

Gresham Capital CLO V B.V.

(a private company with limited liability incorporated under the laws of The Netherlands, having its statutory seat in Amsterdam)

€244,007,500 Class A Senior Secured Floating Rate Notes due 2024
€22,955,000 Class B Deferrable Secured Floating Rate Notes due 2024
€20,755,000 Class C Deferrable Secured Floating Rate Notes due 2024
€12,430,500 Class D Deferrable Secured Floating Rate Notes due 2024
€27,052,000 Class E Subordinated Deferrable Secured Floating Rate Notes due 2024

The Notes are secured by a portfolio of senior secured loans and certain other assets.

Gresham Capital CLO V B.V. (the “**Issuer**”) will issue on the Issue Date €244,007,500 Class A Senior Secured Floating Rate Notes due 2024 (the “**Class A Notes**”), €22,955,000 Class B Deferrable Secured Floating Rate Notes due 2024 (the “**Class B Notes**”), €20,755,000 Class C Deferrable Secured Floating Rate Notes due 2024 (the “**Class C Notes**”), €12,430,500 Class D Deferrable Secured Floating Rate Notes due 2024 (the “**Class D Notes**”), and €27,052,000 Class E Subordinated Notes due 2024 (the “**Class E Notes**”). The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are together the “**Rated Notes**” and the Rated Notes together with the Class E Notes are the “**Notes**”, any one class of Notes being a “**Class**”.

The Notes will be issued and secured pursuant to a trust deed (the “**Trust Deed**”) to be dated on or about the Issue Date between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee (the “**Trustee**”) as amended and supplemented. The terms and conditions of the Notes (the “**Conditions**”) are set out herein under “*Conditions of the Notes*”. The collateral securing the Notes will be managed by Investec Principal Finance, a business unit division of Investec Bank (UK) Ltd. (the “**Collateral Manager**”).

It is a condition to the issuance of the Notes that the Notes of each Class be issued concurrently. It is a condition to the issuance and sale of the Notes that the Notes (except for the Class E Notes) be issued with at least the following ratings by Standard and Poor’s, a division of The McGraw-Hill Companies, Inc. (“**S&P**”), the Class A Notes: “AA”, the Class B Notes: “A-”, the Class C Notes: “BBB-” and the Class D Notes: “BB-”. The Class E Notes 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.**

Interest on the Notes will accrue on the outstanding principal balance thereof from the Issue Date and as described in the “*Conditions of the Notes*”. Interest in respect of the Notes shall be payable on 15 January 2009 and thereafter semi-annually in arrear on the 18th day of June and December of each year (or, if not a Business Day, on the next succeeding Business Day), at maturity and upon any redemption of such Notes (each a “**Payment Date**”). The Notes bear interest at a rate equal to Applicable EURIBOR plus the relevant margin as described in more detail in “*Conditions of the Notes*”.

Application has been made to the Irish Financial Services Regulatory Authority (“**IFRA**”) as the competent authority under EU Directive 2003/71/EC, for the prospectus to be approved. Application has been made to the Irish Stock Exchange Limited (the “**Irish Stock Exchange**”) for each Class of Notes to be admitted to the Official List and trading on its regulated market. This Prospectus constitutes a “prospectus” for the purposes of EU Directive 2003/71/EC.

SEE “RISK FACTORS” IN THIS PROSPECTUS FOR A DESCRIPTION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS IN CONNECTION WITH AN INVESTMENT IN ANY OF THE NOTES.

The net proceeds of the offering of the Notes will be applied by the Issuer in refinancing certain indebtedness incurred by the Issuer in respect of the acquisition from Investec Bank (UK) Limited as seller (the “**Seller**”) of a portfolio of senior secured interests in leveraged loans meeting the eligibility criteria specified below in “*Description of the Portfolio*” and certain other rights as described herein. Security has been and will be created over the Portfolio Collateral and certain of the Issuer’s other assets in favour of the Trustee for the benefit of the holders of the Notes and certain other secured creditors described herein. The Notes will be limited recourse debt obligations of the Issuer. The Portfolio Collateral and certain other assets of the Issuer secured in favour of the Trustee are the sole source of payments on the Notes.

THE NOTES DO NOT REPRESENT AN INTEREST IN, OR OBLIGATIONS OF, AND ARE NOT INSURED OR GUARANTEED BY, THE TRUSTEE, THE PAYING AGENT, THE REGISTRAR, ANY OF THE NOTEHOLDERS, THE COLLATERAL MANAGER, ANY HEDGE COUNTERPARTIES, OR ANY OF THEIR RESPECTIVE AFFILIATES.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or the securities law of any state of the United States or any other relevant jurisdiction. The Notes are being offered and sold only outside the United States to non-U.S. persons in offshore transactions (as defined in Regulation S under the Securities Act (“**Regulation S**”)) in reliance on Regulation S. The Notes will be in registered form.

Initial Purchaser
Investec Bank (UK) Limited

This Prospectus is dated 26 June 2008

Notes of each Class will each be represented on issue by one or more global certificates of such Class (each a “**Global Note**”) in fully registered form, without interest coupons or principal receipts, which will be deposited on or about the Issue Date with Euroclear Bank N.V./S.A. as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”). Ownership interests in the Global Notes will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear, Clearstream, Luxembourg. Notes in definitive certificated form will be issued only in limited circumstances. See “*Form of the Notes*” and “*Book Entry Clearance Procedures*” below.

The Notes will be sold in reliance on Regulation S, and will be substantially in the form as set out in the Trust Deed in the applicable Minimum Denominations and integral multiples in excess of the applicable Authorised Denomination.

Except for the information contained in this Prospectus in the section headed “*Description of the Collateral Manager*”, the Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Collateral Manager accepts responsibility for the information contained in this Prospectus in the section headed “*Description of the Collateral Manager*” to the extent that it is correct to the best of its knowledge as at the Issue Date. To the best of the knowledge and belief of the Collateral Manager (the Collateral Manager having taken all reasonable care to ensure that such is the case), the information in respect of which it accepts responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information. The Collateral Manager does not accept any responsibility for the accuracy and completeness of any other information contained in this Prospectus nor otherwise for the structuring and operation of any arrangements relating to the Notes (save in its capacity as the Collateral Manager) referred to herein.

Save, in the case of the Collateral Manager, for the section described immediately above in respect of the Collateral Manager, none of Investec Bank (UK) Limited, in its capacity as initial purchaser of the Notes (the “**Initial Purchaser**”) and as Seller, the Trustee, the Collateral Manager, the Collateral Administrator, the Custodian, the Account Bank, the Paying Agent, the Registrar or any Affiliate of any of them has separately verified the information contained in this Prospectus and accordingly none of the Initial Purchaser, the Seller, the Trustee, the Collateral Manager, the Collateral Administrator, the Custodian, the Account Bank, the Paying Agent, the Registrar or any Affiliate of any of them 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 information, 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. Each person receiving this Prospectus acknowledges that such person has not relied on the Initial Purchaser, the Seller, the Trustee, the Collateral Manager, the Collateral Administrator, the Custodian, the Account Bank, the Paying Agent, the Registrar or any Affiliate of any of them in connection with its investigation of the accuracy of such information or its investment decision.

Each person contemplating making an investment in the Notes must make its own investigation and analysis of the creditworthiness of the Issuer and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, Investec Bank (UK) Limited or any Affiliate of Investec Bank (UK) Limited to subscribe for or purchase, any of the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or invitation in such jurisdiction.

The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. For a description of certain restrictions on offers and sales of Notes and the distribution and issue of this Prospectus and other documents, 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, Investec Bank (UK) Limited or Affiliates of Investec Bank (UK) Limited. 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.

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, THE INITIAL PURCHASER, THE TRUSTEE, THE AGENTS OR THE COLLATERAL ADMINISTRATOR (OR ANY OF THEIR AFFILIATES) SPECIFIED HEREIN SHALL HAVE ANY RESPONSIBILITY THEREFOR.

THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT. TERMS USED IN THIS PARAGRAPH HAVE THE MEANINGS GIVEN TO THEM BY REGULATIONS UNDER THE SECURITIES ACT. IN ADDITION, THE ISSUER HAS NOT REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”).

STABILISATION

In connection with the issue of the Notes, Investec Bank (UK) Limited (the “**Stabilising Manager**”) (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment shall be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

DEFINED TERMS

The Index of Defined Terms appearing at the end of this Prospectus contains references to the pages in this Prospectus where definitions of capitalised terms used herein can be found.

Unless otherwise specified or the context requires, references to “**Euro**”, and “**€**” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union, references to “**Sterling**”, “**pounds sterling**” and “**£**” are to the lawful currency for the time being of the United Kingdom and references to “**Dollars**” and “**US\$**” are to the lawful currency for the time being of the United States of America.

The language of the 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.

Where the context requires, references to “**listing**” should be taken to read “**admission to trading**”, for the purposes of the Prospectus Directive.

THIS PROSPECTUS HAS BEEN PREPARED BY THE ISSUER SOLELY FOR USE IN CONNECTION WITH THE OFFERING OF THE NOTES DESCRIBED HEREIN (THE “**OFFERING**”). THE ISSUER 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 FOR USE IN CONNECTION WITH THE OFFERING BY THE OFFEREE TO WHOM IT HAS BEEN DELIVERED BY THE ISSUER OR ANY AFFILIATE THEREOF ONLY 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. EACH PROSPECTIVE PURCHASER IN THE UNITED STATES, BY ACCEPTING DELIVERY OF THIS PROSPECTUS, AGREES TO THE FOREGOING AND TO MAKE NO PHOTOCOPIES OF THIS PROSPECTUS OR ANY OTHER DOCUMENTS RELATED HERETO AND THERETO AND, IF THE OFFEREE DOES NOT PURCHASE THE NOTES OF ANY CLASS OR THE OFFERING IS TERMINATED, TO RETURN THIS PROSPECTUS AND ALL DOCUMENTS ATTACHED HERETO TO THE ISSUER.

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SUMMARY

This summary does not include all relevant information relating to the transaction described herein, particularly with respect to the risks and special considerations involved with such a transaction and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus and the related documents referred to herein. Prospective investors are advised to carefully read, and should rely solely on, the detailed information appearing elsewhere in this Prospectus relating to the Notes in making their investment decision. Capitalised terms not specifically defined in this summary have the meanings set out in Condition 1 (Definitions) under “Conditions of the Notes” below.

The Issuer: Gresham Capital CLO V B.V. (the “**Issuer**”), a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, having its registered office at Rivierstaete Building, Amsteldijk 166, 1079 LH Amsterdam, The Netherlands.

The entire issued share capital of the Issuer is held by a foundation (*stichting*), Stichting Gresham Capital CLO V established under the laws of The Netherlands.

The Issuer has been incorporated for the sole purpose of borrowing under the Warehouse Facility Agreement, acquiring the Portfolio, issuing the Notes and engaging in certain related transactions.

The Collateral Manager: Investec Principal Finance, a business unit division of Investec Bank (UK) Limited (the “**Collateral Manager**”), will manage the Portfolio under a collateral management agreement entered into on or about the Issue Date between, amongst others, the Issuer and the Collateral Manager (the “**Collateral Management Agreement**”). Pursuant to the Collateral Management Agreement, the Collateral Manager will, amongst other things, manage the selection, acquisition and disposal of the Portfolio Collateral and other collateral during the Reinvestment Period (including exercising rights and remedies associated with the Portfolio Collateral) in accordance with the terms of the Collateral Management Agreement.

The Collateral Administrator: Certain administrative functions with respect to the Portfolio, including the calculation of the Coverage Tests, the preparation of certain reports in respect of the Portfolio, the operation of the Accounts and the application of monies in accordance with the Priorities of Payment, will be performed by Law Debenture Asset Backed Solutions Limited (in such capacity, the “**Collateral Administrator**”) under the Collateral Administration Agreement.

Under the terms of the Collateral Administration Agreement, the Collateral Administrator may resign upon 90 days’ written notice to the Issuer. The Collateral Administrator may be removed without cause (as set out in the Collateral Administration Agreement) upon receiving not less than 90 days’ prior written notice from the Issuer or the Trustee acting upon an Extraordinary Resolution of each Class of Notes Outstanding (including all Notes held by the Collateral Manager or any of its Affiliates). In addition, the Collateral Administrator may at any time be removed for cause upon at least 10 days’ prior written notice by the Issuer or the Trustee acting upon an Extraordinary Resolution of the Controlling Class (excluding all Notes held by the Collateral Administrator or any of its Affiliates).

The Trustee:.....	<p>The Law Debenture Trust Corporation p.l.c., acting through its office at Fifth Floor, 100 Wood Street, London EC2V 7EX, will be the trustee for the Noteholders (the “Trustee”).</p> <p>The Trustee may retire by giving the Issuer not less than three months’ written notice or the Trustee may be removed by an Extraordinary Resolution of the Controlling Class on not less than 90 days’ written notice. Any retirement or removal of the Trustee shall not be effective until a successor trustee has been appointed.</p>
Overview of the Notes:	<p>The Notes will be issued and secured pursuant to a trust deed (the “Trust Deed”) between, amongst others, the Issuer and the Trustee dated on or about 26 June 2008 (the “Issue Date”).</p> <p>€244,007,500 Class A Senior Secured Floating Rate Notes due 2024 (the “Class A Notes”);</p> <p>€22,955,000 Class B Deferrable Secured Floating Rate Notes due 2024 (the “Class B Notes”);</p> <p>€20,755,000 Class C Deferrable Secured Floating Rate Notes due 2024 (the “Class C Notes”);</p> <p>€12,430,500 Class D Deferrable Secured Floating Rate Notes due 2024 (the “Class D Notes”);</p> <p>€27,052,000 Class E Subordinated Deferrable Secured Floating Rate Notes due 2024 (the “Class E Notes”).</p> <p>The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are together referred to as the Rated Notes, and the Rated Notes and Class E Notes are together referred to as the “Notes”, any one class of Notes being a “Class”.</p>
Status of the Notes:	<p>Each Class of Notes will be secured debt obligations of the Issuer and each Note of a specific Class will rank <i>pari passu</i> with each of the other Notes of such Class.</p> <p>Subject as provided below, payments of principal on each Payment Date will rank in the following order of priority: (i) the Class A Notes; (ii) the Class B Notes; (iii) the Class C Notes; (iv) the Class D Notes; and (v) the Class E Notes.</p> <p>Subject as provided below, payments of interest on each Payment Date will rank in the following order of priority: (i) the Class A Notes; (ii) the Class B Notes; (iii) the Class C Notes; (iv) the Class D Notes; and (v) the Class E Notes.</p> <p>See “<i>Summary of Terms—Priorities of Payment</i>” below.</p>
Ratings:.....	<p>It is a condition of the issuance of the Notes that the respective Classes of Notes be assigned at least the following ratings:</p> <p><i>Class A Notes</i>: “AA” by S&P.</p> <p><i>Class B Notes</i>: “A-” by S&P.</p> <p><i>Class C Notes</i>: “BBB-” by S&P.</p> <p><i>Class D Notes</i>: “BB-” by S&P.</p>

	<p>The Collateral Manager will request that S&P confirms its rating of the Class A Notes and each other Class of Rated Notes within 30 days after the Target Date.</p>
<p>Use of Proceeds:.....</p>	<p>The proceeds of the issue and offering of the Notes will be applied by the Issuer as follows:</p> <ul style="list-style-type: none"> (a) to fund or make provision for certain fees and expenses of the Issuer up to a maximum of €800,000; (b) to refinance in full its indebtedness outstanding under the Warehouse Facility Agreement; (c) to pay €1,400,000 into the Interest Collection Account to be applied as Interest Proceeds on the first Payment Date; and (d) the remaining proceeds to be paid into the Pre-Funding Account and used in the acquisition of Portfolio Collateral during the Ramp-Up Period subject to the conditions set out herein. <p>See “<i>Use of Proceeds</i>” below. Upon such application of the proceeds of issue, the Warehouse Facility Agreement will terminate and all security granted by the Issuer in respect thereof will be released.</p>
<p>Priorities of Payment:.....</p>	<p>Prior to enforcement of the security constituted by the Trust Deed and optional redemption under Condition 7(b) (<i>Optional Redemption</i>), Interest Proceeds and Principal Proceeds shall be applied in payment of interest and principal payable in respect of the Notes and amounts payable to the other creditors of the Issuer in accordance with the Priorities of Payment set out in Condition 3(c) (<i>Priorities of Payment</i>).</p> <p>On and following enforcement of the security constituted by the Trust Deed or optional redemption under Condition 7(b) (<i>Optional Redemption</i>), Interest Proceeds and Principal Proceeds shall be applied in accordance with the Priorities of Payment specified in Condition 11 (<i>Enforcement</i>).</p>
<p>Interest Payments:</p>	<p>Subject to the provisions below, the first Interest Accrual Period in respect of the Notes shall commence on (and include) the Issue Date and end on (and exclude) the Payment Date falling on 15 January 2009, the second Interest Accrual Period in respect of the Notes shall commence on (and include) the Payment Date falling on 15 January 2009 and end on (and exclude) the Payment Date falling on 18 June 2009 and, thereafter, interest in respect of the Notes of each Class will be payable semi-annually in arrear on the 18th day of June and December of each year (subject in each case to adjustment for non-Business Days), at maturity and upon any redemption of the Notes (each such date a “Payment Date”).</p> <p>Each Class of Notes shall bear interest at the following rates:</p> <p><i>Class A Notes:</i> Applicable EURIBOR plus 0.42 per cent. per annum (the “Class A Note Interest Rate”);</p> <p><i>Class B Notes:</i> Applicable EURIBOR plus 0.70 per cent. per annum (the “Class B Note Interest Rate”); and</p> <p><i>Class C Notes:</i> Applicable EURIBOR plus 1.70 per cent. per annum (the “Class C Note Interest Rate”);</p>

Class D Notes: Applicable EURIBOR plus 3.95 per cent. per annum (the “**Class D Note Interest Rate**”); and

Class E Notes: Applicable EURIBOR plus 15 per cent. per annum (the “**Class E Note Interest Rate**”).

The interest amounts payable on any Payment Date with respect to each Class of Notes will be calculated in accordance with the provisions of Condition 6 (*Interest*) and will be paid in accordance with the Priorities of Payment.

With respect to the Class E Notes, available funds, if any, for the payment of interest may be paid only after the payment of, *inter alia*, certain fees and expenses and interest payable in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

Consequences of Non-Payment
of Interest:

Non-payment of interest in respect of the Notes Outstanding of the Controlling Class only, will (upon expiry of the applicable grace period) constitute an Issuer Event of Default pursuant to Condition 10(a) (*Events of Default*), following the occurrence of which the security over the Collateral will become enforceable pursuant to the terms of Condition 11 (*Enforcement*). For the avoidance of doubt, the non-payment of interest in respect of any Class of Notes Outstanding other than the Controlling Class shall not constitute an Issuer Event of Default and at no time will non-payment of interest in respect of the Class E Notes constitute an Issuer Event of Default.

Reinvestment Period:

The Reinvestment Period is the period from the Issue Date up to but excluding the Determination Date immediately preceding the Payment Date falling in July 2014.

The Reinvestment Period shall automatically terminate upon the earliest of (i) the Payment Date on which the entire aggregate principal amount outstanding of all of the Notes is to be optionally redeemed and (ii) the date of the occurrence of an Issuer Event of Default.

The Reinvestment Period may also be terminated earlier at the option of the Issuer, if at any time the Collateral Manager (acting in its sole and absolute discretion on behalf of the Issuer) by notice certifies to the Issuer that it has, after making all reasonable efforts to do so, been unable for reasons beyond its control to identify Additional Portfolio Collateral that are deemed appropriate by the Collateral Manager (acting reasonably in accordance with its normal practice and acting on behalf of the Issuer) and which meet the Eligibility Criteria or, to the extent applicable, the Reinvestment Criteria in sufficient amounts to permit investment or reinvestment of the funds required to be invested by the Issuer, *provided* that the Issuer has obtained the consent of the holders of at least 51 per cent. of the aggregate principal amount outstanding of the Class E Notes (including for this purpose any of the Notes held by the Collateral Manager and its Affiliates) that the Reinvestment Period may be terminated prior to but excluding the Determination Date immediately preceding the Payment Date falling in July 2014.

Maturity and Average Life :

The Notes of each Class Outstanding will mature at their principal amounts outstanding on 18 December 2024 (subject to adjustment

for non-Business Days) (the “**Maturity Date**”), in each case unless repaid or redeemed prior to the Maturity Date. The average life of each Class of the Notes is expected to be equal to or shorter than the number of years between the Issue Date and the Maturity Date.

Redemption of the Notes:

Principal payments on the Notes will be made in the following circumstances, each as described in further detail below:

- (a) *Final Redemption*: On the Maturity Date. See Condition 7(a) (*Final Redemption*).
- (b) *Optional Redemption; Class E Noteholders*: All (but not some) of the Notes shall be redeemed at their applicable Redemption Prices by the Issuer at the request in writing of the holders of at least 66 $\frac{2}{3}$ per cent. of the aggregate principal amount of Class E Notes Outstanding on any date falling after the Issue Date or, on any date following the occurrence of a Collateral Tax Event, subject to certain conditions. See Condition 7(b)(i)(A) (*Optional Redemption—Redemption of the Class E Noteholders*).
- (c) *Optional Redemption; Tax Reasons*: All (but not some) of the Notes shall be redeemed at their applicable Redemption Prices by the Issuer with the consent in writing of the holders of at least 66 $\frac{2}{3}$ per cent. of the aggregate principal amount of Class D Notes Outstanding or the consent in writing of the Trustee acting on the directions of the holders of at least 66 $\frac{2}{3}$ per cent. of the aggregate principal amount outstanding of the Controlling Class on any Payment Date following the occurrence of a Tax Event, subject to certain conditions. See Condition 7(b)(i)(B) (*Redemption for Tax Reasons*).
- (d) *Mandatory Redemption; Breach of Coverage Test*: In the event that any one of the Coverage Tests (as determined by the Collateral Administrator) is not satisfied on any Determination Date, on the Payment Date following such Determination Date, Interest Proceeds and thereafter Principal Proceeds will be used, each subject to the applicable Priorities of Payment, to redeem the Notes, in whole or in part, to the extent necessary to ensure the relevant Coverage Tests are satisfied if recalculated following such redemption. See Condition 7(c)(i) (*Redemption upon Breach of Coverage Test*).
- (e) *Mandatory Redemption; Target Date Rating Downgrade*: If a Target Date Rating Downgrade occurs and is continuing on the Business Day prior to a Payment Date, Interest Proceeds and, thereafter, Principal Proceeds will be applied, subject to the Priorities of Payment, on such Payment Date to redeem the Notes, in whole or in part, until S&P confirms in writing that each such rating is reinstated. See Condition 7(c)(ii) (*Redemption Following Target Rate Rating Downgrade*).
- (f) *Mandatory Redemption After the Reinvestment Period*: On each Payment Date after the end of the Reinvestment Period, Principal Proceeds (other than certain Unscheduled Principal Proceeds and Sale Proceeds from Credit Improved Securities, which at the option of the Collateral Manager may be invested in Portfolio Collateral) will be applied, subject to the Priorities of Payment, to redeem the Notes. See Condition 7(c)(iv) (*Redemption Following Expiry of the Reinvestment Period*).

