund the purchase of such Collateral Debt Obligations should not be viewed as a determination by the Initial Purchaser as to whether a particular asset is an appropriate investment by the Issuer or whether such asset satisfies the Eligibility Criteria or other criteria applicable to the Issuer. The Warehouse Arrangements must be terminated in all respects on the Issue Date, and all amounts owing to the Warehouse Providers in connection with such arrangements must be repaid by the Issue Date from the proceeds of the issuance of the Notes.

The Issuer (or the Investment Manager on behalf of the Issuer) has purchased or entered into certain agreements to purchase a substantial portion of the Portfolio on or prior to the Issue Date and will use

the proceeds of the issuance of the Notes to settle any outstanding trades on the Issue Date and to repay the Warehouse Providers in respect of the Warehouse Arrangements which were used to finance the purchase of such Collateral Debt Obligations prior to the Issue Date.

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

In addition, any interest or other amounts paid or accrued on such Collateral Debt Obligations during the period prior to the Issue Date will be paid to the Warehouse Providers 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 warehouse eligibility criteria at any time prior to 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, or in the case of Issue Date Collateral Debt Obligations, the Issue Date, and any failure by such obligation to satisfy the Eligibility Criteria at any later stage will not result in any requirement to sell it or take any other action.

Considerations Relating to the Initial Investment Period

During the Initial Investment Period, the Investment Manager on behalf of the Issuer, will seek to acquire additional Collateral Debt Obligations in order to satisfy each of the Coverage Tests (other than the Interest Coverage Tests, which are required to be satisfied as of the Determination Date immediately preceding the second Payment Date), the Collateral Quality Tests, Portfolio Profile Tests and the Target Par Amount requirement as at the Effective Date. See "*The Portfolio*" section of this Prospectus. The ability to satisfy such tests and requirement will depend on a number of factors beyond the control of the Issuer and the Investment 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 Investment Manager, including its ability to identify a suitable Asset Swap Counterparty with whom the Issuer may enter into Asset Swap Transactions. 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 Investment 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 other 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.

Characteristics and Risks Relating to the Portfolio

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

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

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

To the extent that a default occurs with respect to any Collateral Debt Obligation and the Issuer or Trustee sells or otherwise disposes of such Collateral Debt Obligation, the proceeds of such sale or disposition are likely to be less than the unpaid principal and interest thereon. Even in the absence of a default with respect to any of the Collateral Debt Obligations, the potential volatility and illiquidity of the sub-investment grade high yield bond, secured senior bond and leveraged loan markets means that the market value of such Collateral Debt Obligations at any time will vary, and may vary substantially, from the price at which such Collateral Debt Obligations were initially purchased and from the principal amount of such Collateral Debt Obligations. Accordingly, no assurance can be given as to the

amount of proceeds of any sale or disposition of such Collateral Debt Obligations at any time, or that the proceeds of any such sale or disposition would be sufficient to repay a corresponding par amount of principal of and interest on the Notes after, in each case, paying all amounts payable prior thereto pursuant to the Priorities of Payments.

Characteristics of Senior Loans, Secured Senior Bonds and Mezzanine Obligations

The Portfolio Profile Tests provide that from the Effective Date, at least: (i) 90.0 per cent. of the Aggregate Collateral Balance must consist of Secured Senior Loans and Secured Senior Bonds in aggregate; and (ii) 70.0 per cent. of the Aggregate Collateral Balance must consist of Secured Senior Loans (which shall comprise for each such purpose the aggregate of the Aggregate Principal Balance of the Secured Senior Loans (and, in the case of (i) only, Secured Senior Bonds) and the balances standing to the credit of the Principal Account and the Unused Proceeds Account, in each case as at the relevant Measurement Date). Senior Loans, Secured Senior Bonds and Mezzanine Obligations are of a type generally incurred by the Obligor thereunder in connection with highly leveraged transactions, often (although not exclusively) to finance internal growth, pay dividends or other distributions to the equity holders in the Obligor, or finance acquisitions, mergers, and/or stock purchases. As a result of the additional debt incurred by the borrower in the course of such a transaction, the Obligor's creditworthiness is typically judged by the rating agencies to be below investment grade. Secured Senior Loans, Secured Senior Bonds and Unsecured Senior Loans are typically at the most senior level of the capital structure with Second Lien Loans being subordinated thereto and Mezzanine Obligations being subordinated to any Senior Loans or to any other senior debt of the Obligor. Secured Senior Loans and Secured Senior Bonds are often secured by specific collateral, including but not limited to, trademarks, patents, accounts receivable, inventory, equipment, buildings, real estate, franchises and common and preferred stock of the Obligor and its subsidiaries and any applicable associated liens relating thereto. In continental Europe, security is often limited to shares in certain group companies, accounts receivable, bank account balances and intellectual property rights. Mezzanine Obligations may have the benefit of a second priority charge over such assets. Unsecured Senior Loans do not have the benefit of such security. Secured Senior Loans usually have shorter terms than more junior obligations and often require mandatory prepayments from excess cash flows, asset dispositions and offerings of debt and/or equity securities.

Some Collateral Debt Obligations may bear interest at a fixed rate. Risks associated with fixed rate obligations are discussed at "*Risk Factors - Relating to the Collateral - Interest Rate Risk*" below. Additionally, Secured Senior Bonds typically contain bondholder collective action clauses permitting specified majorities of bondholders to approve matters which, in a typical Senior Loan, would require unanimous lender consent. The Obligor under a Secured Senior Bond may therefore be able to amend the terms of the bond, including terms as to the amount and timing of payments, with the consent of a specified majority of bondholders, either voting by written resolution or as a majority of those attending and voting at a meeting, and the Issuer is unlikely to have a blocking minority position in respect of any such resolution. The Issuer may further be restricted by the Investment Management Agreement from voting on certain matters, particularly extensions of maturity, which may be considered at a bondholder meeting. Consequently, material terms of a Secured Senior Bond may be varied without the consent of the Issuer.

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

which can be exercised in certain circumstances, principally being immediately prior to the Obligor's shares being sold or floated in an initial public offering.

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

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

Increased Risks for Unsecured Senior Loans

The Collateral Debt Obligations may include Unsecured Senior Loans. Such obligations generally have greater credit, insolvency and liquidity risk than is typically associated with secured obligations. Unsecured Senior Loans will generally have lower rates of recovery than secured obligations following a default. Also, if the insolvency of an Obligor of any Unsecured Senior Loans 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.

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

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

will be subject to greater disposal risk 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 Loans, resulting in increased disposal risk for such obligations.

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

Increased Risks for Mezzanine Obligations

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

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

Prepayment Risk

Loans are generally prepayable in whole or in part at any time at the option of the obligor thereof at par plus accrued and unpaid interest thereon. Secured Senior Bonds may include obligor call or prepayment features, with or without a premium or makewhole. Prepayments on loans and bonds may be caused by a variety of factors, which are difficult to predict. Accordingly, there exists a risk that loans or bonds purchased at a price greater than par may experience a capital loss as a result of such a prepayment. In addition, Principal Proceeds received upon such a prepayment are subject to reinvestment risk. Any inability of the Issuer to reinvest payments or other proceeds in Collateral Debt Obligations with comparable interest rates 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.

Defaults and Recoveries

There is limited historical data available as to the levels of defaults and/or recoveries that may be experienced on Senior Loans, Secured Senior Bonds, Mezzanine Obligations and Second Lien Loans and no assurance can be given as to the levels of default and/or recoveries that may apply to any Senior Loans, Secured Senior Bonds and Mezzanine Obligations purchased by the Issuer. As referred to above, although any particular Senior Loan, Secured Senior Bond, Mezzanine Obligation or Second Lien Loan often will share many similar features with other loans and obligations of its type, the actual terms of any particular Senior Loan, Secured Senior Bond, Mezzanine Obligation or Second Lien Loan will have been a matter of negotiation and will thus be unique. The types of protection afforded to

creditors will therefore vary from investment to investment. Recoveries on Senior Loans, Secured Senior Bonds, Mezzanine Obligations and Second Lien Loans may also be affected by the different bankruptcy regimes applicable in different jurisdictions, the availability of comprehensive security packages in different jurisdictions and the enforceability of claims against the Obligors thereunder.

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

A non-investment grade loan or debt obligation or an interest in a non-investment grade loan is generally considered speculative in nature and may become a Defaulted Obligation for a variety of reasons. Upon any Collateral Debt Obligation becoming a Defaulted Obligation, such Defaulted Obligation may become subject to either substantial work-out 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 some European jurisdictions, obligors or lenders may seek a "scheme of arrangement". In such instance, a lender may be forced by a court to accept restructuring terms. 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 Loans, Secured Senior Bonds and Mezzanine Obligations will also be affected by the different bankruptcy regimes applicable in different European jurisdictions and the enforceability of claims against the Obligors thereunder. See "*Insolvency Considerations relating to Collateral Debt Obligations*" below.

Investing in Cov-Lite Loans involves certain risks

The Issuer or the Investment Manager acting on its behalf may purchase Collateral Debt Obligations which are Cov-Lite Loans. Cov-Lite Loans typically do not have 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 Covenants. In addition, the lack of Covenants may make it more difficult for lenders to trigger a default in respect of such obligations.

Characteristics of High Yield Bonds

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

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

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

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

In the case of High Yield Bonds issued by issuers with their principal place of business in Europe, structural subordination of High Yield Bonds, coupled with the relatively shallow depth of the European high yield market, leads European high yield defaults to realise lower average recoveries than their U.S. counterparts. Another factor affecting recovery rates for European high yield bonds is the bankruptcy regimes applicable in different European jurisdictions and the enforceability of claims against the high yield bond issuer. See "*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 Investment Manager, acting on behalf of the Issuer, may only be able to replace such called obligation with a lower yielding obligation, thus decreasing the net investment income from the Portfolio.

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

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

Liens on the collateral (if any) securing a Collateral Debt Obligation may arise at law that have priority over the Issuer's interest. An example of a lien arising under law is a tax or other government lien on property of an Obligor. A tax lien may have priority over the Issuer's lien on such collateral. To the extent a lien having priority over the Issuer's lien exists with respect to the collateral related to any Collateral Debt Obligation, the Issuer's interest in the asset will be subordinate to such lien. If the creditor holding such lien exercises its remedies, it is possible that, after such creditor is repaid, sufficient cash proceeds from the underlying collateral will not be available to pay the outstanding principal amount of such Collateral Debt Obligation.

Long-Dated Assets

A Restructured Obligation may, as a result of its restructuring, have a Collateral Debt Obligation Stated Maturity falling on or after the Maturity Date. The Investment Management Agreement provides that not more than 5.0 per cent. of the Aggregate Collateral Balance (for which purpose, the Principal Balance of each Defaulted Obligation shall be its S&P Collateral Value) may consist of such Long-Dated Restructured Obligations. If the Notes are not redeemed in full prior to the Maturity Date, the Issuer (or the Investment Manager acting on its behalf) will be required to sell any Long-Dated Restructured Obligations prior to the Maturity Date of the Notes at the then current market value. In such circumstances the Issuer (or the Investment Manager acting on its behalf) will not be able delay the sale of such assets to obtain the best price. This could lead to less proceeds available to redeem the Notes on their Maturity Date.

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 Investment 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 Investment Management Agreement. The Noteholders will not have any right to compel the Investment 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 Investment Management Agreement.

The Investment Manager may, in accordance with its portfolio management practices and subject to the Trust Deed and the Investment 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.

Participations, Novations and Assignments

The Investment Manager, acting on behalf of the Issuer may acquire interests in Collateral Debt Obligations which are loans either directly (by way of novation or assignment) or indirectly (by way of sub participation). Each institution from which such an interest is taken by way of participation or acquired by way of assignment is referred to herein as a "**Selling Institution**". Interests in loans acquired directly by way of novation or assignment are referred to herein as "**Assignments**". Interests in loans taken indirectly by way of sub participation are referred to herein as "**Participations**".

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.

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.

Corporate Rescue Loans

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

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

Although a Corporate Rescue Loan is secured, where the Obligor is subject to U.S. bankruptcy law, it has a priority permitted by Section 364(c) or section 364(d) under the United States Bankruptcy Code and at the time that it is acquired by the Issuer is required to be current with respect to scheduled payments of interest and principal (if any).

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.

Collateral Enhancement Obligations

All funds required in respect of the purchase price of any Collateral Enhancement Obligations and all funds required in respect of the exercise price of any rights or options thereunder, may only be paid out of the Balance standing to the credit of the Collateral Enhancement Account at the relevant time. Such Balance shall be comprised of (a) the proceeds of an Investment Manager Advance designated for such purpose by the Investment Manager provided that no single Investment Manager Advance may be for an amount less than €500,000 and the aggregate of all Investment Manager Advances may not exceed €8,000,000 and (b) all sums deposited therein from time to time which will comprise distributions payable in respect of the Subordinated Notes which the Investment Manager, acting on behalf of the Issuer, determines shall be paid into the Collateral Enhancement Account pursuant to the 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 €500,000 and (ii) the cumulative maximum aggregate total in respect of all Payment Dates may not exceed €15,000,000.

The Investment 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 Investment Manager (acting on behalf of the Issuer) to exercise any rights or options under any Collateral Enhancement Obligation will be dependent upon there being sufficient amounts standing to the credit of the Collateral Enhancement Account to pay the costs of any such exercise. Failure to exercise any such right or option may result in a reduction of the returns to the Subordinated Noteholders (and, potentially, Noteholders of other Classes).

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.

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

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 remedy period following such rating withdrawal or a downgrade, such Hedge Counterparty either transfers its obligations under the applicable Hedge Agreement to a replacement counterparty with the requisite ratings, obtains a guarantee of its obligations by a guarantor with the requisite ratings, collateralises its obligations in a manner satisfactory to the Rating Agencies or employs some other such strategy as may be approved by the Rating Agencies.

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

Concentration Risk

The Issuer will invest in a Portfolio of Collateral Debt Obligations consisting, of Senior Loans, Secured Senior Bonds, Corporate Rescue Loans, 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 Coverage Tests and Collateral Quality Tests*" section of this Prospectus.

Credit Risk

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

Interest Rate Risk

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 bear interest at a floating rate based on EURIBOR. It is possible that Collateral Debt Obligations (in particular Secured Senior Bonds and High Yield Bonds) may bear interest at fixed rates and there is no requirement that the amount or portion of Collateral Debt Obligations securing the Notes must bear interest on a particular basis, save for the Portfolio Profile Test which requires that not more than 10.0 per cent. of the Aggregate Collateral Balance may comprise 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.

The calculation of EURIBOR on the Floating Rate Notes is subject to a floor of zero, and holders of such Notes, notwithstanding that the rate of EURIBOR reaches such floor, will remain entitled to receive no less than the Applicable Margin.

In addition, pursuant to the Investment Management Agreement, the Investment Manager, acting on behalf of the Issuer, is authorised to enter into the Interest Rate Hedge Transactions in order to mitigate such interest rate mismatch from time to time, subject to receipt in each case of Rating Agency Confirmation in respect thereof (other than in respect of a Form-Approved Interest Rate Hedge Agreement) and subject to certain regulatory considerations in relation to swaps, discussed in "*EMIR*" and "*Commodity Pool Regulation*" above. However, the Issuer will depend on each Interest Rate Hedge Counterparty to perform its obligations under any Interest Rate Hedge Transaction to which it is a party and if any Interest Rate Hedge Counterparty defaults or becomes unable to perform due to insolvency or otherwise, the Issuer may not receive payments it would otherwise be entitled to from such Hedge Counterparty to cover its interest rate risk exposure. See also above "*Risk Factors – A decrease in EURIBOR will lower the interest payable on the Notes and an increase in EURIBOR may indirectly reduce the credit support to the Notes*".

In addition, some Collateral Debt Obligations permit the Obligor to re-set the interest period applicable to it from quarterly to semi-annually and vice versa. Interest Amounts are due and payable in respect of the Rated Notes on either a quarterly or semi-annual basis, depending upon whether a Frequency Switch Event has occurred. See also above "*Risk Factors - Interest Rate Mismatch*".

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

The Investment Manager may have difficulty entering into Interest Rate Hedge Transactions in circumstances in which it has to comply with the Portfolio Acquisition and Disposition Requirements. See also "*Investment Manager*" and "*Investment Company Act*" below.

Non-Euro Obligations and Asset Swap Transactions

It is anticipated that on the Effective Date a portion of the Aggregate Collateral Balance will be comprised of Non-Euro Obligations. The percentage of the Portfolio that is comprised of these types of obligations may increase or decrease over the life of the Notes within the limits set by the Portfolio Profile Tests. The Issuer is required to enter into Asset Swap Transactions with respect to all Non-Euro Obligations upon the acquisition thereof.

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

Defaults, prepayments, trading and other events increase the risk of a mismatch between the Non-Euro Obligations and the Notes. This may cause losses. The Investment Manager may be limited at the time of reinvestment in its choice of Collateral Debt Obligations because of the cost of the foreign exchange hedging and due to restrictions in the Investment Management Agreement with respect to exercising such hedging. In addition, it may not be economically advantageous or feasible for the Issuer to exercise its hedging arrangements and such hedging arrangements may not be sufficient to protect the Issuer from fluctuations in Euro exchange rates.

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

In addition, the Investment Manager may have difficulty entering into Asset Swap Transactions in circumstances in which it has to comply with the Portfolio Acquisition and Disposition Requirements. See also "*Investment Manager*" and "*Investment Company Act*" below.

Portfolio Acquisition and Disposition Requirements

So long as the Issuer is relying on the exclusion from the Investment Company Act provided by Rule 3a-7 it will not acquire or dispose of a Collateral Debt Obligation unless the Portfolio Acquisition and Disposition Requirements are met, which include (i) that the acquisition or disposal of Collateral Debt Obligations for the primary purpose of recognising gains or decreasing losses from market value changes is not permitted and (ii) any additional purchase or sale of Eligible Assets is permitted only if the purchase or sale does not result in a downgrading of the Issuer's outstanding Notes. Compliance with the Portfolio Acquisition and Disposition Requirements could prevent the Issuer from selling assets that the Investment Manager expects may decline in value or from reinvesting principal payments or sale proceeds in Collateral Debt Obligations.

Reinvestment Risk/Uninvested Cash Balances

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

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

In addition, the amount of Collateral Debt Obligations owned by the Issuer on the Issue Date, the timing of purchases of additional Collateral Debt Obligations on and after the Issue Date and the scheduled interest payment dates of those Collateral Debt Obligations may have a material impact on collections of Interest Proceeds during the first Due Period, which could affect interest payments on the Rated Notes and the payment of residual distributions to the Subordinated Notes on the first Payment Date.

Ratings on Collateral Debt Obligations

The Collateral Quality Tests, the Portfolio Profile Tests, the Reinvestment Overcollateralisation Test 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 CCC Obligation or Caa Obligation (and therefore potentially subject to haircuts in the determination of the Par Value Tests and the Reinvestment Overcollateralisation Test and restriction in the Portfolio Profile Tests) or a Defaulted Obligation. The Investment Management Agreement contains detailed provisions for determining the S&P Rating and the Moody's Rating. In most instances, the S&P 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. In most cases, the Moody's Rating and S&P Rating in respect of a Collateral Debt Obligation will be based on a confidential credit estimate determined separately by S&P and Moody's. Such confidential credit estimates are private and therefore not capable of being disclosed to Noteholders. In addition, some ratings will be derived by the Investment Manager based on, among other things, Obligor group or affiliate ratings, comparable ratings provided by a different Rating Agency and, in certain circumstances, temporary ratings applied by the Investment Manager. 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 S&P Rating is derived from a Moody's Rating and vice versa. 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" section of this Prospectus.

In addition to the ratings assigned to the Rated Notes by the Rating Agencies, the Issuer will be utilising ratings assigned by rating agencies to Obligors of individual Collateral Debt Obligations.

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 CCC Obligations and Caa Obligations in the Portfolio, which could cause the Issuer to fail to satisfy the Par Value Tests on subsequent Determination Dates, which failure could lead to the early amortisation of some or all of one or more Classes of the Notes. See Condition 7(c) (*Mandatory Redemption upon Breach of Coverage Tests*).

Insolvency Considerations relating to Collateral Debt Obligations

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

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

Lender Liability Considerations; Equitable Subordination

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

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (a) intentionally takes an action that results in the under capitalisation of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "**equitable subordination**". Because of the nature of the Collateral Debt Obligations, the Issuer may be subject to claims from creditors of an Obligor that Collateral Debt Obligations issued

by such Obligor that are held by the Issuer should be equitably subordinated. However, the Issuer does not intend to engage in, and the Investment Manager does not intend to advise the Issuer with respect to, any conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine.

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

Loan Repricing

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

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

Changes in Tax Law; No Gross Up; General

At the time when they are acquired by the Issuer, payments of interest on the Collateral Debt Obligations either will not be reduced by any withholding tax imposed by any jurisdiction (with the exception of withholding tax on commitment fees, facility fees, and other similar fees associated with Collateral Debt Obligations constituting Revolving Obligations and Delayed Drawdown Collateral Debt Obligations and taxes imposed under FATCA) 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 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 relevant Obligor or (c) the fact that the Issuer has taken a Participation in such Collateral Debt Obligations from a Selling Institution which is able to pay interest payable under such Participation gross without

withholding or deduction of tax. If the Issuer receives any interest payments on any Collateral Debt Obligation net of any applicable withholding tax, the Coverage Tests and Collateral Quality Tests will be determined by reference to such net receipts. Such tax would also reduce the amounts available to make payments on the Notes. There can be no assurance that remaining payments on the Collateral Debt Obligations would be sufficient to make timely payments of interest, principal on the Maturity Date and other amounts payable in respect of the Notes of each Class.

Investment Manager

The Investment Manager is given authority in the Investment Management Agreement to act as Investment Manager to the Issuer in respect of the Portfolio pursuant to and in accordance with the parameters and criteria set out in the Investment Management Agreement. See "*The Portfolio*" and "*Description of the Investment Management Agreement*" sections of this Prospectus. The powers and duties of the Investment Manager in relation to the Portfolio include effecting, on behalf of the Issuer, in accordance with the provisions of the Investment Management Agreement: (a) the acquisition of Collateral Debt Obligations during the Reinvestment Period; (b) the sale of Collateral Debt Obligations during the Reinvestment Period (subject to certain limits) and, at any time, upon the occurrence of certain events (including a Collateral Debt Obligation becoming a Defaulted Obligation, a Credit Improved Obligation or a Credit Impaired Obligation); and (c) the participation in restructuring and work-outs of Collateral Debt Obligations on behalf of the Issuer. See "*The Portfolio*" section of this Prospectus. Any analysis by the Investment 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 Assignments or Participations of senior and mezzanine loans and in relation to which the Investment 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 Investment Management Agreement places significant restrictions on the Investment Manager's ability to buy and sell Collateral Debt Obligations, and the Investment Manager is required to comply with the restrictions contained in the Investment Management Agreement. Accordingly, during certain periods or in certain specified circumstances, the Investment 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 Investment Management Agreement. In addition, see "*Restrictions on the Discretion of the Investment Manager in Order to Comply with Risk Retention*".

Pursuant to the Investment Management Agreement, the Investment Manager will not be liable for any acts or omissions under or in connection with the Investment Management Agreement or the terms of the Trust Deed applicable to it, or for any decrease in the value of the Collateral, except (A) by reason of acts or omissions constituting fraud, bad faith or due to gross negligence (with such term given its meaning under New York law) or wilful misconduct in the performance of its obligations under the Investment Management Agreement or (B) by reason of any representation or warranty made by it pursuant to the Investment Management Agreement proving to have been incorrect in any material respect when made. 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 requires conduct akin to intentional wrongdoing or reckless indifference which is a significantly harder standard to satisfy than mere negligence. As a result, the Investment Manager may in some circumstances have no liability for its actions or inactions under the Investment Management Agreement where it would otherwise have been liable if a mere negligence standard was applied or if New York law was not designated as the law pursuant to which the concept of gross negligence for this purpose would be interpreted.

The Issuer is a newly formed entity and has no operating history or performance record of its own. The actual performance of the Issuer will depend on numerous factors which are difficult to predict and may be beyond the control of the Investment 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 Investment 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 Investment Manager or Affiliates of the Investment Manager should not be relied upon as an indication or prediction of the performance of the Issuer. Such other CLO Vehicles 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 Investment Manager in analysing, selecting and managing the Collateral Debt Obligations. There can be no assurance that such key personnel currently associated with the Investment Manager or any of its Affiliates will remain in such position throughout the life of the transaction. The loss of one or more of such individuals could have a material adverse effect on the performance of the Issuer.

In addition, the Investment Manager may resign or be removed in certain circumstances as described herein under "*Description of the Investment Management Agreement*".

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

No Initial Purchaser, Arranger or Lead Manager Role Post-Closing

The Initial Purchaser the Arranger and the Lead Manager take no responsibility for, and have no obligations in respect of, the Issuer and will have no obligation to monitor the performance of the Portfolio or the actions of the Investment Manager or the Issuer and no authority to advise the Investment Manager or the Issuer or to direct their actions, which will be solely the responsibility of the Investment Manager and the Issuer. If the Initial Purchaser, the Arranger, the Lead Manager or any of their respective Affiliates owns Notes, it 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.

Acquisition and Disposition of Collateral Debt Obligations

The estimated net proceeds of the issue of the Notes after payment of fees and expenses payable on or about the Issue Date (including, without duplication amounts deposited into the Expense Reserve Account) are expected to be approximately €451,754,500. Such proceeds will be used by the Issuer for the repayment of any amounts borrowed by the Issuer under the Warehouse Arrangements (together with any interest thereon) and all other amounts due in order to finance the acquisition of warehoused Collateral Debt Obligations purchased by the Issuer prior to the Issue Date and to fund the First Period Reserve Account. The remaining proceeds shall be retained in 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 Investment 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, compliance with the Reinvestment Criteria and the other requirements of the Investment Management Agreement. The failure or inability of the Investment Manager to acquire Collateral Debt

Obligations with the proceeds of the offering or to reinvest Sale Proceeds or payments and prepayments of principal in Substitute Collateral Debt Obligations in a timely manner will adversely affect the returns on the Notes, in particular with respect to the most junior Class or Classes.

Under the Investment Management Agreement and as described herein, the Investment Manager may only, on behalf of the Issuer, dispose of a limited percentage of Collateral Debt Obligations in any period of 12 calendar months as well as any Collateral Debt Obligation that meets the definition of a Defaulted Obligation, an Exchanged Security and, subject to the satisfaction of certain conditions, a Credit Impaired Obligation or Credit Improved Obligation. Notwithstanding such restrictions and subject to the satisfaction of the conditions set forth in the Investment Management Agreement, sales and purchases by the Investment Manager of Collateral Debt Obligations could result in losses by the Issuer, which will be borne in the first instance by the holders of the Subordinated Notes and then by holders of the Rated Notes, beginning with the most junior Class.

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

The Issuer Could Be Subject to Material Net Income Tax in Certain Circumstances

The Issuer expects to conduct its affairs so that it will not be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes. As a consequence, the Issuer expects that its net income will not become subject to U.S. federal income tax. There can be no assurance, however, that the Issuer's net income will not become subject to U.S. federal income tax as a result of unanticipated activities, changes in law, contrary conclusions by the IRS or U.S. courts or other causes. If the Issuer were determined to be engaged in a trade or business within the United States for U.S. federal income tax purposes, its income effectively connected with its trade or business (computed possibly without any allowance for deductions) would be subject to U.S. federal income tax at the usual corporate rate, and possibly to a branch profits tax of 30 per cent. as well. The imposition of such taxes would materially affect the Issuer's financial ability to make payments on the Notes.

The Issuer may form Blocker Subsidiaries that would be subject to tax

To reduce the risk that the Issuer will be engaged in a trade or business within the United States for U.S. federal income tax purposes, in certain circumstances set forth in the Transaction Documents, certain Ineligible Obligations may be owned by one or more Blocker Subsidiaries wholly owned by the Issuer that will be treated as either U.S. or foreign corporations for U.S. federal income tax purposes. Any foreign Blocker Subsidiary may be treated as engaged in a trade or business within the United States and may be subject to U.S. federal income tax (and possibly a 30 per cent. branch profits tax) on a net income basis at normal corporate tax rates, and may file U.S. tax returns and reports (or protective U.S. tax returns and reports), and/or the Blocker Subsidiary may be subject to a 30 per cent. U.S. withholding tax on some or all of its income. In addition, U.S. Holders will not be permitted to use losses recognised by the Blocker Subsidiary to offset gains recognised by the Issuer and may be subject to the adverse passive foreign investment company or controlled foreign corporation rules with respect to the Blocker Subsidiary. In the case of a U.S. Blocker Subsidiary, the Blocker Subsidiary would be subject to U.S. federal income tax on a net income basis at normal corporate tax rates, and would be required to file U.S. tax returns and reports. In addition, distributions from the Blocker Subsidiary to the Issuer may be subject to a 30 per cent. U.S. withholding tax. Prospective investors should consult their tax advisors regarding their consequences if the Issuer organises a Blocker Subsidiary.

Regulatory Risk related to Lending

In many jurisdictions, especially in Continental Europe, engaging in lending activities "in" certain jurisdictions whether conducted via the granting of loans, purchases of receivables, discounting of

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

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

Valuation Information; Limited Information

None of the Initial Purchaser, the Arranger, the Lead Manager, the Investment 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 Investment Manager) will be required to provide any information other than what is required in the Trust Deed or the Investment Management Agreement. Furthermore, if any information is provided to the Noteholders (including required reports under the Trust Deed), such information may not be audited. Finally, the Investment Manager may be in possession of material, non-public information with regard to the Collateral Debt Obligations and will not be required to disclose such information to the Noteholders.

Certain conflicts of interest

The Initial Purchaser and its Affiliates, the Arranger and its Affiliates, the Lead Manager and its Affiliates and the Investment Manager and its Affiliates, are acting in a number of capacities in connection with the transaction described herein, which may give rise to certain conflicts of interest. Various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the Investment Manager, its Affiliates and their respective clients, the Rating Agencies and their Affiliates, the Initial Purchaser and its Affiliates, the Arranger and its Affiliates and the Lead Manager and its Affiliates. The following briefly summarises some of these conflicts, but is not intended to be an exhaustive list of all such conflicts or their potential consequences. In connection with a purchase of any Notes, investors will be deemed to have acknowledged and consented to the existence of actual, apparent and potential conflicts of interest relating to the Investment Manager Affiliates and Other Accounts (each of which are defined below), including without limitation those described below and to the operation of the Issuer subject to those conflicts, and will be deemed to have waived any claim in respect of the existence or resolution of any such conflicts of interest. Any such conflicts could have a material adverse effect on the Issuer and its investors.

Investment Manager Conflicts of Interest

The Issuer may be subject to various conflicts of interest involving the Investment Manager, Kohlberg Kravis Roberts & Co. L.P. ("**KKR**"), KKR Credit Advisors (US) LLC ("**KKR Credit US**"), KKR's credit business and its subsidiaries (including KKR Financial Advisors II, LLC ("**KFA II**")) and Prisma Capital Partners L.P. ("**Prisma**"), and their personnel, their Affiliates, or such Affiliates' personnel (the Investment Manager and such other persons are collectively referred to as the "**Investment Manager Affiliates**") and the Other Accounts (as defined below).

For example, the Investment Manager may compete with certain Investment Manager Affiliates or Other Accounts for investments for the Issuer, subjecting the Investment Manager to certain conflicts of interest in evaluating the suitability of investment opportunities and making or recommending acquisitions on the Issuer's behalf. In the event that a conflict of interest arises, the Investment Manager will endeavour, so far as it is able, to ensure that such conflict is resolved fairly and equitably over time. These resolutions may include, by way of example without limitation, refraining from investing in or disposing of the investment giving rise to the conflict of interest, taking or refraining from taking certain action with respect to an investment or appointing an independent fiduciary. There can be no assurance that the Investment Manager will resolve all conflicts of interest in a manner that is favourable to the Issuer and any such conflicts of interest could have a material adverse effect on the Issuer.

The Investment Manager Affiliates provide, and expect in the future to provide, investment management and advisory services to other collateralised debt obligation transactions, synthetic collateralised debt obligation transactions, private equity, growth capital, leveraged credit, originated loans, mezzanine debt, long/short credit, special situations, structured credit, real estate debt, natural resources, real estate and infrastructure funds managed, established, sponsored or advised by KKR, KKR Credit US, other Investment Manager Affiliates, other funds, investment vehicles and accounts managed, established, sponsored or advised by the Investment Manager, KKR Credit US, other Investment Manager Affiliates and by Prisma (primarily including customised hedge funds and managed accounts and co-investment strategies); and certain proprietary investment accounts through which KKR and other Investment Manager Affiliates make investments for their own account, including, for example, through investment and co-investment vehicles established for KKR and other Investment Manager Affiliate personnel, senior advisors, industry advisors and other affiliates, accounts invested through various proprietary investment vehicles, including, without limitation, accounts through which KKR and other Investment Manager Affiliates invest primarily for their own investment purposes, accounts subject to specific criteria relating to, among other things, capacity and holding period, and proprietary accounts established primarily for the purpose of developing, evaluating and testing potential investment strategies or products (all of such investment vehicles, funds and accounts collectively referred to herein as "**Other Accounts**"), in which the Issuer has no interest.

The Investment Manager Affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships (including, among others, relationships with clients that are employee benefit plans subject to ERISA and related regulations), or from engaging in other business activities, even though such activities may be in competition with the Issuer and/or may involve substantial time and resources of the Investment Manager Affiliates. The Investment Manager Affiliates will provide advice and recommendations to any such Other Accounts without regard to the Issuer's interests. Other Accounts may have investment objectives, programmes, strategies and positions that are similar or dissimilar to or may conflict or compete with those of the Issuer. Also, Investment Manager Affiliates and Other Accounts may invest in businesses that compete with, have interests adverse to, or are affiliated with the obligors or issuers of Collateral Debt Obligations held by the Issuer, or any that is a service provider, supplier, customer or other counterparty with respect to one of the Issuer's investments, which could adversely affect the performance of investments owned by the Issuer.

The Investment Manager will receive advisory and other fees (including performance-based compensation) from, or have other pecuniary interests in, Other Accounts and due to fee-offset provisions contained in the management agreements for such entities, the fees may not be proportionate to such entities' investment accounts for any given transaction and the Investment Manager may have an incentive to favour entities from which it receives higher fees or in which it otherwise has a greater pecuniary interest. There is no assurance that any Other Account with investment objectives, programmes or strategies similar to those of the Issuer will hold the same positions or perform in a

substantially similar manner as the Issuer. The Investment Manager Affiliates may give advice or take action (including enter into short sales or buy protection under a credit default swap) for their own account or with respect to the investments held by, and transactions of, Other Accounts which may differ from, or be contrary to, the advice given or the timing or nature of any action taken with respect to investments of the Issuer. As a result of such advice or actions, the prices and availability of securities and other financial instruments in which the Issuer invests or may seek to invest may differ from those available to Other Accounts, and the performance of the Issuer may be adversely affected. In addition, the Investment Manager's ability to effectively implement the Issuer's investment strategies may be limited to the extent that contractual obligations relating to these permitted activities restrict the Investment Manager's ability to engage in transactions that it may otherwise be interested in pursuing. Investment Manager Affiliates, whose primary business includes the origination of investments, may provide investment advice to Other Accounts that compete with the Issuer for investment opportunities. The Investment Manager Affiliates may make allocations of the same investment to the Issuer and Other Accounts. To the extent permitted under the Investment Management Agreement, the Investment Manager may incur on behalf of the Issuer costs and expenses in connection with activities that benefit not only the Issuer but the Other Accounts that also have an allocation of the same investment. By way of example only, such costs and expenses may be incurred in the context of the financial distress of the investment entity. The Investment Manager will in good faith allocate such costs and expenses to the Issuer and the Other Accounts, pro rata by the investment percentage of each in the investment. The Issuer will reimburse the Investment Manager for its share of such allocated costs and expenses in accordance with the Priority of Payments.

The Investment Manager Affiliates have in the past given and are expected to continue to give advice or take action (including entering into short sales, derivatives transactions or other "opposite way trading" activities) with respect to the investments held by, and transactions of, Other Accounts that may be different from, or otherwise inconsistent with, the advice given or timing or nature of any action taken with respect to the investments held by, and transactions of, the Issuer. Such different advice and/or inconsistent actions may be due to a variety of reasons, including, without limitation, the differences between the investment objective, program, strategy and tax treatment of certain Other Accounts and the Issuer or the regulatory status of Other Accounts and any related restrictions or obligations imposed on an Investment Manager Affiliate as a fiduciary thereof (including, for example, Other Accounts invested in by pension plans and employee benefit plans and constituting "plan assets" under ERISA or Other Accounts that are registered as investment companies under the Investment Company Act). Such advice and actions may adversely impact the Issuer. For example, an Other Account may concurrently, or in close proximity in time with such acquisition by the Issuer, establish a short position in a security acquired by the Issuer or that otherwise relates to such an investment held by the Issuer and such short sale may result in a decrease in the price of the security acquired by or otherwise held by the Issuer or may otherwise benefit the execution quality of the transaction entered into by the Other Account. Additionally, the investment programs employed by an Investment Manager Affiliate for an Other Account could conflict with the transactions and strategies employed by the Investment Manager in managing the Issuer. Where the Issuer and Other Accounts hold portfolio investments in the same issuer or obligor, their interests may be in conflict irrespective of whether their investments are at different levels of the capital structure. For example, the timing of entry into or exit from an investment, as well as the form of consideration received, may vary as among these parties for reasons such as differences in strategy, existing portfolio or liquidity needs, and these variations in timing or form of consideration may be detrimental to the Issuer or such other investing entities. Other Accounts may also engage in short sales or other "opposite way trading" in respect of portfolio investments of the Issuer. There can be no assurance that the terms of, or the return on, the Issuer's investment will be equivalent to, or better than, the terms of, or the returns obtained by, any Other Account, including in respect of any category of investments, nor can there be any assurance that any Other Account with similar investment objectives, programs or strategies will hold the same positions, obtain the same financing or perform in a substantially similar manner as the Issuer. The Investment

Manager's ability to implement the Issuer's strategy effectively may be limited to the extent that contractual obligations entered into in respect of investments made by Other Accounts or regulatory obligations or restrictions imposed on Investment Manager Affiliates as a result of the regulatory status of Other Accounts (for example, under ERISA or the Investment Company Act) impose restrictions on the ability of the Issuer (or the Investment Manager on its behalf) to invest in securities or other assets that the Issuer may otherwise be interested in pursuing or to otherwise take actions in respect of the Issuer's investments that may otherwise be beneficial to the Issuer. As a result, the prices and availability of securities and other financial instruments in which the Issuer invests or may seek to invest may differ from those available to Other Accounts, and the performance of the Issuer may be adversely affected.

Without limiting the generality of the foregoing, KKR's and the other Investment Manager Affiliates' interest in maximising the investment return of its proprietary accounts may create a conflict in that KKR and the other Investment Manager Affiliates may be motivated to allocate more attractive investments to the proprietary accounts under its management and allocate less attractive investments to the Issuer and Other Accounts. Similarly, KKR and the other Investment Manager Affiliates may be motivated to allocate scarce investment opportunities to its proprietary accounts rather than to the Issuer and non-proprietary Other Accounts. KKR's and the other Investment Manager Affiliates' investment professionals (including members of the Investment Manager's investment team) will face a conflict to the extent they are motivated, through their personal economic interests in KKR's and the other Investment Manager Affiliates' proprietary investment activities, to allocate their time and attention to such proprietary accounts.

The Investment Manager Affiliates may invest, or have already invested, directly or on behalf of Other Accounts, in securities or other financial instruments that are senior or junior to securities or financial instruments of the same obligor or issuer that are held or may be acquired by the Issuer (e.g., an Other Account may acquire senior debt while the Issuer may acquire subordinated debt). These investments may inherently give rise to conflicts of interest or perceived conflicts of interest between or among the various classes of securities that may be held by the Issuer and such Investment Manager Affiliates or Other Accounts, including in the case of financial distress of the investment entity. For example, if additional financing is needed by an obligor or issuer of a Collateral Debt Obligation held by the Issuer as a result of financial distress, it may not be in the best interest of the Issuer, as holder of senior secured debt issued by such company (if applicable), for an Investment Manager Affiliate or Other Account to provide such additional financing. If Investment Manager Affiliates or Other Accounts holding more junior debt or equity positions were to lose their respective investments as a result of such difficulties, the ability of the Investment Manager to recommend actions in the best interest of the Issuer may be impaired. The reverse is true where an Other Account or Investment Manager Affiliate holds debt of a portfolio company that is more senior to that held by the Issuer. The Investment Manager Affiliates or Other Accounts may take such actions in its own interests with respect to its rights as a creditor (for example, with respect to breaches of covenants) that may be adverse to the interests of the Issuer as a more junior debt holder. It is possible that, in a bankruptcy proceeding, the Issuer's interests may be subordinated or otherwise adversely affected by virtue of the involvement and actions of the Investment Manager Affiliates or Other Accounts. There can be no assurance that the term of or the return on the Issuer's investment will be equivalent to or better than the term of or the returns obtained by the Investment Manager Affiliates or the Other Accounts participating in the transaction. This may result in a loss or substantial dilution of the Issuer's investment, while the Other Account or Investment Manager Affiliate recovers all or part of the amounts due to it. In addition, any of the Investment Manager Affiliates may serve as a general partner, adviser, officer, director, sponsor or manager of partnerships or companies organised to issue collateralised bond or loan obligations secured by non-investment grade bank loans and other funds or entities which invest in such obligations, which may also be eligible investments for the Issuer.

The Investment Manager Affiliates may also have or establish relationships with companies, including acting as sponsor, equity investor, adviser, lender, underwriter, placement agent or agent bank, whose securities or obligations are assets of the Issuer, or may be considered for purchase by the Issuer or Other Accounts, and may now or in the future own or seek to acquire securities or obligations issued by obligors or issuers of assets owned by the Issuer, and such securities or obligations may have characteristics or interests different from or adverse to assets owned by the Issuer. The Investment Manager and the personnel available to it allocate their time between the Issuer and any other investment and business activities in which they may be involved. The Investment Manager intends to devote such time as shall be necessary to conduct the Issuer's business affairs in an appropriate manner. However, the Investment Manager and the personnel available to it will continue to devote the resources necessary to managing such other investment and business activities. The investment policies, fee arrangements and other circumstances applicable to Other Accounts may vary from those applicable to the Issuer. The Investment Manager Affiliates may buy, sell, or hold securities or other instruments for Other Accounts while the Investment Manager is making different investment decisions with respect to the Issuer's portfolio. Nothing in the Trust Deed or the Investment Management Agreement shall prevent the Investment Manager or any of its Affiliates, acting either as principal or agent on behalf of others, from buying or selling (or refraining from buying or selling), or from recommending to or directing any of the Other Accounts to buy or sell (or to refrain from buying or selling), at any time, securities or obligations of the same kind or class, or securities or obligations of a different kind or class of the same obligor or issuer, as those directed by the Investment Manager to be purchased or sold on behalf of the Issuer. In addition, certain Investment Manager Affiliates may invest in one or more Other Accounts. The Investment Manager Affiliates and Other Accounts may purchase one or more Classes of Notes or, in lieu of or in addition to such purchases, enter into synthetic transactions referring to such Class or Classes of Notes. It is expected that, if any of such investments are made, their size and nature may change over time.

Certain Other Accounts do and may in the future invest in assets in which the Issuer may invest. The Investment Manager Affiliates have sole discretion to determine the manner in which investment opportunities are allocated among the Investment Manager Affiliates, the Issuer and Other Accounts. Allocation of identified investment opportunities among the Investment Manager Affiliates, the Issuer and Other Accounts presents inherent conflicts of interest where demand exceeds available supply. As a result, the Issuer's share of investment opportunities may be materially affected by competition from Other Accounts and from Investment Manager Affiliates. Prospective investors in the Notes should note that the conflicts inherent in making such allocation decisions may not always be resolved to the advantage of the Issuer.

From time to time, the Issuer may participate in releveraging and recapitalisation transactions involving issuers of the Issuer's portfolio investments in which Other Accounts have invested or will invest. Recapitalisation transactions will present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favourable than the prevailing market terms.

The Investment Manager Affiliates engage in a broad range of business activities and invest in portfolio companies whose operations may be substantially similar to the issuers of the Issuer's portfolio investments. The performance and operation of such competing businesses could conflict with and adversely affect the performance an operation of the issuers of the Issuer's portfolio investments, and may adversely affect the prices and availability of business opportunities or transactions available to these issuers.

As a general matter, the Investment Manager Affiliates will allocate investment opportunities among the Investment Manager Affiliates, the Issuer and Other Accounts in a manner that is consistent with an allocation methodology established by the Investment Manager Affiliates designed to ensure

allocations of opportunities are made over time on a fair and equitable basis. In determining allocations of investments, the Investment Manager Affiliates will take into account such factors as they deem appropriate, which may include, for example and without limitation, investment objectives and focus; target investment size and target returns; available capital, the timing of capital inflows and outflows and anticipated redemptions, capital commitments, contributions and subscriptions; applicable concentration limits and other investment restrictions; availability of leverage and any requirements or other terms of any existing leverage facilities; mandatory minimum investment rights and other contractual obligations applicable to participating funds, vehicles and accounts and/or to their investors; portfolio diversification; tax efficiencies and potential adverse tax consequences; regulatory restrictions applicable to participating funds, vehicles and accounts and investors that could limit the Issuer's ability to participate in a proposed investment, policies and restrictions applicable to participating funds, vehicles and accounts, the avoidance of odd-lots or a de minimis allocation to one or more participating funds, vehicles and accounts; the potential dilutive effect of a new position; the overall risk profile of a portfolio; the potential return available from a debt investment as compared to an equity investment; and any other considerations deemed relevant by the Investment Manager Affiliates. The outcome of any allocation determination by the Investment Manager Affiliates may result in the allocation of all or none of an investment opportunity to the Issuer or in allocations that are otherwise on a non-pro rata basis. Certain investments made by the Issuer may be made on a co-investment basis alongside Other Accounts that target one or more categories of such investments as part of their investment strategy, in which case such Other Accounts may be allocated investment opportunities in priority to the Issuer in accordance with the requirements of such Other Accounts as determined by the Investment Manager Affiliates. Such priority allocations may result in a de minimis or no amount of any particular investment opportunity being made available to the Issuer. In addition, Other Accounts established by the Investment Manager Affiliates as co-investment vehicles may compete with the Issuer for allocations of co-investment opportunities in respect of any investment. There can be no assurance that the Issuer will have an opportunity to participate in certain investments that fall within the Issuer's investment objectives. Without limiting the foregoing, the internal policies and procedures adopted by the Investment Manager Affiliates from time to time to assist in the management of conflicts of interest between the Issuer and Other Accounts are likely to impose restrictions on the ability of the Issuer to participate in certain investments that would otherwise be eligible for the Issuer where such internal policies or conflicts review process has resulted in an internal restriction on any participation by the Issuer in the relevant investment either in whole or in part because of an associated conflict of interest.

To the extent the Investment Manager determines in good faith that an opportunity is most appropriate for the proprietary principal investment activities of KKR or other Investment Manager Affiliates due to the strategic nature of the opportunity as it relates to the business of KKR or other Investment Manager Affiliates, such investment opportunity will be deemed to not be within the investment focus of the Issuer and will be allocated accordingly.

If the Investment Manager determines that the purchase or sale of the same security is in the best interest of more than one Investment Manager Account it manages, the Investment Manager may, but is not obligated to, aggregate orders placed simultaneously in order to seek best execution and reduce transaction costs to the extent permitted by applicable law. Subject to the preceding sentence, the Investment Manager may, in the allocation of business, select brokers and/or dealers with whom to effect trades on behalf of the Issuer and may open cash trading accounts with such brokers and dealers. In addition, subject to the first sentence of this paragraph, the Investment Manager may, in the allocation of business, take into consideration the full range of a broker-dealer's services in assessing best execution, including, but not limited to: competitiveness of commission rates and spreads; promptness of execution; past history in executing orders; clearance and settlement capabilities; research capabilities and quality; access to markets, investments (including access to new issues) and distribution network; trade error rate and ability or willingness to correct errors; anonymity; liquidity;

speed of execution; expertise with complex investments; trading style and strategy; and geographic location. Transactions may be executed as part of concurrent authorisations to purchase or sell the same investment for other accounts served by the Investment Manager or its Affiliates. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Investment Manager Account will generally receive the average price with transaction costs allocated pro rata based on the size of each Investment Manager Account's participation in the order (or allocation in the event of a partial fill) as determined by the Investment Manager. In the event of a partial fill, allocations may be modified on a basis that the Investment Manager deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations. In such cases where trades are not aggregated, orders for each Investment Manager Account will be processed separately by the brokers or counterparties selected by the Investment Manager, which may result in an order for the Issuer being processed before, at the same time or after similar orders placed for Other Accounts for which the Investment Manager acts as adviser (including the Issuer, collectively the "**Investment Manager Accounts**"). As a result, certain trades in the same security or instrument for one Investment Manager Account (including an Investment Manager Account in which an Investment Manager Affiliate or its personnel may have a direct or indirect interest) may receive more or less favourable prices or terms than another Investment Manager Account and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved. Any of these circumstances may be disadvantageous to the Issuer.

Unless otherwise prohibited by applicable law or the Investment Management Agreement, the Investment Manager may, on behalf of the Issuer, for liquidity, trade allocation or other reasons, purchase obligations or securities from, sell obligations or securities to or enter into any arrangement or agreement with Other Accounts ("**cross transactions**"). The terms of any such cross transactions will be for at least fair market value as determined in accordance with established procedures. The Investment Manager will receive no compensation in connection with cross transactions, aside from advisory and similar fees attributable to its management of participatory accounts. To the extent that any transaction with the Issuer would constitute a principal transaction because of the ownership interest in an Other Account by an Investment Manager Affiliate or otherwise, the Investment Manager will comply with the requirements of Section 206(3) of the Advisers Act, including the requirement that the Investment Manager notify the board of directors of the Issuer (the "**Board of Directors**") in writing of the transaction and obtain the Issuer's consent through the Board of Directors before completion of such a transaction.

The Investment Manager has an obligation under the Investment Management Agreement to exercise its reasonable judgement to determine the market values of certain Collateral Debt Obligations for which certain specified third party bid prices are not available. Such valuations are taken into account for purposes of calculating the Par Value Ratios and Interest Coverage Ratios and can therefore make a difference in the payments made to certain Noteholders on relevant Payment Dates. In determining the market values for such Collateral Debt Obligations, the Investment Manager will take into account various factors and may rely on internal pricing models, all in accordance with its valuation policies and procedures. Such valuations may vary from similar valuations performed by independent third parties for similar types of securities or assets. The valuation of illiquid securities and other assets is inherently subjective and subject to increased risk that the information utilised to value such assets or to create the price models may be inaccurate or subject to other error. Due to a wide variety of factors and the nature of certain securities and assets to be held by the Issuer, there is no guarantee that the values determined by the Investment Manager will represent the value that will be realised by the Issuer on the eventual realisation of the investment or that would, in fact, be realised upon an immediate disposition of the investments.

The Investment Manager Affiliates include a number of entities that act as broker-dealers, including, for example, but without limitation KKR Capital Markets Limited and its Affiliates (together, the

"KCM Companies"). The KCM Companies are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, principal investment, hedging, and other financial and non-financial activities and services. Such broker-dealers (including their respective related lending vehicles) may manage or otherwise participate in underwriting syndicates and/or selling groups with respect to issuers or obligors of the Issuer's investments or may otherwise be involved in the private placement of debt or equity securities or instruments issued by the issuers or obligors and non-controlling entities in or through which the Issuer may invest (including by placing securities issued by such issuers or obligors with co-investors), or otherwise in arranging or providing financing for such issuers or obligors alone or with other lenders, which may include Other Accounts. Affiliated broker-dealers may, as a consequence of such activities, hold positions in instruments and securities issued by the issuers or obligors of the Issuer's investments. Subject to applicable law, such broker-dealers may receive underwriting fees, placement commissions, financing fees, interest payments or other compensation with respect to such activities, which are not required to be shared with the Issuer. Where an Investment Manager Affiliate broker-dealer serves as underwriter with respect to an issuer's or obligor's securities, the Issuer may be subject to a "lock-up" period following the offering under applicable regulations during which time its ability to sell any securities or obligations that it continues to hold is restricted. This may prejudice the Issuer's ability to dispose of such securities at an opportune time. In addition, in circumstances where an issuer of a portfolio investment becomes distressed and the participants in the relevant offering have a valid claim against the underwriter, the Issuer would have a conflict in determining whether to sue an Investment Manager Affiliate broker-dealer. In circumstances where a non-affiliate broker-dealer has underwritten an offering, the issuer of which becomes distressed, the Issuer may also have a conflict in determining whether to bring a claim on the basis of concerns regarding an Investment Manager Affiliate's relationship with the broker-dealer.

No Investment Manager Affiliate 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 Accounts.

The Investment Manager Affiliates have adopted information-sharing policies and procedures which address both (i) the handling of confidential information and (ii) the information barrier that exists between the public and private sides of the Investment Manager Affiliates. The Investment Manager's and other Investment Manager Affiliates' credit and public equity professionals (i.e., those engaged by KKR Credit US, the Investment Manager and Prisma) are generally on the public side of the Investment Manager Affiliates, although some members of the Investment Manager Affiliates' private credit investment team are on the private side of the Investment Manager Affiliates. The Investment Manager Affiliates' private equity, energy and infrastructure and real estate professionals and senior advisors and industry advisors are on the private side of the Investment Manager Affiliates and the Investment Manager Affiliates' broker-dealer professionals may be on the private or public side of the Investment Manager Affiliates depending on their roles. The Investment Manager Affiliates have compliance functions to administer the Investment Manager Affiliates' information-sharing policies and procedures and monitor potential conflicts of interest. Although the Investment Manager plans to leverage the Investment Manager Affiliates' firm-wide resources to help source, conduct due diligence on, and create value for the Issuer's investments, the Investment Manager Affiliates' information-sharing policies and procedures referenced above, as well as certain legal, contractual and tax constraints, could significantly limit the Investment Manager's ability to do so. For example, from time to time, the Investment Manager Affiliates' private equity or broker-dealer professionals may be in possession of material non-public information with respect to the Issuer's investments or potential investments and as a result such professionals will be restricted by the Investment Manager Affiliates' information-sharing policies or by law or contract, from sharing such information with the Investment Management Affiliate professionals responsible for making the Investment Manager's investment

decisions, even where the disclosure of such information would be in the best interest of the Issuer or would otherwise influence the decisions taken by such investment professionals with respect to such investment or potential investment. Accordingly, as a result of such restrictions, the investment activities of the Investment Manager Affiliates' other businesses may differ from, or be inconsistent with, the interests of and activities that are undertaken for the account of the Issuer and there can be no assurance that the Issuer will be able to fully leverage all of the available resources and industry expertise of the Investment Manager Affiliates' other businesses. Additionally, there may be circumstances in which one or more individuals associated with an Investment Manager Affiliate will be precluded from providing services to the Issuer because of certain confidential information available to those individuals or to other parts of the Investment Manager Affiliates.

While KKR has established information barriers between its public and private sides as described above, KKR does not, separately within each such division, generally establish information barriers between internal investment teams. In addition, information may be shared or "wall crossed" between the public and private sides of KKR pursuant to KKR's information barrier procedures.

The nature of the Investment Manager Affiliates' businesses, including, without limitation, participation by their personnel in creditors' committees, steering committees, or boards of directors of issuers of portfolio investments, result in the Investment Manager receiving material non-public information from time to time with respect to publicly held companies or otherwise becoming an "insider" with respect to such companies. With limited exceptions (as described above), the Investment Manager Affiliates do not establish information barriers among internal investment teams. Trading by Investment Manager Affiliates on the basis of such information, or improperly disclosing such information, may be restricted pursuant to applicable law and/or internal policies and procedures adopted by Investment Manager Affiliates to promote compliance with applicable law. Accordingly, the possession of "inside information" or "insider" status with respect to such an issuer or obligor by Investment Manager Affiliates or their personnel may, including where an appropriate information barrier does not exist between the relevant investment professionals or has been "crossed" by such professionals, significantly restrict the Investment Manager Affiliates' ability to deal in the securities and other assets of that issuer on behalf of the Issuer, which may adversely impact the Issuer, including by preventing the execution of an otherwise advisable purchase or sale transaction in a particular security until such information ceases to be regarded as material non-public information, which could have an adverse effect on the overall performance of such investment. In addition, Investment Manager Affiliates in possession of such information may be prevented from disclosing such information to the Investment Manager, even where the disclosure of such information would be in the interest of the Issuer. The Investment Manager may also be subject to contractual "stand-still" obligations and/or confidentiality obligations that may restrict its ability to trade in certain securities on behalf of the Issuer.

The Issuer depends to a significant extent on the Investment Manager's access to the investment professionals and senior management of the Investment Manager Affiliates and the information, research and investment ideas generated by the Investment Manager Affiliate investment professionals and senior management during the normal course of their investment and portfolio management activities. The senior management and the investment professionals of the Investment Manager source, evaluate, analyse and monitor the Issuer's investments. The Issuer's future success will depend on the continued service of the senior management team and investment professionals of the Investment Manager.

Investment Manager Affiliates and Investment Manager Accounts may purchase Notes at any time. It is expected that on the Issue Date, the Investment Manager will purchase, in aggregate, at least a majority of the Subordinated Notes. For purposes of compliance by certain Noteholders with the risk retention requirements of various jurisdictions, the Investment Manager, acting in its capacity as Retention Holder, will agree in the Risk Retention Letter that it will retain the Retention for so long as any Class of Rated Notes remains outstanding. Any Notes in excess of the Retention may be sold by

the Retention Holder at any time after the Issue Date. See "*Risk Retention in Europe*". It is also expected that one or more of the Investment Manager Accounts may invest in a portion of one or more Classes of Rated Notes on or after the Issue Date, but will have no obligation to do so, or to retain for any period of time any of the Notes that it has purchased. The interests and incentives of the Investment Manager Affiliates or Other Accounts that may from time to time invest in Notes will not necessarily be aligned with those of the other holders of any Notes or the holder of Notes of any particular Class. In particular, if at any time the Subordinated Notes are owned in part by the Investment Manager or its Affiliates, the Investment 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. Additionally, as holder of Subordinated Notes representing at least a majority of the Subordinated Notes, the Retention Holder will have the ability to direct the Issuer and the Trustee to take, or not to take, certain actions, including (i) to direct an Optional Redemption after the Non-Call Period or to prevent any other holders of Subordinated Notes from directing an Optional Redemption after the Non-Call Period, (ii) to direct an Optional Redemption following a Note Tax Event, (iii) to direct the issuance of additional Notes by the Issuer and (iv) to direct a Refinancing. Further, any Notes held by the Investment Manager will have voting rights in connection with the approval of a successor manager.

In addition, the Investment Manager may discuss the composition of the Collateral Debt Obligations and other matters relating to the transactions contemplated hereby with the Investment Manager Affiliates and Other Accounts that invest in Notes and may have such discussions with other beneficial owners of Notes or stakeholders in the Issuer. There can be no assurance that such discussions will not influence the actions or inactions of the Investment Manager in its management role.

The Trust Deed and the Investment Management Agreement provide for certain actions to occur at the direction of the specified percentage of Subordinated Notes, including an Optional Redemption of the Rated Notes. It may be difficult or impossible, so long as the Investment Manager Affiliates own a significant portion of the Subordinated Notes, to take such actions without the consent of the Investment Manager Affiliates. Actions requiring the consent or direction of the Subordinated Notes pursuant to the Trust Deed or the Investment Management Agreement could be expected to be influenced, and potentially controlled, by such Investment Manager Affiliates. To the extent that the interests of the holders of the Rated Notes that are not Investment Manager Affiliates or Other Accounts differ from the interests of the holders of the Subordinated Notes, the holding of a significant portion of the Subordinated Notes by the Investment Manager Affiliates may create additional conflicts of interest. Subject to the Retention Requirements, any Notes, including the Subordinated Notes, acquired by the Investment Manager Affiliates, or any Other Account may be sold by any such person to related and/or unrelated parties at any time and such sale may be conducted at a discount or in any other manner that could be potentially adverse to interests of other holders of the Notes.

The Investment Manager or its Affiliates may have had communications with holders and other parties interested in the transaction and may have communications with other holders and/or other parties interested in the transaction during the term of the transaction, in each case, relating to the composition of the Issuer's investments and/or other matters relating to the Issuer. There can be no assurances that such communications will not influence the Investment Manager's decisions relating to the Issuer's assets or other matters with respect to which the Investment Manager has discretion, including, without limitation, the selection of the assets that will be included in the portfolio both prior to and after the Issue Date.

The Investment Manager may from time to time consult with, receive input from and provide information to third parties (who may or may not be or become direct and indirect owners of the Notes) in respect of obligations being considered for acquisition by the Issuer. Some of those same third parties may have interests adverse to those of the holders of Notes and may take a short position (for

example, by buying protection under a credit default swap) relating to any such obligations or securities. This Prospectus 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.

The Investment Manager is entitled to receive a Senior Investment Management Fee, a Subordinated Investment Management Fee and an Incentive Investment Management Fee from the Issuer out of proceeds received by the Issuer from the Collateral Debt Obligations, payable in accordance with the Priority of Payments. The payment of the Incentive Investment Management Fee is dependent to some degree on the yield earned on the Collateral Debt Obligations. The fee structure could create an incentive for the Investment Manager to manage the Issuer's investments in a manner as to seek to maximise the yield on the Collateral Debt Obligations relative to investments of higher creditworthiness. Managing the Portfolio with the objective of increasing yield, even though the Investment Manager is constrained by investment restrictions described in "*The Portfolio*", could result in an increase in defaults or volatility and could contribute to a decline in the aggregate market value of the Collateral Debt Obligations.

On the Issue Date, the Investment Manager expects to be reimbursed by the Issuer for certain expenses (including legal fees and expenses) incurred by Investment Manager Affiliates in connection with its participation in the transaction and in connection with the organisation of the Issuer and the financing arrangements for its accumulation of Collateral Debt Obligations prior to the Issue Date will be repaid.

No independent counsel has been appointed to represent the investors in respect of the Investment Manager and other Investment Manager Affiliates. The same counsel that represents the Issuer may also represent Other Accounts, including the Investment Manager Accounts, and/or the Investment Manager Affiliates.

Investment Manager Affiliates may be hedge counterparties and may provide other services to the Issuer and may receive fees from the Issuer in such capacities.

Certain holders of Notes may have access to more or better information than other investors or holders of Notes such as, but not limited to, portfolio risk, personnel and/or investment-related information. In addition, in the course of conducting due diligence, current or prospective investors or holders of Notes may request information pertaining to investments, portfolios or the Investment Manager. The Investment Manager may respond to such requests and provide a response containing information which is not generally made available to other investors although it may require investors receiving such information to agree to keep such information confidential. When the Investment Manager provides this requested information, it does so without an obligation to provide it to other investors or to correct or update any such information previously provided.

The Investment Manager may, in its sole discretion, agree with one or more holders of Notes to share a portion of its Investment Management Fees and, if such fee sharing agreement is made, although the Investment Manager will notify the Issuer of the nature and amount of such fee sharing arrangement, neither the Issuer nor the Investment Manager will be obliged to notify other holders of Notes and the Investment Manager will not be obliged to enter into similar agreements with other holders of Notes. Such fee sharing arrangements may affect the incentives of the Investment Manager in managing the Collateral Debt Obligations and may also affect the actions of the relevant holders of Notes in taking any actions they may be permitted to take in respect of the Notes, including votes concerning amendments. The terms of any such fee sharing arrangements will be made available after the Issue Date to any holder upon request.

Other present and future activities of the Investment Manager and other Investment Manager Affiliates may give rise to additional conflicts of interest not addressed above. In the event that a conflict of interest arises, KKR will attempt to resolve such conflicts in a fair and equitable manner. By acquiring

Notes, each investor will be deemed to have acknowledged the existence of any of the foregoing actual, apparent and potential conflicts of interest and to have waived any claim with respect to any liability from the existence of any such conflict of interest.

Affiliate Relationship

An Affiliate of the Investment Manager acquired 50 per cent. of the ordinary shares of the Issuer on or about 10 September 2015. It is expected that on or before the Issue Date, the Investment Manager will acquire such shares from its Affiliate. The other 50 per cent. of the ordinary shares of the Issuer will be held by the Share Trustee on trust for charitable purposes. The fact that the Investment Manager will have a shareholding in the Issuer gives rise to the risk that, if the Investment Manager becomes insolvent while the Notes are outstanding, an insolvency official appointed to the Investment Manager in Ireland could seek the making of certain orders in respect of the Issuer, including the making of a pooling or contribution order on a winding-up or an examinership of the Issuer on the basis that it is a related company of the Investment Manager. The making of any such order in respect of the Issuer could impact the timing or amount of recoveries by Noteholders in respect of the Notes. The Issuer and the Investment Manager will take steps in structuring the transactions that are intended to minimise the risk that the separate identity of the Issuer would not be respected. These steps include the creation of the Issuer as a separate, special purpose company intended to be treated as bankruptcy-remote from the Investment Manager, restrictions on the nature of its business and an undertaking by the Issuer to observe material legal formalities. The Issuer has agreed to extensive covenants in the Transaction Documents which restrict its activities and require it to conduct its business as a separate identifiable entity. The Issuer has been advised that, provided that such covenants are adhered to, the risk of an insolvency of the Investment Manager triggering insolvency proceedings in respect of the Issuer would be significantly mitigated. However, there can be no assurance that the commencement of any Irish insolvency proceedings in respect of the Investment Manager would not adversely affect the affairs of the Issuer and, consequently, the Noteholders.

In addition to structuring the Issuer as a bankruptcy-remote special purpose vehicle, all counterparties to contracts with the Issuer have agreed to refrain from filing a petition in bankruptcy with respect to the Issuer. See "*Examinership*" and "*Preferred Creditors*" below. In particular, the Investment Manager will undertake in a deed of charge over shares (the "**Share Charge**") dated on or about the Issue Date, as owner of the 50 ordinary shares in the Issuer at the date thereof, *inter alia*, not to petition for the voluntary winding up of the Issuer until such time as the Notes have been redeemed in full.

Rating Agencies

S&P 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 BNP Paribas and its Affiliates

Each of the Initial Purchaser and its Affiliates (the "**BNPP Parties**") will play various roles in relation to the offering, including acting as the structurer of the transaction, as a Hedge Counterparty and in other roles described below.

The BNPP Parties have been involved (together with the Investment Manager) in the formulation of the Portfolio Profile Tests, Coverage Tests, Collateral Quality Tests, Priorities of Payments and other criteria in and provisions of the Trust Deed and the Investment Management Agreement. The Initial Purchaser was also the senior lender under the Warehouse Arrangements. See further "*Acquisition of Collateral Debt Obligations Prior to the Issue Date*" above.

The Initial Purchaser will purchase the Notes from the Issuer on the Issue Date and resell them in individually negotiated transactions at varying prices, which may result in a higher or lower fee being paid to the Initial Purchaser in respect of those Notes. The Initial Purchaser may assist clients and counterparties in transactions related to the Notes (including assisting clients in future purchases and sales of the Notes and hedging transactions). The Initial Purchaser expects to earn fees and other revenues from these transactions.

The BNPP 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 BNPP 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 BNPP Parties may provide also include financing and, as such, the BNPP Parties may have and/or may provide financing to the Investment Manager and/or any of its Affiliates and such financing may directly or indirectly involve financing the Retention. In the case of any such financing, the BNPP Parties may have received security over assets of the Investment Manager and/or its Affiliates, including security over the Retention, resulting in the financing parties having enforcement rights and remedies in relation to such financing which may include the right to appropriate or sell the Retention. The BNPP 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 BNPP 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 BNPP Parties will act in its own commercial interest in its various capacities without regard to whether its interests conflict with those of the holders of the Notes or any other party. Moreover, the Issuer may invest in loans of obligors Affiliated with the BNPP Parties or in which one or more BNPP 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 BNPP Party's own investments in such obligors.

From time to time the Investment Manager will purchase from or sell Collateral Debt Obligations through or to the BNPP Parties (including a portion of the Collateral Debt Obligations to be purchased on or prior to the Issue Date) and one or more BNPP Parties may act as the selling institution with respect to participation interests and/or as a counterparty under a Hedge Agreement. The BNPP Parties may act as placement agent, initial purchaser, arranger and/or lead manager 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 BNPP 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 Prospectus except where required in accordance with the applicable law. Nonetheless, in the ordinary course of business, BNPP Parties and employees or customers of the BNPP Parties may actively trade in and/or otherwise hold long or short positions in the Notes, Collateral Debt Obligations and Eligible Investments or enter into transactions similar to referencing the Notes, Collateral Debt Obligations and Eligible Investments or the obligors thereof for their own accounts and for the accounts of their customers. If a BNPP 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 BNPP 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 BNPP 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.

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 both (i) 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) with respect to the Issuer and certain transferees thereof identified in Rule 3c-5 and Rule 3c-6 under the Investment Company Act and (b) which do not make a public offering of their securities in the United States and (ii) an exclusion from the definition of investment company for certain asset-backed issuers that meet the conditions of Rule 3a-7 under the Investment Company Act. So long as the Issuer relies on Rule 3a-7, its ability to acquire and dispose of Collateral Debt Obligations may be limited, which could adversely affect its ability to realise gains, mitigate losses or reinvest principal payments or sale proceeds. In 2011, the SEC published an advance notice of proposed rulemaking to potentially consider proposing amendments to Rule 3a-7. Any guidance from the SEC or its staff regarding Rule 3a-7, including changes that the SEC may ultimately adopt to Rule 3a-7, that narrow the scope of Rule 3a-7, could further inhibit the business activities of the Issuer and adversely affect the holders of the Notes.

No opinion or no-action position has been requested of the SEC with respect to the status of the Issuer as investment company under the Investment Company Act.

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 that is made in violation of the Investment Company Act or whose performance involves such violation could be declared unenforceable by any party to the contract 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. In addition, the Issuer or any of the Collateral becoming required to register as an "investment company" under the Investment Company Act will constitute an Event of Default if such requirement continues for 45 days. Should the Issuer be subjected to any or all of the foregoing, the Issuer would be materially and adversely affected.

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

The Trust Deed provides that if, notwithstanding the restrictions on transfer contained therein, the Issuer at any time determines that any holder of an interest in a Rule 144A Note (1) is a U.S. person and (2) is not a QIB/QP (any such person, a "**Non-Permitted Holder**"), the Issuer shall, promptly after determination that such person is a Non-Permitted Holder by the Issuer or a Transfer Agent (and notice by such Transfer Agent to the Issuer, if such Transfer Agent makes the determination) send notice to such Non-Permitted Holder demanding that such Non-Permitted Holder transfer its interest 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 Investment Manager on its behalf, a Transfer Agent, on behalf of and at the expense of the Issuer, shall cause such beneficial interest to be transferred in a sale (conducted by such Transfer Agent) 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.

Irish Law

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

Centre of main interest

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

Examinership

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

The Issuer, the directors of the Issuer, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer are each entitled to petition the relevant Irish court for the appointment of an examiner. The examiner, once appointed, has the power to halt, prevent or rectify acts or omissions, by or on behalf of the company after his appointment and, in certain circumstances, negative pledges given by the company prior to his appointment will not be binding on the company. Furthermore, where proposals for a scheme of arrangement are to be formulated, the company may, subject to the approval of the court, affirm or repudiate any contract under which some element of performance other than the payment remains to be rendered both by the company and the other contracting party or parties.

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

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

If however, for any reason, an examiner were appointed while any amounts due by the Issuer under the Notes were unpaid, the primary risks to the Noteholders would be as follows:

- (a) the Trustee, acting on behalf of the Noteholders, would not be able to enforce rights against the Issuer during the period of examinership; and
- (b) a scheme of arrangement may be approved involving the writing down of the debt due by the Issuer to the Noteholders irrespective of the Noteholders' views.

Preferred Creditors

If the Issuer becomes subject to an insolvency proceeding and the Issuer has obligations to creditors that are treated under Irish law as creditors that are senior relative to the Noteholders, the Noteholders may suffer losses as a result of their subordinated status during such insolvency proceedings. In particular:

- (a) under the terms of the Trust Deed, the Rated Notes will be secured in favour of the Trustee for the benefit of itself and the other Secured Parties by security over a portfolio of Collateral Debt Obligations and assignments of various of the Issuer's rights under the Transaction Documents. Under Irish law, the claims of creditors holding fixed charges may rank behind other creditors (namely fees, costs and expenses of any examiner appointed and certain capital gains tax liabilities) and, in the case of fixed charges over book debts, may rank behind claims of the Irish Revenue Commissioners for PAYE, pay-related social insurance, local property tax and VAT;
- (b) under Irish law, for a charge to be characterised as a fixed charge, the charge holder is required to exercise the requisite level of control over the assets purported to be charged and the proceeds of such assets including any bank account into which such proceeds are paid. There is a risk therefore that even a charge which purports to be taken as a fixed charge may take effect as a floating charge if a court deems that the requisite level of control was not exercised; and
- (c) in an insolvency of the Issuer, the claims of certain other creditors (including the Irish Revenue Commissioners for certain unpaid taxes), as well as those of creditors mentioned above, will rank in priority to claims of unsecured creditors and claims of creditors holding floating charges.

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 form, which will be incorporated by reference into the Global Certificates of each Class representing the Notes, subject to the provisions of such Global Certificates, some of which will modify the effect of these terms and conditions of the Notes. See *"Form of the Notes - Amendments to Terms and Conditions"*.

The issue of €273,250,000 Class A Senior Secured Floating Rate Notes due 2029 (the "**Class A Notes**"), €55,850,000 Class B Senior Secured Floating Rate Notes due 2029 (the "**Class B Notes**"), €25,650,000 Class C Deferrable Mezzanine Floating Rate Notes due 2029 (the "**Class C Notes**"), €22,500,000 Class D Deferrable Mezzanine Floating Rate Notes due 2029 (the "**Class D Notes**"), €27,750,000 Class E Deferrable Junior Floating Rate Notes due 2029 (the "**Class E Notes**"), €11,800,000 Class F Deferrable Junior 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**"), €46,000,000 Subordinated Notes due 2029 (the "**Subordinated Notes**" and, together with the Rated Notes, the "**Notes**") of Avoca CLO XVI Designated Activity Company (the "**Issuer**") was authorised by a resolution of the board of Directors of the Issuer dated 23 June 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 around 30 June 2016 between (amongst others) the Issuer and The Bank of New York Mellon, London Branch 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 or will be entered into in relation to the Notes: (a) an agency agreement to be dated on or around 30 June 2016 (the "**Agency Agreement**") between, amongst others, the Issuer, The Bank of New York Mellon (Luxembourg) S.A., as registrar (the "**Registrar**", which term shall include any successor or substitute registrar appointed pursuant to the terms of the Agency Agreement) and as transfer agent (the "**Transfer Agent**", which term shall include any successor or substitute transfer agent, and together with the Registrar, the "**Transfer Agents**", and each a "**Transfer Agent**"), The Bank of New York Mellon, London Branch, as principal paying agent, account bank, calculation agent and custodian (respectively, "**Principal Paying Agent**", "**Account Bank**", "**Calculation Agent**" and "**Custodian**", which terms shall include any successor or substitute principal paying agent, account bank, calculation agent or custodian, respectively, appointed pursuant to the terms of the Agency Agreement), The Bank of New York Mellon SA/NV as Collateral Administrator (as defined below) and information agent (the "**Information Agent**" which term shall include any successor information agent appointed pursuant to the terms of the Agency Agreement) and the Trustee; (b) an investment management agreement to be dated on or around 30 June 2016 (the "**Investment Management Agreement**") between KKR Credit Advisors (Ireland), as investment manager in respect of the Portfolio (the "**Investment Manager**", which term shall include its permitted successors and assigns pursuant to the terms of the Investment Management Agreement), the Issuer, The Bank of New York Mellon SA/NV as Information Agent and collateral administrator (the "**Collateral Administrator**", which term shall include any successor collateral administrator appointed pursuant to the terms of the Investment Management Agreement), the Custodian and the Trustee; (c) a corporate services agreement between the Issuer and TMF Administration Services Limited as corporate services provider (the "**Corporate Services Provider**", which term shall include any successor corporate services provider appointed pursuant to the terms of the Corporate Services Agreement) dated 16 October 2015 (the "**Corporate Services Agreement**"); (e)

a subscription agreement between the Issuer and BNP Paribas as initial purchaser (the "**Initial Purchaser**") dated on or around 30 June 2016 (the "**Subscription Agreement**"); (f) a share charge between the Investment Manager as the charging company, the Issuer and the Trustee dated on or around 30 June 2016 (the "**Share Charge**") and (g) a purchase agreement relating to the Retention between the Issuer, the Retention Holder and the Initial Purchaser dated on or around 30 June 2016 (the "**Retention Note Purchase Agreement**"). Copies of the Trust Deed, the Agency Agreement and the Investment Management Agreement are available for inspection during usual business hours at the principal 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 all the provisions of the Trust Deed, and are deemed to have notice of all the provisions of the Agency Agreement and the Investment Management Agreement applicable to them.

1. Definitions

"**Accounts**" means the Principal Account, the Interest Account, the Unused Proceeds Account, the Payment Account, the Expense Reserve Account, the Collateral Enhancement Account, each Counterparty Downgrade Collateral Account, each Hedge Termination Account, each Asset Swap Account, the Interest Smoothing Account, the First Period Reserve Account, the Unfunded Revolver Reserve Account, the Custody Account and the Collection Account.

"**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 Business Day upon which the Refinancing occurs) to, but excluding, the first Payment Date (or in the case of a Class that is subject to Refinancing, the first Payment Date following the Refinancing) and each successive period from and including each Payment Date to, but excluding, the following Payment Date.

"**Adjusted Collateral Principal Amount**" means, as of any date of determination, an amount equal to:

- (a) the Aggregate Principal Balance of the Collateral Debt Obligations (other than Defaulted Obligations, Discount Obligations, Deferring Securities and Zero Coupon Obligations); plus
- (b) unpaid accrued interest purchased with Principal Proceeds (other than in respect of Defaulted Obligations); plus
- (c) 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
- (d) (x) in relation to a Deferring Security, the lesser of: (i) its S&P Collateral Value; and (ii) its Moody's Collateral Value, (y) in relation to a Defaulted Obligation, the lesser of: (i) its S&P Collateral Value; and (ii) its Moody's Collateral Value, provided that the Adjusted Collateral Principal Amount of a Defaulted Obligation that has been a Defaulted Obligation for more than three years after the date on which it became a Defaulted Obligation and continues to be a Defaulted Obligation on such date shall be zero, and (z) in relation to a Zero Coupon Obligation, the accreted value of such Zero Coupon Obligation; plus
- (e) the aggregate, for each Discount Obligation of the product of the (x) purchase price (expressed as a percentage of par and excluding accrued interest) and (y) Principal Balance of such Discount Obligation; minus
- (f) the Excess CCC/Caa Adjustment Amount; minus

- (g) for the purpose of determining any Par Value Ratio, any capital tax liability (or anticipated capital tax liability) of any Blocker Subsidiary related to an Ineligible Obligation and any amounts expected to be withheld at source or otherwise deducted in respect of taxes arising from any distribution relating to such Ineligible Obligation made (or anticipated to be made) by the relevant Blocker Subsidiary to the Issuer (unless such withholding or deduction can be sheltered by an application being made under the applicable double tax treaty or otherwise),

provided further that, (i) with respect to any Collateral Debt Obligation that satisfies more than one of the definitions of Defaulted Obligation, Discount Obligation, Zero Coupon Obligation or Deferring Security and/or that falls into the Excess CCC/Caa Adjustment Amount, such Collateral Debt Obligation shall, for the purposes of this definition, be treated as belonging to the category of Collateral Debt Obligations which results in the lowest Adjusted Collateral Principal Amount on such date of determination and (ii) in respect of paragraphs (c) to (g) above, any non-Euro amounts received shall be converted into Euro at the Applicable Exchange Rate.

"Administrative Expenses" means amounts due and payable by the Issuer in the following order of priority (in each case, other than where expressly set out below, including any reverse charge VAT thereon (and to the extent that such amounts relate to costs and expenses, such VAT to be limited to irrecoverable VAT)):

- (a) on a pro rata basis and pari passu, to (i) the Agents pursuant to the Agency Agreement and, in the case of the Information Agent and Collateral Administrator, the Investment Management Agreement (other than, in each case, by way of indemnity), and (ii) the Corporate Services Provider pursuant to the Corporate Services Agreement;
- (b) to each Reporting Delegate (other than by way of indemnity) pursuant to any Reporting Delegation Agreement;
- (c) on a pro rata and pari passu basis:
 - (i) to any Rating Agency which may from time to time be requested to assign (i) a rating to each of the Rated Notes, or (ii) a confidential credit estimate to any of the Collateral Debt Obligations, for fees and expenses (including surveillance fees) in connection with any such rating or confidential credit estimate including, in each case, the ongoing monitoring thereof and any other amounts due and payable to any Rating Agency under the terms of the Issuer's engagement with such Rating Agency;
 - (ii) to the independent certified public accountants, auditors, agents and counsel of the Issuer;
 - (iii) to the Investment Manager pursuant to the Investment Management Agreement (including indemnities provided for therein), but excluding any Investment Management Fees, the repayment of any Investment Manager Advances and any interest accrued thereon or any VAT payable thereon;
 - (iv) to any other Person in respect of any governmental fee or charge (for the avoidance of doubt excluding any taxes) or any statutory indemnity;
 - (v) to the Irish Stock Exchange, or such other stock exchange or exchanges upon which any of the Notes are listed from time to time;
 - (vi) on a pro rata basis to any other Person in respect of any other fees or expenses contemplated in the Conditions of the Notes (for the avoidance of doubt, other

than the repayment of any Investment Manager Advances and any interest accrued thereon) and in the Transaction Documents or any other documents delivered pursuant to or in connection with the issue and sale of the Notes, including, without limitation, an amount up to €10,000 per annum in respect of fees and expenses incurred by the Issuer (in its sole and absolute discretion) in assisting in the preparation, provision or validation of data for purposes of Noteholder tax jurisdictions;

- (vii) to the payment on a pro rata basis of any fees, expenses or indemnity payments in relation to the restructuring 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);
 - (ix) to the Agents pursuant to the Agency Agreement and, in the case of the Information Agent and Collateral Administrator, the Investment Management Agreement, in each case, by way of indemnity;
 - (x) to each Reporting Delegate pursuant to any Reporting Delegation Agreement, by way of indemnity;
 - (xi) to the Initial Purchaser pursuant to the Subscription Agreement in each case in respect of any indemnity payable to it thereunder; and
 - (xii) 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 Investment Manager) in connection with satisfying the requirements of Rule 17g-5, EMIR, CRA3, the AIFMD or the Dodd-Frank Act;
 - (ii) on a pro rata basis to any other Person (including the Investment Manager) in connection with satisfying the Retention Requirements or the requirements of the UCITS Directive including any costs or fees related to additional due diligence or reporting requirements;
 - (iii) FATCA Compliance Costs;
 - (iv) CRS Compliance Costs;
 - (v) reasonable fees, costs and expenses of the Issuer and Investment Manager including reasonable attorneys' fees of compliance by the Issuer and the Investment Manager with the United States Commodity Exchange Act of 1936, as amended (including rules and regulations promulgated thereunder);
- (e) any Refinancing Costs;
- (f) to any other Person in respect of any fees or expenses relating to any Blocker Subsidiary;
- (g) on a pro rata basis to the payment of any indemnities (to the extent not already covered in paragraphs (a) to (f) above) payable to any Person as contemplated in these Conditions or the Transaction Documents; and

- (h) on a pro rata basis to the payment of all other costs, expenses and fees reasonably incurred by the Issuer (to the extent not already covered in paragraphs (a) to (g) above),

provided that (x) the Investment 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 Investment 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 Investment 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.

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

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

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

For the purposes of this definition, control of a Person shall mean the power, direct or indirect, (A) to vote more than 50 per cent. of the securities having ordinary voting power for the election of directors of such Person, or (B) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

For the avoidance of doubt, **"Affiliate"** or **"Affiliated"** in relation to the Issuer and the Investment Manager shall not include portfolio companies in which funds managed or advised by the Affiliates of the Investment Manager hold an interest.

"Agent" means each of the Registrar, the Principal Paying Agent, each Transfer Agent, each Paying Agent, the Calculation Agent, the Account Bank, the Collateral Administrator, the Information Agent and the Custodian, and each of their permitted successors or assigns appointed as agents of the Issuer pursuant to the Agency Agreement or the Investment Management Agreement, as the case may be, 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 (other than the S&P CDO Monitor Test); and
 - (ii) determining whether an Event of Default has occurred in accordance with Condition 10(a)(iv) (*Collateral Debt Obligations*),

the Principal Balance of each Defaulted Obligation shall be excluded;

- (b) the Balances standing to the credit of the Principal Account and the Unused Proceeds Account (to the extent such amounts represent Principal Proceeds) and any Eligible Investments which represent Principal Proceeds (excluding, for the avoidance of doubt,

any interest accrued on Eligible Investments), *provided* that for the purposes of determining the Balances therein, Principal Proceeds to be used to purchase Collateral Debt Obligations in respect of which the Issuer has entered into a binding commitment to purchase the relevant Collateral Debt Obligations but such purchase(s) have not yet settled shall be excluded from the Balances in the calculation of the Aggregate Collateral Balance as if such purchase had been completed, and Principal Proceeds to be received from Collateral Debt Obligations in respect of which the Issuer has entered into a binding commitment to sell the relevant Collateral Debt Obligations but such sale(s) have not yet settled shall be included in the Balances in the calculation of the Aggregate Collateral Balance as if such sale had been completed; and

- (c) solely for the purposes of determining compliance with the Retention Requirements or in determining whether a Retention Deficiency has occurred, the Principal Balance of any Exchanged Security, any Collateral Enhancement Obligation 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.

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 the Principal Balances of such portion of the 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 regulation, technical standards and guidance related thereto 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 the 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 the AIFMD or the AIFMD Level 2 Regulation.

"Applicable Exchange Rate" means (i) in relation to any Asset Swap Obligation, the exchange rate set forth in the relevant Asset Swap Transaction; and (ii) in all other cases, 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.

"Article 404" means Articles 404-410 of Regulation (EU) No 575/2013 of the European Parliament and of the Council (as amended from time to time and as implemented by the Member States of the European Union), provided that any reference to Article 404 shall be

deemed to include any successor or replacement provisions included in any European Union directive or regulation.

"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 pro forma Master Agreement as may be published by ISDA from time to time), together with the schedule and confirmations 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 relevant Asset Swap Transaction, the applicable Rating Requirement (or whose obligations are guaranteed by a guarantor which satisfies the applicable Rating Requirement).

"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 the 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 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

Periodic Asset Swap Counterparty Payments 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 Periodic Asset Swap Counterparty Payments 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 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 or other person as notified by or on behalf of the Issuer to the Trustee who is authorised to act for the Issuer in matters relating to, and binding upon, the Issuer.

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

- (a) current balance of cash, demand deposits, time deposits, 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 its S&P Collateral Value and its Moody's 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's or plan's investment in such entity, but only to the extent of the percentage of the equity interests in such entity that are held by Benefit Plan Investors.

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

"Blocker Subsidiary" means an entity treated as a corporation for U.S. federal income tax purposes, 100 per cent. of the equity interests in which are owned directly or indirectly by the Issuer.

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

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

"Caa Obligations" means all Collateral Debt Obligations, excluding Defaulted Obligations, with a Moody's Rating of "Caa1" or lower.

"CCC Obligations" means all Collateral Debt Obligations, excluding Defaulted Obligations, with a S&P Rating of "CCC+" or lower.

"CCC/Caa Excess" means the amount equal to the greater of:

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

provided that:

- (i) in determining the Aggregate Collateral Balance for the purposes of paragraph (a) above, each Defaulted Obligation shall be deemed to have a Principal Balance equal to its S&P Collateral Value;
- (ii) in determining the Aggregate Collateral Balance for the purposes of paragraph (b) above, each Defaulted Obligation shall be deemed to have a Principal Balance equal to its Moody's Collateral Value; and
- (iii) in determining which of the CCC Obligations or Caa Obligations, as applicable, shall be included under paragraph (a) or (b) above, the CCC Obligations or Caa Obligations, as applicable, with the lowest Market Value (assuming that such Market Value is expressed as a percentage of the Principal Balance of such Collateral Debt Obligations as of such date of determination) shall be deemed to constitute the CCC/Caa Excess.

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

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

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

"Class A/B Interest Coverage Ratio" means, as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the sum of the scheduled interest payments 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 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 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 128.74 per cent.

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

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

"Class C Interest Coverage Ratio" means, as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the sum of the scheduled interest payments 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 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 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 119.85 per cent.

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

"Class D Interest Coverage Ratio" means, as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date, the ratio (expressed as

a percentage) obtained by dividing the Interest Coverage Amount by the sum of the scheduled interest payments 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 payable on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

"Class D Interest Coverage Test" means the test which will apply as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date and which will be satisfied on such Measurement Date if the Class D Interest Coverage Ratio is at least equal to 105 per cent.

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

"Class D Par Value Ratio" means, as of any Measurement Date on and after the Effective Date, the ratio (expressed as a percentage) obtained by dividing (a) the amount equal to the Adjusted Collateral Principal Amount by (b) the sum of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, 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 114.28 per cent.

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

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

"Class E Interest Coverage Test" means the test which will apply as of any Measurement Date occurring on and after the Determination Date immediately preceding the second Payment Date and which will be satisfied on such Measurement Date if the Class E Interest Coverage Ratio is at least equal to 102 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 106.61 per cent.

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

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

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

and **"Class of Noteholders"** and **"Class"** shall be construed accordingly.

"Collateral" means (i) the property, assets and rights described in Condition 4(a) (*Security*) which are charged and assigned to the Trustee from time to time for the benefit of the Secured Parties pursuant to the Trust Deed and (ii) the property, assets and rights described in the Share Charge which are charged to the Trustee from time to time for the benefit of the Secured Parties pursuant to such Share Charge.

"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 (including by way of Participation) and held by or on behalf of the Issuer from time to time (or, if the context so requires, to be purchased and held by or on behalf of the Issuer) and which satisfies the Eligibility Criteria. References to Collateral Debt Obligations shall include Non-Euro Obligations but 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 solely in the calculation of the Portfolio Profile Tests, the Collateral Quality Tests, the Coverage Tests and the Reinvestment Overcollateralisation Test at any time as if such purchase had been completed; and Collateral Debt Obligations in respect of which the Issuer has entered into a binding commitment to sell but which have not yet settled shall be excluded as Collateral Debt Obligations in the calculation of the Portfolio Profile Tests, the Collateral Quality Tests, the Coverage Tests and the Reinvestment Overcollateralisation Test as if such sale had been completed. The failure of any obligation to satisfy the Eligibility Criteria at any time after the Issuer or the Investment Manager on behalf of the Issuer has entered into a binding agreement to purchase it, shall not cause such obligation to cease to constitute a Collateral Debt Obligation 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 entitled 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 Investment Manager which amounts shall not exceed €500,000 in the aggregate for any Payment Date or an aggregate amount for all applicable Payment Dates of €15,000,000.

"Collateral Enhancement Obligation" means any warrant, equity security or, at the designation of the Investment Manager, debt security, excluding Exchanged Securities, but including without limitation, warrants relating to Mezzanine Obligations and any equity security or, at the designation of the Investment Manager, debt 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, equity security or, at the designation of the Investment Manager, debt security, purchased as part of a unit with a Collateral Debt Obligation (but in all cases, excluding, for the avoidance of doubt, the Collateral Debt Obligation), in each case, the acquisition of which will not result in the imposition of any present or future, actual or contingent liabilities or obligations on the Issuer other than those which may arise at its option. For the avoidance of doubt, any asset which would satisfy the Eligibility Criteria upon acquisition shall constitute a Collateral Debt Obligation and not a Collateral Enhancement Obligation.

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

- (a) so long as any Notes rated by S&P are Outstanding (from the Effective Date and until the expiry of the Reinvestment Period only), the S&P CDO Monitor Test;
- (b) so long as any Notes rated by Moody's are Outstanding:
 - (i) the Moody's Minimum Diversity Test;
 - (ii) the Moody's Maximum Weighted Average Rating Factor Test; and
 - (iii) the Moody's Minimum Weighted Average Recovery Rate Test; and
- (c) so long as any Rated Notes are Outstanding:
 - (i) the Minimum Weighted Average Spread Test;
 - (ii) the Minimum Weighted Average Fixed Coupon Test; and
 - (iii) the Weighted Average Life Test,

each as defined in the Investment Management Agreement.

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

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 withholding tax (other than where such withholding tax is compensated for by a "gross up" provision in the terms of the Collateral Debt Obligation or such requirement to withhold is eliminated pursuant to a double taxation treaty or otherwise so that the Issuer as holder thereof either directly or indirectly through a Participation is held completely harmless from the full amount of such withholding tax on an after tax basis) so that the aggregate amount of such withholding tax on all Collateral Debt Obligations in relation to such Due Period is equal to or in excess of 6 per cent. of the aggregate interest payments due (for the avoidance of doubt, excluding any additional interest arising as a result of the operation of any gross up provision) on all Collateral Debt Obligations in relation to such Due Period.

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

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

"Companies Act 2014" means the Companies Act 2014 of Ireland.

"Constitution" means the memorandum and articles of association of the Issuer.

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

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

"Corporate Rescue Loan" means, as determined by the Investment Manager, any interest in a syndicated loan or financing facility that is acquired directly by way of assignment or novation or indirectly by way of Participation which is paying interest and principal if applicable on a current basis, has a Moody's Rating determined in accordance with paragraphs (a)(i), (ii) or (iii) or (b)(i), (ii), (iii) or (iv) of the definition of "Moody's Rating" of not lower than "Caa3", and either:

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

Procedure) and which order provides that (x) such Corporate Rescue Loan is secured by liens on the Debtor's otherwise unencumbered assets pursuant to § 364(c)(2) of the United States Bankruptcy Code; or (y) such Corporate Rescue Loan is secured by liens of equal or senior priority on property of the Debtor's estate that is otherwise subject to a lien pursuant to § 364(d) of the United States Bankruptcy Code; or (z) such Corporate Rescue Loan is secured by junior liens on the Debtor's encumbered assets and such Corporate Rescue Loan is fully secured based upon a current valuation or appraisal report; or (aa) if the Corporate Rescue Loan or any portion thereof is unsecured, the repayment of such Corporate Rescue Loan retains priority over all other administrative expenses pursuant to § 364(c)(1) of the United States Bankruptcy Code; or

- (b) is a credit facility or other advance made available to a company or group in a restructuring or insolvency process with main proceedings outside of the United States 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 secured 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) 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.

"Counterparty Downgrade Collateral Account Surplus" has the meaning given thereto in Condition 3(j)(v)(2)(c) (*Counterparty Downgrade Collateral Accounts*).

"Covenants" means the Incurrence Covenants and the Maintenance Covenants.

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

"Cov-Lite Loan" means a Collateral Debt Obligation, as determined by the Investment Manager in its reasonable commercial judgement, that is an interest in a syndicated loan, the Underlying Instruments for which do not (i) contain any financial covenants or (ii) require the borrower thereunder to comply with any Maintenance Covenant (regardless of whether compliance with one or more Incurrence Covenants is otherwise required by such Underlying Instruments), provided that, for all purposes, a syndicated loan described in (i) or (ii) above which either contains a cross-default with or a cross-acceleration provision to, or is *pari passu* with, another loan of the underlying obligor that requires the underlying obligor to comply with a Maintenance Covenant will be deemed not to be a Cov-Lite Loan (for the avoidance of doubt, for the purposes of this proviso, compliance with a Maintenance Covenant may be required only while such other loan is funded above a certain threshold).

"CRA3" means Regulation EC 1060/2009 on credit rating agencies as may be amended, supplemented or replaced including any implementing and/or delegated regulation, technical standards and guidance related thereto.

"Credit Impaired Obligation" means any Collateral Debt Obligation that, in the Investment Manager's reasonable commercial judgement, has a significant risk of declining in credit quality or price or satisfies the Credit Impaired Obligation Criteria; provided that at any time during a Restricted Trading Period and following the expiry of the Reinvestment Period, a Collateral Debt Obligation will qualify as a Credit Impaired Obligation for purposes of sales of Collateral Debt Obligations 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 votes to treat such Collateral Debt Obligation as a Credit Impaired Obligation.

"Credit Impaired Obligation Criteria" means the criteria that will be met in respect of a Collateral Debt Obligation if any of the following apply to such Collateral Debt Obligation, as determined by the Investment Manager in its commercially reasonable judgement:

- (a) if such Collateral Debt Obligation is a Floating Rate Collateral Debt Obligation, the price of such Collateral Debt Obligation has changed during the period from the date on which the Issuer entered into a binding commitment to purchase such Collateral Debt Obligation to the proposed date the Issuer intends to enter into a binding commitment to sell such Collateral Debt Obligation by a percentage which is (i) in the case of Secured Senior Loans or Secured Senior Bonds, either at least 0.25 per cent. more negative or at least 0.25 per cent. less positive and (ii) in the case of Unsecured Senior Loans, Second Lien Loans, Mezzanine Obligations or High Yield Bonds, either at least 0.5 per cent. more negative or at least 0.5 per cent. less positive, in each case, than the percentage change in the average price of the applicable Eligible Loan Index 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 Investment Manager acting on behalf of the Issuer entered into a binding commitment to purchase such obligation by a percentage either at least 1.0 per cent. more negative or at least 1.0 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 Investment Manager;
- (c) the price of such Collateral Debt Obligation has decreased by at least 1.0 per cent. of the price paid by the Issuer for such Collateral Debt Obligation;
- (d) if such Collateral Debt Obligation is a Floating Rate Collateral Debt Obligation, the spread over the applicable reference rate for such Collateral Debt Obligation has been increased in accordance with the underlying Collateral Debt Obligation since the date the Issuer or the Investment 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 such a Collateral Debt Obligation with a spread (prior to such increase) less than or equal to 2.0 per cent.), (2) 0.375 per cent. or more (in the case of such a Collateral Debt Obligation with a spread (prior to such increase) greater than 2.0 per cent. but less than or equal to 4.0 per cent.) or (3) 0.5 per cent. or more (in the case of such a Collateral Debt Obligation with a spread (prior to such increase) greater than 4.0 per cent.), due to a deterioration in the Obligor's financial ratios or financial results;
- (e) if such Collateral Debt Obligation has a projected cash flow interest coverage ratio (earnings before interest and taxes divided by cash interest expense as estimated by the Investment Manager) of the Obligor of such Collateral Debt Obligation of less than 1.0

or that is expected to be less than 0.85 times the current year's projected cash flow interest coverage ratio; or

- (f) it has been downgraded by any Rating Agency by at least one rating sub-category or has been placed and remains on a watch list for possible downgrade or on negative outlook by either Rating Agency since it was acquired by the Issuer.

"Credit Improved Obligation" means any Collateral Debt Obligation which, in the Investment Manager's reasonable commercial judgement (*provided* that in forming such judgement, a reduction in credit spread or an increase in market value of a Collateral Debt Obligation may only be utilised as corroboration of other bases for such judgement), has significantly improved in credit quality after it was acquired by the Issuer or satisfies the Credit Improved Obligation Criteria; *provided* that during a Restricted Trading Period and following the expiry of the Reinvestment 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 votes to treat such Collateral Debt Obligation as a Credit Improved Obligation.

"Credit Improved Obligation Criteria" means the criteria that will be met in respect of a Collateral Debt Obligation if any of the following apply to such Collateral Debt Obligation, as determined by the Investment Manager in its commercially reasonable judgement:

- (a) the Sale Proceeds (excluding Sale Proceeds that constitute Interest Proceeds) of such Collateral Debt Obligation would be at least 101.0 per cent. of the purchase price paid by the Issuer at the time of its acquisition;
- (b) if such Collateral Debt Obligation is a Floating Rate Collateral Debt Obligation, the price of such Collateral Debt Obligation has changed during the period from the date on which the Issuer or the Investment Manager acting on behalf of the Issuer entered into a binding commitment to purchase such obligation to the proposed sale date by a percentage either at least 0.25 per cent. more positive, or 0.25 per cent. less negative, as the case may be, than the percentage change in the average price of the applicable Eligible Loan Index over the same period;
- (c) if such Collateral Debt Obligation is a Fixed Rate Collateral Debt Obligation which is a bond or security, the price of such obligation has changed since the date the Issuer or the Investment Manager acting on behalf of the Issuer entered into a binding commitment to purchase such obligation by a percentage either at least 1.0 per cent. more positive or at least 1.0 per cent. less negative than the percentage change in the Eligible Bond Index over the same period, as determined by the Investment Manager;
- (d) if such Collateral Debt Obligation is a Floating Rate Collateral Debt Obligation, the spread over the applicable reference rate for such Collateral Debt Obligation has been decreased in accordance with the underlying Collateral Debt Obligation since the date the Issuer or the Investment Manager acting on behalf of the Issuer entered into a binding commitment to purchase such obligation by (1) 0.3 per cent. or more (in the case of such a Collateral Debt Obligation with a spread (prior to such decrease) less than or equal to 2.0 per cent.), (2) 0.375 per cent. or more (in the case of such a Collateral Debt Obligation with a spread (prior to such decrease) greater than 2.0 per cent. but less than or equal to 4.0 per cent.) or (3) 0.5 per cent. or more (in the case of such a Collateral Debt Obligation with a spread (prior to such decrease) greater than 4.0 per cent.) due, in each case, to an improvement in the Obligor's financial ratios or financial results;
- (e) it has a projected cash flow interest coverage ratio (earnings before interest and taxes divided by cash interest expense as estimated by the Investment Manager) of the Obligor

of such Collateral Debt Obligation that is expected to be more than 1.15 times the current year's projected cash flow interest coverage ratio; or

- (f) it has been upgraded by any Rating Agency by at least one rating sub-category or has been placed and remains on a watch list for possible upgrade or on positive outlook by either Rating Agency since it was acquired by the Issuer.

"**CRR**" means Regulation (EU) No. 575/2013 as may be effective from time to time together with any amendments or any successor or replacement provisions included in any European Union directive or regulation.

"**CRR Retention Requirements**" means Article 404 together with the Final Technical Standards and any other guidelines, implementing or delegated regulations and technical standards published in relation thereto by the European Supervisory Authorities (jointly or individually) or the European Commission as may be effective from time to time, provided that any reference to Article 404 or to the CRR Retention Requirements shall be deemed to include any successor or replacement provisions included in any European Union directive or regulation.

"**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 Investment 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 that:

- (a) in respect of which the Investment Manager believes, in its reasonable business judgement, 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 bankruptcy or insolvency proceedings, a bankruptcy court has authorised the payment of interest and principal payments when due thereunder;
- (c) the Collateral Debt Obligation has a Market Value of at least 80 per cent. of its current Principal Balance; and
- (d) if any Rated Notes are then rated by Moody's:
 - (i) the Collateral Debt Obligation has a Moody's Rating of at least "Caa1" and a Market Value of at least 80 per cent. of its Principal Balance; or
 - (ii) the Collateral Debt Obligation has a Moody's Rating of "Caa2" and its Market Value is at least 85 per cent. of its Principal Balance.

"**Custody Account**" means the custody account or accounts held outside Ireland 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).

"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 including any due and unpaid scheduled amounts thereunder in respect of which the Hedge Counterparty was either:

- (a) the "Defaulting Party" (as defined in the applicable Hedge Agreement); or
- (b) the sole "Affected Party" (as such term is defined in the applicable Hedge Agreement) in respect of:
 - (i) any termination event, howsoever described, resulting from a rating downgrade of the Hedge Counterparty and/or its failure or inability to take any specified action in relation to such rating downgrade within any specified period within the applicable Hedge Agreement; or
 - (ii) in respect of a termination event that is a "Tax Event Upon Merger" (as defined in the applicable Hedge Agreement).

"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 Investment Manager:

- (a) in respect of which there has occurred and is continuing a default with respect to the payment of interest or principal, disregarding any grace periods applicable thereto provided that in the case of any Collateral Debt Obligation in respect of which the Investment Manager has confirmed to the Trustee in writing that, to the knowledge of the Investment Manager, such default has resulted from non-credit related causes, such Collateral Debt Obligation shall not constitute a "Defaulted Obligation" for the lesser of five Business Days, 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;
- (c) in respect of which the Investment 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 an S&P Rating of "SD", "D", "CC" or below or had such S&P Rating immediately prior to its withdrawal by S&P; or (ii) 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;
- (e) which the Investment Manager, acting on behalf of the Issuer, determines in its reasonable business judgement 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 Principal Balance of all Collateral Debt Obligations which constitute Current Pay Obligations exceeding 2.5 per cent. of the Aggregate Collateral Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be the lesser of its S&P Collateral Value and its Moody's Collateral Value);
- (g) 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 par amount) of such Obligor and in the reasonable business judgement of the Investment Manager, such offer has the apparent purpose of helping the Obligor avoid default; provided, however, such obligation will cease to be a Defaulted Obligation under this paragraph if such new obligation is (i) a Restructured Obligation; and (ii) such Restructured Obligation does not otherwise constitute a Defaulted Obligation pursuant to any other paragraph of the definition hereof; or
- (h) which is a Participation:
 - (i) with respect to which the Selling Institution has defaulted in any respect in the performance of any of its payment obligations under the Participation; or
 - (ii) in an obligation that would, if such obligation were a Collateral Debt Obligation, constitute a "Defaulted Obligation" or with respect to which the Selling Institution has (A) an S&P Rating of "SD", "D", "CC" or below or had such S&P Rating immediately before such rating was withdrawn by S&P or (B) a Moody's Rating of "Ca" or "C" or below or had such Moody's Rating immediately prior to its withdrawal by Moody's,

provided that (i) a Collateral Debt Obligation which 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 (g) hereof, (ii) save in the case of (f) above, a Collateral Debt Obligation which is a Current Pay Obligation shall not constitute a Defaulted Obligation, and (iii) any Collateral Debt Obligation shall cease to be a Defaulted Obligation on the date such obligation no longer satisfies this definition of "Defaulted Obligation".

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

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

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

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

"Deferring Security" means a PIK Obligation that is deferring the payment of the current cash interest due thereon and has been so deferring the payment of such interest due thereon: (i) with respect to Collateral Debt Obligations that have a Moody's Rating of at least "Baa3", for the shorter of two consecutive accrual periods or one year; and (ii) with respect to Collateral Debt Obligations that have a Moody's Rating of "Ba1" or below, for the shorter of one accrual period or six consecutive months, which deferred capitalised interest has not, as of the date of determination, been paid in cash.

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

"Delayed Drawdown Collateral 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.

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

"Determination Date" means the last day of each Due Period.

"Directors" means 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 Swapped Non-Discount Obligation and that the Investment Manager determines:

- (a) in the case of any Floating Rate Collateral Debt Obligations, is acquired by the Issuer for a purchase price of less than 80 per cent. of the Principal Balance of such Collateral Debt Obligation (or, if such interest has a Moody's Rating below "B3", such interest is acquired by the Issuer for a purchase price of less 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 interest has a Moody's Rating below "B3", such interest is acquired by the Issuer for a purchase price of less 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 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 (1) the discounted portion of such Collateral Debt Obligation and (2) the non-discounted portion of such Collateral Debt Obligation.

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

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

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

- (a) except as provided in clause (b) below, its country of organisation or incorporation; or
- (b) the jurisdiction and the country in which, in the Investment Manager's reasonable judgement, 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 Investment 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 the Issue Date and ending at the close of business on the last Business Day of the month prior to the first Payment Date; and (ii) with respect to any other Payment Date, the period commencing on the day immediately following the prior Due Period and ending (a) in the case of the final Due Period preceding the latest Maturity Date of any Class of Notes, on the day preceding such Maturity Date, (b) in the case of the final Due Period preceding an optional redemption in whole in accordance with Condition 7(b) (*Optional Redemption*) or Condition 7(g) (*Redemption Following Note Tax Event*) or an Unscheduled Payment Date, on the day preceding such Payment Date and (c) in any other case, at the close of business on the last Business Day of the month prior to such Payment Date.

"EBA" means the European Banking Authority (including any successor or replacement organisation thereto).

"Effective Date" means the earlier of:

- (a) the date designated as such by the Investment Manager by written notice to the Trustee, the Issuer, the Rating Agencies and the Collateral Administrator pursuant to the Investment Management Agreement, subject to the Effective Date Determination Requirements having been satisfied; and
- (b) 30 December 2016 (or, if such day is not a Business Day, the next following Business Day).

"Effective Date Class E Par Value Ratio" means the Class E Par Value Ratio as at the Effective Date.

"Effective Date Determination Requirements" means, as at the Effective Date, each of the Portfolio Profile Tests, the Collateral Quality Tests and the Coverage Tests (save for the Interest Coverage Tests) being satisfied on such date, and the Issuer having acquired or having entered into binding commitments to acquire Collateral 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 not subsequently reinvested shall be disregarded and the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be the lesser of its S&P Collateral Value and its Moody's Collateral Value).

"Effective Date Moody's Condition" means a condition satisfied if (a) the Trustee is provided with an accountants' certificate recalculating and confirming the Aggregate Principal Balance of all Collateral Debt Obligations to be purchased or committed to be purchased as at such date and the computations and results of the Portfolio Profile Tests, Collateral Quality Tests and Coverage Tests (other than the Interest Coverage Tests) and confirming that the Effective Date Determination Requirements have been met and (b) Moody's is provided with the Effective Date Report.

"Effective Date Rating Event" means any of:

- (a) (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 the Effective Date Determination Requirements and (ii) either (A) the failure by the Investment Manager (acting on behalf of the Issuer) to present a Rating Confirmation Plan to the Rating Agencies or, (B) following request therefor from the Investment Manager, Rating Agency Confirmation has not been obtained for the Rating Confirmation Plan;
- (b) following the Effective Date, Rating Agency Confirmation from S&P not having been received in connection with the Effective Date; or
- (c) the Effective Date Moody's Condition not being satisfied and, following a request therefor from the Investment 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 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 Investment Management Agreement.

"EIOPA" means the European Insurance and Occupational Pensions Authority (including any successor or replacement organisation thereto).

"Eligibility Criteria" means the Eligibility Criteria specified in the Investment Management Agreement which are required to be satisfied in respect of each Collateral Debt Obligation acquired by the Investment 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 Asset" means a financial asset, either fixed or revolving, that by its terms converts into cash within a finite time period plus any rights or other assets designed to assure the servicing or timely distribution of proceeds to security holders.

"Eligible Bond Index" means Markit iBoxx EUR High Yield Index or any other index proposed by the Investment Manager and subject to receipt of Rating Agency Confirmation from Moody's.

"Eligible Investments" means any investment denominated in Euro that is one or more of the following obligations or securities (other than obligations or securities which are Zero Coupon

Obligations), including, without limitation, any Eligible Investments for which the Agents, the Trustee or the Investment Manager or an Affiliate of any of them provides services:

- (a) direct obligations of, and obligations the timely payment of principal of and interest under which is fully and expressly guaranteed by, a Qualifying Country or any agency or instrumentality of a Qualifying Country, the obligations of which are fully and expressly guaranteed by a Qualifying Country (provided such guarantee satisfies the then current S&P guarantee criteria and, in each case the Eligible Investments Minimum Rating (but excluding (i) "General Services Administration" participation certificates; (ii) "U.S. Maritime Administration guaranteed Title XI financings"; (iii) "Financing Corp. debt obligations"; (iv) "Farmers Home Administration Certificates of Beneficial Ownership"; and (v) "Washington Metropolitan Area Transit Authority guaranteed transit bonds"));
- (b) demand and time deposits in, certificates of deposit of and bankers' acceptances issued by any depository institution (including the Account Bank) or trust company incorporated under the laws of a Qualifying Country with, in each case, a maturity of no more than ninety days or, following the occurrence of a Frequency Switch Event, one hundred and eighty 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 such depository institution or trust company at the time of such investment or contractual commitment each 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 sold at a discount to the face amount thereof and have a maturity of not more than ninety two days or, following the occurrence of a Frequency Switch Event, one hundred and eighty-three days from their date of issuance;
- (f) offshore funds domiciled outside the United States investing in the money markets rated, at all times, "AAAm" by S&P and "Aaa-mf" by Moody's, provided that such fund issues shares, units or participations that may be lawfully acquired in Ireland;
- (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;
- (ii) which has a rating not less than the applicable Eligible Investments Minimum Rating; and
- (iii) is an Eligible Asset (so long as the Portfolio Acquisition and Disposition Requirements are applicable),

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, either (A) has a Collateral Debt Obligation Stated Maturity (giving effect to any applicable grace period) which is the earlier of (x) 365 days and (y) the Business Day immediately preceding the next following Payment Date or (B) is capable of being liquidated at par on demand without penalty, provided, however, that Eligible Investments shall not include any security subject to withholding or similar taxes (other than Taxes imposed under FATCA), any mortgage backed security, interest only security, security rated with an "r", "t", "f" or "sf" subscript or any other qualifying subscript by S&P and only assets which are "qualifying assets" within the meaning of Section 110 of the Taxes Consolidation Act 1997 as amended of Ireland may constitute Eligible Investments.

"Eligible Investments Minimum Rating" means:

- (a) for so long as any Notes rated by S&P are Outstanding:
 - (i) in the case of Eligible Investments with a Collateral Debt Obligation Stated Maturity of more than 60 days:
 - (A) a long-term senior unsecured debt or issuer (as applicable) credit rating of at least "AA-" from S&P; or
 - (B) a short-term senior unsecured debt or issuer credit rating of "A-1+" from S&P; or
 - (ii) a short term debt or issuer (as applicable) credit rating of at least "A-1" from S&P in the case of Eligible Investments with a Collateral Debt Obligation Stated Maturity of 60 days or less; and
- (b) for so long any Notes rated by Moody's are Outstanding:
 - (i) where such commercial paper or debt obligations do not have a short-term senior unsecured debt or issuer (as applicable) credit rating from Moody's, a long-term senior unsecured debt or issuer (as applicable) credit rating of "Aaa" from Moody's; or
 - (ii) where such commercial paper or debt obligations have a short-term senior unsecured debt or issuer (as applicable) credit rating, such short-term rating is "P-1" from Moody's and the long-term senior unsecured debt or issuer (as applicable) credit rating is at least "A1" from Moody's.

"Eligible Loan Index" means the Credit Suisse Western European Leveraged Loan Index, S&P European Leveraged Loan Index or any other publicly-available index selected by the Investment Manager and notified to S&P and Moody's.

"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.

"ESMA" means the European Securities and Markets Authority (including any successor or replacement organisation thereto).

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

- (a) in the case of the initial Accrual Period, pursuant to a straight line interpolation of the rates applicable to 6 and 9 month Euro deposits;
- (b) in the case of each six month Accrual Period, as applicable to six month Euro deposits or, in the case of the period from, and including, the final Payment Date before the Maturity Date to, but excluding, the Maturity Date, if such first mentioned Payment Date falls in April 2029, as applicable to three month Euro deposits; and
- (c) at all other times, as applicable to three 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).

"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 from time to time.

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

"European Supervisory Authorities" means, together, the EBA, ESMA and EIOPA.

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

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

- (a) the Aggregate Principal Balance of all Collateral Debt Obligations included in the CCC/Caa Excess; over
- (b) the aggregate of, with respect to the Collateral Debt Obligations included in the CCC/Caa Excess, the product of (i) the Market Value (assuming that such Market Value is expressed as a percentage of the Principal Balance of such Collateral Debt Obligation as of such date of determination) and (ii) the Principal Balance in each case of 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) for so long as it does not satisfy the Restructured Obligation Criteria on the Restructuring Date.

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

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

"FATCA" means:

- (a) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (the "**Code**") or any associated regulations or other official guidance;
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or
- (c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the IRS, the U.S. government or any governmental or taxation authority in any other jurisdiction.

"FATCA Compliance" means compliance with FATCA (including, but not limited to, as necessary so that no tax will be imposed or withheld under those sections in respect of payments to or for the benefit of Issuer).

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

"Final Technical Standards" means the Delegated Regulation (EU) No. 625/2014, supplementing the CRR.

"First-Lien Last-Out Loan" means a syndicated loan obligation or Participation in a syndicated loan obligation that: (a) by its terms becomes subordinate in right of payment to any other obligation of the Obligor of the loan solely upon the occurrence of a default or event of default by the Obligor of the loan and (b) 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. For the avoidance of doubt, a First-Lien Last-Out Loan shall be treated in all cases as if it is a Second Lien Loan.

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

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

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

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

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

"Form-Approved Asset Swap Agreement" means an Asset Swap Transaction pursuant to an Asset Swap Agreement, the documentation for and structure of which conforms (save for the amount and timing of periodic payments, the name and economics of the related Collateral Debt Obligation, the notional amount, the effective date, the termination date and other consequential and immaterial changes) to a form previously presented to the Rating Agencies and in respect of which Rating Agency Confirmation has been received, provided that Rating Agency Confirmation shall be deemed to have been so received in respect of any such form that has been reviewed and approved by the Rating Agencies prior to the Issue Date.

"Form-Approved Interest Rate Hedge Agreement" means an Interest Rate Hedge Transaction pursuant to an Interest Rate Hedge Agreement, the documentation for and structure of which conforms (save for the amount and timing of periodic payments, the name and economics of the related Collateral Debt Obligation, the notional amount, the effective date, the termination date and other consequential and immaterial changes) to a form previously presented to the Rating Agencies and in respect of which Rating Agency Confirmation has been received, provided that Rating Agency Confirmation shall be deemed to have been so received in respect of any such form that has been reviewed and approved by the Rating Agencies prior to the Issue Date.

"Frequency Switch Event" shall occur if, on any Frequency Switch Measurement Date:

- (a) (i) the Aggregate Principal Balance (determined in accordance with the definition thereof, excluding Defaulted Obligations) of Collateral Debt Obligations that reset so as to become Semi-Annual Obligations in the previous Due Period (or where such Due Period is the first Due Period, in the last three months of such Due Period), is greater than or equal to 20 per cent. of the Aggregate Collateral Balance (the Aggregate Collateral Balance being determined in accordance with the definition thereof, excluding Defaulted Obligations); (ii) for so long as any of (w) the Class A Notes or the Class B Notes remain outstanding, the Class A/B Interest Coverage Ratio is less than 100 per cent. (and provided that for such purpose, paragraphs (b) and (f) of the definition of Interest Coverage Amount shall be deemed to be equal to zero) or (x) the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, as applicable, constitute the Controlling Class, the related Interest Coverage Ratio for such Class is less than 100 per cent. (and provided that for such purpose, paragraphs (b) and (f) of the definition of Interest Coverage Amount shall be deemed to be equal to zero); and (iii) for so long as any of (y) the Class A Notes or the Class B Notes remain outstanding, the Class A/B Interest Coverage Ratio is greater than 100 per cent. (and provided for such purpose, (1) paragraphs (b) and (f) of the definition of Interest Coverage Amount shall be deemed to be equal to zero (2) accrued interest of Semi-Annual Obligations referred to in (a)(i) above shall be added to the numerator of the Class A/B Interest Coverage Ratio and (3) amounts standing to the credit of the Principal Account shall be added to the numerator of the Class A/B Interest Coverage Ratio) or (z) the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, as applicable, constitute the Controlling Class, the related Interest Coverage Ratio for such Class is greater than 100 per cent. (and provided for such purpose, (1) paragraphs (b) and (f) of the definition of Interest Coverage Amount shall be deemed to be equal to zero (2) accrued interest of Semi-Annual Obligations referred to in (a)(i) above shall be added to the numerator of the relevant Interest Coverage Ratio and (3) amounts standing to the credit of the Principal Account shall be added to the numerator of the relevant Interest Coverage Ratio); or

- (b) the Investment Manager declaring in its sole discretion that a Frequency Switch Event shall have occurred (*provided that* for so long as any of (x) the Class A Notes or the Class B Notes remain outstanding, the Class A/B Interest Coverage Ratio is greater than 100 per cent. (and provided for such purpose, (1) paragraphs (b) and (f) of the definition of Interest Coverage Amount shall be deemed to be equal to zero (2) accrued interest of Semi-Annual Obligations referred to in (a)(i) above shall be added to the numerator of the Class A/B Interest Coverage Ratio and (3) amounts standing to the credit of the Principal Account shall be added to the numerator of the Class A/B Interest Coverage Ratio) or (y) the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, as applicable, constitute the Controlling Class, the related Interest Coverage Ratio for such Class is greater than 100 per cent. (and provided for such purpose, (1) paragraphs (b) and (f) of the definition of Interest Coverage Amount shall be deemed to be equal to zero (2) accrued interest of Semi-Annual Obligations referred to in (a)(i) above shall be added to the numerator of the relevant Interest Coverage Ratio and (3) amounts standing to the credit of the Principal Account shall be added to the numerator of the relevant Interest Coverage Ratio)),

in each case, (but, in respect of a Frequency Switch Event occurring under limb (a) above, only upon receipt of notice from the Collateral Administrator of the same), that has been notified in writing by the Investment Manager to the Rating Agencies, the Calculation Agent, the Issuer, the Principal Paying Agent, the Trustee, the Transfer Agents and the Registrar, and (with respect to a Frequency Switch Event which has occurred under limb (b) of the definition thereof only) the Collateral Administrator.

"Frequency Switch Measurement Date" means each Determination Date from (and including) the Determination Date immediately preceding the second Payment Date, provided that following the occurrence of a Frequency Switch Event, no further Frequency Switch Measurement Date shall occur.

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

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

"Hedge Agreement" means any Interest Rate Hedge Agreement or any Asset Swap Agreement, as applicable.

"Hedge Agreement Eligibility Criteria" means, at the time that the Hedge Agreement is entered into, the following criteria:

- (a) 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 applicable Collateral Debt Obligation;
- (b) 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;
- (c) the relevant Hedge Transaction does not change the tenor of the applicable Collateral Debt Obligation;

- (d) the relevant Hedge Transaction does not leverage exposure to the applicable Collateral Debt Obligation or otherwise inject leverage into the Issuer's exposure;
- (e) 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 applicable Collateral Debt Obligation;
- (f) the relevant Hedge Transaction is documented pursuant to an ISDA Master Agreement, including pursuant to a confirmation for each Hedge Transaction thereunder;
- (g) payment dates under the relevant Hedge Transaction correspond to or occur on or about Payment Dates or the relevant Collateral Debt Obligation payment dates;
- (h) the notional amount of the relevant Hedge Transaction will decline in line with the principal amount of the relevant Collateral Debt Obligation;
- (i) in the Investment Manager's view, in the context of the transaction as a whole, the relevant Hedge Transaction will not change the Noteholders' investment experience in any material way by virtue thereof;
- (j) either (i) the relevant Hedge Transaction must terminate 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 applicable Collateral Debt Obligation is sold or matures and at the time the relevant Hedge Transaction is entered into the Investment Manager intends to cause the Issuer to exercise such right; and
- (k) for so long as the Issuer relies on Rule 3a-7 under the Investment Company Act, such Hedge Transaction is designed to assure the servicing or timely distribution of proceeds to security holders.

"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 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 which, on acquisition by the Issuer, is either rated below investment grade by at least one internationally recognised credit rating agency (provided that, if such debt security is, at any time following acquisition by the Issuer, no longer rated by

at least one internationally recognised credit rating agency as below investment grade it will not, as a result of such change in rating, fall outside this definition) or which is a high yielding debt security, in each case as determined by the Investment Manager, excluding any debt security which is secured directly on, or represents the ownership of, a pool of consumer receivables, auto loans, auto leases, equipment leases, home or commercial mortgages, corporate debt or sovereign debt obligations or similar assets, including, without limitation, collateralised bond obligations, collateralised loan obligations or any similar security and which is not a Secured Senior Bond.

"Holder FATCA Information" means information requested by or on behalf of the Issuer, an agent or broker through which a holder purchases its Notes, or any nominee or other entity through which a holder holds its Notes (such agent, broker, nominee or other entity, collectively referred to as an "Intermediary") to be provided by the holders or beneficial owners of the Notes to the Issuer or an Intermediary that in the reasonable determination of the Issuer or Intermediary is required to be requested by FATCA.

"Incentive Investment Management Fee" means the fee payable to the Investment Manager pursuant to the Investment Management Agreement on each Payment Date on which the Incentive Investment Management Fee IRR Threshold of 12 per cent. has been met or surpassed, such Incentive Investment Management Fee being payable (exclusive of any value added tax thereon) from 15 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 paragraph (BB) of the Interest Proceeds Priority of Payments, paragraph (R) of the Principal Proceeds Priority of Payments, paragraph (B)(1) of the Collateral Enhancement Obligation Proceeds Priority of Payments and paragraph (AA) of the Post-Acceleration Priority of Payments.

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

"Incurrence Covenant" means a covenant by any Obligor to comply with one or more financial covenants only upon the occurrence of certain actions of the Obligor, including a debt issuance, dividend payment, share purchase, merger, acquisition or divestiture.

"Ineligible Obligation" means, with respect to each of the below and, in the Investment Manager's reasonable discretion, to the extent the Issuer's ownership of, or receipt of income from, such obligation could cause the Issuer to violate the Operating Guidelines or to be treated as engaged in a trade or business in the United States for U.S. federal income tax purposes:

- (a) all or any portion of any Defaulted Obligation, Exchanged Security, Collateral Enhancement Obligation or Collateral Debt Obligation which the Issuer expects to receive in connection with a workout, restructuring or exchange;
- (b) an obligation whose acquisition was permitted pursuant to paragraph (dd) of the definition of Eligibility Criteria at the time the Issuer committed to acquire the obligation but which no longer satisfies paragraph (dd) of the definition of Eligibility Criteria upon or following the receipt of such obligation;
- (c) any obligation whose acquisition was permitted pursuant to paragraph (w) of the definition of Eligibility Criteria at the time the Issuer committed to acquire the obligation but which no longer satisfies paragraph (w) of the definition of Eligibility Criteria upon or following the receipt of such obligation; and

(d) any other asset of the Issuer.

"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 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 to a Class of Notes:

- (a) in the case of the Floating Rate Notes, the amount calculated by the Calculation Agent in accordance with Condition 6(e)(ii) (*Determination of Floating Rate of Interest and Calculation of Interest Amount*); and
- (b) in the case of the Subordinated Notes, the amount calculated by the Collateral Administrator in accordance with Condition 6(f) (*Interest Proceeds in respect of Subordinated Notes*).

"Interest Coverage Amount" means, on any particular Measurement Date:

- (a) the Balance standing to the credit of the Interest Account; plus
- (b) the sum of all scheduled interest payments (and any commitment fees due but not yet received in respect of any Revolving Obligations or Delayed Drawdown Collateral Debt Obligations), all amendment and waiver fees, all late payment fees, all syndication fees, delayed compensation and all other fees and commissions due but not yet received in respect of Collateral Debt Obligations and Eligible Investments but only to the extent not representing Principal Proceeds (in each case, regardless of whether the applicable due date has yet occurred) in the Due Period in which such Measurement Date occurs, excluding:
 - (i) accrued and unpaid interest on Defaulted Obligations unless such amounts constitute Defaulted Obligation Excess Amounts;
 - (ii) interest on any Collateral Debt Obligation to the extent that such Collateral Debt Obligation does not provide for the scheduled payment of interest in cash;
 - (iii) any amounts, to the extent that such amounts if not paid, will not give rise to a default under the relevant Collateral Debt Obligation;
 - (iv) any amounts expected to be withheld at source or otherwise deducted in respect of taxes unless such withholding or deduction can be sheltered by an application being made under the applicable double tax treaty or otherwise and, in respect of any Ineligible Obligation held by a Blocker Subsidiary, (i) any income taxes applicable (or which are anticipated to be applicable) to such Blocker Subsidiary in relation to such holding and (ii) any amounts expected to be withheld at source or otherwise deducted in respect of taxes arising from any distribution relating to such Ineligible Obligation made (or anticipated to be made) by the relevant Blocker Subsidiary to the Issuer (unless such withholding or deduction can be sheltered by an application being made under the applicable double tax treaty or otherwise);

- (v) any scheduled interest payments as to which the Issuer or the Investment Manager has actual knowledge that such payment will not be made;
- (vi) any Purchased Accrued Interest;
- (vii) fees and commissions in connection with the purchase or sale of any Collateral Debt Obligations or Eligible Investments; and
- (viii) work-out or restructuring fees of any Defaulted Obligation or Collateral Debt Obligation and any arranging or underwriting fees which the Investment Manager is entitled to retain,

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 not subject to an Asset Swap Transaction, the amount taken into account for this paragraph (b) shall be an amount equal to the scheduled interest payments due but not yet received in respect of such Collateral Debt Obligation, subject to the exclusions set out above, converted into Euro at the then prevailing Spot Rate; minus

- (c) the amounts payable pursuant to paragraphs (A) through to (F) of the Interest Proceeds Priority of Payments on the following Payment Date; minus
- (d) 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; plus
- (e) any amounts that would be payable from the First Period Reserve Account, the Interest Smoothing Account, the Expense Reserve Account or the Unused Proceeds Account (to the extent such amounts are not designated for transfer to the Principal Account), to the Interest Account in respect of the Due Period in which such Measurement Date falls (without double counting any such amounts which have been already transferred to the Interest Account); plus
- (f) any Scheduled Periodic Interest Rate Hedge Counterparty Payments payable to the Issuer in the Due Period in which such Measurement Date occurs under any Hedge Transaction (but only to the extent not already included in accordance with (a) above); minus
- (g) any interest in respect of a PIK Obligation that has been deferred (but only to the extent such amount has not already been excluded in accordance with (b)(ii) or (iii) above).

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

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

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

"Interest Determination Date" means the second Business Day prior to the commencement of each 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 pro forma Master Agreement as may be published by ISDA from time to time), together with the schedule and confirmations 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).

"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 Periodic Interest Rate Swap Counterparty Payments.

"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 Periodic Interest Rate Swap Counterparty Payments.

"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. The entry into any Interest Rate Hedge Transaction, save for a Form-Approved

Interest Rate Hedge Agreement, will be subject to (among other things) Rating Agency Confirmation.

"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 the amounts are deposited in accordance with Condition 3(j)(xiii) (*Interest Smoothing Account*).

"Interest Smoothing Amount" means in respect of each Determination Date following (and including) the Determination Date upon which a Frequency Switch Event occurs, zero and, in respect of each other Determination Date and for so long as any Rated Notes are Outstanding, an amount equal to the excess, if any, of:

- (a) the sum of all payments of interest received during the related Due Period in respect of each Semi-Annual Obligation (that was a Semi-Annual Obligation at all times during such Due Period); over
- (b) the sum of
 - (1) the product of:
 - (i) 0.25; multiplied by
 - (ii) the sum of:
 - (A) EURIBOR (as of the relevant Determination Date); *plus*
 - (B) the Weighted Average Spread provided that, for the purpose of calculating the Weighted Average Spread, such calculation shall only include Floating Rate Collateral Debt Obligations which are Semi-Annual Obligations that were Semi-Annual Obligations at all times during the related Due Period; *multiplied by*
 - (iii) the Aggregate Principal Balance (excluding Defaulted Obligations) of all Semi-Annual Obligations that were Semi-Annual Obligations at all times during the related Due Period which are Floating Rate Collateral Debt Obligations; and
 - (2) the product of:
 - (i) 0.25; multiplied by
 - (ii) the Weighted Average Fixed Coupon, provided that, for purposes of calculating the Weighted Average Fixed Coupon, such calculation shall only include Fixed Rate Collateral Debt Obligations which are Semi-Annual Obligations that were Semi-Annual Obligations at all times during the related Due Period; multiplied by
 - (iii) the Aggregate Principal Balance (excluding Defaulted Obligations) of all Semi-Annual Obligations that were Semi-Annual Obligations at all times during the related Due Period which are Fixed Rate Collateral Debt Obligations,

provided that, in each case, excluding all interest and other amounts received in respect of any Defaulted Obligations save for any Defaulted Obligation Excess Amounts; and (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 (as at the last day of the Due Period) is less than or equal to 5 per cent. of the Aggregate Collateral Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be its S&P Collateral Value), such amount shall be deemed to be zero.

"Intermediary Obligation" means an interest in relation to a loan which is structured to be acquired indirectly by lenders therein at or prior to primary syndication thereof, including pursuant to a collateralised deposit or guarantee, a sub-participation or other arrangement which has the same commercial effect and in each case, in respect of any obligation of the lender to a "fronting bank" in respect of non-payment by the Obligor, is 100 per cent. collateralised by such lenders.

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

"Investment Gains" means in respect of any Collateral Debt Obligation which is repaid, prepaid, redeemed or sold, the excess (if any) of (a) the Scheduled Principal Proceeds, Unscheduled Principal Proceeds or Sale Proceeds (as applicable) received in respect thereof over (b) the greater of (x) the Principal Balance of such Collateral Debt Obligation and (y) the purchase price thereof paid by or on behalf of the Issuer for such Collateral Debt Obligation, in each case net of (i) any expenses incurred in connection with any repayment, prepayment, redemption or sale thereof, and (ii) in the case of a sale of such Collateral Debt Obligation, any interest accrued but not paid thereon which has not been capitalised as principal and included in the sale price thereof.

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

"Investment Manager Advance" means any amount which may be advanced during the Reinvestment Period by the Investment Manager to the Issuer pursuant to the Investment Management Agreement on the terms set out therein for the purpose of acquiring or exercising rights under one or more Collateral Enhancement Obligations, provided that no more than four Investment Manager Advances may be made during such period, and no single Investment Manager Advance may be for an amount less than €500,000 and the aggregate of all Investment Manager Advances may not exceed €8,000,000.

"Irish Excluded Assets" means the Issuer Irish Account and the Corporate Services Agreement.

"Irish Stock Exchange" means The Irish Stock Exchange plc.

"IRR" means the compounded annual rate (computed on the basis of a 365-day year and the actual number of days elapsed) derived with the Microsoft Excel XIRR function that, when used to discount all of the payments made (including those payments already made or to be made on the date of determination) by the Issuer to the holders of the Subordinated Notes as distributions in respect of the Subordinated Notes, results in a present value at the Issue Date that is equal to the aggregate Principal Amount Outstanding of the Subordinated Notes on the Issue Date.

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

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

"Issue Date" means 30 June 2016 (or such other date as may shortly follow such date as may be agreed between the Issuer, the Initial Purchaser and the Retention Holder and is notified to 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 Investment Manager, acting on behalf of the Issuer) has entered into a binding commitment to purchase on or prior to the Issue Date.

"Issuer Irish Account" means the account in the name of the Issuer established for the purposes of, *inter alia*, holding the proceeds of the issued share capital of the Issuer and any fees received by the Issuer in connection with the issue of the Notes.

"Issuer Profit Amount" means the payment on each Payment Date prior to the occurrence of a Frequency Switch Event, of €250 and, on each Payment Date following the occurrence of a Frequency Switch Event, of €500, subject always to an aggregate maximum amount of €1,000 per annum to the Issuer as a fee for entering into the transaction.

"Maintenance Covenant" means a covenant by any Obligor to comply with one or more financial covenants at least once every six months.

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

"Market Value" means, in respect of a Collateral Debt Obligation, on any date of determination and as provided by the Investment Manager to the Collateral Administrator (in each case, expressed as a percentage of par):

- (a) the bid-price of such Collateral Debt Obligation 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, Secured Senior 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-prices (in the case of any High Yield Bond, Secured Senior 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-price (in the case of any High Yield Bond, Secured Senior 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 Investment Manager pursuant to (e) hereafter would be lower); or
- (e) if the determinations of such broker-dealers or independent recognised pricing service are not available, then the lower of:
 - (i) the lower of: (x) the Moody's Recovery Rate of such Collateral Debt Obligation, (y) the S&P Recovery Rate of such Collateral Debt Obligation; and
 - (ii) the fair market value thereof determined by the Investment Manager on a best efforts basis (x) in a manner consistent with reasonable and customary market practice, (y) in a manner consistent with any determination the Investment Manager applies with respect to any other similar obligation managed by the Investment Manager, and (z) using the same fair market value as is assigned by the Investment Manager to such Collateral Debt Obligation for all other purposes, in each case, as notified to the Collateral Administrator on the date of determination thereof, provided however that, if the Investment Manager is not subject to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 or such superseding or other comparable regulation or is not a registered investment adviser under the Advisers Act, the Market Value of any asset may not be determined in accordance with this paragraph (e)(ii) for more

than 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,

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 services and broker-dealers from whom a bid-price is sought and (B) each pricing service and broker dealer is not an Affiliate of the Investment Manager.

"Maturity Amendment" means with respect to any Collateral Debt Obligation, any waiver, refinancing, modification, amendment or variance that would extend the Collateral Debt Obligation Stated Maturity of such Collateral Debt Obligation. For the avoidance of doubt, a waiver, refinancing, modification, amendment or variance that would extend the Collateral Debt Obligation Stated Maturity of the credit facility of which a Collateral Debt Obligation is part, but would not extend the Collateral Debt Obligation Stated Maturity of the Collateral Debt Obligation held by the Issuer, does not constitute a Maturity Amendment.

"Maturity Date" means 15 July 2029 or if such day 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).

"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 compliance with the Retention Requirements or in 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 Outstanding.

"Mezzanine Obligation" means a syndicated mezzanine loan obligation or other comparable syndicated 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 Investment Manager in its reasonable business judgement, or a Participation therein.

"Minimum Denomination" means:

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

"Minimum Weighted Average Fixed Coupon Test" has the meaning set out in the Investment Management Agreement.

"Minimum Weighted Average Spread Test" has the meaning set out in the Investment Management Agreement.

"Monthly Report" means any monthly report defined as such in the Investment Management Agreement which is prepared by the Collateral Administrator (in consultation with the Investment Manager) on behalf of the Issuer on such dates as are set forth in the Investment Management Agreement, and is made available by means of a dedicated website to the Issuer, the Trustee, the Investment Manager, the Hedge Counterparties, the Initial Purchaser and the Rating Agencies and, upon request therefor in accordance with Condition 4(e) (*Information Regarding the Collateral*), to any Noteholder and which shall include information regarding the status of certain of the Collateral pursuant to the Investment Management Agreement.

"Moody's" means Moody's Investors Service Ltd. and any successor or successors thereto.

"Moody's Collateral Value" means:

- (a) for each Defaulted Obligation and Deferring Security, the lower of:
 - (i) its prevailing Market Value; and
 - (ii) the relevant Moody's Recovery Rate, multiplied by its Principal Balance; or
- (b) in the case of any other applicable Collateral Debt Obligation the relevant Moody's Recovery Rate multiplied by its Principal Balance.

"Moody's Maximum Weighted Average Rating Factor Test" has the meaning given to it in the Investment Management Agreement.

"Moody's Minimum Diversity Test" has the meaning given to it in the Investment Management Agreement.

"Moody's Minimum Weighted Average Recovery Rate Test" has the meaning given to it in the Investment Management Agreement.

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

"Moody's Recovery Rate" means, in respect of each Collateral Debt Obligation, the recovery rate determined in accordance with the Investment Management Agreement or as so advised by Moody's.

"Moody's Test Matrix" has the meaning given to it in the Investment Management Agreement.

"Non-Call Period" means the period from and including the Issue Date up to, but excluding, 15 July 2018 or, if such day is not a Business Day, on the next following day that is a Business Day (unless it would fall in the following month in which case such date shall be brought forward to the immediately preceding Business Day).

"Non-Eligible Issue Date Collateral Debt Obligation" means an Issue Date Collateral Debt Obligation which does not comply with the Eligibility Criteria on the Issue Date.

"Non-Euro Obligation" means any Collateral Debt Obligation, or part thereof, as applicable, denominated in a Qualifying 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 Payment Sequence" means the application of Interest Proceeds or Principal Proceeds, as applicable, in accordance with the relevant Priority of Payments in the following order:

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

provided that, for the purposes of any redemption of the Notes in accordance with the Note Payment Sequence following any breach of Coverage Tests, the Note Payment Sequence shall terminate immediately after the paragraph above that refers to the Class of Notes to which such Coverage Test relates.

"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 becoming properly subject to any withholding tax other than:
 - (i) a payment in respect of Deferred Interest becoming properly subject to any withholding tax;
 - (ii) withholding tax in respect of FATCA in the form of interest payments or any national law, implementing the same; and
 - (iii) by reason of the failure by the relevant Noteholder or beneficial owner to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax or to provide information concerning nationality, residency or connection with Ireland or other applicable taxing authority;
- (b) United Kingdom or U.S. federal, state or local tax authorities impose net income, profits or similar tax upon the Issuer in an amount in excess of £1,000 per annum; or

- (c) the Issuer is liable to pay net income, profits or similar tax in Ireland (other than Irish corporate income tax in relation to the Issuer Profit Amount) in an amount in excess of £1,000 per annum.

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

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

"Ongoing Expense Excess Amount" means, on any Payment Date, an amount equal to the excess, if any, of (i) the Senior Expenses Cap, 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.

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

"Ongoing Expense Reserve Ceiling" means, on any Payment Date, the excess, if any, of €250,000 (or €500,000 following the occurrence of a Frequency Switch Event) over the amount then on deposit in the Expense Reserve Account without giving effect to any deposit thereto on such Payment Date pursuant to paragraph (D) of Condition 3(c)(i) (*Application of Interest Proceeds*).

"Operating Guidelines" means the Operating Guidelines attached to the Investment Management Agreement.

"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, 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 and the Class E Par Value Ratio (as applicable).

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

"Participation" means an undivided 100 per cent. 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 Investment Management Agreement, Intermediary Obligations.

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

"Paying Agent" means each of the Principal Paying Agent and any additional or further paying agent appointed under the Agency Agreement.

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

"Payment Date" means:

- (a) following the occurrence of a Frequency Switch Event, on (A) 15 January and 15 July (where the Payment Date immediately prior to the occurrence of the relevant Frequency Switch Event falls in either January or July), or (B) 15 April and 15 October (where the Payment Date immediately prior to the occurrence of the relevant Frequency Switch Event falls in either April or October); and
- (b) at all other times, the Quarterly Payment Dates,

in each case, in each year commencing on 16 January 2017, up to and including the Maturity Date (each a **"Scheduled Payment Date"**), any Redemption Date and each Unscheduled Payment Date, provided that if any Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day that is a Business Day (unless it would thereby fall in the following month, in which case it shall be brought forward to the immediately preceding Business Day).

"Payment Date Report" means the report defined as such in the Investment Management Agreement which is prepared by the Collateral Administrator (in consultation with the Investment Manager) on behalf of the Issuer and made available by means of a dedicated website to the Issuer, the Trustee, the Investment Manager, the Hedge Counterparties, any holder of a beneficial interest in any Note (upon written request of such holder in accordance with Condition 4(e) (*Information Regarding the Collateral*)) and each Rating Agency not later than the Business Day preceding the related Payment Date.

"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 debt obligation or security, the terms of which permit the deferral of the payment of all interest thereon, including without limitation by way of capitalising interest thereon provided that, for the avoidance of doubt, Mezzanine Obligations shall not constitute PIK Obligations.

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

"Portfolio Acquisition and Disposition Requirements" means:

- (a) a Collateral Debt Obligation, Collateral Enhancement Obligation or Eligible Investment, if being acquired by the Issuer, is an Eligible Asset;
- (b) such Collateral Debt Obligation, Collateral Enhancement Obligation, Exchanged Security or Eligible Investment is being acquired or disposed of in accordance with the terms and conditions set forth in the Trust Deed and the Investment Management Agreement;
- (c) the acquisition or disposition of such Collateral Debt Obligation, Collateral Enhancement Obligation, Exchanged Security or Eligible Investment does not result in a reduction or withdrawal of the then-current rating issued by any Rating Agency on any Class of Rated Notes then outstanding; and
- (d) such Collateral Debt Obligation, Collateral Enhancement Obligation, Exchanged Security or Eligible Investment is not being acquired or disposed of for the primary purpose of recognising gains or decreasing losses resulting from market value changes,

provided that, on any date, the Issuer (or the Investment Manager on its behalf) may elect not to rely on Rule 3a-7 for its exemption from registration under the Investment Company Act in accordance with this paragraph, in which case, at all times thereafter, there will be no Portfolio Acquisition and Disposition Requirements and all references to such requirements in the Investment Management Agreement and other Transaction Documents shall no longer be in effect.

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

For the purposes of this definition, control shall mean that the Investment Manager or an Affiliate thereof has the power, directly or indirectly, (x) to vote more than 50 per cent. of the securities having ordinary voting power for the election of directors of such company, or (y) to direct or cause the direction of the management and policies of such company, account, fund, client or portfolio, whether by contract or otherwise.

"Portfolio Profile Tests" means the Portfolio Profile Tests each as defined in the Investment Management Agreement.

"Post-Acceleration Priority of Payments" means the priority of payments set out in Condition 11 (*Enforcement*).

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

- (a) is a Business Day;
- (b) is or falls after the relevant due date or, if the due date is not or was not a Business Day in the place of presentation, is or falls after the next following Business Day which is a Business Day in the place of presentation; and
- (c) is a Business Day in which the account specified by the payee is open.

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

"Principal Amount Outstanding" means in relation to any Class of Notes and at any time, the aggregate principal amount outstanding under such Class of Notes at that time, including, in the case of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, Deferred Interest which has been capitalised pursuant to Condition 6(c) (*Deferral of Interest*) save that

Deferred Interest shall not be included for the purposes of determining voting rights 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, with respect to any Collateral Debt Obligation, Eligible Investment, Collateral Enhancement Obligation or Exchanged Security, as of any date of determination, the outstanding principal amount thereof (excluding any interest capitalised pursuant to the terms of such instrument 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) save in the case of paragraph (e) below, the Principal Balance of each Exchanged Security and each Collateral Enhancement Obligation, shall be deemed to be zero;
- (c) the Principal Balance of any Non-Euro Obligation shall be:
 - (i) 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 a Non-Euro Obligation that is not subject to an Asset Swap Transaction, shall be an amount equal to the Euro equivalent of the outstanding principal amount of such Non-Euro Obligation, converted into Euro at the Applicable Exchange Rate; and
- (d) the Principal Balance of any cash shall, where denominated in a currency other than Euro, be the amount of such cash converted into Euro at the Applicable Exchange Rate;
- (e) if in respect of any Corporate Rescue Loan where either (x) an issuer credit rating from S&P is unavailable or (y) no credit estimate has been assigned to it by S&P, in each case, within three months 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 zero unless and until either an issuer credit rating from S&P or credit estimate is available or assigned by S&P provided further that for the purposes of determining compliance with the Retention Requirements or in determining whether a Retention Deficiency has occurred, the Principal Balance of any Corporate Rescue Loan shall be the outstanding principal amount thereof (including any accrued interest which is paid for on the date of acquisition thereof);
- (f) in respect of a Collateral Debt Obligation, (X) the S&P Rating of which has been determined pursuant to paragraph (e)(ii) of the definition of S&P Rating for a consecutive period of 90 days during which S&P has not provided a credit estimate in respect of such Collateral Debt Obligation and (Y) that has not had a public rating by S&P withdrawn or suspended within six months prior to the date of application for a credit estimate in respect of such Collateral Debt Obligation, following the earlier of (A) S&P notifying the Investment Manager that no credit estimate will be provided for such Collateral Debt Obligation after the expiry of the 90-day period during which S&P has

not provided a credit estimate and (B) the expiry of a period of six months during which the S&P Rating of such Collateral Debt Obligation has been continuously determined in accordance with paragraph (e)(ii) of the S&P Rating definition without a credit estimate having been assigned to it during such period, the Principal Balance of such Collateral Debt Obligation shall be zero, unless S&P has agreed to extend such period, and until an S&P Rating can be determined in respect of such Collateral Debt Obligation pursuant to paragraphs (a), (b) or (e)(i) of the definition of S&P Rating, a credit estimate being assigned by S&P in respect of such Collateral Debt Obligation or such other treatment being applied to such Collateral Debt Obligation as may be advised by S&P; and provided further that 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 such Collateral Debt Obligation shall be the outstanding principal amount thereof (including any accrued interest which is paid for on the date of acquisition thereof);

- (g) 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, any Collateral Enhancement Obligation 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 thereof;
 - (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 Investment 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 which has not subsequently been rescinded and annulled in accordance with Condition 10(c) (*Curing of Default*), in the case of Interest Proceeds, the Interest 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 which has not subsequently been rescinded and annulled in accordance with Condition 10(c) (*Curing of Default*), the Post-Acceleration Priority of Payments; and

- (c) in 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.

"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.

"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:

- (a) Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Liechtenstein, Luxembourg, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United States and the United Kingdom; and
- (b) any country having a foreign currency issuer credit rating, at the time of acquisition of the relevant Collateral Debt Obligation, of at least "BBB-" by S&P and a local currency country risk ceiling at the time of acquisition of the relevant Collateral Debt Obligation of at least "A3" by Moody's (provided that Rating Agency Confirmation is received in respect of any such country which is not in the Euro zone).

"Qualifying Currency" means Sterling, U.S. Dollars, Norwegian Krone, Danish Krone, Swedish Krona, Swiss Francs, Australian Dollars, Canadian Dollars and Japanese Yen, or such other currency in respect of which Rating Agency Confirmation is received in respect of Moody's.

"Quarterly Payment Dates" means 15 January, 15 April, 15 July and 15 October, in each case, in each year commencing 16 January 2017, up to and including the Maturity Date and any Redemption Date provided that if any Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day that is a Business Day (unless it would thereby fall in the following month, in which case it shall be brought forward to the immediately preceding Business Day).

"Rated Notes" means 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 Moody's and S&P, provided that if at any time Moody's and/or S&P ceases to provide rating services, **"Rating Agencies"** shall mean any other nationally recognised investment rating agency or rating agencies (as applicable) selected by the Issuer (a **"Replacement Rating Agency"**) and **"Rating Agency"** means any such rating agency. If at any time a Rating Agency is replaced by a Replacement Rating Agency, references to rating categories of the original Rating Agency in these Conditions, the Trust Deed and the Investment Management Agreement shall be deemed instead to be references to the equivalent categories of the relevant Replacement Rating Agency as of the most recent date on which such other rating agency published ratings for the type of security in respect of which such Replacement Rating

Agency is used and all references herein to "Rating Agencies" shall be construed accordingly. Any rating agency shall cease to be a Rating Agency if, at any time, it ceases to assign a rating in respect of any Class of Rated Notes.

"Rating Agency Confirmation" means, with respect to any specified action, determination or appointment, receipt by the Issuer and/or the Trustee of written confirmation (which may take the form of a bulletin, press release, email or other written communication) by each Rating Agency which has, as at the relevant date assigned ratings to any Class of the Rated Notes that are Outstanding (or, if applicable, the Rating Agency specified in respect of any such action or determination, provided that such Rating Agency has, as at the relevant date assigned ratings to any Class of the Rated Notes) that such specified action, determination or appointment will not result in the reduction or withdrawal of any of the ratings currently assigned to the Rated Notes by such Rating Agency. Notwithstanding anything to the contrary in any Transaction Document and these Conditions, no Rating Agency Confirmation shall be required from a Rating Agency in respect of any action or determination if such Rating Agency has declined a request from the Trustee, the Investment 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 Investment Manager or the Issuer that Rating Agency Confirmation from such Rating Agency is not required, or that its practice is to not give such confirmations for such type of action, determination or appointment 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 Investment 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 Investment Management Agreement.

"Rating Requirement" means:

- (a) in the case of the Account Bank and the Custodian:
 - (i) a short-term senior unsecured deposit rating of "P-1" by Moody's and a long-term senior unsecured issuer credit rating of at least "A2" by Moody's; and
 - (ii) a long-term issuer credit rating of at least "A" by S&P and a short-term issuer credit rating of at least "A-1" by S&P or, if it does not have such short-term issuer credit rating, a long-term issuer credit rating of at least "A+" by S&P;
- (b) in the case of the Principal Paying Agent, a short-term senior unsecured deposit rating of "P-3" by Moody's and a long-term senior unsecured issuer credit rating of at least "Baa3" by Moody's;
- (c) in the case of any Hedge Counterparty, the ratings requirement(s) as set out in the relevant Hedge Agreement;
- (d) in the case of a Selling Institution with regards to a Participation only, a counterparty which satisfies the ratings set out in the Bivariate Risk Table set forth in the Investment Management Agreement; and

- (e) in each case, if any of the requirements are not satisfied by any of the parties referred to herein, Rating Agency Confirmation from the relevant Rating Agency is received in respect of such party.

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

"Record Date" means 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 (BB) of Condition 3(c)(i) (*Application of Interest Proceeds*), paragraph (R) of Condition 3(c)(ii) (*Application of Principal Proceeds*), paragraphs (A) and (B) of Condition 3(c)(iii) (*Application of Collateral Enhancement Obligation Proceeds*) and paragraph (AA) of the Post-Acceleration Priority of Payments of the aggregate proceeds of liquidation of the Collateral, or realisation of the security thereover in such circumstances, remaining following application thereof in accordance with the Priorities of Payments; 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 Priorities of Payments.

"Reference Banks" has the meaning given thereto in paragraph (B) 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 have been incurred as a direct result of a Refinancing, as determined by the Investment 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.

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

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

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

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

"Reinvestment Overcollateralisation Test" means the test which will apply, as of any Measurement Date on and after the Effective Date which will be satisfied on such Measurement Date if the Reinvestment Overcollateralisation Ratio is at least equal to 104.08 per cent.

"Reinvestment Period" means the period from and including the Issue Date up to and including the earliest of: (i) the end of the Due Period preceding 15 July 2020 or, if such day is not a Business Day, the immediately following Business Day; (ii) the date of the acceleration of the Notes pursuant to Condition 10(b) (*Acceleration*) (provided such acceleration has not been rescinded or annulled in accordance with Condition 10(c) (*Curing of Default*)); and (iii) the date on which the Investment Manager reasonably believes and notifies the Issuer, the Rating Agencies and the Trustee in writing that it can no longer reinvest in additional Collateral Debt Obligations in compliance with the Reinvestment Criteria.

"Reinvestment Target Par Balance" means, as of any date of determination, the Target Par Amount minus: (i) the amount of any reduction in the Principal Amount Outstanding of the Notes and plus (ii) the Principal Amount Outstanding of any additional Notes issued pursuant to Condition 17 (*Additional Issuances*), or, if greater, the aggregate amount of Principal Proceeds that result from the issuance of such additional Notes.

"Replacement Asset Swap Transaction" means any Asset Swap Transaction entered into by the Issuer, or the Investment Manager on its behalf, in accordance with the provisions of the Investment Management Agreement upon termination of an existing Asset Swap Transaction 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 Investment 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 Investment Manager on its behalf, in accordance with the provisions of the Investment 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 Investment Manager, acting on behalf of the Issuer and in respect of which Rating Agency Confirmation is obtained unless such Replacement Interest Rate Hedge Transaction is a Form-Approved Interest Rate Hedge Agreement.

"Report" means each Monthly Report and Payment Date Report.

"Reporting Delegate" means a Hedge Counterparty or third party that undertakes to provide delegated reporting in connection with certain derivative transaction reporting obligations of the Issuer.

"Reporting Delegation Agreement" means an agreement for the delegation by the Issuer of certain derivative transaction reporting obligations to one or more Reporting Delegates.

"Resolution" means any Ordinary Resolution or Extraordinary Resolution, as the context may require.

"Restricted Trading Period" means the period during which: (a) the Moody's Rating or the S&P 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 the Class A Notes are Outstanding; or (b) the Moody's Rating or the S&P Rating of any Class of Rated Notes other than the Class A Notes is withdrawn (and not reinstated) or is two 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 the Controlling Class, acting by way of Ordinary Resolution, has agreed to waive the Restricted Trading Period; provided further that no Restricted Trading Period shall restrict any sale of a Collateral Debt Obligation entered into by the Issuer at a time when a Restricted Trading Period is not in effect, regardless of whether such sale has settled.

"Restructured Obligation" means a Collateral 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 Restructuring Date.

"Restructured Obligation Criteria" means the restructured obligation criteria specified in the Investment Management Agreement which are required to be satisfied in respect of each Restructured Obligation at the applicable Restructuring Date.

"Restructuring Date" means the date a restructuring of a Collateral Debt Obligation becomes binding on the holders thereof provided if an obligation satisfies the Restructured Obligation Criteria at a later date, such later date shall be deemed to be the Restructuring Date for the purposes of determining whether such obligation shall constitute a Restructured Obligation.

"Retention" means the holding of Subordinated Notes by the Retention Holder with an aggregate Principal Amount Outstanding, at any time, equal to an amount not less than five per cent. of the Aggregate Collateral Balance.

"Retention Deficiency" means, as of any date of determination any event which occurs when the Principal Amount Outstanding of the Subordinated Notes held by the Retention Holder is less than five per cent. of the Aggregate Collateral Balance.

"Retention Event" means an event which occurs if at any time the Retention Holder (a) sells, hedges or otherwise mitigates its credit risk under or associated with the Retention or the underlying portfolio of Collateral Debt Obligations, except to the extent permitted (i) under the Risk Retention Letter, to a successor investment manager upon a removal of the Retention Holder as the Investment Manager or (ii) in accordance with the Retention Requirements or (b) materially breaches the terms of the Risk Retention Letter.

"Retention Holder" means KKR Credit Advisors (Ireland) in its capacity as initial retention holder and any successor, assign or transferee to the extent permitted under the Risk Retention Letter and the Retention Requirements.

"Retention Requirements" means 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 entered into between the Issuer, the Retention Holder, the Trustee, the Collateral Administrator and the Initial Purchaser to be dated on or around 30 June 2016.

"Rule 144A" means Rule 144A under the Securities Act.

"Rule 144A Notes" means Notes offered for sale within the United States or to U.S. persons in reliance on Rule 144A.

"Rule 17g-5" means Rule 17g-5 under the Exchange Act.

"Rule 3a-7" means Rule 3a-7 under the Investment Company Act.

"S&P" means Standard & Poor's Credit Market Services Europe Limited, a division of S&P Global Inc. and any successor or successors thereto.

"S&P Collateral Value" means:

(a) for each Defaulted Obligation and Deferring Security, the lower of:

- (i) its prevailing Market Value; and
- (ii) the relevant S&P Recovery Rate,

multiplied by its Principal Balance; or

(b) in the case of any other applicable Collateral Debt Obligation the relevant S&P Recovery Rate multiplied by its Principal Balance,

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

"S&P CDO Monitor Test" has the meaning given to it in the Investment Management Agreement.

"S&P CDO Monitor BDR" has the meaning given to it in the Investment Management Agreement.