- (g) *Mandatory Redemption Upon Breach of Reinvestment OC Test*: On each Payment Date after the end of the Reinvestment Period, in the event that the Reinvestment OC Test (as calculated by the Collateral Administrator) is not satisfied on the immediately preceding Measurement Date, Interest Proceeds net of the amounts payable under Condition 3(c)(i)(A) to (P) (inclusive) will be used, subject to the Priorities of Payment, to redeem the Notes, in whole or in part, to the extent necessary to cause the Reinvestment OC Test to be met if recalculated following such redemption or repayment. See Condition 7(c)(iv) (*Redemption upon Breach of Reinvestment OC Test*).
- (h) *Special Redemption at the option of the Collateral Manager*: Save as provided below, principal on the Notes shall be paid in accordance with Condition 3(c)(iii)(O) (*Application of Principal Proceeds on Payment Dates*) by the Issuer if, at any time during the Reinvestment Period, the Collateral Manager (acting on behalf of the Issuer) by notice certifies to the Issuer and the Trustee that for a period of 90 days following receipt of such funds it has been unable to identify Additional Portfolio Collateral that are deemed appropriate by the Collateral Manager (in its discretion and acting on behalf of the Issuer) and which meet the Eligibility Criteria or, to the extent applicable, the Reinvestment Criteria and the Additional Reinvestment Criteria, in sufficient amounts to permit the investment or reinvestment of all or a portion of the funds then held in the Principal Collection Account that are to be invested in Additional Portfolio Collateral (a “**Special Redemption**”). See Condition 7(d) (*Redemption at the Option of the Collateral Manager*).

Security for the Notes:

The Notes will be debt obligations of the Issuer secured in favour of the Trustee for the benefit of the Secured Parties by, amongst other things, (a) a first fixed charge over and/or assignment by way of security of all rights of the Issuer in respect of: (i) the Portfolio, (ii) any Eligible Investments, (iii) the Accounts and (iv) the Transaction Documents, and (b) a floating charge over all the other assets (including all cash and other property) and undertakings of the Issuer (present and future) excluding (A) any and all assets, property or rights which are located in, or governed by the laws of, The Netherlands (except for contractual rights or receivables (*rechten of vorderingen op naam*) which are assigned or charged to the Trustee); (B) any and all Dutch Ineligible Securities; (C) the Issuer’s rights under the Management Agreement; (D) the Issuer’s rights in respect of and any and all amounts standing to the credit of the Issuer Dutch Account (together, the “**Collateral**”). See Condition 4(a) (*Security*) and “*Description of the Portfolio*” below.

Purchase of Portfolio Collateral:.....

The Issuer has prior to the Issue Date purchased Portfolio Collateral the aggregate Principal Balance of which is equal to at least 50 per cent. of the Target Par Amount. The Collateral Manager, on behalf of the Issuer, will purchase Additional Portfolio Collateral during the Ramp-Up Period using amounts standing to the credit of the Pre-Funding Account and Principal Proceeds. Subject to the terms and conditions described in this Prospectus, the Collateral Manager, on behalf of the Issuer, may purchase Additional Portfolio Collateral during and after the Reinvestment Period. See “*Description of the Portfolio Ramp-Up Period*” and “*Description of the Portfolio—Sale of Portfolio Collateral and Reinvestment Criteria*” below.

It is intended that the aggregate Principal Balance of the Portfolio Collateral as at the end of the Ramp-Up Period will be €325,000,000 (the “**Target Par Amount**”).

Collateral Quality Tests,
Eligibility Criteria and the
Coverage Tests:

The Collateral Quality Tests, paragraph (c) of the Eligibility Criteria and the Coverage Tests are not required to be satisfied on the Issue Date but are required to be satisfied on the Target Date. In addition, after the Target Date, the Reinvestment Criteria and the Additional Reinvestment Criteria must be satisfied before and after giving effect to the purchase of any Additional Portfolio Collateral to the extent required pursuant to the Collateral Management Agreement. See “*Description of the Portfolio*”.

Collateral Quality Tests¹:

Collateral Quality Tests	Required
Weighted Average Life Test	See table under "Description of the Portfolio – The Collateral Quality Tests"
Minimum Weighted Average Spread Test	See S&P Test Matrix
S&P Minimum Weighted Average Recovery Rate Test	See S&P Test Matrix
CDO Monitor Test	Positive

Certain Eligibility Criteria²:

Criteria	Percentage Permitted of the Maximum Investment Amount
Senior Secured Loans, any single obligor	Max. €10,000,000 or €8,000,000 or \$15,000,000
Senior Secured Loans, 2 out of 4 obligors	Max. €15,000,000 or £12,000,000
Senior Secured Loans, remaining 2 out of 4 obligors	Max. €12,500,000 or £15,000,000
Second Lien Loans together with Structured Finance Securities	Max. 10 per cent.
Second Lien Loans and Structured Finance Securities, any single obligor	Max. €10,000,000 or £8,000,000
Second Lien Loans and Structured Finance Securities, 2 out of 4 obligors	Max. €15,000,000 or

¹ For a more complete description of each of the Collateral Quality Tests, see “*Description of the Portfolio—The Collateral Quality Tests*”.

² For a more complete description of the Eligibility Criteria, see “*Description of the Portfolio—Eligibility Criteria*”.

Criteria	Percentage Permitted of the Maximum Investment Amount										
	£12,000,000										
Second Lien Loans and Structured Finance Securities, remaining 2 out of 4 obligors	Max €12,500,000 or £10,000,000										
Coverage Tests:	<p>Payments under the Notes are subject to the Coverage Tests. The Coverage Tests will include the following: (i) the Senior Overcollateralisation Ratio Test; (ii) the Class B Overcollateralisation Ratio Test; (iii) the Class C Overcollateralisation Ratio Test; (iv) the Class D Overcollateralisation Test; and (v) the Senior Interest Coverage Test. A breach of a Coverage Test will cause redemption of the Notes of the Class to which such Coverage Test relates and all prior ranking Classes of Notes in accordance with the Priorities of Payment on the related Payment Date; such redemption to be applied out of Interest Proceeds and Principal Proceeds.</p> <p>Each of the Coverage Tests shall be satisfied on a Measurement Date on or after the Target Date if the corresponding Overcollateralisation Ratio on such Measurement Date is at least equal to the percentage specified in the table below in relation to the respective Coverage Test.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Class</th> <th style="text-align: center;">Required Overcollateralisation Ratio</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">A</td> <td style="text-align: center;">125 per cent.</td> </tr> <tr> <td style="text-align: center;">B</td> <td style="text-align: center;">116 per cent.</td> </tr> <tr> <td style="text-align: center;">C</td> <td style="text-align: center;">109 per cent.</td> </tr> <tr> <td style="text-align: center;">D</td> <td style="text-align: center;">104.5 per cent.</td> </tr> </tbody> </table> <p>The Senior Interest Coverage Test shall be satisfied on a Measurement Date on or after the Target Date if the Senior Interest Coverage Ratio on such Measurement Date is at least equal to 105 per cent.</p>	Class	Required Overcollateralisation Ratio	A	125 per cent.	B	116 per cent.	C	109 per cent.	D	104.5 per cent.
Class	Required Overcollateralisation Ratio										
A	125 per cent.										
B	116 per cent.										
C	109 per cent.										
D	104.5 per cent.										
Reinvestment in Collateral Debt Securities:	<p>Subject to certain limits, Principal Proceeds and the amount credited to the Additional Collateral Account may be used during the Reinvestment Period to purchase Portfolio Collateral meeting the Reinvestment Criteria. Subject to certain limits, certain Unscheduled Principal Proceeds and Sale Proceeds from Credit Improved Securities may be used after the Reinvestment Period to purchase Portfolio Collateral meeting the Reinvestment Criteria and the Additional Reinvestment Criteria. See “<i>Description of the Portfolio—Sale of Portfolio Collateral and Reinvestment Criteria</i>” below.</p>										
Fees paid to Collateral Manager:	<p>The Collateral Manager shall, subject to the Priorities of Payment and the limited recourse and non-petition provisions of the Collateral Management Agreement (which are similar to Condition 4(c) (<i>Limited Recourse and Non-Petition</i>)), be paid:</p> <ul style="list-style-type: none"> (a) the Base Collateral Management Fee in arrear on each Payment Date; (b) the Subordinated Collateral Management Fee in arrear on each Payment Date; and 										

	<p>(c) the Incentive Collateral Management Fee in arrear on each Payment Date, but only if the Incentive Management Fee Hurdle Rate is achieved.</p> <p>Any Base Collateral Management Fee and/or Subordinated Collateral Management Fee not paid on the Payment Date on which it is due will be added to the Base Collateral Management Fee and/or Subordinated Collateral Management Fee, respectively, due on the next occurring Payment Date.</p>
Accounts:.....	The Issuer shall establish various accounts with the Account Bank prior to the Issue Date. The Issuer may also open custody accounts with the Custodian in accordance with the Agency Agreement. See “ <i>Description of the Accounts</i> ” below.
Eligible Investments:.....	Amounts standing to the credit of the Accounts may be invested by or on behalf of the Issuer in Eligible Investments.
Hedge Arrangements:	After the Issue Date, the Issuer may enter into hedging arrangements to hedge interest rate or currency risks. The Issuer will have to obtain Rating Agency Confirmation prior to entering into any such hedging arrangements after the Issue Date unless such hedging arrangement is a Form-Approved Hedge. See “ <i>Description of Hedge Arrangements</i> ” below. The Hedge Transactions will be documented by a 1992 ISDA Master Agreement (<i>Multi-currency—Cross Border</i>) as published by the International Swaps and Derivatives Association, Inc., together with a schedule thereto and confirmations (the “ Hedge Agreement ”).
Liquidation of Collateral Debt Securities:.....	The Collateral Manager, on behalf of the Issuer, will sell or liquidate all Collateral (including any remaining Portfolio Collateral, Eligible Investments and any remaining Hedge Agreements) for settlement no later than the Maturity Date and deposit the proceeds thereof in the relevant Accounts. On the Maturity Date, all net proceeds from such liquidation and sale and all available cash will be distributed to the holders of Notes that remain Outstanding and other creditors in accordance with the Priorities of Payment whereupon all remaining Notes will be cancelled.
The Offering:	The Notes will be offered outside the United States to non-U.S. Persons (as defined in Regulation S) in “offshore transactions” in reliance on Regulation S.
Authorised Denominations:	Notes: €100,000 and integral multiples of €1,000 thereof.
Form, Registration and Transfer of Notes:.....	<p>The Notes of any Class offered in reliance on Regulation S under the Securities Act will be represented by one or more global certificates of each Class, in fully registered form, without interest coupons or principal receipts (each, a “Global Note”), deposited with a common depositary for, and registered in the name of, a nominee on behalf of Euroclear and/or Clearstream, Luxembourg.</p> <p>Interests in a Global Note will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and/or Clearstream, Luxembourg and its or their direct and indirect participants (including Euroclear and Clearstream, Luxembourg).</p>

See “*Form of the Notes*” and “*Book Entry Clearance Procedures*” below.

Purchases of, and transfers of interests in, a Global Note are subject to certain acknowledgements, representations, agreements and restrictions and must be made in accordance with the procedures set forth in the Trust Deed and the Agency Agreement. See “*Form of the Notes*”, “*Book Entry Clearance Procedures*” and “*Plan of Distribution and Transfer Restrictions*” below.

Except only in limited circumstances described herein, Notes in definitive certificated form (“**Definitive Notes**”) will not be issued in exchange for beneficial interests in a Global Note. See “*Form of the Notes—Exchange for Definitive Notes*” below.

No Note (or any interest therein) may be transferred to a transferee acquiring an interest in a Note except (a) to a transferee who is not a U.S. person and is acquiring such interest in an offshore transaction (within the meaning of Regulation S) (b) in compliance with the certification (if any) and other requirements set forth in the Trust Deed and (c) if such transfer is made in accordance with any applicable securities laws of any state of the United States and any other relevant jurisdiction. See “*Plan of Distribution and Transfer Restrictions*” below.

No Note (or any interest therein) may be transferred, and none of the Issuer, the Registrar and the Trustee will recognise any purported transfer, unless (a) the transfer is made in a manner exempt from registration under the Securities Act, (b) such transfer is made in denominations equal to or greater than the Minimum Denomination therefor and (c) the transferee is able to make all applicable certifications and representations required by the relevant transfer certificate set out in the Trust Deed (if applicable). See “*Plan of Distribution and Transfer Restrictions*” below.

Notwithstanding the foregoing paragraph, (x) an owner of a beneficial interest in a Global Note may transfer such interest in the form of a beneficial interest in such Global Note without the provision of written certification, *provided* that such transfer is not made to a U.S. Person or for the account or benefit of a U.S. Person and is effected through Euroclear or Clearstream, Luxembourg in an offshore transaction in reliance on Regulation S and may be made only upon provision to the Registrar of written certification from the transferee and transferor in the form provided in the Trust Deed. See “*Plan of Distribution and Transfer Restrictions*” below.

The Trust Deed provides that the Issuer may require the sale of any Note that has been transferred in breach of certain of such transfer restrictions. See “*Plan of Distribution and Transfer Restrictions*” below.

Listing and Trading:

Application has been made to the Irish Financial Services Regulatory Authority (the “**IFSRA**”) as the competent authority (the “**Competent Authority**”) under Directive 2003/71/EC for the Prospectus to be approved. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and traded on its regulated market. Such approval relates only to Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any member state of the European Economic Area. There

can be no assurance that such listing will be granted. There is currently no market for the Notes and no assurance can be given that such a market will develop. See “*Risk Factors—Limited Liquidity of Notes and Restrictions on Transfer*” below.

Governing Law: The Notes, the Trust Deed and all other Transaction Documents, unless otherwise specified, are or will be governed by, and construed in accordance with, English law. The Management Agreement is governed by, and shall be construed in accordance with, Dutch law.

Withholding Tax: All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within The Netherlands 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 the Noteholders and shall withhold or deduct from any such payments any amounts on account of tax where so required by law or any relevant taxing authority. See “*Tax Considerations*” below.

Additional Issuances: Additional Notes may be issued and sold subject to satisfaction of the conditions set out in Condition 17 (*Further Issues*).

RISK FACTORS

An investment in the Notes involves certain risks. Prospective investors should carefully consider the following factors, in addition to the matters set forth elsewhere in this Prospectus, prior to investing in any Class of Notes.

General

The investment of the Issuer in Portfolio Collateral to be held in the Portfolio has certain risk characteristics as described below and is subject to the restrictions and guidelines described in “*The Portfolio*” below. 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 payment in respect of 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. None of the Trustee or the Collateral Administrator undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus or to advise any investor or potential investor in the Notes of any information coming to the attention of the Trustee or the Collateral Administrator which is not included in this Prospectus.

Limited Sources of Funds to Pay Expenses of the Issuer

The funds available to the Issuer to pay its expenses on any Payment Date are limited as provided in the Priorities of Payment. 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 the interests of the Issuer or be able to pay the expenses of legal proceedings against persons whom the Issuer has indemnified.

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 and experience, and access to professional advisers to assist them, to make their own legal, tax, 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 the light of their own circumstances and financial condition.

Recent Events in the CDO and Leveraged Finance Markets

In late 2006 the sub-prime mortgage loan market in the United States commenced a period characterised by a large number of borrower defaults. Prior to the commencement of such period, a significant volume of sub-prime mortgage loans had been securitised and, in turn, sub-prime mortgage backed securities had been sold to Collateral Debt Obligations (“CDOs”) of asset-backed securities and other investment funds. As a result of the deterioration of the U.S. sub-prime mortgage loan market, CDOs of asset-backed securities and other investment funds that invested in U.S. sub-prime mortgage-backed securities began experiencing significant losses which triggered a series of events that resulted in a severe liquidity crisis in the global credit markets during the summer of 2007. Among the sectors of the global credit markets that are experiencing particular difficulty due to the current lack of liquidity are the CDO and leveraged finance markets including CDO vehicles and other investment funds with little or no exposure to sub-prime mortgages.

In addition, the current liquidity crisis has stalled the primary market for a number of financial products including leveraged loans. As a result, there exists a large volume of leveraged loans which remain on the books of the relevant arranging banks, that have not yet been sold to investors including CDOs of leveraged loans or other investment vehicles. This may reduce opportunities for the Issuer to purchase assets in the primary market. In addition, while it is anticipated that new loans entered into after the date of the onset of the liquidity crisis will have a different set of covenants imposed on the relevant underlying obligors (as compared with those loans entered into prior to the onset of the liquidity crisis), the ability of private equity sponsors and leveraged loan arrangers to effectuate new leveraged buy-outs and the ability of the Issuer to make purchases of such assets may be partially or significantly limited to the secondary market. The impact of the liquidity crisis on the primary market may adversely effect the Notes.

While it is possible that the current liquidity crisis may soon alleviate for certain sectors of the global credit markets, there can be no assurance that the CDO or leveraged finance markets will recover at the same time or to the same degree as such other recovering global credit market sectors.

Limited Liquidity and Restrictions on Transfer

Although there is currently a market for notes representing collateralised loan obligations similar to the Notes, there is currently no market for the Notes themselves. The Initial Purchaser has advised the Issuer that it does not intend to make a market for the Notes, the Initial Purchaser is not obliged to do so, and any such market-making may be discontinued at any time without notice. There can be no assurance that any secondary market for 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 the Notes for an indefinite period of time or until the Maturity Date of the Notes.

In addition, the Notes will not be registered under the Securities Act or any U.S. state securities laws, and the Issuer has no plans, and is under no obligation, to register the Notes under the Securities Act. The Notes are subject to certain transfer restrictions and can be transferred only to certain transferees. See “*Plan of Distribution*” and “*Transfer Restrictions*”. Such restrictions on the transfer of the Notes may further limit their liquidity.

Limited Recourse Obligations

The Notes are secured limited recourse obligations of the Issuer and are payable solely from amounts received in respect of the Portfolio Collateral in the Portfolio, the Hedge Agreements and the other Collateral securing the Notes. None of the officers, directors or incorporators of the Issuer, the Collateral Manager, the Initial Purchaser, the Trustee, the Paying Agent, the Registrar, the Collateral Administrator, each Hedge Counterparty (except to the extent of its obligations pursuant to the Hedge Agreements), any of their respective Affiliates and any other person or entity (other than the Issuer), will be obliged to make payments on the Notes. Consequently, holders of the Notes must rely solely on distributions on the Portfolio Collateral and amounts received under the Hedge Agreements and other Collateral securing the Notes for the payment of principal, interest and other amounts on the Notes. There can be no assurance that the distributions on the Portfolio Collateral and amounts received under the Hedge Agreements 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. The Issuer’s ability to make payments in respect of any Class of Notes will be constrained by the terms of the Notes of Classes more senior to such Class and by the terms of the Trust Deed. If distributions on the Portfolio Collateral and amounts received under the Hedge Agreements and other Collateral securing the Notes are insufficient to make payments on any Class of Notes in accordance with the Priorities of Payment, no other assets will be available for payment of the deficiency.

In addition, none of the Noteholders or any other Secured Party except the Trustee, may, until the expiry of one year and one day from but excluding the date of redemption of the latest maturing Note:

- (a) take any corporate action or other steps or legal proceedings for the winding up, dissolution, moratorium, controlled management, similar insolvency proceedings or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator or similar officer of the Issuer or of any or all of the revenues and assets of the Issuer; or
- (b) have any right to take any steps for the purpose of obtaining payment of any amounts payable to it under any of the Transaction Documents by the Issuer and shall not until such time take any steps to recover any debts whatsoever owing to it by the Issuer.

For the avoidance of doubt, the above provision does not prevent the Controlling Class directing the Trustee to take steps to obtain payment of amounts payable under the Transaction Documents upon the security over the Collateral becoming enforceable, in accordance with the Trust Deed.

Counterparty Credit Risk

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 Portfolio Collateral 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, Hedge Agreements generally 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 generally be exposed to the credit risk of the counterparty in respect of such payments.

Credit Risk and Credit Estimates of Portfolio Collateral

Prospective purchasers of the Notes should be aware that the amount and timing of payment of the principal and interest on the Portfolio Collateral will depend upon the detailed terms of the documentation relating to each of the Portfolio Collateral and on whether or not any obligor thereunder defaults in its obligations.

Credit estimates of loans represent the rating agencies' opinions regarding their credit quality and are not a guarantee of quality. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value. Accordingly, credit estimates may not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit estimates in response to subsequent events, so that an issuer's current financial condition may be better or worse than a credit estimate indicates.

Subordination

Prior to enforcement of the security over the Collateral, interest in respect of (i) the Class A Notes is senior to interest on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes; (ii) the Class B Notes is senior to interest on the Class C Notes, the Class D Notes and the Class E Notes; (iii) the Class C Notes is senior to interest on the Class D Notes and the Class E Notes; and (iv) the Class D Notes is senior to interest on the Class E Notes.

Prior to the enforcement of the security over the Collateral (except as specified below), interest payments in respect of (i) the Class A Notes are senior to principal payable in respect of the other Rated Notes and the Class E Notes; (ii) the Class B Notes are senior to principal payable in respect of the Class A Notes, the other Classes of the Rated Notes and the Class E Notes if the Senior Coverage Tests are satisfied (iii) the Class C Notes are senior to principal payable in respect of the Class A Notes and the other Classes of the Rated Notes and the Class E Notes if the Senior Coverage Tests and the Class B Overcollateralisation Ratio Test are satisfied; (iv) the Class D Notes are senior to principal payable in respect of the Class A Notes and the other Classes of the Rated Notes and the Class E Notes if the Senior Coverage Tests, the Class B Overcollateralisation Ratio Test and the Class C Overcollateralisation Ratio Test are satisfied. If (i) the Senior Coverage Tests are not met, interest in respect of the Class B Notes is subordinated to principal payable on the Class A Notes; and (ii) if the Senior Coverage Tests or the Class B Overcollateralisation Ratio Test are not met, interest in respect of the Class C Notes is subordinated to principal payable on the Class A Notes and the Class B Notes; and (iii) if the Senior Coverage Tests, the Class B Overcollateralisation Ratio Test or the Class C Overcollateralisation Ratio Test are not met, interest in respect of the Class D Notes is subordinated to principal payable on the Class A Notes, the Class B Notes and the Class C Notes, in each case to the extent required and as described in the Conditions of the Notes.

Prior to enforcement of the security over the Collateral, interest in respect of the Class E Notes is subordinated to interest on the Class A Notes and to each other Class of Rated Notes, and, provided the Coverage Tests are satisfied in respect of each Class of Notes and if, following the Target Date, no Target Date Downgrade Rating is continuing, senior to principal in respect of the Class A Notes and to principal on each other Class of Rated Notes. If any of the Coverage Tests are not met or, if following the Target Date, a Target Date Downgrade Rating is continuing, interest in respect of the Class E Notes is subordinated to principal payable on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

Interest on each of the Classes of the Rated Notes other than the Class A Notes will be paid semi-annually on each Payment Date and will be deferred in the event that insufficient Interest Proceeds are available to make payment of interest on such Class of Notes on any Payment Date pursuant to Condition 3(c)(i) (*Application of Interest Proceeds on Payment Dates*) or insufficient Principal Proceeds are available pursuant to Condition 3(c)(iii) (*Application of Principal Proceeds on Payment Dates*) for so long as, in the case of (i) the Class B Notes, any Class A Notes remain outstanding; or (ii) the Class C Notes, any Class A Notes or Class B Notes remain outstanding; or (iii) the Class D Notes, any Class A Notes, Class B Notes or Class C Notes remain outstanding. Such a deferral will not constitute an Issuer Event of Default.

Interest on the Class E Notes will be paid semi-annually on each Payment Date following payment of interest in respect of the Class A Notes, the other Rated Notes and the fees, expenses and other amounts set out in Condition 3(c)(i) (*Application of Interest Proceeds on Payment Dates*) and will be deferred in the event that insufficient Interest Proceeds are available to make payment of interest on such the Class E Notes on any Payment Date pursuant to Condition 3(c)(i) (*Application of Interest Proceeds on Payment Dates*) or insufficient Principal Proceeds are available pursuant to Condition 3(c)(iii) (*Application of Principal Proceeds on Payment Dates*) for so long as the Class E Notes or any Class of the Rated Notes remains outstanding. Such a deferral will not constitute an Issuer Event of Default

With certain limited exceptions described herein, (a) payments of principal of and interest on the Class A Notes will be senior to the payment of principal of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, (b) payments of principal of and interest on the Class B Notes will be senior to the payment of principal on the Class C Notes, the Class D Notes and the Class E Notes, (c) payments of principal of and interest on the Class C Notes are senior to the payment of principal of the Class D Notes and the Class E Notes, and (d) payments of principal of and interest on the Class D Notes are senior to the payment of principal on the Class E Notes.

Payments of principal of and interest on each Class of Notes are also subordinated to the payment of certain other amounts payable by the Issuer, as set out in the Priorities of Payment.

Except in connection with an optional redemption in accordance with Condition 7(b) (*Optional Redemption*) (in which case each Class of Notes will be redeemed in full): (a) no payments of principal of the Class B Notes will be made until principal on the Class A Notes has been paid in full, and (b) no payments of principal of the Class C Notes will be made until principal on the Class A Notes and the Class B Notes has been paid in full, (c) no payments of principal of the Class D Notes will be made until principal on the Class A Notes, the Class B Notes and the Class C Notes has been paid in full, and (d) no payments of principal of the Class E Notes will be made until principal on each Class of the Rated Notes has been paid in full. Failure to make any payment of principal on the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes on any Payment Date (unless such Class of Notes is the most senior Class of Notes then Outstanding), in accordance with the Priorities of Payment, will not constitute an Issuer Event of Default until the Payment Date on which such principal may be paid in accordance with the Priorities of Payment.

In the event of any redemption or repayment, as applicable, in whole or acceleration of the Class A Notes following the occurrence of an Issuer Event of Default, the other Classes of the Rated Notes and the Class E Notes will also be subject to automatic redemption/acceleration and the Portfolio will be liquidated. Liquidation of the Portfolio 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 holders of the each other Class of Notes. Once such an Issuer Event of Default has occurred, the holders of each Class of Notes are not entitled to be paid until the holders of the more senior Classes of Notes then Outstanding have been paid in full, (in each case, together with certain other fees and expenses) in accordance with Condition 11(b) (*Enforcement*).

In the event of any redemption or repayment in whole of the Rated Notes pursuant to Condition 7(b) (*Optional Redemption for Tax Reasons*), the Class E Notes will also be redeemed and the Portfolio will be liquidated. Liquidation of the Portfolio at such time and/or the remedies pursued by the Trustee upon enforcement of the security over the Collateral could be adverse to the interests of the holders of the Class E Notes.

The Trust Deed provides that in the event of any conflict of interest between the holders of any two or more Classes of Notes, the interests of the Controlling Class will prevail. The Trust Deed provides further that the Trustee will act upon the directions of the relevant Controlling Class in such circumstances.

Noteholders' Resolutions

The Trust Deed includes provisions for the passing of resolutions of the Noteholders (whether at a Noteholders' meeting by way of vote ("**Resolutions**") or by written resolution) in respect of (among other matters) amendments to the Conditions of the Notes and/or the Transaction Documents. Such provisions include, among other things, (i) quorum requirements for the holding of Noteholders' meetings and (ii) voting thresholds required to pass Resolutions at such meetings (or through written resolutions). The quorum required for a meeting of Noteholders (other than an adjourned meeting or a meeting of a particular Class) to pass an Extraordinary Resolution of all Noteholders is two or more persons holding or representing 66 $\frac{2}{3}$ per cent. of the aggregate principal amount Outstanding of the Notes of each Class of those Notes represented at the meeting or

at any adjourned meeting, two or more persons being or representing the holders of the Notes of each Class holding or representing at least 25 per cent. the principal amount of such Class of Notes Outstanding. Accordingly, it is likely that, at any meeting of the Noteholders, an Extraordinary Resolution may be passed with less than a majority of all the Noteholders of each Class. See Condition 14(a) (*Meetings of Noteholders*).

In addition, resolutions of the Noteholders may be passed by writing if a resolution in writing is signed by or on behalf of the holders of not less than 66 $\frac{2}{3}$ per cent. in principal amount of Notes Outstanding of a Class who for the time being are entitled to receive notice of a meeting for the passing of any Extraordinary Resolution.

Mandatory Redemption

In certain circumstances, including the breach of any of the Coverage Tests, Interest Proceeds that would otherwise have been used to pay interest on the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes (in the case of a breach of a Senior Coverage Test) or on the Class C Notes, the Class D Notes or the Class E Notes (in the case of a breach of the Class B Overcollateralisation Ratio Test) or on the Class D Notes or the Class E Notes (in the case of a breach of the Class C Overcollateralisation Ratio Test) or on the Class E Notes (in the case of a breach of the Class D Overcollateralisation Ratio Test) will instead be used to redeem the Class A Notes and to redeem the other Classes of the Rated Notes and the Class E Notes in order of seniority to the extent necessary to restore the applicable Coverage Test to the minimum required level, as the case may be.

The Collateral Manager will request S&P to confirm, within 30 days after the Target Date, that it has not reduced or withdrawn the ratings assigned by it on the Issue Date to the Class A Notes or any of the other Rated Notes. In the event of a Target Date Rating Downgrade at any time up to the Determination Date prior to the Payment Date next following the Target Date, Interest Proceeds (after payment of certain senior expenses pursuant to Condition 3(c) (*Priorities of Payment*)) and thereafter Principal Proceeds will be applied in accordance with the Priorities of Payment on such Payment Date and on each following Payment Date first in redemption of the Class A Notes and then in redemption of the Class B Notes, the Class C Notes and the Class D Notes, until each such Class of Notes has been redeemed in full or, in each case if earlier, until S&P confirms that each such rating is reinstated. See Condition 7(c)(ii) (*Redemption Following Target Date Rating Downgrade*).

Optional Redemption

The Notes may be subject to optional redemption in certain circumstances (see Condition 7(b) (*Optional Redemption*)). An optional redemption of the Notes could require the Collateral Manager to liquidate positions (including terminating the Hedge Agreements) more rapidly than would otherwise be desirable, which could adversely affect the value at which such securities can be realised or which may result in payments being required to be made by the Issuer pursuant to the Hedge Agreements to the extent they are out of the money to the Issuer, which may reduce the amount available to be paid to Noteholders.

The Portfolio

None of the Issuer, the Initial Purchaser, the Custodian, the Collateral Manager, the Collateral Administrator, the Trustee, the Paying Agent, the Registrar or any Hedge Counterparty has made any investigation into the obligors of the Portfolio Collateral purchased on behalf of the Issuer. The value of the Portfolio Collateral in the Portfolio may fluctuate from time to time (as a result of substitution or otherwise) and none of the Issuer, the Trustee, the Initial Purchaser, the Custodian, the Collateral Manager, the Paying Agent, the Registrar, any Hedge Counterparty or the Collateral Administrator or any of their Affiliates is under any obligation to maintain the value of the Portfolio Collateral purchased on behalf of the Issuer at any particular level, and none of them has any liability to the Noteholders as to the amount or value of, or any decrease in the value of, the Portfolio Collateral purchased by the Issuer from time to time.

Purchase of Portfolio Collateral on or about the Issue Date

As at the Issue Date, the Issuer has purchased a portion of the Portfolio from the Seller. The prices paid for such Portfolio Collateral at settlement of such purchases was in the currency of such Collateral and reflected the par value of such Portfolio Collateral on the date of acquisition from the Seller. In each case, the value of the Portfolio Collateral in the Portfolio may fluctuate from time to time (as a result of substitution or otherwise) and may be greater or less than their market value on or about the Issue Date.

Unspecified Use of Proceeds

After the Issue Date, proceeds received from time to time in respect of Portfolio Collateral previously purchased by the Collateral Manager on behalf of the Issuer and amounts standing to the credit of the Pre-Funding Account will be invested in Portfolio Collateral that may not have been identified by the Collateral Manager on the Issue Date.

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 Collateral Manager (on behalf of the Issuer) and, accordingly, will be dependent upon the judgment and ability of the Collateral Manager in investing and managing the proceeds of the Notes and in identifying investments over time. No assurance can be given that the Collateral Manager (on behalf of the Issuer) will be successful in obtaining suitable investments (or in obtaining investments originated on terms and conditions similar to the origination terms applicable to investments acquired on the Issue Date) or that, if such investments are made, the objectives of the Issuer will be achieved.

During the Reinvestment Period, the Collateral Manager, acting on behalf of the Issuer, may in certain circumstances acquire Additional Portfolio Collateral satisfying the Eligibility Criteria and the Reinvestment Criteria. See “*Description of the Portfolio*” below. The Collateral Manager’s ability to meet such targets will depend on a number of factors beyond the Collateral Manager’s control including the condition of certain financial markets, general economic conditions and international political events and, thus, there can be no assurance that such targets will be met. In addition, to the extent Hedge Transactions are to be entered into, the Collateral Manager’s ability to enter into such additional Hedge Transactions upon the acquisition of certain Additional Portfolio Collateral will also depend upon a number of factors outside the Collateral Manager’s control including its ability to identify a suitable Hedge Counterparty with whom to enter into additional Hedge Transactions. In the event that the Collateral Manager (acting on behalf of the Issuer) by notice certifies to the Issuer and the Trustee that it has been unable to identify Additional Portfolio Collateral that are deemed appropriate by the Collateral Manager (in its discretion and acting on behalf of the Issuer) and which meet the Eligibility Criteria or, to the extent applicable, the Reinvestment Criteria, in sufficient amounts to permit the investment or reinvestment of all or a portion of the funds then in the Principal Collection Account that are to be invested in Additional Portfolio Collateral, a Special Redemption of the Notes may occur pursuant to Condition 7(d) (*Redemption at the Option of the Collateral Manager*) or the Issuer, with the requisite consent of the Class E Noteholders may terminate the Reinvestment Period before the Payment Date falling in July 2012. Any failure by the Collateral Manager, acting on behalf of the Issuer, to enter into required additional Hedge Transactions or to meet the targets referred to above could result in interest rate or currency mismatches or a Special Redemption of a portion of the Notes or, if the Reinvestment Period is terminated earlier at the option of the Issuer, an earlier than anticipated redemption of the Notes, which could adversely affect the Issuer’s ability to fund its expenditure and reduce the leverage ratio of the Class E Notes to each Class of Rated Notes, each of which could adversely affect the level of returns to the holders of the Class E Notes.

Nature of Collateral

The Collateral is subject to credit, liquidity, interest rate and, in some cases, non-credit related risks. It is expected that all of the Portfolio Collateral which secure the Notes will be Senior Secured Loans, Second Lien Notes and Structured Finance Securities borrowed or issued by various obligors denominated in Euro (or in one of the predecessor currencies of a European Union member state which has since adopted the Euro as its currency) in Sterling or in Dollar and that such Senior Secured Loans, Second Lien Notes and Structured Finance Securities will be rated below investment grade, all of which have greater credit and liquidity risk than investment grade debt obligations.

In addition, a portion of the Collateral will be acquired by the Collateral Manager, on behalf of the Issuer, after the Issue Date, and, accordingly, the financial performance of the Issuer may be affected by the price and availability of Collateral to be purchased that will satisfy the constraints set out below under “*Description of the Portfolio—Eligibility Criteria*” and “*Description of the Portfolio—Reinvestment Criteria*”. The amount and nature of Collateral securing the Notes have been established to withstand certain assumed deficiencies in payment resulting from defaults in respect of the Portfolio Collateral. See “*Rating of the Notes*”. If any deficiencies exceed such assumed levels, however, payment of the Notes could be adversely affected. If a default occurs with respect to any Portfolio Collateral securing the Notes and the Collateral Manager, on behalf of the Issuer (acting on the advice of the Collateral Manager) sells or otherwise disposes of such Portfolio Collateral, it is not likely that the proceeds of such sale or disposition will be equal to the amount of principal and interest owing to the Issuer in respect of such Portfolio Collateral. If the Collateral Manager, on behalf of

the Issuer is unable to acquire Collateral after the Issue Date that satisfies the constraints set out below under “*Description of the Portfolio—Eligibility Criteria*” and “*Description of the Portfolio—Reinvestment Criteria*”, the Issuer may not be able to satisfy one or more of the Coverage Tests, which could result in prepayment of the Notes.

The market value of the Portfolio Collateral in the Portfolio will generally fluctuate with, among other things, the financial condition of the obligors on or borrowers of the Portfolio Collateral, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. The public markets for non-investment grade corporate debt securities have in the past experienced periods of volatility and periods of reduced liquidity. Changes in the market value of the Portfolio Collateral in the Portfolio generally do not affect the Issuer’s interest or principal collections. However, a decrease in the market value of the Portfolio Collateral in the Portfolio would adversely affect the sale proceeds that could be obtained upon the sale of the Portfolio Collateral in the Portfolio and could ultimately affect the ability of the Issuer to pay in full or redeem the Notes.

The ability of the Collateral Manager, on behalf of the Issuer to sell Portfolio Collateral in the Portfolio prior to maturity is subject to certain restrictions in the Collateral Management Agreement as described below under “*Description of the Portfolio—Sale of Portfolio Collateral and Reinvestment Criteria*”. If a Portfolio Collateral is sold or principal payments are received in respect of a Portfolio Collateral, the Collateral Manager may at times be unable to identify a suitable substitute investment or the Collateral Manager, on behalf of the Issuer may be unable to purchase a suitable substitute investment in periods of market volatility or disruption or for any number of other reasons, including the constraints set out below under “*Description of the Portfolio—Eligibility Criteria*” and “*Description of the Portfolio—Reinvestment Criteria*”.

The Portfolio Collateral in the Portfolio will include Senior Secured Loans and may include Second Lien Loans, in each case lent predominantly to a variety of European borrowers which are rated below investment grade. Such loans are of a type generally incurred by the borrowers thereunder in connection with highly leveraged transactions, often (although not exclusively) to finance internal growth, acquisitions, mergers, or recapitalisations. As a result of the additional debt incurred by the borrower in the course of such a transaction, the borrower’s creditworthiness is often judged by the rating agencies to be below investment grade.

Many of the Senior Secured Loans and Second Lien Loans purchased by the Collateral Manager, on behalf of the Issuer will have no, or only a limited, trading market. The Collateral Manager, on behalf of the Issuer may purchase Senior Secured Loans and Second Lien Loans that are significantly less liquid than Senior Secured Loans and Second Lien Loans typically made to investment grade borrowers. Although the Collateral Manager, on behalf of the Issuer does not generally intend to dispose of Senior Secured Loans and Second Lien Loans prior to their maturity, the Issuer’s investment in illiquid Senior Secured Loans and Second Lien Loans may restrict its ability to dispose of investments in a timely fashion and for a fair price. Illiquid Senior Secured Loans and Second Lien Loans may trade at a discount to comparable, more liquid investments. In addition, because of the provision of confidential information, the unique and customised nature of a loan agreement and the private syndication of a loan, certain Senior Secured Loans and Second Lien Loans may not be purchased or sold as easily as publicly traded securities, particularly as a result of the increased degree of complexity in negotiating a secondary market purchase or sale which complexity does not exist, for example, in the high yield bond market. Historically, the trading volume in the Senior Secured Loan market and the Second Lien Loan market has been small relative to the high yield bond market. Senior Secured Loans may encounter trading delays due to their unique and customised nature and transfers may be prohibited without the consent of an agent bank or borrower.

Senior Secured Loans and Second Lien Loans may become non-performing for a variety of reasons. Such non-performing Senior Secured Loans and Second Lien Loans may require substantial workout negotiations or restructuring that may entail, among other things, a substantial reduction in the interest rate, a substantial write down of the principal of the loan and/or the deferral of payments. In addition, the Issuer may incur additional expenses to the extent it is required to seek recovery upon a default on a Senior Secured Loan and Second Lien Loans or participate in the restructuring of such obligation. Although the Collateral Manager may exercise voting rights with respect to an individual Senior Secured Loan on behalf of the Issuer, there can be no certainty that the Collateral Manager will be able to exercise votes in respect of a sufficient percentage of voting rights with respect to such Senior Secured Loan or Second Lien Loan to determine the outcome of such vote.

Should increases in default rates occur with respect to this type of collateral, the actual default rates of the Portfolio Collateral in the Portfolio may exceed the hypothetical default rates assumed by investors in determining whether to purchase any of the Notes. In addition, recoveries of Defaulted Portfolio Collateral may

be lower than the hypothetical default rates assumed by investors in determining whether to purchase any of the Notes.

Collateral Reinvestment Provisions

During the Reinvestment Period, the Collateral Manager will have discretion to reinvest Principal Proceeds, Sale Proceeds, Uninvested Proceeds, standing to the credit of the Additional Collateral Account and, in certain circumstances, Interest Proceeds in Additional Portfolio Collateral and additional Eligible Investments, in each case in compliance with the Reinvestment Criteria. The ability of the Issuer to obtain Additional Portfolio Collateral, and the interest rates and terms on which such Additional Portfolio Collateral can be obtained, as well as the interest rates and other terms in connection with the investment of funds in Eligible Investments, may affect the timing and amount of payments to the holders of the Notes. Any adverse impact of such reinvestment (or lack thereof) of such amounts and the interest rates on such Additional Portfolio Collateral and Eligible Investments will be borne first by the holders of the Class E Notes, then by holders of the Class D Notes, then by holders of the Class C Notes, then by holders of the Class B Notes and then by the holders of the Class A Notes. The impact, including any adverse impact, of such disposal or potential reinvestment on the holders of the Class E Notes will be magnified by the leveraged nature of the Class E Notes. See “*Description of the Portfolio*”.

Concentration Risk

Payments in respect of the Notes could be impacted by the concentration of the Portfolio Collateral in the Portfolio in any one area, country, obligor or industry with respect to collateral defaults. The obligors under certain Portfolio Collateral in the Portfolio may be incorporated or operating in jurisdictions other than those which have adopted the Euro as their currency. Changes in the exchange rate between sterling and the Euro and changes in the economies of the European jurisdictions which have adopted the Euro and other jurisdictions (including non-European jurisdictions) may therefore affect defaults on such Portfolio Collateral disproportionately.

Illiquidity of Portfolio Collateral

Much of the Portfolio Collateral purchased by the Issuer will have no, or only a limited, trading market. The Issuer’s investment in illiquid Portfolio Collateral may restrict its ability to dispose of investments in a timely fashion and at a market price which is at or above par as well as its ability to take advantage of market opportunities, although the Issuer is generally prohibited by the Collateral Management Agreement from selling Portfolio Collateral, except under certain limited circumstances described under “*Description of the Portfolio—Sale of Portfolio Collateral and Reinvestment Criteria*”. Illiquid Portfolio Collateral may trade at a discount from comparable, more liquid investments. In addition, the Collateral Manager, on behalf of the Issuer may invest in privately placed Portfolio Collateral that may or may not be freely transferable under the laws of the applicable jurisdiction or due to contractual restrictions on resale, and even if such privately placed Portfolio Collateral are transferable, the prices realised from their sale could be less than those originally paid by the Issuer or less than what may be considered the fair value of such securities.

The financial markets have experienced substantial fluctuations in prices for non-investment grade debt securities and loans and limited liquidity for such obligations. No assurance can be given that the conditions giving rise to such price fluctuations and limited liquidity will not occur following the Issue Date. During periods of limited liquidity and higher price volatility, the Issuer’s ability to acquire or dispose of Portfolio Collateral at a price and time that the Issuer deems advantageous may be impaired. As a result, in periods of rising market prices, the Issuer may be unable to participate in price increases fully to the extent that it is unable to acquire desired positions quickly and the Issuer’s inability to dispose fully and promptly of positions in declining markets may exacerbate losses suffered by the Issuer when Portfolio Collateral in the Portfolio are sold. A decrease in the market value of the Portfolio Collateral in the Portfolio would also adversely affect the sale proceeds that could be obtained upon the sale of the Portfolio Collateral and could ultimately affect the ability of the Issuer to pay in full or redeem the Notes, including the ability of the Issuer to pay in full or redeem the Class E Notes pursuant to the right of optional redemption set out in Condition 7(b)(i)(A) (*Redemption at the Option of the Class E Noteholders*) or otherwise.

Insolvency Considerations with respect to Borrowers of Portfolio Collateral

The Portfolio Collateral in the Portfolio may be subject to various laws enacted for the protection of creditors in the jurisdictions of incorporation of obligors and, if different, the jurisdictions from which the

obligors conduct their business and in which they hold their assets. These insolvency considerations will differ depending on the country in which each obligor or its assets is located and may differ depending on whether the obligor is a non-sovereign or a sovereign entity.

Certain Conflicts of Interest

Collateral Manager. Various potential and actual conflicts of interest may arise from the overall investment activities of the Collateral 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.

The Collateral Manager and its Affiliates may invest for their own account or for the account of others in securities or loans that may be appropriate as security for the Notes and in doing so neither the Collateral Manager nor any such Affiliate shall have any duty in making such investments or to act in a way that is favourable to the interests of the Issuer or the holders of the Notes. Such investments may be the same as or different from those made on behalf of the Issuer. The Collateral Manager may engage in negotiations leading to the restructuring of investments held for its own account. If such investments are also held by the Issuer, in entering into such negotiations, neither the Collateral Manager nor any of its Affiliates will have any duty to act in any way which is favourable to the interests of the Issuer or the holders of the Notes.