"S&P CDO Monitor SDR" has the meaning given to it in the Investment Management Agreement.

"S&P Rating" has the meaning given to it in the Investment Management Agreement.

"S&P Recovery Rate" means in respect of any Collateral Debt Obligation, the recovery rate determined in accordance with the Investment Management Agreement or as so advised by S&P.

"Sale Proceeds" means:

- (a) all proceeds received upon the sale of any Collateral Debt Obligation (save for any Asset Swap Obligation), excluding any sale proceeds representing accrued interest designated as Interest Proceeds by the Investment 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; (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 or (v) proceeds received in respect of any Zero Coupon Obligation;
- (b) in the case of any Asset Swap Obligation, all amounts in Euro (or other currencies if applicable) payable to the Issuer by the applicable Asset Swap Counterparty 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 and where applicable converted into Euro at the Applicable Exchange Rate.

"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 (other than Asset Swap Obligations with a related Asset Swap Transaction), scheduled principal repayments received by the Issuer (including scheduled amortisation, instalment or sinking fund payments);
- (b) in the case of any Asset Swap Obligation, scheduled final and interim payments in the nature of principal payable to the Issuer by the applicable Asset Swap Counterparty under the related Asset Swap Transaction; and
- (c) 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 syndicated debt or the fulfilment of a contractual obligation. For the avoidance of doubt, First-Lien Last-Out Loans are Second Lien Loans.

"Secured Obligations" has the meaning given thereto in the Trust Deed.

"Secured Party" means each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Subordinated Noteholders, the Initial Purchaser, the Investment Manager, the Retention Holder, any Receiver, any Appointee, the Trustee, the Agents, each Hedge Counterparty, each Reporting Delegate and the Corporate Services Provider and **"Secured Parties"** means any two or more of them as the context so requires.

"Secured Senior Bond" means a collateral 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 Investment Manager in its reasonable business judgement, or a Participation therein, provided that:

- (a) it is secured (i) by assets of the Obligor thereof if and to the extent that the provision of security over assets is permissible under applicable law (save in the case of assets where the failure to take such security is consistent with reasonable secured lending practices), or otherwise (ii) by at least 80 per cent. of the equity interests in the shares of an entity owning, either directly or indirectly, such assets; and
- (b) no other obligation of the Obligor has any higher priority security interest in such assets or shares referred to in (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 if an enforcement in respect of such loan occurs, provided such loan represents no more than 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 syndicated senior secured loan obligation as determined by the Investment Manager in its reasonable business judgement or a Participation therein, provided that:

- (a) it is secured (i) by assets of the Obligor thereof if and to the extent that the provision of security over assets is permissible under applicable law (save in the case of assets where the failure to take such security is consistent with reasonable secured lending practices), or otherwise (ii) by at least 80 per cent. of the equity interests in the shares of an entity owning, either directly or indirectly, such assets; and
- (b) no other obligation of the Obligor has any higher priority security interest in such assets or stock referred to in (a) above provided that a revolving loan of the Obligor that, pursuant to its terms, may require one or more future advances to be made to the borrower may have a higher priority security interest in such assets or 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 15 per cent.

"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.

"Senior Expenses Cap" means, 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) 0.02 per cent. per annum (pro rated for the Due Period relating to such Payment Date on the basis of a 360 day year and the actual number of days elapsed in such Due Period) of the Aggregate Collateral Balance as at the Determination Date immediately preceding the Payment Date in respect of such Due Period,

provided however that if the amount of Administrative Expenses paid on each of the three immediately preceding Payment Dates or, if a Frequency Switch Event has occurred, the immediately preceding Payment Date or during the related Due Period(s) is less than the stated Senior Expenses Cap, the amount of such shortfall shall be applied 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 Investment Management Fee" means the fee payable (exclusive of any VAT) to the Investment Manager in arrear on each Payment Date in accordance with the Priorities of Payments in respect of the immediately preceding Due Period pursuant to the Investment Management Agreement in an amount, equal to 0.15 per cent. per annum (calculated semi-annually following the occurrence of a Frequency Switch Event and quarterly at all other times, in each case 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 first day of such Due Period (or if such day is not a Business Day, the next day which is a Business Day), as determined by the Collateral Administrator.

"Senior Loan" means a collateral debt obligation that is a Secured Senior Loan, an Unsecured Senior Loan or a Second Lien Loan.

"Share Charge" means the share charge entered into between the Investment Manager, the Issuer and the Trustee to be dated on or about the Issue Date.

"Similar Law" means any federal, state, local or non-U.S. or other law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or any interest therein) by virtue of its interest and thereby subject the Issuer or the Investment Manager (or other persons responsible for the investment and operation of the Issuer's assets) to any federal, state, local or non-U.S. law 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, as may be amended, replaced or supplemented from time to time.

"Solvency II Level 2 Regulation" means Delegated Regulation No 2015/35, supplementing Solvency II.

"Solvency II Retention Requirements" means Article 254 of the Solvency II 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 Solvency II Retention Requirements shall be deemed to include any successor or replacement provisions of Article 254 included in any European Union directive or regulation subsequent to Solvency II or the Solvency II Level 2 Regulation.

"Special Redemption" has the meaning given to it in Condition 7(d) (*Special Redemption*).

"Special Redemption Amount" has the meaning given to it in Condition 7(d) (*Special Redemption*).

"Special Redemption Date" has the meaning given to it in Condition 7(d) (*Special Redemption*).

"Spot Rate" means with respect to any conversion of any currency into Euro or, as the case may be, of Euro into any other relevant currency, the relevant spot rate of exchange quoted by the Collateral Administrator on the date of calculation.

"Step-Up Coupon Obligation" means an obligation the interest rate of which increases over a specified period of time other than due to the increase of the floating rate index applicable to such obligation.

"Structured Finance Security" means any debt security which is secured directly, or represents the ownership of, a pool of consumer receivables, auto loans, auto leases, equipment leases, home or commercial mortgages, corporate debt or sovereign debt obligations or similar assets, including, without limitation, collateralised bond obligations, collateralised loan obligations or any similar asset backed security.

"Subordinated Investment Management Fee" means the fee payable (exclusive of any VAT) to the Investment Manager in arrear on each Payment Date in accordance with the Priorities of Payments in respect of the immediately preceding Due Period, pursuant to the Investment Management Agreement equal to 0.25 per cent. per annum (calculated semi-annually following the occurrence of a Frequency Switch Event and quarterly at all other times, in each case 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 first day of such Due Period (or if such day is not a Business Day, the next day which is a Business Day), as determined by the Collateral Administrator.

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

"Subscription Agreement" means the subscription agreement between the Issuer and the Initial Purchaser on or about the Issue Date.

"Substitute Collateral Debt Obligation" means a Collateral Debt Obligation purchased in substitution for a previously held Collateral Debt Obligation pursuant to the terms of the Investment Management Agreement which satisfies the Eligibility Criteria and an investment in which by the Issuer complies with 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.

"Swapped Non-Discount Obligation" means any Collateral Debt Obligation that would otherwise be considered a Discount Obligation, but that is purchased with the Sale Proceeds of a Collateral Debt Obligation (the **"Original Obligation"**) that was not a Discount Obligation at the time of its purchase and will not be considered a Discount Obligation so long as such purchased Collateral Debt Obligation: (a) is purchased or committed to be purchased within 30 days of the sale of the Original Obligation; (b) is purchased at a price (as a percentage of par) equal to or greater than the sale price of Original Obligation; (c) is purchased at a price not less than 50 per cent. of the Principal Balance thereof; and (d) has a Moody's Rating equal to or higher than the Moody's Rating of the Original Obligation; *provided that*:

- (a) to the extent the Aggregate Principal Balance of Swapped Non-Discount Obligations exceeds 5 per cent. of the Aggregate Collateral Balance as at the date the Issuer (or the Investment Manager on its behalf) enters into a binding commitment to acquire such Collateral Debt Obligation, such excess will constitute Discount Obligations;
- (b) to the extent the cumulative Aggregate Principal Balance of all Swapped Non-Discount Obligations acquired by the Issuer after the Issue Date exceeds 10 per cent. of the Target Par Amount, such excess will constitute Discount Obligations; and
- (c) such Collateral Debt Obligation will cease to be a Swapped Non-Discount Obligation (and will not be treated as 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.

"Target Par Amount" means €450,000,000.

"TARGET2" means the Trans-European Automated Real-time Gross Settlement Express Transfer system (or, if such system ceases to be operative, such other system (if any) determined by the Trustee to be a suitable replacement).

"Taxes Act 1997" means the Taxes Consolidation Act 1997 of Ireland, as amended.

"Third Party Indemnity Receipts" has the meaning given to it in Condition 3(j)(x) (*Expense Reserve Account*).

"Transaction Documents" means the Trust Deed (including these Conditions), the Agency Agreement, the Subscription Agreement, the Investment Management Agreement, any Hedge Agreements, the Retention Note Purchase Agreement, the Risk Retention Letter, any Reporting Delegation Agreement, the Collateral Acquisition Agreements, the Participation Agreements, the Corporate Services Agreement, the Share Charge and any document supplemental thereto or issued in connection therewith.

"Trustee Fees and Expenses" means the fees, costs and expenses and all other liabilities (including by way of indemnity) and all other amounts payable to the Trustee 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 such irrecoverable VAT and indemnity payments and any fees, costs, charges and expenses properly incurred by the Trustee in respect of any Refinancing.

"UCITS Directive" means Directive 2009/65/EC on Undertakings for Collective Investment in Transferable Securities, including any implementing and or delegated regulation, technical standards, level 2 measures and/or guidance related thereto, as may be amended, replaced or supplemented from time to time.

"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.

"Unsaleable Asset" means any (a) (i) Defaulted Obligation, (ii) Exchanged Security, (iii) obligation received in connection with an Offer, (iv) or other security or debt obligation that is part of the Collateral in respect of which the Issuer has not received a payment in cash during the preceding 12 months or (b) asset, claim or other property identified by the Investment Manager as having a market value of less than €1,000, if in the case of (a) or (b) the Investment Manager certifies to the Trustee (on which certification the Trustee shall be entitled to rely without liability or further enquiry) that it has made commercially reasonable efforts to dispose of such obligation for at least 90 days and, in its commercially reasonable judgement, such obligation is not expected to be saleable at any price for 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 Loan" means a Collateral Debt Obligation that:

- (a) is a syndicated loan obligation senior to any unsecured, subordinated obligation of the Obligor as determined by the Investment Manager in its reasonable business judgement; and
- (b) is not secured (i) by assets of the Obligor or guarantor thereof if and to the extent that the granting of security over assets is permissible under applicable law or (ii) by at least 80 per cent. of the equity interests in the shares of an entity owning such assets.

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

"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 Value-Added Tax Consolidation Act 2010 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 fiscal 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.

"Warehouse Arrangements" means the financing arrangement entered into by the Issuer prior to the Issue Date.

"Weighted Average Fixed Coupon" has the meaning given to it in the Investment Management Agreement.

"Weighted Average Spread" has the meaning given to it in the Investment Management Agreement.

"Written Resolution" means any Resolution of the Noteholders in writing, as described in Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and as further described in, and as defined in, the Trust Deed.

"Zero Coupon Obligation" means a security (other than a Step-Up Coupon Obligation and a PIK Obligation) that, at the time of determination, does not provide for periodic payments of interest, but provides for the payment of principal amounts as at the maturity date thereof.

2. **Form and Denomination, Title, Transfer and Exchange**

- (a) Form and Denomination

The Notes of each Class will be issued in definitive, certificated, fully registered form, without interest coupons, talons and principal receipts attached, in the applicable Minimum Denomination and integral multiples of any Authorised Integral Amount in excess thereof. A Definitive Certificate 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

One or more Notes may be transferred in whole or in part in nominal amounts of the applicable Authorised Denomination only upon the surrender, at the specified office of the Registrar or 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 such 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. The Issuer shall procure that at all times the Register and any counterpart thereof is kept and maintained outside the UK.

(d) Delivery of New Certificates

Each new Definitive Certificate to be issued pursuant to Condition 2(c) (*Transfer*) will be available for delivery within 5 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 any Transfer Agent or of the Registrar, as the case may be, to whom delivery or surrender shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer or otherwise in writing, shall be mailed by pre-paid first class post, at the risk of the holder entitled to the new Definitive Certificate, to such address as may be so specified. In this Condition 2(d) (*Delivery of New Certificates*), "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified offices of the Transfer Agent and the Registrar.

(e) Transfer Free of Charge

Transfer of Notes and Definitive Certificates 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 any holder of an interest in a Rule 144A Note (1) is a U.S. person and (2) is not a QIB/QP (any such person, a "**Non-Permitted Holder**"), the Issuer shall promptly after determination that such person is a Non-Permitted Holder by the Issuer, 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 of its Rule 144A Notes within such 30 day period, (a) upon direction from the Issuer or the Investment Manager on its behalf, a Transfer Agent, on behalf of and at the expense of the Issuer, shall cause such Rule 144A Notes to be transferred in a sale to a person or entity that certifies to the Issuer and such Transfer Agent, in connection with such transfer, that such person or entity either is not a U.S. person or is a QIB/QP and (b) pending such transfer, no further payments will be made in respect of such beneficial interest. The Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Rule 144A Notes and selling such Rule 144A Notes to the highest such bidder. However, the Issuer may select a purchaser by any other means determined by it in its sole discretion. Each Noteholder and each other person in the chain of title to the Non-Permitted Holder by its acceptance of an interest in the Rule 144A Notes agrees to cooperate with the Issuer to effect such transfers. The proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to the selling Noteholder. The terms and conditions of any sale hereunder shall be determined in the sole discretion of the Issuer, subject to the transfer restrictions set out herein, and the Issuer shall not be liable to any person having an interest in the Notes sold as a result of any such sale or the exercise of such discretion. The Issuer reserves the right to require any holder of Notes to submit a written certification substantiating that it is a QIB/QP or a non-U.S. person. If such holder fails to submit any such requested written certification on a timely basis, the Issuer has the right to assume that the holder of the Notes from whom such a certification is requested is not a QIB/QP or a non-U.S. person. Furthermore, the Issuer reserves the right to refuse to honour a transfer of beneficial interests in a Rule 144A Note to any Person who is not either a non-U.S. person or a U.S. person that is a QIB/QP.

(i) Forced sale pursuant to FATCA

Under FATCA, the Issuer may be required to, among other things, provide certain information about the Noteholders (which may include a nominee or beneficial owner of a Note for these purposes) to a taxing authority. The Issuer expects to require each Noteholder to provide certifications and identifying information about itself and certain of its owners.

The Issuer may force the sale of a Noteholder's Notes in order to achieve FATCA Compliance, including Notes held by a Noteholder that fails to provide or update or fails to cause to be provided or updated Holder FATCA Information or if the Issuer otherwise reasonably determines that a Noteholder's acquisition or holding of an interest in such a Note would cause the Issuer to be unable to achieve FATCA Compliance (and such sale could be for less than its then fair market value). For these purposes, the Issuer shall have the right to sell a Noteholder's

interest in its Notes in its entirety notwithstanding that the sale of a portion of such an interest would permit the Issuer to achieve FATCA Compliance. If the Issuer exercises its right to force such sale, the Issuer shall require the holder to sell its Notes to a purchaser selected by the Issuer on such terms as the Issuer may choose, subject to the transfer restrictions set out herein. The Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities and selling such Notes to the highest such bidder. However, the Issuer may select a purchaser by any other means determined by it in its sole discretion. Each Noteholder and each other person in the chain of title, by its acceptance of an interest in the Notes agrees to cooperate with the Issuer to effect such transfers if required. The proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to the selling Noteholder. The terms and conditions of any sale hereunder shall be determined in the sole discretion of the Issuer subject to the transfer restrictions set out herein, and the Issuer shall not be liable to any person having an interest in the Notes sold as a result of any such sale or the exercise of such discretion. The Issuer reserves the right to require any holder of Notes to provide Holder FATCA Information.

(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.

3. **Status**

(a) Status

The Notes of each Class constitute direct, general, secured, unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in Condition 4(c) (*Limited Recourse and Non-Petition*). The Notes of each Class are secured in the manner described in Condition 4(a) (*Security*) and, within each Class, shall at all times rank *pari passu* and without any preference amongst themselves.

(b) Relationship Among the Classes

The Notes of each Class are constituted by the Trust Deed and are secured on the Collateral as further described in the Trust Deed. Payments of interest on the Class A Notes will rank senior to payments of interest on each Payment Date in respect of each other Class; payment of interest on the Class B Notes will be subordinated in right of payment to payments of interest in respect of the Class A Notes, but senior in right of payment to payments of interest in respect of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes; payment of interest on the Class C Notes will be subordinated in right of payment to

payments of interest in respect of the Class A Notes and the Class B Notes, but senior in right of payment to payments of interest on the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes; payment of interest on the Class D Notes will be subordinated in right of payment to payments of interest in respect of the Class A Notes, the Class B Notes and the Class C Notes, but senior in right of payment to payments of interest on the Class E Notes, the Class F Notes and the Subordinated Notes; payment of interest on the Class E Notes will be subordinated in right of payment to payments of interest in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, but senior in right of payment to payments of interest on the Class F Notes and the Subordinated Notes; 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 payment 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. Residual distributions 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 Investment Manager pursuant to the terms of the Investment 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 acceleration of the Notes which has subsequently been rescinded and annulled in accordance with Condition 10(c) (*Curing of Default*); and (iii) other than in connection with an optional redemption in whole under Condition 7(b) (*Optional Redemption*) or in accordance with Condition 7(g) (*Redemption Following Note Tax Event*) (in which event the Post-Acceleration Priority of Payments shall apply to Interest Proceeds and Principal Proceeds, but not, for the avoidance of doubt, Collateral Enhancement Obligation Proceeds), cause the Account Bank to disburse Interest Proceeds, Principal Proceeds and Collateral Enhancement Obligation 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 the Issuer Profit Amount for deposit in the Issuer Irish Account and of taxes or statutory fees owing by the Issuer accrued in respect of the related Due Period, as certified by an Authorised Officer of the Issuer to the Trustee and the Collateral Administrator, if any (save for any VAT payable in respect of any Investment Management Fee);
- (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;
- (C) to the payment of Administrative Expenses in the priority stated in the definition thereof, up to an amount equal to the Senior Expenses Cap in respect of the related Due Period less any amounts paid pursuant to paragraph (B) above;
- (D) to the Expense Reserve Account, at the Investment Manager's discretion, of an amount equal to the Ongoing Expense Reserve Amount;
- (E) to the payment:
 - (1) *firstly*, to the Investment Manager of the Senior Investment Management Fee due and payable on such Payment Date and any VAT in respect thereof (whether payable to the Investment Manager or directly to the relevant taxing authority) (save for any Deferred Senior Investment Management Amounts and Deferred Subordinated Investment Management Amounts) except that the Investment 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 Investment Manager under this paragraph (E) (any such amounts, being "**Deferred Senior Investment Management Amount**") on any Payment Date, *provided* that any such amount in the case of (x) shall (a)(i) be used to purchase Substitute Collateral Debt Obligations or (ii) be deposited in the Principal Account pending reinvestment in Substitute Collateral Debt Obligations (*provided* that the Investment Manager determines in its sole discretion that any such deposit to the Principal Account would not cause (or would not be likely to cause) a Retention Deficiency) and (b) not be treated as unpaid for the purposes of this paragraph (E) or paragraph (W) below or in the case of (y), shall be applied to the payment of amounts in accordance with paragraphs (F) through (V) and (X) through (AA) below, subject to the Investment Manager having notified the Collateral Administrator in writing not later than one Business Day prior to the relevant Determination Date of any amounts to be so applied; and
 - (2) *secondly*, to the Investment Manager, any previously due and unpaid Senior Investment Management Fees (other than Deferred Senior Investment Management Amounts) and any VAT in respect

thereof (whether payable to the Investment Manager or directly to the relevant taxing authority);

- (F) to the payment:
 - (1) *firstly*, on a pro rata basis, of any Scheduled Periodic Interest Rate Hedge Issuer Payments (to the extent not paid out of the Interest Account) and 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); and
 - (2) *secondly*, on a pro rata basis, any Hedge Replacement Payments (to the extent not paid out of the Hedge Termination Account);
- (G) to the payment on a *pro rata* basis of all Interest Amounts due and payable on the Class A Notes in respect of the Accrual Period ending on such Payment Date and all other Interest Amounts due and payable on such Class A Notes;
- (H) to the payment on a *pro rata* basis of the Interest Amounts due and payable on the Class B Notes in respect of the Accrual Period ending on such Payment Date and all other Interest Amounts due and payable on such Class B Notes;
- (I) if either of the Class A/B Coverage Tests is not satisfied on any Determination Date on and after the Effective Date, or in the case of the Class A/B Interest Coverage Test, on the Determination Date preceding the second Payment Date or any Determination Date thereafter, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause each Class A/B Coverage Test to be satisfied if recalculated following such redemption;
- (J) to the payment on a pro rata basis of the Interest Amounts due and payable on the Class C Notes in respect of the Accrual Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Accrual Period);
- (K) to the payment on a pro rata basis of any Deferred Interest on the Class C Notes which is due and payable pursuant to Condition 6(d) (*Payment of Deferred 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 or any Determination Date thereafter, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause each Class C Coverage Test to be met if recalculated following such redemption;
- (M) to the payment on a pro rata basis of the Interest Amounts due and payable on the Class D Notes in respect of the Accrual Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Accrual Period);

- (N) to the payment on a pro rata basis of any Deferred Interest on the Class D Notes which is due and payable pursuant to Condition 6(d) (*Payment of Deferred 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 or any Determination Date thereafter, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause each Class D Coverage Test to be met if recalculated following such redemption;
- (P) to the payment on a pro rata basis of the Interest Amounts due and payable on the Class E Notes in respect of the Accrual Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Accrual Period);
- (Q) to the payment on a pro rata basis of any Deferred Interest on the Class E Notes which is due and payable pursuant to Condition 6(d) (*Payment of Deferred Interest*);
- (R) if either of the Class E Coverage Tests is not satisfied on any Determination Date on and after the Effective Date, or in the case of the Class E Interest Coverage Test, on the Determination Date preceding the second Payment Date or any Determination Date thereafter, to the redemption of the Notes in accordance with the Note Payment Sequence to the extent necessary to cause each Class E Coverage Test to be met if recalculated following such redemption;
- (S) to the payment on a *pro rata* basis of the Interest Amounts due and payable on the Class F Notes in respect of the Accrual Period ending on such Payment Date (excluding any Deferred Interest but including interest on Deferred Interest in respect of the relevant Accrual Period);
- (T) to the payment on a *pro rata* basis of any Deferred Interest on the Class F Notes which is due and payable pursuant to Condition 6(d) (*Payment of Deferred Interest*);
- (U) on the Payment Date following the Effective Date and each Payment Date thereafter to the extent required, in the event of the occurrence of an Effective Date Rating Event which is continuing on the Business Day prior to such Payment Date, to redeem the Notes in full in accordance with the Note Payment Sequence or, if earlier, until an Effective Date Rating Event is no longer continuing;
- (V) if, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (U) (inclusive) above, the Reinvestment Overcollateralisation Test has not been met:
 - (1) on any Payment Date during the Reinvestment Period, to the payment in an amount equal to the lesser of (i) 50 per cent. of all remaining Interest Proceeds available for payment and (ii) the amount which, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (U) (inclusive) above, would be sufficient to cause the Reinvestment Overcollateralisation

Test to be met, into the Principal Account as Principal Proceeds to purchase Collateral Debt Obligations, provided that such payment would not, in the determination of the Collateral Administrator (with such consultation with the Investment Manager and the Retention Holder as the Collateral Administrator deems necessary), cause (or would not be likely to cause) a Retention Deficiency; or

- (2) on any Payment Date following the expiry of the Reinvestment Period, to the payment in an amount (the "**Required Diversion Amount**") equal to the lesser of (i) 50 per cent. of all remaining Interest Proceeds available for payment and (ii) the amount which, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (U) (inclusive) above, would be sufficient to cause the Reinvestment Overcollateralisation Test to be met either:
 - (a) to the redemption of the Notes in accordance with Condition 7(d) (*Special Redemption*); or
 - (b) into the Principal Account as Principal Proceeds to purchase Substitute Collateral Debt Obligations subject to and in accordance with the Reinvestment Criteria applicable to Unscheduled Principal Proceeds and Sale Proceeds from the sale of Credit Impaired Obligations and Credit Improved Obligations received after the Reinvestment Period (provided that such payment would not, in the determination of the Collateral Administrator (with such consultation with the Investment Manager and the Retention Holder as the Collateral Administrator deems necessary), cause (or would not be likely to cause) a Retention Deficiency),

in each case as elected by the Investment Manager in its sole discretion;

(W) to the payment:

- (1) *firstly*, to the Investment Manager of the Subordinated Investment Management Fee due and payable on such Payment Date and any VAT in respect thereof (whether payable to the Investment Manager or directly to the relevant taxing authority) until such amount has been paid in full except that the Investment 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 Investment Manager under this paragraph (X) (any such amounts, being "**Deferred Subordinated Investment Management Amounts**") on any Payment Date, provided that any such amount in the case of (x) shall (a)(i) be used to purchase Substitute Collateral Debt Obligations or (ii) be deposited in the Principal Account pending reinvestment in Substitute Collateral Debt Obligations (*provided* that the Investment Manager determines in its sole discretion that any such deposit to the Principal Account would not cause (or would not be likely to cause) a Retention Deficiency) and (b) not be treated as unpaid for the purposes of this paragraph (W) or in the case of (y), shall be applied to the payment

of amounts in accordance with paragraphs (X) through (AA) below, subject to the Investment Manager having notified the Collateral Administrator in writing not later than one Business Day prior to the relevant Determination Date of any amounts to be so applied;

- (2) *secondly*, to the Investment Manager of any previously due and unpaid Subordinated Investment Management Fee (other than Deferred Senior Investment Management Amounts, Deferred Subordinated Investment Management Amounts) and any VAT in respect thereof (whether payable to the Investment Manager or directly to the relevant taxing authority); and
 - (3) *thirdly*, at the election of the Investment Manager (at its sole discretion) to the Investment Manager in payment of any previously Deferred Senior Investment Management Amounts and any Deferred Subordinated Investment Management Amounts;
- (X) to the payment of Trustee Fees and Expenses (if any) not paid by reason of the Senior Expenses Cap;
- (Y) to the payment of Administrative Expenses (if any) not paid by reason of the Senior Expenses Cap, in relation to each item thereof in the order of priority stated in the definition thereof;
- (Z) to the payment on a *pro rata* basis of any Defaulted Hedge Termination Payments due to any Hedge Counterparty not paid in accordance with paragraph (F) above;
- (AA) during the Reinvestment Period at the direction and in the discretion of the Investment Manager, either to (i) transfer to the Collateral Enhancement Account, any Collateral Enhancement Amount or (ii) (a) the Investment Manager in repayment of any Investment Manager Advances outstanding, but only to the extent used for the purposes of acquiring or exercising rights under one or more Collateral Enhancement Obligations and (b) any interest accrued thereon; and
- (BB)
- (1) if the Incentive Investment 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 Investment Management Fee IRR Threshold is reached; and
 - (2) if, after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on such Payment Date 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 Investment Management Fee

IRR Threshold has been reached (on or prior to such Payment Date):

- (a) *firstly*, 15 per cent. of any remaining Interest Proceeds, to the payment to the Investment Manager as the Incentive Investment Management Fee;
- (b) *secondly*, to the payment of any VAT in respect of the Incentive Investment Management Fee referred to in (a) above (whether payable to the Investment Manager or directly to the relevant taxing 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 if the Class C Notes are the Controlling Class;
- (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 if the Class C Notes are the Controlling Class;
- (D) to the payment of the amounts referred to in paragraph (L) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent necessary to cause the Class C Coverage Tests that are applicable on such Payment Date with respect to the Class C Notes to be met as of the related Determination Date;
- (E) to the payment of the amounts referred to in paragraph (M) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only if the Class D Notes are the Controlling Class;
- (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 if the Class D Notes are the Controlling Class;
- (G) to the payment of the amounts referred to in paragraph (O) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent necessary to cause the Class D Coverage Tests that are applicable on such Payment Date with respect to the Class D Notes to be met as of the related Determination Date;

- (H) to the payment of the amounts referred to in paragraph (P) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder and only if the Class E Notes are the Controlling Class;
- (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 if the Class E Notes are the Controlling Class;
- (J) to the payment of the amounts referred to in paragraph (R) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder and only to the extent necessary to cause the Class E Coverage Tests that are applicable on such Payment Date with respect to the Class E Notes to be met as of the related Determination Date;
- (K) to the payment of the amounts referred to in paragraph (S) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder and only if the Class F Notes are the Controlling Class;
- (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 if the Class F Notes are the Controlling Class;
- (M) to the payment of the amounts referred to in paragraph (U) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder;
- (N) if such Payment Date is a Special Redemption Date, at the election of the Investment Manager, to make payments in an amount equal to the Special Redemption Amount (if any) applicable to such Payment Date in accordance with the Note Payment Sequence;
- (O)
 - (1) during the Reinvestment Period, at the discretion of the Investment 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 in accordance with the Investment Management Agreement; and
 - (2) after the Reinvestment Period in the case of Principal Proceeds representing Unscheduled Principal Proceeds and Sale Proceeds from the sale of Credit Impaired Obligations and Credit Improved Obligations at the discretion of the Investment 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 in accordance with the Investment Management Agreement,

provided, in each case, that such payment would not, in the Investment Manager's sole discretion, cause (or be likely to cause) a Retention Deficiency);
- (P) after the Reinvestment Period, to redeem the Notes in accordance with the Note Payment Sequence;

(Q) to the payment on a sequential basis of the amounts referred to in paragraphs (W) through (AA) (inclusive) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder; and

(R)

(1) if the Incentive Investment Management Fee IRR Threshold has not been reached, 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 thereon on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption), until the Incentive Investment Management Fee IRR Threshold is reached; and

(2) if, after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on such Payment Date including 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 Investment Management Fee IRR Threshold has been reached (on or prior to such Payment Date):

(a) *firstly*, 15 per cent. of any remaining Principal Proceeds, to the payment to the Investment Manager as the Incentive Investment Management Fee;

(b) *secondly*, to the payment of any VAT in respect of the Incentive Investment Management Fee referred to in (a) above (whether payable to the Investment Manager or directly to the relevant taxing authority);

(c) *thirdly*, (i) to the Investment Manager in repayment of any Investment Manager Advances outstanding, but only to the extent used for the purposes of acquiring or exercising rights under one or more Collateral Enhancement Obligations and (ii) any interest accrued thereon; and

(d) *fourthly*, any remaining Principal Proceeds, to the payment of principal on the Subordinated Notes on a *pro rata* basis and thereafter to the payment of interest on a *pro rata* basis on the Subordinated Notes (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption).

(iii) Application of Collateral Enhancement Obligation Proceeds

Collateral Enhancement Obligation Proceeds in respect of a Due Period that are not paid into the Principal Account or the Interest Account (at the discretion of the

Investment Manager) shall be paid on the Payment Date immediately following such Due Period in the following order of priority:

- (A) to the Subordinated Notes until the Incentive Investment Management Fee IRR Threshold has been reached; and
- (B) if the Incentive Investment Management Fee IRR Threshold has been reached:
 - (1) *firstly*, 15 per cent. of any remaining Collateral Enhancement Obligation Proceeds, to the payment to the Investment Manager as the Incentive Investment Management Fee;
 - (2) *secondly*, to the payment of any VAT in respect of the Incentive Investment Management Fee referred to in (1) above (whether payable to the Investment Manager or directly to the relevant taxing 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 immediately prior to such redemption).

(iv) Withholding Taxes

Where the payment of any amount in accordance with the Priorities of Payments set out above is subject to any deduction or withholding for or on account of any tax, payment of the amount so deducted or withheld shall be made to the relevant taxing authority *pari passu* with and, so far as possible, at the same time as the payment of the amount in respect of which the relevant deduction or withholding has arisen.

(d) Non-payment of Amounts

Failure on the part of the Issuer to pay the Interest Amounts due and payable on any Class of 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 an Event of Default pursuant to Condition 10(a)(i) (*Non-payment of interest*) unless and until such failure continues for a period of at least five Business Days or, save in the case of administrative error or omission only, where such failure continues for a period of at least 10 Business Days and:

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

- (iv) in the case of the non-payment of interest due and payable on the Class F Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes have been redeemed in full,

and except in each case as the result of any deduction therefrom or the imposition of any withholding tax thereon as set out in Condition 9 (*Taxation*).

Subject always, in the case of Interest Amounts payable in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes to Condition 6(c) (*Deferral of Interest*) and save as otherwise provided in respect of any unpaid Investment 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 Investment 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 on the instructions of the Collateral Administrator and 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, the Interest Account and, if applicable, 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 Investment Manager, adjust the amounts required to be applied in payment of principal on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes from time to time pursuant to the Priorities of Payments so that the amount to be so applied in respect of each Class A Note, Class B Note, Class C Note, Class D Note, Class E Note, Class F Note and each Subordinated Note is a whole amount, not involving any fraction of a 0.01 Euro or, at the discretion of the Collateral Administrator, part of a Euro.

(g) Publication of Amounts

The Collateral Administrator will cause details of the amounts of interest and principal to be paid, and any amounts of interest payable but not paid, on each Payment Date and on each Redemption Date (if different) 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 or, as the case may be, Redemption Date (if different) 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 or, as the case may be, the third Business Day after the Redemption Date.

(h) Notifications to be Final

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained or discretions exercised for the purposes of the provisions of this Condition 3 (*Status*) will (in the absence of manifest error) be binding on the Issuer, the Collateral Administrator, the Investment Manager, the Trustee, the Registrar, the Principal Paying Agent, the Transfer Agents and all Noteholders and (in the absence of the Collateral Administrator's negligence, wilful misconduct or fraud) 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 each 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 segregated 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 Counterparty Downgrade Collateral Accounts;
- (vi) the Collateral Enhancement Account;
- (vii) the Unfunded Revolver Reserve Account;
- (viii) the Hedge Termination Account(s);
- (ix) the Asset Swap Account(s);
- (x) the Expense Reserve Account;
- (xi) the Collection Account;
- (xii) the First Period Reserve Account;
- (xiii) the Custody Account; and
- (xiv) the Interest Smoothing Account.

For so long as the Issuer relies on Rule 3a-7, the Issuer will grant certain control rights over the Accounts to the Trustee consistent with Rule 3a-7. Such control rights include the following:

- (i) neither the Investment Manager nor the Collateral Administrator shall debit or credit any Account absent a prior instruction (which may be a standing instruction) from the Trustee; and
- (ii) the Collateral Administrator shall provide a draft Payment Date Report detailing distributions to be made from the Payment Account on such Payment Date in accordance with the terms of the Agency Agreement. The Collateral

Administrator shall procure such distributions from the Payment Account unless the Trustee notifies the Collateral Administrator that it objects to such payments.

The Account Bank, the Principal Paying Agent and the Custodian shall at all times be a financial institution satisfying the Rating Requirement applicable thereto. 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, 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 Investment 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. All principal amounts received in respect of Eligible Investments standing to the credit of any Account from time to time shall be credited to that Account upon maturity, save to the extent that the Issuer is contractually bound to pay such amounts to a third party. All interest accrued on such Eligible Investments (including capitalised interest received upon the sale, maturity or termination of any such investment) shall be paid to the Interest Account as, and to the extent provided, above.

Save for each Counterparty Downgrade Collateral Account and any Asset Swap Accounts, to the extent that any amounts required to be paid into any Account pursuant to the provisions of this Condition 3 (*Status*) are denominated in a currency other than Euro, the Investment 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 Investment 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 Expense Reserve Account, (iv) the Collateral Enhancement Account, (v) all interest accrued on the Accounts, (vi) each Counterparty Downgrade Collateral Account (vii) the Interest Smoothing Account and (viii) 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, and all amounts standing to the credit of each of the Interest Account, the Expense Reserve Account, the Collateral Enhancement Account and, 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, each Counterparty Downgrade Collateral Account shall be transferred to the Payment Account as Interest Proceeds on the Business Day prior to any redemption of the Notes in full.

Application of amounts in respect of Swap Tax Credits received by the Issuer shall be paid out of the Interest Account to the relevant Hedge Counterparty in accordance with the terms of the relevant Hedge Agreement, without regard to the Priorities of Payments.

(j) Payments to and from the Accounts

(i) Principal Account

The Issuer will procure that the following Principal Proceeds are paid into the Principal Account promptly upon receipt thereof provided that any amounts which

are received that are denominated in a currency other than Euro shall be converted into Euro at the Applicable Exchange Rate:

- (A) all principal payments received in respect of any Collateral Debt Obligation (and, in the case of any distribution from a Blocker Subsidiary, all payments received in respect of any Ineligible 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;
 - (4) amounts received in respect of any Zero Coupon Obligation; and
 - (5) 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 Investment Gains required to be paid into the Interest Account in accordance with Condition 3(j)(ii)(L) (*Interest Account*);

- (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)(viii) (*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 Investment 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 or Eligible Investments or work-out or restructuring of any Defaulted Obligations or Collateral Debt Obligations as determined by the Investment Manager in its reasonable discretion;
- (H) all Sale Proceeds received (save for Investment Gains which are required to be paid into the Interest Account in accordance with Condition 3(j)(ii)(L) (*Interest Account*) below) in respect of a Collateral Debt Obligation;
- (I) all Distributions and Sale Proceeds received in respect of Exchanged Securities;
- (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 Collateral Enhancement Account;
- (P) all amounts transferred from the Expense Reserve Account;
- (Q) all amounts payable into the Principal Account pursuant to paragraph (V) of the Interest Proceeds Priority of Payments upon the failure to meet the Reinvestment Overcollateralisation Test;
- (R) all payments 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 have not been sold by the Investment Manager in accordance with Investment Management Agreement;
- (S) all net Refinancing Proceeds;
- (T) amounts transferred to the Principal Account from the Unused Proceeds Account in the circumstances described under Condition 3(j)(iii) (*Unused Proceeds Account*) below; and
- (U) 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*).

The Issuer shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Principal Account, provided in each case that amounts deposited

in the Principal Account pursuant to sub-paragraph (S) above, shall only be applied in accordance with sub-paragraph (4) below unless, after such application on the relevant Payment Date, there is a surplus of such proceeds:

- (1) on the Business Day prior to each Payment Date, all Principal Proceeds standing to the credit of the Principal Account to the Payment Account to the extent required for disbursement pursuant to the Principal Proceeds Priority of Payments, save for: (a) amounts deposited after the end of the related Due Period; and (b) any Principal Proceeds deposited prior to the end of the related Due Period to the extent such Principal Proceeds are permitted to be and have been designated for investment or reinvestment by the Investment Manager (on behalf of the Issuer) pursuant to the Investment 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 Investment 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 Investment Manager, acting on behalf of the Issuer, in accordance with the terms of, and to the extent permitted under, the Investment 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 and including any principal exchange amounts payable by the Issuer to an Asset Swap Counterparty pursuant to any Asset Swap Transaction in connection with funding the acquisition of an Asset Swap Obligation);
- (3) on any Payment Date, at the discretion of the Investment Manager, acting on behalf of the Issuer, in accordance with and subject to the terms of the Investment Management Agreement, in payment of the purchase price of any Notes purchased by the Issuer in accordance with Condition 7(k) (*Purchase*); and
- (4) at any time, in respect of a Refinancing, all amounts credited to the Principal Account pursuant to paragraph (S) 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 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 Accounts) (including interest on any Eligible Investments standing to the credit thereof);
- (C) all amendment and waiver fees, all late payment fees, all commitment fees, syndication fees, delayed compensation and all other fees and commissions received in connection with any Collateral Debt Obligations and Eligible Investments as determined by the Investment Manager in its reasonable discretion (other than (i) fees and commissions received in connection with the purchase or sale of any Collateral Debt Obligations or Eligible Investments which fees and commissions shall be payable into the Principal Account and shall constitute Principal Proceeds or (ii) work-out or restructuring fees of any Defaulted Obligation or Collateral Debt Obligation or any arranging and underwriting fees, which the Investment Manager shall be entitled to retain);
- (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 Investment Manager as Interest Proceeds pursuant to the Investment 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 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;
- (J) all amounts transferred from the Expense Reserve Account;
- (K) all amounts transferred from the First Period Reserve Account;
- (L) any Investment Gains realised in respect of any Collateral Debt Obligation that the Investment Manager determines shall be paid into the Interest Account in accordance with the following provisions:
 - (1) (i) if the Aggregate Collateral Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be the lesser of its Moody's Collateral Value and its S&P Collateral Value) after taking into account payment of such Investment Gains to the Interest Account is greater than or equal to 100.5 per cent. of the Reinvestment Target Par Balance; (ii) the Class E Par Value Ratio is at least equal to the Effective Date Class E Par Value Ratio; (iii) the Minimum Weighted Average Spread Test is satisfied; (iv) the Minimum Weighted Average Fixed Coupon Test is satisfied; and (v) the Moody's Maximum Weighted Average Rating Factor Test is satisfied, the Investment Manager may, in its discretion, determine that Investment Gains shall be paid into the Interest Account upon receipt; or
 - (2) to the extent that the deposit of such amounts into the Principal Account would, in the sole discretion of the Investment Manager, cause (or would be likely to cause) a Retention Deficiency then Investment Gains in an amount sufficient in order to ensure no Retention Deficiency occurs must be paid into the Interest Account upon receipt;
- (M) all amounts transferred from the Collateral Enhancement Account;
- (N) any Swap Tax Credit received by the Issuer;
- (O) any Interest Smoothing Amounts which are required to be transferred from the Interest Smoothing Account; and
- (P) amounts transferred to the Interest Account from the Principal Account in the circumstances described under Condition 3(j)(i) (*Principal Account*).

The Issuer shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the 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)(ix) (*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 Investment 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:
 - (a) the first Determination Date following the Issue Date; (b) a Determination Date following the occurrence of an Event of Default which is continuing; and (c) the Determination Date immediately prior to any redemption of the Notes in full, any Interest Smoothing Amount required to be transferred to the Interest Smoothing Account.

(iii) Unused Proceeds Account

The Issuer will procure that the following amounts are credited to the Unused Proceeds Account, as applicable:

- (A) an amount equal to the net proceeds of issue of the Notes remaining after payment of (1) the certain fees and expenses due and payable by the Issuer on the Issue Date; (2) amounts payable into the Expense Reserve Account; (3) amounts repaid pursuant to the Warehouse Arrangements; and (4) amounts payable into the First Period Reserve Account; and
- (B) all proceeds received during the Initial Investment Period from any additional issuance of Notes that are not invested in Collateral Debt Obligations or paid into the Interest Account.

The Issuer shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the applicable sub-ledger of the Unused Proceeds Account:

- (1) on or about the Issue Date, such amounts equal to the aggregate of:
 - (a) the purchase price for certain Collateral Debt Obligations on or prior to the Issue Date, if any; and
 - (b) amounts required for repayment of any amounts borrowed by the Issuer (together with interest thereon) in order to finance the acquisition of certain Collateral Debt Obligations on or prior to the Issue Date;

- (2) at any time up to and including the last day of the Initial Investment Period, in accordance with the terms of, and to the extent permitted under, the Investment Management Agreement, in the acquisition of Collateral Debt Obligations including any amounts payable by the Issuer to an Asset Swap Counterparty in respect of initial principal exchange in relation to an Asset Swap Obligation;
- (3) in the event of the occurrence of an Effective Date Rating Event, the Balance standing to the credit of the Unused Proceeds Account, on the Business Day prior to the Payment Date falling immediately after the Effective Date, to the extent required, to the Payment Account for application as Principal Proceeds in accordance with the Priorities of Payments, in redemption of the Notes in accordance with the Note Payment Sequence or, if earlier, until an Effective Date Rating Event is no longer continuing; and
- (4) on or after the Effective Date, the Balance standing to the credit of the Unused Proceeds Account, to the Principal Account or the Interest Account, in each case, at the discretion of the Investment 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 (provided that for the purposes of determining the Aggregate Principal Balance, any repayments or prepayments of any Collateral Debt Obligation subsequent to the Issue Date not subsequently reinvested shall be disregarded and the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be the lower of its S&P Collateral Value and its Moody's Collateral Value) of which equals or exceeds the Target Par Amount; and (ii) no more than one per cent. of the Target Par Amount may be transferred to the Interest Account.

(iv) Payment Account

The Issuer will procure that, on the Business Day prior to each Payment Date, all amounts standing to the credit of each of the Accounts which are required to be transferred from the other accounts to the Payment Account pursuant to Condition 3(i) (*Accounts*) and Condition 3(j) (*Payments to and from the Accounts*) are so transferred and, on such Payment Date, the Collateral Administrator shall 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 Accounts

The Issuer will procure that all Counterparty Downgrade Collateral transferred pursuant to a Hedge Agreement shall be deposited in a separate account in respect of each Hedge Counterparty. All Counterparty Downgrade Collateral deposited from time to time in any Counterparty Downgrade Collateral Account shall be held and released pursuant to the terms set out below.

The funds or securities credited to a 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).

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) an "Event of Default" (as defined in such Hedge Agreement) in respect of the relevant Hedge Counterparty or an "Additional Termination Event" (as defined in such Hedge Agreement) in relation to which the relevant Hedge Counterparty is the sole "Affected Party" (as defined in such Hedge Agreement) 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 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 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 (A) other than in respect of an "Event of Default" (as defined in such Hedge Agreement) in respect of the relevant Hedge Counterparty and other than in respect of an "Additional Termination Event" (as defined in such Hedge Agreement) in relation to which the relevant Hedge Counterparty is the sole "Affected Party" (as defined in such Hedge Agreement) 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 (AA) of the Interest Proceeds Priority of Payments, is credited to the Collateral Enhancement Account.

The Issuer will (at the direction of the Investment 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) on the Business Day prior to each Payment Date, all Collateral Enhancement Obligation Proceeds standing to the credit of the Collateral Enhancement Account to be transferred to the Payment Account to the extent required for disbursements pursuant to the Collateral Enhancement Obligation Proceeds Priority of Payments, save for amounts deposited after the end of the related Due Period;
- (2) at any time to the Principal Account (x) during the Reinvestment Period to reinvest in Substitute Collateral Debt Obligations or (y) otherwise for distribution on the next following Payment Date in accordance with the Priorities of Payments (but only to the extent that such payment into the Principal Account would not cause (or would not be likely to cause) a Retention Deficiency);
- (3) at any time to the Interest Account for distribution in accordance with the Priorities of Payments;
- (4) at any time in the acquisition of, or in respect of any exercise of any option or warrant comprised in, Collateral Enhancement Obligations, in accordance with the terms of the Investment Management Agreement; and
- (5) at any time to purchase any Rated Notes in accordance with Condition 7(k) (*Purchase*).

For the avoidance of doubt, the Investment 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, Delayed Drawdown Collateral Debt Obligation, an amount equal to the amount which would cause the Balance standing to the credit of the Unfunded Revolver Reserve Account to be at least equal to the combined aggregate principal amounts of the Unfunded Amounts under each of the Revolving Obligations and Delayed Drawdown Collateral 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 Investment Manager, acting on behalf of the Issuer; and

- (C) all repayments of collateral to the Issuer originally paid by the Issuer pursuant to (2) below.

The Issuer shall procure payment of the following amounts (and shall ensure that no other amounts are paid) out of the Unfunded Revolver Reserve Account:

- (1) all amounts required to fund any drawings under any Delayed Drawdown Collateral 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 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 Investment Manager acting on behalf of the Issuer and the Trustee);
- (3) (x) at any time at the direction of the Investment 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; and
- (4) all interest accrued on the Balance standing to the credit of the Unfunded Revolver Reserve Account from time to time (including capitalised interest received upon the sale, maturity or termination of any Eligible Investment) to the Interest Account.

(viii) Hedge Termination 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 Investment Management Agreement; and
- (C) in the case of any Hedge Termination Receipts paid into the relevant Hedge Termination Account, if:
 - (1) the Issuer, or the Investment 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.

(ix) 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 (ii) 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 Investment 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.

(x) Expense Reserve Account

The Issuer shall procure that the following amounts are paid into the Expense Reserve Account:

- (A) on the Issue Date, an amount determined on the Issue Date for the payment of amounts due or accrued in connection with the issue of the Notes, in accordance with (1) below;
- (B) any amount applied in payment into the Expense Reserve Account pursuant to paragraph (D) of the Interest 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, 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 Investment Manager acting on its behalf);
- (3) other than Third Party Indemnity Receipts, at any time, the amount of any Trustee Fees and Expenses and Administrative Expenses which have accrued and become payable prior to the immediately following Payment Date, upon receipt of invoices therefor from the relevant creditor, provided that any such payments, in aggregate, shall not cause the balance of the Expense Reserve Account to fall below zero;
- (4) 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

- (5) any Third Party Indemnity Receipts in excess of (4) above shall be transferred to the Interest Account on the Business Day prior to each Payment Date for application in accordance with the Interest Proceeds Priority of Payments on such Payment Date.

(xi) Collection Account

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

(xii) First Period Reserve Account

The Issuer shall direct the Account Bank to deposit approximately €2,200,000 to the First Period Reserve Account on the Issue Date. At any time prior to the Determination Date relating to the first Payment Date, at the discretion of the Investment Manager, the funds in the First Period Reserve Account may be transferred to the Unused Proceeds Account. On the Determination Date relating to the first Payment Date all of the funds in the First Period Reserve Account shall be transferred to the Interest Account for distribution on the first Payment Date.

(xiii) Interest Smoothing Account

On the Business Day following each Determination Date save for:

- (A) the first Determination Date following the Issue Date;
- (B) each Determination Date following the occurrence of an Event of Default which is continuing;
- (C) the Determination Date immediately prior to any redemption of the Notes in full; and
- (D) any Determination Date on or following the occurrence of a Frequency Switch Event,

the Interest Smoothing Amount (if any) shall be credited to the Interest Smoothing Account from the Interest Account.

The Issuer shall procure, on the Business Day falling after the Payment Date following the Determination Date on which any Interest Smoothing Amount was transferred to the Interest Smoothing Account, such Interest Smoothing Amount to be transferred to the Interest Account.

(k) Unscheduled Payment Dates

The Issuer or the Investment 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 Investment 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 owed to the Secured Parties under the Notes of each Class, the Trust Deed, the Agency Agreement, the Subscription Agreement, the Investment Management Agreement and any other Transaction Document 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 the Counterparty Downgrade Collateral), in each case held by the Issuer from time to time (where such rights are contractual rights (other than contractual rights the assignment of which would require the consent of a third party or the entry 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 the Counterparty Downgrade Collateral), in each case held by the Issuer (where such assets are securities or contractual rights not assigned by way of security pursuant to paragraph (i) above and which are capable of being the subject of a first fixed charge and first priority security interest), including, without limitation, all moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in

respect of or in substitution therefor and the proceeds of sale, repayment and redemption thereof;

- (iii) a first fixed charge over all present and future rights of the Issuer in respect of each of the Accounts and all moneys from time to time standing to the credit of such Accounts and the debts represented thereby and including, without limitation, all interest accrued and other moneys received in respect thereof, subject to, in the case of each Counterparty Downgrade Collateral Account, the rights of a Hedge Counterparty pursuant to the terms of the applicable Hedge Agreement and these Conditions respectively (or, in each case, any security interest entered into by the Issuer in relation thereto);
- (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, subject, in each case, to the rights of any Hedge Counterparty to Counterparty Downgrade Collateral pursuant to the terms of the relevant Hedge Agreement and these Conditions and any security interest entered into by the Issuer in relation thereto;
- (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 is without prejudice to, and after giving effect to, any contractual netting or set-off provision contained in the relevant Hedge Agreement and shall not in any way restrict the release of collateral granted thereunder in whole or in part at any time pursuant to the terms thereof);
- (vii) an assignment by way of security of all the Issuer's present and future rights under the Investment Management Agreement and all sums derived therefrom;
- (viii) a first fixed charge over all moneys held from time to time by the Principal Paying Agent and any other Agent for payment of principal, interest or other amounts on the Notes (if any);
- (ix) an assignment by way of security of all the Issuer's present and future rights under the Agency Agreement and the Subscription Agreement and all sums derived therefrom;
- (x) an assignment by way of security of all the Issuer's present and future rights under the Risk Retention Letter and all sums derived therefrom;

- (xi) an assignment by way of security of all the Issuer's present and future rights under the Collateral Acquisition Agreements and all sums derived therefrom;
- (xii) an assignment by way of security of all of the Issuer's present and future rights under any other Transaction Document not listed above and all sums derived therefrom;
- (xiii) a first equitable charge over all of the Issuer's future right, title and interest (and all entitlements or other benefits relating thereto) in any Blocker Subsidiaries that may be incorporated from time to time; and
- (xiv) 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 (xiv) above, the Issuer's rights to the Irish Excluded Assets.

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 (xiv) above is granted to the Trustee for itself and as trustee for the Secured Parties as continuing security for the payment of the Secured Obligations provided that the security granted by the Issuer over any collateral provided to the Issuer pursuant to a Hedge Agreement will only be available to the Secured Parties (other than with respect to the collateral provided to the relevant Hedge Counterparty pursuant to such Hedge Agreement and Condition 3(j)(v) (*Counterparty Downgrade Collateral Accounts*) when such collateral is expressed to be available to the Issuer and (if a title transfer arrangement) to the extent that no equivalent amount is owed to the Hedge Counterparty pursuant to the relevant Hedge Agreement and/or Condition 3(j)(v) (*Counterparty Downgrade Collateral Accounts*). The security will extend to the ultimate balance of all sums payable by the Issuer to the Secured Parties in respect of the above, regardless of any intermediate payment or discharge in whole or in part.

If, for any reason, the purported assignment by way of security of, and/or the grant of first fixed charge over, the property, assets, rights and/or benefits described above is found to be ineffective in respect of any such property, assets, rights and/or benefits (together, the "**Affected Collateral**"), the Issuer shall hold the benefit of the Affected Collateral and any sums received in respect thereof or any security interest, guarantee or indemnity or undertaking of whatever nature given to secure such Affected Collateral (together, the "**Trust Collateral**") on trust for the Trustee for the benefit of the Secured Parties and shall (i) account to the Trustee for or otherwise apply all sums received in respect of such Trust Collateral as the Trustee may direct (provided that, subject to the Conditions and the terms of the Investment Management Agreement, if no Event of Default has occurred and is continuing, the Issuer (or the Investment Manager acting on behalf of 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 (to the extent required):

- (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 moneys received in respect thereof,

as security for the Issuer's obligations to apply, repay or return 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 Investment 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 a 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. If the ratings of the Custodian are downgraded to below the Rating Requirement or withdrawn, the Issuer shall use reasonable endeavours to procure that a replacement Custodian with the Rating Requirement and who is acceptable to the Trustee is appointed in accordance with the provisions of the Agency Agreement.

Pursuant to the terms of the Trust Deed, the Trustee is exempted from any liability in respect of any loss or theft or reduction in value of the Collateral, from any obligation to insure the Collateral and from any claim arising from the fact that the Collateral is held in a clearing system or in safe custody by the Custodian, a bank or other custodian. The Trustee has no responsibility for ensuring that the Custodian, the Account Bank, the Principal Paying Agent or any Hedge Counterparty 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, principal paying agent or hedge counterparty. The Trustee has no responsibility for the management of the Portfolio by the Investment Manager or to supervise the administration of the Portfolio by the Collateral Administrator or the performance of its functions by any other party and is entitled to rely on the certificates, statements or notices of any relevant party without further enquiry and without liability. The Trust Deed also provides that the Trustee shall accept without investigation, requisition or objection such right, benefit, title and interest, if any, as the Issuer may have in and to any of the Collateral and is not bound to make any investigation into the same or into the Collateral in any respect.

- (b) Application of Proceeds upon Enforcement

The Trust Deed provides that the net proceeds of realisation of, or enforcement with respect to the security over, the Collateral constituted by the Trust Deed, shall be applied in accordance with the 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 the Issuer's rights under the Corporate Services 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 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 any Blocker Subsidiary, or join in any institution against the Issuer or any Blocker Subsidiary 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 or any Blocker Subsidiary 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).

In addition, none of the Noteholders or any of the other Secured Parties shall have any recourse against any Director, shareholder or officer of the Issuer in respect of any obligations, covenants or agreements entered into or made by the Issuer pursuant to the terms of these Conditions or any other Transaction Document to which the Issuer is a party or any notice or documents which it is requested to deliver hereunder or thereunder.

None of the Trustee, the Directors, the Initial Purchaser, the Investment Manager or 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 Investment Management Agreement, the Issuer authorises the Investment Manager, prior to enforcement of the security over the Collateral, to exercise all rights and remedies of the Issuer in its capacity as a holder of, or person beneficially entitled to, the Portfolio. In particular, the Investment Manager is authorised, subject to any specific direction given by the Issuer, to attend and vote at any meeting of holders of, or other persons interested or participating in, or entitled to the rights or benefits (or a part thereof) under, the Portfolio and to give any consent, waiver, indulgence, time or notification, make any declaration or agree any

composition, compounding or other similar arrangement with respect to any obligations forming part of the Portfolio.

(e) Information Regarding the Collateral

The Issuer shall procure that a copy of each Monthly Report and any Payment Date Report is made available upon publication, to each Noteholder of each Class, to the Trustee, the Investment Manager, each Hedge Counterparty and each Rating Agency via the Collateral Administrator's website currently located at <https://gctinvestorreporting.bnymellon.com>. It is not intended that such Reports will be made available in any other format, save in limited circumstances with the Collateral Administrator's agreement. The Collateral Administrator's website does not form part of the information provided for the purposes of the Prospectus and disclaimers may be posted with respect to the information posted thereon. Registration may be required for access to such website and persons wishing to access such website may be required to certify that they are Noteholders or otherwise entitled to access such website.

5. **Covenants of and Restrictions on the Issuer**

(a) Covenants of the Issuer

Unless otherwise provided and as more fully described 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 of its rights:
 - (A) under the Trust Deed;
 - (B) in respect of the Collateral;
 - (C) under the Agency Agreement;
 - (D) under the Investment Management Agreement;
 - (E) under the Subscription Agreement;
 - (F) under the Corporate Services Agreement;
 - (G) under the Collateral Acquisition Agreements;
 - (H) under the Risk Retention Letter;
 - (I) under any Hedge Agreements;
 - (J) under the Share Charge; and
 - (K) under any other Transaction Document;
- (ii) comply with its obligations under the Notes, the Trust Deed, the Agency Agreement, the Subscription Agreement, the Investment Management 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 (and in this regard no account shall be taken of the activities which the Investment Manager or the Collateral Administrator carries out on behalf of the Issuer pursuant to the Investment Management Agreement irrespective of whether such

activities constitute a permanent establishment or not and for this purpose "permanent establishment" shall be construed pursuant to section 1141 of the Corporation Tax Act 2010) or place of business or register as a company in the United Kingdom or the United States;

- (v) conduct its business and affairs in accordance with its Constitution from within Ireland such that, at all times:
 - (A) it shall maintain its registered office in Ireland;
 - (B) it shall maintain its central management and control and its place of effective management only in Ireland and in particular shall not be treated as being resident in any other jurisdiction under any double taxation treaties entered into by Ireland or otherwise;
 - (C) it shall ensure that all of its Directors are resident in Ireland for tax purposes, that they will exercise their control over the business of the Issuer independently and that all meetings of the Directors shall be held in Ireland and all the Directors (acting independently) shall exercise their authority only from and within Ireland by taking all major strategic decisions relating to the Issuer in Ireland pursuant to and in accordance with the Transaction Documents;
 - (D) it shall not open any office or branch or place of business outside of Ireland; and
 - (E) 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;
- (vi) it shall at all times maintain a board of Directors with a majority of Independent Directors. For the purposes of this provision "**Independent Director**" means a duly appointed member of the board of Directors of the Issuer who was not, at the time of such appointment, or at any time in the preceding five years, (i) a direct or indirect legal or beneficial owner of any of the Secured Parties or their respective Affiliates, (ii) a creditor, supplier, employee, officer, director, family member, manager or contractor of any of the Secured Parties or their respective Affiliates, or (iii) a person who controls (whether directly, indirectly, or otherwise) any of the Secured Parties or their respective Affiliates, provided that an employee or a director of the Corporate Services Provider shall be considered an Independent Director;
- (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 and admission to trading on the regulated 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 approval of the Trustee) decide, provided that such other stock exchange is a recognised stock exchange for the purposes of Section 64 of the Taxes Act 1997;

- (x) supply such information to the Rating Agencies as they may reasonably request;
- (xi) ensure an agent is appointed to assist in creating and maintaining the Issuer's website to enable the Rating Agencies to comply with Rule 17g-5; and
- (xii) ensure that its tax residence is and remains at all times solely in Ireland for Irish tax purposes.

(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 (and in the case of (vii) only, subject to Rating Agency Confirmation from Moody's):

- (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 Investment 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) except as expressly permitted by the Transaction Documents, engage in activities other than purchasing, holding and selling Eligible Assets and activities related to or incidental to investment in such Eligible Assets;
- (iv) engage in any business other than the holding or managing or both the holding and managing, in each case in Ireland, of "qualifying assets" within the meaning of Section 110 of the Taxes Act 1997 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 Investment Management 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;
- (v) amend any term or Condition of the Notes of any Class (save in accordance with these Conditions and the Trust Deed);
- (vi) agree to any amendment to any provision of, or grant any waiver or consent under the Trust Deed, the Agency Agreement, the Subscription Agreement, the Investment Management Agreement, the Corporate Services Agreement or any other Transaction Document to which it is a party;
- (vii) incur any indebtedness for borrowed money, other than in respect of:
 - (A) the Notes (including the issuance of additional Notes pursuant to Condition 17 (*Additional Issuances*)) or any document entered into in connection with the Notes or the sale thereof or any additional Notes or the sale thereof;
 - (B) any Refinancing; or
 - (C) as otherwise contemplated or permitted pursuant to the Trust Deed or the Investment Management Agreement;
- (viii) amend its Constitution (save to the extent necessary to change its name);
- (ix) 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 other than any Blocker Subsidiaries;
- (x) have any employees (for the avoidance of doubt the Directors of the Issuer do not constitute employees);
- (xi) enter into any reconstruction, amalgamation, merger or consolidation;
- (xii) 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;
- (xiii) issue any shares (other than such shares as are in issue as at the Issue Date) nor redeem or purchase any of its issued share capital;
- (xiv) 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 or any Blocker Subsidiary under any insolvency law applicable to the Issuer or any Blocker Subsidiary or which would reasonably be likely to cause the Issuer or any Blocker Subsidiary 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;

- (xv) 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 Investment Manager or the Collateral Administrator under the Investment Management Agreement (including, in each case, any transactions entered into thereunder) or, in each case, from any executory obligation thereunder;
- (xvi) commingle its assets with those of any other Person or entity;
- (xvii) make any election within the meaning of Section 110(6) of the Taxes Act 1997;
- (xviii) take any action, or permit any action to be taken, which would cause it to cease to be a "qualifying company" within the meaning of Section 110 of the Taxes Act 1997;
- (xix) enter into any lease in respect of, or own, premises; or
- (xx) take any action or institute any proceeding against any Blocker Subsidiary under any insolvency law applicable to such Blocker Subsidiary or which would reasonably be likely to cause such Blocker Subsidiary to be subject to or seek protection of, any such insolvency law.

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 16 January 2017;
- (B) following the occurrence of a Frequency Switch Event, semi-annually; and
- (C) at all other times, quarterly,

in each case, in arrear on each Payment Date.

(ii) Subordinated Notes

Residual distributions shall be payable on the Subordinated Notes to the extent funds are available in accordance with paragraph (BB) of the Interest Proceeds Priority of Payments, paragraph (R) of the Principal Proceeds Priority of Payments, paragraphs (A) and (B) of the Collateral Enhancement Obligation Proceeds Priority of Payments and paragraph (AA) 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 being redeemed in full or at their Principal Amount Outstanding shall be deemed to be amended to the extent required to ensure that a minimum of €1 principal amount of each such Class of Notes remains Outstanding at all times and any amounts which are to be

applied in redemption of each such Class of Notes pursuant hereto which are in excess of the Principal Amount Outstanding thereof minus €1, shall constitute interest payable in respect of such Notes and shall not be applied in redemption of the Principal Amount Outstanding thereof, provided always however that such €1 principal shall no longer remain Outstanding and each such Class of Notes shall be redeemed in full on the date on which all of the Collateral securing the Notes has been realised and is to be finally distributed to the Noteholders.

If the aggregate of income and gains earned by the Issuer during an accounting period exceeds the costs and expenses accrued for that period, such excess shall accrue as additional interest on the Subordinated Notes but shall only be payable on any Payment Date following payment in full of amounts payable pursuant to the Priorities of Payments on such Payment Date.

(b) Interest Accrual

(i) Interest Accrual

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest in accordance with this Condition 6 (*Interest*) (both before and after judgment) until whichever is the earlier of (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (B) the day following seven days after the Trustee or the Principal Paying Agent has notified the Noteholders of such Class of Notes in accordance with Condition 16 (*Notices*) of receipt of all sums due in respect of all the Notes of such Class up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

(ii) Subordinated Notes

Payments on the Subordinated Notes will cease to be payable in respect of each Subordinated Note upon the date that all of the Collateral has been realised and no Interest Proceeds or Principal Proceeds remain available for distribution in accordance with the Priorities of Payments.

(c) Deferral of Interest

The Issuer shall, and shall only be obliged to, pay any Interest Amount payable in respect of the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes in full on any Payment Date, in each case to the extent that there are Interest Proceeds or Principal Proceeds available for payment thereof in accordance with the Priorities of Payments.

In the case of the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, an amount of interest equal to any shortfall in payment of the Interest Amount which would, but for the first paragraph of this Condition 6(c) (*Deferral of Interest*) otherwise be due and payable in respect of such Class of Notes on any Payment Date (each such amount being referred to as "**Deferred Interest**") will not be due and 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. 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 will not be an Event of Default until (i) the Maturity Date or any earlier date on which the Notes are redeemed in full or (ii) to the extent any Deferred Interest is payable in accordance with Condition 6(d) (*Payment of Deferred*

Interest) and such non-payment gives rise to an Event of Default under Condition 10(a)(i) (*Non-payment of interest*) or Condition 10(a)(iii) (*Default under Priorities of Payments*).

(d) Payment of Deferred Interest

Deferred Interest in respect of any Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes shall only become payable by the Issuer 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 Notes remain Outstanding, Deferred Interest on the Class C Notes, Class D Notes, Class E Notes and/or the Class F Notes, as applicable, will be added to the principal amount of the Class C Notes, Class D Notes, 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, Class D Notes, Class E Notes and/or the Class F Notes, as applicable.

(e) Interest on the Rated Notes

(i) Floating Rate of Interest

The rate of interest from time to time in respect of the Class A Notes (the "**Class A Floating Rate of Interest**"), in respect of the Class B Notes (the "**Class B Floating Rate of Interest**"), in respect of the Class C Notes (the "**Class C Floating Rate of Interest**"), in respect of the Class D Notes (the "**Class D Floating Rate of Interest**"), in respect of the Class E Notes (the "**Class E Floating Rate of Interest**") and 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 Interest Determination Date, the Calculation Agent will determine a straight line interpolation of the offered rate for 6 and 9 month Euro deposits by reference to the initial Accrual Period;
- (2) in the case of each Interest Determination Date other than the initial Interest Determination Date and prior to the occurrence of a Frequency Switch Event, the Calculation Agent will determine (i) the offered rate for six month Euro deposits; and (ii) the offered rate for three month Euro deposits; and
- (3) in the case of each Interest Determination Date following the occurrence of a Frequency Switch Event, the Calculation Agent will determine the offered rate for six month Euro deposits or, in the case of the Interest Determination Date in respect of the Accrual Period prior to the Maturity Date, if the Payment Date immediately prior to the Maturity Date falls in April 2029, the offered rate for three month Euro deposits,

the applicable offered rate, the "**Designated Maturity**" and in each case, as at 11.00 am (Brussels time) on the Interest Determination Date in question. Such offered rate will be that which appears on the display designated on the Bloomberg Screen "**BTMM EU**" Page (or such other page or service as may replace it for the purpose of displaying EURIBOR rates). The Class A

Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, 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 relevant EURIBOR rate referred to in (i) paragraph (A)(1) above in respect of the initial Accrual Period; (ii) paragraph (A)(2)(i) or (A)(3) above (as applicable) in respect of any six month Accrual Period; and (iii) paragraph (A)(2)(ii) above in respect of each three month Accrual Period, 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 paragraph (A) shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 being rounded upwards)) of the rates (being at least two) which so appear, as determined by the Calculation Agent. If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Calculation Agent will request each of four major banks in the Euro zone interbank market acting in each case through its principal Euro zone office (the "**Reference Banks**") to provide the Calculation Agent with its offered quotation to leading banks for Euro deposits in the Euro zone interbank market for the applicable Designated Maturity as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question. The Class A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest and the Class F Floating Rate of Interest for the relevant Accrual Period shall be equal to 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 Class A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest and the Class F Floating Rate of Interest, respectively, for the next Accrual Period shall be the Class A Floating Rate of Interest, the Class B 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 the last available offered rate for three or six month Euro deposits as applicable as determined by the Calculation Agent.

- (D) Where:

"Applicable Margin" means:

- (1) in the case of the Class A Notes: 1.35 per cent. per annum;
- (2) in the case of the Class B Notes: 2.05 per cent. per annum;
- (3) in the case of the Class C Notes: 3.10 per cent. per annum;

- (4) in the case of the Class D Notes: 4.30 per cent. per annum;
- (5) in the case of the Class E Notes: 6.25 per cent. per annum; and
- (6) in the case of the Class F Notes: 8.25 per cent. per annum.

Notwithstanding paragraphs (A), (B) and (C) above, if in relation to any Interest Determination Date, EURIBOR in respect of any Class of Floating Rate Notes as determined in accordance with paragraphs (A), (B) and (C) above would yield a rate less than zero, such rate shall be deemed to be zero for the purposes of determining the floating rate of interest pursuant to this Condition 6(e)(i) (*Floating Rate of Interest*).

(ii) Determination of Floating Rate of Interest and Calculation of Interest Amount

The Calculation Agent will, as soon as practicable (and in any event (i) for each Accrual Period following the occurrence of a Frequency Switch Event, not later than the Business Day following the relevant Interest Determination Date; and (ii) for each Accrual Period prior to the occurrence of a Frequency Switch Event and for any Accrual Period during which a Frequency Switch Event occurs, not later than the Determination Date immediately preceding the relevant Payment Date), determine the Class A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, the Class E Floating Rate of Interest and the Class F Floating Rate of Interest and calculate the interest amount payable in respect of original principal amounts of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes equal to the Authorised Integral Amount applicable thereto for the relevant Accrual Period. The amount of interest (an "**Interest Amount**") payable in respect of each Authorised Integral Amount applicable to any such Notes shall be calculated by applying the Class A Floating Rate of Interest in the case of the Class A Notes, the Class B Floating Rate of Interest in the case of the Class B Notes, the Class C Floating Rate of Interest in the case of the Class C Notes, the Class D Floating Rate of Interest in the case of the Class D Notes, 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 such Authorised Integral Amount, 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 Note, Class B Note, Class C Note, Class D Note, Class E Note or Class F Note remains Outstanding:

- (1) a Calculation Agent shall be appointed and maintained for the purposes of determining the interest rate and interest amount payable in respect of the Notes; and
- (2) if the Class A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, 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 Proceeds in respect of Subordinated Notes

Solely in respect of Subordinated Notes, the Collateral Administrator will on each Determination Date calculate the Interest Proceeds payable to the extent of available funds in respect of an original principal amount of Subordinated Notes equal to the Authorised Integral Amount applicable thereto for the relevant Accrual Period. The Interest Proceeds payable on each Payment Date in respect of an original principal amount of Subordinated Notes equal to the Authorised Integral Amount applicable thereto shall be calculated by multiplying the amount of Interest Proceeds to be applied on the Subordinated Notes on the applicable Payment Date pursuant to paragraph (BB) of the Interest Proceeds Priority of Payments, paragraph (R) of the Principal Proceeds Priority of Payments, paragraphs (A) and (B) of the Collateral Enhancement Obligation Proceeds Priority of Payments and paragraph (AA) of the Post-Acceleration Priority of Payments by fractions equal to the amount of such Authorised Integral Amount, as applicable, divided by the aggregate original principal amount of the Subordinated Notes.

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

The Calculation Agent will cause the Class A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest, 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 for each Accrual Period and Payment Date and the Principal Amount Outstanding of each Class of Notes as of the applicable Payment Date to be notified to the Registrar, the Principal Paying Agent, the Transfer Agents, the Trustee, the Investment Manager and, for so long as the Notes are listed on the regulated 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 the occurrence of a Frequency Switch Event (if any and to the extent notified to the Principal Paying Agent in writing by the Investment Manager) to be notified to the Noteholders of each Class in accordance with Condition 16 (*Notices*) as soon as possible following notification to the Principal Paying Agent but in no event later than the third Business Day after such notification. The Interest Amounts in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes or the Payment Date in respect of any Class of Notes so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Accrual Period. If any of the Notes become due and payable under Condition 10 (*Events of Default*), interest shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this Condition 6 (*Interest*) but no publication of the applicable Interest Amounts shall be made unless the Trustee so determines.

(h) Determination or Calculation by Trustee

If the Calculation Agent does not at any time for any reason so calculate the Class A Floating Rate of Interest, the Class B 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 and at the cost of the Issuer) shall do so and such determination or calculation shall be deemed to have been made by the Calculation Agent and shall be binding on the Noteholders. In doing so, the Trustee, or such person appointed by it, shall apply the foregoing provisions of this Condition 6 (*Interest*), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances and reliance on such persons as it has appointed for such purpose. The Trustee shall have no liability to any person in connection with any determination or calculation (including with regard to the timelines thereof) it is required to make pursuant to this Condition 6(h) (*Determination or Calculation by Trustee*).

(i) Notifications, etc. to be Final

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6 (*Interest*), whether by the Reference Banks (or any of them), the Calculation Agent or the Trustee, will (in the absence of manifest error) be binding on the Issuer, the Reference Banks, the Calculation Agent, the Trustee, the Registrar, the Principal Paying Agent, the Transfer Agents and all Noteholders and (in the absence of its fraud, negligence or wilful misconduct) no liability to the Issuer or the Noteholders of any Class shall attach to the Reference Banks, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition 6(i) (*Notifications, etc. to be Final*).

7. **Redemption and Purchase**

(a) Final Redemption

Save to the extent previously redeemed in full and cancelled, the Notes of each Class will be redeemed on the Maturity Date of such Notes. In the case of a redemption pursuant to this Condition 7(a) (*Final Redemption*), the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes will be redeemed at their Redemption Price in accordance with the Note Payment Sequence and the Subordinated Notes will be redeemed at the amount equal to their share of the amounts of Principal Proceeds to be applied towards such redemption pursuant to paragraph (S) of the Principal Proceeds Priority of Payments. Notes may not be redeemed other than in accordance with this Condition 7 (*Redemption and Purchase*).

(b) Optional Redemption

- (i) Optional Redemption in Whole - Subordinated Noteholders or Retention Holder subject to consent of Investment Manager

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 either (i) at the direction of the Subordinated Noteholders acting by

Extraordinary Resolution or (ii) at the direction in writing of the Retention Holder, in each case, together with delivery to the Registrar of duly completed Redemption Notices, and in either case, subject to the prior written consent of the Investment Manager acting in its sole discretion; or

- (B) upon the occurrence of a Collateral Tax Event, on any Business Day falling after such occurrence at the direction of (x) the Subordinated Noteholders acting by Extraordinary Resolution or (y) the Retention Holder, in each case, together with delivery to the Registrar of duly completed Redemption Notices.

- (ii) Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders, Investment Manager or Retention Holder

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, together with delivery to the Registrar of duly completed Redemption Notices, or at the written direction of the Investment Manager or the Retention Holder, in each case subject to the prior written consent of the Investment Manager acting in its sole discretion. No such Optional Redemption may occur unless any Class of Rated Notes to be redeemed represents the entire Class of such Rated Notes.

- (iii) Optional Redemption in Whole - Investment Manager or Retention Holder Clean-up Call

Subject to the provisions of Condition 7(b)(iv) *Terms and Conditions of an Optional Redemption*) 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 on any Payment Date falling on or after expiry of the Non-Call Period if, upon or at any time following the expiry of the Non-Call Period, the Aggregate Collateral Balance is less than 15 per cent. of the Target Par Amount and if directed in writing by the Investment Manager or the Retention Holder.

- (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 (or such shorter period as may be agreed by the Trustee and Investment Manager) 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 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 Investment Manager no later than 25 days (or such shorter period of time as may be agreed by the Trustee and the Investment Manager, acting reasonably) prior to the relevant Redemption Date;

- (C) any such redemption must comply with the procedures set out in Condition 7(b)(vii) (*Mechanics of Redemption*); and
 - (D) any redemption in part of the Notes pursuant to Condition 7(b)(ii) (*Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders, Investment Manager or Retention Holder*) 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 a direction in writing from the required party or requisite percentage of Noteholders, as the case may be, to exercise any right of optional redemption pursuant to Condition 7(b)(i) (*Optional Redemption in Whole - Subordinated Noteholders or Retention Holder subject to consent of Investment Manager*) or Condition 7(b)(ii) (*Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders, Investment Manager or Retention Holder*), the Issuer may:

- (A) in the case of a redemption in whole of all Classes of Rated Notes in accordance with 7(b)(i) (*Optional Redemption in Whole - Subordinated Noteholders or Retention Holder subject to consent of Investment Manager*) (1), enter into a loan (as borrower thereunder) with one or more financial institutions; or (2) issue replacement notes; and
- (B) in the case of a redemption in part of the entire Class of a Class of Rated Notes in accordance with Condition 7(b)(ii) (*Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders, Investment Manager or Retention Holder*), issue replacement notes (each, a "**Refinancing Obligation**"), whose terms in each case will be negotiated by the Investment Manager on behalf of the Issuer (any such refinancing, a "**Refinancing**"), provided that any Refinancing shall be subject to the prior written consent of the Investment Manager acting in its sole discretion. 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 Investment Manager (acting in its sole discretion) 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 subject to consent of Investment Manager*). In addition, Refinancing Proceeds may be applied in the redemption of the Rated Notes in part by Class pursuant to Condition 7(b)(ii) (*Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders, Investment Manager or Retention Holder*).

(C) Refinancing in relation to a Redemption in Whole

In the case of a Refinancing in relation to the redemption of all Classes of Rated Notes in whole but not in part pursuant to Condition 7(b)(i) (*Optional Redemption in Whole - Subordinated Noteholders or Retention Holder subject to consent of Investment Manager*) as described above, such Refinancing will be effective only if:

- (1) the Issuer provides prior written notice thereof to S&P and Moody's;
- (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 (subject to any election of a Class of Noteholders 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 Investment Manager upon which certification the Trustee shall rely without liability and without further enquiry.