The Collateral Manager and its Affiliates may also have ongoing relationships in the ordinary course of business with companies whose securities or loans secure the Notes and may underwrite or own debt or equity securities issued by, or loans of, obligors of Portfolio Collateral or other obligations forming part of the Portfolio. In addition, Affiliates and clients of the Collateral Manager may invest in securities and loans that are senior to, or have interests different from or adverse to, the securities and loans that secure the Notes.

The Collateral Manager and its Affiliates may also serve as a general partner and/or manager of limited partnerships or limited liability companies organised to issue collateralised debt obligations or collateralised loan obligations secured by debt obligations. At the same time as the Collateral Manager is seeking investments for purchase by the Issuer, the Collateral Manager or its Affiliates may simultaneously be seeking investments for purchase by entities similar to the Issuer for which any of them act as manager or adviser (“**Related Entities**”), for purchase by their clients or for purchase on their own account or that of any of their Affiliates.

In its capacity as Collateral Manager, the Collateral Manager and/or its Affiliates may engage in other businesses and furnish investment management services to Related Entities whose investment policies differ from those followed by the Collateral Manager on behalf of the Issuer as required by the Collateral Management Agreement. In such capacity, the Collateral Manager may effect transactions which differ from those effected with respect to the Collateral for the Notes. In addition, the Collateral Manager may, from time to time, cause or direct Related Entities to buy or sell or may recommend to Related Entities the buying and selling of debt obligations of the same or of a different kind or class of the same obligor, as Portfolio Collateral or other obligations which are part of the Portfolio which the Collateral Manager purchases or sells on behalf of the Issuer. Accordingly, conflicts may arise regarding the allocation of investment opportunities amongst the Issuer and the Related Entities. Situations may occur where the Issuer could be disadvantaged because of the investment activities conducted by the Collateral Manager for the Related Entities. It should be noted that the Collateral Management Agreement places significant restrictions on the Collateral Manager’s ability to buy and sell obligations comprising the Portfolio on which the Notes are secured and, accordingly, during certain periods or in certain specified circumstances, the Collateral Manager may be unable to buy or sell obligations which either form or are intended to form part of the Portfolio or to take other actions which it might consider to be in the best interests of the Issuer and the Noteholders.

Although the principals and employees of the Collateral Manager will devote as much time to the Issuer as the Collateral Manager deems appropriate, such principals and employees may have conflicts in allocating their time and services among the Issuer and the Collateral Manager’s other accounts and businesses.

The Collateral Manager and its Affiliates may, in the conduct of their respective businesses, receive or become aware of price sensitive information which is not generally available to the public that may restrict the Collateral Manager from purchasing or selling securities for itself or its clients (including the Issuer) or otherwise using such information for the benefit of its clients or itself. The Collateral Management Agreement contains provisions which absolve the Collateral Manager from any responsibility for its failure to act in relation to the administration of the Portfolio in circumstances where it or any of its Affiliates are in receipt of price sensitive information and where in the opinion of the Collateral Manager investment by the Collateral Manager

on behalf of the Issuer might breach the provisions of insider dealing legislation or laws to which it or the Issuer are subject.

The Collateral Manager may in the future serve as a manager of other Related Entities organised to issue collateralised debt obligations or collateralised loan obligations secured by high yield debt securities, loans and/or other obligations or securities.

On the Issue Date, Investec and/or one or more of its Affiliates will acquire 100 per cent. of the principal amount of the Class E Notes Outstanding.

The Collateral Manager, on behalf of the Issuer, may also from time to time purchase obligations from itself, its Affiliates or Related Entities or sell obligations to itself, its Affiliates or its Related Entities. It may not always be possible for the Collateral Manager to obtain the current market price for such obligations because market quotations for particular obligations may not be generally available. In such circumstances, the Collateral Manager is entitled to determine the price of such obligations in its discretion, *provided* that it does so in good faith.

The Issuer will deal with the Collateral Manager and Affiliates of the Collateral Manager on an arm's length basis and anticipates that the commissions, mark-ups and mark-downs charged by the Collateral Manager or its Affiliates or Related Entities will generally be competitive, although the Collateral Manager and its Affiliates or Related Entities may have interests in such transactions that are adverse to those of the Issuer, such as an interest in obtaining favourable commission rates, mark-ups and mark-downs.

The Collateral Manager and its Affiliates may have ongoing relationships with companies whose obligations secure the Notes and may own debt securities issued by borrowers of Portfolio Collateral. As a result thereof, officers of Affiliates of the Collateral Manager may possess information relating to borrowers of Portfolio Collateral which is not known to the individuals at the Collateral Manager responsible for monitoring the Portfolio Collateral and performing the other obligations under the Collateral Management Agreement. In addition, the Collateral Manager, its Affiliates or clients of the Collateral Manager may invest in securities that are senior to, or have interests different from or adverse to, the obligations that secure the Notes. The Collateral Manager (and/or its Affiliates) may at certain times be simultaneously seeking to purchase or dispose of investments for its (or their) account(s), the Issuer, any similar entity for which it (or they) serves (or serve) as investment manager or adviser and for its (or their) clients, respectively. Further, certain Noteholders may be clients of the Collateral Manager or its (or their) Affiliates. The Collateral Manager may make investment decisions for its clients and Affiliates that may be different from those made by the Collateral Manager on behalf of the Issuer.

The Collateral Manager has various funds or companies under management on the Issue Date. Trading between such other funds or companies under the management of the Collateral Manager and the Issuer is likely. The investment policies and procedures to be used by the Collateral Manager in managing the Portfolio Collateral in the Portfolio on behalf of the Issuer may be different from the policies and procedures used by the Collateral Manager in managing other investments. Furthermore, in managing other investments, the Collateral Manager may purchase or dispose of securities in accordance with criteria other than those contemplated in this Prospectus and the Collateral Management Agreement. The nature of, and risks associated with, the investments and strategies undertaken on behalf of the Issuer may differ substantially from those investments and strategies undertaken historically and (with respect to other investments) in the future by the Collateral Manager.

In addition, neither the Collateral Manager nor any of its Affiliates is under any obligation to offer investment opportunities of which they become aware to the Issuer or to account to the Issuer (or share with the Issuer or inform the Issuer of) any such transaction or any benefit received by them from any such transaction. Furthermore, neither the Collateral Manager nor any of its Affiliates has any affirmative obligation to offer any investments to the Issuer or to inform the Issuer of any investments before offering any investments to other funds or accounts that the Collateral Manager and/or its Affiliates manage or advise. Also, Affiliates of the Collateral Manager may make an investment on behalf of entities other than the Issuer. As a result, the Collateral Manager and its Affiliates may recommend or engage in activities that would compete with or otherwise adversely affect the Issuer. Neither is there any limitation or restriction on the Collateral Manager or any of its Affiliates from acting as investment manager (or in a similar role) to other parties or persons.

It should be noted that an up-front fee will be paid to the Collateral Manager on the Issue Date from the proceeds of issuance. The Issuer will be obliged to pay any Replacement Collateral Manager, the Base

Collateral Management Fee and a Replacement Collateral Manager Subordinated Fee. As the up-front fee payable to the Collateral Manager is not repayable to the Issuer, the Issuer's obligation to pay the Replacement Collateral Manager Subordinated Fee to any Replacement Collateral Manager may adversely affect the Issuer's ability to repay the Class E Noteholders.

Dependence on Key Personnel

Because the composition of the Portfolio Collateral will vary over time, the performance of the Issuer depends heavily on the skills of the Collateral Manager in analysing, selecting and managing the Portfolio Collateral. As a result, the Issuer will be highly dependent on the financial and managerial experience of certain individuals associated with the Collateral Manager. Employment arrangements between those individuals and the Collateral Manager may exist, but the Issuer is not a direct beneficiary of such arrangements, which arrangements are in any event subject to change without the consent of the Issuer. The loss of one or more of these individuals could have a material adverse effect on the performance of the Issuer. However, this is mitigated in the Collateral Management Agreement where a requirement is imposed on the Collateral Manager to ensure certain key persons are employed by the Collateral Manager for the life of the deal and a failure to retain such key persons or their replacements could lead to removal of the Collateral Manager with "cause" as more particularly described under "*Description of the Collateral Management Agreement*". Moreover, the Collateral Management Agreement may also be terminated under certain circumstances described herein under "*Description of the Collateral Management Agreement*".

Termination of Collateral Manager "without cause"

If the Issuer removes the Collateral Manager "without cause" in accordance with the Collateral Management Agreement then the Issuer is liable to pay the Collateral Manager a Collateral Manager Termination Amount. The payment of this amount may impact adversely on the holders of the Class E Notes due to the leveraged nature of the Class E Notes.

Initial Purchaser. The Initial Purchaser or any of its Affiliates (or one or more accounts or conduits managed by the Initial Purchaser or its Affiliates) may hold Notes of any Class from time to time subject to the restrictions contained in the same.

One or more of the Initial Purchaser and its Affiliates may also act as counterparty with respect to one or more Hedge Agreement.

Certain of the Portfolio Collateral in the Portfolio may consist of obligations of obligors or borrowers for which the Seller or an Affiliate of the Seller has acted as underwriter, agent, placement agent or dealer or for which an Affiliate of the Seller has acted as lender or provided other commercial or investment banking services. The Issuer may purchase some of the Portfolio Collateral from the Seller and its Affiliates, but only to the extent the Collateral Manager determines that such purchases are consistent with the investment guidelines and objectives of the Issuer and the restrictions contained in the Collateral Management Agreement. In any event, all purchases of Portfolio Collateral in the Portfolio from such entities are required to be on an arms' length basis.

The Seller and its Affiliates are actively engaged in transactions in the same securities or loans in which the Issuer may invest. Such transactions may be different from those made on behalf of the Issuer. Subject to applicable law, the Seller and its Affiliates may purchase or sell the securities of, or otherwise invest in or finance or provide investment banking, advisory and other services to companies, in which the Issuer has an interest. The Seller and its Affiliates may also have proprietary interests in, and may manage or advise other accounts or investment funds that have investment objectives similar or dissimilar to those of the Issuer and/or which engage in transactions in, the same types of securities as the Issuer. As a result, the Seller and its Affiliates may possess information relating to obligors on or of Portfolio Collateral which is not known to the Collateral Manager. None of the Seller nor its Affiliates is under any obligation to share any investment opportunity, idea or strategy with the Collateral Manager or the Issuer. As a result, the Seller and its Affiliates may compete with the Issuer for appropriate investment opportunities and will be under no duty or obligation to share such investment opportunities with the Issuer.

The Issuer may also invest in the securities of companies affiliated with the Seller or in which the Seller has an equity or participation interest. The purchase, holding and sale of such investments by the Issuer may enhance the profitability of the Seller's own investments in such companies.

Projections, Forecasts and Estimates

Any projections, forecasts and estimates contained herein are forward looking statements and are based upon certain assumptions that the Collateral Manager considers reasonable. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, the projections are only an estimate. Actual results are likely to vary from the projections, and the 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, currency exchange rate, market, financial or legal uncertainties, the timing of acquisitions of Portfolio Collateral in the Portfolio, differences in the actual allocation of the Portfolio Collateral among asset categories from those assumed, the timing of acquisitions of the Portfolio Collateral, mismatches between the timing of accrual and receipt of Interest Proceeds and Principal Proceeds from the Portfolio Collateral in the Portfolio (particularly during the Ramp-Up Period), defaults under Portfolio Collateral in the Portfolio and the effectiveness of the Hedge Agreements, among others. Consequently, the inclusion of projections herein should not be regarded as a representation by the Issuer, the Collateral Manager, the Trustee, the Seller or any of their respective Affiliates or any other person or entity of the results that will actually be achieved by the Issuer.

None of the Issuer, the Collateral Manager, the Trustee, the Seller, any of their respective Affiliates or any other person has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

Interest Rate Risk

The Rated Notes will bear interest at a rate based on the Applicable EURIBOR.

The aggregate principal amount of the floating rate Notes will not be exactly equal to the aggregate principal amount of floating rate Portfolio Collateral, nor will the basis of computation of such respective floating rates be the same, nor will the timing of payments of such respective floating rate notes be the same.

Accordingly, the Notes are subject to interest rate risk to the extent that there is an interest rate mismatch between (a) the aggregate principal amount of the floating rate Notes, and the aggregate principal amount of floating rate Portfolio Collateral or (b) different interest rate bases used as the basis for calculating interest on a Rated Note and any floating rate Portfolio Collateral.

The Notes are also subject to a timing mismatch between the floating rate Notes and the underlying Portfolio Collateral as the interest rates on Portfolio Collateral may adjust more frequently or less frequently, on different dates and based on different indices than the interest on the floating rate Notes.

In addition, any payments of principal of or interest on Portfolio Collateral received during a Due Period and not invested in other Portfolio Collateral will generally be reinvested in Eligible Investments maturing not later than the Determination Date immediately preceding the next Payment Date. There is no requirement that Eligible Investments bear interest at the Applicable EURIBOR, and the interest rates available for Eligible Investments are inherently uncertain.

As a result of these mismatches, a change in the level of EURIBOR or other floating rate indices could adversely impact the ability of the Issuer to make payments on the Notes (including by reason of a decline in the value of previously issued fixed rated Portfolio Collateral as interest rates increase).

On the Issue Date, the Issuer will not enter into interest rate swap agreements or interest rate cap agreements to reduce the impact of the interest rate mismatches which might otherwise arise. No interest hedge transactions are required by S&P as determined by its multiple stress scenarios. Therefore, the Class E Notes may bear more interest rate risk than the Rated Notes.

There can be no assurance that the Portfolio Collateral and Eligible Investments will in all circumstances generate sufficient Interest Proceeds to make timely payments of interest on the Notes or to ensure any particular return. Because interest on the Notes is payable from Interest Proceeds, there can be no assurance that the yield on such Notes will not be adversely affected.

Regulatory Risk

The Issuer is not conducting banking or financial services activity requiring licenses or consents from regulators in its jurisdiction of incorporation or has obtained all necessary licenses and consents required from banking and financial services regulators to conduct its business in its jurisdiction of incorporation and seeks to comply with all applicable laws and regulations applicable to it of which it is aware in all jurisdictions with which the transaction is connected. The possibility cannot be excluded, however, that either by reason of a change in law or regulation or their interpretation in any applicable jurisdiction or by reason of law or regulation of which the Issuer is unaware, certain of its activities or those of its agents in relation to the issue and offering of the Notes and the acquisition and servicing of the pool of collateral (the “**Collateral Pool**”) may constitute the provision of cross border banking or financial services which are regulated in other jurisdictions. Should it be determined that the Issuer has failed to comply with any applicable licence or consent requirements under any applicable banking or financial services law or regulation in any jurisdiction in relation to the issue and offering of the Notes and the acquisition and servicing of the Collateral Pool, the regulators in such jurisdiction could, to the extent they have authority to do so, impose sanctions on certain of the parties involved, including the Issuer, seeking the immediate cessation of such parties' activities in that jurisdiction, liquidation of the transactions conducted by it in that jurisdiction or with investors in or from that jurisdiction and even the imposition of criminal sanctions.

Currency Risk

The Notes are obligations of the Issuer denominated in Euro. The Issuer will be able to acquire Portfolio Collateral denominated in Euro, Dollar and Sterling, *provided* that any Non-Euro Portfolio Collateral is the subject of an Asset Swap Transaction.

It is anticipated that on the Issue Date none of the Net Portfolio Collateral Balance will be comprised of Non-Euro Portfolio Collateral. The percentage of the Portfolio that is comprised of these type of securities may increase or decrease over the life of the Notes. Notwithstanding that Non-Euro Portfolio Collateral are required to have an associated Asset Swap Transaction which will include currency protection provisions, losses may be incurred due to fluctuations in the Euro exchange rates in the event of a default under any such Asset Swap Transaction.

In addition, fluctuations in Euro exchange rates may result in a decrease in value of the Portfolio for the purposes of sale thereof upon enforcement of the security over it. The Collateral Manager may also be limited at the time of reinvestment in its choice of Portfolio Collateral because of the cost of entry into such Asset Swap Transactions and due to restrictions in the Collateral Management Agreement with respect thereto.

The Issuer's ongoing payment obligations under such Asset Swap Transactions (including termination payments) may be significant. The payments associated with such hedging arrangements generally rank senior to payments on the Notes. The Issuer will depend upon each Asset Swap Counterparty to perform its obligations under any Asset Swap Transactions. If an 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 such Asset Swap Counterparty to cover its foreign exchange exposure.

The Issuer, subject to Condition 3(c) (*Priorities of Payment*) will use Euro Principal Proceeds to pay its liabilities under the Notes.

Average Life and Duration of the Notes

The Maturity Date of the Notes is 18 December 2024; however, the average life of each Class of Notes is expected to be shorter than or equal to the number of years until their Maturity Date. Average life refers to the average amount of time that will elapse from the date of delivery of a debt obligation until each Euro of the principal of such debt obligation will be paid to the investor. The average lives of each Class of the Notes will be determined by the amount and frequency of principal payments in respect of such Class, which are dependent upon, among other things, any shortening of the Reinvestment Period and the amount of payments received at or in advance of the scheduled maturity of Portfolio Collateral (whether through sale, maturity, redemption, default or other liquidation or disposition). The actual average lives and actual maturities of each Class of the Notes will be affected by the financial condition of each of the obligors of the underlying Portfolio Collateral and the characteristics of such loans and securities, including the existence, timing and frequency of exercise of any optional or mandatory redemption features, the prevailing level of interest rates, the redemption price, the actual default rate and the actual level of recoveries on any Defaulted Loans, and the frequency of tender or exchange

offers for such Portfolio Collateral. Certain of the Portfolio Collateral are expected to be subject to sinking fund or optional redemption by the obligors of such loans and securities. Any disposition of a Portfolio Collateral may change the composition and characteristics of the Portfolio Collateral and the rate of payment thereon, and, accordingly, may affect the actual average lives of each Class of the Notes. The rate of future defaults and the amount and timing of any cash realisation from Defaulted Loans will also affect the maturity and average lives of each Class of the Notes. The ability of the Collateral Manager to reinvest Principal Proceeds and to invest amounts standing to the credit of the Pre-Funding Account in the manner described under "Description of the Portfolio" below will also affect the average lives of each Class of the Notes.

In addition, the maturity of the Notes may also occur earlier than the Stated Maturity in the event of a mandatory redemption (as described in Condition 7(c) (*Mandatory Redemption*)) or an optional redemption (as described in Condition 7(b) (*Optional Redemption*)). See "*Mandatory Redemption*" and "*Optional Redemption*" above.

Application of Unused Proceeds on the First Payment Date after the Ramp-Up Period

Net proceeds from the issuance and sale of the Notes not required on the Issue Date to repay amounts owing by the Issuer under the Warehouse Facility Agreement, to pay certain fees and expenses or to pay €1,400,000 into the Interest Collection Account will be paid into the Pre-Funding Account and may be invested in Eligible Investments, pending the application of such funds or investments to the purchase of the Additional Portfolio Collateral, until the end of the Ramp-Up Period. In the event that the Collateral Manager on behalf of the Issuer is unable to purchase some of the Additional Portfolio Collateral during the Ramp-Up Period, then the balance of the net issue proceeds (excluding investment earnings thereon) shall be paid no later than on the first Payment Date following the end of the Ramp-Up Period to the Euro Payment Account and deemed to constitute Euro Principal Proceeds and will be applied on such first Payment Date in accordance with the Priorities of Payment which could reduce the leverage ratio of the Class E Notes to the other Classes of Notes, which could adversely affect the level of returns to the holders of the Class E Notes.

Voting Rights Upon Issuer Event of Default

To the extent permitted by any applicable laws, upon the occurrence of an Issuer Event of Default, the Trustee at the direction of the Controlling Class may direct the exercise of remedies under the Trust Deed, including, subject to certain conditions, (a) to declare the acceleration of the principal of and accrued interest on all the Notes, (b) to rescind such declaration of acceleration, (c) to direct the sale and liquidation of the Collateral, and (d) to waive certain defaults with respect to the Notes.

Security

- (a) *Fixed Charge*: Although the security constituted by the Trust Deed over certain of the Portfolio Collateral and certain other assets of the Issuer held from time to time, including the security over the Accounts, is expressed to take effect as fixed security, it may (as a result, *inter alia*, of the substitutions of Portfolio Collateral contemplated by the Collateral Management Agreement and the payments to be made from the Accounts in accordance with the Transaction Documents) take effect as a floating charge which, in particular, would rank after a subsequently created fixed security interest. However, the Issuer has covenanted not to create any such subsequent security interests unless S&P has confirmed that such actions would not adversely affect the then current ratings of any of the Class A Notes and the other Rated Notes.
- (b) *Governing Law of the Security*: The Trust Deed and security interests created pursuant to it are governed by English law. Some of the Portfolio Collateral will be obligations governed by the laws of jurisdictions other than England and Wales and which require different and/or additional procedures and/or documentation to create or perfect any security interest. The Trust Deed contains a further assurance clause under which the Issuer agrees to take such further action as the Trustee may require to ensure that it creates valid security over its assets in favour of the Trustee.

UK Banking (Special Provisions) Act 2008

Under the Banking (Special Provisions) Act 2008 (the "**Act**"), until 21 February 2009 the UK Treasury has wide powers to make certain orders in respect of a UK authorised deposit-taking institution (such as Investec Bank (UK) Limited) and, in certain circumstances, certain corporate related corporate undertakings. The orders which may be made under the Act in respect of relevant deposit-taking institutions (and/or, in certain

circumstances, certain related corporate undertakings) relate to (amongst other things): (a) transfers of securities issued by relevant entities (such as the Notes) (and/or securing that rights of holders of securities cease to be exercisable by such holders, discontinuing the listing of securities and/or varying or nullifying the terms of securities); (b) transfers of property, rights and liabilities of relevant entities notwithstanding any restrictions, requirements or interest (and/or modifying related interests, rights or liabilities of third parties); (c) the disapplication or modification of laws; (d) the imposition of a moratorium on the commencement or continuation of any legal process in relation to any body or property; and/or (e) the dissolution of any relevant entity. Significantly, orders may have retrospective effect (as from not earlier than three months before 21 February 2008) and may make provision for nullifying the effect of transactions or events taking place after the time in question.

While certain orders under the Act may be made by the UK Treasury only in certain circumstances for the purposes of maintaining the stability of the UK financial system and/or protecting the public interest where financial assistance has been provided by the Treasury to the deposit-taking institution, such purpose conditions may not apply in respect of all orders which may be made under the Act. The Act includes provisions related to compensation in respect of any transfer orders made.

If the UK Treasury were to make an order in respect of Investec Bank (UK) Limited and/or certain related corporate undertakings, such order may (amongst other things) result in the setting aside of the sales by Investec Bank (UK) Limited (as Seller) to the Issuer of the Portfolio Collateral sold to the Issuer pursuant to the Portfolio Sale Agreement. In addition, such an order may impact on various other aspects of the transaction (including the enforceability of the Transaction Documents and/or the ability of certain parties to perform their obligations under such documents), which may negatively affect the ability of the Issuer to meet its obligations under the Notes. At present, the UK Treasury has not made any orders under the Act in respect of the entities referred to above and there has been no indication that it will make any such order under the Act, but there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such order if made.

Liability to Taxation of Purchasers of the Notes

Potential purchasers of the Notes should consult their own tax advisers as to the tax consequences for them of the purchase, ownership or transfer of, or the exercise of rights in respect of, any Notes or of any interest in any Notes. In addition, potential purchasers of the Notes should be aware that tax laws and their application by the relevant taxation authorities may change from time to time. Accordingly, it is not possible to predict the tax treatment which will apply at any given time in the future. No representation is made as to the manner in which payments under the Notes would be characterised by any relevant taxing authority.

Withholding Tax on Portfolio Collateral and the Notes

Withholding Tax on Portfolio Collateral. Under the Eligibility Criteria, Portfolio Collateral is eligible for purchase by the Issuer if, at the time it is purchased, either the payments thereon are not subject to withholding tax imposed by any jurisdiction or if the relevant obligor is obliged to make “gross-up” payments that cover the full amount of any such withholding tax. Where payments under the Portfolio Collateral purchased by the Issuer are not subject to withholding tax at the time of purchase by the Issuer, this is generally as a consequence of (a) the current applicable law in the jurisdiction from which the relevant payment is made, or (b) the Issuer being able to take advantage of a double taxation treaty between The Netherlands and the jurisdiction from which the relevant payment is made.

There can be no assurance that, as a result of any change in any applicable law, treaty, rule, regulation or interpretation thereof, the payments on the Portfolio Collateral purchased by the Issuer might not in the future become subject to withholding tax or increased withholding rates. In the event that any or greater withholding tax is imposed on payments on the Portfolio Collateral purchased by the Issuer, and if the relevant obligor is not obliged to, or does not, make “gross up” payments that cover the full amount of such tax, such tax would reduce the amounts available to make payments on the Notes. There can be no assurance that remaining payments on the Portfolio Collateral purchased by the Issuer would be sufficient to make timely payments on the Notes. In the event that the Issuer receives any interest payments on any Portfolio Collateral purchased by it net of any applicable withholding tax, the Coverage Tests and Collateral Quality Tests will be determined by reference to such net receipts.

Withholding on Notes. The Issuer expects that payments of principal and interest in respect of the Notes by the Issuer will not be subject to any withholding tax in The Netherlands or any other jurisdiction. See “Tax

Considerations". However, there can be no assurance that, as a result of any change in any applicable law, treaty, rule, regulation or interpretation thereof, the payments on the Notes will not in the future become subject to withholding tax. In the event that withholding of any tax from payments on the Notes is required by law in any jurisdiction, the Issuer shall be under no obligation to make any additional payments to the holders of any Notes in respect of such withholding. The Notes may, however, be redeemed pursuant to Condition 7(b)(i)(B) (*Redemption for Tax Reasons*).

CONDITIONS OF THE NOTES

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

The issue of €244,007,500 Class A Senior Secured Floating Rate Notes due 2024 (the “**Class A Notes**”), €22,955,000 Class B Deferrable Secured Floating Rate Notes due 2024 (the “**Class B Notes**”), €20,755,000 Class C Deferrable Secured Floating Rate Notes due 2024 (the “**Class C Notes**”), €12,430,500 Class D Deferrable Secured Floating Rate Notes due 2024 (the “**Class D Notes**”), and together with the Class A Notes, the Class B Notes and the Class C Notes, the “**Rated Notes**”), and €27,052,000 Class E Subordinated Deferrable Secured Floating Rate Notes due 2024 (the “**Class E Notes**”, and together with the Rated Notes, the “**Notes**”), was authorised by a resolution of the board of Managing Directors of the Issuer dated 25 June 2008.

The Notes are constituted by a trust deed (the “**Trust Deed**”) expected to be dated on or about the Issue Date, between, amongst others, the Issuer, The Law Debenture Trust Corporation p.l.c. in its capacity as trustee (the “**Trustee**”, which expression shall include all persons for the time being acting as the trustee or trustees under the Trust Deed) for the Secured Parties. In the event of replacement or removal of the Trustee, a suitable replacement shall be found before any termination of the Trustee’s appointment will be effected.

These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed (which includes the forms of the certificates representing the Notes). The following agreements have been entered into on or about the Issue Date in relation to the Notes:

- (a) an agency agreement dated on or about the Issue Date (the “**Agency Agreement**”) between the Issuer, HSBC Bank plc in its capacity as paying agent (the “**Paying Agent**”, which term shall include any successor or substitute paying agent appointed pursuant to the terms of the Agency Agreement), in its capacity as account bank (the “**Account Bank**”, which term shall include any successor or substitute account bank appointed pursuant to the terms of the Agency Agreement), in its capacity as custodian (the “**Custodian**”, which term shall include any successor or substitute custodian appointed pursuant to the terms of the Agency Agreement) and in its capacity as registrar (the “**Registrar**”, which term shall include any successor or substitute registrar appointed pursuant to the terms of the Agency Agreement), Law Debenture Asset Backed Solutions Limited as collateral administrator (the “**Collateral Administrator**”, which term shall include any successor or substitute collateral administrator appointed pursuant to the terms of the Collateral Administration Agreement) and Investec Principal Finance, a business unit division of Investec Bank (UK) Ltd. (the “**Collateral Manager**”, which term shall include any successor or substitute collateral manager appointed pursuant to the terms of the Collateral Management Agreement) and the Trustee;
- (b) a collateral management agreement dated on or about the Issue Date (the “**Collateral Management Agreement**”) between the Collateral Manager, the Issuer and the Trustee;
- (c) a portfolio sale agreement dated on or about the Issue Date (the “**Portfolio Sale Agreement**”) between the Seller and the Issuer;
- (d) a collateral administration agreement dated on or about the Issue Date (the “**Collateral Administration Agreement**”) between the Collateral Administrator, the Issuer, the Collateral Manager, the Trustee and the Account Bank;
- (e) a bank account agreement dated on or about the Issue Date (the “**Bank Account Agreement**”) between the Account Bank, the Issuer, the Trustee, the Collateral Administrator and the Collateral Manager under which the Account Bank agrees to act as Account Bank in respect of the Accounts of the Issuer;
- (f) a management agreement dated on or about the Issue Date (the “**Management Agreement**”) between the Managing Directors and the Issuer under which the Managing Directors agree to provide certain services to the Issuer; and
- (g) a Subscription Agreement dated on or about the Issue Date (the “**Subscription Agreement**”) between Investec Bank (UK) Limited (the “**Initial Purchaser**”) and the Issuer.

Copies of the Trust Deed, the Agency Agreement, the Collateral Management Agreement, the Portfolio Sale Agreement, the Collateral Administration Agreement, the Bank Account Agreement, the Management Agreement, each Hedge Agreement, the Subscription Agreement, any Additional Security Documents and the Collateral Acquisition Agreements will be available for inspection during usual business hours at the principal office of the Paying Agent (as at the Issue Date, at 8 Canada Square, London E14 5HQ) and at the specified offices of the Registrar.

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 the other Transaction Documents.

References to the Trust Deed and to any other Transaction Document or other document referred to in these Conditions shall be deemed to include reference to such document, as amended, modified, supplemented, replaced or novated from time to time in accordance with the terms of the Trust Deed or any other Transaction Document or other document.

1. Definitions

In these Conditions, the following terms shall have the following meaning:

“**Accounts**” means the Interest Collection Account, the Principal Collection Account, the Additional Collateral Account, the Euro Principal Reserve Account, the Euro Payment Account, the Euro Expense Account, the Dollar Interest Account, the Dollar Principal Account, the Sterling Interest Account, the Sterling Principal Account, the Pre-Funding Account and each Currency Account, each of which is to be held and administered outside of The Netherlands.

“**Accrued Euro Collateral Interest Amount**” means, as of any Payment Date, the amount which is equal to the aggregate of all accrued interest under the Portfolio Collateral (including for the avoidance of doubt, the non-Euro accrued interest of Non-Euro Portfolio Collateral, the subject of an Asset Swap Transaction which shall be converted into Euro at the relevant Asset Swap Transaction Exchange Rate) in the Portfolio (other than Defaulted Loans) denominated in Euro which is not payable to the Issuer on or prior to the Determination Date in respect of such Payment Date by the Obligors of the relevant Portfolio Collateral.

“**Additional Collateral Account**” means the Euro account so named of the Issuer held with the Account Bank, amounts standing to the credit of which, subject to certain conditions, may be used to purchase Additional Portfolio Collateral during the Reinvestment Period.

“**Additional Portfolio Collateral**” means a Secured Senior Loan, a Second Lien Loan or Structured Finance Security purchased by or on behalf of the Issuer during or after the Reinvestment Period pursuant to the Collateral Management Agreement.

“**Additional Reinvestment Criteria**” means the Additional Reinvestment Criteria specified in the Collateral Management Agreement.

“**Additional Security Documents**” means each security document which may be required to be entered into by the Issuer from time to time in addition to the Trust Deed in order to perfect any security granted by the Issuer to the Trustee pursuant to the Trust Deed and “**Additional Security Document**” shall mean any of them.

“**Adjustment Amount**” means on any date, the product obtained by multiplying (x) the Principal Balance in respect of a Portfolio Collateral by (y) the difference between (A) 100 per cent. and (B) the applicable Recovery Percentage, provided that the Adjustment Amount with respect to the first 5 per cent of the Maximum Investment Amount of all CCC Securities having the highest Market Value will be zero.

“**Administrative Expenses**” means amounts due and payable in the order of priority listed below to:

- (a) the independent accountants, agents and counsel of the Issuer, including fees, costs and expenses payable to each Agent and the Account Bank pursuant to the Agency Agreement and the Bank Account Agreement respectively;

- (b) the Managing Directors pursuant to the Management Agreement;
- (c) the Collateral Administrator pursuant to the Collateral Administration Agreement;
- (d) any rating agency which may, from time to time, be requested to assign a rating to or reaffirm each rating of the Class A Notes and the other Rated Notes or a confidential credit estimate to any of the Portfolio Collateral, for fees and expenses in connection with any such rating or confidential credit estimate and to any rating agency with respect to such rating agency's fees and expenses in connection with its monitoring of the Rated Notes;
- (e) any other Person in respect of any governmental fee or charge;
- (f) any other Person in respect of any other fees or expenses permitted under these Conditions, the Transaction Documents and the documents delivered pursuant to or in connection with the Notes or the sale thereof (including the fees of any stock exchange on which the Notes are listed); and
- (g) the Collateral Manager pursuant to the Collateral Management Agreement, but excluding any Collateral Management Fees,

in each case, together with any VAT due and payable in respect thereof, *provided* that Administrative Expenses shall not include any Trustee Fees or amounts due or accrued with respect to the actions taken on or in connection with the Issue Date, including fees payable to S&P and any other fees and expenses which are payable out of the proceeds of the issue of the Notes.

"Affiliate" or **"Affiliated"** means with respect to a Person, (a) any other Person who directly or indirectly is in control of, or is controlled by, or is under common control with, such Person and any partnership in respect of which such Person is the general or managing partner or investment fund of which such Person is the manager 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 investments, management or policies of such Person whether by contract or otherwise.

"Agents" means each of the Registrar, the Custodian and the Paying Agent and each of their permitted successors or assigns and **"Agent"** means any of them.

"Applicable EURIBOR" means with respect to the Notes, six month EURIBOR for the Notes or EURIBOR for such other appropriate period in respect of the first Interest Accrual Period, the second Interest Accrual Period and the Interest Accrual Period immediately prior to the Maturity Date or the Redemption Date.

"Asset Swap Transaction" means each asset swap transaction entered into pursuant to a Hedge Agreement by the Issuer with a Hedge Counterparty in connection with Non-Euro Portfolio Collateral under which the Issuer swaps cash flows receivable on such Non-Euro Portfolio Collateral for Euro denominated cash flows from such Hedge Counterparty.

"Asset Swap Transaction Exchange Rate" means the exchange rate specified as such in, and applicable to each Asset Swap Transaction.

"Authorised Denomination" means integral multiples of €1,000.

"Authorised Officer" means, with respect to the Issuer, any Managing Director of the Issuer or person who is authorised to act for the Issuer in matters relating to, and binding upon, the Issuer.

"Base Collateral Management Fee" means the sum of (i) the fee payable to the Collateral Manager on each Payment Date pursuant to the Collateral Management Agreement, equal to 0.15 per cent. per annum (calculated on the basis of a 360 day year and the actual number of days elapsed in such Due Period) of the daily weighted average aggregate of the Principal Balances of the Portfolio Collateral

during the Due Period ending immediately preceding such Payment Date and (ii) any value added tax in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority).

“**Basic Terms Modification**” has the meaning given to it in Condition 14(a) (*Meetings of Noteholders*).

“**Business Day**” means (unless otherwise defined):

- (a) a day on which the TARGET System is open; and
- (b) a day on which commercial banks and foreign exchange markets settle payments in London and New York City and on which banks are open for business in the place of the specified office of the Registrar (other than a Saturday, Sunday or public holiday).

“**CCC Security**” means any Portfolio Collateral that has an S&P Rating of "CCC+", "CCC" or CCC-".

“**Class**” or “**Class of Notes**” means, in respect of the Notes, the class of Notes identified as either Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes; *provided* that for the purposes of voting on resolutions, issuing directions to the Trustee and any other decisions required to be made by any Noteholders, the Class A Notes shall constitute one class and the most senior class for so long as the Class A Notes are Outstanding, and “**Class of Noteholders**” shall be construed accordingly.

“**Class A Definitive Notes**” means the registered notes in definitive form to be issued in respect of the Class A Notes pursuant to, and in the circumstances specified in, the Trust Deed and sold in reliance on Regulation S, substantially in the form set out in the Trust Deed or, as the context may require, a specific number thereof and includes any replacements for Class A Definitive Notes issued pursuant to the Conditions.

“**Class A Further Issue Notes**” has the meaning given to it in Condition 17 (*Further Issues*).

“**Class A Global Note**” means the global note to be issued by the Issuer pursuant to the Trust Deed representing the Class A Notes, substantially in the form set out in the Trust Deed.

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

“**Class A Note Interest Rate**” has the meaning given thereto in Condition 6 (*Interest*).

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

“**Class A Notes**” means the €244,007,500 Class A Senior Secured Floating Rate Notes due 2024 or the amount thereof for the time being Outstanding, or as the context may require, a specific number thereof and, unless expressly stated to the contrary, all references to the Class A Notes shall be a reference to such Class A Notes whether in global form or definitive form.

“**Class B Deferred Interest**” has the meaning given thereto in Condition 6 (*Interest*).

“**Class B Definitive Notes**” means the registered notes in definitive form to be issued in respect of the Class B Notes pursuant to, and in the circumstances specified in, the Trust Deed and sold in reliance on Regulation S, substantially in the form set out in the Trust Deed or, as the context may require, a specific number thereof and includes any replacements for Class B Definitive Notes issued pursuant to the Conditions.

“**Class B Further Issue Notes**” has the meaning given to it in Condition 17 (*Further Issues*).

“**Class B Global Note**” means the global note to be issued by the Issuer pursuant to the Trust Deed representing the Class B Notes, substantially in the form set out in the Trust Deed.

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

“**Class B Note Interest Rate**” has the meaning given thereto in Condition 6 (*Interest*).

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

“**Class B Notes**” means the €22,955,000 Class B Deferrable Secured Floating Rate Notes due 2024 or the amount thereof for the time being Outstanding, or as the context may require, a specific number thereof and, unless expressly stated to the contrary, all references to the Class B Notes shall be a reference to such Class B Notes whether in global form or definitive form and issued in reliance on Regulation S.

“**Class B Overcollateralisation Ratio**” means, as at any Measurement Date, the ratio (expressed as a percentage) obtained by dividing the Net Portfolio Collateral Balance by the aggregate principal amount of the Class A Notes and the Class B Notes Outstanding (including for the avoidance of doubt, any Class B Deferred Interest).

“**Class B Overcollateralisation Ratio Test**” shall be satisfied in respect of any Measurement Date falling on or after the Target Date, if on such Measurement Date, the Class B Overcollateralisation Ratio is at least 116 per cent.

“**Class C Definitive Notes**” means the registered notes in definitive form to be issued in respect of the Class C Notes pursuant to, and in the circumstances specified in, the Trust Deed and sold in reliance on Regulation S, substantially in the form set out in the Trust Deed or, as the context may require, a specific number thereof and includes any replacements for Class C Definitive Notes issued pursuant to the Conditions.

“**Class C Further Issue Notes**” has the meaning given to it in Condition 17 (*Further Issues*).

“**Class C Global Note**” means the global note to be issued by the Issuer pursuant to the Trust Deed representing the Class C Notes, substantially in the form set out in the Trust Deed.

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

“**Class C Note Interest Rate**” has the meaning given thereto in Condition 6 (*Interest*).

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

“**Class C Notes**” means the €20,755,000 Class C Deferrable Secured Floating Rate Notes due 2024 or the amount thereof for the time being Outstanding, or as the context may require, a specific number thereof and, unless expressly stated to the contrary, all references to the Class C Notes shall be a reference to such Class C Notes whether in global form or definitive form and issued in reliance on Regulation S.

“**Class C Overcollateralisation Ratio**” means, as at any Measurement Date, the ratio (expressed as a percentage) obtained by dividing the Net Portfolio Collateral Balance by the aggregate principal amount of the Class A Notes, the Class B Notes and the Class C Notes Outstanding (including for the avoidance of doubt, any Class B Deferred Interest and Class C Deferred Interest).

“**Class C Overcollateralisation Ratio Test**” shall be satisfied in respect of any Measurement Date falling on or after the Target Date, if on such Measurement Date, the Class C Overcollateralisation Ratio is at least 109 per cent.

“**Class D Deferred Interest**” has the meaning given thereto in Condition 6 (*Interest*).

“**Class D Definitive Notes**” means the registered notes in definitive form to be issued in respect of the Class D Notes pursuant to, and in the circumstances specified in, the Trust Deed and sold in reliance on Regulation S, substantially in the form set out in the Trust Deed or, as the context may require, a

specific number thereof and includes any replacements for Class D Definitive Notes issued pursuant to the Conditions.

“**Class D Further Issue Notes**” has the meaning given to it in Condition 17 (*Further Issues*).

“**Class D Global Note**” means the global note to be issued by the Issuer pursuant to the Trust Deed representing the Class D Notes, substantially in the form set out in the Trust Deed.

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

“**Class D Note Interest Rate**” has the meaning given thereto in Condition 6 (*Interest*).

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

“**Class D Notes**” means the €12,430,500 Class D Deferrable Secured Floating Rate Notes due 2024 or the amount thereof for the time being Outstanding, or as the context may require, a specific number thereof and, unless expressly stated to the contrary, all references to the Class D Notes shall be a reference to such Class D Notes whether in global form or definitive form and issued in reliance on Regulation S.

“**Class D Overcollateralisation Ratio**” means, as at any Measurement Date, the ratio (expressed as a percentage) obtained by dividing the Net Portfolio Collateral Balance by the aggregate principal amount of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes Outstanding (including for the avoidance of doubt, any Class B Deferred Interest, Class C Deferred Interest and Class D Deferred Interest).

“**Class D Overcollateralisation Ratio Test**” shall be satisfied in respect of any Measurement Date falling on or after the Target Date, if on such Measurement Date, the Class B Overcollateralisation Ratio is at least 104.5 per cent.

“**Class E Definitive Notes**” means the registered notes in definitive form to be issued in respect of the Class E Notes pursuant to, and in the circumstances specified in, the Trust Deed and sold in reliance on Regulation S, substantially in the form set out in the Trust Deed or, as the context may require, a specific number thereof and includes any replacements for Class E Definitive Notes issued pursuant to the Conditions.

“**Class E Deferred Interest**” has the meaning given thereto in Condition 6 (*Interest*).

“**Class E Further Issue Notes**” has the meaning given to it in Condition 17 (*Further Issues*).

“**Class E Global Notes**” means the global notes to be issued by the Issuer pursuant to the Trust Deed representing the Class E Notes, substantially in the form set out in the Trust Deed.

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

“**Class E Note Interest Rate**” has the meaning given thereto in Condition 6 (*Interest*).

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

“**Class E Notes**” means the €27,052,000 Class E Subordinated Deferrable Secured Floating Rate Notes due 2024 or the amount thereof for the time being Outstanding, or as the context may require, a specific number thereof and, unless expressly stated to the contrary, all references to the Class E Notes shall be a reference to such Class E Notes whether in global form or definitive form and issued in reliance on Regulation S.

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

“**Collateral**” means the property, assets and benefits described in Condition 4 (*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.

“**Collateral Acquisition Agreements**” means the agreement or agreements, including the Portfolio Sale Agreement, entered into by the Issuer in relation to the purchase by the Issuer of Senior Secured Loans, Second Lien Loans and/or Structured Finance Securities either, (i) on or prior to the Issue Date or (ii) subsequent to the Issue Date, together with any other agreements entered into by or on behalf of the Issuer from time to time for the acquisition of Portfolio Collateral thereafter.

“**Collateral Management Fee**” means each of the Base Collateral Management Fee, the Incentive Collateral Management Fee, the Subordinated Collateral Management Fee and, if applicable, the Replacement Collateral Manager Subordinated Fee.

“**Collateral Manager Termination Amount**” means the amount, determined pursuant to the Collateral Management Agreement, payable to the Collateral Manager in respect of the termination of its services under the Collateral Management Agreement without cause (together with any applicable value added tax thereon whether payable to the Collateral Manager or directly to the relevant taxing authority).

“**Collateral Quality Tests**” has the meaning given to such term in the Collateral Administration Agreement.

“**Collateral Tax Event**” means the introduction of a new, or any change in, home jurisdiction or foreign tax statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation which results in any portion of any payment due from any issuer or obligor under any Portfolio Collateral held by or on behalf of the Issuer becoming properly subject to the imposition of home jurisdiction or foreign withholding tax which withholding tax (i) is not compensated for by a “gross-up” provision in the terms of the Portfolio Collateral and (ii) amounts, in the aggregate, to 5 per cent. or more of the aggregate interest payments on all of the Portfolio Collateral held by or on behalf of the Issuer during the related Due Period.

“**Collection Accounts**” means the Interest Collection Account, the Principal Collection Account, the Sterling Interest Account, the Sterling Principal Account, the Dollar Interest Account and the Dollar Principal Account.

“**Conditions**” means these terms and conditions.