(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 of any Class or Classes pursuant to Condition 7(b)(ii) (*Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole*

by Subordinated Noteholders, Investment Manager or Retention Holder), such Refinancing will be effective only if:

- (1) the Issuer provides prior written notice thereof to S&P and Moody's;
- (2) the Refinancing Obligations are in the form of notes;
- (3) any redemption of a Class of Notes is a redemption of the entire Class which is subject to the redemption;
- (4) the sum of (A) the Refinancing Proceeds and (B) the amount of Interest Proceeds standing to the credit of the Interest Account in excess of the aggregate amount of Interest Proceeds which would be applied in accordance with the Interest Proceeds Priority of Payments prior to paying any amount in respect of the Subordinated Notes on the next Payment Date will be at least sufficient to pay in full:
 - (a) the aggregate Redemption Prices of the entire Class or Classes of Rated Notes subject to the Optional Redemption; plus
 - (b) all accrued and unpaid Trustee Fees and Expenses and Administrative Expenses in connection with such Refinancing;
- (5) the Refinancing Proceeds are used (to the extent necessary) to make such redemption;
- (6) each agreement entered into by the Issuer in respect of such Refinancing contains limited recourse and non-petition provisions substantially the same as those contained in the Trust Deed;
- (7) the aggregate principal amount of the Refinancing Obligations in respect of each Class of Notes being redeemed is equal to the aggregate Principal Amount Outstanding of the relevant Class of Notes being redeemed with the Refinancing Proceeds;
- (8) the maturity date of each class of Refinancing Obligation is the same as the Maturity Date of the Class or Classes of Notes being redeemed with the Refinancing Proceeds;
- (9) the interest rate of any Refinancing Obligations will not be greater than the interest rate of the Rated Notes subject to such Optional Redemption;
- (10) payments in respect of the Refinancing Obligations are subject to the Priorities of Payments and do not rank higher in priority pursuant to the Priorities of Payments than the relevant Class or Classes of Rated Notes being redeemed;
- (11) the voting rights, consent rights, redemption rights and all other rights of the Refinancing Obligations are the same as the rights of the corresponding Class of Rated Notes being redeemed; and

- (12) all Refinancing Proceeds are received by (or on behalf of) the Issuer prior to the applicable Redemption Date,

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

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 Investment Manager and the Noteholders in accordance with Condition 16 (*Notices*). Such cancellation shall not constitute an Event of Default.

None of the Issuer, the Investment Manager, the Collateral Administrator or the Trustee shall be liable to any party, including the Subordinated Noteholders, for any failure to obtain a Refinancing (including as a result of the Investment Manager determining in its sole discretion not to provide its consent thereto).

(E) Consequential Amendments

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

The Trustee will not be obliged to enter into 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, 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 of the Issuer 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 judgement of counsel delivering such opinion of counsel) provided by the Issuer to the effect that such amendment meets the requirements specified above and is permitted under the Trust Deed without the consent of the holders of the Notes (except that such officer or counsel will have no obligation to certify or opine as to the sufficiency of the Refinancing Proceeds).

- (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 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 subject to consent of Investment Manager*), Condition 7(g) (*Redemption*

Following Note Tax Event) or Condition 7(b)(ii) (*Optional Redemption in Part – Refinancing of a Class or Classes of Notes in whole by Subordinated Noteholders, Investment Manager or Retention Holder*) 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 Investment Manager. The Investment Manager or any of its Affiliates will be permitted to purchase Collateral Debt Obligations in the Portfolio on arm's length terms where the Subordinated Noteholders or the Retention Holder exercise their right of early redemption pursuant to this Condition 7(b) (*Optional Redemption*).

The Notes shall not be optionally redeemed where such Optional Redemption is to be effected solely through the liquidation or realisation of the Portfolio unless:

- (A) at least five Business Days before the scheduled Redemption Date the Investment Manager shall have furnished to the Trustee a certificate (upon which certificate the Trustee may rely upon absolutely and without further liability or enquiry), signed by an officer of the Investment Manager, that the Investment Manager, on behalf of the Issuer, has entered into a binding agreement or agreements with a financial or other institution or institutions (which (x) has or is guaranteed by a Person whose short-term unsecured debt obligations (other than such obligations whose rating is based on the credit of a person other than such institution) are rated at least "P-1" by Moody's or (y) in respect of which Rating Agency Confirmation has been received) 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) prior to selling any Collateral Debt Obligations and/or Eligible Investments, the Investment Manager certifies to the Trustee that, in its judgement, the aggregate sum of (i) expected proceeds from the sale of Eligible Investments, and (ii) 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

in each case, at least two 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 Investment Manager pursuant to this Condition 7(b)(vi) (*Optional Redemption in whole of all Classes of Notes effected through Liquidation only*) must include (1) the prices of, and expected proceeds from, the sale (directly or by participation or other arrangement) of any Collateral 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 rely upon such certification without further enquiry and without liability. Any Noteholder, the Investment Manager or any of the Investment Manager's Affiliates shall have the right, subject to the same terms and conditions afforded to other bidders, to bid on 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 any of these conditions (A), (B) or (C) above is not satisfied, the Issuer shall cancel the redemption of the Notes and shall give notice of such cancellation to the Trustee, the Investment Manager and the Noteholders in accordance with Condition 16 (*Notices*).

Such cancellation shall not constitute an Event of Default.

(vii) Mechanics of Redemption

Following calculation by the Collateral Administrator in consultation with the Investment 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 Investment Management Agreement and shall notify the Issuer, the Trustee, the Investment Manager and the Registrar, whereupon the Registrar shall, no later than 1 Business Day following such notification, notify the Noteholders (in accordance with Condition 16 (*Notices*)) of such amounts.

Any exercise of a right of Optional Redemption by (x) the Subordinated Noteholders or (y) the Retention Holder pursuant to this Condition 7(b) (*Optional Redemption*) or the Retention Holder, the Subordinated Noteholders or the Controlling Class 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, the Retention Holder or the requisite amount of Notes comprising the Controlling Class (as applicable) held thereby, of duly completed Redemption Notices not less than 30 days, or such shorter period of time as the Trustee and the Investment Manager find reasonably acceptable, prior to the proposed Redemption Date. No Redemption Notice and Subordinated Note or Notes comprising the Controlling Class so delivered or any direction given by the Investment Manager may be withdrawn without the prior consent of the Issuer. The Registrar shall copy each Redemption Notice or any direction given by the Investment Manager received to each of the Issuer, the Trustee, the Collateral Administrator, each Hedge Counterparty and, if applicable, the Investment Manager.

The Investment Manager shall notify the Issuer, the Trustee, the Collateral Administrator, each Hedge Counterparty and the Registrar upon satisfaction of the conditions set out in this Condition 7(b) (*Optional Redemption*) and shall arrange for liquidation and/or realisation of the Portfolio in whole or in part as necessary, on behalf of the Issuer in accordance with the Investment 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*) into the Payment Account on or before the Business Day prior to the applicable Redemption Date. Principal Proceeds and Interest Proceeds received in connection with a redemption in whole of all the Rated Notes shall be payable in accordance with the Post-Acceleration Priority of Payments. Refinancing Proceeds received in connection with a redemption in whole of a Class of Rated Notes (other than a redemption in whole of all Classes of Rated Notes) shall be paid to the holders of such Class of Notes to the extent required to redeem such Class of Notes.

(viii) Optional Redemption of Subordinated Notes

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

(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 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, the Class C Notes and the Class D Notes in accordance with the Note Payment Sequence, on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption.

(iv) Class E Notes

If the Class E Par Value Test is not met on any Determination Date on and after the Effective Date or if the Class E Interest Coverage Test is not met on the Determination Date immediately preceding the second Payment Date 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, the Class C Notes, the Class D Notes and the Class E Notes in accordance with the Note Payment Sequence, on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption.

(d) Special Redemption

A special redemption ("**Special Redemption**") of the Notes may occur in the circumstances described in (A) and (B) below. The exercise of a Special Redemption shall be at the sole and absolute discretion of the Investment Manager (acting on behalf of the Issuer) and the Investment Manager shall be under no obligation to, or have any responsibility for, any Noteholder or any other person for the exercise or non exercise (as applicable) of such Special Redemption.

- (A) Following the expiry of the Reinvestment Period, principal payments on the Notes shall be made at the election of the Investment Manager (in its sole discretion) in accordance with paragraph (V) of the Interest Proceeds Priority of Payments if the Reinvestment Overcollateralisation Test is not met after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (U) thereof. In such circumstances, an amount up to the applicable Required Diversion Amount (as determined by the Investment Manager) may be applied in redemption of the Notes in accordance with the Note Payment Sequence.
- (B) Principal payments on the Notes under paragraph (N) of the Principal Proceeds Priority of Payments shall be made in accordance with the Principal Proceeds Priority of Payments at the sole and absolute discretion of the Investment Manager (acting on behalf of the Issuer) if, at any time during the Reinvestment Period, the Investment Manager (acting on behalf of the Issuer) certifies to the Trustee (upon which certification the Trustee may rely without further enquiry and without liability) that using reasonable endeavours it has been unable, for a period of 20 consecutive Business Days, to identify additional Collateral Debt Obligations or Substitute Collateral Debt Obligations that are deemed appropriate by the Investment Manager (acting on behalf of the Issuer) in its discretion and which meet the Eligibility Criteria and whose acquisition by the Issuer would be in compliance with, to the extent applicable, the Reinvestment Criteria, in sufficient amounts to permit the investment or reinvestment of all or a portion of the funds then in the Principal Account that are to be invested in additional Collateral Debt Obligations. On the first Payment Date following the Due Period in which such notice is given (a "**Special Redemption Date**"), the funds in the Principal Account representing Principal Proceeds which, using reasonable endeavours, cannot be reinvested in additional Collateral Debt Obligations or Substitute Collateral Debt Obligations (the "**Special Redemption Amount**") will be applied in accordance with paragraph (N) of the Principal Proceeds Priority of Payments. Notice of payments pursuant to this Condition 7(d) (*Special Redemption*) shall be given by the Issuer in accordance with Condition 16

(*Notices*) not less than three Business Days prior to the applicable Special Redemption Date to each Noteholder and to each Rating Agency.

(e) Redemption upon Effective Date Rating Event

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 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 Payments.

(g) Redemption Following Note Tax Event

Upon the occurrence of a Note Tax Event, the Issuer shall, subject to and in accordance with the terms of the Trust Deed, use all reasonable efforts to change the territory in which it is resident for tax purposes to another jurisdiction which, at the time of such change, would not give rise to a Note Tax Event. Upon the earlier of (a) the date upon which the Issuer certifies to the Trustee (upon which certification the Trustee may rely without further enquiry and without liability) and notifies (or procures the notification of) the Noteholders that it is not able to effect such change of residence and (b) the date which is 90 days from the date upon which the Issuer first becomes aware of such Note Tax Event (provided that such 90 day period shall be extended by a further 90 days if during the former period the Issuer has notified (or procured the notification of) the Trustee and the Noteholders in accordance with Condition 16 (*Notices*) that, based on advice received by it, it expects that it shall have changed its place of residence by the end of the latter 90 day period), (i) the Controlling Class or the Subordinated Noteholders, in each case acting by way of Extraordinary Resolution, or (ii) the Retention Holder may direct 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

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.

(j) Notice of Redemption

The Issuer shall procure that notice of any redemption in accordance with this Condition 7 (*Redemption and Purchase*) (which notice shall be irrevocable) is given to the Trustee and Noteholders in accordance with Condition 16 (*Notices*) and promptly in writing to the Rating Agencies.

(k) Purchase

On any Payment Date, at the discretion of the Investment Manager, acting on behalf of the Issuer in accordance with and subject to the terms of the Investment Management Agreement, the Issuer may, subject to the conditions below, purchase any of the Rated Notes (in whole or in part) using Principal Proceeds standing to the credit of the Principal Account or Collateral Enhancement Amounts.

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

- (A) such purchase of Rated Notes shall occur in the following sequential order of priority: *first*, the Class A Notes, until the Class A Notes are redeemed or purchased in full and cancelled; *second*, the Class B Notes, until the Class B Notes are redeemed or purchased in full and cancelled; *third*, the Class C Notes, until the Class C Notes are redeemed or purchased in full and cancelled; *fourth*, the Class D Notes, until the Class D Notes are redeemed or purchased in full and cancelled; *fifth*, the Class E Notes, until the Class E Notes are redeemed or purchased in full and cancelled; and *sixth*, the Class F Notes until the Class F Notes are redeemed or purchased in full and cancelled;
- (B)
 - (1) each such purchase of Rated Notes of any Class shall be made pursuant to an offer made to all holders of the Rated Notes of such Class, by notice to such holders, which notice shall specify the purchase price (as a percentage of par) at which such purchase will be effected, the maximum amount of Principal Proceeds and Collateral Enhancement Amounts that will be used to effect such purchase and the length of the period during which such offer will be open for acceptance;
 - (2) each such holder of a Rated Note shall have the right, but not the obligation, to accept such offer in accordance with its terms; and
 - (3) if the aggregate Principal Amount Outstanding of Notes of the relevant Class held by holders who accept such offer exceeds the amount of Principal Proceeds specified in such offer, a portion of the Notes of each accepting holder shall be purchased *pro rata* based on the respective Principal Amount Outstanding held by each such holder subject to adjustment for Authorised Denominations if required;
- (C) each such purchase shall be effected only at prices discounted from par;

- (D) each such purchase of Rated Notes shall occur prior to the expiry of the Reinvestment Period;
- (E) each Coverage Test is satisfied immediately prior to each such purchase and will be satisfied after giving effect to such purchase or, if any Coverage Test is not satisfied it shall be at least maintained or improved after giving effect to such purchase as it was immediately prior thereto;
- (F) if Sale Proceeds are used to consummate any such purchase, either:
 - (1) each requirement or test, as the case may be, of the Portfolio Profile Tests and the Collateral Quality Tests (except the S&P CDO Monitor Test) will be satisfied after giving effect to such purchase; or
 - (2) if any requirement or test, as the case may be, of the Portfolio Profile Tests and the Collateral Quality Tests (except the S&P CDO Monitor Test) was not satisfied immediately prior to such purchase, such requirement or test will be maintained or improved after giving effect to such purchase;
- (G) no 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; and
- (I) each such purchase shall be effected subject to, and in accordance with, any applicable laws and regulations.

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 and posted on the Business Day immediately preceding the relevant due date to the holder (or to the first named of joint holders) of the Note appearing on the Register at the close of business on the Record Date at his address shown on the register on the Record Date. Upon application of the holder to the specified office of the Principal Paying Agent or any Paying Agent not less than five Business Days before the due date for any payment in respect of a Note, the payment may be made (in the case of any final payment of principal against presentation and surrender (or, in the case of part payment only of such final payment, endorsement) of such Note as provided above) by wire transfer, in immediately available funds, on the due date to a Euro account maintained by the payee with a bank in Western Europe.

(b) Payments

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 9 (*Taxation*). No commission shall be charged to the Noteholders.

(c) Payments on Presentation Days

A holder shall be entitled to present a Note for payment only on a Presentation Date and shall not, except as provided in Condition 6 (*Interest*), be entitled to any further interest or other payment if a Presentation Date falls after the due date.

If a Note is presented for payment at a time when, as a result of differences in time zones it is not practicable to transfer the relevant amount to an account as referred to above for value on the relevant Presentation Date, the Issuer shall not be obliged so to do but shall be obliged to transfer the relevant amount to the account for value on the first practicable date after the Presentation Date.

(d) Principal Paying Agent and Transfer Agents

The names of the initial Principal Paying Agent and Transfer Agents and their initial specified offices are set out below. The Issuer reserves the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of the Principal Paying Agent and any Transfer Agent and appoint additional or other Agents, provided that it will at all times maintain (i) a Principal Paying Agent and (ii) a paying agent in an EU Member State, in each case as approved in writing by the Trustee and shall procure that it shall at all times maintain a Custodian, Account Bank, Investment Manager and Collateral Administrator. Notice of any change in any Agent or their specified offices or in the Investment Manager or Collateral Administrator will promptly be given to the Noteholders by the Issuer in accordance with Condition 16 (*Notices*).

9. **Taxation**

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Ireland, or any other jurisdiction, or any political sub division or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. For the avoidance of doubt, the Issuer shall not be required to gross up any payments made to Noteholders of any Class and shall withhold or deduct from any such payments any amounts on account of such tax where so required by law or any such relevant taxing authority or in connection with FATCA. Any such withholding or deduction shall not constitute an Event of Default under Condition 10(a) (*Events of Default*).

Payments will be subject in all other cases to any other fiscal or other laws and regulations applicable thereto in any jurisdiction and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws or regulations.

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 Irish law to withhold or account for tax so that it would be unable to make payment of the full amount that would otherwise be due but for the imposition of such tax, the Issuer (save as provided below) shall use all reasonable endeavours to arrange for the substitution of a company incorporated in another jurisdiction approved by the Trustee as the principal obligor under the Notes of such Class, or to change its tax residence to another jurisdiction approved by the Trustee, subject to

receipt of Rating Agency Confirmation in relation to such change and in accordance with the Trust Deed.

Notwithstanding the above, if any taxes referred to in this Condition 9 (*Taxation*) arise:

- (a) due to any present or former connection of any Noteholder (or between a fiduciary, settlor, beneficiary, member or shareholder of such Noteholder if such Noteholder is an estate, a trust, a partnership, or a corporation) with Ireland (including without limitation, such Noteholder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having had a permanent establishment therein) otherwise than by reason only of the holding of any Note or receiving principal or interest in respect thereof;
- (b) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax or to provide information concerning nationality, residency or connection with Ireland or other applicable taxing authority;
- (c) in connection with any withholding or deduction for or on account of FATCA; or
- (d) any combination of the preceding clauses (a) through (c) inclusive,

the requirement to substitute the Issuer as a principal obligor and/or change its residence for taxation purposes shall not apply.

10. **Events of Default**

- (a) Events of Default

Any of the following events shall constitute an "**Event of Default**":

- (i) Non-payment of interest

the Issuer fails to pay any interest in respect of any Class A Note or Class B Note when the same becomes due and payable or, following redemption and payment in full of the Class A Notes and the Class B Notes, the Issuer fails to pay any interest in respect of any Class C Note when the same becomes due and payable or, following redemption and payment in full of the Class A Notes, the Class B Notes and the Class C Notes, the Issuer fails to pay any interest in respect of any Class D Note when the same becomes due and payable or, following redemption and payment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the Issuer fails to pay any interest in respect of any Class E Note when the same becomes due and payable, or, following redemption and payment in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, and the Class E Notes, the Issuer fails to pay any interest in respect of any Class F Note when the same becomes due and payable and, in each case, failure to pay such interest in such circumstances continues for a period of at least five Business Days *provided* that, in the case of a failure to disburse due to an administrative error or omission, irrespective of the cause of such administrative error or omission, such failure continues for a period of at least 10 Business Days and *provided further* that any non-payment of interest 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 an Event of Default;

- (ii) Non-payment of principal

the Issuer fails to pay any principal when the same becomes due and payable on any Rated Note on any Redemption Date and such failure to pay 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 10 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 an Event of Default;

(iii) Default under Priorities of Payments

the failure on any Payment Date to disburse amounts (other than (i) or (ii) above) available in the Payment Account in excess of €1,000 and payable in accordance with the Priorities of Payments and continuation of such failure for a period of 10 Business Days or, in the case of a failure to disburse due to an administrative error or omission, such failure continues for 10 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 (1) the Aggregate Collateral Balance plus (2) in respect of each Defaulted Obligation on such date, the Market Value of such Defaulted Obligation multiplied by the Principal Balance of such Defaulted Obligation 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 "Event of Default" a default in a material respect in the performance by, or breach in a material respect of any material covenant of, the Issuer under the Trust Deed (provided that any failure to meet any Portfolio Profile Test, the Reinvestment Overcollateralisation Test, any Collateral Quality Test or Coverage Test is not an Event of Default and any failure to satisfy the Effective Date Determination Requirements is not an 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, which default, breach or failure is materially prejudicial to the interests of the Noteholders of any Class (as determined by the Trustee) and continues for a period of 45 days or more after notice thereof shall have been given to the Issuer and the Investment Manager by the Trustee, specifying such default, breach or failure and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Trust Deed; provided that if the Issuer (as notified to the Trustee by the Investment Manager in writing) has commenced curing such default, breach or failure during the 45 day period specified above, such default, breach or failure shall not constitute an Event of Default under this paragraph (v) unless it continues for a period of 60 days (rather than, and not in addition to, such 45 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, examinership, insolvency, bankruptcy, composition, reorganisation or other similar laws (together, "**Insolvency Law**"), or an administrative receiver, receiver and manager or other receiver, trustee, administrator, custodian, conservator, liquidator, curator, or other similar official is appointed under the Trust Deed, pursuant to statute, by a court or otherwise in relation to proceedings under any Insolvency Law (a "**Receiver**") 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 an Event of Default occurs and is continuing, the Trustee may, at its discretion and shall, at the request of the Controlling Class acting by way of Ordinary Resolution, (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith) give notice to the Issuer and the Investment Manager that all the Notes are immediately due and repayable, provided that following an Event of Default described in paragraph (vi) or (vii) of the definition thereof shall occur, such notice shall be deemed to have been given and all the Notes shall automatically become immediately due and 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*) (or deemed to have been given in the case of an 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 from the Controlling Class, may and shall, if so requested by the Controlling Class, in each case, acting by Extraordinary Resolution, (and subject, in each case, to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith) rescind and annul such notice of acceleration under paragraph (b)(i) above and its consequences if:

- (i) the Issuer has paid or deposited with the Trustee (or to its order) a sum sufficient to pay:
 - (A) all overdue payments of interest and principal on the Notes, other than the Subordinated Notes;
 - (B) all due but unpaid taxes owing by the Issuer, as certified by an Authorised Officer of the Issuer to the Trustee;
 - (C) all unpaid Trustee Fees and Expenses;
 - (D) all unpaid Administrative Expenses; and
 - (E) all amounts due and payable by the Issuer under any Hedge Transaction; and
- (ii) the Trustee has determined that all Events of Default, other than the non-payment of the interest in respect of, or principal of, the Notes that have become due and re-payable solely as a result of the acceleration thereof under paragraph (b) above due to such Events of Default, have been cured or waived.

Any previous rescission and annulment of a notice of acceleration (deemed or otherwise) pursuant to this paragraph (c) shall not prevent the subsequent acceleration of the Notes if the Trustee, at its discretion or, as subsequently requested, accelerates the Notes or if the Notes are automatically accelerated in accordance with paragraph (b)(i) above.

All amounts received in respect of this Condition 10(c) (*Curing of Default*) shall be distributed two Business Days following receipt by or on behalf of the Trustee of such amounts in accordance with the Post Acceleration Priority of Payment.

(d) Restriction on Acceleration of Notes

No acceleration of the Notes shall be permitted by any Class of Noteholders, other than the Controlling Class as provided in Condition 10(b) (*Acceleration*).

(e) Notification and Confirmation of No Default

The Issuer shall immediately notify the Trustee, the Investment Manager, the Noteholders in accordance with Condition 16 (*Notices*) and the Rating Agencies upon becoming aware of the occurrence of an 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 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 an Event of Default and that no other matter which is required (pursuant thereto) to be brought to the Trustee's attention has occurred.

11. Enforcement

(a) Security Becoming Enforceable

Subject as provided in paragraph (b) below, the security constituted by the Trust Deed over the Collateral shall become enforceable upon an acceleration of the maturity of the Notes pursuant to Condition 10(b) (*Acceleration*).

(b) Enforcement

At any time after the Notes become due and repayable and the security under the Trust Deed becomes enforceable, the Trustee may, at its discretion, but subject always to Condition 4(c) (*Limited Recourse and Non-Petition*) and shall, if so directed by the Controlling Class acting by Ordinary Resolution, 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 Investment Manager (an "**Enforcement Agent**")) determines (in accordance with Condition 11(b)(iii) below) that the anticipated proceeds realised from such Enforcement Action (after deducting any expenses properly incurred in connection therewith) would be sufficient to discharge in full all amounts due and payable in respect of all Classes of Notes (including, without limitation, Deferred Interest on the Class C Notes, the Class D Notes, 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**"); or
 - (B) if the Enforcement Threshold will not have been met then:
 - (1) in the case of an Event of Default specified in sub-paragraph (i), (ii) or (iv) of Condition 10(a) (*Events of Default*), the Controlling Class acting by way of Extraordinary Resolution (and no other Class of Notes) directs the Trustee to take Enforcement Action without regard to any other Event of Default which has occurred prior to, contemporaneously or subsequent to such Event of Default; or
 - (2) in the case of any other Event of Default, the holders of 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) (*Enforcement*), 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 procure 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 Investment Manager (if applicable), bid prices with respect to each asset comprising the Portfolio from two recognised dealers (as specified by the Investment Manager in writing) 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. If the Enforcement Agent, with the cooperation of the Investment Manager (if applicable) 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, 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 an opinion of an independent investment banking firm, or other appropriate financial or legal advisor (the cost of which shall be payable as a Trustee Fee and Expense).

The Trustee shall notify the Noteholders, the Issuer, the Agents, the Investment Manager, each Hedge Counterparty and the Rating Agencies if 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 acceleration of the Notes which has not been rescinded and annulled in accordance with Condition 10(c) (*Curing of Default*) or pursuant to an Optional Redemption in whole in accordance with Condition 7(b) (*Optional Redemption*) or Condition 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 (i) any Counterparty Downgrade Collateral or expected sale proceeds required to be paid or returned to a Hedge Counterparty and exchanged into Euro outside the Priorities of Payments in accordance with the relevant Hedge Agreement, (ii) Swap Tax Credits (which are required to be paid or returned to a Hedge Counterparty outside the Priorities of Payments in accordance with the relevant Hedge Agreement) or (iii) 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 the Issuer Profit Amount and of taxes and statutory fees owing by the Issuer accrued in respect of the related Due Period as certified by an Authorised Officer of the Issuer to the Trustee, if any, (save for any VAT payable in respect of any Investment Management Fee);

- (B) to the payment of accrued and unpaid Trustee Fees and Expenses up to the Senior Expenses Cap in respect of the related Due Period, provided that upon an acceleration of the Notes (which has not been rescinded or annulled) in accordance with Condition 10(b) (*Acceleration*) the Senior Expenses Cap shall not apply;
- (C) to the payment of accrued and unpaid Administrative Expenses in relation to each item thereof, in the order of priority set out in the definition thereof up to an amount equal to the Senior Expenses Cap in respect of the related Due Period provided that upon an acceleration of the Notes (which has not been rescinded or annulled) in accordance with Condition 10(b) (*Acceleration*) the Senior Expenses Cap shall not apply to any Administrative Expenses due and payable to the Agents under the Agency Agreement, each Reporting Delegate under each Reporting Delegation Agreement, the Information Agent, the Investment Manager or the Collateral Administrator under the Investment Management Agreement or in the case of the Corporate Services Provider, under the Corporate Services Agreement;
- (D) to the payment:
 - (1) *firstly*, on a pro rata basis to the Investment Manager of the Senior Investment Management Fee due and payable on such Payment Date and any VAT in respect thereof (whether payable to the Investment Manager or directly to the relevant taxing authority) save for any Deferred Senior Investment Management Amounts which shall not be paid pursuant to this paragraph; and
 - (2) *secondly*, to the Investment Manager, any previously due and unpaid Senior Investment Management Fees (other than Deferred Senior Investment Management Amounts) and any VAT in respect thereof (whether payable to the Investment Manager or directly to the relevant taxing authority),
- (E) to the payment on a pro rata basis, of any Scheduled Periodic Interest Rate Hedge Issuer Payments (to the extent not paid 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);
- (F) to the payment on a pro rata basis of all Interest Amounts due and payable on the Class A Notes;
- (G) to the redemption on a pro rata basis of the Class A Notes, until the Class A Notes have been redeemed in full;
- (H) to the payment on a pro rata basis of the Interest Amounts due and payable on the Class B Notes;
- (I) to the redemption on a pro rata basis of the Class B Notes, until the Class B Notes have been redeemed in full;

- (J) to the payment on a pro rata basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class C Notes;
- (K) to the payment on a pro rata basis of any Deferred Interest on the Class C Notes;
- (L) to the redemption on a pro rata basis of the Class C Notes, until the Class C Notes have been redeemed in full;
- (M) to the payment on a pro rata basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class D Notes;
- (N) to the payment on a pro rata basis of any Deferred Interest on the Class D Notes;
- (O) to the redemption on a pro rata basis of the Class D Notes, until the Class D Notes have been redeemed in full;
- (P) to the payment on a pro rata basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class E Notes;
- (Q) to the payment on a pro rata basis of any Deferred Interest on the Class E Notes;
- (R) to the redemption on a *pro rata* basis of the Class E Notes, until the Class E Notes have been redeemed in full;
- (S) to the payment on a *pro rata* basis of the Interest Amounts (excluding any Deferred Interest, but including interest on Deferred Interest) due and payable on the Class F Notes;
- (T) to the payment on a *pro rata* basis of any Deferred Interest on the Class F Notes;
- (U) to the redemption on a *pro rata* basis of the Class F Notes, until the Class F Notes have been redeemed in full;
- (V) to the payment:
 - (1) *firstly*, to the Investment Manager of the Subordinated Investment Management Fee due and payable on such Payment Date and any VAT in respect thereof (whether payable to the Investment Manager or directly to the relevant taxing authority);
 - (2) *secondly*, to the Investment Manager of any previously due and unpaid Subordinated Investment Management Fee (other than Deferred Senior Investment Management Amounts and Deferred Subordinated Investment Management Amounts) and any VAT in respect thereof (whether payable to the Investment Manager or directly to the relevant taxing authority); and
 - (3) *thirdly*, to the Investment Manager in payment of any Deferred Senior Investment Management Amounts and Deferred

Subordinated Investment Management Amounts, the deferral of which has been rescinded by the Investment Manager;

- (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 set out in the definition thereof;
- (Y) to the payment on a *pro rata* basis of any Defaulted Hedge Termination Payments due to any Hedge Counterparty;
- (Z) to the repayment of any Investment Manager Advances (and any accrued interest thereon) repayable to the Investment Manager in accordance with the Investment Management Agreement; and
- (AA)

- (1) if the Incentive Investment Management Fee IRR Threshold has not been reached, any remaining Interest Proceeds and Principal Proceeds to the payment of principal on the Subordinated Notes on a *pro rata* basis and thereafter 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 Investment Management Fee IRR Threshold is reached; and
- (2) if, after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on such Payment Date including pursuant to paragraph (1) above, the Interest Proceeds Priority of Payments, the Principal Proceeds Priority of Payments and the Collateral Enhancement Obligation Proceeds Priority of Payments the Incentive Investment Management Fee IRR Threshold has been reached (on or prior to such Payment Date):
 - (a) *firstly*, 15 per cent. of any remaining Interest Proceeds and Principal Proceeds, to the payment to the Investment Manager as the Incentive Investment Management Fee;
 - (b) *secondly*, to the payment of any value added tax in respect of the Incentive Investment Management Fee referred to in (a) above (whether payable to the Investment Manager or directly to the relevant taxing authority); and
 - (c) *thirdly*, any remaining Interest Proceeds and Principal Proceeds, to the payment of principal on the Subordinated Notes on a *pro rata* basis and thereafter to the payment of interest thereon on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by

Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption).

For the avoidance of doubt, 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.

Where the payment of any amount in accordance with the Priorities of Payments set out above is subject to any deduction or withholding for or on account of any tax, payment of the amount so deducted or withheld shall be made to the relevant taxing authority *pari passu* with and, so far as possible, at the same time as the payment of the amount in respect of which the relevant deduction or withholding has arisen.

(c) Only Trustee to Act

Only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Noteholders or, in respect of the Collateral, of any of the other Secured Parties under the Trust Deed and the Notes and no Noteholder or other Secured Party (other than the Trustee) may proceed directly against the Issuer or any of its assets unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable period after having received notice of such failure and such failure or neglect continues for at least 30 days following receipt of such notice by the Trustee. 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 liquidation or 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*), or the security over the Collateral becoming enforceable whether made under the power of sale under the Trust Deed or by virtue of judicial proceedings, any Noteholder may (but shall not be obliged to) bid for and purchase the Collateral or any part thereof and, upon compliance with the terms of sale, may hold, retain, possess or dispose of such property in its or their own absolute right without accountability. In addition, any purchaser in any such sale which is a Noteholder may deliver Notes held by it in place of payment of the purchase price for such Collateral where the amount payable to such Noteholder in respect of such Notes pursuant to the Priorities of Payments is equal to or exceeds the purchase moneys so payable.

12. **Prescription**

Claims in respect of principal and interest payable on redemption in full of the relevant Notes will become void unless presentation for payment is made as required by Condition 7 (*Redemption and Purchase*) within a period of five years, in the case of interest, and 10 years, in the case of principal, from the date on which payment in respect of such Notes is received by the applicable Paying Agent.

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 or such Transfer Agent may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes must be surrendered before replacements will be issued.

14. **Meetings of Noteholders, Modification, Waiver and Substitution**

(a) Provisions in Trust Deed

The Trust Deed contains provisions for convening meetings of the Noteholders 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.

Notice of any Resolution passed by the Noteholders will be given by the Issuer to S&P and Moody's in writing.

(ii) Quorum

The quorum required for any meeting convened to consider an Ordinary Resolution or Extraordinary Resolution, in each case, of all the Noteholders or of any Class of Noteholders, or at any adjourned meeting to consider such a Resolution, shall be as set out in the relevant column and row corresponding to the type of resolution in the table "Quorum Requirements" below.

Quorum Requirements

Type of Resolution	Any meeting other than a meeting adjourned for want of quorum	Meeting previously adjourned for want of quorum
Extraordinary Resolution of all Noteholders (or a certain Class or Classes only)	One or more persons holding or representing not less than 66⅔ per cent. of the aggregate Principal Amount Outstanding of the Notes (or the relevant Class or Classes only, if applicable)	One or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of Notes (or the relevant Class or Classes only, if applicable)
Ordinary Resolution of all Noteholders (or a certain Class or Classes only)	One or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of the Notes (or the relevant Class or Classes only, if applicable)	One or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Notes (or the relevant Class or Classes only, if applicable)

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

(iii) Minimum Percentage Voting Requirements

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) if such Resolution is being considered at a duly convened meeting of Noteholders, shall be determined by reference to the percentage which the aggregate Principal Amount Outstanding of Notes held or represented by any person or persons who vote in favour of such Resolution represents of the aggregate Principal Amount Outstanding of all applicable Notes which are represented at such meeting and are voted or, (B) in the case of any Written Resolution, shall be determined by reference to the percentage which the aggregate Principal Amount Outstanding of Notes entitled to be voted in respect of such Resolution and which are voted in favour thereof represent of the aggregate Principal Amount Outstanding of all the Notes entitled to vote in respect of such Written Resolution.

Minimum Percentage Voting Requirements

Type of Resolution	Per cent.
Extraordinary Resolution of all the Noteholders (or of a certain Class or Classes only)	At least 66⅔ per cent.
Ordinary Resolution of all the Noteholders (or of a certain Class or Classes only)	More than 50 per cent.

(iv) Written Resolutions

Any Written Resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant Noteholders and the date of such Written Resolution shall be the date on which the latest such document is signed. Any Extraordinary Resolution or Ordinary Resolution may be passed by way of a Written Resolution.

(v) All Resolutions Binding

Subject to Condition 14(e) (*Entitlement of the Trustee and Conflicts of Interest*) and in accordance with the Trust Deed, any Resolution of the Noteholders (including any resolution of a specified Class or Classes of Noteholders, where the resolution of one or more other Classes is not required) duly passed shall be binding on all Noteholders (regardless of Class and regardless of whether or not a Noteholder was present at the meeting at which such Resolution was passed).

(vi) Extraordinary Resolution

Subject to the right of veto of the Retention Holder referred to in paragraph (ix) (*Retention Holder Veto*) below, 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 Investment 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 and/or cash;
- (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);
- (C) the modification of any of the provisions of the Trust Deed or these Conditions which would directly and adversely affect the calculation of the amount of any payment of interest or principal on any Note;
- (D) the adjustment of the outstanding principal amount of the Notes Outstanding of the relevant Class other than in connection with a further issue of Notes pursuant to Condition 17 (*Additional Issuances*);
- (E) a change in the currency of payment of the Notes of a Class;
- (F) any change in the Priorities of Payments or of any payment items in the Priorities of Payments;
- (G) the modification of the provisions concerning the quorum required at any meeting of Noteholders or the minimum percentage required to pass a Resolution or any other provision of the Trust Deed or these Conditions which requires the written consent of the holders of a requisite principal amount of the Notes of any Class Outstanding;
- (H) any modification of any Transaction Document having a material adverse effect on the security over the Collateral constituted by the Trust Deed;
- (I) any item requiring approval by Extraordinary Resolution pursuant to these Conditions or any Transaction Document; and

(J) any modification of this Condition 14(b) (*Decisions and Meetings of Noteholders*).

(vii) Ordinary Resolution

Any meeting of the Noteholders shall, subject to these Conditions and the Trust Deed, have the power by Ordinary Resolution to approve any other matter relating to the Notes not referred to in Condition 14(b)(vi) (*Extraordinary Resolution*) above.

(viii) Resolutions affecting other Classes

If and for so long as any Notes of more than one Class are Outstanding, in relation to any Meeting of Noteholders:

- (A) subject to paragraphs (C) and (D) below, a Resolution which in the opinion of the Trustee affects only the Notes of a Class or Classes (such Class or Classes, the "**Affected Class(es)**"), but not another Class or Classes, as the case may be, shall be deemed to have been duly passed if passed at a meeting of the holders of the Notes of each Affected Class and such Resolution shall be binding on all the Noteholders, including the holders of Notes which are not an Affected Class;
- (B) subject to paragraphs (C) and (D) below, a Resolution which in the opinion of the Trustee affects the Notes of each Class shall be deemed to have been duly passed only if passed at separate meetings of the Noteholders of each Class;
- (C) a Resolution passed by the Controlling Class to exercise any rights granted to them pursuant to the Conditions or any Transaction Document shall be deemed to have been duly passed if passed at a meeting of the Controlling Class and such resolution shall be binding on all the Noteholders; and
- (D) a Resolution passed by the Subordinated Noteholders (or any of them) to exercise the rights granted to them pursuant to the Conditions or any Transaction Document shall be deemed to have been passed if passed only at a meeting of such Subordinated Noteholders and such resolution shall be binding on all of the Noteholders,

provided, in each case, any Resolution may also be passed by way of a Written Resolution.

(ix) Retention Holder Veto

Provided that no Retention Event has occurred and is continuing, no modification or any Resolution to approve the modification of the Eligibility Criteria, the Portfolio Profile Tests, the Collateral Quality Tests, the Reinvestment Criteria, or any material changes to them (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. For the avoidance of doubt, if a Retention Event has occurred and is continuing, the Retention Holder shall have no veto rights in accordance with this Condition, however, this shall not affect the rights of the Retention Holder to exercise its rights as a Noteholder.

(c) Modification and Waiver

The Trust Deed and the Investment Management Agreement both provide that, without the consent of the Noteholders (save where such consent is specified below), the Issuer may amend, modify, supplement and/or waive the relevant provisions of the Trust Deed and/or the Investment Management Agreement and/or any other Transaction Document (subject to the consent of the other parties thereto) (as applicable) and the Trustee shall consent to such amendment, modification, supplement or waiver subject as provided below (other than in the case of an amendment, modification, supplement or waiver, pursuant to paragraph (i)(B), (xii), (xiii) or (xiv) below, which shall be subject to the prior written consent of the Trustee in accordance with the relevant paragraph), for any of the following purposes:

- (i) to (A) add to the covenants of the Issuer for the benefit of the Noteholders or (B) subject to the prior written consent of the Trustee, to surrender any right or power in the Trust Deed or the Investment Management Agreement (as applicable) conferred upon the Issuer;
- (ii) to charge, convey, transfer, assign, mortgage or pledge any property to or with the Trustee or add to the conditions, limitations or restrictions on the authorised amount, terms and purposes of the issue, authentication and delivery of the Notes;
- (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 modify the provisions of the Trust Deed relating to the creation, perfection and preservation of the security interests of the Trustee in the Collateral to conform with applicable law;
- (v) 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;
- (vi) to make such changes (including the removal and appointment of any listing agent, transfer agent, paying agent or additional registrar in Ireland or the country of any other listing) as shall be necessary or advisable in order for the Notes of each Class to be (or to remain) listed on the regulated market of the Irish Stock Exchange or any other exchange, including such changes required or requested by any governmental authority, stock exchange authority, listing agent, transfer agent, paying agent or additional registrar for any Class of Notes;
- (vii) save as contemplated in paragraph (d) (*Substitution*) below, to take any action advisable to prevent the Issuer from becoming subject to withholding or other taxes, fees or assessments;
- (viii) to take any action advisable to prevent the Issuer from being treated as resident in the UK for UK tax purposes, as trading in the UK for UK tax purposes or as subject to UK VAT in respect of any Investment Management Fees;

- (ix) to take any action advisable to reduce the risk that the Issuer will be treated as engaged in a United States trade or business or otherwise be subject to U.S. federal, state or local income tax on a net income basis;
- (x) to reduce the risk that the Issuer will be treated other than as a corporation for U.S. federal income tax purposes;
- (xi) 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 upon any exemption from, registration as, or exclusion or exception from the definition of, an "investment company" under or the Investment Company Act or to remove restrictions on resale and transfer to the extent not required thereunder;
- (xii) to enter into any additional agreements not expressly prohibited by the Trust Deed or the Investment 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 or after becoming effective, be materially prejudicial to the interests of the holders of any Class of Notes; in each case provided that any such additional agreements include customary limited recourse and non-petition provisions;
- (xiii) to make any other modification of any of the provisions of the Trust Deed, the Investment Management Agreement or any other Transaction Document which, in the opinion of the Trustee, is of a formal, minor or technical nature or is made to correct a manifest error;
- (xiv) to make any other modification (save as otherwise provided in the Trust Deed, the Investment Management Agreement or the relevant Transaction Document), and/or give any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any other Transaction Document which in the opinion of the Trustee is not materially prejudicial to the interests of the Noteholders of any Class;
- (xv) to amend the name or the Constitution of the Issuer to the extent necessary to effect the change of name;
- (xvi) to amend, modify or otherwise accommodate changes to the Transaction Documents to comply with any rule or regulation, including without limitation Rule 3a-7 of the Investment Company Act, enacted or modified by any regulatory agency of the United States federal government after the Issue Date that is applicable to the Notes;
- (xvii) to make any amendments to the Trust Deed to enable the Issuer to achieve FATCA Compliance, CRS Compliance or to make any other modification of any of the provisions of the Trust Deed, the Investment Management Agreement or any other Transaction Document to comply with the Retention Requirements;
- (xviii) to make any other modification of any of the provisions of the Trust Deed, the Investment Management Agreement or any other Transaction Document to comply with changes in the Retention Requirements or which result from the implementation of any implementing technical standards or any subsequent risk retention legislation or official guidance in relation thereto;

- (xix) to modify or amend any component numbers, figures or percentages of (x) subject to receipt of Rating Agency Confirmation from Moody's, the Moody's Test Matrix or (y) subject to receipt of Rating Agency Confirmation from S&P, the S&P CDO Monitor BDR or the S&P CDO Monitor SDR (or any input, coefficient or formula provided by S&P relating thereto), and in each case subject to the consent of each Class of Noteholders acting by way of Ordinary Resolution;
- (xx) to (A) modify or amend any component numbers, figures or percentages of the Portfolio Profile Tests or the Collateral Quality Tests and the definitions related thereto which affect the calculation thereof or (B) modify the definition of "Credit Improved Obligation", "Credit Improved Obligation Criteria", "Credit Impaired Obligation", "Credit Impaired Obligation Criteria", "Defaulted Obligation" or "Exchanged Security", the restrictions on the sales of Collateral Debt Obligations or the Eligibility Criteria set forth in the Investment Management Agreement, in each case under (A) and (B) above, *provided* that: (I) any such modification or amendment would not materially adversely affect any holder of the Notes (as confirmed by the Investment Manager to the best of its knowledge), (II) Rating Agency Confirmation has been obtained from the Rating Agencies then rating the Rated Notes in relation to such modification or amendment and (III) the approval of each Class of Noteholders (acting by way of Ordinary Resolution) has been obtained in relation to such modification or amendment;
- (xxi) to make any changes necessary to permit any additional issuances of Notes pursuant to Condition 17 (*Additional Issuances*), or to issue replacement notes in accordance with Condition 7(b)(v) (*Optional Redemption effected in whole or in part through Refinancing*);
- (xxii) at any time during the Reinvestment Period, to facilitate the issuance by the Issuer of (A) subject to Condition 17 (*Additional Issuances*), additional notes of any one or more new classes that are fully subordinated to the existing Rated Notes (or to the most junior class of notes of the Issuer (other than the Subordinated Notes) issued pursuant to the Trust Deed, if any class of securities issued pursuant to the Trust Deed other than the Rated Notes and the Subordinated Notes is then outstanding); (B) subject to Condition 17 (*Additional Issuances*), additional notes of any one or more existing Classes; or (C) subject to Condition 7(b) (*Optional Redemption*), replacement notes in connection with a Refinancing;
- (xxiii) to (A) 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, in each case, subject to receipt of Rating Agency Confirmation from Moody's in respect of its rating methodology or any requirement or condition of Moody's set forth in the Transaction Documents and receipt of Rating Agency Confirmation from S&P in respect of its rating methodology or any requirement or condition of S&P set forth in the Transaction Documents, as applicable, or (B) to otherwise cure any inconsistency or ambiguity or omission in any Transaction Document by conforming it to the Prospectus, subject in each case under (A) and (B) above to the consent of the Controlling Class acting by way of Ordinary Resolution;
- (xxiv) to modify the Transaction Documents in order to comply with Rule 17g-5 of the Exchange Act;

- (xxv) 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*);
- (xxvi) to accommodate the settlement of the Notes in book-entry form through the facilities of DTC or otherwise;
- (xxvii) to reduce the permitted Minimum Denomination of the Notes; provided that any such reduction in Minimum Denomination shall not result in a material disadvantage to the holders or the Issuer in respect of any legal or regulatory requirement or tax treatment of the Issuer (including pursuant to the laws and regulations of Ireland);
- (xxviii) to change the date within the month on which reports are required to be delivered;
- (xxix) 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, in respect of the Hedge Agreements, to the extent that it would constitute a Form-Approved Interest Rate Hedge Agreement or a Form-Approved Asset Swap Agreement, as applicable, following such modification, subject to receipt by the Trustee of a certificate of the Issuer certifying to the Trustee upon which certification the Trustee shall rely without liability and without further enquiry 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;
- (xxx) 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 rely without liability and without further enquiry that the requested amendments are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under EMIR;
- (xxxi) to make any other modification of any of the provisions of the Trust Deed, the Investment Management Agreement or any other Transaction Document to comply with CRA3 instruments or which result from the implementation technical standards relating thereto;
- (xxxii) to make any other modification of any of the provisions of the Trust Deed, the Investment Management Agreement or any other Transaction Document to comply with the implementation of and changes to the risk retention requirements of the UCITS Directive;
- (xxxiii) to conform the provisions of the Trust Deed or any other Transaction Document or other document delivered in connection with the Notes to the Prospectus;
- (xxxiv) to make any other modifications of any provisions of the Trust Deed, the Investment Management Agreement or the Transaction Documents to enable the Issuer to comply with any FTT that it is or becomes subject to;
- (xxxv) to amend, modify or supplement any Hedge Agreement in order 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;

- (xxxvi) to amend, modify or supplement any Hedge Agreement to the extent necessary to allow the Issuer or the relevant Hedge Counterparty to comply with any enactment, promulgation, execution or ratification of, or any change in or amendment to, any law or regulation (or in the application or official interpretation of any law or regulation) that occurs after the parties enter into the Hedge Agreement; and
- (xxxvii) to make such modifications to the provisions of the Investment Management Agreement and the Conditions as the Investment 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 one or more Rating Agencies remains Outstanding, each such Rating Agency; and
- (B) the Noteholders in accordance with Condition 16 (*Notices*).

Subject to its compliance with applicable law and any obligation to provide prior notice pursuant to a Hedge Agreement, the Issuer agrees that it shall notify the Hedge Counterparty of any amendment made to any Transaction Document as soon as reasonably practicable after any such amendment is made.

The Issuer shall not agree to amend, modify or supplement any provisions of the Transaction Documents if such change shall have a material adverse effect on the rights or obligations of a Hedge Counterparty in its capacity as such without the Hedge Counterparty's prior written consent.

To the extent required pursuant to a Hedge Agreement, the Issuer shall notify each Hedge Counterparty of any proposed amendment to any provisions of the Transaction Documents and seek the prior consent of such Hedge Counterparty in respect thereof, in each case to the extent required in accordance with and subject to the terms of the relevant Hedge Agreement. For the avoidance of doubt, such notice shall only be given and such consent shall only be sought to the extent required above or in accordance with and subject to the terms of the relevant Hedge Agreement. If a Hedge Agreement allows a certain period for the relevant Hedge Counterparty to consider and respond to such a consent request, during such period and pending a response from the relevant Hedge Counterparty, the Issuer shall not make any such proposed amendment until such notice has expired.

For the avoidance of doubt, the Trustee shall, subject to the following paragraph, without the consent or sanction of any of the Noteholders (subject as provided above) or any other Secured Party concur with the Issuer, in making any such modification, amendment, waiver or supplement pursuant to the paragraphs above (save for modifications, amendments, waivers or supplements in accordance with paragraphs (i)(B), (xii), (xiii) and (xiv) above) to the Transaction Documents which the Issuer or the Investment Manager certifies or confirms to the Trustee is required (upon which certification or confirmation the Trustee is entitled to rely

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, 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 (i)(B), (xii), (xiii) or (xiv) above, the Trustee may impose such conditions as it sees fit and under no circumstances shall the Trustee be required to concur with the Issuer in making any such modification, amendment, waiver or supplement pursuant to such paragraph or give such consent 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 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 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 any Rating Agency may require), to a change of the law governing the Notes and/or the Trust Deed, provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders of any Class. Any substitution agreed by the Trustee pursuant to this Condition 14(d) (*Substitution*) shall be binding on the Noteholders, and shall be notified by the Issuer to the Noteholders as soon as practicable in accordance with Condition 16 (*Notices*).

The Trustee may, subject to the satisfaction of certain conditions specified in the Trust Deed, including receipt of Rating Agency Confirmation, agree to a change in the place of residence of the Issuer for taxation purposes without the consent of the Noteholders of any Class, provided the Issuer does all such things as the Trustee may reasonably require in order that such change in the place of residence of the Issuer for taxation purposes is fully effective and complies with such other requirements which are in the interests of the Noteholders as it may reasonably direct.

The Issuer shall procure that, so long as the Notes are listed on the regulated 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(a) (*Taxation*).

The Trust Deed provides that in the event of any conflict of interest between or among the holders of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, 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, (iii) the Class C Noteholders over the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders, (iv) the Class D Noteholders, over the Class E Noteholders, the Class F Noteholders and the Subordinated Noteholders, (v) the Class E Noteholders over the Class F Noteholders and the Subordinated Noteholders and (vi) 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 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 Investment Manager of any of its duties under the Investment Management Agreement, for the performance by the Collateral Administrator of its duties under the Investment 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 Investment Manager to release any of the Collateral from time to time.

The Trust Deed contains provisions for the retirement of the Trustee and the removal of the Trustee by Extraordinary Resolution of the Controlling Class, but no such retirement or removal shall become effective until a successor trustee is appointed.

16. Notices

Notices to Noteholders will be valid if posted to the address of such Noteholder appearing in the Register at the time of publication of such notice by pre-paid, first class mail (or any other manner approved by the Trustee which may be by electronic transmission) and (for so long as the Notes are listed on the regulated market of the Irish Stock Exchange and the rules of the Irish Stock Exchange so require) shall be submitted to the Irish Stock Exchange. Any such notice shall be deemed to have been given to the Noteholders (a) in the case of inland mail three days after the date of dispatch thereof, (b) in the case of overseas mail, seven days after the dispatch thereof or, (c) in the case of electronic transmission, on the date of dispatch.

The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders (or a category of them) if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

17. Additional Issuances

- (a) The Issuer may from time to time, subject to the approval of (i) the Subordinated Noteholders acting by way of Ordinary Resolution, (ii) the Retention Holder, (iii) the Investment Manager and (iv) in respect of additional issuances of Class A Notes only, the approval of the Class A Noteholders acting by Ordinary Resolution, create and issue further Notes having the same terms and conditions as existing Classes of Notes (subject as provided below) and which shall be consolidated and form a single series with the Outstanding Notes of such Class (unless otherwise provided), and will use the proceeds of sale thereof to purchase additional Collateral 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 100.0 per cent. in the aggregate of the original aggregate principal amount of such Class of Notes;
- (ii) such additional Notes must be issued for a cash sale price and the net proceeds invested in Collateral Debt Obligations or, pending such investment, during the Initial Investment Period deposited in the Unused Proceeds Account or, thereafter, deposited in the Principal Account and, in each case, invested in Eligible Investments;
- (iii) such additional Notes must be of each Class of Notes and issued in a proportionate amount among the Classes so that the relative proportions of aggregate principal amount of the Classes of Notes existing immediately prior to such additional issuance remain unchanged immediately following such additional issuance (save with respect to Subordinated Notes as described in paragraph (b) below);
- (iv) the terms (other than the date of issuance, the issue price and the date from which interest will accrue) of such Notes must be identical to the terms of the previously issued Notes of the applicable Class of Notes;
- (v) the Issuer must notify the Rating Agencies then rating any Notes of such additional issuance and, if S&P has assigned ratings to any Class of the Rated Notes that is Outstanding at such time, obtain a Rating Agency Confirmation from S&P in respect of such additional issuance;

- (vi) the Coverage Tests are satisfied; provided that this paragraph (vi) 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;
 - (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 regulated 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 regulated 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) so long as the Issuer relies on the exclusion from registration as an investment company under the Investment Company Act provided by Rule 3a-7, the Issuer obtains legal advice from U.S. nationally recognised legal counsel knowledgeable in such matters to the effect that such additional issuance will not eliminate the Issuer's ability to rely on Rule 3a-7 for its exclusion from the registration requirements of the Investment Company Act;
 - (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;
 - (xii) such additional notes will have a separate ISIN number, unless the Notes of any Class and such additional notes of the same Class of Notes are fungible for U.S. federal income tax purposes; and
 - (xiii) to the extent such additional issuance would 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 equal to not less than five per cent. of the Aggregate Collateral Balance (adjusted to reflect such additional issuance).
- (b) In addition to the requirements in (a) above the Issuer may (and shall, following the written request of the Retention Holder (acting in a commercially reasonable manner) for any reason

issue and sell additional Subordinated Notes (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 sales price (the net proceeds to be (a) invested in Collateral Debt Obligations or Eligible Investments or, pending such investment, deposited in, the Unused Proceeds Account prior to the expiry of the Initial Investment Period or the Principal Account after the expiry of the Initial Investment Period and in each case invested in Eligible Investments, provided that the Issuer or the Investment Manager (acting on behalf of the Issuer) shall not enter into any binding commitments to purchase Collateral Debt Obligations with such proceeds, until such proceeds have been deposited into the Unused Proceeds Account or the Principal Account (as applicable); or (b) paid into the Interest Account and used to make payments on any Payment Date in accordance with the Priorities of Payments;
- (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) the Subordinated Noteholders shall not be required to approve any additional issuance of Subordinated Notes pursuant to this Condition 17(b) (Additional Issuances) if such issuance is requested by the Retention Holder in order to prevent or cure a Retention Deficiency for any reason.

References in these Conditions to the "Notes" include (unless the context requires otherwise) any other notes issued pursuant to this Condition 17 (*Additional Issuances*) and forming a single series with the Notes. Any further securities forming a single series with Notes constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

18. **Third Party Rights**

No person shall have any right to enforce any term or Condition of the Note under the Contracts (Rights of Third Parties) Act 1999.

19. **Governing Law**

(a) **Governing Law**

The Trust Deed and each Class of Notes and any dispute, controversy, proceedings or claim of whatever nature (whether contractual or non-contractual) arising out of or in any way relating to the Trust Deed or any Class of Notes are governed by and shall be construed in accordance with English law. The Corporate Services Agreement and the Share Charge are 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 KKR Credit Advisors (Ireland) (having an office, at the date hereof, at 100 Pall Mall, London SW1Y 5NQ) 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 ceases to have such an agent in England, it will promptly appoint a substitute process agent and notify the Trustee and the Noteholders of such appointment. Nothing herein shall affect the right to service of process in any other manner permitted by law.

USE OF PROCEEDS

The estimated net proceeds of the issue of the Notes after payment of fees and expenses payable on or about the Issue Date (including, without duplication amounts deposited into the Expense Reserve Account) are expected to be approximately €451,754,500. Such proceeds will be used by the Issuer for the repayment of any amounts borrowed by the Issuer (together with any interest thereon) and all other amounts due in order to finance the acquisition of warehoused Collateral Debt Obligations purchased by the Issuer prior to the Issue Date and to fund the First Period Reserve Account on the Issue Date. The remaining proceeds shall be retained in the Unused Proceeds Account.

FORM OF THE NOTES

References below to Notes and to the Global Certificates and the Definitive Certificates representing such Notes are to each respective Class of Notes, except as otherwise indicated.

Initial Issue of Notes

The Regulation S Notes of each Class (other than, in certain circumstances, Class E Notes, the Class F Notes and 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 Global Certificate. See "*Transfer Restrictions*".

The Rule 144A Notes of each Class (other than, in certain circumstances, Class E Notes, the Class F Notes and 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 in an offshore transaction and in accordance with Regulation S.

Any beneficial interest in a Regulation S Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Certificate will, upon transfer, cease to be an interest in such Regulation S Global Certificate and become an interest in the Rule 144A Global Certificate, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Rule 144A Global Certificate for as long as it remains such an interest. Any beneficial interest in a Rule 144A Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Regulation S Global Certificate will, upon transfer, cease to be an interest in a Rule 144A Global Certificate and become an interest in the Regulation S Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures

applicable to beneficial interests in a Regulation S Global Certificate for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes, but the Transfer Agent may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Except in the limited circumstances described below, owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of certificated Notes.

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

Certain of the Subordinated Notes will be registered in the name of the Retention Holder (or a nominee thereof).

See "*Terms and Conditions of the Notes*".

The Notes are not issuable in bearer form.

Amendments to Terms and Conditions

Each Global Certificate contains provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes in definitive form (See "*Terms and Conditions of the Notes*"). The following is a summary of those provisions:

Payments Payments of principal and interest in respect of Notes represented by a Global Certificate will be made against presentation and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Certificate to or to the order of the Principal Paying Agent or such other Transfer Agent as shall have been notified to the relevant Noteholders for such purpose. On each occasion on which a payment of interest (unless the Notes represented thereby do not bear interest) or principal is made in respect of the relevant Global Certificate, the Registrar shall note the same in the Register and cause the aggregate principal amount of the Notes represented by a Global Certificate to be decreased accordingly.

Notices So long as any Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders 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 regulated market of the Irish Stock Exchange and the rules of the Irish Stock Exchange so require. Such notice will be deemed to have been given to the Noteholders on the date of delivery of the relevant notice to the relevant clearing system.

Prescription Claims against the Issuer in respect of principal and interest on the Notes while the Notes are represented by a Global Certificate will become void unless presented for payment within a period of 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.

Meetings 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.

Trustee's Powers In considering the interests of Noteholders while the Global Certificates are held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its account holders with entitlements to each Global Certificate and may consider such interests as if such account holders were the holders of any Global Certificate.

Cancellation Cancellation of any Note required by the Terms and Conditions of the Notes to be cancelled will be effected by reduction in the principal amount of the Notes on the Register, with a corresponding notation made on the applicable Global Certificate.

Optional Redemption The Subordinated Noteholders' and the Controlling Class' option in Condition 7(b) (*Optional Redemption*) and Condition 7(g) (*Redemption Following Note Tax Event*) may be exercised by the holder(s) of a Definitive Certificate or a Global Certificate (as applicable) representing Subordinated Notes or Notes representing the Controlling Class (as applicable) in respect of which the option is exercised and (x) in respect of a Definitive Certificate, presenting such Definitive Certificate for endorsement of exercise, together with duly completed Redemption Notice(s) and (y) in respect of a Global Certificate, by the relevant holder(s) exercising such option pursuant to, and in accordance with, a corporate action notice issued through the clearing systems or by such other means acceptable to the Trustee, in each case, within the time limit specified in Condition 7(b) (*Optional Redemption*) or 7(g) (*Redemption Following Note Tax Event*).

Record Date So long as any Notes are represented by Global Certificates the Record Date in respect thereof shall be the close of business on the Clearing System Business Day before the relevant Payment Date.

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

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 Notes, Class F Notes or Subordinated Notes 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 written consent of the Issuer in respect of such transfer; and (ii) the transferee has provided a Transfer Agent and the Issuer with a certification substantially in the form of Annex A (*Form of ERISA Certificate*) 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 Definitive Certificates and (b) in the case of the Rule 144A Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Definitive Certificates issued in exchange for a beneficial interest in the Rule 144A Global Certificate shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*" below.

Legends

The holder of a Definitive Certificate in registered definitive form, as applicable, may transfer the Notes represented thereby in whole or in part in the applicable minimum denomination 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 that set out in Annex A (*Form of ERISA Certificate*) to a Transfer Agent and the Issuer.

Upon the transfer, exchange or replacement of a Definitive Certificate in registered definitive form, as applicable, bearing the legend referred to under "*Transfer Restrictions*" below, or upon specific request for removal of the legend on a Definitive Certificate in registered definitive form, as applicable, the Issuer will deliver only Definitive Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act.

BOOK ENTRY CLEARANCE PROCEDURES

The information set out below has been obtained from sources that the Issuer believes to be reliable, but prospective investors are advised to make their own enquiries as to such procedures. In particular, such information is subject to any change in or interpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Trustee, the Initial Purchaser, the Arranger, the Lead Manager 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 (other than, in certain circumstances, the Class E Notes, the Class F Notes and the Subordinated Notes) and cross-market transfers of the Notes (other than, in certain circumstances, the Class E Notes, the Class F Notes and the Subordinated Notes) associated with secondary market trading (See "*Settlement and Transfer of Notes*" below).

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

Book Entry Ownership

Euroclear and Clearstream, Luxembourg

Each Regulation S Global Certificate and each Rule 144A Global Certificate will have an ISIN and a Common Code and will be registered in the name of, and deposited with, a nominee of the common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note represented by a Global Certificate must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg. The Issuer expects that, upon receipt of any payment in respect of Notes represented by a Global

Certificate, the common depositary by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants' or accountholders' accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Certificate as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Certificate held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Certificate and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Certificate in respect of each amount so paid. None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct Participant and Indirect Participant's records. Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Certificate held within a Clearing System is exchanged for Definitive Certificates.

No Clearing System has knowledge of the actual Beneficial Owners of the Notes held within such Clearing System and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

RATINGS OF THE NOTES

General

It is a condition of the issue and sale of the Notes that the Notes (except for the Subordinated Notes) be issued with at least the following ratings: the Class A Notes "AAA(sf)" from S&P and "Aaa (sf)" from Moody's; the Class B Notes: "AA(sf)" from S&P and "Aa2 (sf)" from Moody's; the Class C Notes: "A(sf)" from S&P and "A2 (sf)" from Moody's; the Class D Notes: "BBB(sf)" from S&P and "Baa2 (sf)" from Moody's; and the Class E Notes: "BB(sf)" from S&P and "Ba2 (sf)" from Moody's; and the Class F Notes: "B(sf)" from S&P and "B2 (sf)" from Moody's. The Subordinated Notes being offered hereby will not be rated.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the applicable rating agency.

As of the date of this Prospectus, 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.

S&P Ratings

The S&P 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 S&P 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.

S&P is expected to rate the Rated Notes in accordance with its published criteria. This requires an analysis of the following:

- (a) the credit quality of the portfolio of Collateral Debt Obligations securing the Notes;
- (b) the cash flow used to pay liabilities and the priorities of these payments; and
- (c) legal considerations.

Based on these analyses, S&P determines the necessary level of credit enhancement needed to achieve a desired rating. In this connection, the S&P CDO Monitor Test is applied prior to the end of the Reinvestment Period.

S&P's analysis includes the application of its proprietary default expectation computer model (the "**CDO Monitor**"), which is used to estimate the default rate S&P projects the Portfolio is likely to experience and which will be provided to the Investment Manager on or before the Issue Date. The CDO Monitor calculates the cumulative default rate of a pool of Collateral Debt Obligations and Eligible Investments consistent with a specified benchmark rating level based upon S&P's proprietary corporate debt default studies. The CDO Monitor takes into consideration the rating of each Obligor, the number of Obligors, the Obligor industry concentration and the remaining weighted average maturity of each of the Collateral Debt Obligations included in the Portfolio. The risks posed by these variables are accounted for by effectively adjusting the necessary default level needed to achieve a desired rating. The higher the desired rating, the higher the level of defaults the Portfolio must withstand. For example, the higher the Obligor industry concentration or the longer the weighted average maturity, the higher the default level is assumed to be.

Credit enhancement to support a particular rating is then provided on the results of the CDO Monitor, as well as other more qualitative considerations such as legal issues and management capabilities. Credit enhancement is typically provided by a combination of over collateralisation/subordination, cash

collateral/reserve account, excess spread/interest and amortisation. A cash flow model (the "**Transaction Specific Cash Flow Model**") is used to evaluate the portfolio and determine whether it can comfortably withstand the estimated level of default while fully repaying the class of debt under consideration.

There can be no assurance that actual losses on the Collateral Debt Obligations will not exceed those assumed in the application of the CDO Monitor or that recovery rates and the timing of recovery with respect thereto will not differ from those assumed in the Transaction Specific Cash Flow Model. None of S&P, the Issuer, the Investment Manager, the Collateral Administrator, the Trustee, the Arranger, the Lead Manager or the Initial Purchaser makes any representation as to the expected rate of defaults on the Portfolio or as to the expected timing of any defaults that may occur.

S&P's ratings of the Rated Notes will be established under various assumptions and scenario analyses. There can be no assurance that actual defaults on the Collateral Debt Obligations will not exceed those assumed by S&P in its analysis, or that recovery rates with respect thereto (and, consequently, loss rates) will not differ from those assumed by S&P.

Moody's Ratings

Moody's Ratings address the expected loss posed to investors 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, issuer 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 Investment Manager, the legal structure and the risks associated with such structure and other factors that they deem 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 designated activity company on 23 July 2015 under the Companies Act 2014 (as amended) of Ireland with the name of Avoca CLO XVI Designated Activity Company and with company registration number 565494 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 (0)1 614 6240 and the facsimile number is +353 (0)1 614 6250.

The authorised share capital of the Issuer is €100 divided into 100 ordinary shares of €1.00 each (the "**Shares**"). The Issuer has issued 100 Shares, all of which are fully paid up. 50 Shares will be held by the Investment Manager on the Issue Date, and the remaining 50 Shares are held by TMF Management (Ireland) Limited (the "**Share Trustee**") under the terms of a declaration of trust (the "**Declaration of Trust**") dated 14 September 2015 pursuant to which the Share Trustee holds the Shares on trust until the Termination Date (as defined in the Declaration of Trust) and may not dispose of or otherwise deal with the Shares for so long as there are any Notes outstanding. The holders of the Shares, acting by ordinary resolution, will have the ability to elect directors of the Issuer and may be able to take certain other actions permitted by shareholders under the Constitution of the Issuer.

The holders of the Shares may cause the Issuer to be wound up. Any such winding-up could adversely affect the holders of the Notes. The Investment Manager has undertaken in a security deed (the "**Share Charge**") dated on or about the Issue Date, as owner of 50 Shares as at the date thereof, and for so long as the Notes remain Outstanding, *inter alia*:

- (a) not to petition for the voluntary winding-up of the Issuer until such time as the Notes have been redeemed in full;
- (b) not to amend the Constitution of the Issuer until such time as the Notes have been redeemed in full; and
- (c) should, at any time when the Investment Manager, or any of its Affiliates, remains the legal or beneficial owner of any Shares, the Investment Manager or any Affiliate of the Investment Manager cease to act as the Investment Manager, the Investment Manager shall, if requested by the Trustee, procure the removal of the then current board of Directors of the Issuer and appoint to such board as Directors persons nominated by the Trustee.

As security for the foregoing undertakings, the Investment Manager has granted security to the Trustee for the benefit of the Secured Parties over the Shares.

It is not anticipated that any distribution will be made on the Shares whilst any Note is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. 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. The Share Trustee will apply any income derived from the Issuer solely for the above purposes.

TMF Administration Services Limited (the "**Corporate Services Provider**"), an Irish company, acts as the corporate administrator for the Issuer. The office of the Corporate Services Provider serves as the general business office of the Issuer. Through the office and pursuant to the terms of the corporate services agreement entered into on 16 October 2015 (the "**Corporate Services Agreement**") between the Issuer and the Corporate Services Provider, the Corporate Services Provider performs various management functions on behalf of the Issuer, including the provision of certain clerical, reporting, accounting, administrative and other services until termination of the Corporate Services Agreement. In consideration of the foregoing, the Corporate Services Provider receives various fees and other

charges payable by the Issuer at rates agreed upon from time to time plus expenses. The terms of the Corporate Services Agreement provide that either party may terminate the Corporate Services Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Corporate Services Agreement which is either incapable of remedy or which is not cured within 90 days from the date on which it was notified of such breach. In addition, either party may terminate the Corporate Services Agreement at any time by giving not less than ninety days' written notice to the other party.

The Corporate Services Provider's principal office is at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

Business

The principal objects of the Issuer are set forth in Article 3 of its Constitution and include, inter alia, the power to issue securities and to raise or borrow money, to grant security over its assets for such purposes, to lend with or without security and to enter into derivative transactions. Cash flow derived from the Collateral securing the Notes will be the Issuer's only source of funds to fund payments in respect of such Notes.

So long as any of the Notes remain Outstanding, the Issuer will be subject to the restrictions set out in the Conditions and in the Trust Deed. In particular, the Issuer has undertaken not to carry out any business other than the issue of the Notes and acquiring, holding and disposing of the Portfolio in accordance with the Conditions and the Investment Management Agreement, entering into the Trust Deed, the Agency Agreement, the Subscription Agreement, any Hedge Agreement, the Risk Retention Letter, any Collateral Acquisition Agreements, any Participation Agreements, the Share Charge and the Corporate Services 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 (although it may incorporate Blocker Subsidiaries following the Issue Date) and, save in respect of the fees and expenses generated in connection with the issue of the Notes (referred to below), any related profits and the proceeds of any deposits and investments made from such fees or from amounts representing the proceeds of the Issuer's issued share capital, the Issuer will not accumulate any surpluses.

The Issuer has, and will have, no material assets other than the Portfolio held from time to time, the Balances standing to the credit of the Accounts and the benefit of the Trust Deed, the Agency Agreement, the Subscription Agreement, any Hedge Agreement, the Risk Retention Letter, any Collateral Acquisition Agreements, any Participation Agreements, and the Corporate Services Agreement 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 €100 representing the proceeds of its issued and paid up share capital and the remainder of the amounts standing to the credit of the Issuer Irish Account. The only assets of the Issuer available to meet claims of the holders of the Notes and the other Secured Parties are the assets comprised in the Collateral.

The Notes are obligations of the Issuer alone and are not the obligation of, or guaranteed in any way by, the Directors or the company secretary of the Issuer, the Trustee, the Agents, the Investment Manager, the Initial Purchaser, the Arranger, the Lead Manager, any Hedge Counterparty or any obligor under any part of the Portfolio.

Directors and Company Secretary

The Issuer's Constitution provides that the board of directors of the Issuer will consist of at least two directors.

The Directors of the Issuer as at the date of this Prospectus are Keat Cheng Chin and Morgan Sheehy. The business address of the Directors is 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland. The Directors of the Issuer may engage in other activities and have other directorships. None of the Directors of the Issuer has any actual or potential conflict between their duties to the Issuer and their private interest or other duties.

The company secretary is TMF Administration Services Limited of 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

Business Activity

Prior to the Issue Date, the Issuer entered into the Warehouse Arrangements in order to enable the Issuer to acquire certain Collateral Debt Obligations on or before the Issue Date. Amounts owing under the Warehouse Arrangements will be fully repaid on the Issue Date using the proceeds from the issuance of the Notes.

The Issuer has not previously carried on any business or activities other than those incidental to its incorporation, the authorisation and entry into of the Warehouse Arrangements, the acquisition of the Portfolio, the authorisation and issue of the Notes and activities incidental to the exercise of its rights and compliance with its obligations under the Trust Deed, the Agency Agreement, the Subscription Agreement, any Hedge Agreement, any Reporting Delegation Agreement, the Risk Retention Letter, any Collateral Acquisition Agreements, any Participation Agreements, and the Corporate Services 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 Prospectus, other than that which the Issuer has incurred or shall incur in relation to the transactions contemplated herein (including the funding provided pursuant to the Warehouse Arrangements, which will be repaid in full on the Issue Date).

Subsidiaries

The Issuer has no subsidiaries (although it may incorporate Blocker Subsidiaries following the Issue Date).

Administrative Expenses of the Issuer

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

Financial Statements

Since its date of incorporation, and save as disclosed herein, the Issuer has not commenced operations and no financial statements of the Issuer have been prepared as at the date of this Prospectus. The Issuer intends to publish its first financial statements in respect of the period ending on 31 December 2016. The Issuer will not prepare interim financial statements. The financial year of the Issuer ends on 31 December in each year.

The Issuer's profit and loss account and balance sheet can be obtained free of charge from the registered office of the Issuer. The Issuer must hold its first annual general meeting within 18 months of the date of its incorporation (and no more than 9 months after the financial year end) and thereafter the gap between its annual general meetings must not exceed 15 months. One annual general meeting must be held in each calendar year.

The auditors of the Issuer are Deloitte, who are chartered accountants and are members of the Institute of Chartered Accountants and registered auditors qualified in practice in Ireland.

THE INVESTMENT MANAGER

The information appearing in this section has been prepared by the Investment Manager and has not been independently verified by the Issuer, the Initial Purchaser, the Arranger, the Lead Manager or any other party and none of such persons assumes any responsibility for the accuracy, completeness or applicability of such information. The Issuer confirms that this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information provided by the Investment Manager, no facts have been omitted which would render the reproduced information inaccurate or misleading. None of the Initial Purchaser, the Arranger, the Lead Manager or any other party other than the Investment Manager assumes any responsibility for the accuracy, completeness or applicability of such information.

Investment Manager

KKR Credit Advisors (Ireland) ("**KKR Credit Ireland**") was formed in 2002 as an Irish resident company by professionals with extensive experience in both leveraged finance and CLO management. KKR Credit Ireland was formed to take advantage of the growing demand for independent credit managers in European debt markets. KKR Credit Ireland currently manages a broad range of European credit funds and vehicles including structured credit vehicles and CLOs on behalf of investors.

KKR Credit Ireland's first CLO transaction, the €304 million Avoca CLO I, closed in December 2003 and was subsequently called in December 2006. It was followed in November 2004 by the €368 million Avoca CLO II, in August 2005 by the €408 million Avoca CLO III, in January 2006 by the €458 million Avoca CLO IV, in June 2006 by the €506 million Avoca CLO V, in November 2006 by the €508 million Avoca CLO VI, in April 2007 by the €711 million Avoca CLO VII, in July 2007 by the €342 million Avoca Credit Opportunities Fund, in August 2007 by the €508 million Avoca CLO VIII, in June 2008 by the €300 million Avoca CLO IX, in November 2013 by the €310.75 million Avoca Capital CLO X, in June 2014 by the €518.5 million Avoca CLO XI, in September 2014 by the €415 million Avoca CLO XII, in December 2014 by the €414 million Avoca CLO XIII, in June 2014 by the €516.1 million Avoca CLO XIV and in November 2015 by the €516.8 million Avoca CLO XV. KKR Credit Ireland also acquired the investment management contracts to two other CLOs, Lombard Street CLO I plc in 2009 and ACA Euro CLO 2007-I plc in 2010.

Beginning in 2009, KKR Credit Ireland has also established a number of commingled and bespoke funds and managed accounts focussed on the European debt markets. As of 31 March 2016, total funds under management by KKR Credit Ireland were approximately €7.1 billion.

The general strategy of KKR Credit Ireland's vehicles is to seek to deliver enhanced returns through relative value selection, lower defaults and higher recoveries. This is achieved through fundamental credit analysis, a focus on capital preservation with strong fundamental credit work overlaid with a willingness to trade out of names where the risk reward position has changed adversely and a low to medium diversification and high conviction approach to portfolio construction. KKR Credit Ireland's investment philosophy is focused on intensive credit analysis and continuous risk management. Members of the KKR Credit Ireland team have been investing across the capital structure in European levered buyouts since 1997.

KKR Credit Ireland's principal place of business and its registered office is 75 St Stephen's Green, Dublin 2, Ireland. KKR Credit Ireland is regulated by the Central Bank of Ireland and authorised under the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) to provide investment advice and portfolio management services. Such authorisation and investment management expertise does not, however, provide any assurance as to the future performance of KKR Credit Ireland under the Investment Management Agreement.

KKR Credit Advisors (US) LLC ("**KKR Credit US**") is registered as an investment adviser with the U.S. Securities and Exchange Commission ("**SEC**"). KKR Credit Ireland is a relying adviser of KKR Credit US. KKR Credit Ireland conducts its operations in accordance with the policies and procedures of KKR Credit US, as applicable, and its employees are subject to KKR Credit US's supervision and control for regulatory purposes. Additional information about KKR Credit US and KKR Credit Ireland is available in Part 2A of KKR Credit US's Form ADV. A copy of KKR Credit US's most recent Form ADV is available on the SEC's Investment Adviser Public Disclosure (IAPD) website at www.adviserinfo.sec.gov.

KKR, which was founded in 1976 and is led by Henry Kravis and George Roberts, is a leading global investment firm with \$126.4 billion in assets under management as of 31 March 2016. With offices around the world, KKR manages assets through a variety of investment funds and accounts covering multiple asset classes. KKR is publicly traded on the New York Stock Exchange.

KKR Credit Ireland and its personnel, including those who will be primarily responsible for managing the Portfolio under the Investment Management Agreement as set forth below, will not provide services to the Issuer on an exclusive basis which may give rise to potential or actual conflicts of interest involving the Issuer. See "*Risk Factors– Certain conflicts of interest – Investment Manager*" above.

Personnel

Set forth below is information regarding the background of certain employees of KKR Credit Ireland, including those who will be primarily responsible for managing the Portfolio under the Investment Management Agreement. Such employees may not necessarily continue to serve in such role for the entire term of the Investment Management Agreement, and KKR Credit Ireland may employ additional personnel to perform services in relation to the Portfolio. As at 31 March 2016, KKR Credit Ireland had a team of 59 employees, including 22 investment professionals with prior experience in fields such as investment banking, asset management and accounting.

Alan Burke, Member, B.Comm, M.Acc, ACA

Alan Burke (Dublin) joined KKR in 2014 as part of Avoca Capital, which he co-founded in 2002. Mr. Burke is a Member and Co-Head of Credit Investment Strategies. As Co-Head of Credit Investment Strategies, Mr. Burke is responsible for KKR's European Liquid Credit Strategies, European trading and execution, business development, and coordination across the global Credit platform. Mr. Burke is a member of the KKR Credit European Leveraged Credit Investment Committee and the European Private Investment Committee. Before founding Avoca Capital, he was a director of acquisition finance at Allied Irish Banks, where he led a team responsible for structuring and arranging senior and mezzanine debt finance for leveraged buyout and acquisition financings. He was also responsible for structuring the bank's collateralised loan obligation funds. Mr. Burke qualified as a Chartered Accountant with Arthur Andersen. He has a B.Comm with first class honors from National University of Ireland, Galway and a Masters of Accounting from University College Dublin.