“**Controlling Class**” means (i) the Class A Notes, (ii) following redemption in full of the Class A Notes, the Class B Notes, (iii) following redemption in full of the Class B Notes, the Class C Notes, (iv) following redemption in full of the Class C Notes, the Class D Notes, and (v) following redemption in full of the Class D Notes, the Class E Notes.

“**Coverage Test**” means each of the Senior Coverage Tests, the Class B Overcollateralisation Ratio Test, the Class C Overcollateralisation Ratio Test and the Class D Overcollateralisation Ratio Test.

“**Credit Improved Security**” means any Portfolio Collateral which, in the reasonable business judgment of the Collateral Manager, has significantly improved in credit quality including a Portfolio Collateral:

- (a) whose obligor has significantly improved financial results; or
- (b) whose obligor has raised equity capital or other capital which has improved the liquidity or credit standing of such obligor; or
- (c) which has increased in price to 100.50 per cent. or more, of the original purchase price thereof; or
- (d) in the case of any Portfolio Collateral that is a Second Lien Loan or a Structured Finance Securities which has increased in price to 100.5 per cent of its original purchase price;

(e) which is so designated by the Collateral Manager, acting in a reasonable commercial manner, in each case of (a) through (e) of this definition, since the date on which such Portfolio Collateral was purchased.

“**Credit Risk Security**” means any Portfolio Collateral which, in the reasonable business judgment of the Collateral Manager, has a significant risk of declining in credit quality and, with a lapse of time, becoming a Defaulted Loan.

“**Currency Account**” means any account which may be required to be opened by the Issuer with the Account Bank from time to time to enable payments received from Non-Euro Portfolio Collateral which are not denominated in Euro to be paid prior to payments being made by the Issuer to the relevant Hedge Counterparty pursuant to an Asset Swap Transaction.

“**Current Pay Obligation**” means a Portfolio Collateral which would otherwise be a Defaulted Loan but as to which (i) the most recent interest and principal payment due thereon was paid in cash and the Collateral Manager reasonably expects (as determined in the reasonable business judgement of the Collateral Manager) that the next interest and principal payment due will be paid in cash which reasonable expectation shall be evidenced in writing to the Issuer, the Collateral Administrator and the Trustee; *provided* however that the Collateral Manager shall not be liable at all in the event such interest payment is not paid in part or in full, (ii) has a S&P Rating (public or private) of at least “CCC”, (iii) the Market Value of which is at least 80 per cent. of par, and (iv) if the Obligor under such Portfolio Collateral is subject to any bankruptcy proceedings, a bankruptcy court has authorised the payment of interest due and payable on such Portfolio Collateral.

“**Custody Account**” means the custody account or accounts established on the books of and maintained and administered outside The Netherlands by the Custodian from time to time in accordance with the provisions of the Agency Agreement, which term shall include each cash account relating to each such custody account (if any).

“**Defaulted Loan**” means any Portfolio Collateral or any other Loan included in the Collateral:

- (a) (i) with respect to which a default as to the payment of principal and/or interest has occurred and is continuing (without regard to any grace period applicable thereto or any waiver of such payment default, except if the Collateral Manager certifies in writing that the default is not for credit related reasons then a grace period of up to five business days shall apply), (ii) with respect to which any other default thereunder or under the related Underlying Instrument has occurred, which default entitles the holders thereof, with notice, the giving of any certification or the making of any determination, or the passage of time or some or all of the aforesaid, pursuant to the related Underlying Instrument to accelerate the maturity of all or a portion of the principal amount of such obligation or security or (iii) in respect of which, the Collateral Manager becomes aware (based upon publicly available information) that the Obligor thereunder is in default as to payment of principal and/or interest on another obligation (and such default has not been cured), save for obligations constituting trade debts which the applicable Obligor is disputing in good faith, but only if one of the following conditions is satisfied:
 - (A) both such other obligation and the Portfolio Collateral are full recourse, unsecured obligations and the other obligation is senior to, or *pari passu* with, the Portfolio Collateral in right of payment; or
 - (B) if the following conditions are satisfied:
 - (1) both such other obligation and the Portfolio Collateral are full recourse, secured obligations secured by identical collateral;
 - (2) the security interest securing the other obligation is senior to or *pari passu* with the security interest securing the Portfolio Collateral; and
 - (3) the other obligation is senior to or *pari passu* with the Portfolio Collateral in right of payment,

save that a Portfolio Collateral shall not constitute a Defaulted Loan under this paragraph (a)(iii) if it is a Current Pay Obligation and in each of (a)(i), (ii) and (iii) only so long as such default has not been cured;

- (b) the issuer or borrower of which Portfolio Collateral is the subject of a bankruptcy, insolvency, receivership or other analogous proceeding and the Collateral Manager has knowledge of such proceedings from public or other sources of information normally available to it. The Collateral Manager shall be responsible for obtaining, to the extent reasonably practicable from public sources of information normally available to it, knowledge of such proceedings;
- (c) the S&P rating of which is "D" or "SD"; or
- (d) the borrower generally makes a binding offer to holders of such Portfolio Collateral of a new Senior Secured Loan, additional security or any securities that, in the reasonable commercial judgement of the Collateral Manager, amounts to a diminished financial obligation (such as preferred or common shares or a debt with a lower coupon or par amount) of such issuer and in the reasonable business judgement of the Collateral Manager, such offer has the apparent purpose of helping such borrower avoid a default pursuant to the Underlying Instrument of such Portfolio Collateral; *provided* that a Portfolio Collateral shall not constitute a Defaulted Loan under this paragraph (d) if (i) it has been acquired in a distressed exchange and meets the definition of Portfolio Collateral; or (ii) in the Collateral Manager's reasonable business judgement, the Collateral Manager believes that the borrower of such Portfolio Collateral will pay its interest obligation in full on the next scheduled payment date in which case such Portfolio Collateral shall be treated as a Current Pay Obligation.

Notwithstanding the foregoing definition, the Collateral Manager may declare any Portfolio Collateral to be a Defaulted Loan if, in the Collateral Manager's reasonable business judgement, the credit quality of the Obligor of such Portfolio Collateral has significantly deteriorated such that the Collateral Manager has a reasonable expectation of payment default as of the next scheduled payment date with respect to such Portfolio Collateral.

"Definitive Notes" means any of the Class A Definitive Notes, Class B Definitive Notes, Class C Definitive Notes, Class D Definitive Notes and the Class E Definitive Notes or (as the context may require) any of them.

"Deferred Interest Amounts" means any or all of the Class B Deferred Interest, the Class C Deferred Interest, the Class D Deferred Interest and the Class E Deferred Interest.

"Deferred Purchase Price" means the amounts payable by the Issuer to the Seller by way of deferred purchase price pursuant to the terms of the Portfolio Sale Agreement;

"Determination Date" means the last Business Day of each Due Period.

"Discount Portfolio Collateral" means any Portfolio Collateral which had, at the time of acquisition, a purchase price of less than 80 per cent. of the principal amount; *provided* that such Portfolio Collateral shall cease to be a Discount Portfolio Collateral where the Market Value (determined on a monthly basis) thereof for any period of 30 consecutive Business Days equals or exceeds 90 per cent. of the principal amount of such Portfolio Collateral, and *provided* further that if any Portfolio Collateral falls within the definition of both a **"Discount Portfolio Collateral"** and a **"Current Pay Obligation"**, such Portfolio Collateral shall be classified as a Current Pay Obligation unless the Collateral Manager in its reasonable business judgement (which shall not be called into question as a result of subsequent events) determines otherwise.

"Distribution" means any payment of principal or interest or any dividend or premium or other amount or asset paid or delivered on or in respect of any Portfolio Collateral or any Eligible Investment.

"Dollar Accounts" means the Dollar Interest Account and the Dollar Principal Account.

“Dollar Interest Account” means the Dollar account so named of the Issuer held with the Account Bank into which all Dollar Interest Proceeds are to be paid.

“Dollar Interest Proceeds” means with respect to any Due Period (without duplication) the sum of:

- (a) all payments of interest received in cash by the Issuer during the related Due Period on the Dollar Portfolio Collateral purchased by the Issuer and Dollar denominated Eligible Investments (other than interest accrued on Dollar Portfolio Collateral purchased by the Issuer to the date of acquisition thereof by the Issuer and purchased with Dollar Principal Proceeds);
- (b) all accrued interest received in cash by the Issuer during the related Due Period with respect to Dollar Portfolio Collateral realised by the Issuer (other than interest accrued on Dollar Portfolio Collateral to the date of acquisition thereof by the Issuer and purchased with Dollar Principal Proceeds);
- (c) (i) all payments of principal in Dollars received in cash by the Issuer during the related Due Period on Eligible Investments to the extent such Eligible Investments were acquired with Dollar Interest Proceeds; and (ii) all amounts representing the element of deferred interest in any payment received in respect of a Second Lien Loan denominated in Dollars, which is not a Defaulted Loan and which by its contractual terms provides for the deferral of interest;
- (d) all amounts denominated in Dollars of amendment and waiver fees, all late payment fees, syndication fees and all other fees and commissions received in cash by the Issuer during the related Due Period in connection with the Dollar Portfolio Collateral purchased by the Issuer and Dollar denominated Eligible Investments;
- (e) any other amount in Dollars whether in the nature of profits, Trading Gains or otherwise which is designated as Dollar Interest Proceeds by the Collateral Manager; provided that the Collateral Manager may not designate Trading Gains as Dollar Interest Proceeds unless the sum of (i) the aggregate Principal Balance of all Portfolio Collateral and (ii) the aggregate principal balance standing to the credit of the Principal Collection Account, the Additional Collateral Account and the Euro Principal Reserve Account, is equal to or greater than the Target Par Amount, in each case both immediately prior to and after giving effect to the reinvestment of the applicable proceeds that gave rise to such Trading Gains;

but excluding (i) all Euro Interest Proceeds and (ii) any amounts recovered and any Distributions received in cash by the Issuer in respect of any Defaulted Loans denominated in Dollars following such Dollar Portfolio Collateral becoming a Defaulted Loan other than where the aggregate amount of such recoveries or, as the case may be, such Distributions received in respect of such Defaulted Loan exceeds the principal balance of the Dollar Portfolio Collateral immediately prior to the time it became a Defaulted Loan. Any determination of the aggregate amount of Dollar Interest Proceeds with respect to any day during a Due Period will include all Dollar Interest Proceeds received by the Issuer from and including the first day of the related Due Period to and including such date of determination and amounts of Dollar Interest Proceeds in respect of a Due Period shall be determined so that amounts already included in respect of a prior Due Period are not included more than once.

“Dollar Portfolio Collateral” means a Portfolio Collateral denominated in Dollars and whose acquisition was funded in Dollars.

“Dollar Principal Account” means the Dollar account so named of the Issuer held with the Account Bank into which all Dollar Principal Proceeds are to be paid.

“Dollar Principal Proceeds” means with respect to any Due Period, the sum (without duplication) of:

- (a) all payments of principal (including prepayments) received in cash by the Issuer during the related Due Period on the Dollar Portfolio Collateral purchased by the Issuer and any Dollar denominated Eligible Investments (other than (i) Uninvested Proceeds, (ii) the amounts referred to in paragraph (c) of the definition of Dollar Interest Proceeds and (iii) Trading Gains designated as Dollar Interest Proceeds by the Collateral Manager);

- (b) all payments of interest received in cash by the Issuer during the related Due Period on the Dollar Portfolio Collateral purchased by the Issuer and any Dollar denominated Eligible Investments to the extent such payments constitute proceeds from accrued interest purchased with Dollar Principal Proceeds;
- (c) all disposal proceeds received by the Issuer during the related Due Period in respect of Dollar Portfolio Collateral purchased by the Issuer and Dollar denominated Eligible Investments, including without limitation, amounts received in respect of original issue or market discount, but excluding accrued interest constituting “Dollar Interest Proceeds” under paragraphs (a) or (b) of the definition of “Dollar Interest Proceeds” and excluding fees and commissions of the type referred to in paragraph (d) below;
- (d) all facility or other up front fees or other similar fees payable to the Issuer in relation to a Dollar Portfolio Collateral (save for those set out in paragraph (i) below and paragraph (e) of the definition of “Dollar Interest Proceeds”);
- (e) all call, redemption and prepayment premiums received in cash by the Issuer during such Due Period on the Dollar Portfolio Collateral purchased by the Issuer and any Dollar denominated Eligible Investments;
- (f) all interest accrued received in cash realised by the Issuer on any Dollar Portfolio Collateral to the date of acquisition thereof by the Issuer and purchased with Dollar Principal Proceeds;
- (g) any other amounts received in Dollar (including, without limitation, recovery receipts but excluding any proceeds from the termination of any Hedge Agreements) by the Issuer during the relevant Due Period which are not included in the definition of “Dollar Interest Proceeds”;
- (h) all fees or commissions, or other compensation received in cash, in connection with a workout or restructuring of any Dollar denominated Defaulted Loan; and
- (i) the amount standing to the credit of all Dollar Accounts on the last Business Day of the Due Period ending immediately prior to the Redemption Date or Maturity Date,

provided that (i) in no event shall Dollar Principal Proceeds include Euro Principal Proceeds (ii) in no event shall Dollar Principal Proceeds include any amounts standing to the credit of the Issuer Dutch Account and (iii) all Distributions received in Dollar in cash by the Issuer in respect of any Defaulted Loan which was a Dollar Portfolio Collateral shall be deemed to be payments of principal except to the extent that the aggregate amount of such Distributions received in cash in respect of such Defaulted Loan exceeds the principal balance of the Dollar Portfolio Collateral immediately prior to the time it became a Defaulted Loan so long as it continues to be a Defaulted Loan after the receipt of such Distributions. Any determination of the aggregate amount of Dollar Principal Proceeds with respect to any day during a Due Period will include all Dollar Principal Proceeds received by the Issuer from and including the first day of the related Due Period to and including such date of determination and the amount of Dollar Principal Proceeds in respect of a Due Period shall be determined so that amounts already included or included in respect of a prior Due Period are not included more than once.

“**Dollar Unscheduled Principal Proceeds**” means, with respect to any Dollar Portfolio Collateral purchased by the Issuer, Dollar principal repayments prior to the Stated Maturity thereof received as a result of optional redemptions, prepayments above scheduled amortisations or Offers and Distributions denominated in Dollar.

“**Due Date**” means each date on which a Distribution is due and payable.

“**Due Period**” means, with respect to any Payment Date, the period commencing on the day immediately following the eighth Business Day prior to the preceding Payment Date (or on the Issue Date in the case of the Due Period relating to the first Payment Date) and ending on the eighth Business Day prior to such Payment Date (or, in the case of the Due Period applicable to the Maturity Date or a Redemption Date, ending on the day preceding such Payment Date).

“**Dutch Ineligible Securities**” means any and all:

- (a) securities or interests in securities which are bearer instruments (*effecten aan toonder*) physically located in The Netherlands or registered shares (*aandelen op naam*) in a Netherlands corporate entity where the Issuer owns such bearer instruments or registered shares directly and in its own name; or
- (b) securities or interests in securities the purchase or acquisition of which by or on behalf of the Issuer would cause the breach of applicable selling or transfer restrictions or of applicable Dutch laws relating to the offering of securities or of collective investment schemes; or
- (c) obligations or instruments which are convertible into or exchangeable for the securities referred to in (a) above.

“**Eastern Europe**” means countries in Europe other than Austria, Belgium, Denmark, Finland, France, Germany, Republic of Ireland, Italy, Luxembourg, Liechtenstein, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom (including the Channel Islands and the Isle of Man) and any other EU Member State rated AA or above by S&P as at the Issue Date and otherwise subject to Rating Agency Confirmation.

“**Eligibility Criteria**” has the meaning given thereto in the Collateral Management Agreement.

“**Eligible Investments**” means:

- (a) government securities of any government which is rated AAA or A1+ by S&P; and
- (b) demand or time deposits, certificates of deposit and short term debt obligations (including commercial paper),

provided that in all cases such investments (x) are not Dutch Ineligible Securities and (y) have a maturity date of no later than the last Business Day of the Due Period following the date of acquisition of such investment and the short term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being a licensed EU credit institution) are rated A-1+ by S&P or are otherwise acceptable to S&P and, in either case, denominated in the same currency as the cash which is used to purchase the relevant Eligible Investment and (z) are investments (A) that are treated as indebtedness for U.S. federal income tax purposes and are not United States real property interests as defined under Section 897 of the Code, or the Issuer has received advice or an opinion of a nationally recognised U.S. tax counsel experienced in such matters to the effect that the ownership, enforcement or disposition of which will not cause the Issuer to be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes, or otherwise subject the Issuer to U.S. federal income tax on a net income tax basis, (B) that are acquired, and held in a manner that does not violate the investment restrictions set forth in the Collateral Management Agreement, (C) that shall not be subject to deduction or withholding for or on account of any withholding or similar tax unless the payor is required to make “gross up” payments that ensure that the net amount actually received by the Issuer (free and clear of taxes, whether assessed against such obligor or the Issuer) will equal the full amount that the Issuer would have received had no such deduction or withholding been required, and (D) the payment of interest on such Eligible Investment will not be subject to any deduction or withholding for or on account of United Kingdom tax.

“**Emerging Market Issuer**” means (i) a sovereign or non-sovereign issuer located in a country that is in Latin America, Asia, Africa, Eastern Europe or the Caribbean, other than an issuer located in Japan or Singapore; or (ii) a sovereign or non-sovereign issuer located in a country that is rated below AA by S&P (other than Greece, Italy or any other country consented to by S&P).

“**Enforcement Notice**” has the meaning ascribed thereto in Condition 10(c) (*Acceleration*).

“**EURIBOR**” means the Euro zone Interbank Offered Rate.

“**Euro Accounts**” means the Euro Interest Account, the Euro Principal Account, the Euro Expense Account, the Euro Payment Account and the Pre Funding Account.

“**Euro Expense Account**” means the Euro account so named of the Issuer held with the Account Bank, amounts standing to the credit of which may be used to fund certain expenses arising between Payment Dates.

“**Euro Interest Proceeds**” means with respect to any Due Period (without duplication) the sum of:

- (a) all payments of interest received in cash by the Issuer during the related Due Period on the Euro Portfolio Collateral and Euro denominated Eligible Investments purchased by the Issuer (other than interest accrued on Euro Portfolio Collateral purchased by the Issuer to the date of acquisition thereof by the Issuer and purchased with Euro Principal Proceeds or Uninvested Proceeds or with amounts standing to the credit of the Pre-Funding Account);
- (b) all accrued interest received in cash by the Issuer during the related Due Period with respect to Euro Portfolio Collateral realised by the Issuer (other than interest accrued on Euro Portfolio Collateral to the date of acquisition thereof by the Issuer and purchased with Euro Principal Proceeds or Uninvested Proceeds or with amounts standing to the credit of the Pre-Funding Account);
- (c) (i) all payments of principal in Euro received in cash by the Issuer during the related Due Period on Eligible Investments to the extent such Eligible Investments were acquired with Euro Interest Proceeds; and (ii) all amounts representing the element of deferred interest in any payment received in respect of a Second Lien Loan denominated in Euro, which is not a Defaulted Loan and which by its contractual terms provides for the deferral of interest;
- (d) (i) all amounts in Euro, if any, paid to the Issuer by any Hedge Counterparty (other than any Hedge Termination Receipts) under any Hedge Transaction (other than under an Asset Swap Transaction) in such Due Period and all amounts payable to the Issuer by any Hedge Counterparty (other than any Hedge Termination Receipts) under any Hedge Transaction (other than under an Asset Swap Transaction) on the Payment Date immediately following such Due Period and (ii) all amounts in Euro paid to the Issuer by any Hedge Counterparty (other than any Hedge Termination Receipts) under any Asset Swap Transaction in such Due Period which corresponds to amounts described in this definition of “**Euro Interest Proceeds**” received from any Non-Euro Portfolio Collateral the subject of such Asset Swap Transaction and all amounts payable to the Issuer by any Hedge Counterparty (other than Hedge Termination Receipts) under any Asset Swap Transaction on the Payment Date immediately following such Due Period which corresponds to amounts described in this definition of “**Euro Interest Proceeds**” received from any Non-Euro Portfolio Collateral the subject of such Asset Swap Transaction;
- (e) all amounts in Euro of all amendment and waiver fees, all late payment fees, syndication fees and all other fees and commissions received in cash by the Issuer during the related Due Period in connection with the Euro Portfolio Collateral purchased by the Issuer and Eligible Investments denominated in Euro and which are not designated as Euro Principal Proceeds in paragraph (j) of that definition;
- (f) the amount standing to the credit of the Euro Expense Account on the last Business Day of the Due Period ending immediately prior to the Redemption Date or Maturity Date;
- (g) with respect to the first Due Period only, that element of the proceeds of the Notes which is paid into the Interest Collection Account on the Issue Date; and
- (h) any other amount in Euros whether in the nature of profits, Trading Gains or otherwise which is designated as Euro Interest Proceeds by the Collateral Manager; *provided* that the Collateral Manager may not designate Trading Gains as Euro Interest Proceeds unless the sum of (i) the aggregate Principal Balance of all Portfolio Collateral and (ii) the aggregate principal balance standing to the credit of the Principal Collection Account, the Pre-Funding Account, the Additional Collateral Account and the Euro Principal Reserve Account, is equal to or greater than the Target Par Amount, in each case both immediately prior to and after giving effect to the reinvestment of the applicable proceeds that gave rise to such Trading Gains;

but excluding: (i) all Sterling Interest Proceeds and Dollar Principal Proceeds; and (ii) any amounts recovered and any Distributions received in cash by the Issuer in respect of any Defaulted Loans denominated in Euro following such Euro Portfolio Collateral becoming a Defaulted Loan other than where the aggregate amount of such recoveries or, as the case may be, such Distributions received in respect of such Defaulted Loan exceeds the principal balance of the Euro Portfolio Collateral immediately prior to the time it became a Defaulted Loan, *provided* that in no event shall Euro Interest Proceeds include the €20,000 of capital contributed to the Issuer by the owners of the Issuer's ordinary shares in accordance with the Issuer's Articles of Incorporation. Any determination of the aggregate amount of Euro Interest Proceeds with respect to any day during a Due Period will include all Euro Interest Proceeds received by the Issuer from and including the first day of the related Due Period to and including such date of determination and amounts of Euro Interest Proceeds in respect of a Due Period shall be determined so that amounts already included or included in respect of a prior Due Period are not included more than once.

“Euro Payment Account” means the account so named of the Issuer held with the Account Bank (a) into which amounts denominated in Euro shall be transferred by the Collateral Administrator on the Business Day prior to each Payment Date out of (to the extent applicable) the other relevant Accounts; and (b) out of which the amounts denominated in Euro is required to be paid on each Payment Date, each as *provided* pursuant to the Priorities of Payment, shall be paid.

“Euro Portfolio Collateral” means a Portfolio Collateral denominated in Euro and, for the purposes of the Reinvestment Criteria, the Additional Reinvestment Criteria, the Coverage Tests, the Reinvestment OC Test and the Collateral Quality Tests, if not specified otherwise, **“Euro Portfolio Collateral”** shall include a reference to any Non-Euro Portfolio Collateral.

“Euro Principal Proceeds” means, with respect to any Due Period, the sum (without duplication) of:

- (a) all payments of principal (including prepayments) received in cash by the Issuer during the related Due Period on the Euro Portfolio Collateral purchased by the Issuer and any Euro denominated Eligible Investments (other than (i) Uninvested Proceeds (ii) the amounts referred to in paragraph (c) of the definition of Euro Interest Proceeds and (iii) Trading Gains designated as Euro Interest Proceeds by the Collateral Manager);
- (b) all payments of interest received in cash by the Issuer during the related Due Period on the Euro Portfolio Collateral purchased by the Issuer and any Euro denominated Eligible Investments to the extent such payments constitute proceeds from accrued interest purchased with Euro Principal Proceeds or Uninvested Proceeds or with amounts standing to the credit of the Pre-Funding Account;
- (c) with respect to the Due Period during which the last day of the Reinvestment Period occurs, any Uninvested Proceeds on deposit in the Principal Collection Account or invested in Euro denominated Eligible Investments on the last day of the Reinvestment Period;
- (d) all disposal proceeds received by the Issuer during the related Due Period in respect of Euro Portfolio Collateral purchased by the Issuer, including without limitation amounts received in respect of original issue or market discount, but excluding accrued interest constituting **“Euro Interest Proceeds”** under paragraphs (a) or (b) of the definition of **“Euro Interest Proceeds”** and excluding fees and commissions of the type referred to in paragraph (e) below;
- (e) all facility or other up front fees or other similar fees payable to the Issuer in relation to a Euro Portfolio Collateral (save for those set out in paragraph (k) below and under paragraph (e) of the definition of **“Euro Interest Proceeds”**);
- (f) all call, redemption and prepayment premiums received in cash by the Issuer during such Due Period on the Euro Portfolio Collateral purchased by the Issuer and any Euro denominated Eligible Investments;
- (g) Uninvested Proceeds outstanding on the last Business Day of the Due Period, ending immediately prior to the Payment Date falling after the Target Date if a Target Date Rating Downgrade has occurred and is continuing;

- (h) all interest accrued received in cash realised and retained by the Issuer on any Euro Portfolio Collateral to the date of acquisition thereof by the Issuer and purchased with Euro Principal Proceeds or Uninvested Proceeds or with amounts standing to the credit of the Pre-Funding Account;
- (i) any other amounts received in Euro (including, without limitation, recovery receipts) by the Issuer during the relevant Due Period which are not included in the definition of “**Euro Interest Proceeds**” and, in the case of Further Issue Notes issued on or prior to the Payment Date immediately following such relevant Due Period, the net proceeds of issue thereof;
- (j) all fees or commissions, or other compensation received in cash, in connection with a workout or restructuring of any Euro denominated Defaulted Loan;
- (k) any other amounts (including any proceeds from the termination of any Hedge Agreement net of the costs of entering into a Replacement Hedge Agreement) received by the Issuer in Euro during the related Due Period which are not included in the definition of “**Euro Interest Proceeds**” including for the avoidance of doubt, all amounts payable to the Issuer by any Hedge Counterparty under any Asset Swap Transaction during the related Due Period which corresponds to amounts described in this definition of “**Euro Principal Proceeds**” received from any Non-Euro Portfolio Collateral the subject of such Asset Swap Transaction; and
- (l) the amount standing to the credit of all Accounts other than the Euro Expense Account and the Sterling Accounts on the last Business Day of the Due Period ending immediately prior to the Redemption Date or Maturity Date;

provided that (i) in no event shall Euro Principal Proceeds include Sterling Principal Proceeds or Dollar Principal Proceeds, (ii) in no event shall Euro Principal Proceeds include any amounts standing to the credit of the Issuer Dutch Account, (iii) all Distributions received in cash by the Issuer in respect of any Defaulted Loan denominated in Euro following such Euro Portfolio Collateral becoming a Defaulted Loan shall be deemed to be payments of principal except to the extent that the aggregate amount of such Distributions received in cash in respect of such Defaulted Loan exceeds the principal balance of the Euro Portfolio Collateral immediately prior to the time it became a Defaulted Loan so long as it continues to be a Defaulted Loan after the receipt of such Distributions, and (iv) all Distributions received in Euro in cash by the Issuer in respect of an obligation pursuant to which future payments may be required to be made to a counterparty shall instead be credited to the Additional Collateral Account. Any determination of the aggregate amount of Euro Principal Proceeds with respect to any day during a Due Period will include all Euro Principal Proceeds received by the Issuer from and including the first day of the related Due Period to and including such date of determination and the amount of Euro Principal Proceeds in respect of a Due Period shall be determined so that amounts already included or included in respect of a prior Due Period are not included more than once.

“**Euro Principal Reserve Account**” means the Euro account so named of the Issuer held with the Account Bank, in which amounts of Euro Principal Proceeds or Euro Interest Proceeds may from time to time be deposited and disbursed in accordance with the Priorities of Payment.

“**Euro Unscheduled Principal Proceeds**” means, with respect to any Euro Portfolio Collateral purchased by the Issuer, Euro principal repayments prior to the Stated Maturity thereof received as a result of optional redemptions, prepayments above scheduled amortisations.

“**Euro zone**” has the meaning given thereto in Condition 6 (*Interest*).

“**Event of Default Net Portfolio Collateral Balance**” means, on any Measurement Date, an amount equal to the sum of:

- (a) the aggregate Principal Balance of the Portfolio Collateral, without double counting amounts specified in (c) below;
- (b) the aggregate principal balance standing to the credit of the Principal Collection Account, the Pre-Funding Account, the Additional Collateral Account and the Euro Principal Reserve Account;

- (c) the aggregate principal balance (if any) standing to the credit of the Sterling Principal Account and the Dollar Principal Account converted into Euro at the Spot Rate; and
- (d) the aggregate of the principal balance of all Eligible Investments purchased by the Issuer with the Principal Proceeds or Uninvested Proceeds.

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

“**Extraordinary Resolution**” means, in relation to any Class of Noteholders, a resolution passed at a meeting of such Class of Noteholders duly convened and held in accordance with the Trust Deed by a majority of the votes cast.

“**FMSA**” means the Netherlands Financial Markets Supervision Act (*Wet op het financieel toezicht*) and its subordinate and implementing decrees and regulations (as amended or restated from time to time);

“**Form-Approved Hedge**” means any Asset Swap Transaction, the subject of a Rating Agency Confirmation received prior to entry into such Asset Swap Transaction, save for:

- (a) the amount and timing of initial and/or periodic payments, the notional amount, the effective date and/or the termination date;
- (b) the identity of the Hedge Counterparty; and
- (c) other inconsequential and immaterial changes which have been approved by S&P in writing,

and “**Form-Approved Hedges**” means any of them.

“**Further Issue Notes**” has the meaning ascribed thereto in Condition 17 (*Further Issues*).

“**Global Notes**” means the Class A Global Note, the Class B Global Note, the Class C Global Note, the Class D Global Note and the Class E Global Note or (as the context may require) any of them.

“**Hedge Agreement**” means each 1992 ISDA Master Agreement (Multicurrency Cross Border), together with the schedules, confirmations and any annexes relating thereto, entered into between the Issuer and a Hedge Counterparty from time to time evidencing one or more Hedge Transactions, the subject of a Rating Agency Confirmation or where Rating Agency Confirmation is not obtained, is a Form-Approved Hedge, as amended, supplemented or replaced from time to time and including any guarantee thereof and any credit support document entered into pursuant to the terms thereof and including any Replacement Hedge Agreement entered into in replacement thereof, and “**Hedge Agreements**” means, as the context may require, any or all of them.

“**Hedge Counterparty**” means each financial institution which meets with the Rating Requirement and which has, as a matter of Dutch law, the regulatory capacity to enter into derivatives transactions with Dutch residents with which the Issuer enters into a Hedge Agreement the subject of a Rating Agency Confirmation or where Rating Agency Confirmation is not obtained, is a Form-Approved Hedge or, upon any termination of any Hedge Agreement with such counterparty and replacement thereof by the Collateral Manager acting on behalf of the Issuer in accordance with the provisions of the Collateral Management Agreement, any financial institution which meets with the Rating Requirement or if it does not meet with the Rating Requirement, is the subject of Rating Agency Confirmation or, in each case, any permitted assignee or successor approved under any Hedge Agreement and “**Hedge Counterparty**” means, as the context may require, any or all of them.

“**Hedge Payment Amount**” means, with respect to any date of determination, (i) any scheduled interest amounts then payable by the Issuer to a Hedge Counterparty under any Hedge Agreement from time to time, and (ii) any amount payable by the Issuer to a Hedge Counterparty upon termination of any Hedge Agreement in whole other than any Subordinated Hedge Termination Payment.

“**Hedge Replacement Receipt**” means any amount payable to the Issuer by a Hedge Counterparty upon entry into a Replacement Hedge Agreement which replaces a Hedge Agreement which was

terminated following the occurrence of an “**Event of Default**” or “**Termination Event**” (each as defined in the relevant Hedge Agreement) under which the Hedge Counterparty was the sole “**Defaulting Party**” or an “**Affected Party**” (each such term as defined in such Hedge Agreement).

“**Hedge Termination Receipt**” means any amount payable by a Hedge Counterparty to the Issuer upon termination of a Hedge Agreement in whole following the occurrence of an “**Event of Default**” (as defined in such Hedge Agreement) or “**Termination Event**” (as defined in such Hedge Agreement) thereunder under which the Hedge Counterparty was the “**Defaulting Party**” or the “**Affected Party**” (each such term as defined in such Hedge Agreement).

“**Hedge Transaction**” means any Asset Swap Transaction entered into under a Hedge Agreement.

“**Incentive Collateral Management Fee**” means (i) the fee payable to the Collateral Manager pursuant to the Collateral Management Agreement calculated in accordance with Condition 3(c)(i)(Y) (*Priorities of Payment—Application of Interest Proceeds on Payment Dates*) and Condition 3(c)(iii)(Z) (*Priorities of Payment—Application of Principal Proceeds on Payment Dates*) and (ii) any value added tax in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority).

“**Incentive Management Fee Hurdle Rate**” means an Internal Rate of Return with respect to the Class E Notes of 12 per cent..

“**Initial Purchaser**” means Investec Bank (UK) Limited.

“**Initial Reinvestment OC Ratio**” means, as at any Measurement Date, 108.28 per cent.

“**Interest Accrual Period**” means each successive period from and including one Payment Date (or, in the case of the first Interest Accrual Period, the Issue Date) and ending on but excluding the next succeeding Payment Date (or, in the case of the last Interest Accrual Period, ending on the Redemption Date or the Maturity Date).

“**Interest Amount**” means in respect of a Class of Notes, on each Payment Date, the amount of interest payable in respect of the principal amount of the Notes of such Class being the amount calculated by the Collateral Administrator on the relevant Determination Date in accordance with Condition 6(e)(ii) (*Determination of Floating Rate of Interest and Calculation of Interest Amount*).

“**Interest Collection Account**” means the Euro account so named of the Issuer held with the Account Bank into which Euro Interest Proceeds are to be paid.

“**Interest Coverage Amount**” means, on any particular Measurement Date, the sum of:

(a) the amount standing to the credit of the Interest Collection Account;

plus

(b) amounts of interest accrued but not yet due to be paid on the Euro denominated Portfolio Collateral and the amount of periodic coupon amounts scheduled to be paid to the Issuer pursuant to the terms of each Asset Swap Transaction during the current Due Period;

plus

(c) the scheduled interest payments due (in each case regardless of whether the applicable Due Date has yet occurred) (determined assuming that EURIBOR (or such other rate basis applicable to the relevant Portfolio Collateral, Account or Eligible Investment denominated in Euro) remains constant throughout such period) in the Due Period in which such Measurement Date occurs on:

(i) the Accounts (other than the Sterling Accounts and the Dollar Accounts); and

(ii) Eligible Investments denominated in Euro; and

but excluding from (b) and (c)

- (A) any scheduled interest payments as to which the Issuer or the Collateral Manager has actual knowledge that such payment will not be made;
- (B) accrued and unpaid interest on Defaulted Loans; and

minus

- (e) the amounts payable pursuant to Condition 3(c)(i)(A) to (E) (inclusive) on the following Payment Date;
- (f) the amounts scheduled to be paid by the Issuer to a Hedge Counterparty under any Asset Swap Transactions on or before the following Payment Date (other than any Hedge Termination Payment) which corresponds to those amounts described in paragraph (b) of this definition received by the Issuer pursuant to a Non-Euro Portfolio Collateral; and
- (g) (until such time as (1) the Issuer has submitted any forms to ensure that it receives interest on a Portfolio Collateral free of withholding tax and has received confirmation from the relevant tax authority that interest may be paid to it free of withholding tax or (2) the Issuer reasonably believes that no such tax is payable), the amount which would be withheld in respect of such interest prior to the receipt of such confirmation.

“**Interest Determination Date**” has the meaning given to it in Condition 6(e)(i) (*Rate of Interest*).

“**Interest Proceeds**” means the Euro Interest Proceeds, the Dollar Interest Proceeds and the Sterling Interest Proceeds.

“**Internal Rate of Return**” has the meaning given to it in Condition 3 (*Status*).

“**Investec**” means Investec Principal Finance, a business unit division of Investec Bank (UK) Limited.

“**Issue Date**” means 26 June 2008.

“**Issuer**” means Gresham Capital CLO V B.V.

“**Issuer Dutch Account**” means the account with number 24.30.90.005 in the name of the Issuer with Fortis Bank Nederland N.V. at its branch in Rotterdam, The Netherlands, into which, amongst other things, the €20,000 issued and paid-up share capital of the Issuer has been paid.

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

“**LIBOR**” means the London Interbank Offered Rate as determined by reference to the rate which appears on display page 3750 on Telerate Rate Monitor (or such other page as may replace that page on that service), or such other service as may be nominated as the information vendor, for the purposes of displaying rates for deposits in Sterling.

“**Long Dated Collateral**” means any Portfolio Collateral with a maturity later than the Maturity Date; *provided* that, if a Portfolio Collateral has Distributions that would constitute Principal Proceeds that are scheduled to occur both before and after the Maturity Date, such Portfolio Collateral shall, for the purpose of determining the Net Portfolio Collateral Balance, be treated as two securities consisting of a security in respect of which Principal Proceeds and other amounts are scheduled to be paid on or before the Maturity Date and a security in respect of which Principal Proceeds and other amounts are scheduled to be paid after the Maturity Date and only such Distributions that are scheduled to occur on such Portfolio Collateral after the Maturity Date will constitute a Long Dated Collateral.

“**Managing Directors**” means Mr. G. Kruizinga, Mr. H.S. Leijdesdorff and Mrs. S. Leijdesdorff-Perret Gentil or such other person(s) who may be appointed as Managing Director(s) of the Issuer from time to time.

“**Market Value**” means, in respect of any Portfolio Collateral or Eligible Investment on any date of determination, (a) the average of the bid side market prices offered to the Collateral Manager by three internationally recognised independent brokers/dealers or, (b) if three prices cannot be obtained from three internationally recognised independent brokers/dealers then the lower of the bid side market price offered to the Collateral Manager by two internationally recognised independent brokers/dealers, (c) if two prices cannot be obtained, then the one bid side market price offered to the Collateral Manager by one internationally recognised independent broker/dealer, or (d) if no such price is offered, in the case of any Portfolio Collateral or Eligible Investment, the price supplied by any independent, internationally recognised pricing service, or (e) if no such pricing service is available, the higher of (i) 70 per cent. of the par value of the relevant Portfolio Collateral or Eligible Investment and (ii) the S&P Minimum Average Recovery Rate applicable to such Portfolio Collateral or Eligible Investment (or such lower amount as the Collateral Manager, in its reasonable commercial judgment, considers appropriate).

“**Maturity Date**” means, in respect of each Class of Notes, 18 December 2024, or in the event that such day is not a Business Day, the next following Business Day.

“**Maximum Investment Amount**” means the lower of (a) the Target Par Amount and (b) the aggregate of the Principal Balances of the Portfolio Collateral and Eligible Investments acquired with Principal Proceeds, the Euro Principal Proceeds, amounts standing to the credit of the Pre-Funding Account and the Sterling Principal Proceeds and Dollar Principal Proceeds converted into Euro at the relevant Asset Swap Transaction Exchange Rate.

“**Measurement Date**” means (a) the Target Date; (b) after the Issue Date, any day or days on which a substitution (including each day of any sale and reinvestment, if not the same day) of or default under a Portfolio Collateral occurs; (c) the date of acquisition of any Additional Portfolio Collateral; (d) each Determination Date after the Target Date; (e) the 18th day of each month after the Target Date commencing in December 2008 or, if such date is not a Business Day, the next succeeding Business Day; and (f) with reasonable notice, any Business Day requested by S&P or the Trustee.

“**Minimum Denomination**” means €100,000 in the case of each Class.

“**Monthly Report**” means the monthly report defined as such in the Collateral Administration Agreement which is prepared by the Collateral Administrator on behalf of the Issuer and is made available on a specifically designated website or deliverable to the Issuer, the Trustee, the Collateral Manager and S&P and, upon request therefor in accordance with Condition 4(d) (*Information Regarding the Portfolio*), to any Noteholder, which shall include information regarding the status of the Portfolio Collateral pursuant to the Collateral Administration Agreement.

“**Net Portfolio Collateral Balance**” means, on any Measurement Date, an amount equal to the sum of:

- (a) the aggregate of the Principal Balances of the Portfolio Collateral (other than Defaulted Loans and Long Dated Collateral);
- (b) the aggregate principal balance standing to the credit of the Principal Collection Account, the Pre-Funding Account, the Additional Collateral Account and the Euro Principal Reserve Account;
- (c) the aggregate principal balance standing to the credit of the Dollar Principal Account converted into Euro at the Asset Swap Transaction Exchange Rate applicable to such principal balance;
- (d) the aggregate principal balance standing to the credit of the Sterling Principal Account converted into Euro at the Asset Swap Transaction Exchange Rate applicable to such principal balance;

- (e) the aggregate of the lesser of the applicable Market Value and the applicable Recovery Percentage multiplied by the principal balance of each Defaulted Loan;
- (f) the aggregate of the applicable Recovery Percentage multiplied by the principal balance of each Long Dated Collateral; and
- (g) the aggregate of the principal balance of all Eligible Investments purchased by the Issuer with the Principal Proceeds or Uninvested Proceeds and not included in (b).

Solely for the purpose of calculating the Net Portfolio Collateral Balance in connection with the Coverage Tests and the Reinvestment OC Test, (i) if on any date the aggregate Principal Balance of all CCC Securities or securities pending receipt of a credit estimate or shadow rating exceeds 5.0 per cent of the Maximum Investment Amount, then the Net Portfolio Collateral Balance will be reduced by the sum (without duplication) of the Adjustment Amounts with respect to each CCC Security on such date; and (ii) any Discount Collateral Debt Security (with the exception of CCC Securities as adjusted pursuant to paragraph (i) above) will be counted at its purchase price and (ii) any Current Pay Obligation with a Market Value of less than 80 per cent. shall be included at the lower of its Market Value and the applicable Recovery Percentage multiplied by the principal balance of such Current Pay Obligation.

“**Non-Euro Portfolio Collateral**” means any Portfolio Collateral which is not denominated in Euro including for the avoidance of doubt, any Portfolio Collateral which is denominated in Dollar or Sterling but whose acquisition was funded by the Issuer in Euro and such Portfolio Collateral denominated in Dollar or Sterling is the subject of an Asset Swap Transaction and excluding any Dollar Portfolio Collateral or Sterling Portfolio Collateral.

“**Note Interest Rate**” means, in respect of any Class of Note, the annual rate at which interest accrues on the Notes of such Class as specified in Condition 6 (*Interest*) including for the avoidance of doubt, the relevant margins referred to therein.

“**Noteholder Valuation Report**” means the quarterly report defined as such in the Collateral Administration Agreement which is prepared by the Collateral Administrator on behalf of the Issuer and is made available on a specifically designated website or deliverable to the Issuer, the Trustee, the Collateral Manager and S&P and, upon request therefor in accordance with Condition 4(d) (*Information Regarding the Portfolio*), to any Noteholder, which shall include information regarding the status of the Portfolio Collateral pursuant to the Collateral Administration Agreement.

“**Noteholders**” means the Person in whose name a Note is registered in the Register, from time to time.

“**Notes**” means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes or any of them.

“**Obligor**” means the borrower thereunder or issuer thereof or, in either case, the guarantor thereof (as determined by the Collateral Manager on behalf of the Issuer) of each Portfolio Collateral.

“**Offer**” means with respect to any Portfolio Collateral (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 Issuer of such obligation or any other Person to amend, modify or waive any provision of such obligation or any related Underlying Instrument.

“**Outstanding**” means:

in relation to the Notes, all the Notes which have been issued pursuant to the provisions of the Trust Deed other than:

- (i) those which have been redeemed in accordance with the Trust Deed and the Conditions;

- (ii) those in respect of which the Redemption Date in accordance with the Conditions has occurred and the full Redemption Price in respect whereof has been duly paid to the Noteholders, the Trustee or the Paying Agent in the manner *provided* in the Agency Agreement and, where appropriate, notice to that effect has been given to the relevant Noteholders in accordance with the Conditions and such moneys either have been paid to the Noteholders or remain available for payment against presentation of the relevant Notes;
- (iii) those which have become void under the Conditions;
- (iv) any Global Note to the extent that it shall have been exchanged for Definitive Notes and in the case of any Note, to the extent of the extinguishment of the amount thereof by payment in respect thereof; and
- (v) those mutilated or defaced Notes for which replacement Notes have been issued pursuant to the Conditions;

provided that for each of the following purposes:

- (A) the right to attend and vote at any meeting of Noteholders;
- (B) the determination of how many and which Notes are Outstanding for the purposes of Clause 7.2 (*Enforcement*) of the Trust Deed and Condition 10 (*Events of Default*) of the Conditions;
- (C) any discretion, power or authority (whether contained in the Trust Deed or vested by operation of law) which the Trustee is required expressly or impliedly to exercise in or by reference to the interests of the Noteholders or any one of them; and
- (D) the determination by the Trustee whether any event or potential event is or would be materially prejudicial to the interests of the Noteholders or any of them,

those Notes (if any) which are, for the time being, beneficially held by or on behalf of the Issuer or (if any of the purposes specified in (A) to (D) above relates to a decision concerning the removal of the Collateral Manager), the Collateral Manager or any Affiliate of the Collateral Manager shall (unless and until cancelled or ceasing to be so held) be deemed not to be Outstanding. The Trustee shall be entitled to assume that there are no such holders except to the extent that it is otherwise expressly aware and shall not be bound or concerned to make such enquiry. The Trustee may rely on a certificate of the Issuer or the Collateral Manager (as the case may be) as to such holdings,

provided further that, for the avoidance of doubt, that the Notes will be deemed not to be Outstanding prior to the Issue Date.