Clayton Perry, Managing Director and Head of Strategic Development of KKR's CLO Business, B.A., M.Sc (Economics)

Clayton Perry (London) joined KKR in 2014 as part of Avoca Capital and is responsible for the strategic development of KKR's collateralised loan obligation business. Before joining Avoca in 2010, he worked for Credit Suisse for sixteen years in a variety of roles, most recently running the collateralised loan obligation arranging business. Mr. Perry has a B.A. from Otago University and an M.Sc from the London School of Economics.

Eddie O'Neill, Director, B.A. (Economics & Politics), MBS (International Business)

Eddie O'Neill (Dublin) joined KKR in 2014 as part of Avoca Capital, and is the portfolio manager responsible for the strategic management of KKR Credit's European leveraged credit mandates. Mr. O'Neill oversees the portfolio management and trading functions of KKR Credit's loan business and chairs the European Leveraged Credit Committee. He was a founder member of Avoca Capital in 2002 and was senior portfolio manager responsible for all trading activities in the Avoca loan funds. Previously, Mr. O'Neill was an associate director at Allied Irish Banks Acquisition Finance, in which he was involved in structuring and arranging senior and mezzanine debt for leveraged finance transactions. He was also responsible for the overall management of Allied Irish Bank's leveraged loan portfolio, and he developed the secondary trading platform for leveraged loans within the bank. He has a B.A. in Economics and Politics from Trinity College and an M.B.S from University College Dublin.

THE RETENTION HOLDER AND RETENTION REQUIREMENTS

The following description consists of a summary of certain provisions of the Risk Retention Letter which does not purport to be complete and is qualified by reference to the detailed provisions of the Risk Retention Letter. Terms used and not otherwise defined herein or in this Prospectus as specifically referenced herein shall have the meaning given to them in Condition 1 (Definitions) of the Terms and Conditions of the Notes.

Description of the Retention Holder

The Investment Manager shall act as Retention Holder for the purposes of the Retention Requirements. The Investment Manager believes that, on the basis of its current regulatory permissions, as of the date of this Prospectus, it would fall within the definition of "sponsor" contained in Regulation (EU) No. 575/2013 ("CRR").

The Retention

On the Issue Date, the Retention Holder, acting for its own account, will sign the Risk Retention Letter addressed to the Issuer, the Trustee, the Collateral Administrator and the Initial Purchaser.

The Issuer, Collateral Administrator, the Trustee (for the benefit of the Noteholders) and the Initial Purchaser are parties to the Risk Retention Letter solely for the purposes of obtaining the benefit of the representations, warranties and covenants contained therein and under no circumstances shall any of them be deemed to have undertaken any obligations thereunder or by virtue of their entry into the Risk Retention Letter save as provided therein.

Under the Risk Retention Letter, the Retention Holder will for so long as any Class of Rated Notes remains Outstanding:

- (a) undertake on an ongoing basis to retain a net economic interest in the transaction, which will be comprised of an interest in the first loss tranche (within the meaning of paragraph 1(d) of Article 405 of the CRR, paragraph 1(d) of Article 51 of the AIFMD Level 2 Regulation and paragraph 2(d) of Article 254 of the Solvency II Level 2 Regulation) by way of holding Subordinated Notes with an aggregate Principal Amount Outstanding, at any time, equal to an amount not less than five per cent. of the Aggregate Collateral Balance (the "**Retention**") subject to the proviso below;
- (b) agree that it and its Affiliates will not sell, hedge or otherwise mitigate the Retention Holder's credit risk under or associated with the Retention or the underlying portfolio of Collateral Debt Obligations, except to the extent not restricted by the Retention Requirements, and subject to the proviso below;
- (c) subject to any overriding legal or regulatory requirements or constraints (including those relating to confidentiality), agree to 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 (i) the Issue Date and (ii) solely as regards the provision of information in the possession of the Retention Holder, any time prior to maturity of the Rated Notes (in each case at the cost and expense of the party seeking such information);
- (d) agree to confirm its continued compliance with the covenants set out at paragraphs (a) and (b) above (i) promptly upon a reasonable request made in writing by any of the Issuer, the Trustee or the Collateral Administrator and (ii) in any event on a monthly basis to the Issuer, the Trustee, the Collateral Administrator and the Initial Purchaser in each case in writing (which may be by way of email);

- (e) represent that it: (i) is authorised to provide the ancillary service referred to in point (1) of Section B of Annex I to European Directive 2004/39/EC ("**MiFID**"); (ii) provides one or more of the investment services and activities other than those listed in points 1, 2, 4 and 5 of Section A of Annex I to MiFID; or (iii) is permitted to hold money or securities belonging to its clients; and
- (f) agree that it shall immediately notify the Issuer, the Trustee, the Collateral Administrator and the Initial Purchaser if for any reason: (i) it ceases to hold the Retention in accordance with paragraph (a) above; (ii) it fails to comply with the covenants set out in paragraphs (b) and (c) above; or (iii) the representation set out in paragraph (e) above fails to be true on any date,

provided however, the Retention Holder may transfer the Retention to the extent such transfer is not restricted by, or is required in accordance with, the Retention Requirements, in which case the Retention Holder's obligations under paragraphs (a)-(f) above shall cease upon such transfer becoming effective.

Retention Holder Veto

Provided that no Retention Event has occurred and is continuing, no modification or any Resolution to approve the modification of the Eligibility Criteria, the Portfolio Profile Tests, the Collateral Quality Tests, the Reinvestment Criteria, or any material changes to them (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. For the avoidance of doubt, if a Retention Event has occurred and is continuing, the Retention Holder shall have no veto rights; however, this shall not affect the rights of the Retention Holder to exercise its rights as a Noteholder.

THE PORTFOLIO

Terms used and not otherwise defined herein or in this Prospectus as specifically referenced herein shall have the meaning given to them in Condition 1 (Definitions) of the Terms and Conditions of the Notes.

Introduction

Pursuant to the Investment Management Agreement, the Investment Manager is required or, as the case may be authorised 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 Investment Manager.

Acquisition and Disposition of Collateral Debt Obligations

The Investment Manager will determine and will use reasonable endeavours to cause to be acquired by the Issuer a portfolio of Secured Senior Loans, Secured Senior Bonds, Corporate Rescue Loans, Unsecured Senior Loans, Second Lien Loans, Mezzanine Obligations and High Yield Bonds during the Initial Investment Period, the Reinvestment Period and thereafter. The Issuer anticipates that, by the Issue Date, it, or the Investment 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 €270,000,000 which is approximately 60 per cent. of the Target Par Amount. The proceeds of issue of the Notes remaining after payment of: (a) the acquisition costs for the Collateral Debt Obligations acquired by the Issuer on or prior to the Issue Date (including other amounts due in order to finance the acquisition of warehoused Collateral Debt Obligations); and (b) certain fees, costs and expenses incurred in connection with the issue of the Notes and anticipated to be payable by the Issuer following completion of the issue of the Notes will be deposited in the Expense Reserve Account, the First Period Reserve Account and the Unused Proceeds Account on the Issue Date. The Investment Manager acting on behalf of the Issuer, shall use all reasonable efforts to purchase Collateral Debt Obligations with an Aggregate Principal Balance (provided that for the purposes of determining the Aggregate Principal Balance, any repayments or prepayments of any Collateral Debt Obligation subsequent to the Issue Date not subsequently reinvested shall be disregarded and the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be the lower of its S&P Collateral Value and its Moody's Collateral Value) equal to at least the Target Par Amount out of the Balance standing to the credit of the Unused Proceeds Account during the Initial Investment Period.

The Issuer does not expect and is not required to satisfy the Collateral Quality Tests, Portfolio Profile Tests or the Coverage Tests prior to the Effective Date. The Investment Manager may declare that the Initial Investment Period has ended and the Effective Date has occurred prior to 30 December 2016, subject to the Effective Date Determination Requirements being satisfied.

The Issuer (or the Investment Manager on its behalf) will not acquire (whether by purchase or substitution) or dispose of a Collateral Debt Obligation, a Collateral Enhancement Obligation, an Exchanged Security or an Eligible Investment unless the Portfolio Acquisition and Disposition Requirements are met. Notwithstanding the foregoing, the Issuer (or the Investment Manager on its behalf) may elect not to rely on Rule 3a-7 for its exemption from registration under the Investment Company Act in accordance with this paragraph, in which case, at all times thereafter, there will be no Portfolio Acquisition and Disposition Requirements and all references to such requirements in the Investment Management Agreement and other Transaction Documents shall no longer be in effect.

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 Investment 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 (provided that for the purposes of determining the Aggregate Principal Balance, any repayments or prepayments of any Collateral Debt Obligation subsequent to the Issue Date not subsequently reinvested shall be disregarded and the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be the lower of its S&P Collateral Value and its Moody's Collateral Value) of which equals or exceeds the Target Par Amount; and (ii) no more than one per cent. of the Target Par Amount may be transferred to the Interest Account.

Within 10 Business Days following the Effective Date, the Collateral Administrator shall issue a report (the "**Effective Date Report**") containing the information required in a Monthly Report, confirming whether the Issuer has acquired or entered into a binding commitment to acquire Collateral 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 Investment Manager and the Rating Agencies (provided that for the purposes of determining the Aggregate Principal Balance, any repayments or prepayments of any Collateral Debt Obligation subsequent to the Issue Date not subsequently reinvested shall be disregarded and the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be the lower of its S&P Collateral Value and its Moody's Collateral Value) and within 15 Business Days following the Effective Date, the Issuer will provide, or cause the Investment Manager to provide to the Trustee and the Collateral Administrator an accountants' certificate recalculating and confirming the Aggregate Principal Balance of all Collateral Debt Obligations purchased or committed to be purchased as of the Effective Date and the computation and results of the Portfolio Profile Tests, the Collateral Quality Tests and the Coverage Tests (other than the Interest Coverage Tests) and specifying the procedures applied and their findings as to 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 and confirming that the Effective Date Determination Requirements have been met. For the avoidance of doubt, the Trustee and the Collateral Administrator shall not disclose to any Person (including any Noteholder) any information, documents or reports provided to them by the accountants, other than as required by a court of competent jurisdiction or as otherwise required by applicable legal or regulatory process.

The Investment Manager (acting on behalf of the Issuer) shall promptly following receipt of the Effective Date Report, request that each of the Rating Agencies confirm its Initial Ratings of the Rated Notes, provided that if the Effective Date Moody's Condition is satisfied then such rating confirmation shall be deemed to have been received from Moody's. If the Effective Date Moody's Condition is not satisfied within 20 Business Days following the Effective Date, the Investment Manager shall promptly notify Moody's. If (i) the Effective Date Determination Requirements are not satisfied as at the Effective Date and Rating Agency Confirmation has not been received in respect of such failure and either (A) the Investment Manager (acting on behalf of the Issuer) does not present a Rating Confirmation Plan to the Rating Agencies or (B) following request therefor from the Investment Manager, Rating Agency Confirmation has not been obtained in respect of such Rating Confirmation Plan; (ii) following the Effective Date, Rating Agency Confirmation from S&P is not received in connection with the Effective Date; or (iii) where the Effective Date Moody's Condition is not satisfied, following a request therefor from the Investment Manager after the Effective Date, Rating Agency Confirmation from Moody's is not received, an Effective Date Rating Event shall have occurred. 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 Investment 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 Investment 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 Investment Manager (acting on behalf of the Issuer) is under no obligation whatsoever to present a Rating Confirmation Plan to the Rating Agencies.

Eligibility Criteria

Each Collateral Debt Obligation must, at the time of entering into a binding commitment to acquire such obligation by, or on behalf of, the Issuer, satisfy the following criteria (the "**Eligibility Criteria**") as determined by the Investment Manager in its reasonable discretion (capitalised terms, in each case, read and construed as if such obligation were a Collateral Debt Obligation):

- (a) it is a Secured Senior Loan, a Secured Senior Bond, a Corporate Rescue Loan, an Unsecured Senior Loan, a Mezzanine Obligation, a Second Lien Loan or a High Yield Bond;
- (b) it is (A)(I) denominated in Euro or (II) a Non-Euro Obligation and no later than the trade date of the acquisition thereof the Issuer (or the Investment 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 Investment Management Agreement and (B) is not convertible into or payable in any other currency;
- (c) it is not a Defaulted Obligation or a Credit Impaired Obligation;
- (d) it is not a lease (including, for the avoidance of doubt, a financial lease);
- (e) it is not a Structured Finance Security, pre-funded letter of credit, collateralised letter of credit or a Synthetic Security;
- (f) it provides for a fixed amount of principal payable in cash on scheduled payment dates and/or at maturity and does not by its terms provide for earlier amortisation or prepayment in each case at a price of less than par;
- (g) it is not convertible into equity and it does not constitute "margin stock" (as defined under Regulation U issued by the Board of Governors of the United States Federal Reserve System);
- (h) it is an obligation in respect of which, following acquisition thereof by the Issuer by the selected method of transfer, payments will not be subject to withholding tax (with the exception of commitment fees, facility fees, and other similar fees associated with Collateral Debt Obligations constituting Revolving Obligations and Delayed Drawdown Collateral Debt Obligations and taxes imposed under FATCA) imposed by any jurisdiction unless either: (i) such withholding tax can be sheltered by application being made under the applicable double tax treaty or otherwise; or (ii) the Obligor is required to make "gross-up" payments to the Issuer that cover the full amount of any such withholding on an after-tax basis;
- (i) other than in the case of Corporate Rescue Loans, it has an S&P Rating of not lower than "CCC-" and a Moody's Rating of not lower than "Caa3";
- (j) it is not a debt obligation whose repayment is subject to substantial non-credit related risk;
- (k) it will not result in the imposition of any present or future, actual or contingent, monetary liabilities or obligations of the Issuer other than those: (i) which arise out of future drawing obligations under an obligation that would be a Revolving Obligation or Delayed Drawdown Collateral Debt Obligation if it were a Collateral Debt Obligation and which are fully collateralised and where such monetary liabilities or obligations of the Issuer can be met by the

Issuer without breaching any applicable legal and/or regulatory requirements and save only to the extent permitted in the Portfolio Profile Tests; (ii) which may arise at its option; (iii) which are fully collateralised; (iv) which are subject to limited recourse provisions similar to those set out in the Trust Deed; (v) which are owed to the agent bank in relation to the performance of its duties under such obligation; or (vi) which may arise as a result of an undertaking to participate in a financial restructuring of such obligation where such undertaking is contingent upon the redemption in full of such obligation on or before the time by which the Issuer is obliged to enter into the restructured obligation and where the restructured obligation satisfies the Restructured Obligation Criteria, to the extent that such liabilities or obligations are able to be provided by the Issuer without breaching any applicable legal and/or regulatory requirements and for the avoidance of doubt, the Issuer is not liable to pay any amounts in respect of a restructured obligation, provided that, in respect of paragraph (vi) only, that the imposition of any present or future, actual or contingent, monetary liabilities or obligations of the Issuer following such restructuring shall not exceed the redemption amounts from such restructured obligation;

- (l) it does not have an "f", "p", "pi", "r", "(sf)" or "t" subscript assigned by S&P;
- (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) is an Eligible Asset (so long as the Portfolio Acquisition and Disposition Requirements are applicable);
- (o) it is not a debt obligation that pays scheduled interest less frequently than annually;
- (p) it is not subject to a tender offer, voluntary redemption, exchange offer, conversion or other similar action for a price less than its par amount plus all accrued and unpaid interest;
- (q) the Collateral Debt Obligation Stated Maturity thereof falls prior to the Maturity Date of the Notes;
- (r) its acquisition by the Issuer will not result in the imposition of stamp duty, stamp duty reserve tax or similar tax or duty payable by or otherwise recoverable from the Issuer, unless such stamp duty, stamp duty reserve tax or similar tax or duty has been included in the purchase price of such obligation;
- (s) upon acquisition, both (i) the obligation is capable of being, and will be, the subject of a first fixed charge, a first priority security interest or other similar security interest having first ranking priority and having a similar commercial effect in favour of the Trustee for the benefit of the Secured Parties and (ii) (subject to (i)), the Issuer (or the Investment Manager on behalf of the Issuer) has notified the Trustee if 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;
- (t) is an obligation of an Obligor or Obligors Domiciled in a Qualifying Country;
- (u) it has not been called for, and is not subject to a pending redemption;
- (v) it is capable of being sold, assigned or participated to the Issuer, together with any associated security, without any breach of applicable selling restrictions or of any contractual provisions;
- (w) it is not an obligation whose acquisition by the Issuer will cause the Issuer to be deemed to have participated in a primary loan origination in the United States or other trade or business in the United States;

- (x) it must require the consent of at least 66⅔ per cent. of the lenders to the Obligor thereunder for any change that is adverse to the interests of holders thereof in the principal repayment profile or interest applicable on such obligation (for the avoidance of doubt, excluding any changes originally envisaged in the loan documentation), provided that in the case of a Collateral Debt Obligation that is a bond, such percentage requirement shall refer to the percentage of holders required to approve a resolution on any such matter, either as a percentage of those attending a quorate bondholder meeting or as a percentage of all bondholders acting by way of a written resolution;
- (y) it is not a Project Finance Loan;
- (z) it is in registered form for U.S. federal income tax purposes if it is an obligation of a U.S. person, pays U.S. source interest or is "registration required";
- (aa) it is not a Deferring Security;
- (bb) if it is a Delayed Drawdown Collateral Debt Obligation or a Revolving Obligation, it is capable of being drawn in Euro only and is not payable in or convertible into another currency;
- (cc) it is not a Collateral Debt Obligation of KKR or any portfolio company sponsored by KKR that was organised or incorporated in the United States;
- (dd) it is not an asset (i) that is treated as an equity interest in an entity that is treated as a partnership or other fiscally transparent entity for U.S. federal income tax purpose unless the entity is not treated, at any time, as engaged in a trade or business within the United States for U.S. federal income tax purposes and the asset otherwise complies with the Eligibility Criteria and (ii) the gain from the disposition of which would be subject to U.S. federal income or withholding tax under section 897 or section 1445, respectively, of the Internal Revenue Code of 1986, as amended;
- (ee) it is not a PIK Obligation;
- (ff) it is not a Zero Coupon Obligation; and
- (gg) it has a minimum purchase price of 60 per cent. of the Principal Balance of such Collateral Debt Obligation *provided* that if it is a Mezzanine Obligation or a Second Lien Loan, it has a minimum purchase price of 80 per cent. of the Principal Balance of such Collateral Debt Obligation.

Other than (i) Issue Date Collateral Debt Obligations which must satisfy the Eligibility Criteria on the Issue Date and (ii) Restructured Obligations 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 Investment Manager on behalf of the Issuer entered into a binding agreement to purchase such obligation.

"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, and for the avoidance of doubt, such restructuring is in connection with an insolvency, bankruptcy, reorganisation, debt restructuring or workout of the Obligor thereof, such obligation shall only constitute a Restructured Obligation if:

- (i) such obligation satisfies each of the criteria comprising the Eligibility Criteria other than the criteria set out at paragraphs (c), (h), (i) and (o) (but only if such obligation is a PIK Obligation or a Zero Coupon Obligation), (q) and (u) (but only if notwithstanding the fact that a Collateral Debt Obligation is subject to a pending redemption, the redemption price of such Collateral Debt Obligation is 100 per cent. of the Principal Balance of such Collateral Debt Obligation), (ee), (ff), and (gg) thereof;
- (ii) such obligation has been assigned or otherwise has an S&P Rating; and
- (iii) in the case of an obligation which, as a result of such restructuring, would have a Collateral Debt Obligation Stated Maturity falling on or after the Maturity Date of the Notes (a "**Long-Dated Restructured Obligation**"), not more than 5.0 per cent. of the Aggregate Collateral Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be its S&P Collateral Value) shall consist of Long-Dated Restructured Obligations,

(such applicable criteria, the "**Restructured Obligation Criteria**").

The repayment of a Collateral Debt Obligation in circumstances whereby the redemption proceeds are rolled as consideration for a new obligation (including by way of a "cashless roll") shall be treated as an acquisition by the Issuer of a new Collateral Debt Obligation and not as the acquisition of a Restructured Obligation.

Management of the Portfolio

Overview

The Investment 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 Investment Manager) thereof in Substitute Collateral Debt Obligations. The Investment 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 to the Issuer and the Investment Manager of whether the Portfolio Profile Tests, Reinvestment Criteria and the Portfolio Acquisition and Disposition Requirements (so long as they are applicable) which are required to be satisfied, maintained or improved in connection with any such sale or reinvestment are satisfied, maintained or improved or, if any such criteria are not

satisfied, maintained or improved, shall notify the Issuer and the Investment Manager of the reasons and the extent to which such criteria are not so satisfied, maintained or improved.

The Investment 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, where applicable, the Reinvestment Criteria and the Portfolio Acquisition and Disposition Requirements (so long as they are applicable) and the guidelines in the Investment Management Agreement and will monitor the performance of the Collateral Debt Obligations on an ongoing basis to the extent practicable using sources of information reasonably available to it and provided that the Investment Manager shall not be responsible for determining whether or not the terms of any individual Collateral Debt Obligation have been observed.

The activities referred to below that the Investment Manager may undertake on behalf of the Issuer are subject to the Issuer's monitoring of the performance of the Investment Manager under the Investment Management Agreement.

Sale of Collateral Debt Obligations

Sales of Collateral Debt Obligations shall be in accordance with the Portfolio Acquisition and Disposition Requirements (so long as they are applicable).

Sale of Non-Eligible Issue Date Collateral Debt Obligations

The Investment 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 and the Portfolio Acquisition and Disposition Requirements (so long as they are applicable) 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 in accordance with the Portfolio Acquisition and Disposition Requirements (so long as they are applicable) at any time by the Investment Manager (acting on behalf of the Issuer) subject to:

- (a) the Investment Manager's knowledge, no Event of Default having occurred which is continuing; and
- (b) the Investment Manager certifying to the Trustee and the Collateral Administrator that it believes, in its reasonable business judgement, that such security constitutes a Credit Impaired Obligation, a Credit Improved Obligation or a Defaulted Obligation, as the case may be.

Discretionary Sales

The Issuer or the Investment Manager (acting on behalf of the Issuer) may, in accordance with the Portfolio Acquisition and Disposition Requirements (so long as they are applicable), dispose of any Collateral Debt Obligation (other than a Credit Improved Obligation, a Credit Impaired Obligation, a Defaulted Obligation or an Exchanged Security, each of which may only be sold in the circumstances provided above) at any time (other than during a Restricted Trading Period) provided:

- (a) to the Investment Manager's knowledge, no Event of Default having occurred which is continuing;
- (b) after giving effect to such sale, the Aggregate Principal Balance 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 30 per cent. of the Aggregate Collateral Balance 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 Investment Manager reasonably believes prior to such sale that it will be able to enter one or more binding commitments to reinvest all or a portion of the proceeds of such sale in one or more additional Collateral Debt Obligations within 45 days after the settlement of such sale in accordance with the Reinvestment Criteria; or
- (ii) at any time, either: (1) the Sale Proceeds from such sale are at least equal to the Investment Criteria Adjusted Balance of such Collateral Debt Obligation; or (2) after giving effect to such sale, the Aggregate Principal Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be the lesser of its S&P Collateral Value and its Moody's Collateral Value) of all Collateral Debt Obligations (excluding the Collateral Debt Obligation being sold but including, without duplication, the Sale Proceeds of such sale) plus, without duplication, the amounts on deposit in the Principal Account and the Unused Proceeds 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 Balance.

"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 Security shall be the lesser of:
 - (i) its S&P 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;
- (c) a Zero Coupon Obligation shall be its accreted value; and
- (d) a Collateral Debt Obligation which has been included in the calculation of the CCC/Caa Excess shall be its Market Value (assuming that such Market Value is expressed as a percentage of the Principal Balance of such Collateral Debt Obligation as of such date of determination) multiplied by the Principal Balance of such Collateral Debt Obligation,

provided that if a Collateral Debt Obligation satisfies two or more of (a) through (d) 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 Investment Manager (acting on its behalf) shall promptly notify Moody's and S&P upon the occurrence of a Restricted Trading Period.

Sale of Collateral Prior to Maturity Date

In the event of: (i) any redemption of the Rated Notes in whole prior to the Maturity Date; or (ii) receipt of notification from the Trustee of enforcement of the security over the Collateral; the

Investment Manager (acting on behalf of the Issuer) will (at the direction of the Trustee following the enforcement of such security), as far as practicable, arrange for liquidation of the Collateral in order to procure that the proceeds thereof are in immediately available funds by the Business Day prior to the applicable Redemption Date and sell all or part of the Portfolio, as applicable, in accordance with Condition 7 (*Redemption and Purchase*) and the Investment Management Agreement.

Sale of Assets which do not Constitute Collateral Debt Obligations

If an asset did not satisfy the Eligibility Criteria on the date it was required to do so in accordance with the Investment Management Agreement, the Investment Manager shall use commercially reasonable efforts to sell such asset. Such proceeds shall constitute Sale Proceeds and may be reinvested in accordance with and subject to the Reinvestment Criteria.

Disposal of Unsaleable Assets

Following the delivery of prior written notice of a proposed Optional Redemption in accordance with Condition 7(b)(iv)(A) (*Terms and Conditions of an Optional Redemption*), or the delivery of a notice of acceleration or automatic acceleration of the Notes in accordance with Condition 10(b)(i) (*Acceleration*), the Investment Manager, acting on behalf of the Issuer, may conduct an auction of Unsaleable Assets. The Issuer will provide notice (in such form as is prepared by the Investment Manager) to the Noteholders in accordance with the Conditions (and, for so long as any Rated Notes are Outstanding, the Rating Agencies) of such auction, setting forth in reasonable detail a description of each Unsaleable Asset and the following auction procedures:

- (a) any Noteholder may submit a written bid to purchase for cash one or more Unsaleable Assets no later than the date specified in the auction notice (which shall be at least 15 Business Days after the date of such notice) and, for any Unsaleable Asset for which one or more bids are received, the Investment Manager, on behalf of the Issuer, will deliver such Unsaleable Asset to the highest bidder against payment in cash of the bid price;
- (b) each bid must include an offer to purchase for a specified amount of cash on a proposed settlement date no later than 20 Business Days after the date of the auction notice;
- (c) if no Noteholder submits such a bid for an Unsaleable Asset, unless delivery in kind is not legally permissible or commercially practicable, the Investment Manager will direct the Issuer to notify, and the Issuer will notify each Noteholder in accordance with the Conditions of the offer to deliver (at no cost to the Noteholders, the Investment Manager or the Trustee) a *pro rata* portion of each unsold Unsaleable Asset to the Noteholders of the most senior Class that provide delivery instructions to the Investment Manager on or before the date specified in such notice, subject to minimum denominations. To the extent that minimum denominations do not permit a *pro rata* distribution, the Investment Manager will identify and distribute the Unsaleable Assets on a *pro rata* basis to the extent possible and the Investment Manager will select by lottery the Noteholder to whom the remaining portion will be delivered. The Investment Manager will use commercially reasonable efforts to effect delivery of such portions of unsold Unsaleable Assets. For the avoidance of doubt, any such delivery to the Noteholders will not operate to reduce the principal amount outstanding of the related Notes held by such Noteholders; and
- (d) if no such Noteholder provides delivery instructions to the Investment Manager, the Investment Manager will take such action (if any) as directed pursuant to an Issuer Order to dispose of the Unsaleable Asset, which may be by donation to a charity, abandonment or other means.

"Issuer Order" means each order from the Investment Manager, on behalf of the Issuer in accordance with and subject to the terms of the Investment Management Agreement, to the Trustee, the Collateral Administrator, the Custodian and the Account Bank with a copy to the Issuer, notifying the Trustee and the Collateral Administrator of:

- (e) a proposed acquisition of any Collateral Debt Obligation;
- (f) a proposed sale of any Collateral Debt Obligation; or
- (g) the requirement to present and/or surrender any Collateral Debt Obligation to the issuer thereof in connection with the exercise of any option thereunder or the acceptance of any offer relating thereto,

which, in the case of (b) or (c) above, will be deemed to direct the Trustee to release the relevant Collateral Debt Obligation from the security constituted by or pursuant to the Trust Deed, in each case, in such form and containing such information as the Issuer, the Investment Manager, the Collateral Administrator and the Trustee may from time to time agree.

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 the acquisition 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) other than in respect of Principal Proceeds required for such restructuring.

During the Reinvestment Period

During the Reinvestment Period, the Investment Manager (acting on behalf of the Issuer) may, at its discretion, reinvest any Principal Proceeds in the purchase of Substitute Collateral Debt Obligations satisfying the Eligibility Criteria (and, where applicable, provided the Portfolio Acquisition and Disposition Requirements are met) 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 Investment Manager's knowledge, no 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 preceding the second Payment Date) the Coverage Tests are satisfied or if (other than with respect to the reinvestment of any proceeds received upon the sale of, or as a recovery on, any Defaulted Obligation) 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 when compared with the result of such test 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 (for which purposes, the Principal Balance of each Defaulted Obligation shall be the lesser of its S&P Collateral Value and its Moody's Collateral Value) of all Collateral Debt Obligations (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, without duplication, (B) amounts standing to the credit of the Principal Account and Unused Proceeds Account and including any Eligible Investments (save for interest accrued on Eligible Investments) is greater than the Reinvestment Target Par Balance;

- (d) in the case of a Substitute Collateral Debt Obligation purchased with Sale Proceeds of a Credit Improved Obligation either:
 - (i) the Aggregate Principal Balance shall be maintained or improved after giving effect to such reinvestment when compared with the Aggregate Principal Balance immediately prior to the sale of the relevant Credit Improved Obligation; or
 - (ii) the sum of: (A) the Aggregate Principal Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be the lesser of its S&P Collateral Value and its Moody's Collateral Value) of all Collateral Debt Obligations (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, without duplication, (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 Balance;
- (e) 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 the Collateral Quality Tests are not satisfied such test will be maintained or improved after giving effect to such reinvestment when compared with the results of such tests immediately prior to the sale or prepayment (in whole or in part) of the relevant Collateral Debt Obligation except that, in the case of a Substitute Collateral Debt Obligation purchased with Sale Proceeds of a Credit Impaired Obligation or a Defaulted Obligation, the S&P CDO Monitor Test will not apply;
- (f) the date on which the Issuer (or the Investment Manager acting on behalf of the Issuer) enters into a binding commitment to purchase such Substitute Collateral Debt Obligation occurs during the Reinvestment Period;
- (g) with respect to the reinvestment of Sale Proceeds (other than Sale Proceeds from Credit Improved Obligations, Credit Impaired Obligations, Defaulted Obligations and Exchanged Securities) either:
 - (i) the Aggregate Principal Balance of all Collateral Debt Obligations shall be maintained or improved after giving effect to such reinvestment when compared with the Aggregate Principal Balance immediately prior to the sale that generates such Sale Proceeds; or
 - (ii) after giving effect to such sale, the sum of: (A) the Aggregate Principal Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be the lesser of its S&P Collateral Value and its Moody's Collateral Value) of all Collateral Debt Obligations (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, without duplication, (B) amounts standing to the credit of the Principal Account and Unused Proceeds Account and including any Eligible Investments (save for interest accrued on Eligible Investments) is greater than the Reinvestment Target Par Balance; and
- (h) no Retention Deficiency occurs as a direct result of, and immediately after giving effect to, such reinvestment.

Following the Expiry of the Reinvestment Period

Following the expiry of the Reinvestment Period, only (i) Unscheduled Principal Proceeds and Sale Proceeds from the sale of Credit Impaired Obligations and Credit Improved Obligations received after the Reinvestment Period and (ii) or amounts designated for reinvestment pursuant to paragraph (V)(2) of the Interest Proceeds Priority of Payments may be reinvested by the Issuer or the Investment Manager (acting on behalf of the Issuer) in one or more Substitute Collateral Debt Obligations satisfying the Eligibility Criteria (and, where applicable, provided the Portfolio Acquisition and Disposition Requirements are met), in each case provided that:

- (a) the Aggregate Principal Balance of such 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, as the case may be;
- (b) the Moody's Maximum Weighted Average Rating Factor Test is satisfied after giving effect to such reinvestment;
- (c) the Weighted Average Life Test was satisfied on the last Business Day of the Reinvestment Period and is satisfied immediately after giving effect to such reinvestment;
- (d) sub-paragraphs (k) and (l) of the Portfolio Profile Tests are satisfied after giving effect to such reinvestment;
- (e) each Coverage Test is satisfied immediately prior to and after giving effect to such reinvestment;
- (f) a Restricted Trading Period is not currently in effect;
- (g) either: (I) the Portfolio Profile Tests and the Collateral Quality Tests (except the Moody's Maximum Weighted Average Rating Factor Test, the Weighted Average Life Test, the S&P CDO Monitor Test and the Moody's Minimum Diversity Test) are satisfied; or (II) if any such test was not satisfied immediately prior to such reinvestment, such test will be satisfied after giving effect to such reinvestment or will be maintained or improved after giving effect to such reinvestment;
- (h) to the Investment Manager's knowledge, no Event of Default has occurred that is continuing at the time of such reinvestment;
- (i) either:
 - (i) such Substitute Collateral Debt Obligation(s) have the same or a higher S&P Rating as the Collateral Debt Obligation that produced such Unscheduled Principal Proceeds or Sale Proceeds, as the case may be; or
 - (ii) for so long as any Rated Notes by S&P are outstanding, the S&P CDO Monitor SDR is no greater following such reinvestment;
- (j) the Collateral Debt Obligation Stated Maturity of each Substitute Collateral Debt Obligation is the same as or earlier than the Collateral Debt Obligation Stated Maturity of the Collateral Debt Obligation that produced such Unscheduled Principal Proceeds or Sale Proceeds; and
- (k) no Retention Deficiency occurs as a direct result of, and immediately after giving effect to, such reinvestment,

provided further that the criteria specified in paragraphs (a), (i)(i), and (j) above shall not apply to the reinvestment of any amounts designated for reinvestment pursuant to paragraph (V)(2) of the Interest Proceeds Priority of Payments.

Following the expiry of the Reinvestment Period, any Unscheduled Principal Proceeds and any Sale Proceeds from the sale of Credit Impaired Obligations and Credit Improved Obligations that have not been reinvested as provided above prior to the end of the Due Period in which such proceeds were received shall be paid into the Principal Account and disbursed in accordance with the Principal Proceeds Priority of Payments on the following Payment Date (subject as provided at the end of this paragraph), save that the Investment Manager (acting on behalf of the Issuer) may in its discretion procure that Unscheduled Principal Proceeds and Sale Proceeds from the sale of any Credit 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) 30 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.

The Portfolio Acquisition and Disposition Requirements

Notwithstanding anything to the contrary herein, the Issuer (or the Investment Manager on its behalf) will not acquire (whether by purchase or substitution) or dispose of any Collateral Debt Obligation, Collateral Enhancement Obligation, Exchanged Security or Eligible Investment unless the following requirements are satisfied (the "**Portfolio Acquisition and Disposition Requirements**"):

- (i) a Collateral Debt Obligation, Collateral Enhancement Obligation or Eligible Investment, if being acquired by the Issuer, is an Eligible Asset;
- (ii) such Collateral Debt Obligation, Collateral Enhancement Obligation, Exchanged Security or Eligible Investment is being acquired or disposed of in accordance with the terms and conditions set forth in the Trust Deed and the Investment Management Agreement;
- (iii) the acquisition or disposition of such Collateral Debt Obligation, Collateral Enhancement Obligation, Exchanged Security or Eligible Investment does not result in a reduction or withdrawal of the then-current rating issued by any Rating Agency on any Class of Rated Notes then outstanding; and
- (iv) such Collateral Debt Obligation, Collateral Enhancement Obligation, Exchanged Security or Eligible Investment is not being acquired or disposed of for the primary purpose of recognising gains or decreasing losses resulting from market value changes;

provided that, on any date, the Issuer (or the Investment Manager on its behalf) may elect not to rely on Rule 3a-7 for its exemption from registration under the Investment Company Act in accordance with this paragraph, in which case, at all times thereafter, there will be no Portfolio Acquisition and Disposition Requirements and all references to such requirements in the Investment Management Agreement and other Transaction Documents shall no longer be in effect.

Amendments to Collateral Debt Obligation Stated Maturities of Collateral Debt Obligations

The Issuer (or the Investment Manager on the Issuer's behalf) may vote in favour of a Maturity Amendment only if, after giving effect to such Maturity Amendment: (a) the Collateral Debt Obligation Stated Maturity of the Collateral Debt Obligation that is the subject of such Maturity Amendment is not later than the Maturity Date of the Rated Notes; and (b) the Weighted Average Life Test is satisfied. If the Issuer (or the Investment Manager on its behalf) 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 Investment Manager acting on its behalf) may but shall not be required to sell such Collateral Debt Obligation provided that in any event the Investment Manager shall dispose of such Collateral Debt Obligation prior to the Maturity Date. Such proceeds shall constitute Sale Proceeds and may be reinvested in accordance with and subject to the Reinvestment Criteria.

"Maturity Amendment" means with respect to any Collateral Debt Obligation, any waiver, refinancing, modification, amendment or variance that would extend the Collateral Debt Obligation Stated Maturity of such Collateral Debt Obligation. For the avoidance of doubt, a waiver, refinancing, modification, amendment or variance that would extend the Collateral Debt Obligation Stated Maturity of the credit facility of which a Collateral Debt Obligation is part, but would not extend the Collateral Debt Obligation Stated Maturity of the Collateral Debt Obligation held by the Issuer, does not constitute a Maturity Amendment.

Expiry of the Reinvestment Criteria Certification

Immediately preceding the end of the Reinvestment Period, the Investment 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.

Reinvestment Overcollateralisation Test

During the Reinvestment Period, if, on any Payment Date during such period after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (U) (inclusive) of the Interest Proceeds Priority of Payments, the Reinvestment Overcollateralisation Test has not been satisfied, then on the related Payment Date, Interest Proceeds in an amount equal to the lesser of (1) 50 per cent. of all remaining Interest Proceeds available for payment pursuant to paragraph (V) of the Interest Proceeds Priority of Payments and (2) the amount which, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (U) (inclusive) of the Interest Proceeds Priority of Payments would be sufficient to cause the Reinvestment Overcollateralisation Test to be satisfied shall be paid into the Principal Account as Principal Proceeds to purchase additional Collateral Debt Obligations provided that such payment would not, in the determination of the Collateral Administrator (with such consultation with the Investment Manager and the Retention Holder as the Collateral Administrator deems necessary), cause (or would not be likely to cause) a Retention Deficiency.

Following the expiry of the Reinvestment Period, if, on any Payment Date after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (U) (inclusive) of the Interest Proceeds Priority of Payments, the Reinvestment Overcollateralisation Test has not been satisfied an amount equal to the lesser of (1) 50 per cent. of all remaining Interest Proceeds available for payment pursuant to paragraph (V) of the Interest Proceeds Priority of Payments and (2) the amount which, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (U)

(inclusive) of the Interest Proceeds Priority of Payments, would be sufficient to cause the Reinvestment Overcollateralisation Test to be met shall, at the election of the Investment Manager in its sole discretion, be either (x) used to redeem the Notes in accordance with Condition 7(d) (*Special Redemption*); or (y) deposited in the Principal Account as Principal Proceeds to purchase additional Collateral Debt Obligations in compliance with the Reinvestment Criteria applicable to Unscheduled Principal Proceeds and Sale Proceeds from the sale of Credit Impaired Obligations and Credit Improved Obligations received after the Reinvestment Period (*provided* that such payment would not, in the determination of the Collateral Administrator (with such consultation with the Investment Manager and the Retention Holder as the Collateral Administrator deems necessary), cause (or would not be likely to cause) a Retention Deficiency).

Designation for Reinvestment

The Investment Manager shall, on each Determination Date, notify the Issuer and the Collateral Administrator in writing of all Principal Proceeds which the Investment Manager determines in its discretion (acting on behalf of the Issuer, and subject to the terms of Investment Management Agreement as described above) shall remain designated for reinvestment (or in the case of proceeds received from additional issuance of Notes, investment) 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 Investment Manager (acting on behalf of the Issuer) may direct that the proceeds of sale of any Collateral Debt Obligation which represents accrued interest be designated as Interest Proceeds and paid into the Interest Account save for: (i) Purchased Accrued Interest; (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.

Application of Proceeds of Additional Issuances

The Investment Manager (acting on behalf of the Issuer) shall apply the Principal Proceeds received from the issuance of additional notes pursuant to the Trust Deed and as described in Condition 17 (*Additional Issuances*) 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.

Accrued Interest

Amounts included in the purchase price of any Collateral Debt Obligation comprising accrued interest thereon may be paid from the Interest Account, the Principal Account or the Unused Proceeds Account at the discretion of the Investment Manager (acting on behalf of the Issuer) but subject to the terms of the Investment Management Agreement and Condition 3(j) (*Payments to and from the Accounts*). Notwithstanding the foregoing, in any Due Period, all payments of interest and proceeds of sale received during such Due Period in relation to any Collateral Debt Obligation, in each case, to the extent that such amounts represent accrued and/or capitalised interest in respect of such Collateral Debt Obligation (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 if such Collateral Debt Obligations satisfy such requirements in aggregate rather than on an individual basis.

For the purpose of calculating compliance with the Reinvestment Criteria at the election of the Investment Manager in its sole discretion, any proposed investment (whether a single Collateral Debt Obligation or a group of Collateral Debt Obligations) identified by the Investment Manager as such at the time (the "**Initial Trading Plan Calculation Date**") when compliance with the Reinvestment Criteria is required to be calculated (a "**Trading Plan**") may be evaluated after giving effect to all sales and reinvestments proposed to be entered into within the 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 per cent. of the Aggregate Collateral Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be the lesser of its S&P Collateral Value and its Moody's Collateral Value) as of the first day of the Trading Plan Period; (ii) no Trading Plan Period may include a Payment Date; (iii) no more than one Trading Plan may be in effect at any time during a Trading Plan Period, *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; and (iv) if the Reinvestment Criteria are satisfied prospectively after giving effect to a Trading Plan, but are not satisfied upon the completion of the related Trading Plan, Rating Agency Confirmation from S&P is obtained with respect to the effectiveness of additional Trading Plans (it being understood that Rating Agency Confirmation from S&P shall only be required once following any failure of a Trading Plan); *provided* that no Trading Plan may result in the averaging of the purchase price of a Collateral Debt Obligation or Collateral Debt Obligations purchased at separate times for purposes of determining whether any particular Collateral Debt Obligation is a Discount Obligation. For the avoidance of doubt, compliance with the Reinvestment Criteria upon completion of a Trading Plan pursuant to (iv) above, shall be calculated with respect to those Collateral Debt Obligations that were actually sold and/or purchased as part of the relevant Trading Plan on the basis of data used as at the Initial Trading Plan Calculation Date.

Eligible Investments

Subject to the Portfolio Acquisition and Disposition Requirements (so long as they are applicable), the Issuer or the Investment Manager (acting on behalf of the Issuer) may from time to time purchase Eligible Investments out of the Balances standing to the credit of the Accounts (other than the Counterparty Downgrade Collateral Accounts, the Unfunded Revolver Reserve Account and the Payment Account). For the avoidance of doubt, Eligible Investments may be sold by the Issuer or the Investment Manager (acting on behalf of the Issuer) at any time in accordance with the Portfolio Acquisition and Disposition Requirements as long as they are applicable, *provided* that only Eligible Investments which are permitted to be held by any entity relying on the loan securitisation exemption under the Volcker Rule may be purchased at a time when the Issuer knowingly cannot rely or elects not to rely on Rule 3a-7 under the Investment Company Act for an exemption from registration as an investment company thereunder, and the Issuer is not able to rely on an exemption from registration under the Investment Company Act other than those provided by Section 3(c)(1) or Section 3(c)(7) thereunder.

Collateral Enhancement Obligations

The Investment Manager (acting on behalf of the Issuer) may, from time to time, subject to the Portfolio Acquisition and Disposition Requirements (so long as they are applicable), 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 only be paid out of the balance standing to the credit of the Collateral Enhancement Account at the relevant time. 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 comprise interest and/or principal that would otherwise be payable in respect of the Subordinated Notes which the Investment Manager, acting on behalf of the Issuer, determines shall be paid into the Collateral Enhancement Account pursuant to the Priorities of Payments rather than being paid to the Subordinated Noteholders and, subject as provided below, such Investment Manager Advances as the Investment Manager makes in its discretion.

The Investment Manager may also, at its discretion, fund the purchase or exercise of one or more Collateral Enhancement Obligations by making an Investment Manager Advance to the Issuer during the Reinvestment Period, provided that no more than four Investment Manager Advances may be made during such period, and no single Investment Manager Advance may be for an amount less than €500,000 and the aggregate of all Investment Manager Advances may not exceed €8,000,000. Each Investment Manager Advance will bear interest at the applicable EURIBOR rate plus a margin of 4.0 per cent. per annum. Repayment by the Issuer of any Investment Manager Advance to the Investment Manager will only be made pursuant to and in accordance with the Priorities of Payments.

Collateral Enhancement Obligations may be sold, subject to the Portfolio Acquisition and Disposition Requirements (so long as they are applicable), at any time and all Collateral Enhancement Obligation Proceeds received by the Issuer shall be deposited into the Collateral Enhancement Account and may, at the discretion of the Investment Manager, be transferred to the Principal Account for allocation in accordance with the Principal Proceeds Priority of Payments, the Interest Account for allocation in accordance with the Interest Proceeds Priority of Payments or be retained in the Collateral Enhancement Account for allocation in accordance with the Collateral Enhancement Obligation Proceeds Priority of Payments.

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

Exchanged Securities

Any Exchanged Security may be sold at any time, subject to the Portfolio Acquisition and Disposition Requirements (for so long as they are applicable) by the Investment Manager in its discretion (acting on behalf of the Issuer) subject to, to the Investment Manager's knowledge, no Event of Default having occurred which is continuing.

In addition to any discretionary sale of Exchanged Securities as provided above, the Investment Manager shall be required by the Issuer to use its commercially reasonable efforts to sell (on behalf of the Issuer) any Exchanged Security which constitutes Margin Stock, as soon as practicable upon its receipt or upon its becoming Margin Stock (as applicable) and at all times as permitted by applicable law.

Exercise of Warrants and Options

The Investment Manager acting on behalf of the Issuer, may, at any time, subject to the Portfolio Acquisition and Disposition Requirements (for so long as they are applicable) 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 Investment Management Agreement requires that the Investment Manager, on behalf of the Issuer, shall use reasonable endeavours to sell any Collateral Debt Obligation, Collateral Enhancement Obligation, Exchanged Security or Eligible Investment 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

Subject to the satisfaction of certain conditions in the Investment Management Agreement and the Portfolio Acquisition and Disposition Requirements (so long as they are applicable), the Investment Manager shall be authorised to purchase, on behalf of the Issuer, Non-Euro Obligations from time to time provided that any such Non-Euro Obligation shall only constitute a Collateral Debt Obligation that satisfies paragraph (b) of the Eligibility Criteria (either as an Eligibility Criterion or as a Restructured Obligation Criterion) if not later than the trade date of the acquisition thereof, the Investment 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 Obligation, 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. The Investment 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 Agreement. See the *"Hedging Arrangements"* section of this Prospectus.

Revolving Obligations and Delayed Drawdown Collateral Debt Obligations

The Investment Manager acting on behalf of the Issuer, may acquire in accordance with the Portfolio Acquisition and Disposition Requirements so long as they are applicable, Collateral Debt Obligations which are Revolving Obligations or Delayed Drawdown Collateral Debt Obligations from time to time.

Such Revolving Obligations and Delayed Drawdown Collateral Debt Obligations may only be acquired if they are capable of being drawn in a single currency only (being Euros) and are not payable in or convertible into another currency.

Each Revolving Obligation and Delayed Drawdown Collateral 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 Investment Manager acting on its behalf, may direct that amounts standing to the credit of the Unfunded Revolver Reserve Account be deposited with a third party from time to time as collateral for any reimbursement or indemnification obligations owed by the Issuer to any other lender in connection with a Revolving Obligation or a Delayed Drawdown Collateral Debt Obligation, as applicable and upon receipt of an Issuer Order the Trustee shall be deemed to have released such amounts from the security granted thereover pursuant to the Trust Deed.

Participations

The Investment Manager acting on behalf of the Issuer, may from time to time in accordance with the Portfolio Acquisition and Disposition Requirements (so long as they are applicable) 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.

Any guarantee in respect of the obligations of Selling Institutions must satisfy the then current S&P guarantee criteria.

Each Participation entered into pursuant to a sub-participation agreement shall be substantially in the form of:

- (a) the LSTA Model Participation Agreement for par/near par trades (as published by the Loan Syndications and Trading Association Inc. from time to time);
- (b) the LMA Funded Participation (Par) (as published by the Loan Market Association from time to time); or
- (c) such other documentation provided such agreement contains limited recourse and non-petition language substantially the same as the Trust Deed.

Assignments

The Investment Manager acting on behalf of the Issuer, may from time to time in accordance with the Portfolio Acquisition and Disposition Requirements (so long as they are applicable) acquire Collateral Debt Obligations from Selling Institutions by way of Assignment provided that at the time such Assignment is acquired the Investment Manager acting on behalf of the Issuer shall have complied, to the extent within their control, with any requirements relating to such Assignment set out in the relevant loan documentation for such Collateral Debt Obligation (including, without limitation, with respect to the form of such Assignment and obtaining the consent of any person specified in the relevant loan documentation).

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 Moody's or S&P ratings applicable to such counterparty and the aggregate third party credit exposure limit shall be determined

by reference to the aggregate of Third Party Exposure of all such counterparties which share the same rating level or have a lower rating level, as indicated in the Bivariate Risk Table.

Bivariate Risk Table

Long-Term Rating Institution S&P	Issuer of Selling	Individual Third Party Credit Exposure Limit*	Aggregate Third Party Credit Exposure Limit*
AAA		5%	5%
AA+		5%	5%
AA		5%	5%
AA-		5%	5%
A+		5%	5%
A		5%	5%
A- or below		0%	0%

Long-Term / Short Term Senior Unsecured Debt Rating of Institution Moody's	Selling	Individual Third Party Credit Exposure Limit*	Aggregate Third Party Credit Exposure Limit*
Aaa		5%	5%
Aa1		5%	5%
Aa2		5%	5%
Aa3		5%	5%
A1		5%	5%
A2 and P-1		5%	5%
A2 (without a Moody's short-term rating of at least P-1) or below		0%	0%

* 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 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 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 or the Collateral Quality Tests at any time shall not prevent any obligation which would otherwise be a Collateral Debt Obligation from being a Collateral Debt Obligation.

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 or 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);
- (b) not less than 70.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Secured Senior Loans (which term, for the purposes of this paragraph (b), shall comprise the aggregate of the Aggregate Principal Balance of the Secured Senior Loans and the Balances standing to the credit of the Principal Account and the Unused Proceeds Account and any Eligible Investments which represent Principal Proceeds, in each case as at the relevant Measurement Date);
- (c) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of Unsecured Senior Loans, Second Lien Loans, Mezzanine Obligations and High Yield Bonds;
- (d) with respect to Secured Senior Loans and Secured Senior Bonds, not more than 2.5 per cent. of the Aggregate Collateral Balance shall be the obligations of any single Obligor, provided that the Aggregate Principal Balance of Secured Senior Loans and Secured Senior Bonds of up to three Obligors may each represent up to 3.0 per cent. of the Aggregate Collateral Balance;
- (e) with respect to Unsecured Senior Loans, Second Lien Loans, Mezzanine Obligations and High Yield Bonds not more than 1.5 per cent. of the Aggregate Collateral Balance shall be the obligations of any single Obligor;
- (f) with respect to all Collateral Debt Obligations, not more than 3.0 per cent. of the Aggregate Collateral Balance shall be the obligations of a single Obligor;
- (g) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of Participations;
- (h) not more than 2.5 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 Annual Obligations;
- (j) 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;
- (k) not more than 7.5 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Caa Obligations;
- (l) not more than 7.5 per cent. of the Aggregate Collateral Balance shall consist of obligations which are CCC Obligations;
- (m) not more than 2.5 per cent. of the Aggregate Collateral Balance shall consist of Bridge Loans;

- (n) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of Corporate Rescue Loans and not more than 2.0 per cent. of the Aggregate Collateral Balance shall consist of Corporate Rescue Loans issued by a single Obligor;
- (o) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Fixed Rate Collateral Debt Obligations;
- (p) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of obligations comprising any one S&P Industry Classification provided that any three S&P Industry Classifications may each individually comprise up to 13.5 per cent. of the Aggregate Collateral Balance and one S&P Industry Classification may comprise up to 15.0 per cent. of the Aggregate Collateral Balance;
- (q) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of Obligors who are Domiciled in countries or jurisdiction with a Moody's local currency country risk ceiling below "Aa3" unless Rating Agency Confirmation from Moody's is obtained;
- (r) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of Obligors who are Domiciled in countries or jurisdiction with a Moody's local currency country risk ceiling below "A3" unless 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 rated below "A-" by S&P;
- (t) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of obligations whose S&P Rating is derived from a Moody's Rating;
- (u) not more than 10.0 per cent. of the Aggregate Collateral Balance shall consist of obligations whose Moody's Rating is derived from an S&P Rating;
- (v) not more than 20.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Cov-Lite Loans;
- (w) not more than 20.0 per cent. of the Aggregate Collateral Balance shall consist of obligations of an Obligor which is a Portfolio Company;
- (x) not more than 30.0 per cent. of the Aggregate Collateral Balance shall consist of obligations which are Non-Euro Obligations;
- (y) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of Collateral Debt Obligations issued by Obligors each of which has total current indebtedness (comprised of all financial debt owing by the Obligor including the maximum available amount or total commitment under any revolving or delayed draw loans) under their respective loan agreements and other debt instruments (including the Underlying Instruments) of less than EUR100,000,000 (or its equivalent in any currency converted at the applicable Spot Rate), provided that not more than 0.60% of the Aggregate Collateral Balance shall consist of Collateral Debt Obligations issued by any single Obligor with total current indebtedness (comprised of all financial debt owing by such 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 less than EUR100,000,000 (or its equivalent in any currency converted at the applicable Spot Rate);
- (z) not more than 5.0 per cent. of the Aggregate Collateral Balance shall consist of Collateral Debt Obligations issued by Obligors each of which has total current indebtedness (comprised of all financial debt owing by the Obligor including the maximum available amount or total commitment under any revolving or delayed draw loans) under their respective loan agreements

and other debt instruments (including the Underlying Instruments) of between EUR100,000,000 and EUR200,000,000 (or its equivalent in any currency converted at the applicable Spot Rate); and

- (aa) the limits specified in the Bivariate Risk Table determined by reference to the S&P Ratings and Moody's Ratings of Selling Institutions shall be satisfied.

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

"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 S&P Rating and a Moody's Rating, provided that any Collateral Debt Obligation that is a debt obligation in the form of a loan shall be a syndicated loan.

"S&P Industry Classification" means an industry classification set out in the table below or as otherwise modified, amended or replaced by S&P from time to time:

Asset Code	Asset Description
1	Aerospace & Defense
2	Air transport
3	Automotive
4	Beverage & Tobacco
5	Radio & Television
7	Building & Development
8	Business equipment & services
9	Cable & satellite television
10	Chemicals & plastics
11	Clothing/textiles
12	Conglomerates
13	Containers & glass products
14	Cosmetics/toiletries
15	Drugs
16	Ecological services & equipment

Asset Code	Asset Description
17	Electronics/electrical
18	Equipment leasing
19	Farming/agriculture
20	Financial Intermediaries
21	Food/drug retailers
22	Food products
23	Food service
24	Forest products
25	Health care
26	Home furnishings
27	Lodging & casinos
28	Industrial equipment
30	Leisure goods/activities/movies
31	Nonferrous metals/minerals
32	Oil & gas
33	Publishing
34	Rail industries
35	Retailers (except food & drug)
36	Steel
37	Surface transport
38	Telecommunications
39	Utilities
40	Mortgage REITs
41	Equity REITs and REOCs
43	Life Insurance
44	Health Insurance

Asset Code	Asset Description
45	Property & Casualty Insurance
46	Diversified Insurance

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 Quality Tests

The Collateral Quality Tests will consist of each of the following:

- (a) so long as any Notes rated by S&P are Outstanding (from the Effective Date until the expiry of the Reinvestment Period), the S&P CDO Monitor Test;
- (b) so long as any Notes rated by Moody's are Outstanding:
 - (i) the Moody's Minimum Diversity Test;
 - (ii) the Moody's Maximum Weighted Average Rating Factor Test; and
 - (iii) the Moody's Minimum Weighted Average Recovery Rate Test; and
- (c) so long as any Rated Notes are Outstanding:
 - (i) the Minimum Weighted Average Spread Test;
 - (ii) the Minimum Weighted Average Fixed Coupon Test; and
 - (iii) the Weighted Average Life Test,

each as defined in the Investment Management Agreement.

Moody's Test Matrix

Subject to the provisions provided below, on or after the Effective Date, the Investment Manager will have the option to elect which of the cases set forth in the matrix to be set out in the Investment Management Agreement (the "**Moody's Test Matrix**") shall be applicable for purposes of the Moody's Maximum Weighted Average Rating Factor Test, the Moody's Minimum Diversity Test and the Minimum Weighted Average Spread Test. For any given case:

- (1) the applicable column for performing the Moody's Minimum Diversity Test will be the column (or linear interpolation between two adjacent columns, as applicable) in which the elected case is set out;
- (2) the applicable row and column for performing the Moody's Maximum Weighted Average Rating Factor Test will be the row and column (or linear interpolation between two adjacent rows and/or two adjacent columns, as applicable) in which the elected case is set out; and
- (3) the applicable row for performing the Minimum Weighted Average Spread Test will be the row (or linear interpolation between two adjacent rows, as applicable) in which the elected test is set out.

On the Effective Date, the Investment Manager will be required to elect which case shall apply initially. Thereafter, on two Business Days' notice to the Issuer, the Trustee, the Collateral Administrator and Moody's, the Investment Manager may elect to have a different case apply, provided

that the Moody's Minimum Diversity Test, the Moody's Maximum Weighted Average Rating Factor Test, the Moody's Minimum Weighted Average Recovery Rate Test and the Minimum Weighted Average Spread Test applicable to the case to which the Investment Manager desires to change are satisfied or, in the case of any tests that are not satisfied, are closer to being satisfied. In no event will the Investment Manager be obliged to elect to have a different case apply. The Moody's Test Matrix set out below may be amended and/or supplemented and/or replaced by the Investment Manager subject to Rating Agency Confirmation from Moody's and the consent of the holders of the Controlling Class, acting by way of Ordinary Resolution in accordance with Condition 14(c)(xix) (*Modification and Waiver*).

Moody's Test Matrix

Maximum Moody's Weighted Average Rating Factor	Minimum Moody's Diversity Score															
Minimum Moody's Weighted Average Spread	<u>29</u>	<u>31</u>	<u>33</u>	<u>35</u>	<u>37</u>	<u>39</u>	<u>41</u>	<u>43</u>	<u>45</u>	<u>47</u>	<u>49</u>	<u>51</u>	<u>53</u>	<u>55</u>	<u>57</u>	<u>59</u>
2.40%	1,363	1,377	1,391	1,404	1,418	1,428	1,439	1,449	1,459	1,469	1,480	1,490	1,497	1,504	1,510	1,517
2.50%	1,512	1,527	1,543	1,558	1,573	1,579	1,594	1,597	1,600	1,603	1,606	1,609	1,612	1,615	1,618	1,621
2.60%	1,650	1,662	1,680	1,697	1,714	1,724	1,735	1,746	1,750	1,755	1,760	1,764	1,766	1,772	1,784	1,786
2.70%	1,764	1,783	1,802	1,808	1,814	1,825	1,836	1,847	1,858	1,869	1,880	1,886	1,893	1,899	1,906	1,913
2.80%	1,853	1,888	1,894	1,914	1,934	1,940	1,957	1,960	1,965	1,970	1,976	1,988	1,994	2,001	2,008	2,015
2.90%	1,956	1,978	2,001	2,008	2,030	2,041	2,052	2,064	2,075	2,087	2,098	2,107	2,116	2,123	2,130	2,137
3.00%	2,045	2,069	2,093	2,116	2,125	2,137	2,148	2,160	2,171	2,183	2,195	2,206	2,213	2,220	2,227	2,234
3.10%	2,134	2,159	2,185	2,210	2,235	2,247	2,259	2,271	2,283	2,290	2,306	2,311	2,325	2,332	2,339	2,346
3.20%	2,249	2,272	2,301	2,322	2,332	2,348	2,358	2,370	2,381	2,394	2,406	2,418	2,425	2,432	2,439	2,446
3.30%	2,299	2,332	2,360	2,388	2,418	2,436	2,451	2,465	2,478	2,493	2,506	2,519	2,528	2,536	2,543	2,550
3.40%	2,351	2,382	2,413	2,442	2,471	2,487	2,533	2,549	2,567	2,578	2,596	2,610	2,618	2,628	2,637	2,647
3.50%	2,394	2,428	2,459	2,490	2,521	2,538	2,583	2,595	2,611	2,630	2,642	2,656	2,667	2,677	2,687	2,697
3.60%	2,451	2,477	2,509	2,539	2,569	2,589	2,610	2,630	2,672	2,690	2,707	2,720	2,732	2,743	2,757	2,769
3.70%	2,512	2,549	2,553	2,585	2,615	2,640	2,665	2,690	2,708	2,722	2,734	2,774	2,781	2,793	2,807	2,819
3.80%	2,556	2,592	2,626	2,627	2,665	2,690	2,715	2,738	2,758	2,768	2,780	2,818	2,826	2,843	2,853	2,864
3.90%	2,593	2,629	2,669	2,670	2,709	2,730	2,750	2,798	2,816	2,831	2,844	2,866	2,882	2,890	2,900	2,916
4.00%	2,615	2,662	2,692	2,724	2,765	2,787	2,806	2,826	2,845	2,866	2,884	2,896	2,909	2,922	2,934	2,947
4.10%	2,650	2,687	2,732	2,766	2,799	2,832	2,853	2,873	2,894	2,912	2,925	2,942	2,955	2,969	2,982	2,996
4.20%	2,658	2,734	2,766	2,808	2,844	2,870	2,897	2,911	2,931	2,956	2,970	2,988	3,002	3,016	3,030	3,045
4.30%	2,687	2,764	2,813	2,841	2,875	2,906	2,927	2,955	2,975	2,993	3,015	3,033	3,046	3,056	3,072	3,087
4.40%	2,721	2,798	2,846	2,881	2,911	2,966	2,978	2,990	3,009	3,028	3,045	3,064	3,083	3,096	3,112	3,128
4.50%	2,761	2,802	2,857	2,889	2,925	2,985	3,005	3,033	3,053	3,083	3,096	3,124	3,138	3,150	3,167	3,182
4.60%	2,790	2,837	2,881	2,925	2,960	3,017	3,046	3,067	3,088	3,114	3,137	3,154	3,173	3,191	3,206	3,220
4.70%	2,817	2,871	2,910	2,980	2,990	3,049	3,079	3,080	3,137	3,151	3,170	3,193	3,213	3,229	3,251	3,266
4.80%	2,845	2,903	2,939	2,988	3,022	3,080	3,112	3,114	3,173	3,188	3,207	3,228	3,244	3,265	3,279	3,295
4.90%	2,878	2,929	2,970	3,017	3,077	3,111	3,144	3,148	3,173	3,225	3,241	3,265	3,281	3,310	3,324	3,342
5.00%	2,909	2,954	2,999	3,041	3,107	3,126	3,174	3,202	3,230	3,256	3,267	3,278	3,294	3,346	3,360	3,377
5.10%	2,938	2,983	3,030	3,073	3,137	3,141	3,205	3,234	3,264	3,276	3,288	3,308	3,329	3,363	3,396	3,413

The S&P CDO Monitor Test

The "**S&P CDO Monitor Test**" will be satisfied on any date of determination on or after the Effective Date and during the Reinvestment Period if, after giving effect to the purchase of any additional Collateral Debt Obligation, the S&P CDO Monitor Adjusted BDR is equal to or greater than the S&P CDO Monitor SDR. The S&P CDO Monitor Test shall only be applicable to the junior-most Class of Notes rated "AAA".

"**S&P CDO Monitor Adjusted BDR**" means the threshold value for the S&P CDO Monitor Test, calculated as a percentage by adjusting the S&P CDO Monitor BDR for changes in the Principal Balance of the Collateral Debt Obligations relative to the Reinvestment Target Par Balance as follows:

$$\text{S\&P CDO Monitor BDR} * (\text{OP} / \text{NP}) + (\text{NP} - \text{OP}) / (\text{NP} * (1 - \text{S\&P Weighted Average Recovery Rate}))$$
, where OP = Reinvestment Target Par Balance; and NP = the sum of the Aggregate Principal Balances of the Collateral Debt Obligations, Principal Proceeds, and the sum of the products of the lower of the S&P Recovery Rate or the Market Value of each obligation with an S&P Rating below "CCC-" and the Principal Balance of the relevant obligation.

"**S&P CDO Monitor BDR**" means the value calculated using the formula provided by S&P on or around the Issue Date:

$$\text{S\&P CDO Monitor BDR} = \text{C0} + (\text{C1} * \text{S\&P Weighted Average Spread}) + (\text{C2} * \text{S\&P Weighted Average Recovery Rate}).$$

C0, C1 and C2 will not change unless S&P provides an updated S&P CDO Monitor Input File at the request of the Investment Manager following the Issue Date. As at the Issue Date, C0, C1 and C2 have the following values: C0 = 0.198941677790334; C1 = 3.27881765376891 and C2 = 0.882012421115546.

"**S&P Weighted Average Spread**" means the aggregate of the Weighted Average Spread plus the Weighted Average Coupon Adjustment Percentage.

"**S&P CDO Monitor Input File**" means the file provided to the Investment Manager or the Collateral Administrator by S&P setting out any new S&P CDO Monitor BDR coefficients applicable after the Issue Date.

"**S&P CDO Monitor SDR**" means the percentage derived from the following equation: $0.329915 + (1.210322 * \text{EPDR}) - (0.586627 * \text{DRD}) + (2.538684 / \text{ODM}) + (0.216729 / \text{IDM}) + (0.0575539 / \text{RDM}) - (0.0136662 * \text{WAL})$, where EPDR is the S&P Expected Portfolio Default Rate; DRD is the S&P Default Rate Dispersion; ODM is the S&P Obligor Diversity Measure; IDM is the S&P Industry Diversity Measure; RDM is the S&P Regional Diversity Measure; and WAL is the Weighted Average Life. The S&P CDO Monitor SDR represents an estimate of the level of defaults the CLO collateral pool would experience under a "AAA" stress level.

"**S&P Default Rate**" means, with respect to all Collateral Debt Obligations, the default rate determined in accordance with Annex C (*S&P Default Rate Table*) of this Prospectus using such Collateral Debt Obligation's S&P Rating and the number of years to maturity (determined using linear interpolation if the number of years to maturity is not an integer).

"**S&P Default Rate Dispersion**" means, with respect to all Collateral Debt Obligations, (A) the sum of the product of (i) the Principal Balance of each such Collateral Debt Obligation and (ii) the absolute value of (x) the S&P Default Rate minus (y) the S&P Expected Portfolio Default Rate divided by (B) the Aggregate Principal Balance for all such Collateral Debt Obligations.

"**S&P Expected Portfolio Default Rate**" means, with respect to all Collateral Debt Obligations, (i) the sum of the product of (x) the Principal Balance of each such Collateral Debt Obligation and (y) the

S&P Default Rate divided by (ii) the Aggregate Principal Balance for all such Collateral Debt Obligations.

"S&P Industry Diversity Measure" means a measure calculated by determining the Aggregate Principal Balance of the Collateral Debt Obligations within each S&P Industry Classification in the portfolio, then dividing each of these amounts by the Aggregate Principal Balance of the Collateral Debt Obligations from all the S&P Industry Classifications in the portfolio, squaring the result for each industry, then taking the reciprocal of the sum of these squares.

"S&P Obligor Diversity Measure" means a measure calculated by determining the Aggregate Principal Balance of the Collateral Debt Obligations from each obligor and its affiliates, then dividing each such Aggregate Principal Balance by the Aggregate Principal Balance of Collateral Debt Obligations from all the obligors in the portfolio, then squaring the result for each obligor, then taking the reciprocal of the sum of these squares.

"S&P Regional Diversity Measure" means a measure calculated by determining the Aggregate Principal Balance of the Collateral Debt Obligations within each S&P region set forth in Annex D (*S&P Regional Diversity Measure Table*) of this Prospectus, then dividing each of these amounts by the Aggregate Principal Balance of the Collateral Debt Obligations from all S&P regions in the portfolio, squaring the result for each region, then taking the reciprocal of the sum of these squares.

"S&P Recovery Rate" means, in respect of each Collateral Debt Obligation and each Class of Rated Notes, an S&P Recovery Rate determined in accordance with the Investment Management Agreement or as advised by S&P. Extracts of the S&P Recovery Rate applicable under the Investment Management Agreement as at the Issue Date are set out in Annex B (*S&P Recovery Rates*) of this Prospectus.

"S&P Weighted Average Recovery Rate" means, as of any Measurement Date, the number (expressed as a percentage and determined separately for each Class of Rated Notes) obtained by summing the products obtained by multiplying the Principal Balance (excluding Purchased Accrued Interest) of each Collateral Debt Obligation by its S&P Recovery Rate, dividing such sum by the Aggregate Principal Balance of all Collateral Debt Obligations and rounding up to the nearest 0.1 per cent. For purposes of this rate, the Principal Balance of any Defaulted Obligation shall be deemed to be zero.

The 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 Investment 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 and rounding the result up to the nearest whole number (provided that no Defaulted Obligations shall be included in the calculation of the Diversity Score or any component thereof):

- (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 Noteholders 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 32 Moody's industrial classification groups by summing the Equivalent Unit Scores for each Obligor in the industry (or such other industrial classification groups and Equivalent Unit Scores as are published by Moody's from time to time); and
- (e) an "**Industry Diversity Score**" is then established by reference to the Diversity Score Table shown below (or such other Diversity Score Table as is published by Moody's from time to time) (the "**Diversity Score Table**") for the related Aggregate Industry Equivalent Unit Score. If the Aggregate Industry Equivalent Unit Score falls between any two such scores shown in the Diversity Score Table, then the Industry Diversity Score is the lower of the two Diversity Scores in the Diversity Score Table.

For purposes of calculating the Diversity Scores any Obligor's Affiliated with one another will be considered to be one Obligor.

Diversity Score Table

Aggregate Industry Equivalent Unit Score	Industry Diversity Score	Aggregate Industry Equivalent Unit Score	Industry Diversity Score	Aggregate Industry Equivalent Unit Score	Industry Diversity Score	Aggregate Industry Equivalent Unit Score	Industry Diversity Score
0.0000	0.0000	5.0500	2.7000	10.1500	4.0200	15.2500	4.5300
0.0500	0.1000	5.1500	2.7333	10.2500	4.0300	15.3500	4.5400
0.1500	0.2000	5.2500	2.7667	10.3500	4.0400	15.4500	4.5500
0.2500	0.3000	5.3500	2.8000	10.4500	4.0500	15.5500	4.5600
0.3500	0.4000	5.4500	2.8333	10.5500	4.0600	15.6500	4.5700
0.4500	0.5000	5.5500	2.8667	10.6500	4.0700	15.7500	4.5800
0.5500	0.6000	5.6500	2.9000	10.7500	4.0800	15.8500	4.5900
0.6500	0.7000	5.7500	2.9333	10.8500	4.0900	15.9500	4.6000
0.7500	0.8000	5.8500	2.9667	10.9500	4.1000	16.0500	4.6100
0.8500	0.9000	5.9500	3.0000	11.0500	4.1100	16.1500	4.6200
0.9500	1.0000	6.0500	3.0250	11.1500	4.1200	16.2500	4.6300
1.0500	1.0500	6.1500	3.0500	11.2500	4.1300	16.3500	4.6400
1.1500	1.1000	6.2500	3.0750	11.3500	4.1400	16.4500	4.6500
1.2500	1.1500	6.3500	3.1000	11.4500	4.1500	16.5500	4.6600
1.3500	1.2000	6.4500	3.1250	11.5500	4.1600	16.6500	4.6700
1.4500	1.2500	6.5500	3.1500	11.6500	4.1700	16.7500	4.6800
1.5500	1.3000	6.6500	3.1750	11.7500	4.1800	16.8500	4.6900
1.6500	1.3500	6.7500	3.2000	11.8500	4.1900	16.9500	4.7000
1.7500	1.4000	6.8500	3.2250	11.9500	4.2000	17.0500	4.7100
1.8500	1.4500	6.9500	3.2500	12.0500	4.2100	17.1500	4.7200
1.9500	1.5000	7.0500	3.2750	12.1500	4.2200	17.2500	4.7300
2.0500	1.5500	7.1500	3.3000	12.2500	4.2300	17.3500	4.7400

Aggregate Industry Equivalent Unit Score	Industry Diversity Score	Aggregate Industry Equivalent Unit Score	Industry Diversity Score	Aggregate Industry Equivalent Unit Score	Industry Diversity Score	Aggregate Industry Equivalent Unit Score	Industry Diversity Score
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 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 Investment Manager (or interpolating between two adjacent rows and/or two adjacent columns (as applicable)), (acting on behalf of the Issuer) as at such Measurement Date plus (ii) the Moody's Weighted Average Recovery Adjustment, *provided, however*, that the sum of (i) and (ii) may not exceed 3500.

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 down to the nearest whole number.

The "Moody's Rating Factor" relating to any Collateral Debt Obligation is the number set forth in the table below opposite the Moody's Default Probability Rating of such Collateral Debt Obligation.

Moody's Probability Rating	Default Moody's Rating Factor	Moody's Probability Rating	Default Moody's Rating Factor
-------------------------------	----------------------------------	-------------------------------	----------------------------------

Moody's Probability Rating	Default	Moody's Rating Factor	Moody's Probability Rating	Default	Moody's Rating Factor
Aaa		1	Ba1		940
Aa1		10	Ba2		1,350
Aa2		20	Ba3		1,766
Aa3		40	B1		2,220
A1		70	B2		2,720
A2		120	B3		3,490
A3		180	Caa1		4,770
Baa1		260	Caa2		6,500
Baa2		360	Caa3		8,070
Baa3		610	Ca or lower		10,000

The "**Moody's Weighted Average Recovery Adjustment**" means, as of any Measurement Date, the greater of:

- (a) zero; and
- (b) the product of:
 - (i) (A) the Weighted Average Moody's Recovery Rate as of such Measurement Date multiplied by 100 minus (B) 43.5; and
 - (ii) (A) with respect to the adjustment of the Moody's Maximum Weighted Average Rating Factor Test:
 - (1) 40 if the weighted average spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Investment Manager (or interpolating between two adjacent rows, as applicable) is equal to or higher than 2.40 per cent. but less than 2.50 per cent.;
 - (2) 45 if the weighted average spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Investment Manager (or interpolating between two adjacent rows, as applicable) is equal to or greater than 2.50 per cent. and less than 3.10 per cent.;
 - (3) 53 if the weighted average spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Investment Manager (or interpolating between two adjacent rows, as applicable) is equal to or greater than 3.10 per cent. and less than 3.80 per cent.;
 - (4) 56 if the weighted average spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Investment Manager (or interpolating between two adjacent rows, as

applicable) is equal to or greater than 3.80 per cent. and less than 4.50 per cent.;

- (5) 60 if the weighted average spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Investment Manager (or interpolating between two adjacent rows, as applicable) is equal to or greater than 4.50 per cent.; and

(B) with respect to adjustment of the Minimum Weighted Average Spread:

- (1) 0.03 per cent. if the weighted average spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Investment Manager (or interpolating between two adjacent rows, as applicable) is less than 2.90 per cent.;
- (2) 0.05 per cent. if the weighted average spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Investment Manager (or interpolating between two adjacent rows, as applicable) is greater than or equal to 2.90 per cent. and less than 3.40 per cent.;
- (3) 0.06 per cent. if the weighted average spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Investment Manager (or interpolating between two adjacent rows, as applicable) is greater than or equal to 3.40 per cent. and less than 3.70 per cent.;
- (4) 0.09 per cent. if the weighted average spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Investment Manager (or interpolating between two adjacent rows, as applicable) is greater than or equal to 3.70 per cent. and less than 4.10 per cent.;
- (5) 0.12 per cent. if the weighted average spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Investment Manager (or interpolating between two adjacent rows, as applicable) is greater than or equal to 4.10 per cent. and less than 4.50 per cent.; and
- (6) 0.15 per cent. in all other cases,

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 the Rating Agency Confirmation from Moody's is received;

provided further that the amount specified in clause (b)(i) above may only be allocated once on any Measurement Date and the Investment 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 Investment 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 Moody's Weighted Average Rating Factor determined in the following manner: for purposes of determining a Moody's Default Probability Rating, Moody's Rating or Moody's Derived

Rating in connection with determining the Moody's Weighted Average Rating Factor for purposes of this definition, each applicable rating on credit watch by Moody's that is on (a) positive watch will be treated as having been upgraded by one rating subcategory, (b) negative watch will be treated as having been downgraded by two rating subcategories and (c) negative outlook will be treated as having been downgraded by one rating subcategory and rounding the result down to the nearest whole number.

The Moody's Minimum Weighted Average Recovery Rate Test

The "**Moody's Minimum Weighted Average Recovery Rate Test**" will be satisfied, as at any Measurement Date from (and including) the Effective Date, if the Weighted Average Moody's Recovery Rate is greater than or equal to (i) 43.5 per cent. minus (ii) the Moody's Weighted Average Rating Factor Adjustment, provided however that the result of (i) minus (ii) may not be less than 35 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 (excluding Defaulted Obligations) and rounding the result up to the nearest 0.1 per cent.

The "**Moody's Weighted Average Rating Factor Adjustment**" means an amount, expressed as a percentage, as of any Measurement Date equal to the greater of:

- (a) zero; and
- (b) the number obtained by dividing:
 - (i) (A) the number set forth in the Moody's Test Matrix at the intersection of the applicable "row/column" combination chosen by the Investment Manager (acting on behalf of the Issuer) (or interpolating between two adjacent rows and/or two adjacent columns (as applicable)), as at such Measurement Date minus (B) the Adjusted Weighted Average Moody's Rating Factor; by
 - (ii)
 - (A) 90 if the weighted average spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Investment Manager (or interpolating between two adjacent rows, as applicable) is equal to or higher than 2.40 per cent. but less than 3.50 per cent.;
 - (B) 110 if the weighted average spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Investment Manager (or interpolating between two adjacent rows, as applicable) is equal to or higher than 3.50 per cent. but less than 4.30 per cent.;
 - (C) 120 if the weighted average spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Investment Manager (or interpolating between two adjacent rows, as applicable) is equal to or higher than 4.30 per cent. but less than 5.00 per cent.; and
 - (D) 130 if the weighted average spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Investment Manager (or interpolating between two adjacent rows, as applicable) is equal to or higher than 5.00 per cent.,

and dividing the result by 100.

The **"Moody's Recovery Rate"** is, with respect to any Collateral Debt Obligation, as of any date of determination, 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; or
- (b) if the preceding clause does not apply to the Collateral Debt Obligation, except with respect to Corporate Rescue Loans, the rate determined pursuant to the table below based on the number of rating subcategories difference between the Collateral Debt Obligation's Moody's Rating and its Moody's Default Probability Rating (for purposes of clarification, if the Moody's Rating is higher than the Moody's Default Probability Rating, the rating subcategories difference will be positive and if it is lower, negative):

Number of Moody's Ratings Subcategories Difference Between the Moody's Rating and the Moody's Default Probability Rating	Moody's Senior Secured Loan	Second Lien Loans, Senior Secured Bonds, Senior Secured Floating Rate Notes*	Unsecured Senior Loans, Unsecured Bonds, Mezzanine Obligations and High Yield Bonds
+2 or more	60.0%	55.0%	45.0%
+1	50.0%	45.0%	35.0%
0	45.0%	35.0%	30.0%
-1	40.0%	25.0%	25.0%
-2	30.0%	15.0%	15.0%
-3 or less	20.0%	5.0%	5.0%

- (c) or, 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 per cent.

*If such Collateral Debt Obligation does not have both a CFR and an Assigned Moody's Rating, such Collateral Debt Obligation will be deemed to be an Unsecured Bond, Unsecured Senior Loan or High Yield Bond for purposes of this table.

"Moody's Senior Secured Loan" means a loan that:

- (a) is not (and cannot by its terms become) subordinate in right of payment to any other debt obligation of the obligor of the loan; other than borrowed money, trade claims, capitalised leases or other similar obligations, or no other obligation of the Obligor has any higher priority security interest in such assets or stock, provided that a revolving loan of the Obligor that, pursuant to its terms, may require one or more future advances to be made to the borrower may have a higher priority security interest in such assets or stock in the event of an enforcement in respect of such loan representing up to 15 per cent. of the Obligor's senior debt (or more if Rating Agency Confirmation from Moody's has been obtained);
- (b) (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 Senior Secured Loan but for clause (y) above shall be considered a Moody's Senior Secured Loan if it is a loan made to a parent entity and as to which the Investment 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

- (c) the value of the collateral securing the loan together with other attributes of the obligor (including, without limitation, its general financial condition, ability to generate cash flow available for debt service and other demands for that cash flow) is adequate (in the commercially reasonable judgement of the Investment Manager) to repay the loan in accordance with its terms and to repay all other loans of equal seniority secured by a first lien or security interest in the same collateral).

"Senior Secured Bond" means any obligation that (a) constitutes borrowed money, (b) is in the form of, or represented by, a bond, note (other than any note evidencing a loan), certificated debt security or other debt security, (c) is expressly stated to bear interest based upon a fixed rate, (d) does not constitute and is not secured by, Margin Stock, (e) if it is subordinated by its terms, is subordinated only to indebtedness for borrowed money, trade claims, capitalised leases or other similar obligations, or no other obligation of the Obligor has any higher priority security interest in such assets or stock, provided that a revolving loan of the Obligor that, pursuant to its terms, may require one or more 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) and (f) is secured by a valid first priority perfected security interest or lien in, to or on specified collateral securing the obligor's obligations under such obligation.

"Senior Secured Floating Rate Note" means any obligation that (a) constitutes borrowed money, (b) is in the form of, or represented by, a bond, note (other than any note evidencing a loan), certificated debt security or other debt security, (c) is expressly stated to bear interest based upon an interbank offered rate for deposits in the relevant currency and in the relevant location or a relevant reference bank's published base rate or prime rate for obligations denominated in the relevant currency and in the relevant location, (d) does not constitute and is not secured by, Margin Stock, (e) if it is subordinated by its terms, is subordinated only to indebtedness for borrowed money, trade claims, capitalised leases or other similar obligations, or no other obligation of the Obligor has any higher priority security interest in such assets or stock, provided that a revolving loan of the Obligor that, pursuant to its terms, may require one or more future advances to be made to the borrower may have a higher priority security interest in such assets or stock in the event of an enforcement in respect of such loan representing up to 15 per cent. of the Obligor's senior debt (or more if Rating Agency Confirmation has been obtained) and (f) is secured by a valid first priority perfected security interest or lien in, to or on specified collateral securing the obligor's obligations under such obligation.

"Unsecured Bond" means any of a senior unsecured obligation that (a) constitutes borrowed money, (b) is in the form of, or represented by, a bond, note, certificated debt security or other debt security (other than any of the foregoing that evidences an Unsecured Senior Loan) and (c) which is not (and by its terms is not permitted to become) subordinate in right of payment to any other debt for borrowed money incurred by the obligor under such obligation except for borrowed money, trade claims, capitalised leases or other similar obligations, or no other obligation of the Obligor has any higher priority security interest in such assets or stock, provided that a revolving loan of the Obligor that, pursuant to its terms, may require one or more future advances to be made to the borrower may have a higher priority security interest in such assets or stock in the event of an enforcement in respect of such loan representing up to 15 per cent. of the Obligor's senior debt (or more if Rating Agency Confirmation from Moody's has been obtained).

The Minimum Weighted Average Spread Test

The **"Minimum Weighted Average Spread Test"** will be satisfied if, as at any Measurement Date from (and including) the Effective Date, the Weighted Average Spread as at such Measurement Date

plus the Excess Weighted Average Coupon as at such Measurement Date equals or exceeds the Minimum Weighted Average Spread as at such Measurement Date.

The "**Minimum Weighted Average Spread**", as of any Measurement Date, means the weighted average spread (expressed as a percentage) applicable to the current Moody's Test Matrix based upon the option chosen by the Investment Manager (or interpolating between two adjacent rows and/or two adjacent columns (as applicable)) reduced by the Moody's Weighted Average Recovery Adjustment, provided such reduction may not reduce the Minimum Weighted Average Spread below 2.40 per cent.

The "**Weighted Average 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 (for all purposes other than with respect to the S&P CDO Monitor) (C) the Aggregate Excess Funded Spread, in each case adjusted for (i) 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 and (ii) in the case of any Ineligible Obligation held by a Blocker Subsidiary, to reflect (x) any income taxes applicable (or which are anticipated to be applicable) to such Blocker Subsidiary and (y) any amounts expected to be withheld at source or otherwise deducted in respect of taxes arising from any distribution relating to such Ineligible Obligation made (or anticipated to be made) by the relevant Blocker Subsidiary to the Issuer (unless such withholding or deduction can be sheltered by an application being made under the applicable double tax treaty or otherwise); by
- (b) an amount equal to the Aggregate Principal Balance of all Floating Rate Collateral Debt Obligations as of such Measurement Date (excluding Defaulted Obligations and Deferring Securities).

The Weighted Average Spread shall be expressed as a percentage and shall be rounded up to the next 0.01 per cent.

The "**Weighted Average Coupon Adjustment Percentage**" means a percentage equal as of any Measurement Date to a number obtained by multiplying (a) the result of the Weighted Average Fixed Coupon minus the Minimum Weighted Average Fixed Coupon, by (b) the number obtained by dividing the Aggregate Principal Balance of all Fixed Rate Collateral Obligations by the Aggregate Principal Balance of all Floating Rate Collateral Obligations, and which product may, for the avoidance of doubt, be negative.

The "**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, PIK 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 outstanding 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, PIK 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-based index, (i) the excess of the sum of such spread and such index over EURIBOR with respect to the Rated Notes as of the immediately preceding Interest Determination Date (which spread or excess may be expressed

as a negative percentage) multiplied by (ii) the outstanding principal balance of each such Collateral Debt Obligation (excluding the unfunded portion of any Delayed Drawdown Debt 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, PIK Obligations and the unfunded portion of any Delayed Drawdown Collateral Debt Obligation and Revolving Obligation) and subject to a Hedge Transaction, (i) the stated interest rate spread over EURIBOR payable by the applicable Asset Swap Counterparty to the Issuer under the related Asset Swap Transaction multiplied by (ii) the outstanding principal balance of such Non-Euro Obligation, converted into Euro at the Applicable Exchange Rate;
- (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, PIK Obligations and the unfunded portion of any Delayed Drawdown Collateral Debt Obligation and Revolving Obligation) and which is not subject to an Asset Swap Transaction, the difference between (i) the interest amount payable by the relevant obligor converted to Euro at the applicable Spot Rate, and (ii) the product of (x) EURIBOR with respect to the Rated Notes as of the immediately preceding Interest Determination Date multiplied by (y) the outstanding principal balance of such Non-Euro Obligation, converted into Euro at the applicable Spot Rate;
- (e) in the case of each Floating Rate Collateral Debt Obligation that bears interest at a spread over EURIBOR and that is a PIK Obligation, (i) zero minus EURIBOR (subject to a maximum of zero) multiplied by (ii) the outstanding principal balance of such Collateral Debt Obligation;
- (f) in the case of each Floating Rate Collateral Debt Obligation that bears interest at a spread over an index other than EURIBOR-based index and that is a PIK Obligation, (i) zero minus the excess of the sum of such spread and such index over EURIBOR with respect to the Rated Notes as of the immediately preceding Interest Determination Date (which spread or excess may be expressed as a negative percentage) (subject to a maximum of zero) multiplied by (ii) the outstanding principal balance of such Collateral Debt Obligation; and
- (g) in the case of each Floating Rate Collateral Debt Obligation which is a Non-Euro Obligation and that is a PIK Obligation, (i) zero minus the stated interest rate spread over EURIBOR payable by the applicable Asset Swap Counterparty to the Issuer under the related Asset Swap Transaction (subject to a maximum of zero) multiplied by (ii) the outstanding principal balance of such Collateral Debt Obligation.

If a Floating Rate Collateral Debt Obligation is subject to a floor, the spread shall include, if positive: (x) the EURIBOR (or such other floating rate of interest) floor value minus (y) (i) if the relevant interest period of such Floating Rate Collateral Debt Obligation is the same length as the applicable interest period of the Floating Rate Notes, EURIBOR as if calculated in accordance with Condition 6(e)(i) (*Interest on the Rated Notes – Floating Rate of Interest*) on such Interest Determination Date or (ii) if the relevant interest period of such Floating Rate Collateral Debt Obligation is not the same length as the applicable interest period of the Floating Rate Notes, EURIBOR as if calculated in accordance with Condition 6(e)(i) (*Interest on the Rated Notes – Floating Rate of Interest*) on such Interest Determination Date had the interest period of the Floating Rate Notes been the same as the relevant interest period of such Floating Rate Collateral Debt Obligation (provided that to the extent the floor is in respect of a Non-Euro Obligation and either (i) such obligation is not subject to an Asset Swap Transaction or (ii) the floor is not included in the payments made by the Asset Swap Counterparty to the Issuer, for the purposes of paragraph (c) above, the additional interest amount in respect of such additional

spread shall be determined by applying the Spot Rate under paragraph (c)(ii) and not the applicable exchange rate set forth in the relevant Asset Swap Transaction).

Further, the margin shall be deemed to be (x) in respect of a Step-Down Coupon Obligation, the lowest margin that is permissible pursuant to and in accordance with the Underlying Instruments relating thereto; and (y) in respect of a Step-Up Coupon Obligation, the margin applicable as at the relevant Measurement Date.

"Step-Down Coupon Obligation" means an obligation, the contractual interest rate of which decreases over a specified period of time. For the avoidance of doubt, an obligation will not be considered to be a Step-Down Coupon Obligation where interest payments decrease for non-contractual reasons due to unscheduled events such as a decrease in the index relating to a Floating Rate Collateral Debt Obligation, the change from a default rate of interest to a non-default rate, or an improvement in the Obligor's financial condition.

The **"Aggregate Unfunded Spread"** is, as of any Measurement Date, the sum of the products obtained by multiplying:

- (a) the aggregate of each Unfunded Amount (excluding Purchased Accrued Interest) held by the Issuer as at such Measurement Date in respect of which a commitment fee is receivable by the Issuer; by
- (b) the current per annum rate payable by way of such commitment fee in respect of each such Unfunded Amount,

provided for purposes of calculating the Aggregate Unfunded Spread, Defaulted Obligations shall be excluded.

The **"Aggregate Excess Funded Spread "** is, as of any Measurement Date, the amount obtained by multiplying:

- (a) the EURIBOR applicable to the Rated Notes during the Accrual Period in which such Measurement Date occurs; by
- (b) the amount (not less than zero) equal to (i) the aggregate outstanding principal balance of the Collateral Debt Obligations (excluding, for the avoidance of doubt, (x) the principal balance of any Defaulted Obligation and (y) any interest that has been deferred and capitalised thereon) as of such Measurement Date minus (ii) the Target Par Amount minus (iii) the aggregate amount of Principal Proceeds received from the issuance of additional Notes pursuant to the Trust Deed; provided that the outstanding principal balance of (i) any Non-Euro Obligation subject to an Asset Swap Transaction shall be an amount equal to the Euro equivalent of the outstanding principal amount of the reference Non-Euro Obligation, converted into Euro at the Applicable Exchange Rate and (ii) any Non-Euro Obligation which is not subject to an Asset Swap Transaction shall be an amount equal to the Euro equivalent of the outstanding principal amount of the reference Non-Euro Obligation, converted into Euro at the applicable Spot Rate.

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 Fixed Coupon over the Minimum Weighted Average Fixed Coupon by (b) the number obtained by dividing the aggregate outstanding principal balance of all Fixed Rate Collateral Debt Obligations by the aggregate outstanding principal balance of all Floating Rate Collateral Debt Obligations.

The Minimum Weighted Average Fixed Coupon Test

The "**Minimum Weighted Average Fixed Coupon Test**" means the test which will be satisfied if, as at any Measurement Date from (and including) the Effective Date, the Weighted Average Fixed Coupon plus the Excess Weighted Average Spread as at such Measurement Date equals or exceeds the Minimum Weighted Average Fixed Coupon as at such Measurement Date.

"**Minimum Weighted Average Fixed Coupon**" means (i) if any of the Collateral Debt Obligations are Fixed Rate Collateral Debt Obligations, 6 per cent. and (ii) otherwise 0 per cent.

The "**Weighted Average Fixed Coupon**", as of any Measurement Date, is the number expressed as a percentage obtained by dividing:

- (a) the amount equal to the Aggregate Coupon, in each case adjusted for (i) 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 and (ii) in the case of any Ineligible Obligation held by a Blocker Subsidiary, to reflect (x) any income taxes applicable (or which are anticipated to be applicable) to such Blocker Subsidiary and (y) any amounts expected to be withheld at source or otherwise deducted in respect of taxes arising from any distribution relating to such Ineligible Obligation made (or anticipated to be made) by the relevant Blocker Subsidiary to the Issuer (unless such withholding or deduction can be sheltered by an application being made under the applicable double tax treaty or otherwise); by
- (b) an amount equal to the Aggregate Principal Balance of all Fixed Rate Collateral Debt Obligations as of such Measurement Date, excluding Defaulted Obligations, Deferring Securities and the unfunded portion of any Delayed Drawdown Collateral Debt Obligations and Revolving Obligations,

and rounding the result up to the nearest 0.01 per cent.

The "**Aggregate Coupon**" is, as of any Measurement Date, the sum of (i) 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 Securities 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 outstanding principal balance (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) of such Non-Euro Obligation, converted into Euro at the Applicable Exchange Rate, (ii) 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 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) stated coupon on such Collateral Debt Obligation expressed as a percentage and (y) the outstanding principal balance (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) of such Non-Euro Obligation, converted into Euro at the applicable Spot Rate; and (iii) with respect to all other Fixed Rate Collateral Debt Obligations, including only the required non-deferrable current cash pay interest required by the Underlying Instruments thereon, and excluding Defaulted 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, (x) the stated coupon on such Collateral Debt Obligation expressed as a percentage and (y) the outstanding principal balance (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) of such Collateral Debt Obligation.

Further, the coupon shall be deemed to be (x) in respect of a Step-Down Coupon Obligation, the lowest coupon that is permissible pursuant to and in accordance with the Underlying Instruments relating thereto; and (y) in respect of a Step-Up Coupon Obligation, the margin applicable as at the relevant Measurement Date.

The "**Excess Weighted Average 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 Spread over the Minimum Weighted Average Spread by (b) the number obtained by dividing the aggregate outstanding principal balance of all Floating Rate Collateral Debt Obligations by the aggregate outstanding principal balance of all Fixed Rate Collateral Debt 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 up to the nearest one hundredth thereof) during the period from such Measurement Date to 30 June 2024.

"**Weighted Average Life**" is, as of any Measurement Date with respect to all Collateral Debt Obligations other than Defaulted Obligations, the number of years (rounded down to the nearest one hundredth thereof) following such date obtained by summing the products obtained by multiplying (a) the Average Life at such time of each such Collateral Debt Obligation by (b) the Principal Balance of such Collateral Debt Obligation, and dividing such sum by the Aggregate Principal Balance at such time of all Collateral Debt Obligations other than Defaulted Obligations.

"**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.

Rating Definitions

S&P Ratings Definitions

"**Information**" means any available information S&P reasonably requests in order to produce a credit estimate for a particular asset.

"**S&P 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 there is an issuer credit rating of the issuer of such Collateral Debt Obligation by S&P as published by S&P, or the guarantor which unconditionally and irrevocably guarantees such Collateral Debt Obligation pursuant to a form of guarantee approved by S&P for use in connection with this transaction, then the S&P Rating shall be such rating (regardless of whether there is a published rating by S&P on the Collateral Debt Obligations of such issuer held by the Issuer, provided that private ratings (that is, ratings provided at the request of the Obligor) may be used for purposes of this definition if the related Obligor has consented to the disclosure thereof and a copy of such consent has been provided to S&P);

- (b) if no issuer credit rating or credit estimate is available but any of the issuer's obligations are rated by S&P, then the S&P's rating input shall be determined by notching up or down from the issue rating as follows:
 - (i) if the rated issue is senior unsecured, the rating input is the S&P issue rating on the unsecured obligation;
 - (ii) if the rated issue is senior secured, the rating input is one notch below the S&P issue rating on the senior secured obligation; and
 - (iii) if the rated issue is subordinated, the rating input is one notch above the S&P issue rating on the subordinated obligation;
- (c) with respect to any Collateral Debt Obligation that is a Corporate Rescue Loan:
 - (i) falling within paragraph (a) of the definition of Corporate Rescue Loan, and if S&P has assigned a public rating to such Corporate Rescue Loan, the S&P Rating for such Corporate Rescue Loan shall be such public rating; or
 - (ii) falling within paragraph (b) of the definition of Corporate Rescue Loan, and if such loan has an issuer credit rating or credit estimate from S&P, the S&P Rating for such Corporate Rescue Loan shall be such issuer credit rating or credit estimate from S&P;
- (d) with respect to any Collateral Debt Obligation that is a Current Pay Obligation, the S&P Rating applicable to such obligation shall be the issue level rating thereof and if there is no such issue level rating, the S&P Rating applicable to such Current Pay Obligation shall be "CCC-"; and
- (e) if there is not a rating by S&P on the issuer or on an obligation of the issuer, then the S&P Rating may be determined pursuant to clauses (i) and (ii) below:
 - (i) if an obligation of the issuer is not a Corporate Rescue Loan and is publicly rated by Moody's, then the S&P Rating will be determined in accordance with the methodologies for establishing the Moody's Rating set forth above except that the S&P Rating of such obligation will be (1) one sub-category below the S&P equivalent of the Moody's Rating if such Moody's Rating is "Baa3" or higher and (2) two sub-categories below the S&P equivalent of the Moody's Rating if such Moody's Rating is "Ba1" or lower; or
 - (ii) the S&P Rating may be based on a credit estimate provided by S&P, and in connection therewith, the Issuer, the Investment Manager on behalf of the Issuer or the issuer of such Collateral Debt Obligation shall, prior to or within 30 days after the acquisition of such Collateral Debt Obligation, apply (and concurrently submit all available Information in respect of such application) to S&P for a credit estimate which shall be its S&P Rating; provided that, if such information is submitted within such 30-day period, then, for a period of up to 90 days after acquisition of such Collateral Debt Obligation by the Issuer and pending receipt from S&P of such estimate, such Collateral Debt Obligation shall have an S&P Rating as determined by the Investment Manager in its sole discretion if (A) the Investment Manager certifies to the Trustee and the Collateral Administrator (upon which certification the Trustee and the Collateral Administrator are each entitled to rely without further enquiry and without liability) that it believes that such S&P Rating determined by the Investment Manager is commercially reasonable, will be at least equal to such rating and (B) the Aggregate Principal Balance of the Collateral Debt Obligations subject to a S&P Rating determined by the Investment Manager in accordance with (A) does not exceed 5 per cent. of the Aggregate Collateral Balance (for which purposes, the Principal Balance of each Defaulted Obligation shall be the lesser of its S&P Collateral Value and its Moody's Collateral Value); provided further that (x) if such information is

not submitted within such 30-day period and (y) following the end of the 90-day period set forth above, pending receipt from S&P of such estimate, the Collateral Debt Obligation shall have an S&P Rating of "CCC-"; unless, in the case of clause (y) above, during such 90-day period, the Investment Manager has requested the extension of such period and S&P, in its sole discretion, has granted such request; provided further that if the Collateral Debt Obligation has had a public rating by S&P that S&P has withdrawn or suspended within six months prior to the date of such application for a credit estimate in respect of such Collateral Debt Obligation, the S&P Rating in respect thereof shall be "CCC-" pending receipt from S&P of such estimate, and S&P may elect not to provide such estimate until a period of six months have elapsed after the withdrawal or suspension of the public rating; provided further that the S&P Rating may not be determined pursuant to this clause (ii) if the Collateral Debt Obligation is a Corporate Rescue Loan; provided further that such credit estimate shall expire 12 months after the acquisition of such Collateral Debt Obligation, following which such Collateral Debt Obligation shall have an S&P Rating of "CCC-" unless, during such 12-month period, the Issuer (or the Investment Manager acting on behalf of the Issuer) applies for renewal thereof in accordance with the Investment Management Agreement in which case such credit estimate shall continue to be the S&P Rating of such Collateral Debt Obligation until S&P has confirmed or revised such credit estimate, upon which such confirmed or revised credit estimate shall be the S&P Rating of such Collateral Debt Obligation; provided further that such confirmed or revised credit estimate shall expire on the next succeeding 12-month anniversary of the date of the acquisition of such Collateral Debt Obligation and (when renewed annually in accordance with the Investment Management Agreement) on each 12-month anniversary thereafter,

provided that for purposes of the determination of the S&P Rating, (x) if the applicable rating assigned by S&P to an Obligor or its obligations is on "credit watch positive" by S&P, such rating will be treated as being one sub-category above such assigned rating, (y) if the applicable rating assigned by S&P to an Obligor or its obligations is on "credit watch negative" by S&P, such rating will be treated as being one sub-category below such assigned rating and (z) only ratings assigned on the basis of ongoing surveillance will be applicable for the purposes of this definition.

Moody's Ratings Definitions

"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, then such CFR;
- (b) if not determined pursuant to clause (a) above, if the Obligor of such Collateral Debt Obligation has one or more senior unsecured obligations with an Assigned Moody's Rating, then the Assigned Moody's Rating on such obligation as selected by the Investment Manager in its sole discretion;
- (c) if not determined pursuant to clauses (a) or (b) above, 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 Investment Manager in its sole discretion;
- (d) if not determined pursuant to clauses (a), (b), or (c) above, if a rating estimate has been assigned to such Collateral Debt Obligation by Moody's upon the request of the Issuer, the Investment Manager or an Affiliate of the Investment Manager, then the Moody's Default Probability Rating is such rating estimate as long as such rating estimate or a renewal for such rating estimate has been issued or provided by Moody's in each case within the 15 month period

preceding the date on which the Moody's Default Probability Rating is being determined; *provided*, that if such rating estimate has been issued or provided by Moody's for a period (x) longer than 13 months but not beyond 15 months, the Moody's Default Probability Rating will be one subcategory lower than such rating estimate and (y) beyond 15 months, the Moody's Default Probability Rating will be deemed to be "Caa3".

- (e) if not determined pursuant to clauses (a), (b), (c) or (d) above, the Moody's Derived Rating; and
- (f) if not determined pursuant to clause (a), (b), (c), (d) or (e) above, the Collateral Debt Obligation will be deemed to have a Moody's Default Probability Rating of "Caa3".

For purposes of calculating a Moody's Default Probability Rating, each applicable rating on credit watch by Moody's with positive or negative implication at the time of calculation will be treated, respectively, as having been upgraded or downgraded by one rating subcategory, as the case may be.

"Assigned Moody's Rating" means the monitored publicly available rating or unpublished monitored loan rating or the credit estimate rating expressly assigned to a debt obligation (or facility) by Moody's that addresses the full amount of the principal and interest promised.

"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 Derived Rating" means, with respect to a Collateral Debt Obligation whose Moody's Rating or Moody's Default Probability Rating is determined as the Moody's Derived Rating, the rating as determined in the manner set forth below:

- (a) with respect to any Corporate Rescue Loan and (solely for purposes of determining the Adjusted Weighted Average Moody's Rating Factor) any Current Pay Obligation, the Moody's Rating or Moody's Default Probability Rating of such Collateral Debt Obligation shall be the rating which is one subcategory below the facility rating (whether public or private) of such Corporate Rescue Loan or Current Pay Obligation, as applicable, rated by Moody's;
- (b) if not determined pursuant to clause (a) above, then by using any one of the methods provided below:
 - (i) pursuant to the table below:

Type of Collateral Debt Obligation	S&P Rating (Public and Monitored)	Collateral Debt Obligation Rated by S&P	Number of Subcategories Relative to Moody's Equivalent of S&P Rating
Not Structured Finance Obligation	\geq "BBB-"	Not a Loan or Participation Interest in Loan	-1
Not Structured Finance Obligation	\leq "BB+"	Not a Loan or Participation Interest in Loan	-2
Not Structured Finance Obligation	\leq "BB+"	Loan or Participation Interest 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 Investment Manager be determined in accordance with the table set forth in sub-clause (b)(i) above, and the

Moody's Derived Rating for purposes of the definitions 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 the following table (for such purposes treating the parallel security as if it were rated by Moody's at the rating determined pursuant to this sub-clause (b)(ii)):

Obligation Category of parallel security	Rating of parallel security	Number of subcategories relative to rated security rating
Senior secured obligation	greater than or equal to B2	-1
Senior secured obligation	less than B2	-2
Subordinated obligation	greater than or equal to B3	+1
Subordinated obligation	less than B3	0

- (iii) or, 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; provided, that the Aggregate Principal Balance of the Collateral Debt Obligations that may have a Moody's Rating derived from an S&P Rating as set forth in sub-clauses (i) or (ii) of this clause (b) may not exceed 10 per cent. of the Aggregate Collateral Balance; and
- (c) if not determined pursuant to clauses (a) or (b) above and 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 Investment 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 of such Collateral Debt Obligation for purposes of the definitions of Moody's Rating or Moody's Default Probability Rating shall be (i) "B3" if the Investment Manager certifies to the Trustee and the Collateral Administrator that the Investment Manager believes that such estimate shall be at least "B3" and if the Aggregate Principal Balance of Collateral Debt Obligations determined pursuant to this clause (c) and clause (a) above does not exceed 5 per cent. of the Aggregate Collateral Balance or (ii) otherwise, "Caa3."

For purposes of calculating a Moody's Derived Rating, each applicable rating on credit watch by Moody's with positive or negative implication at the time of calculation will be treated as having been upgraded or downgraded by one rating subcategory, as the case may be.

"Moody's Rating" means:

- (a) with respect to a Collateral Debt Obligation that is a Secured Senior Loan or a Secured Senior Bond:
 - (i) if such Collateral Debt Obligation has an Assigned Moody's Rating, such Assigned Moody's Rating;
 - (ii) if such Collateral Debt Obligation does not have an Assigned Moody's Rating but the Obligor of such Collateral Debt Obligation has a CFR, then the Moody's rating that is one subcategory higher than such CFR;
 - (iii) if neither clause (i) nor (ii) above apply, if such Collateral Debt Obligation does not have an Assigned Moody's Rating but the obligor of such Collateral Debt Obligation has one

- or more senior unsecured obligations with an Assigned Moody's Rating, then the Moody's rating that is two subcategories higher than the Assigned Moody's Rating on any such obligation as selected by the Investment Manager in its sole discretion;
- (iv) if none of clauses (i) through (iii) above apply, at the election of the Investment 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 Investment Manager in its sole discretion;
 - (iii) if neither clause (i) nor (ii) above apply, if such Collateral Debt Obligation does not have an Assigned Moody's Rating but the obligor of such Collateral Debt Obligation has a CFR, then the Moody's rating that is one subcategory lower than such CFR;
 - (iv) if none of clauses (i), (ii) or (iii) above apply, if such Collateral Debt Obligation does not have an Assigned Moody's Rating but the obligor of such Collateral Debt Obligation has one or more subordinated debt obligations with an Assigned Moody's Rating, then the Moody's rating that is one subcategory higher than the Assigned Moody's Rating on any such obligation as selected by the Investment Manager in its sole discretion;
 - (v) if none of clauses (i) through (iv) above apply, at the election of the Investment 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".

For purposes of calculating a Moody's Rating, each applicable rating on credit watch by Moody's with positive or negative implication at the time of calculation will be treated as having been upgraded or downgraded by one rating subcategory, as the case may be

The Coverage Tests

The Coverage Tests will consist of the Class A/B Par Value Test, the Class C Par Value Test, the Class D Par Value Test, the Class E Par Value Test, the Class A/B Interest Coverage Test, the Class C Interest Coverage Test, the Class D Interest Coverage Test and the Class E Interest Coverage Test. The Coverage Tests will be used primarily to determine whether Principal Proceeds may be reinvested in Substitute Collateral Debt Obligations or whether Interest Proceeds and Principal 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 redeem the Notes in accordance with the Priorities of Payments to the extent necessary to cause the Coverage Tests to be met.

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 Coverage 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 Coverage Tests.

Each of the Class A/B Par Value Test, the Class A/B Interest Coverage Test, the Class C Par Value Test, the Class C Interest Coverage Test, the Class D Par Value Test, the Class D Interest Coverage Test, the Class E Par Value Test and the Class E Interest Coverage Test shall apply on a Measurement Date (i) on and after the Effective Date in respect of the Par Value Tests and (ii) on and after the Determination Date immediately preceding the second Payment Date in the case of the Interest Coverage 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.

Coverage Test and Ratio	Percentage at Which Test is Satisfied
Class A/B Par Value	128.74%
Class A/B Interest Coverage	120.00%
Class C Par Value	119.85%
Class C Interest Coverage	110.00%
Class D Par Value	114.28%
Class D Interest Coverage	105.00%
Class E Par Value	106.61%
Class E Interest Coverage	102.00%

DESCRIPTION OF THE INVESTMENT MANAGEMENT AGREEMENT

The following description of the Investment Management Agreement consists of a summary of certain provisions of the Investment Management Agreement which does not purport to be complete and is qualified by reference to the detailed provisions of such agreement.

The investment management functions described herein will be performed by the Investment Manager pursuant to authority granted to the Investment Manager by the Issuer under the Investment Management Agreement, subject to the overall discretion and control of the Issuer. Pursuant to the Investment Management Agreement, the Issuer has delegated and may delegate authority to the Investment Manager to carry out certain functions in relation to the Portfolio and the hedging arrangements without the requirement for specific approval by the Issuer, the Collateral Administrator or the Trustee.

The Investment Manager has agreed to perform the investment management and related functions described herein.

Fees

As compensation for the performance of its obligations under the Investment Management Agreement, the Investment Manager will receive from the Issuer an investment management fee equal (exclusive of any VAT) to 0.15 per cent. per annum of the Aggregate Collateral Balance (calculated semi-annually following the occurrence of a Frequency Switch Event and quarterly at all other times, and in each case, on the basis of a 360 day year and the actual number of days elapsed in such Due Period) measured as at the first day of the Due Period relating to the applicable Payment Date (or if such day is not a Business Day, the next day which is a Business Day), which investment management fee will be payable in arrear on each Payment Date and senior to the Notes, but subordinated to certain fees and expenses of the Issuer (such fee, the "**Senior Investment Management Fee**").

The Investment Management Agreement also provides that the Investment Manager will receive from the Issuer an investment management fee equal (exclusive of any VAT) to 0.25 per cent. per annum of the Aggregate Collateral Balance (calculated semi-annually following the occurrence of a Frequency Switch Event and quarterly at all other times, and in each case, on the basis of a 360 day year and the actual number of days elapsed in such Due Period) measured as at the first day of the Due Period relating to the applicable Payment Date (or if such day is not a Business Day, the next day which is a Business Day), which investment management fee will be payable in arrear on each Payment Date and senior to the payments on the Subordinated Notes, but subordinated to the payments on the Rated Notes (such fee, the "**Subordinated Investment Management Fee**").

In addition to the Senior Investment Management Fee and the Subordinated Investment Management Fee, the Investment Manager will receive an incentive investment management fee, payable (exclusive of VAT thereon) on each Payment Date subject to the Priorities of Payments, if the Incentive Investment Management Fee IRR Threshold of 12 per cent. has been met or surpassed, in an amount equal to 15 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 (such fee, the "**Incentive Investment Management Fee**").

If amounts distributable on any Payment Date in accordance with the Priorities of Payments are insufficient to pay the Senior Investment Management Fee in full, then a portion of the Senior Investment 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 Investment Management Fee in full, then a portion of the

Subordinated Investment 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 Investment Manager may elect to defer any Senior Investment Management Fees and Subordinated Investment Management Fees. Any amounts so deferred shall be applied in accordance with the Priorities of Payments. Any due and unpaid Investment Management Fees including Deferred Senior Investment Management Amounts and Deferred Subordinated Investment Management Amounts shall not accrue any interest.

The Investment Management Agreement provides that any reasonable expenses incurred by the Investment Manager in the performance of the obligations under the Investment Management Agreement will be reimbursed by the Issuer as Administrative Expenses to the extent funds are available therefor in accordance with and subject to the limitations contained in the Investment Management Agreement and the Priorities of Payments. Those expenses include (i) any reasonable expenses incurred by it to employ outside lawyers or consultants reasonably necessary in connection with the evaluation, transfer, or restructuring of any Collateral Debt Obligation and any reasonable expenses incurred by it in obtaining advice from counsel with respect to its obligations under the Investment Management Agreement and (ii) any other out-of-pocket fees and reasonable expenses incurred in connection with the evaluation, acquisition, carrying, and disposition of the Collateral Debt Obligations, including, for the avoidance of doubt, any software fees, website access fees, vendor pricing fees and brokerage commissions (but excluding any counsel fees and expenses, not otherwise ordered by any court, incurred in connection with any dispute between the Investment Manager and the Trustee or any Noteholder).

The Investment Manager may participate in creditors' committees with respect to the bankruptcy, restructuring or work-out of issuers of Collateral Debt Obligations. In such circumstances, the Investment Manager may take positions on behalf of itself or related entities that are adverse to the interests of the Issuer in the Collateral Debt Obligations. The Investment Manager will be entitled to charge, receive and retain any fees and commission received in connection with the restructuring or work-out of any Defaulted Obligations or Collateral Debt Obligations, or any arranging and underwriting fees.

Removal and Resignation

Removal for Cause

Subject to the provisions described under "*Successor Investment Manager*" below, the appointment of the Investment Manager under the Investment Management Agreement may be terminated for cause by the Issuer (in its own discretion) or the Trustee, acting upon the direction of the holders of (a) the Controlling Class, acting independently by Extraordinary Resolution; or (b) a Majority of each Class acting by way of Ordinary Resolution and passed by way of Written Resolution (in each case (i) excluding any Notes held by the Investment Manager or an Investment Manager Related Person and (ii) subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) upon thirty days' prior written notice to the Investment Manager, provided that notice of such removal shall have been given to the holders of each Class of Notes by the Issuer in accordance with Condition 16 (*Notices*), each Rating Agency and each Hedge Counterparty. For purposes of this paragraph, "**Majority**" means the holders of more than 50 per cent. of the aggregate Principal Amount Outstanding of the Notes of any Class or Classes. For the purposes of determining "cause" with respect to the termination of the appointment of the Investment Manager under the Investment Management Agreement in accordance with the Investment Management Agreement, such term shall mean any of the following events:

- (a) the Investment Manager wilfully breaching any material provision of the Investment Management Agreement (unrelated to the economic performance of the Collateral Debt Obligations);
- (b) the Investment Manager breaching any provision of the Investment Management Agreement and such breach (i) has a material adverse effect on the Controlling Class and (ii) if capable of being cured, is not cured within 45 days of the Investment Manager becoming aware of, or its receipt of notice from the Issuer or the Trustee of, such breach;
- (c) the failure of any representation, warranty, certification or statement made or delivered by the Investment Manager in or pursuant to the Investment Management Agreement to be correct in any material respect when made and such failure (i) having a material adverse effect on the interests of the Controlling Class and (ii) if capable of being cured, not being cured within 45 days of the Investment Manager becoming aware of, or its receipt of notice from the Issuer or the Trustee of, such failure;
- (d) the occurrence and continuation of an Event of Default under the Notes set out in Condition 10(a)(i) (*Non-payment of interest*) or Condition 10(a)(ii) (*Non-payment of principal*) as a result of any action or failure to act by the Investment Manager, which default is not cured within any applicable time period;
- (e) any of the Investment Manager or any of its Affiliates that provide material investment management related services or personnel to the Investment Manager pursuant to a contractual obligation between the Investment Manager and such Affiliate (collectively, the "**Related Companies**") is wound up or dissolved or there is appointed over any of the Related Companies or a substantial portion of its assets a receiver, administrator, administrative receiver, trustee or similar officer; or any of the Related Companies (i) ceases to be able to, or admits in writing its inability to, pay its debts as they become due and payable, or makes a general assignment for the benefit of, or enters into any composition or arrangement with, its creditors generally; (ii) applies for or consents (by admission of material allegations of a petition or otherwise) to the appointment of a receiver, trustee, assignee, custodian, liquidator or sequestrator (or other similar official) of any of the Related Companies or of any substantial part of its properties or assets, or authorises such an application or consent, or proceedings seeking such appointment are commenced without such authorisation, consent or application against any of the Related Companies and continue undismissed for 60 days; (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 or dissolution, or authorises such application or consent, or proceedings to such end are instituted against any of the Related Companies without such authorisation, application or consent and are approved as properly instituted and remain undismissed for 60 days or result in adjudication of bankruptcy or insolvency; or (iv) permits or suffers all or any substantial part of its properties or assets to be sequestered or attached by court order and the order remains undismissed for 60 days;
- (f) the occurrence of an act by any of the Related Companies (or any of their senior executive officers actively involved in managing the portfolio of the Issuer) that constitutes fraud or criminal activity in the performance of its obligations under the Investment Management Agreement, or any of the Related Companies being indicted for a criminal offence materially related to its investment management business; and
- (g) the Investment Manager ceasing to be permitted to act as such under the laws of Ireland.

If any of the events specified above occurs, the Investment Manager shall give prompt written notice thereof to the Issuer, the Trustee, the Collateral Administrator and the Noteholders upon the Investment Manager becoming aware of the occurrence of such event.

Resignation

The Investment Manager may resign its appointment upon at least 90 days' prior written notice to the Issuer, the Collateral Administrator, the Trustee, the Noteholders, each Rating Agency and each Hedge Counterparty subject to the appointment of a successor as set out below.

The Investment Manager may resign its appointment hereunder immediately whether or not a successor Investment Manager has been appointed where there is a change in law or the application of law which makes it illegal for the Investment Manager to carry on its duties under the Investment Management Agreement.

Notes held by Investment Manager

Any Notes held by the Investment Manager or an Investment 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 Investment Manager and will be deemed not to be Outstanding in connection with any such vote; provided, however, that any Notes held by the Investment Manager, or an Investment Manager Related Person will, save as otherwise expressly provided, 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, without limitation, any vote in connection with the appointment of a replacement Investment Manager in accordance with the Investment Management Agreement or with modifications to its duties pursuant to the Investment Management Agreement.

"Investment Manager Related Person" means any Affiliate of the Investment Manager and/or any directors, officers or employees of the Investment Manager or their respective Affiliates and/or any third party account over which the Investment Manager or any Affiliate of the Investment Manager has discretionary management.

Successor Investment Manager

Upon the resignation or removal of the Investment Manager, the holders of the Subordinated Notes, acting independently by Ordinary Resolution, will be entitled to appoint a successor and will so appoint a successor within 60 days after the date of notice of such resignation or removal, subject to the requirements relating to any successor investment manager set out below having been satisfied. Where, within such 60 day period, the Subordinated Noteholders have proposed two successors which have each been disapproved by the Controlling Class or the Subordinated Noteholders have otherwise failed to appoint a successor, the Controlling Class, acting independently by Extraordinary Resolution, will be entitled to appoint such successor, subject to the requirements relating to any successor investment manager set out below having been satisfied, provided, however, that the Subordinated Noteholders shall not be entitled to veto such appointment nor shall the Subordinated Noteholders be required to give consent to any increases in compensation payable to any successor investment manager referred to below.

No resignation or removal of the Investment Manager shall be effective until the date on which (i) a successor investment manager acceptable to the Issuer (A) which in the opinion of the Issuer has demonstrated an ability to professionally and competently perform duties similar to those imposed upon the Investment Manager under the Investment Management Agreement, (B) which is legally qualified and has the capacity to act as Investment Manager under the Investment Management Agreement, as successor to the Investment Manager in the assumption of all of the responsibilities, duties and obligations of the Investment Manager thereunder, (C) which shall not cause or result in the Issuer or the Portfolio being required to register under the provisions of the Investment Company Act,

(D) which shall not cause the Issuer to be, or deemed to be, resident for tax purposes or be engaged or deemed to be engaged, in the conduct of a trade or business in any jurisdiction other than in Ireland, or otherwise subject the Issuer to material tax liabilities outside of Ireland or to an increased VAT cost and (E) in respect of which Rating Agency Confirmation has been received from S&P and notification has been sent to Moody's, agrees in writing to assume all of the Investment Manager's duties and obligations pursuant to the Investment Management Agreement and the Trust Deed, and (ii) the Noteholders have been notified of such appointment in accordance with Condition 16 (*Notices*) and the holders of the Controlling Class of Notes or the Subordinated Notes (including any Subordinated Notes held by or on behalf of the Investment Manager or an Investment Manager Related Person) have not, acting independently by Ordinary Resolution, vetoed such appointment within 30 days of such notice being given.

Upon the appointment of a successor investment manager, the rights, duties and obligations of such Investment Manager pursuant to the Investment Management Agreement may be amended without the consent of the Noteholders generally but subject to the prior consent of the Issuer, the Trustee, the holders of the Controlling Class and the Subordinated Notes, in each case, acting independently by Ordinary Resolution.

In connection with any appointment of a successor investment manager, the Issuer may make such arrangements for the compensation of such successor as the Issuer and such successor shall agree, provided that, no compensation payable to a successor investment manager shall be greater than that paid to the original Investment Manager without the prior consent of the Subordinated Noteholders acting independently by Ordinary Resolution and Rating Agency Confirmation from Moody's.

Delegation

Except with respect to those responsibilities delegated pursuant to the terms of the Investment Management Agreement, the obligations of the Investment Manager under the Investment Management Agreement may not be delegated, in whole or in part, without the prior written consent of the Issuer, the Trustee and the holders of each Class of Notes, acting independently by Ordinary Resolution, and excluding any Notes held by the Investment Manager or an Investment Manager Related Person provided, however, that the Investment Manager may delegate or assign any of its responsibilities to any Affiliate having available to it the services of substantially the same investment management team as the Investment Manager, subject to certain conditions as set out in the Investment Management Agreement. Any such delegation or assignment shall not relieve the Investment Manager of its responsibilities thereunder unless and until such responsibilities have been assumed in writing by the Affiliate for the benefit of the Issuer and, if necessary under the Advisers Act, consent of the Issuer has been obtained. Any such assignment or delegation to an Affiliate of the Investment Manager made in accordance therewith shall (i) bind the assignee or delegate in the same manner as the Investment Manager is bound and (ii) be notified (including the identity of such Affiliate) by the Issuer to (x) for so long as any of the Notes are rated by Moody's, Moody's and (y) for so long as any of the Notes are rated by S&P, S&P.

Liability of the Investment Manager and Standard of Care

The Investment Manager will assume no responsibility under the Investment Management Agreement other than to render the services to the Issuer called for under the Investment Management Agreement in good faith, in each case, subject to its Standard of Care (as defined below) and shall not be liable to the Issuer, the Trustee, the Secured Parties or any other Person for any acts or omissions by it under or in connection with the Investment Management Agreement, or for any decrease in the value of the Collateral, except, in each case, by reason of acts or omissions constituting an Investment Manager Breach. The Investment Manager does not assume any fiduciary duties or responsibilities with regard to the Issuer, the Trustee, any Noteholder or any other person.

The Investment Manager will covenant and agree in the Investment Management Agreement that it will perform its obligations and exercise its discretions under the Investment Management Agreement and the Trust Deed in good faith and with reasonable care using a degree of skill and attention no less than that which the Investment Manager exercises with respect to comparable assets that it manages for others (if any), in each case in accordance with their existing practices and procedures as in effect from time to time relating to assets of the nature and character of the Collateral and in a manner consistent with the standard of care generally followed by prudent institutional investment managers of international standing in Europe managing assets similar in nature and character to those which comprise the Collateral and having duties of the nature and character of those to be provided under the Investment Management Agreement, except as otherwise expressly provided in the Investment Management Agreement or the Trust Deed (the "**Standard of Care**"). Subject thereto, the Investment Manager will follow its customary standards, policies and procedures in performing its duties under the Investment Management Agreement.

The Investment Management Agreement contains provisions which require that the Investment Manager will cause any purchase of or entry into or sale, termination or other disposal of Portfolio assets to be effected:

- (a) on an arm's length basis; and
- (b) in accordance with the Portfolio Acquisition and Disposition Requirements (so long as they are applicable).

Additionally, the Investment Management Agreement contains provisions which require that the Investment Manager shall not take any action on behalf of the Issuer which would cause the Issuer to be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes or become otherwise subject to U.S. federal, state or local tax on a net income basis, subject to further conditions detailed in the Investment Management Agreement including adhering to specific Operating Guidelines.

Subject to the Standard of Care, the Investment Manager is required under the Investment Management Agreement to take reasonable care to ensure that no action is taken (save for any action which is expressly contemplated in the Investment Management Agreement and the Trust Deed) which would adversely affect in a material respect the Issuer, but the Investment Manager and/or its Affiliates shall not be prohibited in this respect from carrying on its (or their) ordinary business in good faith.

Along with its obligations under the Investment Management Agreement and subject to the Standard of Care, the Investment Manager has in place and operates internal policies and procedures to administer and manage the Portfolio and similar portfolios. Such policies and procedures include, in the case of the Portfolio, systems for identifying Credit Risk Obligations and Defaulted Obligations.

Under the Investment Management Agreement, subject to the Standard of Care, the Investment Manager is obliged to:

- (a) diversify the Collateral Debt Obligations comprising the Portfolio in accordance with and to the extent permitted by the terms of the Investment Management Agreement and, in particular, the Portfolio Profile Tests;
- (b) measure and monitor the credit risk of the Portfolio as per the methodologies set out in the Investment Management Agreement and in accordance with the terms of the Investment Management Agreement; and
- (c) consult with the Collateral Administrator for the purposes of compiling each Monthly Report and Payment Date Report which will provide information intended to facilitate investors in their conducting of stress tests on the cash flows and collateral values supporting the Notes.

Indemnities

Investment Manager Indemnity

The Investment Manager will agree in the Investment Management Agreement to indemnify and hold harmless, the Issuer and its directors, officers, shareholders, partners, agents, employees and controlling persons (each, an "**IM Indemnified Person**") from and against any and all Liabilities resulting from an Investment Manager Breach, and will reimburse each such IM Indemnified Person for all reasonably incurred Expenses related thereto (including, without limitation, fees and expenses of counsel in connection with, any such Investment Manager Breach), except to the extent that such claims result from the negligence, wilful misconduct or fraud of the IM Indemnified Person under the Investment Management Agreement. The Investment Manager will undertake to the Issuer and the Trustee that it shall pay to the Issuer any amount payable to any IM Indemnified Person under the Investment Management Agreement, which payment shall be in satisfaction of such amount payable and shall discharge the Investment Manager's indemnity obligations in respect of such Investment Manager Breach.

"Investment Manager Breach" means, on the part of the Investment Manager, (a) any acts or omissions constituting fraud, bad faith, gross negligence (with such term given its meaning under New York law) or wilful misconduct in the performance of its obligations under the Investment Management Agreement; (b) any representation or warranty made by it pursuant to the Investment Management Agreement proving to have been incorrect in any material respect when made.

"Liabilities" means liabilities, obligations, losses, claims, damages, demands, charges, judgments, penalties, assessments, actions, suits, costs, expenses or other similar liabilities (including, without limitation, in respect of taxes, duties, levies, imposts and other charges and all legal fees and disbursements incurred in defending or disputing any of the foregoing and including any irrecoverable VAT or similar tax charged or chargeable in respect thereof).

Issuer Indemnity

The Issuer will agree in the Investment Management Agreement to indemnify and hold harmless (the Issuer, in this capacity, the "**Indemnifying Party**") the Investment Manager, on its own behalf and on behalf of Affiliates, and their respective managers, directors, officers, stockholders, partners, agents, employees and controlling persons (other than the Investment Manager and any Affiliate in its capacity as a holder) (each, an "**Issuer Indemnified Person**" and such parties collectively in such case, the "**Indemnified Parties**") from and against any and all Liabilities resulting from an Issuer Indemnification Matter, and shall reimburse each such Issuer Indemnified Person for all reasonably incurred Expenses related thereto including any Actions in connection with any such Issuer Indemnification Matter), except to the extent that such claims result from an Investment Manager Breach. The Issuer will undertake to the Investment Manager that it shall pay to the Investment Manager any amount payable to any Issuer Indemnified Person under the Investment Management Agreement, which payment shall be in satisfaction of such amount payable.

The obligations of the Issuer set out above shall be payable solely out of the Collateral in accordance with the Priorities of Payments and, subject to the foregoing, the Indemnifying Party shall make payment of all amounts required to be made pursuant to the above paragraph for the amount of the Issuer Indemnified Person from time to time in accordance with the Conditions.

"Issuer Indemnification Matter" means:

- (a) any breach by the Issuer of any of its representations or warranties set out in the Investment Management Agreement or any other Transaction Document to which both the Issuer and the Investment Manager are party in any material respect;

- (b) any breach by the Issuer of any of its material obligations under the Investment Management Agreement or any other Transaction Document to which both the Issuer and the Investment Manager are party;
- (c) the failure of the Issuer to perform any of its material duties or obligations under or in connection with any Collateral Debt Obligation or any Transaction Document to which both the Issuer and the Investment Manager are party;
- (d) any suit, claim or action arising out of or in connection with any act or omission of the Issuer as it relates to any Collateral Debt Obligation or any Transaction Document to which both the Issuer and the Investment Manager are party (other than, in each case, any action taken on the advice of or at the direction of the Investment Manager); and
- (e) any requirement or request by the Issuer for the Investment Manager to undertake an action or actions restricted under clause 13 (*Obligations of Investment Manager*) of the Investment Management Agreement.

"**Expenses**" means all fees and expenses, demands, charges and claims of any nature whatsoever.

"**Actions**" means any claim, action, proceeding or investigation with respect to any pending or threatened litigation.

DESCRIPTION OF THE COLLATERAL ADMINISTRATOR

The Bank of New York Mellon SA/NV

The Bank of New Mellon SA/NV is a Belgian limited liability company established September 30, 2008 under the form of a *Société Anonyme/Naamloze Vennootschap*. It was granted its banking license by the former CBFA on March 10 2009. It has its headquarters and main establishment at 46 rue Montoyerstraat, 1000 Bruxelles/Brussels. The Bank of New York Mellon SA/NV is a subsidiary of BNY Mellon (BNYM), the main banking subsidiary of The BNY Mellon Corporation. It is under the prudential supervision of the National Bank of Belgium and regulated by the Belgian Financial Services and Markets Authority in respect of Conduct of Business. The Bank of New York Mellon SA/NV engages in servicing, global collateral management, global markets, corporate trust and depositary receipts. The Bank of New York Mellon SA/NV operates from locations in Belgium, The Netherlands, Germany, London, Luxembourg, Paris and Dublin.

Termination and Resignation of Appointment of the Collateral Administrator

Pursuant to the terms of the Investment 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, in either case, by the Issuer at its discretion or by 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 prefunded and/or indemnified 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 Investment 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 Investment Management Agreement.

DESCRIPTION OF THE TRUSTEE

The Bank of New York Mellon, London Branch

The Bank of New York Mellon (formerly The Bank of New York), a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situated at 225 Liberty Street, New York, NY 10286, United States and having a branch registered in England and Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at One Canada Square, London E14 5AL.

Rule 3a-7

For so long as the Issuer relies on Rule 3a-7, the Trustee (and any successor) (i) shall be a "bank" as defined in the Investment Company Act, (ii) shall not be affiliated with the Issuer or any person involved in the organisation or operation of the Issuer, (iii) shall not provide credit enhancement to the Issuer and (iv) shall otherwise meet the requirements of Rule 3a-7.

Termination and Resignation of Appointment of the Trustee

The resignation or removal of the Trustee and the appointment of a successor Trustee pursuant to the Trust Deed will not become effective until the acceptance of appointment by the successor Trustee under the Trust Deed.

The Transaction Documents provide, in substance, that, so long as the Issuer relies on Rule 3a-7, the Trustee shall not resign until either (i) the Portfolio has been completely liquidated and the proceeds of the liquidation distributed to the Secured Parties, or (ii) a successor Trustee, having the qualifications prescribed in Section 26(a)(1) of the Investment Company Act and otherwise meeting the requirements of Rule 3a-7, has been designated and has accepted such trusteeship.

HEDGING ARRANGEMENTS

The following is a summary of the principal terms of the hedging arrangements to be entered into by the Issuer on or about the Issue Date and thereafter. The following is a summary only and should not be relied upon as an exhaustive description of the detailed provisions of such documents (copies of which are available from the registered office of the Issuer). Any Hedge Agreement may include additional or different terms to those described below. Capitalised terms used in this section and not defined herein shall have the meaning given to them in the Risk Factors or the Conditions.

Hedge Agreement Eligibility Criteria

Subject to (i) such arrangements at the time they are entered into satisfying the Hedge Agreement Eligibility Criteria and the Portfolio Acquisition and Disposition Requirements so long as they apply, or (ii) the receipt by the Investment Manager of legal advice from U.S. nationally recognised legal counsel knowledgeable in such matters to the effect that the entry into such arrangements shall not (x) require any of the Issuer, its directors or officers or the Investment Manager to register with the CFTC as a CPO with respect to the Issuer, or (y) eliminate the Issuer's ability to rely on Rule 3a-7 under the Investment Company Act, unless and until the Issuer elects not to rely on the exclusion from registration under the Investment Company Act provided by Rule 3a-7, the Issuer (or the Investment Manager on its behalf) may enter into hedging transactions as described below and documented under a 1992 (Multicurrency - Cross Border) or 2002 Master Agreement or such other form published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"). For so long as the Issuer relies on Rule 3a-7 under the Investment Company Act, the Hedge Agreement Eligibility Criteria limits Hedge Agreements to arrangements designed to assure the servicing or timely distribution of proceeds to security holders.

A Hedge Transaction shall satisfy the Hedge Agreement Eligibility Criteria at the time it is entered into if, as at such time, each of the following is true:

- (a) 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 applicable Collateral Debt Obligation;
- (b) 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;
- (c) the relevant Hedge Transaction does not change the tenor of the applicable Collateral Debt Obligation;
- (d) the relevant Hedge Transaction does not leverage exposure to the applicable Collateral Debt Obligation or otherwise inject leverage into the Issuer's exposure;
- (e) 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 applicable Collateral Debt Obligation;
- (f) the relevant Hedge Transaction is documented pursuant to an ISDA Master Agreement, including pursuant to a confirmation for each Hedge Transaction thereunder;
- (g) payment dates under the relevant Hedge Transaction correspond to or occur on or about Payment Dates or the relevant Collateral Debt Obligation payment dates;
- (h) the notional amount of the relevant Hedge Transaction will decline in line with the principal amount of the relevant Collateral Debt Obligation;

- (i) in the Investment Manager's view, in the context of the transaction as a whole, the relevant Hedge Transaction will not change the Noteholders' investment experience in any material way by virtue thereof;
- (j) either (i) the relevant Hedge Transaction must terminate 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 applicable Collateral Debt Obligation is sold or matures and at the time the relevant Hedge Transaction is entered into the Investment Manager intends to cause the Issuer to exercise such right; and
- (k) for so long as the Issuer relies on Rule 3a-7 under the Investment Company Act, such Hedge Transaction is designed to assure the servicing or timely distribution of proceeds to security holders.

If a responsible representative of the Investment Manager with knowledge of the Portfolio has actual knowledge of any change in law or regulation that would lead him or her to reasonably question the viability of the Hedge Agreement Eligibility Criteria mentioned above, the Investment Manager shall cause the Issuer to seek written legal advice in respect of modifications to the Hedge Agreement Eligibility Criteria and shall not cause the Issuer to enter into any further Hedge Transactions unless it obtains legal advice from U.S. nationally recognised legal counsel knowledgeable in such matters to the effect that such Hedge Transaction will not cause the Issuer or Investment Manager to be required to register as a commodity pool operator and/or a commodity trading advisor with the CFTC pursuant to the United States Commodity Exchange Act of 1936 with respect to the Issuer.

Notwithstanding anything in the Investment Management Agreement or the Trust Deed to the contrary, the Investment 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 causes the Issuer to obtain an opinion from U.S. nationally recognised legal counsel knowledgeable in such matters to the effect that Hedge Transactions entered into in compliance with such modified Hedge Agreement Eligibility Criteria will not (x) cause the Issuer or Investment Manager to be required to register as a commodity pool operator and/or a commodity trading advisor with the CFTC pursuant to the United States Commodity Exchange Act of 1936 with respect to the Issuer or (y) eliminate the Issuer's ability to rely on Rule 3a-7 under the Investment Company Act, unless and until the Issuer elects not to rely on the exclusion from registration under the Investment Company Act provided by Rule 3a-7.

Notwithstanding the above, if, in the reasonable opinion of the Investment Manager, entry into a Hedge Agreement would require registration of the Investment Manager as a commodity pool operator, the Issuer will not be permitted to enter into such Hedge Agreement unless such registration is made by the Investment Manager with respect to, and at the expense of, the Issuer.

Form-Approved Hedge Agreements

If a Rating Agency informs the Issuer or the Investment Manager that the rating criteria applicable to Hedge Agreements has been modified such that the applicable Hedge Agreement no longer constitutes a Form-Approved Asset Swap Agreement or Form-Approved Interest Rate Hedge Agreement (as applicable) then the Issuer or the Investment Manager on its behalf shall seek approval of a new form from the relevant Rating Agencies.

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.

Currency Hedging Arrangements

Asset Swap Agreements

Subject to the satisfaction of certain conditions set out in the Investment Management Agreement and the Portfolio Acquisition and Disposition Requirements, the Investment Manager shall be authorised to purchase, on behalf of the Issuer, Non-Euro Obligations from time to time provided that any such Non-Euro Obligation shall only constitute a Collateral Debt Obligation that satisfies paragraph (b) of the Eligibility Criteria (either as an Eligibility Criterion or as a Restructured Obligation Criterion) if not later than the trade date of the acquisition thereof, the Investment 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 Obligation, 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.

Pursuant to the terms of an Asset Swap Transaction, the initial principal exchange will be made in connection with funding the Issuer's acquisition of the related Non-Euro Obligation and the final and, if applicable, interim principal exchanges will be made to convert the principal proceeds received in respect thereof at maturity and prior to maturity, respectively and coupon exchanges will be made at the exchange rate specified for such transaction. Rating Agency Confirmation shall be required in relation to entry into each Asset Swap Transaction unless such Asset Swap Transaction is entered into under a Form-Approved Asset Swap Agreement.

Transactions entered into under an Asset Swap Agreement are documented in confirmations to such Asset Swap Agreement. An Asset Swap Transaction, if entered into, will be:

- (a) used to hedge the currency (and if applicable, interest rate) mismatch between the Notes and any Non-Euro Obligations; and
- (b) either:
 - (i) entered into under a Form-Approved Asset Swap Agreement; or
 - (ii) subject to receipt of Rating Agency Confirmation in respect thereof.

Further, each Asset Swap Counterparty will be required to satisfy the applicable Rating Requirement (taking into account any guarantor thereof). No Asset Swap Transaction may be entered into if, at the time of entry into such 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. The Investment Manager shall be required to terminate any Asset Swap Transaction on or around the date it sells an Asset Swap Obligation.

Upon the sale of an Asset Swap Obligation, the Asset Swap Transaction relating thereto shall be terminated on or around the date of such sale in accordance with its terms, resulting in either (i) the Asset Swap Counterparty receiving the proceeds of the sale of the Asset Swap Obligation from the Issuer (which shall be funded outside the Priorities of Payments from the Asset Swap Account) and returning the Sale Proceeds (in accordance with paragraph (b) of the definition thereof) to the Issuer or (ii) the Issuer retaining the proceeds of sale of the Asset Swap Obligation (which shall be converted into Euro and paid into the Principal Account in accordance with the Conditions) net of any payments due to the Asset Swap Counterparty in connection with the termination of the Asset Swap Transaction in such circumstances (which the Issuer shall pay to the Asset Swap Counterparty on the date such payment is due in accordance with the applicable Hedge Agreement). Furthermore, upon the insolvency of the Issuer and/or the acceleration of the Notes in accordance with Condition 10(b) (*Acceleration*), the Hedge Counterparty may, but shall not be obliged to, terminate early any Asset Swap Transaction, in which case any Asset Swap Termination Payment would be paid in accordance with the Post-Acceleration Priority of Payments (other than with respect to any Counterparty

Downgrade Collateral which is required to be returned to an Asset Swap Counterparty outside the Priorities of Payments in accordance with the Asset Swap Agreement).

If, following the insolvency of the Issuer and/or the acceleration of the Notes, the Hedge Counterparty, elects not to terminate early any Asset Swap Transaction, the Asset Swap Transaction shall terminate in accordance with its terms upon the sale of the relevant Asset Swap Obligation, resulting in the Asset Swap counterparty receiving the proceeds of the sale of the Asset Swap Obligation from the Issuer and returning the Sale Proceeds (in accordance with paragraph (b) of the definition thereof) to the Issuer. An Asset Swap Transaction may also terminate in accordance with its terms upon repayment in full of the related Asset Swap Obligation and related final exchange under such Asset Swap Transaction.

Replacement Asset Swap Transactions

If any Asset Swap Transaction terminates in whole at any time in circumstances in which the applicable Asset Swap Counterparty is the "Defaulting Party" or sole "Affected Party" (each as defined in the applicable Asset Swap Agreement) the Investment Manager, on behalf of the Issuer, shall use commercially reasonable efforts to enter into a Replacement Asset Swap Transaction within 30 days of the termination thereof with a counterparty which satisfies the applicable Rating Requirement and which has the regulatory capacity to enter into derivatives transactions with Irish residents.

If an Asset Swap Transaction is terminated in the circumstances referred to above, any Asset Swap Termination Receipt will be paid into the relevant Hedge Termination Account and shall be applied towards the costs of entry into a Replacement Asset Swap Transaction, together with, where necessary, Interest Proceeds and/or Principal Proceeds that are available for such purpose on any Payment Date pursuant to the Priorities of Payments, subject to receipt of Rating Agency Confirmation, save:

- (a) where the Issuer or the Investment Manager on its behalf, determines not to replace such Asset Swap Transaction and Rating Agency Confirmation is received in respect of such determination; or
- (b) where termination of the Asset Swap Transaction occurs on a Redemption Date pursuant to Conditions 7(a) (*Final Redemption*), 7(b) (*Optional Redemption*) (other than in connection with a Refinancing), 7(g) (*Redemption Following Note Tax Event*) or 10 (*Events of Default*); or
- (c) to the extent that such Asset Swap Termination Receipt is not required for application towards any Asset Swap Replacement Payment,

in which event such Asset Swap Termination Receipt shall be paid into the Principal Account and shall constitute Unscheduled Principal Proceeds.

If the Issuer receives any Asset Swap Replacement Receipt upon entry into a Replacement Asset Swap Transaction, such amount shall be paid into the relevant Hedge Termination Account and applied directly by the Collateral Administrator acting on the instructions of the Investment Manager (acting on behalf of the Issuer) in payment of any Asset Swap Termination Payment payable upon termination of the Asset Swap Transaction being so replaced. To the extent not fully paid out of Asset Swap Replacement Receipts, any Asset Swap Termination Payment payable by the Issuer shall be paid to the applicable Asset Swap Counterparty on the next Payment Date in accordance with the Priorities of Payments. To the extent not required for making any such Asset Swap Termination Payment, such Asset Swap Replacement Receipts shall be paid into the Principal Account and shall constitute Unscheduled Principal Proceeds.

Subject to sub-paragraphs (a) to (c) above, if a Replacement Asset Swap Transaction cannot be entered into in such circumstances, the Investment Manager, acting on behalf of the Issuer, shall sell the applicable Non-Euro Obligation, pay the proceeds thereof to the applicable Asset Swap Counterparty, to the extent required pursuant to the terms of such Asset Swap Transaction and/or to the extent not so

required, shall direct the Collateral Administrator to convert all of such proceeds into Euro at the Applicable Exchange Rate and shall procure that such amounts are paid into the Principal Account. If such proceeds are insufficient to pay any Asset Swap Termination Payments in full, such amount, including any Defaulted Hedge Termination Payment, shall be paid out of Interest Proceeds and/or Principal Proceeds on the next following Payment Date in accordance with the Priorities of Payments.

Interest Rate Hedging Arrangements

Interest Rate Hedge Agreements

The Issuer (or the Investment Manager on its behalf) may enter into any additional Interest Rate Hedge Transactions from time to time in order to hedge any interest rate mismatch between the Notes (other than the Subordinated Notes) and the Collateral Debt Obligations, subject to the receipt of Rating Agency Confirmation in respect thereof (other than in respect of a Form-Approved Interest Rate Hedge Agreement) and provided that the Interest Rate Hedge Counterparty satisfies the applicable Rating Requirement and has the regulatory capacity to enter into derivatives transactions.

Replacement Interest Rate Hedge Agreements

If an Interest Rate Hedge Transaction terminates in whole at any time in circumstances which the applicable Interest Rate Hedge Counterparty is the "Defaulting Party" or sole "Affected Party" (each such term as defined in the applicable Interest Rate Hedge Agreement), the Investment Manager, on behalf of the Issuer, shall use commercially reasonable efforts to enter into a Replacement Interest Rate Hedge Transaction within 30 days of termination thereof with an Interest Rate Hedge Counterparty which satisfies the applicable Rating Requirement and which has the regulatory capacity to enter into derivatives transactions with Irish residents.

Gross up

Under each Hedge Agreement the Issuer will not be obliged to gross up any payments thereunder, however the applicable Hedge Counterparty may in certain circumstances be obliged to gross up a payment thereunder in the event of any withholding or deduction for or on account of tax required to be paid on such payment, provided that any withholding or deduction for or on account of FATCA may be excluded from such gross-up obligation. Any such event may however result in a "Tax Event" which is a "Termination Event" for the purposes of the relevant Hedge Agreement. In the event of the occurrence of a Tax Event (as defined in such Hedge Agreement), each Hedge Agreement will include provision for the relevant Affected Party (as defined therein) to use reasonable endeavours to (i) (in the case of the Hedge Counterparty) arrange for a transfer of all of its interests and obligations under the Hedge Agreement and all Transactions (as defined in the Hedge Agreement) thereunder to an Affiliate that is incorporated in another jurisdiction so as to avoid the requirement to withhold or deduct for or on account of tax; or (ii) (in the case of the Issuer) transfer its residence for tax purposes to another jurisdiction or if a substitute principal obligor under the Notes has been substituted for the Issuer in accordance with Condition 9 (*Taxation*), arrange for a transfer of all of its interest and obligations under the Hedge Agreement and all Transactions thereunder to that substitute principal obligor so as to avoid the requirement to withhold or deduct for or on account of tax subject to satisfaction of the conditions specified therein (including receipt of Rating Agency Confirmation).

Limited Recourse and Non-Petition

The obligations of the Issuer under each Hedge Agreement will be limited to the proceeds of enforcement of the Collateral as applied in accordance with the Priorities of Payments set out in Condition 3(c) (*Priorities of Payments*). The Issuer will have the benefit of non-petition language similar to the language set out in Condition 4(c) (*Limited Recourse and Non-Petition*).

Termination Provisions

Each Hedge Agreement may terminate by its terms, whether or not the Notes have been paid in full prior to such termination, upon the occurrence of a number of events (which may include without limitation):

- (a) certain events of bankruptcy, insolvency, receivership or reorganisation of the Issuer or the related Hedge Counterparty;
- (b) failure on the part of the Issuer or the related Hedge Counterparty to make any payment under the applicable Hedge Agreement after taking into account any 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, the applicable Hedge Agreement
- (d) the principal due in respect of the Notes is declared to be due and payable in accordance with the terms of the Trust Deed, and in some cases, the Trustee has started to sell all or part of the Collateral as a consequence thereof;
- (e) the Notes are redeemed in whole prior to the Maturity Date (otherwise than as a result of an Event of Default thereunder);
- (f) representations related to certain regulatory matters prove to be incorrect;
- (g) if the Issuer becomes subject to the AIFMD, or if the Issuer or the Investment Manager is required to register as a "commodity pool operator" and/or a "commodity trading advisor" pursuant to the United States Commodity Exchange Act of 1936, as amended;
- (h) certain representations relating to EMIR prove to be incorrect;
- (i) other regulatory changes occur which have a material adverse effect on a Hedge Counterparty; and
- (j) material changes are made to the Transaction Documents without the consent of a Hedge Counterparty which could have a material adverse effect on the Hedge Counterparty.

A termination of a Hedge Agreement does not constitute an Event of Default under the Notes.

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 Investment Manager acting on its behalf) may need to sell the related Non-Euro Obligation unless a new Asset Swap Transaction can be entered into.

Rating Downgrade Requirements

Each Hedge Agreement shall contain the terms and provisions required by the Rating Agencies for the type of derivative transaction described in this Prospectus in the event of the downgrade of the Hedge Counterparty. Such provisions may include a requirement that a Hedge Counterparty downgraded below certain minimum levels consistent with the ratings of the Notes must post collateral; or transfer the Hedge Agreement to another entity meeting the applicable Rating Requirement; or procure that an eligible guarantor meeting the applicable Rating Requirement guarantees its obligations under the Hedge Agreement; or take other actions subject to Rating Agency Confirmation.

Transfer and Modification

The Investment 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 the relevant Hedge Agreement would constitute a Form-Approved Asset Swap Agreement or a Form-Approved Interest Rate Hedge Agreement (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 has the regulatory capacity to enter into derivatives transactions.

Any of the requirements set out herein may be modified in order to meet any new or additional requirements of any Rating Agency then rating any Class of Notes.

Governing Law

Each Hedge Agreement together with each Hedge Transaction thereunder in each case, including any non-contractual obligations arising out of or in relation thereto, will be governed by, and construed in accordance with, the laws of England.

Reporting of Specified Hedging Data

The Investment 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

Terms used and not otherwise defined herein or in this Prospectus as specifically referenced herein shall have the meaning given to them in Condition 1 (*Definitions*) of the Terms and Conditions of the Notes.

Monthly Reports

The Collateral Administrator, not later than the eighth Business Day after the last Business Day of each month (save in respect of any month for which a Payment Date Report has been prepared) commencing in October 2016 (with the first report being prepared based on the Portfolio as at the last Business Day of September 2016), on behalf, and at the expense, of the Issuer and in consultation with the Investment Manager, shall compile and make available to the Issuer, the Trustee, the Initial Purchaser, the Investment Manager, each Hedge Counterparty, each Rating Agency and to any holder of a beneficial interest in any Note (by way of unique password which may be obtained by such holder from the Collateral Administrator, subject to receipt by the Collateral Administrator of certification that such holder is the holder of a beneficial interest in any Note) by means of a dedicated website currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified by the Collateral Administrator to the Issuer, the Trustee, the Initial Purchaser, the Investment Manager, each Hedge Counterparty, each Rating Agency and the Noteholders from time to time), a monthly report (the "**Monthly Report**") which shall contain, without limitation, the information set out below with respect to the Portfolio, determined by the Collateral Administrator as at the last Business Day of each month in consultation with the Investment Manager.

Portfolio

- (a) the Aggregate Principal Balance of the Collateral Debt Obligations and Eligible Investments representing Principal Proceeds;
- (b) in respect of each Collateral Debt Obligation, its LoanX ID;
- (c) the Aggregate Collateral Balance of the Collateral Debt Obligations;
- (d) the Adjusted Collateral Principal Amount of the Collateral Debt Obligations;
- (e) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Debt Obligation, its Principal Balance, 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, S&P Recovery Rating, S&P Rating, Moody's Rating, Moody's Default Probability Rating and any other public rating (other than any confidential credit estimate), its S&P Industry Classification and Moody's industrial classification group, Moody's Recovery Rate and S&P Recovery Rate (such information to be provided in a password-protected Microsoft Excel file);
- (f) 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 Loan, Second Lien Loan, Mezzanine Loan, High Yield Bond, Cov-Lite Loan (as determined for (1) the purposes of determining the S&P Recovery Rate of each loan, and (2) all other purposes), Fixed Rate Collateral Debt Obligation, Corporate Rescue Loan, PIK Obligation, Zero Coupon Obligation, Semi-Annual Obligation, Step-Up Coupon Obligation, Step-Down Coupon Obligation, Deferring Security, Current Pay Obligation, Annual Obligation, Revolving Obligation, Delayed Drawdown Collateral Debt Obligation, Bridge Loan, Discount Obligation or Swapped Non-Discount Obligation;
- (g) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Enhancement Obligation and Exchanged Security (to the extent applicable), its Principal

Balance, face amount, annual interest rate, Collateral Debt Obligation Stated Maturity and Obligor, details of the type of instrument it represents and details of any amounts payable thereunder or other rights accruing pursuant thereto;

- (h) subject to any confidentiality obligations binding on the Issuer, the number, identity and, if applicable, Principal Balance of, respectively, any Collateral Debt Obligations, Collateral Enhancement Obligations or Exchanged Securities that were released for sale or other disposition (specifying the reason for such sale or other disposition), the Aggregate Principal Balances of Collateral Debt Obligations released for sale or other disposition at the Investment Manager's discretion (expressed as a percentage of the Adjusted Collateral Principal Amount and measured at the date of determination of the last Monthly Report), the sale price thereof and the amount of any Investment Gains resulting from such sale paid into the Interest Account;
- (i) 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;
- (j) subject to any confidentiality obligations binding on the Issuer, the identity of each Collateral Debt Obligation which became a Defaulted Obligation or Deferring Security or in respect of which an Exchanged Security has been received since the date of determination of the last Monthly Report and the identity and Principal Balance of each CCC Obligation, Caa Obligation and Current Pay Obligation;
- (k) 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;
- (l) the approximate Market Value of, respectively, the Collateral Debt Obligations and the Collateral Enhancement Obligations;
- (m) the Aggregate Principal Balance of Collateral Debt Obligations comprising Participations in respect of which the Selling Institutions are not the lenders of record;
- (n) subject to any confidentiality obligations binding on the Issuer, the identity of any Collateral Debt Obligation where the respective Collateral Debt Obligation Stated Maturity is greater than the Maturity Date, together with its Principal Balance and its Collateral Debt Obligation Stated Maturity; and
- (o) the identity of each obligation that is transferred to or from a Blocker Subsidiary.

Accounts

- (a) the Balances standing to the credit of each of the Accounts; and
- (b) the purchase price, principal amount, redemption price, annual interest rate, maturity date and Obligor under each Eligible Investment purchased from funds in the Accounts.

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 then current Moody's rating and, if applicable, S&P 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.

Coverage Tests and Collateral Quality Tests

- (a) a statement as to whether each of the Class A/B Par Value Test, the Class C Par Value Test, the Class D Par Value Test and the Class E Par Value Test is satisfied and details of the relevant Par Value Ratios;
- (b) a statement as to whether each of the Class A/B Interest Coverage Test, the Class C Interest Coverage Test, the Class D Interest Coverage Test and the Class E Interest Coverage Test is satisfied and details of the relevant Interest Coverage Ratios;
- (c) a statement as to whether the Reinvestment Overcollateralisation Test is satisfied;
- (d) during the Reinvestment Period, a statement as to whether the S&P CDO Monitor Test is satisfied;
- (e) for the most senior Class of Rated Notes then Outstanding rated by S&P, the S&P Weighted Average Recovery Rate;
- (f) the Weighted Average Life and a statement as to whether the Weighted Average Life Test is satisfied;
- (g) the Weighted Average Spread ((i) as calculated for the purpose of the S&P CDO Monitor and as calculated for all other purposes and (ii) separately, the Weighted Average Spread disregarding any EURIBOR (or such other floating rate of interest) floors applicable to any Collateral Debt Obligations), the Excess Weighted Average Coupon, Moody's Weighted Average Recovery Adjustment and a statement as to whether the Minimum Weighted Average Spread Test is satisfied;
- (h) the Weighted Average Fixed Coupon, the Excess Weighted Average Spread and a statement as to whether the Minimum Weighted Average Fixed Coupon Test is satisfied;
- (i) so long as any Notes rated by Moody's are Outstanding, the Adjusted Weighted Average Moody's Rating Factor Moody's Weighted Average Recovery Adjustment and a statement as to whether the Moody's Maximum Weighted Average Rating Factor Test is satisfied;
- (j) so long as any Notes rated by Moody's are Outstanding, the Weighted Average Moody's Recovery Rate, Moody's Weighted Average Rating Factor Adjustment and a statement as to whether the Moody's Minimum Weighted Average Recovery Rate Test is satisfied;
- (k) 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; and
- (l) a statement identifying any Collateral Debt Obligation in respect of which the Investment Manager has made its own determination of "Market Value" (pursuant to the definition thereof) for the purposes of any of the Coverage Tests.

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; and
- (b) the identity and Moody's Rating and S&P Rating of each Selling Institution, together with any changes in the identity of such entities since the date of determination of the last Monthly Report and details of the aggregate amount of Participations entered into with each such entity.

Bivariate Risk Table

a statement as to whether the limits specified in the Bivariate Risk Table are met by reference to the Moody's Ratings and S&P Ratings of Selling Institutions and, if such limits are not met, a statement as to the nature of the non-compliance.

Frequency Switch Event

a statement indicating whether a Frequency Switch Event has occurred during the period covered by the Monthly Report (and in the case of a Frequency Switch Event occurring under paragraph (b) of the definition thereof, to the extent notice of such Frequency Switch Event has been received by the Collateral Administrator from the Investment Manager).

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 equal to not less than five per cent. of the Aggregate Collateral Balance (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 not restricted by the Retention Requirements;
- (b) the calculation of five per cent. of the Aggregate Collateral Balance for the purposes of determining the Retention and whether a Retention Deficiency has occurred and is continuing; and
- (c) the amount of any Investment Gains paid into the Interest Account since the previous Payment Date.

Portfolio Acquisition and Disposition Requirements

whether the Portfolio Acquisition and Disposition Requirements have ceased to apply as a result of the Issuer (or the Investment Manager on its behalf) having elected not to rely on Rule 3a-7 for its exclusion from registration under the Investment Company Act (and, if applicable, any exemption or exclusion from registration under the Investment Company Act other than 3(c)(1) or 3(c)(7) on which the Issuer has elected to rely), in each case to the extent notice of this has been received by the Collateral Administrator from the Issuer (or the Investment Manager acting on behalf of the Issuer).

Payment Date Reports

The Collateral Administrator, on behalf, and at the expense, of the Issuer and in consultation with the Investment Manager, shall render a report (the "**Payment Date Report**"), prepared and determined as of each Determination Date, and shall make available such Report by means of a dedicated website

currently located at <https://gctinvestorreporting.bnymellon.com> (or such other website as may be notified by the Collateral Administrator to the Issuer, the Trustee, the Initial Purchaser, the Investment Manager, each Hedge Counterparty, each Rating Agency and the Noteholders from time to time), to the Investment Manager, the Issuer, the Trustee, the Initial Purchaser, each Hedge Counterparty any holder of a beneficial interest in any Note (by way of unique password which may be obtained by such holder from the Collateral Administrator, subject to receipt by the Collateral Administrator of certification that such holder is the holder of a beneficial interest in any Note) and each Rating Agency 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 the 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 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 on the next Payment Date;
- (d) EURIBOR for the related Due Period and the Floating Rate of Interest applicable to each Class of Floating Rate Notes during the related Due Period; and
- (e) whether a Frequency Switch Event has occurred during the period covered by the Payment Date Report (and in the case of a Frequency Switch Event occurring under paragraph (b) of the definition thereof, to the extent notice of such Frequency Switch Event has been received by the Collateral Administrator from the Investment 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 Investment Management Fees and Administrative Expenses payable on the related Payment Date, in each case, on an itemised basis; and
- (c) any Asset Swap Termination Payments, 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
- (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.

Portfolio Acquisition and Disposition Requirements

The information required pursuant to "*Monthly Reports- Portfolio Acquisition and Disposition Requirements*" above.

Frequency Switch Event

A statement as to whether each of the conditions set out in limbs (i), (ii) and (iii) of paragraph (a) of the definition of Frequency Switch Event is satisfied.

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 Investment Manager will have any liability for estimates, approximations or projections contained therein.

In addition, the Collateral Administrator shall provide (i) the Issuer with such other information and in such a format relating to the Portfolio as the Issuer may reasonably request and which is in the possession of the Collateral Administrator, in order for the Issuer to satisfy its obligation to make certain filings of information with the Central Bank of Ireland and in respect of the preparation of its financial statements and tax returns; and (ii) the Trustee with a draft Payment Date Report detailing distributions to be made from the Payment Account on such Payment Date in accordance with the terms of the Agency Agreement. The Collateral Administrator shall effect such distributions from the Payment Account unless the Trustee notifies the Collateral Administrator that it objects to such payments.

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.

ALL PROSPECTIVE INVESTORS SHOULD READ "UNITED STATES FEDERAL INCOME TAXATION - INFORMATION REPORTING AND BACKUP WITHHOLDING TAX" AND "FATCA TAX REPORTING AND WITHHOLDING" BELOW FOR A DISCUSSION OF POTENTIAL REPORTING OBLIGATIONS AND MATERIAL CONSEQUENCES OF FAILING TO COMPLY WITH SUCH OBLIGATIONS.

Irish Taxation

The following is a summary of the principal Irish tax consequences for individuals and companies of ownership of the Notes based on the laws and practice of the Irish Revenue Commissioners currently in force in Ireland and may be subject to change. It deals with noteholders who beneficially own their Notes as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes, such as dealers in Notes, trusts etc. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Taxation of Noteholders

Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent.), is required to be withheld from payments of Irish source interest which should include interest payable on the Notes.

The Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from a payment of interest on a Note so long as the interest paid on the relevant Note falls within one of the following categories:

- (a) *Interest paid on a quoted Eurobond:* The Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from a payment of interest on a Note where:
 - (i) the Notes are quoted Eurobonds, i.e. Notes which are issued by a company (such as the Issuer), which are listed on a recognised stock exchange (such as the Irish Stock Exchange) and which carry a right to interest; and
 - (ii) the person by or through whom the payment is made is not in Ireland, or if such person is in Ireland, either:
 - (A) the Notes are held in a clearing system recognised by the Irish Revenue Commissioners; (DTC, Euroclear and Clearstream, Luxembourg are, amongst others, so recognised); or

- (B) the person who is the beneficial owner of the Notes and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as a paying agent located in Ireland) in the prescribed form.

Under certain anti-avoidance legislation, it is possible that profit dependant payments of interest on the Notes may be regarded as a distribution, giving rise to a withholding obligation, for Irish tax purposes if the beneficial owner of the interest is connected for certain purposes with the Issuer and, for listed Notes, the issuer is aware that the interest is not subject to tax in a relevant territory, being a member state of the European Union (other than Ireland) or a country with which Ireland has signed a double tax treaty.

Thus, subject to that anti-avoidance provision, so long as the Notes continue to be quoted on the Irish Stock Exchange, are held in Euroclear and/or Clearstream, Luxembourg, interest on the Notes can be paid by any paying agent acting on behalf of the Issuer free of any withholding or deduction for or on account of Irish income tax. If the Notes continue to be so quoted but cease to be held in a recognised clearing system, subject to that anti-avoidance provision, interest on the Notes may be paid without any withholding or deduction for or on account of Irish income tax provided such payment is made through a paying agent outside Ireland.

- (b) Interest paid by a qualifying company to certain non-residents:

If, for any reason, the exemption referred to above ceases to apply, interest payments may still be made free of withholding tax provided that:

- (i) the Issuer remains a "qualifying company" as defined in Section 110 of the Taxes Act 1997 and the noteholder is a person which is resident in a relevant territory, and, where the recipient is a body corporate, the interest is not paid to it in connection with a trade or business carried on by it in Ireland through a branch or agency. The test of residence is determined by reference to the law of the relevant territory in which the noteholder claims to be resident. The Issuer must be satisfied that the terms of the exemption are satisfied; and
- (ii) one of the following conditions is satisfied:
 - (A) the noteholder is a pension fund, government body or other person (which is not a "specified person" for the purposes of Section 110 of the Taxes Act 1997), which is resident in a relevant territory and which, under the laws of that territory, is exempted from tax that corresponds to income tax or corporation tax in Ireland and which generally applies to profits, income or gains in that territory; or
 - (B) the interest is subject, without any reduction computed by reference to the amount of such interest, to a tax in a relevant territory which corresponds to income tax or corporation tax in Ireland and which generally applies to profits, income or gains received in that territory, by persons, from sources outside that territory.

Encashment Tax

In certain circumstances, Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from interest on any Note, where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any noteholder. There is an exemption from encashment tax where the beneficial owner of the interest is not resident in Ireland and has made a declaration to this effect in the prescribed form to the encashment agent or bank.

Income Tax, PRSI and Universal Social Charge

Notwithstanding that a noteholder may receive interest on the Notes free of withholding tax, the noteholder may still be liable to pay Irish tax with respect to such interest. Noteholders resident or ordinarily resident in Ireland who are individuals may be liable to pay Irish income tax, social insurance (PRSI) contributions and the universal social charge in respect of interest they receive on the Notes.

Interest paid on the Notes may have an Irish source and therefore may be within the charge to Irish income tax, notwithstanding that the noteholder is not resident in Ireland. In the case of noteholders who are non-resident individuals such noteholders may also be liable to pay the universal social charge in respect of interest they receive on the Notes.

Ireland operates a self-assessment system in respect of tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

There are a number of exemptions from Irish income tax available to certain non-residents. Firstly, interest payments made by the Issuer are exempt from income tax so long as the Issuer is a qualifying company for the purposes of Section 110 of the Taxes Act 1997, the recipient is not resident in Ireland and is resident in a relevant territory and, the interest is paid out of the assets of the Issuer. Secondly, interest payments made by the Issuer in the ordinary course of its trade or business to a company are exempt from income tax provided the recipient company is not resident in Ireland and is either resident for tax purposes in a relevant territory which imposes a tax that generally applies to interest receivable in that territory by companies from sources outside that territory and which tax corresponds to income tax or corporation tax in Ireland or the interest is exempted from the charge to Irish income tax under the terms of a double tax agreement which is either in force or which will come in to force once all ratification procedures have been completed. Thirdly, interest paid by the Issuer free of withholding tax under the quoted Eurobond exemption is exempt from income tax where the recipient is a person not resident in Ireland and resident in a relevant territory or is a company not resident in Ireland which is under the control, whether directly or indirectly, of person(s) who by virtue of the law of a relevant territory are resident for the purposes of tax in a relevant territory and is not under the control of person(s) who are not so resident, or is a company not resident in Ireland where the principal class of shares of the company or its 75 per cent. parent is substantially and regularly traded on a recognised stock exchange. For the purposes of these exemptions and where not specified otherwise, residence is determined under the terms of the relevant double taxation agreement or in any other case, the law of the country in which the recipient claims to be resident. Interest falling within the above exemptions is also exempt from the universal social charge.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed, may have a liability to Irish corporation tax on the interest.

Relief from Irish income tax may also be available under the specific provisions of a double tax treaty between Ireland and the country of residence of the recipient.

Interest on the Notes which does not fall within the above exemptions is within the charge to income tax, and, in the case of noteholders who are individuals, the charge to the universal social charge. In the past the Irish Revenue Commissioners have not pursued liability to income tax in respect of persons who are not regarded as being resident in Ireland except where such persons have a taxable presence of some sort in Ireland or seek to claim any relief or repayment in respect of Irish tax. However, there can be no assurance that the Irish Revenue Commissioners will apply this treatment in the case of any noteholder.

Capital Gains Tax

A noteholder will not be subject to Irish tax on capital gains on a disposal of Notes unless such noteholder is either resident or ordinarily resident in Ireland or carries on a trade in Ireland through a branch or agency in respect of which the Notes were used or held.

Capital Acquisitions Tax

A gift or inheritance comprising Notes will be within the charge to capital acquisitions tax (which subject to available exemptions and reliefs, is currently levied at 33 per cent. if either (i) the disponent or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponent is domiciled in Ireland irrespective of his residence or that of the donee/successor) on the relevant date or (ii) if the Notes are regarded as property situate in Ireland (i.e. if the Notes are physically located in Ireland or if the register of the Notes is maintained in Ireland).

Stamp Duty

No stamp duty or similar tax is imposed in Ireland (on the basis of an exemption provided for in Section 85(2)(c) of the Stamp Duties Consolidation Act, 1999 so long as the Issuer is a qualifying company for the purposes of Section 110 of the Taxes Act 1997 and the proceeds of the Notes are used in the course of the Issuer's business), on the issue, transfer or redemption of the Notes.

United States Federal Income Taxation

(a) General

The following is a general discussion based upon present law of certain U.S. federal income tax considerations for prospective purchasers of the Rated Notes and Subordinated Notes. The discussion addresses only persons that purchase Rated Notes or Subordinated Notes in the original offering, hold the Rated Notes or Subordinated Notes as capital assets, and U.S. Holders (as defined below) that use the United States dollar as their functional currency. The discussion does not consider the circumstances of particular purchasers, some of which (such as financial institutions, insurance companies, regulated investment companies, tax exempt organisations, dealers, traders who elect to mark their investment to market and persons holding the Rated Notes or Subordinated Notes as part of a hedge, straddle, conversion, constructive sale or integrated transaction) are subject to special tax regimes. The discussion does not address any state, local or foreign taxes or the federal alternative minimum tax. Special rules also apply to individuals, certain of which may not be discussed below. Prospective investors should note that no rulings have been, or are expected to be, sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS or a court will not take contrary positions.

EACH PROSPECTIVE PURCHASER IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE STATE AND LOCAL LAWS OF THE UNITED STATES AND THE LAWS OF IRELAND AND ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

For purposes of this discussion, "**U.S. Holder**" means the beneficial owner of a Note that for U.S. federal income tax purposes is (i) a citizen or individual resident of the United States, (ii) a corporation organised in or under the laws of the United States or any political subdivision thereof, (iii) a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source. "**Non-U.S. Holder**" means a person other than a U.S.

Holder. The treatment of partners in a partnership that owns Rated Notes or Subordinated Notes may depend on the status of such partners and the status and activities of the partnership and such persons should consult their own tax advisors about the consequences of an investment in the Rated Notes or Subordinated Notes. 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. This discussion assumes that the Trust Deed is not so amended.

(b) **U.S. Taxation of the Issuer**

The Issuer will adopt, and intends to follow the Operating Guidelines attached to the Investment Management Agreement ("**Operating Guidelines**"), which are designed to reduce the risk that the Issuer will be deemed to have engaged in the conduct of a trade or business in the United States. The Issuer will receive an opinion of Hunton & Williams LLP, subject to customary assumptions and qualifications to the effect that, assuming the Issuer and the Investment Manager comply with the Operating Guidelines and other requirements of this Prospectus, the Investment Management Agreement and other Transaction Documents, the Issuer will not be engaged in a trade or business in the United States. As long as the Issuer is not engaged in a U.S. trade or business, the Issuer will not be subject to U.S. federal income tax on its net income. If the Issuer were found to be engaged in a U.S. trade or business, it could be subject to substantial U.S. federal income taxes the imposition of which would materially impair its ability to pay interest on and principal of the Rated Notes and make distributions on the Subordinated Notes. In addition, if the Issuer were found to be engaged in a U.S. trade or business, payments in respect of the Notes may be treated as U.S. source income that could be subject to withholding unless appropriate certifications of status have been provided by Non-U.S. Holders to the applicable withholding agent as discussed further below.

The opinion above represents only counsel's best judgement, and is not binding on the IRS or the courts. There are no authorities that deal with situations substantially identical to the Issuer's, and the Issuer could be treated as engaged in the conduct of a trade or business within the United States as a result of unanticipated activities, changes in law, contrary conclusions by the IRS or U.S. courts or other causes. In addition, you should be aware that the opinion referred to above will expressly rely on the Investment Manager's compliance with the Operating Guidelines, which are intended to prevent the Issuer from engaging in activities that could give rise to a trade or business within the United States for U.S. federal income tax purposes. Although the Investment Manager has generally undertaken to comply with the Operating Guidelines, the Investment Manager is permitted to depart from the Operating Guidelines if it obtains an opinion from nationally recognised tax counsel that the departure, when considered in light of the 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. Any such departures would not be covered by the opinion of Hunton & Williams LLP referred to above. Furthermore, the Investment Manager is not obligated to monitor changes in law that could affect whether the Issuer is treated as engaged in a U.S. trade or business. The Investment Manager might act in accordance with the Operating Guidelines notwithstanding the issuance of new decisions by the courts, new legislation or official guidance (regardless of whether such new interpretation, legislation or guidance would either merely increase the risk that the Issuer would be, or actually cause the Issuer to be, engaged in a U.S. trade or business). In addition, although the Investment Manager can be removed for cause, the definition of "cause" in the context of violations of the Operating Guidelines is not clear. Unintentional violations will not constitute "cause" if they do not, and cannot reasonably be expected to have a material adverse effect on the holders. It is not certain that a violation of the Operating Guidelines that causes an increase in the risk that the Issuer will be engaged in a trade or business in the United States for U.S. federal income tax (without actually having that effect) will be treated as reasonably being expected to have such a material adverse effect.

To reduce the risk that the Issuer will be engaged in a trade or business within the United States for U.S. federal income tax purposes, in certain circumstances set forth in the Transaction Documents, certain Ineligible Obligations may be owned by one or more Blocker Subsidiaries wholly owned by the Issuer that will be treated as either U.S. or foreign corporations for U.S. federal income tax purposes. Any foreign Blocker Subsidiary may be treated as engaged in a trade or business within the United States and may be subject to U.S. federal income tax (and possibly a 30 per cent. U.S. branch profits tax) on a net income basis at normal corporate tax rates, and may file U.S. tax returns and reports (or protective U.S. tax returns and reports), and/or the Blocker Subsidiary may be subject to a 30 per cent. U.S. withholding tax on some or all of its income. In addition, U.S. Holders will not be permitted to use losses recognised by the Blocker Subsidiary to offset gains recognised by the Issuer and may be subject to adverse passive foreign investment company or controlled foreign corporation rules, if applicable, with respect to the Blocker Subsidiary. In the case of a U.S. Blocker Subsidiary, the Blocker Subsidiary would be subject to U.S. federal income tax on a net income basis at normal corporate tax rates, and would be required to file U.S. tax returns and reports. In addition, distributions from the Blocker Subsidiary to the Issuer may be subject to a 30 per cent. U.S. withholding tax.

(c) **Withholding Taxes on the Issuer**

Although the Issuer does not anticipate that it will be subject to U.S. federal income tax with respect to its net income, income derived by the Issuer may be subject to withholding or gross income taxes imposed by the United States or other countries, and the imposition of such taxes could materially affect its financial ability to make payments on the Notes. Subject to certain exceptions set forth in the Transaction Documents, the Issuer generally may acquire a particular Collateral Debt Obligation only if, at the time of commitment to purchase, either the interest payments thereon are not subject to withholding tax or the issuer of the Collateral Debt Obligation is required to make "gross-up" payments. Accordingly, the Issuer does not generally expect to be subject to U.S. federal withholding taxes on interest from Collateral Debt Obligations. The Issuer may, however, be subject to U.S. federal withholding or gross income taxes in respect of commitment fees, securities lending fees, facility fees, and other similar fees, dividend or substitute dividend payments, or under FATCA as discussed in more detail below. Any such withholding or gross income taxes may not be grossed up.

Notwithstanding the foregoing, there can be no assurance that income derived by the Issuer will not become subject to withholding or gross income taxes as a result of changes in law, contrary conclusions by the IRS or U.S. courts or other causes. Such withholding or gross income taxes could be applied retroactively to fees or other income previously received by the Issuer. To the extent that withholding or gross income taxes are imposed and not paid through withholding, the Issuer may be directly liable to the taxing authority to pay such taxes.

(d) **Characterisation of the Notes**

Based on the terms of the Notes and subject to other relevant facts and circumstances on the Issue Date, the Issuer will receive an opinion from Milbank, Tweed, Hadley & McCloy LLP on the Issue Date to the effect that, for U.S. federal income tax purposes, the Class A Notes, Class B Notes, Class C Notes and Class D Notes will be treated as debt and the Class E Notes should be treated as debt. The Issuer also intends to treat the Class F Notes as debt for U.S. federal income tax purposes.

In general, the characterisation of an instrument for U.S. federal income tax purposes as debt or equity by its issuer as of the time of issuance is binding on a holder. This characterisation, and counsel's opinion, however, are not binding on the IRS or the courts. In particular, there can be no assurance that the IRS would not contend, and that a court would not ultimately hold, that a

Class of Notes, in particular the Class F Notes, constitute equity of the Issuer. Investors should consult their tax advisors regarding the tax rules that would apply if a Class of Notes were recharacterised as equity by the IRS, although generally the discussion of the tax consequences of holding Subordinated Notes below would be relevant to holders of that recharacterised Class of Notes. The discussion in the remainder of this section assumes that the Notes other than the Subordinated Notes will be treated as debt.

The U.S. Treasury and IRS have issued proposed regulations under section 385 of the Code that, if adopted in their present form as final regulations, would in certain circumstances treat a Rated Note that would otherwise be treated as debt for U.S. federal income tax purposes as equity (in whole or in part) for such purposes. The proposed Treasury regulations are complex and may be changed before they are finalized. U.S. Holders should consult with their own tax advisors regarding the possible effect of the proposed section 385 Treasury regulations on them.

(e) **Interest and OID on the Rated Notes**

Subject to the discussion of original issue discount ("**OID**") below, a U.S. Holder of a Rated Note that uses the cash method of accounting must include in income the U.S. dollar value of Euro interest paid when received. Euro interest received is translated at the U.S. dollar spot rate of Euro on the date of receipt, regardless of whether the payment is converted into U.S. dollars on the date of receipt. A cash method U.S. Holder therefore generally will not have foreign currency gain or loss on receipt of a Euro interest payment but may have foreign currency gain or loss upon disposing of the Euro received.

A U.S. Holder of a Rated Note that uses the accrual method of accounting or any U.S. Holder required to accrue OID will be required to include in income the U.S. dollar value of Euro interest or OID accrued during the accrual period. An accrual basis U.S. Holder may determine the amount of income recognised with respect to such interest using either of two methods, in either case regardless of whether the payments are in fact converted into U.S. dollars on the date of receipt. Under the first method, the U.S. dollar value of accrued interest is translated at the average Euro rate for the interest accrual period (or, with respect to an accrual period that spans two taxable years, the partial period within the taxable year). An accrual method U.S. Holder of a Rated Note that uses this first method will therefore recognise foreign currency gain or loss, as the case may be, on interest or OID paid to the extent that the U.S. dollar/Euro exchange rate on the date the interest is received differs from the rate at which the interest income was accrued. Under the second method, the U.S. Holder can elect to accrue interest or OID at the Euro spot rate on the last day of an interest accrual period (or, in the case of an accrual period that spans two taxable years, at the exchange rate in effect on the last day of the partial period within the taxable year) or, if the last day of an interest accrual period is within 5 business days of the receipt of such interest, the spot rate on the date of receipt. An election to accrue interest or OID at the spot rate generally will apply to all foreign currency denominated debt instruments held by the U.S. Holder, and is irrevocable without the consent of the IRS. Regardless of the method used to accrue interest and OID, a U.S. Holder may have additional foreign currency gain or loss upon a subsequent disposition of the Euro received.

In general, if the issue price of a Rated Note (the first price at which a substantial amount of the relevant Class of Notes is sold to investors) is less than its "stated redemption price at maturity" by at least a statutory de minimis amount, the Note will be considered to have OID. OID generally will be de minimis if it is less than 25 basis points multiplied by the "weighted average maturity" of the Class of Notes (as defined in applicable Treasury regulations). If a U.S. Holder acquires a Rated Note with OID, then, regardless of such holder's method of accounting, the U.S. Holder will be required to include such OID in income on a constant yield to maturity

basis, whether or not it receives a cash payment on any payment date. Interest and OID on a Rated Note will be ordinary income from sources outside the United States.

Because payments of stated interest on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes ("**Deferred Interest Notes**") are contingent on available funds and subject to deferral, the Deferred Interest Notes will be treated for U.S. federal income tax purposes as having OID. The total amount of such discount with respect to a Deferred Interest Note will equal the sum of all payments to be received under such Deferred Interest Note less its issue price. A U.S. Holder of Deferred Interest Notes will be required to include OID in income as it accrues.

Treasury regulations applicable to debt instruments issued with OID do not provide definitive rules for accrual of OID on debt instruments the payments on which are contingent as to time, in the manner of the Deferred Interest Notes. In the absence of such definitive guidance, the Issuer intends to treat the amount of OID accruing in any interest accrual period as generally equal to the stated interest accruing in that period (whether or not currently due) plus any additional amount representing the accrual under a constant yield method of any additional OID represented by the excess of the principal amount of the Deferred Interest Notes over their issue price. Accruals of any such additional OID will be based on the projected weighted average life of the Deferred Interest Notes rather than their Maturity Date. Because the Deferred Interest Notes provide for interest at a floating rate, accruals of OID should be calculated by assuming that interest will be paid over the life of the Deferred Interest Note based on the value of EURIBOR used in setting interest for the first interest accrual period, and then adjusting the income for each subsequent interest accrual period for any difference between the actual value of EURIBOR used in setting interest for those periods and the assumed rate.

However, it is also possible the Deferred Interest Notes may be subject to an income accrual method analogous to the methods applicable to debt instruments whose payments are subject to acceleration (under section 1272(a)(6) of the Code) using an assumption as to the expected payments on the Deferred Interest Notes reflected on an assumed payment schedule prepared by the Issuer. In that case, adjustments (generally forward looking) will be made to the extent actual payments do not correspond to the assumed payment schedule. Alternatively, it is possible that the Deferred Interest Notes could be treated as subject to special rules applicable to contingent payment debt instruments. In that event, the timing of income and character of gain or loss on the Deferred Interest Notes would be different. A U.S. Holder of Deferred Interest Notes should consult its own tax advisor about the possible application of these rules.

(f) **Sale, Exchange, Redemption or Repayment of the Rated Notes**

In general, a U.S. Holder of a Rated Note will have a basis in such Rated Note equal to the cost of such Rated Note to such holder, increased by any amount includible in income by such holder as OID and reduced by any payments thereon other than, in the case of the Rated Notes that are not Deferred Interest Notes, payments of stated interest. Upon a sale or exchange of the Rated Note, a U.S. Holder will generally recognise gain or loss equal to the difference between the amount realised (less any accrued interest, which would be taxable as interest) and the holder's tax basis in such Rated Note.

The amount realised on the sale, exchange, redemption or repayment of a Rated Note generally is determined by translating the Euro proceeds into U.S. dollars at the spot rate on the date the Rated Note is disposed of, while a U.S. Holder's adjusted tax basis in a Rated Note generally will be the cost of the Rated Note to the U.S. Holder, determined by translating the Euro purchase price into U.S. dollars at the spot rate on the date the Rated Note was purchased, and increased by the amount of any OID accrued and reduced by any payments other than, in the case of the Rated Notes that are not Deferred Interest Notes, payments of stated interest. If,

however, the Rated Notes are traded on an established securities market, a cash basis U.S. Holder or electing accrual basis U.S. Holder will determine the amount realised on the settlement date. An election by an accrual basis U.S. Holder to apply the spot exchange rate on the settlement date will be subject to the rules regarding currency translation elections described above, and cannot be changed without the consent of the IRS. The amount of foreign currency gain or loss realised with respect to accrued but unpaid interest is the difference between the U.S. Dollar value of the interest based on the spot exchange rate on the date the Rated Notes are disposed of and the U.S. Dollar value at which the interest was previously accrued. The amount of foreign currency gain or loss with respect to principal will equal the difference between the U.S. dollar value of the principal amount of the Rated Note when payment is received or a Rated Note is disposed of (determined by the U.S. dollar spot rate for Euro on that date) and the U.S. dollar value of principal amount of the Rated Note on the date the Rated Note was acquired (determined by the U.S. dollar spot rate for Euro on the date of acquisition). A U.S. Holder will have a tax basis in Euro received on the sale, exchange or retirement of a Rated Note equal to the U.S. dollar value of the Euro on the relevant date. Foreign currency gain or loss on a sale, exchange, redemption or repayment of a Rated Note is recognised only to the extent of total gain or loss on the transaction.

Foreign currency gain or loss recognised by a U.S. Holder on the sale, exchange or other disposition of a Rated Note (including repayment at maturity) generally will be treated as ordinary income or loss. Gain or loss in excess of foreign currency gain or loss on a Rated Note generally will be treated as capital gain or loss. The deductibility of capital losses is subject to limitations. In the case of a non-corporate U.S. Holder, preferential rates may apply to any capital gain if such U.S. Holder's holding period for such Rated Notes exceeds one year.

(g) **Additional Offerings**

Rated Notes issued in additional offerings by the Issuer may not be fungible for U.S. federal income tax purposes with the Rated Notes issued in this original offering and, in such case, will be issued under a separate ISIN.

(h) **Tax Treatment of U.S. Holders of Subordinated Notes**

As noted above, the Issuer will treat the Subordinated Notes as equity for U.S. federal income tax purposes. This summary assumes that the Subordinated Notes will be treated as equity rather than debt for U.S. federal income tax purposes.

(i) **Distributions on the Subordinated Notes**

Subject to the passive foreign investment company rules and the controlled foreign corporation rules discussed below, a U.S. Holder of Subordinated Notes generally would be required to treat distributions received with respect to such Notes as dividend income. Except as otherwise required by the rules discussed below, gain or loss on the sale or other disposition of Subordinated Notes generally would be capital gain or loss. The amount of such income would be determined by translating Euros received into U.S. dollars at the spot rate on the date of receipt. A U.S. Holder may realise foreign currency gain or loss on a subsequent disposition of the Euros received.

(j) **Investment in a Passive Foreign Investment Company**

The Issuer will be a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes. Because the Issuer will be a PFIC, a U.S. Holder of Subordinated Notes will be subject to additional tax on "excess distributions" received with respect the Subordinated Notes or gains realised on the disposition of such Subordinated Notes unless the U.S. Holder is subject to the controlled foreign corporation rules, as described below. A U.S. Holder will have an

excess distribution if distributions during any tax year exceed 125 per cent. of the average amount received during the three preceding tax years (or, if shorter, the U.S. Holder's holding period). A U.S. Holder may realise gain on a Subordinated Note not only through a sale or other disposition, but also by pledging the Subordinated Note as security for a loan or entering into certain constructive disposition transactions. To compute the tax on an excess distribution or any gain, (i) the excess distribution or gain is allocated ratably over the U.S. Holder's holding period, (ii) the amount allocated to the current tax year is taxed as ordinary income, and (iii) the amount allocated to each previous tax year is taxed at the highest applicable marginal rate in effect for that year and an interest charge (which generally is non-deductible for non-corporate holders) is imposed to recover the deemed benefit from the deferred payment of the tax. These rules effectively prevent a U.S. Holder from treating the gain realised on the disposition of the Subordinated Notes as capital gain.

A U.S. Holder of Subordinated Notes may wish to avoid the adverse tax consequences just described by making an election to treat the Issuer as a qualified electing fund ("**QEF**"). If the U.S. Holder has made a QEF election, the holder will be required to include in gross income each year (i) as ordinary income, its pro rata share of the Issuer's earnings and profits in excess of net capital gains and (ii) as long-term capital gains, its pro rata share of the Issuer's net capital gains, in each case, whether or not the Issuer actually makes any distribution. The amounts recognised by a U.S. Holder making a QEF election generally are treated as income from sources outside the United States. If, however, U.S. Holders hold at least half of the Subordinated Notes, a percentage of those amounts equal to the proportion of its income that the Issuer receives from U.S. sources will be U.S. source income for the U.S. Holders for purposes of computing a U.S. Holder's foreign tax credit limitation. Because such amounts are subject to tax currently as income of the U.S. Holder, the amounts recognised will not be subject to tax when they are distributed to a U.S. Holder. An electing U.S. Holder's basis in the Subordinated Notes will be increased by any amounts included in income currently as described above and decreased by any amounts not subjected to tax at the time of distribution.

As discussed above, a U.S. Holder that makes a QEF election will be required to include in income currently its pro rata share of the Issuer's earnings and profits (computed based on federal income tax principles) whether or not the Issuer actually distributes earnings. Accordingly, in a number of circumstances a U.S. Holder could be required to include amounts in taxable income in excess of the cash distribution they are actually entitled to receive on the Subordinated Notes. For example, the use of investment proceeds to fund reserves or pay down debt could cause a U.S. Holder to recognise income in excess of amounts it actually receives. In addition, the Issuer's income from an investment for federal income tax purposes may exceed the amount it actually receives. The U.S. Holder may be able to elect to defer payment, subject to an interest charge for the deferral period (which generally is non-deductible for non-corporate holders), of the tax on income recognised on account of the QEF election. Prospective purchasers should consult their tax advisors about the advisability of making the QEF election, protective QEF election (for any Class of Notes that may be recharacterised as equity) and deferred payment election. The Issuer will provide (or cause its independent accountants to provide) QEF information which is reasonably available to it to holders of Subordinated Notes and, upon request, holders of Class E Notes and the Class F Notes free of charge within 90 days after the end of the Issuer's tax year.

In general, a QEF election should be made on or before the due date for filing a U.S. Holder's federal income tax return for the first taxable year for which it holds a Subordinated Note. The QEF election is effective only if certain required information is made available by the Issuer. The Issuer will undertake to comply with the IRS information requirements necessary for a QEF election, which will permit U.S. Holders to make the QEF election with respect to the Issuer. Nonetheless, there can be no assurance that such information will be available or presented.

Investors are urged to consult their tax advisors regarding the possible consequences to them in the event that the information necessary to treat the Issuer as a QEF is not provided. Where a QEF election is not timely made by a U.S. Holder for the year in which it acquired its Subordinated Notes, but is made for a later year, the excess distribution rules can be avoided for future periods by making an election to recognise gain from a deemed sale of such Notes at the time when the QEF election becomes effective.

If the Issuer holds securities treated as equity for U.S. federal income tax purposes of another PFIC (an "**equity PFIC**"), a U.S. Holder of the Subordinated Notes that wants to avoid the application of the excess distribution rules (described above) with respect to its indirect interest in that equity PFIC will have to make a separate QEF election with respect to that equity PFIC. In that case, the Issuer will provide, to the extent it receives it, the information needed for U.S. Holders to make the QEF election. That information may not, however, be available to the Issuer. U.S. Holders should consult their own tax advisors with respect to the tax consequences of such a situation.

(k) **Investment in a Controlled Foreign Corporation**

The Issuer also may be a controlled foreign corporation (a "**CFC**") if U.S. Holders that each own (directly, indirectly, or by attribution) at least 10 per cent. of the Issuer's voting shares (each a "**U.S. 10% Shareholder**") together own more than half of such voting shares. It is not entirely clear whether the Subordinated Notes would be treated as voting shares for this purpose. If the Issuer is a CFC for at least 30 consecutive days during its taxable year, a U.S. Holder that is a U.S. 10% Shareholder on the last day of the Issuer's taxable year will be required to recognise ordinary income equal to its pro rata share of the Issuer's earnings (including both ordinary earnings and capital gains) for the tax year, whether or not the Issuer makes a distribution. The income will be treated as income from sources within the United States to the extent derived by the Issuer from U.S. sources for purposes of computing a U.S. Holder's foreign tax credit limitation. Earnings subjected to tax currently as income of the U.S. Holder will not be taxed again when they are distributed to the U.S. Holder. A U.S. Holder's basis in such Notes is increased by any amounts included in income currently as described above and decreased by any amounts not subjected to tax at the time of distribution. If the Issuer is a CFC, (i) the Issuer would incur U.S. withholding tax on interest received from a related U.S. person and (ii) certain other restrictions may apply.

The relationship among the PFIC and CFC rules and the possible consequences of those rules for a particular U.S. Holder depend upon the circumstances of the Issuer and the U.S. Holder. In general, if the Issuer is both a CFC and a PFIC, a U.S. Holder subject to the CFC rules will not be subject to the PFIC rules. Each prospective purchaser should, however, consult its tax advisor about the possible application of the PFIC and CFC rules to its particular situation.

(l) **Disposition of the Subordinated Notes**

In general, a U.S. Holder of a Subordinated Note will recognise gain or loss upon the sale or exchange of the Subordinated Note equal to the difference between the amount realised and such holder's adjusted tax basis in such Subordinated Note. Initially, the tax basis of a U.S. Holder should equal the amount paid for a Subordinated Note. Such basis will be increased by amounts taxable to such holder by virtue of the QEF or CFC rules (if applicable), and decreased by actual distributions from the Issuer that are deemed to consist of such previously taxed amounts or are treated as a non-taxable return of capital. A U.S. Holder that receives foreign currency upon the sale or other disposition of the Subordinated Notes generally will realise an amount equal to the U.S. Dollar value of the foreign currency on the date of sale. If, however, the Subordinated Notes are traded on an established securities market, a cash basis U.S. Holder or electing accrual basis U.S. Holder will determine the amount realised on the settlement date.

A U.S. Holder will have a tax basis in the foreign currency received equal to the U.S. Dollar amount realised. Any gain or loss realised by a U.S. Holder on a subsequent conversion of the foreign currency for a different amount will be foreign currency gain or loss.

Unless a QEF election is made, it is highly likely that any gain realised on the sale or exchange of a Subordinated Note will be treated as an excess distribution and taxed as ordinary income under the special tax rules described above (assuming that the PFIC rules apply and not the CFC rules).

Subject to a special limitation in the case of individual U.S. Holders that have held such Subordinated Notes for more than one year, if the Issuer were treated as a CFC, gain from disposition of a Subordinated Note by a U.S. Holder that is or recently was a U.S. 10% Shareholder will be treated as ordinary dividend income to the extent the Issuer has accumulated earnings and profits attributable to the Subordinated Note while it is held by that holder that have not previously been included in income.

(m) Foreign Currency Gain or Loss

A U.S. Holder of Subordinated Notes (or other Notes treated as equity interests in the Issuer) that recognises income from the Notes under the QEF or CFC rules discussed above will recognise foreign currency gain or loss attributable to movement in foreign exchange rates between the date when it recognised income under those rules and the date when the income actually is distributed. Any such foreign currency gain or loss will be treated as ordinary income or loss from the same source as the associated income inclusion.

(n) Net Investment Tax

Section 1411 of the Code imposes a 3.8 per cent. tax (in addition to other federal income taxes) on the net investment income of U.S. Holders who are individuals, estates or trusts to the extent net investment income exceeds an income threshold. Net investment income generally will include all income from the Notes.

Special rules apply in the case of a U.S. Holder of Subordinated Notes (or another Class of Notes recharacterised as equity) that are not held in a business of trading financial instruments. As described above such a U.S. Holder may be taxable for regular federal income tax purposes under the PFIC or CFC rules on its share of the earnings of the Issuer as those earnings accrue to the Issuer and not when they are distributed (and in that case, such U.S. Holder's basis in such Notes is increased by the amount of earnings that have been taxed to such U.S. Holder but not distributed). Pursuant to regulations, a U.S. Holder may elect to follow a similar approach in measuring net investment income. Otherwise, earnings that are included in income for regular income tax purposes by such a U.S. Holder prior to distribution under the CFC rules or PFIC rules for QEFs generally would be included in net investment income only when distributed and the U.S. Holder's basis would not be increased to reflect previously taxed undistributed earnings. Such an election by a U.S. Holder generally must be made for the first year in which the U.S. Holder has income from the undistributed earnings of equity interests in CFCs or QEFs and is or would be subject to the tax on net investment income. The election once made would be irrevocable and would apply to the taxable year for which it is made and all subsequent taxable years, as well as to all subsequently acquired equity interests in the CFC or QEF (including if the investor exits its interests and later reinvests).

U.S. Holders, and in particular U.S. Holders of Subordinated Notes (or any other Class of Notes that may be recharacterised as equity of the Issuer for U.S. federal income tax purposes), are urged to consult their tax advisors regarding the effect, if any, of Section 1411 and regulations thereunder on their investment in the Notes in their particular circumstances.

(o) **Transfer and Other Reporting Requirements**

U.S. Holders, and in certain cases Non-U.S. Holders, of the Notes may be subject to other information reporting requirements. More than one reporting requirement may apply to an investor. The failure to comply with these reporting requirements may result in penalties, which may be substantial, and, in certain instances, the failure to file a required form will suspend the statute of limitations with respect to any tax return, event, or period to which such information relates. As a result, even if an investor reports all of its taxable income from its investment in Notes, if the investor fails to file a required information return, the period during which the IRS can assess taxes will remain open, potentially including with respect to items that do not relate to the holder's investment in the Notes. The Issuer assumes no responsibility to advise holders or other affected parties about how to comply with generally applicable reporting requirements relevant to their purchase, ownership and disposition of Notes and purchasers of Notes are urged to consult their own tax advisors regarding these reporting requirements, including penalties that may apply for failure to comply. However, for the convenience of holders certain of the reporting requirements that may apply to the acquisition, ownership of disposition of Notes are listed below.

Specified Foreign Financial Assets (IRS Form 8938).

Certain U.S. Holders that own "specified foreign financial assets" with an aggregate value in excess of U.S.\$50,000 are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer that are not held in accounts maintained by financial institutions.

Reporting Requirements on IRS Form 926 and IRS Form 5471.

Treasury regulations require reporting for certain transfers of property (including cash) to a foreign corporation by U.S. persons. In general, U.S. Holders who acquire Subordinated Notes (and any other Class of Notes treated as equity in the Issuer) are required to file IRS Form 926. In addition, the Code and related Treasury regulations will require any U.S. Holder that directly or indirectly owns a significant portion of the voting power or value of the Issuer's equity (generally 10 per cent., but in some cases more than 50 per cent.) to comply with certain additional reporting requirements (including IRS Form 5471). While it is unclear how the voting power of the Subordinated Notes (and any other Class of Notes treated as equity in the Issuer) would be measured for this purpose, a U.S. Holder that owns less than 10 per cent. (or 50 per cent. or less, as applicable) of such Notes should not be required to file this return.

PFIC Reporting (IRS Form 8621).

Subject to certain exceptions, a U.S. Holder of Subordinated Notes (and any other Class of Notes treated as equity in the Issuer) is required to file an annual information return, currently on IRS Form 8621, with respect to each PFIC in which it owns an interest directly or, in some cases, indirectly (including through certain pass-through entities). If the Issuer owns an interest in a PFIC, such as a foreign Blocker Subsidiary that is a PFIC, holders of Subordinated Notes (and any other Class of Notes treated as equity in the Issuer) would be treated as owning a proportionate amount (by value) of the stock of such other PFIC. The Issuer will use reasonable efforts to provide each holder of Subordinated Notes (and any other Class of Notes treated as equity in the Issuer) with the information necessary to comply with the holder's reporting obligations with respect to such other PFIC.

Reportable Transactions Reporting (IRS Form 8886).

Any person that is required to file a U.S. federal income tax return or U.S. federal information return and participates in a "reportable transaction" in a taxable year is required to disclose certain information on IRS Form 8886 (or its successor form) attached to such person's U.S. tax return for such taxable year (and also file a copy of such form with the IRS's Office of Tax Shelter Analysis) and to retain certain documents related to the transaction. A person that is a holder of Subordinated Notes (or any other Class of Notes treated as equity in the Issuer) or a U.S. 10% Shareholder of the Issuer may be considered to participate in any reportable transactions entered into by the Issuer. Although none are anticipated, the Issuer could participate in reportable transactions. Because of the status of the Issuer as a PFIC (and without regard to whether it is a CFC), a transaction in which a person claims a loss deduction in respect of the Subordinated Notes (and any other Class of Notes treated as equity in the Issuer) may be considered a reportable transaction if the amount of such loss exceeds certain thresholds, regardless of whether such Subordinated Notes (or any other Class of Notes treated as equity in the Issuer) were purchased with cash or were otherwise held with a "qualifying basis" (as such term is defined in IRS Revenue Procedure 2013-11).

FBAR Reporting.

U.S. Holders, and Non-U.S. Holders with certain minimum contacts with the United States, of Subordinated Notes (or any other Classes of Notes treated as equity in the Issuer) may be required to report certain information on FinCEN Report 114 or successor form (the "FBAR") for any calendar year in which they hold such Notes. The FBAR must be received by the U.S. Treasury by April 15 to report on accounts held in the preceding calendar year, is not filed as part of an annual tax return, and the reporting requirements thereunder are not governed by the Code.

(p) Tax Treatment of Non-U.S. Holders of Notes

Assuming that the Issuer is not treated as engaged in a trade or business within the United States, as discussed above, payments on the Notes to a Non-U.S. Holder, or gain realised on a sale, exchange, or redemption of such Notes by such holder, will not be subject to U.S. federal withholding tax unless such Non-U.S. Holder is subject to backup withholding tax, as described below, as a result of failing to comply with applicable certification procedures to establish that it is not a U.S. Holder. Interest paid to a Non-U.S. Holder generally will not be subject to U.S. net income tax unless the interest is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States. Gain realised by a Non-U.S. Holder on the redemption or disposition of a Note will not be subject to U.S. tax unless (i) the gain is effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business or (ii) the holder is an individual present in the United States for at least 183 days during the taxable year of disposition and certain other conditions are met. A Non-U.S. Holder will not be considered to be engaged in a trade or business within the United States solely by reason of holding Notes as capital investments for U.S. federal income tax purposes.

If the Issuer were determined to be engaged in a trade or business within the United States, then interest paid on the Rated Notes to a Non-U.S. Holder could be subject to a 30 per cent. U.S. withholding tax unless an exemption applies. Interest paid on the Rated Notes to a Non-U.S. Holder would, however, generally be exempt if, among other things, the beneficial owner of such Notes (a) is not a "10-percent shareholder" (under the Code) in respect of the Issuer, (b) is not a controlled foreign corporation (under the Code) related to the Issuer through equity ownership and (c) satisfies, directly or indirectly, applicable certification or documentary evidence requirements as to its non-U.S. status. As discussed above, the Issuer will receive an opinion of Hunton & Williams LLP subject to customary assumptions and qualifications to the effect that, assuming the Issuer and the Investment Manager comply with the Operating

Guidelines and other requirements of this Prospectus, the Investment Management Agreement and other Transaction Documents, the Issuer will not be engaged in a trade or business in the United States.

Notwithstanding the foregoing discussion, future guidance under FATCA or Irish regulations implementing the Ireland IGA may subject payments on Subordinated Notes (or other Classes of Notes that are treated as equity for U.S. federal income tax purposes) and Rated Notes that are materially modified more than six months after the issuance of such future guidance, to a withholding tax of 30 per cent. if each FFI that holds any such Note, or through which any such Note is held, has not entered into an information reporting agreement with the IRS under FATCA or complied with the terms of a relevant intergovernmental agreement.

(q) Information Reporting and Backup Withholding Tax

Information reporting to the IRS generally will be required with respect to payments on the Notes and proceeds of the sale of the Notes to holders other than corporations or other exempt recipients. A "backup" withholding tax will apply to those payments if such holder fails to provide certain identifying information (e.g., such holder's taxpayer identification number) to the Trustee or other paying agent. Non-U.S. Holders generally will be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding collected from a payment will be allowed as a credit against the recipient's U.S. federal income tax liability and may entitle the recipient to a refund, so long as the required information is properly furnished to the IRS. U.S. Holders should consult their own tax advisers about any additional reporting requirements that may arise as a result of their purchasing, holding or disposing of Notes.

(r) FATCA Tax Reporting and Withholding

Under FATCA, the Issuer may be subject to a 30 per cent. withholding tax on U.S.-source payments it receives with respect to Collateral Debt Obligations of, and Eligible Investments in, U.S. obligors unless the Issuer complies with the regulations in Ireland implementing the Ireland IGA. The Ireland IGA requires, among other things, that the Issuer collect and, in certain circumstances, provide to the Irish Revenue Commissioners (which will provide such information to the IRS) substantial information regarding certain direct and indirect holders of the Notes unless the Issuer qualifies as a "Non-Reporting Irish Financial Institution" (as defined in the Ireland IGA) or is otherwise entitled to an exemption under FATCA. The required information will include the name, address, U.S. tax identification number and certain other information with respect to holders and certain direct and indirect owners of the holders.

The Issuer intends to comply with its obligations under the Ireland IGA and FATCA more generally. The Issuer anticipates that withholding will not be imposed on payments made to the Issuer, or on payments made by the Issuer, unless the IRS has specifically listed the Issuer as a non-participating financial institution, the Issuer has otherwise assumed responsibility for withholding under U.S. tax law, or the Issuer is unable to comply with FATCA, including the Ireland IGA. In some cases, the Issuer's ability to achieve FATCA Compliance could depend on factors outside of the Issuer's control. For example, if an affiliate of the Issuer that is an FFI is not FATCA compliant (i.e., it fails to comply with, and is not exempted from complying with, FATCA), the Issuer itself may be prohibited from complying with FATCA. For this purpose an FFI affiliate generally is an FFI that is deemed to be part of an affiliated group that includes the Issuer (where, in general, such affiliates and the Issuer are deemed related through more than 50 per cent. ownership (by vote and value)). For example, if an FFI owns (for U.S. federal income

tax purposes) more than 50 per cent. of the Issuer's equity and such FFI equity owner is not FATCA compliant, the Issuer may be prevented from complying with FATCA. Furthermore, if any person is deemed (for U.S. federal income tax purposes) to own more than 50 per cent. of the equity of both (i) the Issuer and (ii) another FFI, such other FFI may be treated as an FFI affiliate of the Issuer for this purpose and, thus, if such other FFI is not FATCA compliant, the Issuer may be prevented from complying with FATCA.

Although the Issuer will not prohibit any person from holding more than 50 per cent. of the Issuer's equity, it may force the sale of all or a portion of the equity held by such a person if such holder is an FFI affiliate of the Issuer that is preventing the Issuer from complying with FATCA. For these purposes, the Issuer may sell a Holder's or beneficial owner's interest in a Note in its entirety notwithstanding that the sale of a portion of such an interest would permit the Issuer to achieve FATCA Compliance. Moreover, if a holder fails to provide the Issuer with correct, complete and accurate information that may be required for the Issuer to achieve FATCA Compliance, the Issuer is authorised to withhold amounts otherwise distributable to the holder, to compel the holder to sell its Notes and, if the holder does not sell its Notes within 10 Business Days after notice from the Issuer, to sell the Holder's Notes on behalf of the Holder.

No assurance can be given that the Issuer will be able to take all necessary actions or that actions taken will be successful to minimise the impact of FATCA. The Issuer's ability to avoid adverse consequences under FATCA may not be within the control of the Issuer and, for example, may depend on the actions of the holder (and each foreign withholding agent (if any) in the chain of custody). The rules under FATCA or under the Ireland IGA, may also change in the future. Future guidance may subject payments on the Notes to a withholding tax of 30 per cent. if each FFI that holds any such Note, or any intermediary through which any such Note is held, has not entered into an information reporting agreement with the IRS under FATCA or complied with the terms of a relevant intergovernmental agreement.

If the Issuer were to move from Ireland to another jurisdiction, the Issuer would be required to enter into an agreement with the IRS or comply with the terms of that jurisdiction's intergovernmental agreement with the United States relating to FATCA in order to avoid the imposition of FATCA withholding. FATCA may also apply to intermediaries and Holders may be subject to withholding or forced transfers if they do not comply with similar information requests made by an intermediary (or if an intermediary otherwise fails to comply with FATCA).

FATCA, including the provisions of the Ireland IGA and the regulations implementing the Ireland IGA are complex and their application to the Issuer is not entirely certain as the rules and regulations continue to be issued and revised. Each Noteholder should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in its particular circumstance.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR NOTEHOLDER. EACH NOTEHOLDER IS STRONGLY URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE NOTEHOLDER'S OWN CIRCUMSTANCES.

CERTAIN ERISA CONSIDERATIONS

ERISA imposes certain requirements on "**employee benefit plans**" subject thereto including entities (such as collective investment funds, insurance company separate accounts and some insurance company general accounts) the underlying assets of which include the assets of such plans (collectively, "**ERISA Plans**"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of prudence, diversification investments being made in accordance with the documents governing the plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan, as well as assets of those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts and Keogh plans, and entities the underlying assets of which include the assets of such plans (together with ERISA Plans, "**Plans**") and certain persons (referred to as "**parties in interest**" under ERISA or "**disqualified persons**" under the Code (collectively, "**Parties in Interest**")) having certain relationships to such Plans, unless a statutory or administrative exception or exemption is applicable to the transaction. A Party in Interest who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code and the transaction may have to be rescinded at significant cost to the Issuer.

Governmental plans, certain church plans and certain non-U.S. plans, while not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to substantially similar rules under Federal, state, local or non-U.S. laws or regulations, and may be subject to the prohibited transaction rules of Section 503 of the Code.

Under ERISA and a regulation issued by the United States Department of Labor (29 C.F.R. Section 2510.3-101, the "**Plan Asset Regulation**"), as modified by Section 3(42) of ERISA, if a Plan invests in an "**equity interest**" of an entity that is neither a "**publicly offered security**" nor a security issued by an investment company registered under the Investment Company Act of 1940, the Plan's assets are deemed to include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established (a) that the entity is an "**operating company**," as that term is defined in the Plan Asset Regulation, or (b) that less than 25 per cent. of the total value of each class of equity interest in the entity, disregarding the value of any equity interests held by persons (other than Benefit Plan Investors) with discretionary authority or control over the assets of the entity or who provide investment advice for a fee (direct or indirect) with respect to such assets (such as the Investment Manager), and their respective Affiliates (each a "**Controlling Person**"), is held by Benefit Plan Investors (the "**25 per cent. Limitation**"). A "**Benefit Plan Investor**" means (1) an employee benefit plan (as defined in Section 3(3) of ERISA), subject to the provisions of part 4 of Subtitle B of Title I of ERISA, (2) a plan to which Section 4975 of the Code applies, or (3) any entity whose underlying assets include plan assets by reason of such an employee benefit plan'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. 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 such Class E Notes, the Class F Notes and Subordinated Notes. In reliance on representations made by investors in the Class E Notes, the Class F Notes and the Subordinated Notes, the Issuer intends to limit investment by Benefit Plan Investors in Class E Notes, the 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 (determined separately by Class) at all times (excluding for purposes of such calculation Class E Notes, the 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 Notes or a Subordinated Note will be required or deemed to make certain representations regarding its status as a Benefit Plan Investor or Controlling Person and other ERISA matters as described under "*Transfer Restrictions*" below. No Class E Notes, Class F Notes or Subordinated Notes will be sold or transferred to purchasers that have represented that they are Benefit Plan Investors or Controlling Persons to the extent that such sale may result in Benefit Plan Investors owning 25 per cent. or more of the total value of the Class E Notes, the Class F Notes or the Subordinated Notes (determined separately by Class and 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, Class F Note and 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 Initial Purchaser, the Arranger, the Lead Manager, the Investment 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 Initial Purchaser, the Arranger, the Lead Manager, the Investment 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 Notes or any interest therein constitutes the assets of any Benefit Plan Investor or such governmental, church, non-U.S. or other plan, or (B) its acquisition, holding or disposition of such Notes (or interests therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or, in the case of a governmental, church, non-U.S. or other plan, a non-exempt violation of any Other Plan Law, and (ii) it will not sell or transfer such Notes (or interests therein) to a transferee acquiring such Notes (or interests therein) unless the transferee makes the foregoing representations, warranties and agreements described in clause (i) hereof.

If you are an acquiror of a Class E Note, Class F Note or Subordinated Note in the form of a Regulation S Global Certificate or a Rule 144A Global Certificate you will be deemed to represent, warrant and agree that (i) you are not, and are not acting on behalf of (and for so long as you hold such Note or interest therein, will not be and will not be acting on behalf of), a Benefit Plan Investor or Controlling Person unless you receive the written consent of the Issuer, provide an ERISA certificate to a Transfer Agent and the Issuer as to your status as a Benefit Plan Investor or Controlling Person and to exchange and hold such Note in the form of a Definitive Certificate; (ii) if you are a governmental, church, non-U.S. or other plan (A) you are not, and for so long as you hold such Notes or interest therein will not be, subject to any federal, state, local non-U.S. or other law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or any interest therein) by virtue of its interest and thereby subject the Issuer or the Investment Manager (or other persons responsible for the investment and operation of the Issuer's assets) to Other Plan Law ("**Similar Law**") and (B) your acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt violation of any Other Plan Law and (iii) you will agree to certain transfer restrictions regarding your interest in such Notes.

If you are a purchaser or transferee of a Class E Note, Class F Note or 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 Notes 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 Notes or interest therein, you are a Controlling Person and (3) that (a) if you are, or are acting on behalf of, a Benefit Plan Investor, your acquisition, holding and disposition of such Notes (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 and (b) if you are a governmental, church, non-U.S. or other plan, (x) you are not, and for so long as you hold such Notes (or interests therein) will not be, subject to Similar Law and (y) your acquisition, holding and disposition of such Notes or interests thereof 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 at Annex A (*Form of ERISA Certificate*) hereto to the Issuer and a Transfer Agent. Any purported transfer of the Class E Notes, Class F Notes or Subordinated Notes in violation of the requirements set forth in this paragraph shall be null and void ab initio and 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 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). There can be no assurance that there will not be circumstances in which transfers of an interest in a Class E Note, a Class F Note or a Subordinated Note will be restricted in order to comply with the aforementioned limitations

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

BNP Paribas (in its capacity as initial purchaser, the "**Initial Purchaser**") has agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for each Class of Notes pursuant to the Subscription Agreement. The Subscription Agreement entitles the Initial Purchaser to terminate it in certain circumstances prior to payment being made to the Issuer.

The Initial Purchaser may offer the Notes at other prices as may be negotiated at the time of sale.

It is a condition of the issue of the Notes of each Class that the Notes of each other Class be issued in the following principal amounts: Class A Notes: €273,250,000, Class B Notes: €55,850,000, Class C Notes: €25,650,000, Class D Notes: €22,500,000, Class E Notes: €27,750,000, Class F Notes: €11,800,000 and Subordinated Notes: €46,000,000.

The Retention Holder has agreed with the Initial Purchaser, subject to satisfaction of certain conditions, to acquire the Subordinated Notes constituting the Retention from the Initial Purchaser on the issue date.

The Issuer has agreed to indemnify the Initial Purchaser, the Investment Manager, the Collateral Administrator, the Trustee and certain other participants against certain liabilities or to contribute to payments they may be required to make in respect thereof.

Certain of the Collateral Debt Obligations may have been originally underwritten or placed by the Initial Purchaser. In addition, the Initial Purchaser may have in the past performed and may in the future perform investment banking services or other services for issuers of the Collateral Debt Obligations. In addition, the Initial Purchaser and its respective Affiliates may from time to time as a principal or through one or more investment funds that it or they manage, make investments in the equity securities of one or more of the issuers of the Collateral Debt Obligations, with a result that one or more of such issuers may be or may become controlled by the Initial Purchaser or its Affiliates.

No action has been or will be taken by the Issuer or the Initial Purchaser that would permit a public offering of the Notes or possession or distribution of this Prospectus 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 Prospectus or any other offering material relating to the Notes, may be made in or from any jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer or the Initial Purchaser.

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons or to U.S. Residents except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act and in the manner so as not to require the registration of the Issuer as an "investment company" pursuant to the Investment Company Act.

The Issuer has been advised that the Initial Purchaser proposes to 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, each of such purchasers or accountholders also being a QP.

The Notes of each Class sold in reliance on Rule 144A will be issued in minimum denominations of €250,000 and integral multiples of €1,000 in excess thereof. Any offer or sale of Rule 144A Notes in reliance on Rule 144A will be made by broker dealers who are registered as such under the Exchange Act. After the Notes are released for sale, the offering price and other selling terms may from time to time be varied by the Initial Purchaser, subject to and in accordance with the Subscription Agreement.

The Initial Purchaser has acknowledged and agreed that it will not offer, sell or deliver any Regulation S Notes to, or for the account or benefit of, any U.S. person or U.S. Resident as part of their distribution at any time and that it will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Regulation S Notes a confirmation or other notice setting forth the prohibition on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, any U.S. person or U.S. Resident.

This Prospectus 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 regulated market of the Irish Stock Exchange. The Issuer and the Initial Purchaser reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the principal amount of Notes which may be offered. This Prospectus does not constitute an offer to any person in the United States or to any U.S. person. Distribution of this Prospectus to any such U.S. person or to any person within the United States, other than in accordance with the procedures described above, is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

The Initial Purchaser has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (as amended) ("**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) 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, from or otherwise involving the United Kingdom.

The Initial Purchaser has agreed to comply with the following selling restrictions:

- (a) **State of Connecticut:** The securities have not been registered under the Connecticut Securities Law. The securities are subject to restrictions on transferability and sale.
- (b) **State of Florida:** The securities offered hereby will be sold to, and acquired by, the holder in a transaction exempt under Section 517.061 of the Florida Securities Act. The securities have not been registered under the Florida Securities Act in the state of Florida. In addition, if sales are made to five or more persons in Florida, all Florida purchasers other than exempt institutions specified in Section 517.061(7) of the Florida Securities Act shall have the privilege of voiding the purchase within three (3) days after the first tender of consideration is made by such purchaser to the Issuer, an agent of the Issuer, or an escrow agent.
- (c) **State of Georgia:** The Notes have been issued or sold in reliance on paragraph (13) of Code Section 10-5-9 of the Georgia Securities Act of 1973, and will therefore not be sold or transferred except in a transaction which is exempt under such Act or pursuant to an effective registration under such Act.
- (d) **European Economic Area:** In relation to each Member State of the European Economic Area, the Initial Purchaser has represented and agreed that it has not made and will not make an offer of Notes to the public in any Member State except that it may, make an offer of the Notes to the public a 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 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 of the European Parliament and of the Council of 4 November 2003 (and amendments thereto, including those set out in Directive 2010/73/EU) and includes any relevant implementing measure in each Member State.

- (e) **Australia:** Neither this Prospectus nor any other prospectus or disclosure document (as defined in the Corporations Act 2001 (the "**Corporations Act**")) in relation to the Notes has been or will be lodged with the Australian Securities and Investments Commission. The Initial Purchaser has therefore represented and agreed that:
- (i) the Notes will not be offered or sold, directly or indirectly, in Australia, its territories or possessions, or to any resident of Australia, except by way of an offer or sale not required to be disclosed pursuant to Part 6D.2 or Part 7.9 of the Corporations Act; and
 - (ii) no recommendation to acquire, offer or invitation for issue or sale, offer or invitation to arrange the issue or sale, or issue or sale, has been or will be made to a 'retail client' (as defined in Section 761G of the Corporations Act and applicable regulations) in Australia. This document will only be provided to 'professional investors' as defined in the Corporations Act.
- (f) **Austria:** No prospectus or prospectus has been or will be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz – KMG*) (the "**KMG**") as amended. Neither this Prospectus nor any other document connected therewith constitutes a prospectus according to the KMG and neither this Prospectus nor any other document connected therewith may be distributed, passed on or disclosed to any other person in Austria, save as specifically agreed with the Initial Purchaser. No document pursuant to Directive 2003/71/EC has been or will be drawn up and approved in Austria and no document pursuant to Directive 2003/71/EC has been or will be passported into Austria as the Notes will be offered in Austria in reliance on an exemption from the document publication requirement under the KMG. The Initial Purchaser has represented and agreed that it will offer the Notes in Austria only in compliance with the provisions of the KMG, and Notes will therefore not be publicly offered or (re)sold in Austria without a document being published or an applicable exemption from such requirement being relied upon.
- (g) **Bahrain:** This Prospectus has not been approved by the Central Bank of Bahrain which takes no responsibility for its contents. The Initial Purchaser has represented and agreed that no offer to the public to purchase the Notes will be made in the Kingdom of Bahrain and this Prospectus is intended to be read by the addressee only and will not be passed to, issued to, or shown to the public generally.
- (h) **Belgium:** The offering of Notes has not been and will not be notified to the Belgian Financial Services and Markets Authority (*autoriteit voor financiële diensten en markten/autorité des services et marchés financiers*) nor has this Prospectus been, nor will it be, approved by the Belgian Financial Services and Markets Authority. The Notes may not be distributed in Belgium by way of an offer of the Notes to the public, as defined in Article 3, §1 of the Act of 16 June 2006 relating to public offers of investment instruments, as amended or replaced from time to

time and taking into account the provisions of Directive 2010/73/EU that are sufficiently clear, precise and unconditional to be capable of vertical direct effect, save in those circumstances (commonly called 'private placement') set out in Article 3 §2 of the Act of 16 June 2006 relating to public offers of investment instruments, as amended or replaced from time to time and taking into account the provisions of Directive 2010/73/EU that are sufficiently clear, precise and unconditional to be capable of vertical direct effect. This document will be distributed in Belgium only to such investors for their personal use and exclusively for the purposes of this offering of Notes. The Initial Purchaser has represented and agreed that it will not:

- (i) offer for sale, sell or market the Notes in Belgium otherwise than in conformity with the Act of 16 June 2006 taking into account the provisions of Directive 2010/73/EU that are sufficiently clear, precise and unconditional to be capable of vertical direct effect; and
 - (ii) offer for sale, sell or market the Notes to any person qualifying as a consumer within the meaning of Article I.1 of the Code of Economic Law, as modified, otherwise than in conformity with such code and its implementing regulations.
- (i) **Cayman Islands:** The Initial Purchaser has represented and agreed that it will not make any invitation to the public in the Cayman Islands to subscribe for the Notes.
 - (j) **Cyprus:** This document does not constitute an offer or solicitation to the public in Cyprus or to anyone in Cyprus other than a firm offering investment services, an insurance company or an undertaking for collective investment in transferable securities. This document does not constitute an offer or solicitation to any person to whom it is unlawful to make such an offer or solicitation.
 - (k) **Denmark:** The Initial Purchaser has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any of the Notes to the public in Denmark unless in accordance with Chapter 6 or Chapter 12 of the Danish Notes Trading Act (Consolidated Act No. 883 of 9 August 2011, as amended from time to time) and the Danish Executive Order No. 223 of 10 March 2010 or the Danish Executive Order No. 222 of 10 March 2010, as amended from time to time, issued pursuant thereto.

For the purposes of this provision, an offer of the Notes in Denmark means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

- (l) **France:** Neither this Prospectus nor any other offering material relating to the Notes has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* ("**AMF**") or to the competent authority of another member state of the European Economic Area and subsequently notified to the AMF.

The Initial Purchaser has represented and agreed that:

- (i) the Notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France;
- (ii) neither this Prospectus nor any other offering material relating to the Notes has been or will be:
 - (A) released, issued, distributed or caused to be released, issued or distributed to the public in France; or
 - (B) used in connection with any offer for subscription or sale of the Notes to the public in France; and
- (iii) such offers, sales and distributions will be made in France only:

- (A) to qualified investors (investisseurs qualifiés) and/or to a restricted circle of investors (cercle restreint d'investisseurs), in each case investing for their own account, all as defined in, and in accordance with, Articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code Monétaire et Financier ("**CMF**");
 - (B) to investment services providers authorised to engage in portfolio management on behalf of third parties; or
 - (C) in a transaction that, in accordance with Article L.411-2 of the CMF and Article 211-2 of the Règlement Général of the AMF, does not constitute a public offer.
- (m) **Germany:** The Notes will not be registered for public distribution in Germany. This Prospectus does not constitute a sales document pursuant to the German Capital Investment Act (*Vermögensanlagengesetz*). Accordingly, the Initial Purchaser has represented and agreed that no offer of the Notes will be made to the public in Germany. This Prospectus and any other document relating to the Notes, as well as information or statements contained therein, will not be supplied to the public in Germany or used in connection with any offer for subscription of the Notes to the public in Germany or any other means of public marketing.
- (n) **Hong Kong:** The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. The Initial Purchaser has therefore represented and agreed that:
 - (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a 'structured products' as defined in the Securities and Futures Ordinance (cap. 571) of Hong Kong) other than (a) to 'professional investors' as defined in the Securities and Futures Ordinance and any rules made under that ordinance ("**professional investors**"); or (b) in other circumstances which do not result in the document being a 'prospectus' as defined in the Companies Ordinance (cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance; and
 - (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the Securities Laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors.
- (o) **India:** This Prospectus has not been and will not be registered as a prospectus with the Registrar of Companies in India or with the Securities and Exchange Board of India. This Prospectus or any other material relating to these Notes is for information purposes only and may not be circulated or distributed, directly or indirectly, to the public or any members of the public in India and in any event to not more than 50 persons in India. Further, persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions. Each prospective investor is advised to consult its advisors about the particular consequences to it of an investment in these Notes. Each prospective investor is also advised that any investment in these Notes by it is subject to the regulations prescribed by the Reserve Bank of India and the Foreign Exchange Management Act and any regulations framed thereunder.
- (p) **Ireland:** The Initial Purchaser 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, the "**MiFID Regulations**"), including, without limitation, Regulations 7 (*Authorisation*) and 152 (*Restrictions on advertising*) thereof, any codes of conduct made under the MiFID Regulations, 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 1942-2014 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended); 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) (as replaced with effect from 3 July 2016 by the Market Abuse Regulation (EU 596/2014)) and any rules issued by the Central Bank under Section 1370 of the Companies Act 2014.
- (q) **Israel:** This Prospectus has not been approved by the Israeli Securities Authority and will only be distributed to Israeli residents in a manner that will not constitute 'an offer to the public' under sections 15 and 15a of the Israel Securities Law, 5728-1968 (the "**Securities Law**").

The Initial Purchaser has represented and agreed that the Notes will be offered to a limited number of investors (35 investors or fewer during any given 12 month period) and/or those categories of investors listed in the First Addendum (the "**Addendum**") to the Securities Law, ("**Sophisticated Investors**") namely joint investment funds or mutual trust funds, provident funds, insurance companies, banking corporations (purchasing the Notes for themselves or for clients who are Sophisticated Investors), portfolio managers (purchasing the Notes for themselves or for clients who are Sophisticated Investors), investment advisors or investment marketers (purchasing the Notes for themselves), members of the Tel-Aviv Stock Exchange (purchasing the Notes for themselves or for clients who are Sophisticated Investors), underwriters (purchasing the Notes for themselves), venture capital funds engaging mainly in the capital market, an entity which is wholly-owned by Sophisticated Investors, corporations, other than formed for the specific purpose of an acquisition pursuant to an offer, with a shareholder's equity in excess of NIS 50 million, and individuals in respect of whom the terms of item 9 in the Schedule to the Investment Advice Law hold true, investing for their own account, each as defined in the said Addendum, as amended from time to time, and who in each case have provided written confirmation that they qualify as Sophisticated Investors, and that they are aware of the consequences of such designation and agree thereto; in all cases under circumstances that will fall within the private placement or other exemptions of the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israeli Securities Authority.

- (r) **Italy:** The sale of the Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) and the Bank of Italy pursuant to Italian Securities Legislation and, accordingly, the Initial Purchaser has represented and agreed that no Notes will be offered, sold or delivered, nor will copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:
- (i) to qualified investors (investitori qualificati) as defined under Article 34, paragraph 1, letter b), of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation 11971/1999**"); or

- (ii) in circumstances which are exempted from the rules on offers of notes to be made to the public pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 ("**Financial Services Act**") and Article 34, first paragraph, of Regulation 11971/1999.

The Initial Purchaser has acknowledged that any offer, sale or delivery of the Notes in the Republic of Italy or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (i) and (ii) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree no. 385 of 1 September 1993, as amended; and
- (ii) in compliance with any other applicable laws and regulations.

Investors should also note that in accordance with Article 100-BIS of the Financial Services Act, where no exemption under (ii) above applies, any subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the rules on offers of notes to be made to the public provided under the Financial Services Act and the regulation 11971/1999. Failure to comply with such rules may result, inter alia, in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the Notes for any damages suffered by the investors.

- (s) **Japan:** The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and the Initial Purchaser has represented and agreed that none of the Notes nor any interest therein will be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.
- (t) **Jersey:** The Notes may not be offered to, sold to or purchased or held by persons (other than financial institutions) resident for income tax purposes in Jersey.

The Notes may only be issued or allotted exclusively to:

- (i) a person whose ordinary activities involve him in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of his business or who it is reasonable to expect will acquire, hold, arrange or dispose of investments (as principal or agent) for the purposes of his business; or
- (ii) a person who has received and acknowledged a warning to the effect that (a) the securities are only suitable for acquisition by a person who (i) has a significantly substantial asset base such as would enable him to sustain any loss that might be incurred as a result of acquiring the securities; and (ii) is sufficiently financially sophisticated to be reasonably expected to know the risks involved in acquiring the securities and (b) neither the issue of the securities nor the activities of any functionary with regard to the issue of the Notes are subject to all the provisions of the Financial Services (Jersey) Law 1998.

Each person who acquires securities will be deemed, by such acquisition, to have represented that he or it is one of the foregoing persons.

- (u) **The Grand Duchy of Luxembourg:**

The Notes may not be offered to the public in Luxembourg, except that they may be offered in Luxembourg in the following circumstances:

- (i) in the period beginning on the date of publication of a prospectus in relation to those Notes which have been approved by the Commission de surveillance du secteur financier (the "CSSF") in Luxembourg or, where appropriate, approved in another relevant European Union Member State and notified to the CSSF, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (ii) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (iii) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (iv) at any time in any other circumstances which do not require the publication by the Issuers of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Securities to the public**" in relation to any Notes in Luxembourg 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 the Notes, as defined in the Law of 10 July 2005 on prospectuses for securities and implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the "**Prospectus Directive**"), or any variation thereof or amendment thereto.

- (v) **Netherlands:** The Notes may only be offered, sold or delivered in The Netherlands to qualified investors (as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), as amended from time to time) that do not qualify as "public" (within the meaning of the article 4(1) Capital Requirements Regulation (Regulation (EU) 575/2013) and the rules promulgated thereunder, as amended or any subsequent legislation replacing that regulation).
- (w) **New Zealand:** This offer of Notes does not constitute an 'offer of securities to the public' for the purposes of the Securities Act 1978 and, accordingly, there is neither a registered prospectus nor an investment statement available in respect of the offer. The Initial Purchaser has therefore represented and agreed that the Notes will only be offered to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money in accordance with the Securities Act 1978 and the Securities Regulations 2009.
- (x) **Portugal:** The Initial Purchaser has represented and agreed with the Issuer that: (i) it has not advertised, offered or sold and will not, directly or indirectly, advertise, offer or sell the Notes in circumstances which could qualify as a public offer of Notes pursuant to the Portuguese Securities Code (*Código dos Valores Mobiliários*, the "**CVM**") which would require the publication by the Issuer of a prospectus under the Prospectus Directive or in circumstances which would qualify as an issue or public placement of Notes in the Portuguese market; (ii) it has not distributed or caused to be distributed to the public in the Republic of Portugal this Prospectus or any other offering material relating to the Notes; (iii) all applicable provisions of the CVM, any applicable *Comissão do Mercado de Valores Mobiliários* (Portuguese Securities Market Commission, the "**CMVM**") Regulations and all applicable provisions of the Directive

2003/71/EC of the European Parliament and of the Council of 4 November 2003/Prospectus Directive have been complied with regarding the Notes, in any matters involving the Republic of Portugal.

- (y) **Norway:** The Initial Purchaser has represented and agreed that it has not made and will not make an offer of Notes to the public in Norway except that it may, make an offer of the Notes to the public in Norway at any time:
- (i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in notes;
 - (ii) to professional investors as defined in Section 1 of Annex II to Directive 2004/29/EC (as implemented in Norway); or
 - (iii) in any other circumstances which do not require the publication by the Issuer or any other entity of a document pursuant to Article 3 of the Prospectus Directive.

For the purposes of the provision above, the expression an 'offer of notes to the public' in relation to any Notes in Norway means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in Norway by any measure implementing the Prospectus Directive in Norway and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended) and includes any relevant implementing measure in Norway.

- (z) **Qatar:** The Initial Purchaser has represented and agreed that the Notes will only be offered to a limited number of investors who are willing and able to conduct an independent investigation of the risks involved in an investment in such Notes.
- (aa) **Saudi Arabia:** This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Saudi Arabian Capital Market Authority.
- (bb) **Singapore:** This Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Initial Purchaser has represented and agreed that the Notes will not be offered or sold or made the subject of an invitation for subscription or purchase, nor will this Prospectus or any other offering document or material in connection with the offer or sale, or invitation for subscription or purchase of such Notes be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1a) of the SFA, and in each case in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where notes are subscribed or purchased under Section 275 by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

'securities' (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA or to any person where the transfer arises from an offer referred to in Section 275(1a) or Section 276(4)(i)(b) of the SFA;
 - (ii) where no consideration is or will be given for the transfer;
 - (iii) where the transfer is by operation of law; or
 - (iv) as specified in Section 276(7) of the SFA.
- (cc) **South Korea:** The Notes have not been registered with the Financial Services Commission of Korea for a public offering in Korea. The Initial Purchaser has therefore represented and agreed that the Notes have not been and will not be offered, sold or delivered directly or indirectly, or offered, sold or delivered to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea, except as otherwise permitted under applicable Korean Laws and regulations, including the Financial Investment Services and Capital Markets Act and the Foreign Exchange Transaction Law and the decrees and regulations thereunder.
- (dd) **Spain:** Neither the Notes nor this Prospectus have been approved or registered with the Spanish Notes Markets Commission (*Comisión Nacional del Mercado de Valores*). Accordingly, the Initial Purchaser has represented and agreed that the Notes will not be offered or sold in Spain except in circumstances which do not constitute a public offering of notes within the meaning of Article 30-BIS of the Spanish Notes Market Law of 28 July 1988 (LEY 24/1988, *de 28 de julio, del Mercado de Valores*), as amended and restated, and supplemental rules enacted thereunder.
- (ee) **Switzerland:** The Initial Purchaser has acknowledged that this Prospectus is being distributed in or from Switzerland to a small number of selected investors only and that the Notes are not being offered to the public in or from Switzerland, and neither this Prospectus, nor any other offering materials relating to the Notes may be distributed in Switzerland in connection with any such public offering.
- (ff) **Taiwan:** The Notes may be made available outside Taiwan for purchase by investors residing in Taiwan (either directly or through properly licensed Taiwan intermediaries acting on behalf of such investors) but may not be offered or sold in Taiwan.
- (gg) **Turkey:** The offered Notes have not been and will not be registered with the Turkish Capital Market Board (the "CMB") under the provisions of the Capital Market Law (Law No. 2499). Accordingly neither this Prospectus nor any other offering material related to the offering may be utilised in connection with any offering to the public within the Republic of Turkey without the prior approval of the CMB. However, according to Article 15(d)(ii) of the Decree No. 32 there is no restriction on the purchase or sale of the offered Notes by residents of the Republic of Turkey, provided that: they purchase or sell such offered Notes in the financial markets outside of the Republic of Turkey; and such sale and purchase is made through banks and/or licensed brokerage institutions in the Republic of Turkey.

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 Prospectus, will be deemed to have represented and agreed that such person acknowledges that this Prospectus is personal to it and does not constitute an offer to any 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 Prospectus, or disclosure of any of its contents to any person other than such offeree and those persons, if any, retained to advise it with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

Each purchaser of Notes represented by a Rule 144A Global Certificate will be deemed to have represented and agreed, and each purchaser of a Notes represented by a Rule 144A Definitive Certificate 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 respect of Rule 144A Notes representing Notes of each Class 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 section entitled "*Notice to Investors*" to any subsequent transferees.
- (2) The purchaser understands that such Rule 144A Notes have not been and will not be registered under the Securities Act, and may be reoffered, resold or pledged or otherwise transferred only (a)(i) to a person whom the purchaser reasonably believes is a QIB purchasing for its own account or for the account of a QIB as to which the purchaser exercises sole investment discretion in a transaction meeting the requirements of Rule 144A or (ii) to a non-U.S. person in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S and (b) in accordance with all applicable securities laws including the securities laws of any state of the United States. The purchaser understands that the Issuer has not been registered under the Investment Company Act. The purchaser understands that before any interest in a Rule 144A Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Notes, the Registrar is required to receive a written certification from the purchaser (in the form provided in the Trust Deed) as to compliance with the transfer restrictions described herein. The purchaser understands and agrees that any purported transfer of the Rule 144A Notes to a purchaser that does not comply with the requirements of this paragraph (2) shall be null and void *ab initio*.
- (3) The purchaser is not purchasing such Rule 144A Notes with a view toward the resale, distribution or other disposition thereof in violation of the Securities Act. The purchaser understands that an investment in the Rule 144A Notes involves certain risks, including the risk of loss of its entire investment in the Rule 144A Notes under certain circumstances. The purchaser has had access to such financial and other information concerning the Issuer and the Notes as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Rule 144A Notes, including an opportunity to ask questions of, and request information from, the Issuer.
- (4) In connection with the purchase of the Rule 144A Notes: (a) none of the Issuer, the Initial Purchaser, the Trustee, the Investment Manager or the Collateral Administrator is acting as a

fiduciary (other than the Trustee) or financial or investment manager for the purchaser; (b) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer, the Initial Purchaser, the Trustee, the Investment Manager or the Collateral Administrator other than in this Prospectus for such Notes and any representations expressly set forth in a written agreement with such party; (c) none of the Issuer, the Initial Purchaser, the Trustee, the Investment 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 judgement and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer, the Initial Purchaser, the Trustee, the Investment 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 respect of Rule 144A Notes representing Notes of each Class in a principal amount of not less than €250,000. The purchaser and each such account is acquiring the Rule 144A Notes as principal for its own account for investment and not for sale in connection with any distribution thereof. The purchaser and each such account: (a) was not formed for the specific purpose of investing in the Rule 144A Notes (except when each beneficial owner of the purchaser and each such account is a QP); (b) to the extent the purchaser is a private investment company formed before April 30, 1996, the purchaser has received the necessary consent from its beneficial owners; (c) is not a pension, profit sharing or other retirement trust fund or plan in which the partners, beneficiaries or participants, as applicable, may designate the particular investments to be made; and (d) is not a broker dealer that owns and invests on a discretionary basis less than U.S.\$25,000,000 in securities of unaffiliated issuers. Further, the purchaser agrees with respect to itself and each such account: (x) that it shall not hold such Rule 144A Notes for the benefit of any other person and shall be the sole beneficial owner thereof for all purposes; (y) that it shall not sell participation interests in the Rule 144A Notes or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the Rule 144A Notes; and (z) that the Rule 144A Notes purchased directly or indirectly by it constitute an investment of no more than 40 per cent. of the purchaser's and each such account's assets (except when each beneficial owner of the purchaser and each such account is a QP). The purchaser understands and agrees that any purported transfer of the Rule 144A Notes to a purchaser that does not comply with the requirements of this paragraph (5) will be of no force and effect, will be void *ab initio* and the Issuer will have the right to direct the purchaser to transfer its Rule 144A Notes to a Person who meets the foregoing criteria.

(6)

- (a) With respect to the purchase, holding and disposition of any Class A Note, Class B Note, Class C Note or Class D Note or any interest in such Note (i) either (A) it is not and is not acting on behalf of (and for so long as it holds any such Note or interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor or a governmental, church, non-U.S. or other plan which is subject to any Other Plan Law, and no part of the assets to be used by it to acquire

or hold such Notes or any interest therein constitutes the assets of any Benefit Plan Investor or such governmental, church, non-U.S. or other plan, or (B) its acquisition, holding or disposition of such Notes (or interests therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or, in the case of a governmental, church, non-U.S. or other plan, a non-exempt violation of any Other Plan Law, and (ii) it will not sell or transfer such Notes (or interests therein) to an acquiror acquiring such Notes (or interests therein) unless the acquiror makes the foregoing representations, warranties and agreements described in clause (i) hereof. Any purported transfer of the Notes in violation of the requirements set forth in this paragraph shall be null and void *ab initio* and the acquiror understands that the Issuer will have the right to cause the sale of such Notes to another acquiror that complies with the requirements of this paragraph in accordance with the terms of the Trust Deed.

(b)

- (i) With respect to any Class E Note, Class F Note or Subordinated Note 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 Note or interest therein, will not be and will not be acting on behalf of), a Benefit Plan Investor or Controlling Person unless it receives the written consent of the Issuer, provides an ERISA certificate in or substantially in the form set out at Annex A (*Form of ERISA Certificate*) hereto to a Transfer Agent and the Issuer as to its status as a Benefit Plan Investor or Controlling Person and exchanges and holds such Note in the form of a Definitive Certificate, (ii) if it is a governmental, church, non-U.S. or other plan, (A) it is not, and for so long as it holds such Notes or interest therein will not be, subject to any Similar Law and (B) its acquisition, holding and disposition of such Notes or interests therein will not constitute or result in a non-exempt violation of any Other Plan Law and (iii) it agrees to certain transfer restrictions regarding its interest in such Class E Note, Class F Note or Subordinated Note.
- (ii) With respect to acquiring or holding a Class E Note, Class F Note or Subordinated Note in the form of a Definitive Certificate (i) (A) whether or not, for so long as it holds such Class E Note, Class F Note or Subordinated Note or interest therein, it is, or is acting on behalf of, a Benefit Plan Investor, (B) whether or not, for so long as it holds such Class E Note, Class F Note or Subordinated Note or interest therein, it is a Controlling Person and (C) that (1) if it is, or is acting on behalf of, a Benefit Plan Investor, its acquisition, holding and disposition of such Class E Note, Class F Note 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 Class E Note, Class F Note or Subordinated Note or interest therein 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) that it will provide a completed ERISA certificate in or substantially in the form set out at Annex A (*Form of ERISA Certificate*) hereto to the Issuer and a Transfer Agent. Any purported transfer of the Class E Notes, the Class F Notes or Subordinated Notes in violation of the requirements set forth in this paragraph shall be null and void *ab initio* and the acquiror understands that the Issuer will have the right to cause the sale of such Class E Notes, Class F Notes or Subordinated Notes to another acquiror that complies with the requirements of this paragraph in accordance with the terms of the Trust Deed.

- (7) The purchaser understands that pursuant to the terms of the Trust Deed, the Issuer has agreed that the Rule 144A Global Certificates or Rule 144A Definitive Certificates, as applicable, offered in reliance on Rule 144A will bear the legend set forth below, and will be represented by one or more Rule 144A Global Certificates or Rule 144A Definitive Certificates, as applicable. The Rule 144A Notes may not at any time be held by or on behalf of, within the United States, persons, or outside the United States, U.S. persons that are not QIB/QPs. Before any interest in a Rule 144A 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 Global Certificate, 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 OF THE SECURITIES ACT AND, IN THE CASE OF CLAUSE (1), IN A PRINCIPAL AMOUNT OF NOT LESS THAN €250,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, AND IN EACH CASE, TO A PURCHASER THAT (V) IS A QUALIFIED PURCHASER FOR THE PURPOSE OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE APRIL 30, 1996, (Y) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS AND (Z) IS NOT A PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION OR IN THE CASE OF CLAUSE (2), €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, ANY 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 ANY INTEREST HEREIN, IT 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 NOTES OR ANY INTEREST THEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, OR (B) ITS ACQUISITION, HOLDING OR DISPOSITION OF SUCH NOTES (OR INTERESTS THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, A NON-EXEMPT VIOLATION OF ANY OTHER PLAN LAW, AND (II) IT WILL NOT SELL OR TRANSFER SUCH NOTES (OR INTERESTS THEREIN) TO AN ACQUIROR ACQUIRING SUCH NOTES (OR INTERESTS THEREIN) UNLESS THE ACQUIROR 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 A RULE 144A GLOBAL CERTIFICATE ONLY] [EACH PURCHASER OR TRANSFEREE OF THIS NOTE WILL BE 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 ANY INTEREST HEREIN, IT 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 A TRANSFER AGENT AS TO ITS STATUS AS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND EXCHANGES AND HOLDS SUCH NOTE IN THE FORM OF A

DEFINITIVE CERTIFICATE AND (2) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (A) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY NOTE (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER AND THE INVESTMENT 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 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**") ("**SIMILAR LAW**"), AND (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY 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, A CLASS F NOTE OR A SUBORDINATED NOTE OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER AND THE TRANSFER AGENTS WILL NOT RECOGNISE ANY SUCH TRANSFER, IF IT WOULD CAUSE 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) TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING CLASS E NOTES, CLASS F NOTES AND 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, A CLASS F NOTE OR A 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 OR 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, CLASS F NOTES AND SUBORDINATED NOTES IN THE FORM OF A RULE 144A DEFINITIVE CERTIFICATE ONLY]
[EACH PURCHASER OR TRANSFEREE OF THIS NOTE WILL BE REQUIRED TO REPRESENT, WARRANT AND AGREE IN WRITING TO THE ISSUER AND THE TRANSFER AGENTS (A) WHETHER OR NOT, FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN, IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, (B) WHETHER OR NOT, FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN, IT IS A CONTROLLING PERSON AND (C) THAT (1) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") AND (2) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (a) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY NOTE (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER AND THE INVESTMENT 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 NOTE (OR INTEREST HEREIN) 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 OR SUBORDINATED NOTES WILL BE REQUIRED TO COMPLETE AN ERISA CERTIFICATE IDENTIFYING ITS STATUS AS A BENEFIT PLAN INVESTOR OR A CONTROLLING PERSON. "**BENEFIT PLAN INVESTOR**" MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'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, A CLASS F NOTE OR A SUBORDINATED NOTE OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER AND THE TRANSFER AGENTS WILL NOT RECOGNISE ANY SUCH TRANSFER, IF IT WOULD CAUSE 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) TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING CLASS E NOTES, CLASS F NOTES AND 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 OR 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, THE CLASS F NOTE OR THE SUBORDINATED NOTE, AS APPLICABLE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.]

THE FAILURE TO PROVIDE THE ISSUER, THE TRUSTEE AND ANY PAYING AGENT WITH THE APPLICABLE U.S. FEDERAL INCOME TAX CERTIFICATIONS (GENERALLY, A U.S. INTERNAL REVENUE SERVICE FORM W-9 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(a)(30) OF THE CODE OR AN APPLICABLE U.S. INTERNAL REVENUE SERVICE FORM W-8 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS NOT A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(a)(30) OF THE CODE) MAY RESULT IN U.S. FEDERAL BACK UP WITHHOLDING FROM PAYMENTS TO THE HOLDER IN RESPECT OF THIS NOTE.

[LEGEND TO BE INCLUDED IN RELATION TO THE RATED NOTES ONLY] [EACH HOLDER AND EACH BENEFICIAL OWNER OF A RATED NOTE, BY ACCEPTANCE OF SUCH RATED NOTE, OR ITS INTEREST IN A RATED NOTE, AS THE CASE MAY BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, SUCH RATED NOTE AS DEBT FOR U.S. FEDERAL, STATE AND LOCAL INCOME AND FRANCHISE TAX PURPOSES PROVIDED THAT HOLDERS MAY FILE PROTECTIVE "QUALIFIED ELECTING FUND" ELECTIONS WITH REGARD TO THE CLASS E NOTES AND THE CLASS F NOTES.]

[LEGEND TO BE INCLUDED IN RELATION TO THE SUBORDINATED NOTES ONLY] [EACH HOLDER AND EACH BENEFICIAL OWNER OF A SUBORDINATED NOTE REPRESENTED BY THIS CERTIFICATE, BY ACCEPTANCE OF SUCH NOTE, OR ITS INTEREST IN SUCH NOTE, AS THE CASE MAY BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, SUCH NOTE AS EQUITY FOR U.S. FEDERAL, STATE AND LOCAL INCOME AND FRANCHISE TAX PURPOSES.]

[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS C NOTES, CLASS D NOTES, CLASS E NOTES AND CLASS F NOTES ONLY] [THE CLASS C NOTES, CLASS D NOTES, CLASS E NOTES AND CLASS F NOTES HAVE BEEN 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 3RD FLOOR, KILMORE HOUSE, PARK LANE, DUBLIN 1, IRELAND.]

- (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) Without limiting the foregoing, by holding a Note, the purchaser, transferee or beneficial owner will be deemed to acknowledge and agree that, among other things, the Issuer is not registered as an investment company under the Investment Company Act, and that the Issuer is exempt and excluded from registration as such by virtue of Section 3(c)(7) of the Investment Company Act and Rule 3a-7 of the Investment Company Act; *provided* that, on any date, the Issuer (or the Investment Manager on its behalf) may elect not to rely on Rule 3a-7 for its exclusion from registration under the Investment Company Act.
- (11) Each holder and beneficial owner of a Rule 144A Note, by acceptance of its Rule 144A Note or its interest in a Note, shall be deemed to understand and acknowledge that failure to provide the Issuer, the Trustee or any Paying Agent with the applicable U.S. federal income tax certifications (generally, a U.S. Internal Revenue Service Form W-9 (or successor applicable form) in the case of a person that is a "United States person" within the meaning of Section 7701(a)(30) of the Code or an appropriate U.S. Internal Revenue Service Form W-8 (or successor applicable form) in the case of a person that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code) may result in U.S. federal back up withholding from payments in respect of such Note.
- (12) If the purchaser (1) owns more than 50 per cent. of the Subordinated Notes by value or (2) 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 represents that it will (A) confirm that any member of such expanded affiliated group (assuming that the Issuer and any Blocker Subsidiary is a "registered deemed-compliant FFI" within the meaning of Treasury regulations section 1.1471-1(b)(111) (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)(1) (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)(1) (or any successor provision), in each case except to the extent that the Issuer or its agents have provided such purchaser with an express waiver of this requirement.
- (13) With respect to the Subordinated Notes, if the purchaser is not a United States person (as defined in Section 7701(a)(30) of the Code), such purchaser is not purchasing the Notes in order to reduce its U.S. federal income tax liability pursuant to a tax avoidance plan within the meaning of U.S. Treasury Regulation Section 1.881-3.

- (14) With respect to the Subordinated Notes, if the purchaser is not a United States person (as defined in Section 7701(a)(30) of the Code), such purchaser either (x) is not a bank extending credit pursuant to a loan agreement in the ordinary course of its lending business (within the meaning of Section 881(c)(3)(A) of the Code), (y) is a person that is eligible for benefits under an income tax treaty with the United States that eliminates U.S. federal income taxation of U.S. source interest not attributable to a permanent establishment in the United States, or (z) has provided an Internal Revenue Service Form W-8ECI representing that all payments received or to be received by it from the Issuer are effectively connected with the conduct of a trade or business in the United States.
- (15) The purchaser agrees not to treat any amounts received in respect of such Note as derived in connection with the Issuer's active conduct of a banking, financing, insurance or other similar business for purposes of Section 954(h)(2) of the Code.
- (16) The purchaser agrees to provide (or cause to be provided) to the Issuer and Trustee and update (or cause to be updated) Holder FATCA Information. It understands and acknowledges that the Issuer, Trustee or an agent may provide such information and any other information concerning its investment in the Notes to the IRS and any other applicable non-U.S. taxing authority.
- (17) The purchaser understands and acknowledges that the Issuer has the right, under the Trust Deed, (1) to compel any beneficial owner of an interest in the Notes that fails to comply with the requirements of clause (16) above (or if the Issuer otherwise determines that such person's direct or indirect acquisition, holding, or transfer of an interest of such Notes would cause the Issuer to be unable to achieve FATCA Compliance), to sell its interest in such Notes, or may sell such interest on behalf of such owner and (2) to make any amendments to the Trust Deed to enable the Issuer to achieve FATCA Compliance. For these purposes, the Issuer may sell a beneficial owner's interest in a Note in its entirety, notwithstanding that the sale of a portion of such an interest would permit the Issuer to comply with applicable law described in clause (16) above. The purchaser acknowledges that any such transfer of Notes may be for less than the fair market value of such Notes.
- (18) The purchaser understands and acknowledges that the Issuer has the right, under the Conditions, to withhold up to 30 per cent. on all payments made to any beneficial owner of an interest in the Notes that fails to comply with the requirements of clause (16) above or otherwise cannot receive payments free of FATCA withholding.
- (19) The purchaser of a Rated Note, by acceptance of such Rated Note, agrees to treat such Rated Note as debt for U.S. federal, state and local income and franchise tax purposes unless otherwise required by any relevant taxing authority, provided that this shall not limit a holder of Class E Notes or Class F Notes from making a protective qualified electing fund election. The purchaser of a Subordinated Note, by its acceptance of such Note, agrees to treat such Subordinated Note as equity in the Issuer for U.S. federal, state and local income and franchise tax purposes unless otherwise required by any relevant taxing authority.
- (20) The purchaser understands and acknowledges that no purchase or transfer of a Subordinated Note in the form of a Definitive Certificate will be recorded or otherwise recognised unless the purchaser or transferee has provided the Issuer and a Transfer Agent with a certificate substantially in the form of that set out in Annex A (*Form of ERISA Certificate*) hereto.
- (21) 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.

- (22) The purchaser acknowledges that the Issuer, the Initial Purchaser, the Trustee, the Investment Manager, the Collateral Administrator and their Affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Regulation S Notes

Each purchaser of Regulation S Notes will be deemed to have made the representations set forth in clauses (3), (4), (6), (8) and (10) through (22) (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, is not a U.S. person and is acquiring Regulation S Notes in an offshore transaction (as defined in Regulation S) in reliance on the exemption from registration provided by Regulation S.
- (2) The purchaser understands that the Notes have not been and will not be registered under the Securities Act and that the Issuer has not registered and will not register under the Investment Company Act. It agrees, for the benefit of the Issuer, the Initial Purchaser and any of their Affiliates, that, if it decides to resell, pledge or otherwise transfer such Notes (or any beneficial interest or participation therein) purchased by it, any offer, sale or transfer of such Notes (or any beneficial interest or participation therein) will be made in compliance with the Securities Act and only (i) to a person (A) it reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a nominal amount in respect of Rule 144A Notes representing Notes of each Class 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 OF THE SECURITIES ACT AND, IN THE CASE OF CLAUSE (1), IN A PRINCIPAL AMOUNT OF NOT LESS THAN €250,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, AND IN EACH CASE, TO A PURCHASER THAT (V) IS A QUALIFIED PURCHASER FOR THE PURPOSE OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, (W) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHEN EACH BENEFICIAL OWNER OF THE PURCHASER IS A QUALIFIED PURCHASER), (X) HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL OWNERS WHEN THE PURCHASER IS A PRIVATE INVESTMENT COMPANY FORMED BEFORE APRIL 30, 1996, (Y) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS AND (Z) IS NOT A

PENSION, PROFIT SHARING OR OTHER RETIREMENT TRUST FUND OR PLAN IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, AND IN A TRANSACTION THAT MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION OR IN THE CASE OF CLAUSE (2), €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, ANY 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 ANY INTEREST HEREIN, IT 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 NOTES OR ANY INTEREST THEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, OR (B) ITS ACQUISITION, HOLDING OR DISPOSITION OF SUCH NOTES (OR INTERESTS THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, A NON-EXEMPT VIOLATION OF ANY OTHER PLAN LAW, AND (II) IT WILL NOT SELL OR TRANSFER SUCH NOTES (OR

INTERESTS THEREIN) TO AN ACQUIROR ACQUIRING SUCH NOTES (OR INTERESTS THEREIN) UNLESS THE ACQUIROR 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, CLASS F NOTES AND SUBORDINATED NOTES IN THE FORM OF A REGULATION S GLOBAL CERTIFICATE ONLY*]
[EACH PURCHASER OR TRANSFEREE OF THIS NOTE WILL BE 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 SUCH 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 A TRANSFER AGENT AS TO ITS STATUS AS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON AND EXCHANGES AND HOLDS SUCH NOTE IN THE FORM OF A DEFINITIVE CERTIFICATE AND (2) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (A) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY NOTE (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER AND THE INVESTMENT 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 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**") ("**SIMILAR LAW**"), AND (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY 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, A CLASS F NOTE OR A SUBORDINATED NOTE OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER AND THE TRANSFER AGENTS WILL NOT RECOGNISE ANY SUCH TRANSFER, IF IT WOULD CAUSE 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) TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING CLASS E NOTES, CLASS F NOTES AND 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 OR 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 OR 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, CLASS F NOTES AND SUBORDINATED NOTES IN THE FORM OF A REGULATION S DEFINITIVE CERTIFICATE ONLY] [EACH PURCHASER OR TRANSFEREE OF THIS NOTE WILL BE REQUIRED TO REPRESENT, WARRANT AND AGREE IN WRITING TO THE ISSUER AND A 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 (OR INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") AND (2) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (a) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY NOTE (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER AND THE INVESTMENT 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 NOTE (OR INTEREST HEREIN) 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 AND SUBORDINATED NOTES WILL BE REQUIRED TO

COMPLETE AN ERISA CERTIFICATE IDENTIFYING ITS STATUS AS A BENEFIT PLAN INVESTOR OR A CONTROLLING PERSON. **"BENEFIT PLAN INVESTOR"** MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'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, A CLASS F NOTE OR A SUBORDINATED NOTE OR ANY INTEREST THEREIN WILL BE PERMITTED, AND THE ISSUER AND THE TRANSFER AGENTS WILL NOT RECOGNISE ANY SUCH TRANSFER, IF IT WOULD CAUSE 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) TO BE HELD BY BENEFIT PLAN INVESTORS, DISREGARDING CLASS E NOTES, CLASS F NOTES AND 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 OR 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 OR SUBORDINATED NOTE, AS APPLICABLE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.]

THE FAILURE TO PROVIDE THE ISSUER, THE TRUSTEE AND ANY PAYING AGENT WITH THE APPLICABLE U.S. FEDERAL INCOME TAX CERTIFICATIONS (GENERALLY, A U.S. INTERNAL REVENUE SERVICE FORM W-9 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS A **"UNITED STATES PERSON"** WITHIN THE MEANING OF SECTION 7701(a)(30) OF THE CODE OR AN APPLICABLE U.S. INTERNAL REVENUE SERVICE FORM W-8 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS NOT A **"UNITED STATES PERSON"** WITHIN THE MEANING OF SECTION 7701(a)(30) OF THE CODE) MAY RESULT IN U.S. FEDERAL BACK UP WITHHOLDING FROM PAYMENTS TO THE HOLDER IN RESPECT OF THIS NOTE.

[LEGEND TO BE INCLUDED IN RELATION TO THE RATED NOTES ONLY] [EACH HOLDER AND EACH BENEFICIAL OWNER OF A RATED NOTE, BY ACCEPTANCE OF SUCH RATED NOTE, OR ITS INTEREST IN A RATED NOTE, AS THE CASE MAY BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, SUCH RATED NOTE AS DEBT FOR U.S. FEDERAL, STATE AND LOCAL INCOME AND FRANCHISE TAX PURPOSES [PROVIDED THAT HOLDERS MAY FILE PROTECTIVE "QUALIFIED ELECTING FUND" ELECTIONS WITH REGARD TO THE CLASS E NOTES AND THE CLASS F NOTES].]

[LEGEND TO BE INCLUDED IN RELATION TO THE SUBORDINATED NOTES ONLY] [EACH HOLDER AND EACH BENEFICIAL OWNER OF A SUBORDINATED NOTE REPRESENTED BY THIS CERTIFICATE, BY ACCEPTANCE OF SUCH NOTE, OR ITS INTEREST IN SUCH NOTE, AS THE CASE MAY BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, SUCH NOTE AS EQUITY FOR U.S. FEDERAL, STATE AND LOCAL INCOME AND FRANCHISE TAX PURPOSES.]

[LEGEND TO BE INCLUDED IN RELATION TO THE CLASS C NOTES, CLASS D NOTES, CLASS E NOTES AND CLASS F NOTES ONLY] [THE CLASS C NOTES, CLASS D NOTES, CLASS E NOTES AND CLASS F NOTES HAVE BEEN 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 3RD FLOOR, KILMORE HOUSE, PARK LANE, DUBLIN 1, IRELAND.]

- (4) The purchaser is aware that the sale of Regulation S Notes to it is being made in reliance on the exemption from registration provided by Regulation S.
- (5) The purchaser understands that the Regulation S Notes may not, at any time, be held by, or on behalf of, U.S. persons.
- (6) The purchaser will provide notice to each person to whom it proposes to transfer any interest in the Regulation S Notes of the transfer restrictions and representations set forth herein.

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 described herein, 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:

ISINs

	Regulation S Notes		Rule 144 A Notes	
	ISIN	Common Code	ISIN	Common Code
Class A Notes	XS1427876104	142787610	XS1427880981	142788098
Class B Notes	XS1427876443	142787644	XS1427881369	142788136
Class C Notes	XS1427877847	142787784	XS1427881443	142788144
Class D Notes	XS1427880122	142788012	XS1427881955	142788195
Class E Notes	XS1427880395	142788039	XS1427882094	142788209
Class F Notes	XS1427880478	142788047	XS1427882177	142788217
Subordinated Notes	XS1427880635	142788063	XS1427882250	142788225

Listing

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on its regulated market. It is anticipated that listing will take place on or around the Issue Date. There can be no assurance that any such approval will be granted or, if granted that such listing will be maintained. It is expected that the total expenses related to admission to trading will be approximately €11,000.

Consents and Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in Ireland (if any) in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolutions of the board of Directors of the Issuer passed on 23 June 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 23 July 2015 and there has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 23 July 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.

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 Arrangements 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 2016. 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 Event of Default or Potential Event of Default (as defined in the Trust Deed) or other matter which is required to be brought to the Trustee's attention has occurred.

Documents Available

Copies of the following documents may be inspected in electronic format (and, in the case of each of (e) and (g) below, will be available for collection free of charge) at the registered offices of Issuer during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the term of the Notes:

- (a) the Constitution;
- (b) the Trust Deed (which includes the form of each Note of each Class);
- (c) the Agency Agreement;
- (d) the Investment Management Agreement;
- (e) each Monthly Report;
- (f) the Risk Retention Letter;
- (g) each Payment Date Report; and
- (h) the Share Charge.

Enforceability of Judgments

The Issuer is a 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.

INDEX OF DEFINED TERMS

\$	iv	AIFMD Retention Requirements	107
€	iii, 127	AIFMs	28
25 per cent. Limitation	348	AMF.....	355
Account Bank	102	Annual Obligations	283
Accounts.....	103	Anti Dilution Percentage.....	241
Accrual Period	103	Applicable Exchange Rate	107
Actions	315	Applicable Margin	107, 202
Addendum	357	Appointee	107
Adjusted Collateral Principal Amount.....	103	Article 404	27, 107
Adjusted Weighted Average Moody's Rating Factor.....	293	Asset Swap Account	108
Administrative Expenses	104	Asset Swap Agreement	108
Advisers Act.....	106	Asset Swap Counterparty.....	108
AEOI	43	Asset Swap Counterparty Principal Exchange Amount.....	108
Affected 404 Investor	27	Asset Swap Issuer Principal Exchange Amount	108
Affected Class(es)	232	Asset Swap Obligation.....	108
Affected Collateral	192	Asset Swap Replacement Payment	108
Affected Investors	28	Asset Swap Replacement Receipt	108
Affiliate	106	Asset Swap Termination Payment	108
Affiliated	106	Asset Swap Termination Receipt	109
Agency Agreement.....	102	Asset Swap Transaction	109
Agent	106	Assigned Moody's Rating	304
Agents.....	106	Assignment	109
Aggregate Collateral Balance	106	Assignments.....	74
Aggregate Coupon.....	300	Authorised Denomination	109
Aggregate Excess Funded Spread	299	Authorised Integral Amount	109
Aggregate Funded Spread	297	Authorised Officer	109
Aggregate Industry Equivalent Unit Score .	290	Average Life	301
Aggregate Principal Balance	107	Average Principal Balance	289
Aggregate Unfunded Spread	299	Balance.....	109
AIFMD	28, 107	Benchmark Regulation.....	37
AIFMD Level 2 Regulation.....	28, 107		

Beneficial Owner.....	250	Class C Floating Rate of Interest	201
Benefit Plan Investor	109, 348	Class C Interest Coverage Ratio	111
BEPS Project	39	Class C Interest Coverage Test	111
Bivariate Risk Table	109, 279	Class C Noteholders	111
Blocker Subsidiary	110	Class C Notes	102
Board of Directors	92	Class C Par Value Ratio	111
Bridge Loan	283	Class C Par Value Test.....	111
BRRD	45	Class D Coverage Tests	111
BTMM EU	201	Class D Floating Rate of Interest	201
Business Day	110, 160	Class D Interest Coverage Ratio	111
Caa Obligations	110	Class D Interest Coverage Test.....	112
Calculation Agent.....	102	Class D Noteholders.....	112
CCC Obligations	110	Class D Notes.....	102
CCC/Caa Excess.....	110	Class D Par Value Ratio.....	112
CDO Monitor	251	Class D Par Value Test	112
CEA	34	Class E Coverage Tests.....	112
Central Bank.....	i	Class E Floating Rate of Interest.....	201
CFC	342	Class E Interest Coverage Ratio.....	112
CFR	304	Class E Interest Coverage Test	112
CFTC.....	viii, 11, 34, 110	Class E Noteholders	112
CFTC Regulations	34	Class E Notes	102
Class	113	Class E Par Value Ratio	112
Class A Floating Rate of Interest.....	201	Class E Par Value Test.....	112
Class A Noteholders	110	Class F Floating Rate of Interest	201
Class A Notes	102	Class F Noteholders	113
Class A/B Coverage Tests	110	Class F Notes	102
Class A/B Interest Coverage Ratio	110	Class of Noteholders	113
Class A/B Interest Coverage Test.....	111	Class of Notes	113
Class A/B Par Value Ratio	111	clearing obligation.....	30
Class A/B Par Value Test	111	Clearing System Business Day	247
Class B Floating Rate of Interest.....	201	Clearing Systems	249
Class B Noteholders	111	Clearstream, Luxembourg.....	vi, 20
Class B Notes	102	CLO	25, 33
Class C Coverage Tests	111	CLO Vehicles.....	84

CMB	361	Counterparty Downgrade Collateral Account	116
CMF	356	Counterparty Downgrade Collateral Account Surplus	116, 184
CMVM	359	Covenants.....	116
Code	62, 128	Coverage Test	116
Collateral	113	Cov-Lite Loan.....	116
Collateral Acquisition Agreements	113	CPO.....	viii, 34
Collateral Administrator.....	102	CRA Regulation.....	iv, 251
Collateral Debt Obligation	113	CRA3	2, 44, 117
Collateral Debt Obligation Stated Maturity	113	CRA3 Effective Date	44
Collateral Enhancement Account	114	Credit Impaired Obligation	117
Collateral Enhancement Amount.....	114	Credit Impaired Obligation Criteria	117
Collateral Enhancement Obligation.....	114	Credit Improved Obligation	118
Collateral Enhancement Obligation Proceeds	114	Credit Improved Obligation Criteria	118
Collateral Enhancement Obligation Proceeds Priority of Payments	114	cross transactions	92
Collateral Quality Tests	114, 285	CRR	27, 119
Collateral Tax Event.....	114	CRR Retention Requirements	119
Collection Account.....	115	CRS	42, 119
COMI	100	CRS Compliance.....	119
Commission's Proposal.....	39	CRS Compliance Costs	119
Commitment Amount.....	115	CSSF	359
Commodity Pool.....	11	CTA	viii, 34
Condition	1	Current Pay Obligation	119
Conditions	102	Custodian	102
Conditions of the Notes	1, 102	Custody Account.....	119
Constitution	115	CVM	359
Controlling Class	115	DAC II	42
Controlling Person.....	115, 348	DAC Regulations	42
Corporate Rescue Loan	115	Debtor	115
Corporate Services Agreement	102, 253	Declaration of Trust	253
Corporate Services Provider.....	102, 253	Defaulted Deferring Mezzanine Obligation	120
Corporations Act	354	Defaulted Hedge Termination Payment	120
Counterparty Downgrade Collateral.....	116	Defaulted Mezzanine Excess Amounts	120

Defaulted Obligation	120	EEA.....	1, 27
Defaulted Obligation Excess Amounts.....	121	Effective Date	13, 123
Deferred Interest.....	121, 200	Effective Date Class E Par Value Ratio	123
Deferred Senior Investment Management Amount	164	Effective Date Determination Requirements	123
Deferred Senior Investment Management Amounts	121	Effective Date Moody's Condition.....	124
Deferred Subordinated Investment Management Amounts.....	121, 167	Effective Date Rating Event.....	124
Deferring Security	122	Effective Date Report.....	124, 262
Definitive Certificate	122	EFSF	26
Definitive Certificates	21	EFSM	26
Definitive Exchange Date.....	248	EIOPA.....	124
Delayed Drawdown Collateral Debt Obligation	122	Eligibility Criteria	124, 263
deliverables.....	39	Eligible Asset	124
Designated Maturity	122, 201	Eligible Bond Index	124
Determination Date	122	Eligible Investments.....	124
Direct Participants	249	Eligible Investments Minimum Rating	126
Directors	122	Eligible Loan Index.....	126
Discount Obligation.....	122	EMIR	30, 126
disqualified persons	348	employee benefit plans.....	348
Distribution.....	123	Enforcement Actions.....	223
Diversity Score	289	Enforcement Agent	223
Diversity Score Table	290	Enforcement Notice	224
Dodd-Frank Act.....	32, 123	Enforcement Threshold.....	223
Domicile	123	Enforcement Threshold Determination	223
Domiciled	123	equity interest.....	348
Draft CRR Amendment Regulation	27	equity PFIC	342
Draft STS Regulation	27	Equivalent Unit Score	290
DTC.....	59, 123	ERISA	62, 127
Due Period.....	123	ERISA Plans	348
Early Adopter Group	42	ESMA	32, 127, 251
EBA.....	27, 123	EU	251
ECJ	100	EUR.....	iii
		EURIBOR	37, 127
		euro	iii, 127

<i>Euro</i>	iii, 127	Form-Approved Asset Swap Agreement	129
Euro zone.....	127	Form-Approved Interest Rate Hedge Agreement	129
Euroclear	vi, 20, 127	Frequency Switch Event	129
Euroclear Account	59	Frequency Switch Measurement Date.....	130
European Supervisory Authorities.....	127	FSCMA	v
Euros.....	127	FSMA.....	353
Event of Default	127, 219	FTT	39, 130
Excess CCC/Caa Adjustment Amount	127	Funded Amount	130
Excess Weighted Average Coupon	299	Global Certificates	vi
Excess Weighted Average Spread	301	Hedge Agreement	130
Exchange Act	127	Hedge Agreement Eligibility Criteria	130
Exchanged Global Certificate.....	248	Hedge Counterparty	131
Exchanged Security	127	Hedge Replacement Payment	131
<i>Exiting State(s)</i>	iii, 127	Hedge Replacement Receipt	131
Expense Reserve Account	128	Hedge Termination Account	131
Expenses.....	315	Hedge Termination Payment.....	131
Extraordinary Resolution.....	128	Hedge Termination Receipt	131
FATCA.....	128	Hedge Transaction	131
FATCA Compliance.....	128	High Yield Bond	131
FATCA Compliance Costs	128	holder	141
FBAR	345	Holder FATCA Information	132
FFI	43	IM Indemnified Person	314
FIEA	358	Incentive Investment Management Fee.....	132, 308
Final Technical Standards	128	Incentive Investment Management Fee IRR Threshold.....	132
Final Technical Standards	27	Incurrence Covenant	132
Financial Services Act.....	358	Indemnified Parties	314
First Period Reserve Account	128	Indemnifying Party	314
First-Lien Last-Out Loan.....	128	Indirect Participants	249
FIs.....	42	Industry Diversity Score	290
Fixed Rate Collateral Debt Obligation	128	Ineligible Obligation	132
flip clauses	36	Information	301
Floating Rate Collateral Debt Obligation ...	128	Information Agent.....	102
Floating Rate Notes	128		
Floating Rate of Interest	129, 201		

Initial Investment Period	13, 133	Investment Manager Advance.....	137
Initial Purchaser.....	ii, 103, 352	Investment Manager Affiliates.....	86
Initial Rating.....	133	Investment Manager Breach	314
Initial Ratings	133	Investment Manager Related Person.....	311
Initial Trading Plan Calculation Date	276	Ireland IGA	43
Insolvency Law	221	Irish Excluded Assets.....	137
Insolvency Regulations	196	Irish Stock Exchange	i, 137
Interest Account	133	IRR.....	137
Interest Amount.....	133, 203	IRS	43, 137
Interest Coverage Amount.....	133	ISDA	137, 318
Interest Coverage Ratio	134	ISIN.....	378
Interest Coverage Test.....	134	Issue Date.....	i, 137
Interest Determination Date.....	135	Issue Date Collateral Debt Obligation	137
Interest Proceeds.....	135	Issuer	i, 102
Interest Proceeds Priority of Payments	135	Issuer Indemnification Matter	314
Interest Rate Hedge Agreement.....	135	Issuer Indemnified Person.....	314
Interest Rate Hedge Counterparty	135	Issuer Irish Account	138
Interest Rate Hedge Replacement Payment	135	Issuer Order.....	269
Interest Rate Hedge Replacement Receipt .	135	Issuer Profit Amount	138
Interest Rate Hedge Termination Payment .	135	KCM Companies	93
Interest Rate Hedge Termination Receipt...	135	KFA II.....	86
Interest Rate Hedge Transaction.....	135	KGAAP.....	v
Interest Smoothing	58	KKR.....	86
Interest Smoothing Account	136	KKR Credit Ireland.....	256
Interest Smoothing Amount	136	KKR Credit US	86, 257
Intermediary Obligation	137	KMG	354
Investment Company Act	137	lender liability	81
INVESTMENT COMPANY ACT.....	ii	Lending Activities.....	86
Investment Criteria Adjusted Balance	268	Liabilities	314
Investment Gains	137	LIBOR	37
Investment Management Agreement.....	102	LOB	41
Investment Management Fee.....	137	Long-Dated Restructured Obligation	266
Investment Manager	i, 102	Luxembourg Presidency	39
Investment Manager Accounts	92	Main Securities Market.....	i

Maintenance Covenant	138	Moody's Senior Secured Loan	295
Majority	60	Moody's Test Matrix	140, 285
Mandatory Redemption	138	Moody's Weighted Average Rating Factor	291
margin requirement	30	Moody's Weighted Average Rating Factor Adjustment	294
Margin Stock	278	Moody's Weighted Average Recovery Adjustment	292
Market Value	138	Non-Call Period	8, 140
Markets in Financial Instruments Directive	i	Non-Eligible Issue Date Collateral Debt Obligation.....	140, 267
Maturity Amendment	139, 274	Non-Euro Obligation.....	140
Maturity Date	139	Non-Permitted ERISA Holder	162
Measurement Date	139	Non-Permitted Holder	62, 99, 161
Mezzanine Obligation	139	Non-U.S. Holder	335
MiFID.....	32, 260	Note Payment Sequence.....	141
MiFID Regulations	357	Note Tax Event	141
Minimum Denomination	139	Noteholders	141
Minimum Weighted Average Fixed Coupon	300	Notes	i, 102
Minimum Weighted Average Fixed Coupon Test	300	Obligor	142
Minimum Weighted Average Fixed Coupon Test	140	Obligor Principal Balance	290
Minimum Weighted Average Spread	297	Offer.....	142
Minimum Weighted Average Spread Test	140, 296	offer of Securities to the public	359
Monthly Report	140, 325	Offering	vii
Moody's	140	OID	338
Moody's Collateral Value	140	Ongoing Expense Excess Amount	142
Moody's Default Probability Rating	303	Ongoing Expense Reserve Amount	142
Moody's Derived Rating	304	Ongoing Expense Reserve Ceiling.....	142
Moody's Maximum Weighted Average Rating Factor Test	140, 291	operating company	348
Moody's Minimum Diversity Test.....	140, 289	Operating Guidelines	142, 336
Moody's Minimum Weighted Average Recovery Rate Test.....	140, 294	Optional Redemption	142
Moody's Rating.....	140, 305	Ordinary Resolution	142
Moody's Rating Factor	291	Original Obligation	157
Moody's Recovery Rate.....	140	Other Accounts	87
		Other Funds.....	84
		Other Plan Law	142, 350

Outstanding	142	Principal Proceeds Priority of Payments	146
Par Value Ratio	142	Priorities of Payments	146
Par Value Test	142	Prisma	86
parallel security	304	Proceedings	243
Participants	249	professional investors.....	356
Participation.....	142	Project Finance Loan	265
Participation Agreement.....	143	Prospectus	1
Participations	74	Prospectus Directive	i, 354, 359
parties in interest	348	publicly offered security	348
Parties in Interest	348	Purchased Accrued Interest.....	147
Paying Agent	143	QEF	341
Payment Account	143	QIB.....	147
Payment Date	143	QIB/QP	147
Payment Date Report.....	143, 328	QIBs	v
Person	143	QP	147
PFIC	340	QPs.....	v
PIK Obligation	143	Qualified Investor	1
Plan Asset Regulation.....	348	Qualifying Country	147
Plan Asset Regulations	391	Qualifying Currency	147
Plans	62, 348	Quarterly Payment Dates	147
Portfolio.....	143	Rated Notes	i, 102, 147
Portfolio Acquisition and Disposition Requirements	143, 273	Rating Agencies	147
Portfolio Company	144	Rating Agency	147
Portfolio Profile Tests.....	144	Rating Agency Confirmation	148
Post-Acceleration Priority of Payments.....	144, 224	Rating Confirmation Plan	148
PPT	41	Rating Requirement	148
Presentation Date	144	Receiver	149, 221
Principal Account	144	Record Date	149
Principal Amount Outstanding	144	Redemption Date	149
Principal Balance.....	145	Redemption Determination Date.....	149, 211
Principal Paying Agent.....	102	Redemption Notice	149
Principal Proceeds	146	Redemption Price	149
		Redemption Threshold Amount	149
		Reference Banks	149, 202

Refinancing	149, 207	Restricted Trading Period	151
Refinancing Costs.....	149	Restructured Obligation	151
Refinancing Obligation	207	Restructured Obligation Criteria	151, 266
Refinancing Proceeds	149	Restructuring Date	151
Register.....	149	Retention	151, 259, 328
Registrar	102	Retention Deficiency.....	151
Regulation 11971/1999	357	Retention Event.....	151
Regulation S	vi, 150	Retention Holder	152
REGULATION S	ii	Retention Note Purchase Agreement	103
Regulation S Definitive Certificate	vi	Retention Requirements	152
Regulation S Definitive Certificates.....	vi	Revolving Obligation.....	152
Regulation S Global Certificate.....	vi	risk mitigation obligations	30
Regulation S Global Certificates	vi	Risk Retention Letter	152
Regulation S Notes	vi, 150	Rule 144A	v, 152
Regulations	42	Rule 144A Definitive Certificate	vi
Reinvestment Criteria.....	150, 270	Rule 144A Definitive Certificates.....	vi
Reinvestment Overcollateralisation Ratio ..	150	Rule 144A Global Certificate.....	vi
Reinvestment Overcollateralisation Test....	150	Rule 144A Global Certificates	vi
Reinvestment Period.....	150	Rule 144A Notes.....	v, 152
Reinvestment Target Par Balance.....	150	Rule 17g-5.....	152
Related Companies	310	Rule 3a-7.....	152
<i>relevant persons</i>	iii	S&P	152
Replacement Asset Swap Transaction.....	150	S&P CDO Monitor Adjusted BDR	288
Replacement Interest Rate Hedge Transaction	150	S&P CDO Monitor BDR	152, 288
Replacement Rating Agency	147	S&P CDO Monitor Input File	288
Report	150	S&P CDO Monitor SDR.....	152, 288
Reporting Delegate	151, 324	S&P CDO Monitor Test.....	152, 288
Reporting Delegation Agreement.....	151, 324	S&P Collateral Value.....	152
reporting obligation	30	S&P Default Rate.....	288
Required Diversion Amount.....	167	S&P Default Rate Dispersion.....	288
Requirements.....	44	S&P Expected Portfolio Default Rate	288
Resolution.....	151	S&P Industry Classification	283
Resolution Authorities	45	S&P Industry Diversity Measure	289
		S&P Obligor Diversity Measure	289

S&P Rating.....	152, 301	Senior Secured Floating Rate Note	296
S&P Recovery Rate	153, 289	SFA	360
S&P Recovery Rating.....	399	Share Charge	97, 103, 155, 253
S&P Regional Diversity Measure.....	289	Share Trustee	253
S&P Weighted Average Recovery Rate	289	Shares.....	253
S&P Weighted Average Spread	288	shortfall	194
Sale Proceeds.....	153	Similar Law	156, 350
Scheduled Payment Date	143	Solvency II	156
Scheduled Periodic Asset Swap Counterparty Payment	153	Solvency II Level 2 Regulation.....	28, 156
Scheduled Periodic Asset Swap Issuer Payment	153	Solvency II Retention Requirements.....	156
Scheduled Periodic Interest Rate Hedge Counterparty Payment	153	Sophisticated Investors	357
Scheduled Periodic Interest Rate Hedge Issuer Payment	154	Special Redemption	156, 214
Scheduled Principal Proceeds.....	154	Special Redemption Amount	156, 214
SEC.....	99, 257	Special Redemption Date	156, 214
Second Lien Loan.....	154	Spot Rate.....	156
Secured Obligations.....	154	SRB	46
Secured Parties	154	SRM Regulation.....	46
Secured Party.....	154	SSPE Exemption	32
Secured Senior Bond	154	Standard of Care	313
Secured Senior Loan.....	154	Step-Down Coupon Obligation.....	299
Secured Senior RCF Percentage	155	Step-Up Coupon Obligation.....	156
Securities Act	155	Structured Finance Security	156
SECURITIES ACT	ii	Subordinated Investment Management Fee	156, 308
Securities Law	357	Subordinated Noteholders.....	156
Selling Institution	74, 155	Subordinated Notes	102
Semi-Annual Obligations	155	Subscription Agreement.....	103, 156
Senior Expenses Cap	155	Substitute Collateral Debt Obligation	157
Senior Investment Management Fee ...	155, 308	Swap Tax Credit	157
Senior Loan	155	Swapped Non-Discount Obligation	157
Senior Secured Bond	296	Synthetic Security	266
Senior Secured Debt Instrument.....	395	Target Par Amount.....	157
		TARGET2.....	157
		Taxes Act 1997	197

Third Party Exposure.....	279	VAT	159
Third Party Indemnity Receipts.....	157, 188	Volcker Rule	35
Trading Plan	276	Warehouse Arrangements	65, 159
Trading Plan Period.....	276	Warehouse Providers	65
Transaction Documents	157	Weighted Average Coupon Adjustment Percentage	297
Transaction Specific Cash Flow Model.....	252	Weighted Average Fixed Coupon.....	159, 300
Transfer Agent.....	102	Weighted Average Life	301
Transfer Agents	102	Weighted Average Life Test	301
Trust Collateral.....	192	Weighted Average Moody's Recovery Rate	294
Trust Deed	i, 102	Weighted Average Spread.....	159, 297
Trustee	i, 102	Written Resolution	159
Trustee Fees and Expenses	157	Zero Coupon Obligation	159
U.S. 10% Shareholder	342		
<i>U.S. Dollar</i>	iv		
U.S. Holder.....	335		
U.S. person	62, 159		
U.S. PERSONS	ii		
U.S. Residents	vi		
U.S. Risk Retention Rules	33		
UCITS Directive.....	28, 158		
UK	1		
Underlying Instrument.....	158		
Unfunded Amount	158		
Unfunded Revolver Reserve Account	158		
Unsaleable Asset	158		
Unscheduled Payment Date.....	158		
Unscheduled Principal Proceeds	158		
Unsecured Bond	296		
Unsecured Senior Bonds	399		
Unsecured Senior Loan	159		
Unused Proceeds Account	159		
<i>US dollar</i>	iv		
<i>US Dollar</i>	iii		
<i>USD</i>	iv		

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] [Class F Notes] [Subordinated Notes] (determined separately by class) issued by Avoca CLO XVI Designated Activity Company (the "**Issuer**") is held by (a) an employee benefit plan that is subject to the fiduciary responsibility provisions of Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), (b) a plan that is subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "**Code**") or (c) any entity whose underlying assets include "plan assets" by reason of any such employee benefit plan'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 the [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. Capitalised terms not defined in this Certificate shall have the meanings ascribed to them in the Trust Deed.

If a box is not checked, you are representing 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 as determined pursuant to 29 C.F.R. Section 2510.3-101 as modified by Section 3(42) of ERISA (the "**Plan Asset Regulations**").

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": _____per cent.

AN ENTITY OF FUND THAT CANNOT PROVIDE THE FOREGOING PERCENTAGE HEREBY ACKNOWLEDGES THAT FOR PURPOSES OF DETERMINING WHETHER BENEFIT PLAN INVESTORS OWN LESS THAN 25 PER CENT. OF THE TOTAL VALUE OF THE [CLASS 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 the Plan Asset Regulations or otherwise.

If you check Box 3, please indicate the maximum percentage of the insurance company general account that will constitute "plan assets": ____ 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. ☐ **Controlling Person.** We are, or we are acting on behalf of any of: (i) the Trustee, (ii) the Investment Manager, (iii) any person that has discretionary authority or control with respect to the assets of the Issuer, (iv) any person who provides investment advice for a fee (direct or indirect) with respect to such assets or (v) any "affiliate" of any of the above persons. "Affiliate" shall have the meaning set forth in the Plan Asset Regulations. Any of the persons described in the first sentence of this Section 4 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] [Class F Notes] [Subordinated Notes] (determined separately by class), the [Class E Notes] [Class F Notes] [Subordinated Notes] held by Controlling Persons (other than Benefit Plan Investors) are required to be disregarded

5. ☐ **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 a Transfer Agent of such change.

6. **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] (or an interest therein) 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.

7. **Not Subject to Similar Law and No Violation of Other Plan Law.** If we are a governmental, church, non-U.S. or other plan, we represent, warrant and agree that (a) we are not subject to any federal, state, local, non-U.S. or other law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or interest therein) by virtue of its interest and thereby subject the Issuer and the Investment 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] (or an interest therein) 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.

8. **Compelled Disposition.** We acknowledge and agree that:

- (A) if any representation that we made hereunder is subsequently shown to be false or misleading or our beneficial ownership otherwise causes a violation of the 25 per cent. Limitation, the Issuer shall, promptly after such determination (or upon notice from a Transfer Agent if such Transfer Agent makes the determination (who, in each case, agree to notify the Issuer of such determination, if any)), 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;

-
- (B) 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;
- (C) 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;
- (D) 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;
- (E) the proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to us; and
- (F) 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 a Transfer Agent in writing that such transfer would cause the 25 per cent. Limitation to be exceeded.
10. **Continuing Representation; Reliance.** We acknowledge and agree that the representations, warranties and agreements contained in this Certificate shall be deemed made on each day from the date we make such representations, warranties and agreements 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 Transfer Agents to determine that Benefit Plan Investors own or hold less than 25 per cent. of the total value of the [Class E Notes] [Class F Notes] [Subordinated Notes] (determined separately by class) upon any subsequent transfer of the [Class E Notes] [Class F Notes] [Subordinated Notes] in accordance with the Trust Deed.

Further Acknowledgement and Agreement. We acknowledge and agree that (i) all of the representations, warranties and assurances contained in this Certificate are for the benefit of the Issuer, the Trustee, BNP Paribas and the Investment Manager as third party beneficiaries hereof, (ii) copies of this Certificate and any information contained herein may be provided to the Issuer, the Trustee, BNP Paribas, the Investment 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.

Future Transfer Requirements.

Transferee Letter and its Delivery. We acknowledge and agree that if we are signing this Certificate in connection with the acquisition of a Note in the form of a Definitive Certificate, we may not transfer any [Class E Notes] [Class F Notes] [Subordinated Notes] to any person unless the Issuer and a Transfer Agent have received a certificate substantially in the form of this Certificate. Any attempt to transfer in violation of this section will be null and void from the beginning, and of no legal effect.

Note: Unless you are notified otherwise, the name and address of each Transfer Agent is as follows:

The Bank of New York Mellon (Luxembourg) S.A., Vertigo Building-Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg.

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]

ANNEX B

S&P Recovery Rates

(a)

- (i) If a Collateral Debt Obligation has an S&P Recovery Rating, or is pari passu with another obligation of the same Obligor that has an S&P Recovery Rating and is secured by the same collateral as such other obligation, the S&P Recovery Rate for such Collateral Debt Obligation shall be determined as follows:

S&P Recovery Rating of Collateral Debt Obligation	Range from published reports	Initial Liability Rating					
		"AAA"	"AA"	"A"	"BBB"	"BB"	"B/CCC"
1+	100	75%	85%	88%	90%	92%	95%
1	90-100	65%	75%	80%	85%	90%	95%
2	80-90	60%	70%	75%	81%	86%	90%
2	70-80	50%	60%	66%	73%	79%	80%
3	60-70	40%	50%	56%	63%	67%	70%
3	50-60	30%	40%	46%	53%	59%	60%
4	40-50	27%	35%	42%	46%	48%	50%
4	30-40	20%	26%	33%	39%	40%	40%
5	20-30	15%	20%	24%	26%	28%	30%
5	10-20	5%	10%	15%	20%	20%	20%
6	0-10	2%	4%	6%	8%	10%	10%

S&P Recovery Rate

- (ii) If (x) a Collateral Debt Obligation does not have an S&P Recovery Rating and such Collateral Debt Obligation is an Unsecured Senior Loan, Unsecured Senior Bond or a Second Lien Loan and (y) the Obligor or issuer of such Collateral Debt Obligation has issued another debt instrument that is outstanding and senior to such Collateral Debt Obligation that is a Secured Senior Loan or a Secured Senior Bond (a "**Senior Secured Debt Instrument**") that has an S&P Recovery Rating, the S&P Recovery Rate for such Collateral Debt Obligation shall be determined as follows:

For Collateral Debt Obligations Domiciled in Group A

**S&P Recovery
Rating of the
Senior
Secured Debt
Instrument**

Initial Liability Rating

	"AAA"	"AA"	"A"	"BBB"	"BB"	"B" and below
1+	18%	20%	23%	26%	29%	31%
1	18%	20%	23%	26%	29%	31%
2	18%	20%	23%	26%	29%	31%
3	12%	15%	18%	21%	22%	23%
4	5%	8%	11%	13%	14%	15%
5	2%	4%	6%	8%	9%	10%
6	-%	-%	-%	-%	-%	-%

Recovery rate

For Collateral Debt Obligations Domiciled in Group B

**S&P
Recovery
Rating of the
Senior
Secured Debt
Instrument**

Initial Liability Rating

	"AAA"	"AA"	"A"	"BBB"	"BB"	"B" and below
1+	16%	18%	21%	24%	27%	29%
1	16%	18%	21%	24%	27%	29%
2	16%	18%	21%	24%	27%	29%
3	10%	13%	15%	18%	19%	20%
4	5%	5%	5%	5%	5%	5%
5	2%	2%	2%	2%	2%	2%
6	-%	-%	-%	-%	-%	-%

Recovery rate

For Collateral Debt Obligations Domiciled in Group C

**S&P Recovery
Rating of the
Senior
Secured Debt
Instrument**

Initial Liability Rating

	"AAA"	"AA"	"A"	"BBB"	"BB"	"B" and below
1+	13%	16%	18%	21%	23%	25%
1	13%	16%	18%	21%	23%	25%
2	13%	16%	18%	21%	23%	25%
3	8%	11%	13%	15%	16%	17%
4	5%	5%	5%	5%	5%	5%
5	2%	2%	2%	2%	2%	2%
6	-%	-%	-%	-%	-%	-%

Recovery rate

- (iii) If (x) a Collateral Debt Obligation does not have an S&P Recovery Rating and such Collateral Debt Obligation is not a Secured Senior Loan, a Secured Senior Bond, a Second Lien Loan, an Unsecured Senior Bond or an Unsecured Senior Loan and (y) the Obligor or issuer of such Collateral Debt Obligation has issued another debt instrument that is outstanding and senior to such Collateral Debt Obligation that is a Senior Secured Debt Instrument that has an S&P Recovery Rating, the S&P Recovery Rate for such Collateral Debt Obligation shall be determined as follows:

For Collateral Debt Obligations Domiciled in Groups A, B and C

**S&P
Recovery
Rating of the
Senior
Secured Debt
Instrument**

Initial Liability Rating

	"AAA"	"AA"	"A"	"BBB"	"BB"	"B" and below
1+	8%	8%	8%	8%	8%	8%
1	8%	8%	8%	8%	8%	8%
2	8%	8%	8%	8%	8%	8%
3	5%	5%	5%	5%	5%	5%

S&P Recovery Rating of the Senior Secured Debt Instrument	Initial Liability Rating					
	"AAA"	"AA"	"A"	"BBB"	"BB"	"B" and below
4	2%	2%	2%	2%	2%	2%
5	-%	-%	-%	-%	-%	-%
6	-%	-%	-%	-%	-%	-%

Recovery rate

- (b) If an S&P Recovery Rate cannot be determined using clause (a) above, the S&P Recovery Rate shall be determined as follows:

Recovery rates for obligors Domiciled in Group A, B, C or D:

Priority Category	Initial Liability Rating					
	"AAA"	"AA"	"A"	"BBB"	"BB"	"B" and "CCC"
Secured Senior Loans						
Group A	50%	55%	59%	63%	75%	79%
Group B	45%	49%	53%	58%	70%	74%
Group C	39%	42%	46%	49%	60%	63%
Group D	17%	19%	27%	29%	31%	34%
Secured Senior Loans that are Cov-Lite Loans and Secured Senior Bonds						
Group A	41%	46%	49%	53%	63%	67%
Group B	37%	41%	44%	49%	59%	62%
Group C	32%	35%	39%	41%	50%	53%
Group D	17%	19%	27%	29%	31%	34%

Priority Category	Initial Liability Rating					
----------------------	--------------------------	--	--	--	--	--

	"AAA"	"AA"	"A"	"BBB"	"BB"	"B" and "CCC"
Unsecured Senior Loans, High Yield Bonds that are Unsecured Senior Bonds, Mezzanine Obligations, and Second Lien Loans						
Group A	18%	20%	23%	26%	29%	31%
Group B	16%	18%	21%	24%	27%	29%
Group C	13%	16%	18%	21%	23%	25%
Group D	10%	12%	14%	16%	18%	20%
High Yield Bonds that are not Unsecured Senior Bonds, and PIK Obligations						
Group A	8%	8%	8%	8%	8%	8%
Group B	10%	10%	10%	10%	10%	10%
Group C	9%	9%	9%	9%	9%	9%
Group D	5%	5%	5%	5%	5%	5%
Recovery rate						
Group A:	Australia, Denmark, Finland, Hong Kong, Ireland, The Netherlands, New Zealand, Norway, Singapore, Sweden, UK.					
Group B:	Austria, Belgium, Canada, Germany, Israel, Japan, Luxembourg, Portugal, South Africa, Switzerland, U.S.					
Group C:	Brazil, France, Greece, Italy, Mexico, South Korea, Spain, Taiwan, Turkey, United Arab Emirates.					
Group D:	Argentina, Chile, Kazakhstan, Russia, Ukraine, others.					
For the purposes of the above:						
"S&P Recovery Rating" means, with respect to a Collateral Debt Obligation for which an S&P Recovery Rate is being determined, the "Recovery Rating" assigned by S&P to such Collateral Debt Obligation based upon the tables set forth in this Annex B.						
"Unsecured Senior Bonds" means a Collateral Debt Obligation that:						
(a)	constitutes borrowed money;					
(b)	is in the form of, or represented by, a bond, note, certificated debt security or other debt security;					
(c)	is an obligation senior to any unsecured, subordinated obligation of the Obligor as determined by the Investment Manager in its reasonable business judgement; and					
(d)	is not secured (i) by assets of the Obligor or guarantor thereof if and to the extent that the granting of security over assets is permissible under applicable law or (ii) by at least 80 per cent. of the equity interests in the stock of an entity owning such fixed assets,					
(other than any of the foregoing that constitutes an Unsecured Senior Loan).						

ANNEX C
S&P DEFAULT RATE TABLE

Tenor	Rating									
	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
0	0	0	0	0	0	0	0	0	0	0
1	0.003249	0.008324	0.017659	0.049443	0.100435	0.198336	0.305284	0.403669	0.461619	0.524294
2	0.015699	0.036996	0.073622	0.139938	0.257400	0.452472	0.667329	0.892889	1.091719	1.445989
3	0.041484	0.091325	0.172278	0.276841	0.474538	0.770505	1.100045	1.484175	1.895696	2.702054
4	0.084784	0.176281	0.317753	0.464897	0.755269	1.158808	1.613532	2.186032	2.867799	4.229668
5	0.149746	0.296441	0.513749	0.708173	1.102407	1.621846	2.213969	3.000396	3.994693	5.969443
6	0.240402	0.455938	0.763415	1.009969	1.517930	2.162163	2.903924	3.924151	5.258484	7.867654
7	0.360599	0.658408	1.069266	1.372767	2.002861	2.780489	3.682872	4.950544	6.639097	9.877442
8	0.513925	0.906953	1.433135	1.798206	2.557255	3.475934	4.547804	6.070420	8.116014	11.959164
9	0.703660	1.204112	1.856168	2.287090	3.180245	4.246223	5.493831	7.273226	9.669463	14.080160
10	0.932722	1.551859	2.338835	2.839430	3.870134	5.087962	6.514747	8.547804	11.281152	16.214169
11	1.203636	1.951593	2.880967	3.454496	4.624506	5.996889	7.603506	9.882975	12.934676	18.340556
12	1.518511	2.404163	3.481806	4.130896	5.440351	6.968119	8.752625	11.267955	14.615674	20.443492
13	1.879017	2.909885	4.140061	4.866660	6.314188	7.996356	9.954495	12.692626	16.311827	22.511146
14	2.286393	3.468577	4.853976	5.659322	7.242183	9.076083	11.201627	14.147698	18.012750	24.534955
15	2.741441	4.079595	5.621395	6.506018	8.220258	10.201710	12.486816	15.624793	19.709826	26.508977
16	3.244545	4.741882	6.439830	7.403564	9.244188	11.367700	13.803266	17.116461	21.396011	28.429339
17	3.795687	5.454010	7.306523	8.348542	10.309683	12.568668	15.144662	18.616162	23.065636	30.293780
18	4.394473	6.214227	8.218512	9.337373	11.412464	13.799448	16.505206	20.118217	24.714212	32.101269
19	5.040161	7.020506	9.172684	10.366381	12.548315	15.055145	17.879633	21.617740	26.338248	33.851709
20	5.731690	7.870595	10.165829	11.431855	13.713133	16.331168	19.263208	23.110574	27.935091	35.545692
21	6.467720	8.762054	11.194685	12.530097	14.902967	17.623250	20.651699	24.593206	29.502784	37.184306
22	7.246658	9.692304	12.255978	13.657463	16.114039	18.927451	22.041357	26.062700	31.039941	38.768990
23	8.066698	10.658664	13.346459	14.810401	17.342769	20.240163	23.428880	27.516624	32.545643	40.301420
24	8.925853	11.658386	14.462930	15.985473	18.585784	21.558096	24.811375	28.952986	34.019346	41.783417
25	9.821992	12.688687	15.602275	17.179384	19.839925	22.878270	26.186325	30.370173	35.460813	43.216885
26	10.752863	13.746781	16.761474	18.388990	21.102252	24.197998	27.551553	31.766900	36.870044	44.603759
27	11.716131	14.829898	17.937621	19.611314	22.370042	25.514868	28.905184	33.142161	38.247233	45.945970
28	12.709401	15.935312	19.127936	20.843553	23.640779	26.826725	30.245615	34.495190	39.592717	47.245417
29	13.730244	17.060358	20.329775	22.083077	24.912158	28.131652	31.571487	35.825422	40.906950	48.503948
30	14.776220	18.202443	21.540635	23.327436	26.182066	29.427952	32.881653	37.132462	42.190470	49.723352

Tenor	Rating								
	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-
0	0	0	0	0	0	0	0	0	0
1	1.051627	2.109451	2.600238	3.221175	7.848052	10.882127	15.688600	20.494984	25.301275
2	2.499656	4.644348	5.872070	7.597534	14.781994	20.010198	28.039819	34.622676	40.104827
3	4.296729	7.475880	9.536299	12.379110	20.934989	27.616832	37.429809	44.486183	49.823181
4	6.375706	10.488373	13.369967	17.163869	26.396576	33.956728	44.585491	51.602827	56.644894
5	8.664544	13.586821	17.214556	21.748448	31.246336	39.272130	50.135335	56.922985	61.661407
6	11.095356	16.697807	20.966483	26.041061	35.559617	43.770645	54.540771	61.035699	65.491579
7	13.609032	19.767400	24.563596	30.011114	39.406428	47.620000	58.122986	64.312999	68.512300
8	16.156890	22.757944	27.972842	33.660308	42.849805	50.951513	61.102369	66.995611	70.963159
9	18.700581	25.644678	31.180555	37.006268	45.945037	53.866495	63.630626	69.243071	73.001159
10	21.211084	28.412675	34.185384	40.073439	48.739741	56.442784	65.813448	71.163565	74.731801
11	23.667314	31.054264	36.993388	42.888153	51.274446	58.740339	67.725700	72.832114	76.227640
12	26.054666	33.566968	39.614764	45.476090	53.583431	60.805678	69.421440	74.301912	77.539705
13	28.363660	35.951906	42.061729	47.861084	55.695612	62.675243	70.940493	75.611515	78.704697
14	30.588762	38.212600	44.347194	50.064659	57.635391	64.377918	72.312813	76.789485	79.749592
15	32.727407	40.354091	46.483968	52.105958	59.423407	65.936872	73.561381	77.857439	80.694661
16	34.779204	42.382307	48.484306	54.001869	61.077177	67.370926	74.704179	78.832075	81.555449
17	36.745314	44.303617	50.359673	55.767228	62.611640	68.695550	75.755528	79.726540	82.344119
18	38.627975	46.124519	52.120647	57.415059	64.039598	69.923606	76.727026	80.551376	83.070367
19	40.430133	47.851440	53.776900	58.956797	65.372082	71.065901	77.628212	81.315171	83.742047
20	42.155172	49.490597	55.337225	60.402500	66.618643	72.131608	78.467035	82.025027	84.365628
21	43.806716	51.047918	56.809591	61.761037	67.787598	73.128577	79.250199	82.686894	84.946502
22	45.388482	52.528995	58.201208	63.040250	68.886224	74.063579	79.983418	83.305814	85.489225
23	46.904180	53.939064	59.518589	64.247092	69.920916	74.942503	80.671609	83.886103	85.997683
24	48.357444	55.282998	60.767623	65.387746	70.897320	75.770492	81.319036	84.431487	86.475223
25	49.751780	56.565320	61.953636	66.467726	71.820441	76.552075	81.929422	84.945209	86.924750
26	51.090543	57.790210	63.081447	67.491964	72.694731	77.291249	82.506039	85.430110	87.348805
27	52.376916	58.961526	64.155419	68.464885	73.524165	77.991566	83.051779	85.888693	87.749621
28	53.613901	60.082826	65.179512	69.390464	74.312302	78.656191	83.569207	86.323175	88.129173
29	54.804319	61.157385	66.157321	70.272285	75.062339	79.287952	84.060611	86.735528	88.489217
30	55.950815	62.188218	67.092112	71.113583	75.777155	79.889391	84.528038	87.127511	88.831318

ANNEX D

S&P Regional Diversity Measure Table

Region Code	Region Name	Country Code	Country Name
17	Africa: Eastern	253	Djibouti
17	Africa: Eastern	291	Eritrea
17	Africa: Eastern	251	Ethiopia
17	Africa: Eastern	254	Kenya
17	Africa: Eastern	252	Somalia
17	Africa: Eastern	249	Sudan
12	Africa: Southern	247	Ascension
12	Africa: Southern	267	Botswana
12	Africa: Southern	266	Lesotho
12	Africa: Southern	230	Mauritius
12	Africa: Southern	264	Namibia
12	Africa: Southern	248	Seychelles
12	Africa: Southern	27	South Africa
12	Africa: Southern	290	St. Helena
12	Africa: Southern	268	Swaziland
13	Africa: Sub-Saharan	244	Angola
13	Africa: Sub-Saharan	226	Burkina Faso
13	Africa: Sub-Saharan	257	Burundi
13	Africa: Sub-Saharan	225	Cote d'Ivoire
13	Africa: Sub-Saharan	240	Equatorial Guinea
13	Africa: Sub-Saharan	241	Gabonese Republic
13	Africa: Sub-Saharan	220	Gambia
13	Africa: Sub-Saharan	233	Ghana
13	Africa: Sub-Saharan	224	Guinea
13	Africa: Sub-Saharan	245	Guinea-Bissau
13	Africa: Sub-Saharan	231	Liberia
13	Africa: Sub-Saharan	261	Madagascar
13	Africa: Sub-Saharan	265	Malawi
13	Africa: Sub-Saharan	223	Mali
13	Africa: Sub-Saharan	222	Mauritania
13	Africa: Sub-Saharan	258	Mozambique
13	Africa: Sub-Saharan	227	Niger
13	Africa: Sub-Saharan	234	Nigeria
13	Africa: Sub-Saharan	250	Rwanda
13	Africa: Sub-Saharan	239	Sao Tome & Principe
13	Africa: Sub-Saharan	221	Senegal
13	Africa: Sub-Saharan	232	Sierra Leone
13	Africa: Sub-Saharan	255	Tanzania/Zanzibar
13	Africa: Sub-Saharan	228	Togo

Region Code	Region Name	Country Code	Country Name
13	Africa: Sub-Saharan	256	Uganda
13	Africa: Sub-Saharan	260	Zambia
13	Africa: Sub-Saharan	263	Zimbabwe
13	Africa: Sub-Saharan	229	Benin
13	Africa: Sub-Saharan	237	Cameroon
13	Africa: Sub-Saharan	238	Cape Verde Islands
13	Africa: Sub-Saharan	236	Central African Republic
13	Africa: Sub-Saharan	235	Chad
13	Africa: Sub-Saharan	269	Comoros
13	Africa: Sub-Saharan	242	Congo-Brazzaville
13	Africa: Sub-Saharan	243	Congo-Kinshasa
3	Americas: Andean	591	Bolivia
3	Americas: Andean	57	Colombia
3	Americas: Andean	593	Ecuador
3	Americas: Andean	51	Peru
3	Americas: Andean	58	Venezuela
4	Americas: Mercosur and Southern Cone	54	Argentina
4	Americas: Mercosur and Southern Cone	55	Brazil
4	Americas: Mercosur and Southern Cone	56	Chile
4	Americas: Mercosur and Southern Cone	595	Paraguay
4	Americas: Mercosur and Southern Cone	598	Uruguay
1	Americas: Mexico	52	Mexico
2	Americas: Other Central and Caribbean	1264	Anguilla
2	Americas: Other Central and Caribbean	1268	Antigua
2	Americas: Other Central and Caribbean	1242	Bahamas
2	Americas: Other Central and Caribbean	246	Barbados
2	Americas: Other Central and Caribbean	501	Belize
2	Americas: Other Central and Caribbean	441	Bermuda
2	Americas: Other Central and Caribbean	284	British Virgin Islands
2	Americas: Other Central and Caribbean	345	Cayman Islands
2	Americas: Other Central and Caribbean	506	Costa Rica
2	Americas: Other Central and Caribbean	809	Dominican Republic
2	Americas: Other Central and Caribbean	503	El Salvador
2	Americas: Other Central and Caribbean	473	Grenada
2	Americas: Other Central and Caribbean	590	Guadeloupe
2	Americas: Other Central and Caribbean	502	Guatemala
2	Americas: Other Central and Caribbean	504	Honduras
2	Americas: Other Central and Caribbean	876	Jamaica
2	Americas: Other Central and Caribbean	596	Martinique
2	Americas: Other Central and Caribbean	505	Nicaragua
2	Americas: Other Central and Caribbean	507	Panama
2	Americas: Other Central and Caribbean	869	St. Kitts/Nevis
2	Americas: Other Central and Caribbean	758	St. Lucia

Region Code	Region Name	Country Code	Country Name
2	Americas: Other Central and Caribbean	784	St. Vincent & Grenadines
2	Americas: Other Central and Caribbean	597	Suriname
2	Americas: Other Central and Caribbean	868	Trinidad& Tobago
2	Americas: Other Central and Caribbean	649	Turks & Caicos
2	Americas: Other Central and Caribbean	297	Aruba
2	Americas: Other Central and Caribbean	53	Cuba
2	Americas: Other Central and Caribbean	599	Curacao
2	Americas: Other Central and Caribbean	767	Dominica
2	Americas: Other Central and Caribbean	594	French Guiana
2	Americas: Other Central and Caribbean	592	Guyana
2	Americas: Other Central and Caribbean	509	Haiti
2	Americas: Other Central and Caribbean	664	Montserrat
101	Americas: U.S. and Canada	2	Canada
101	Americas: U.S. and Canada	1	USA
7	Asia: China, Hong Kong, Taiwan	86	China
7	Asia: China, Hong Kong, Taiwan	852	Hong Kong
7	Asia: China, Hong Kong, Taiwan	886	Taiwan
5	Asia: India, Pakistan and Afghanistan	93	Afghanistan
5	Asia: India, Pakistan and Afghanistan	91	India
5	Asia: India, Pakistan and Afghanistan	92	Pakistan
6	Asia: Other South	880	Bangladesh
6	Asia: Other South	975	Bhutan
6	Asia: Other South	960	Maldives
6	Asia: Other South	977	Nepal
6	Asia: Other South	94	Sri Lanka
8	Asia: Southeast, Korea and Japan	673	Brunei
8	Asia: Southeast, Korea and Japan	855	Cambodia
8	Asia: Southeast, Korea and Japan	62	Indonesia
8	Asia: Southeast, Korea and Japan	81	Japan
8	Asia: Southeast, Korea and Japan	856	Laos
8	Asia: Southeast, Korea and Japan	60	Malaysia
8	Asia: Southeast, Korea and Japan	95	Myanmar
8	Asia: Southeast, Korea and Japan	850	North Korea
8	Asia: Southeast, Korea and Japan	63	Philippines
8	Asia: Southeast, Korea and Japan	65	Singapore
8	Asia: Southeast, Korea and Japan	82	South Korea
8	Asia: Southeast, Korea and Japan	66	Thailand
8	Asia: Southeast, Korea and Japan	84	Vietnam
8	Asia: Southeast, Korea and Japan	670	East Timor
105	Asia-Pacific: Australia and New Zealand	61	Australia
105	Asia-Pacific: Australia and New Zealand	682	Cook Islands
105	Asia-Pacific: Australia and New Zealand	64	New Zealand
9	Asia-Pacific: Islands	679	Fiji

Region Code	Region Name	Country Code	Country Name
9	Asia-Pacific: Islands	689	French Polynesia
9	Asia-Pacific: Islands	686	Kiribati
9	Asia-Pacific: Islands	691	Micronesia
9	Asia-Pacific: Islands	674	Nauru
9	Asia-Pacific: Islands	687	New Caledonia
9	Asia-Pacific: Islands	680	Palau
9	Asia-Pacific: Islands	675	Papua New Guinea
9	Asia-Pacific: Islands	685	Samoa
9	Asia-Pacific: Islands	677	Solomon Islands
9	Asia-Pacific: Islands	676	Tonga
9	Asia-Pacific: Islands	688	Tuvalu
9	Asia-Pacific: Islands	678	Vanuatu
15	Europe: Central	420	Czech Republic
15	Europe: Central	372	Estonia
15	Europe: Central	36	Hungary
15	Europe: Central	371	Latvia
15	Europe: Central	370	Lithuania
15	Europe: Central	48	Poland
15	Europe: Central	421	Slovak Republic
16	Europe: Eastern	355	Albania
16	Europe: Eastern	387	Bosnia and Herzegovina
16	Europe: Eastern	359	Bulgaria
16	Europe: Eastern	385	Croatia
16	Europe: Eastern	383	Kosovo
16	Europe: Eastern	389	Macedonia
16	Europe: Eastern	382	Montenegro
16	Europe: Eastern	40	Romania
16	Europe: Eastern	381	Serbia
16	Europe: Eastern	90	Turkey
14	Europe: Russia & CIS	374	Armenia
14	Europe: Russia & CIS	994	Azerbaijan
14	Europe: Russia & CIS	375	Belarus
14	Europe: Russia & CIS	995	Georgia
14	Europe: Russia & CIS	8	Kazakhstan
14	Europe: Russia & CIS	996	Kyrgyzstan
14	Europe: Russia & CIS	373	Moldova
14	Europe: Russia & CIS	976	Mongolia
14	Europe: Russia & CIS	7	Russia
14	Europe: Russia & CIS	992	Tajikistan
14	Europe: Russia & CIS	993	Turkmenistan
14	Europe: Russia & CIS	380	Ukraine
14	Europe: Russia & CIS	998	Uzbekistan
102	Europe: Western	376	Andorra

Region Code	Region Name	Country Code	Country Name
102	Europe: Western	43	Austria
102	Europe: Western	32	Belgium
102	Europe: Western	357	Cyprus
102	Europe: Western	45	Denmark
102	Europe: Western	358	Finland
102	Europe: Western	33	France
102	Europe: Western	49	Germany
102	Europe: Western	30	Greece
102	Europe: Western	354	Iceland
102	Europe: Western	353	Ireland
102	Europe: Western	101	Isle of Man
102	Europe: Western	39	Italy
102	Europe: Western	102	Liechtenstein
102	Europe: Western	352	Luxembourg
102	Europe: Western	356	Malta
102	Europe: Western	377	Monaco
102	Europe: Western	31	Netherlands
102	Europe: Western	47	Norway
102	Europe: Western	351	Portugal
102	Europe: Western	386	Slovenia
102	Europe: Western	34	Spain
102	Europe: Western	46	Sweden
102	Europe: Western	41	Switzerland
102	Europe: Western	44	United Kingdom
10	Middle East: Gulf States	973	Bahrain
10	Middle East: Gulf States	98	Iran
10	Middle East: Gulf States	964	Iraq
10	Middle East: Gulf States	965	Kuwait
10	Middle East: Gulf States	968	Oman
10	Middle East: Gulf States	974	Qatar
10	Middle East: Gulf States	966	Saudi Arabia
10	Middle East: Gulf States	971	United Arab Emirates
10	Middle East: Gulf States	967	Yemen
11	Middle East: MENA	213	Algeria
11	Middle East: MENA	20	Egypt
11	Middle East: MENA	972	Israel
11	Middle East: MENA	962	Jordan
11	Middle East: MENA	961	Lebanon
11	Middle East: MENA	212	Morocco
11	Middle East: MENA	970	Palestinian Settlements
11	Middle East: MENA	963	Syrian Arab Republic
11	Middle East: MENA	216	Tunisia
11	Middle East: MENA	1212	Western Sahara

Region Code	Region Name	Country Code	Country Name
11	Middle East: MENA	218	Libya

REGISTERED OFFICE OF THE ISSUER
Avoca CLO XVI Designated Activity Company
3rd Floor, Kilmore House
Park Lane, Spencer Dock
Dublin 1
Ireland

INVESTMENT MANAGER
KKR Credit Advisors (Ireland)
75 St. Stephen's Green
Dublin 2
Ireland

INITIAL PURCHASER, ARRANGER AND LEAD MANAGER
BNP Paribas
10 Harewood Avenue
London
NW1 6AA

**COLLATERAL ADMINISTRATOR AND
INFORMATION AGENT**

The Bank of New York Mellon, SA/NV
4th Floor
Hanover Building
Windmill Lane
Dublin 2 Ireland

TRUSTEE

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL

REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon (Luxembourg) S.A.
Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

IRISH LISTING AGENT

Arthur Cox Listing Services Limited
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

CALCULATION AGENT, PRINCIPAL PAYING AGENT, ACCOUNT BANK, AND CUSTODIAN

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL

LEGAL ADVISERS

*To the Initial Purchaser, Arranger
and Lead Manager
as to English Law and as to U.S. Law*

Cadwalader, Wickersham & Taft LLP
Dashwood House
69 Old Broad Street
London EC2M 1QS

*To the Issuer and the Investment
Manager as to Irish Law*

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

*To the Investment Manager
as to English Law and as to U.S. Law*

Milbank, Tweed, Hadley & McCloy LLP
10 Gresham Street
London
EC2V 7JD
and
601 South Figueroa Street
30th Floor
Los Angeles
California 90017

*To the Investment Manager as to
Certain U.S. Federal Income Tax
Matters*

Hunton & Williams LLP
Riverfront Plaza,
East Tower
951 East Byrd Street
Richmond
VA 23219

To the Trustee as to English Law

Allen & Overy LLP
One Bishops Square
London
E1 6AD