“Payment Date” means (i) 15 January 2009, (ii) thereafter, the 18th day of June and December in each year, commencing on 18 June 2009, (iii) the Maturity Date and (iv) 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.

“Payment Default” means the occurrence of an Issuer Event of Default under paragraphs (i) (*Failure to pay Interest*) or (ii) (*Failure to pay Principal*) of Condition 10(a) (*Events of Default*).

“Person” means an individual, corporation (including a business trust), partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof.

“Portfolio” means the Portfolio Collateral held by or on behalf of the Issuer from time to time.

“Portfolio Collateral” means on and following the acquisition thereof, any Senior Secured Loan, Second Lien Loan and Structured Finance Security, purchased or acquired directly by the Issuer (i) on or prior to the Target Date or purchased or acquired by the Issuer or (ii) by the Collateral Manager on behalf of the Issuer from time to time pursuant to the Portfolio Sale Agreement or the Collateral Management Agreement which at the time of purchase or acquisition satisfied the Reinvestment Criteria and the Additional Reinvestment Criteria (if acquired after the Reinvestment Period) (*provided* that, solely for the purpose of the grant of any security interest to the Trustee for the benefit of the Secured Parties pursuant to the Trust Deed and all the rights thereunder, and **“Portfolio Collateral”** shall mean all Senior Secured Loans, Second Lien Loans, Structured Finance Securities and all other securities, loans or other obligations, instruments or investments, regardless of whether such securities, loans or other obligations, instruments or investments satisfied the Reinvestment Criteria or the Additional Reinvestment Criteria at the time of purchase or acquisition or at any time after their purchase or acquisition except that they shall not consist of Dutch Ineligible Securities). References to **“Portfolio Collateral”** shall not include Eligible Investments.

“Portfolio Sale Agreement” means the portfolio sale agreement dated the Issue Date between the Issuer and the Seller, which sets out the terms (including the purchase price of Portfolio Collateral) by which the Issuer acquired from the Seller such Portfolio Collateral.

“Pre-Funding Account” means the Euro account so named of the Issuer held with the Account Bank into which the net proceeds of issue of the Notes shall be paid on the Issue Date (less those proceeds required on the Issue Date: (i) to fund or make provision for certain fees and expenses of the Issuer up to a maximum amount of €800,000; (ii) to refinance and repay in full outstanding amounts owed by the Issuer under the Warehouse Facility Agreement to the Warehouse Lender); or (iii) to pay €1,400,000 into the Interest Collection Account.

“Presentation Date” means a day on which a holder presents, or is entitled to present (as the case may be), a Note for payment and which (subject to Condition 12 (*Prescription*)):

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

“Principal Balance” means, with respect to any Portfolio Collateral, or Eligible Investment as of any date of determination, the outstanding principal amount thereof (excluding any capitalised interest accruing after the purchase of such Portfolio Collateral); *provided*, however, that:

- (a) unless otherwise specified, the Principal Balance of:
 - (i) any Portfolio Collateral received upon acceptance of an Offer for another Portfolio Collateral which Offer expressly states that failure to accept such Offer may result in a default under the Portfolio Collateral or applicable Underlying Instruments; or
 - (ii) any Portfolio Collateral which is or has become a Defaulted Loan,

shall be the lesser of its Market Value and the applicable Recovery Percentage multiplied by the principal balance of each such Portfolio Collateral;

- (a) the Principal Balance of any cash shall be the amount of such cash; and
- (b) the Principal Balance of a Non-Euro Portfolio Collateral the subject of an Asset Swap Transaction shall be an amount equal to the notional amount of such Asset Swap Transaction.

“Principal Collection Account” means the Euro account so named of the Issuer held with the Account Bank into which Euro Principal Proceeds are to be paid.

“**Principal Proceeds**” means the Euro Principal Proceeds, the Dollar Principal Proceeds and the Sterling Principal Proceeds.

“**Priorities of Payment**” means:

- (a) save in respect of any redemption of the Notes pursuant to Condition 7(b) (*Optional Redemption*) and prior to enforcement of the security over the Collateral in accordance with Condition 11 (*Enforcement*), in respect of any Payment Date in the case of Interest Proceeds, the priorities of payment set out in Condition 3(c)(i) (*Application of Interest Proceeds on Payment Dates*) or, in the case of Principal Proceeds, the priorities of payment set out in Condition 3(c)(iii) (*Application of Principal Proceeds on Payment Dates*);
- (b) in the event of any redemption of the Notes pursuant to Condition 7(b) (*Optional Redemption*) and on and following enforcement of the security over the Collateral in accordance with Condition 11 (*Enforcement*), the priorities of payment set out in Condition 11 (*Enforcement*); and
- (c) save in respect of any redemption of the Notes prior to enforcement of the security over the Collateral in accordance with Condition 11 (*Enforcement*), in the case of Interest Proceeds, other than on any Payment Date, the priorities of payment set out in Condition 3(c)(ii) (*Application of Interest Proceeds between Payment Dates*) or, in the case of Principal Proceeds, the priorities of payment set out in Condition 3(c)(iv) (*Application of Principal Proceeds between Payment Dates*).

“**Priority Category Recovery Rate**” means the S&P Priority Category Recovery Rate each as defined in the Collateral Administration Agreement.

“**Proceedings**” has the meaning given to it in Condition 18(b) (*Jurisdiction*).

“**PMPs**” or “**Professional Market Parties**” means the “professional market parties” (*professionele marktpartijen*) as defined in the FMSA and a “**PMP**” means any one of them;

“**Qualifying Country**” shall have the meaning given to such term in the Collateral Management Agreement.

“**Ramp-Up Period**” means the period from and including the Issue Date to and including the Target Date.

“**Rated Notes**” means, so long as any Notes of the relevant Class remain Outstanding, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

“**Rating Agency Confirmation**” means consent in writing from S&P that a proposed action will not cause the downgrade or withdrawal of its then current rating of the Class A Notes or any other Class of Rated Notes.

“**Rating Requirement**” means:

- (a) in the case of the Account Bank and the Paying Agent, a short term senior unsecured debt rating of at least “A-1” by S&P;
- (b) in the case of a Hedge Counterparty (or if applicable, a guarantor of such Hedge Counterparty), a short term senior unsecured debt rating of at least “A-1” by S&P; and
- (c) in the case of any Custodian, a short term senior unsecured debt rating of at least “A-1” by S&P,

in each case, for so long as S&P have assigned a rating to the Rated Notes and where the requirements stated above are not satisfied, Rating Agency Confirmation is received with respect to such party.

“**Record Date**” has the meaning given thereto in Condition 8(a) (*Method of Payment*).

“**Recovery Percentage**” applicable to (a) a Defaulted Loan means the lower of (i) the S&P’s Recovery Rate with respect to AA rated securities; and (ii) the current Market Value; (b) a Long Dated Collateral or a Current Pay Obligation with a Market Value of less than 50 per cent. means the lower of the recovery rate assigned to such security by S&P and the Market Value; and (c) a CCC Security means 70 per cent. of par for such security.

“**Redemption Date**” means each date specified for a redemption of the Notes of a Class in full pursuant to Condition 7 (*Redemption*) or the date on which the Notes of such Class are accelerated pursuant to Condition 10 (*Events of Default*), or in each case, if such day is not a Business Day the next following Business Day.

“**Redemption Determination Date**” has the meaning given thereto in Condition 7(b)(ii) (*Conditions to Optional Redemption at the Option of the Class E Noteholders*).

“**Redemption Notice**” means a redemption notice in the form available from the Registrar 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 any Class A Note, Class B Note, Class C Note, Class D Note or Class E Note, 100 per cent. of the outstanding principal amount of such Note to be redeemed, together with interest accrued thereon to the date of redemption.

“**Redemption Threshold Amount**” means the aggregate of the amounts which would be due and payable on the redemption of the Notes on the scheduled Redemption Date and all other amounts which, pursuant to Condition 11 (*Enforcement*), rank in priority to payments in respect of the Class E Notes in accordance with the Priorities of Payment (including any amounts payable by the Issuer on termination or liquidation of the Hedge Agreements, net of any amounts received by the Issuer on termination or liquidation of such agreements on the basis that such Hedge Agreements are terminated with payments thereon being payable on the scheduled Redemption Date).

“**Register**” has the meaning given thereto in Condition 2(a) (*Forms and Denomination*).

“**Regulation S**” means Regulation S under the Securities Act.

“**Reinvestment Criteria**” means the Reinvestment Criteria specified in the Collateral Management Agreement.

“**Reinvestment OC Ratio**” means, as at any Measurement Date, the ratio (expressed as a percentage) obtained by dividing the Net Portfolio Collateral Balance by the aggregate principal amount of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes outstanding (including for the avoidance of any doubt, Class B Deferred Interest, Class C Deferred Interest, Class D Deferred Interest and Class E Deferred Interest).

“**Reinvestment OC Test**” shall be satisfied in respect of a Measurement Date if, on such Measurement Date, the Reinvestment OC Ratio is at least 105.2 per cent.

“**Reinvestment Period**” means the period from, and including, the Issue Date and ending on (but excluding) the first to occur of (i) the Determination Date immediately preceding the Payment Date falling in July 2012; (ii) the Payment Date on which the entire aggregate principal amount outstanding of all the Notes is to be optionally redeemed; (iii) the date of the occurrence of an Issuer Event of Default; (iv) the date on which the Trustee notifies the Issuer in writing that consent is given by the holders of at least 50 per cent. of the aggregate principal amount outstanding of the Class B Notes (including for this purpose any of the Notes held by the Collateral Manager and its Affiliates) to terminate the Reinvestment Period prior to the Determination Date falling in July 2012 following a notification by the Collateral Manager (acting in its sole and absolute discretion on behalf of the Issuer) to the Issuer that the Collateral Manager has, after making all reasonable efforts to do so, been unable for reasons beyond its control, to identify Additional Portfolio Collateral that are deemed appropriate by the Collateral Manager (acting reasonably in accordance with its normal practice and acting on

behalf of the Issuer) and which meet the Eligibility Criteria or, to the extent applicable, the Reinvestment Criteria in sufficient amounts to permit investment or reinvestment of the funds required to be invested by the Issuer.

“**Relevant Date**” means whichever is the later of (a) the date on which any payment first becomes due and (b) if the full amount payable has not been received by the Registrar or the Trustee on or prior to such due date, the date on which the full amount having been so received, notice to that effect shall have been given to the Noteholders in accordance with Condition 16 (*Notices*).

“**repay**” shall include redeem and vice versa and repaid, repayable, repayment, redeemed, redeemable and redemption shall be construed accordingly.

“**Replacement Collateral Manager**” means the person appointed pursuant to the Collateral Management Agreement to replace the Collateral Manager.

“**Replacement Collateral Manager Subordinated Fee**” means the sum of (i) the subordinated fee payable to a Replacement Collateral Manager on each Payment Date pursuant to the Collateral Management Agreement equal to such percentage per annum as agreed when such Replacement Collateral Manager is appointed of the daily weighted average aggregate of the Principal Balances of the Portfolio Collateral during the Due Period ending immediately preceding such Payment Date and (ii) any value added tax in respect thereof (whether payable to the Replacement Collateral Manager or directly to the relevant taxing authority).

“**Replacement Hedge Agreement**” means any Hedge Agreement entered into by the Issuer upon termination of an existing Hedge Agreement on substantially the same terms as the original Hedge Agreement (including with respect to any Hedge Transactions entered into thereunder).

“**S&P**” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. and any successor or successors thereto.

“**S&P Minimum Average Recovery Rate**” has the meaning given to it in the Collateral Management Agreement.

“**S&P Rating**” has the meaning given to it in the Collateral Administration Agreement.

“**Sale Proceeds**” means all proceeds (including accrued interest designated as Principal Proceeds by the Collateral Manager and any fees, but excluding accrued interest designated as Interest Proceeds by the Collateral Manager) received upon the sale or other realisation of any Portfolio Collateral or Eligible Investment. To the extent such Sale Proceeds are in respect of Non-Euro Portfolio Collateral the subject of an Asset Swap Transaction, such Sale Proceeds shall be determined in Euro.

“**Screen Rate**” has the meaning given to such term in Condition 6(e)(i)(A).

“**Second Lien Loan**” means any obligation or obligations which would be a Senior Secured Loan (excluding sub-paragraph (b) thereof) except that it is subordinated to another obligation of the Obligor which has a higher priority security interest in the fixed assets or stock on which the loan is secured;

“**Secured Party**” means each of the Noteholders, each Agent, the Account Bank, the Collateral Administrator, the Collateral Manager, the Custodian, each Hedge Counterparty, the Initial Purchaser, the Trustee on behalf of itself and any receiver appointed by the Trustee pursuant to the Trust Deed.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended.

“**Seller**” means Investec Bank (UK) Limited in its capacity as seller of the Portfolio Collateral.

“**Senior Administrative Expenses**” means, on any Payment Date, the Administrative Expenses set out in each of paragraphs (a) through (g) of the definition of Administrative Expenses which shall be payable in the order of priority as listed and shall not exceed, in aggregate, €100,000 in any Due Period.

“**Senior Coverage Test**” means the Senior Interest Coverage Test and the Senior Overcollateralisation Test.

“**Senior Interest Coverage Ratio**” means, on any Measurement Date, the ratio (expressed as a percentage) obtained by dividing (a) the Interest Coverage Amount by (b) the aggregate of the scheduled interest payments payable on the Class A Notes on the following Payment Date.

“**Senior Interest Coverage Test**” shall be satisfied in respect of any Measurement Date falling on or after the Target Date if, on such Measurement Date, the Senior Interest Coverage Ratio is at least 105 per cent.

“**Senior Noteholders**” means together the holders of the Class A Notes from time to time.

“**Senior Overcollateralisation Ratio**” means, as at any Measurement Date, the ratio (expressed as a percentage) obtained by dividing the Net Portfolio Collateral Balance by the aggregate principal amount of the Class A Notes Outstanding.

“**Senior Overcollateralisation Ratio Test**” shall be satisfied in respect of any Measurement Date falling on or after the Target Date if, on such Measurement Date, the Senior Overcollateralisation Ratio is at least 125 per cent.

“**Senior Secured Loan**” means a senior secured loan obligation as determined by the Collateral Manager in its reasonable commercial judgement is:

- (a) secured by (i) fixed assets of the Obligor if and to the extent a pledge of fixed assets is permissible under applicable law (save in the case of assets so numerous or diverse that the failure to take such security is consistent with reasonable secured lending practices), and otherwise (ii) 100 per cent. of the equity interests in the stock of an entity owning such fixed assets; and
- (b) no other obligation of the Obligor has any higher priority security interest in such fixed assets or stock.

“**Senior Trustee Fees**” means, on any Payment Date, Trustee Fees which, when aggregated with all Trustee Fees paid during the related Due Period, shall not exceed 0.02 per cent. of the aggregate of the Principal Balances of the Portfolio Collateral on the immediately preceding Payment Date.

“**Spot Rate**” means with respect to any conversion of Sterling or Dollars into Euro or, as the case may be, of Euro into Sterling or Dollars, the relevant spot rate of exchange quoted by the Collateral Administrator on the date of calculation.

“**Stated Maturity**” means, with respect to any Portfolio Collateral or Note, 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 or, if such date is not a Business Day, the next following Business Day.

“**Sterling Accounts**” means the Sterling Interest Account and the Sterling Principal Account.

“**Sterling Interest Account**” means the Sterling account so named of the Issuer held with the Account Bank into which all Sterling Interest Proceeds are to be paid.

“**Sterling Interest Proceeds**” means with respect to any Due Period (without duplication) the sum of:

- (a) all payments of interest received in cash by the Issuer during the related Due Period on the Sterling Portfolio Collateral purchased by the Issuer and Sterling denominated Eligible Investments (other than interest accrued on Sterling Portfolio Collateral purchased by the Issuer to the date of acquisition thereof by the Issuer and purchased with Sterling Principal Proceeds or with amounts standing to the credit of the Pre-Funding Account);

- (b) all accrued interest received in cash by the Issuer during the related Due Period with respect to Sterling Portfolio Collateral realised by the Issuer (other than interest accrued on Sterling Portfolio Collateral to the date of acquisition thereof by the Issuer and purchased with Sterling Principal Proceeds or with amounts standing to the credit of the Pre-Funding Account and other than any Relevant Amount denominated in Sterling in respect of such realisation;
- (c) (i) all payments of principal in Sterling received in cash by the Issuer during the related Due Period on Eligible Investments to the extent such Eligible Investments were acquired with Sterling Interest Proceeds; and (ii) all amounts representing the element of deferred interest in any payment received in respect of a Second Lien Loan denominated in Sterling, which is not a Defaulted Loan and which by its contractual terms provides for the deferral of interest;
- (d) all amounts denominated in Sterling of amendment and waiver fees, all late payment fees, syndication fees and all other fees and commissions received in cash by the Issuer during the related Due Period in connection with the Sterling Portfolio Collateral purchased by the Issuer and Sterling denominated Eligible Investments;
- (e) any other amount in Sterling whether in the nature of profits, Trading Gains or otherwise which is designated as Sterling Interest Proceeds by the Collateral Manager; *provided* that the Collateral Manager may not designate Trading Gains as Sterling Interest Proceeds unless the sum of (i) the aggregate Principal Balance of all Portfolio Collateral and (ii) the aggregate principal balance standing to the credit of the Principal Collection Account, the Additional Collateral Account and the Euro Principal Reserve Account, is equal to or greater than the Target Par Amount, in each case both immediately prior to and after giving effect to the reinvestment of the applicable proceeds that gave rise to such Trading Gains;

but excluding (i) all Euro Interest Proceeds and (ii) any amounts recovered and any Distributions received in cash by the Issuer in respect of any Defaulted Loans denominated in Sterling following such Sterling Portfolio Collateral becoming a Defaulted Loan other than where the aggregate amount of such recoveries or, as the case may be, such Distributions received in respect of such Defaulted Loan exceeds the principal balance of the Sterling Portfolio Collateral immediately prior to the time it became a Defaulted Loan. Any determination of the aggregate amount of Sterling Interest Proceeds with respect to any day during a Due Period will include all Sterling Interest Proceeds received by the Issuer from and including the first day of the related Due Period to and including such date of determination and amounts of Sterling Interest Proceeds in respect of a Due Period shall be determined so that amounts already included in respect of a prior Due Period are not included more than once.

“**Sterling Portfolio Collateral**” means a Portfolio Collateral denominated in Sterling and whose acquisition was funded in Sterling.

“**Sterling Principal Account**” means the Sterling account so named of the Issuer held with the Account Bank into which all Sterling Principal Proceeds are to be paid.

“**Sterling Principal Proceeds**” means with respect to any Due Period, the sum (without duplication) of:

- (a) all payments of principal (including prepayments) received in cash by the Issuer during the related Due Period on the Sterling Portfolio Collateral purchased by the Issuer and any Sterling denominated Eligible Investments (other than (i) Uninvested Proceeds, (ii) the amounts referred to in paragraph (c) of the definition of Sterling Interest Proceeds and (iii) Trading Gains designated as Sterling Interest Proceeds by the Collateral Manager);
- (b) all payments of interest received in cash by the Issuer during the related Due Period on the Sterling Portfolio Collateral purchased by the Issuer and any Sterling denominated Eligible Investments to the extent such payments constitute proceeds from accrued interest purchased with Sterling Principal Proceeds or with amounts standing to the credit of the Pre-Funding Account;
- (c) all disposal proceeds received by the Issuer during the related Due Period in respect of Sterling Portfolio Collateral purchased by the Issuer and Sterling denominated Eligible

Investments, including without limitation, amounts received in respect of original issue or market discount, but excluding accrued interest constituting “**Sterling Interest Proceeds**” under paragraphs (a) or (b) of the definition of “**Sterling Interest Proceeds**” and excluding fees and commissions of the type referred to in paragraph (d) below;

- (d) all facility or other up front fees or other similar fees payable to the Issuer in relation to a Sterling Portfolio Collateral (save for those set out in paragraph (i) below and paragraph (e) of the definition of “**Sterling Interest Proceeds**”);
- (e) all call, redemption and prepayment premiums received in cash by the Issuer during such Due Period on the Sterling Portfolio Collateral purchased by the Issuer and any Sterling denominated Eligible Investments;
- (f) all interest accrued received in cash realised by the Issuer on any Sterling Portfolio Collateral to the date of acquisition thereof by the Issuer and purchased with Sterling Principal Proceeds or with amounts standing to the credit of the Pre-Funding Account;
- (g) any other amounts received in Sterling (including, without limitation, recovery receipts but excluding any proceeds from the termination of any Hedge Agreements) by the Issuer during the relevant Due Period which are not included in the definition of “**Sterling Interest Proceeds**”;
- (h) all fees or commissions, or other compensation received in cash, in connection with a workout or restructuring of any Sterling denominated Defaulted Loan; and
- (i) the amount standing to the credit of all Sterling Accounts on the last Business Day of the Due Period ending immediately prior to the Redemption Date or Maturity Date,

provided that (i) in no event shall Sterling Principal Proceeds include Euro Principal Proceeds (ii) in no event shall Sterling Principal Proceeds include any amounts standing to the credit of the Issuer Dutch Account and (iii) all Distributions received in Sterling in cash by the Issuer in respect of any Defaulted Loan which was a Sterling Portfolio Collateral shall be deemed to be payments of principal except to the extent that the aggregate amount of such Distributions received in cash in respect of such Defaulted Loan exceeds the principal balance of the Sterling Portfolio Collateral immediately prior to the time it became a Defaulted Loan so long as it continues to be a Defaulted Loan after the receipt of such Distributions. Any determination of the aggregate amount of Sterling Principal Proceeds with respect to any day during a Due Period will include all Sterling Principal Proceeds received by the Issuer from and including the first day of the related Due Period to and including such date of determination and the amount of Sterling Principal Proceeds in respect of a Due Period shall be determined so that amounts already included or included in respect of a prior Due Period are not included more than once.

“**Sterling Unscheduled Principal Proceeds**” means, with respect to any Sterling Portfolio Collateral purchased by the Issuer, Sterling principal repayments prior to the Stated Maturity thereof received as a result of optional redemptions, prepayments above scheduled amortisations or Offers and Distributions denominated in Sterling.

“**Structured Finance Security**” means any debt which is secured directly, or represents 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 debt obligations, collateralised loan obligations or any other similar security, provided it is not a Dutch Ineligible Security and is not managed by the Collateral Manager.

“**Subordinated Administrative Expenses**” means all Administrative Expenses other than Senior Administrative Expenses.

“**Subordinated Collateral Management Fee**” means the sum of (i) the fee payable to the Collateral Manager on each Payment Date pursuant to the Collateral Management Agreement, equal to 0.15 per cent. per annum (calculated on the basis of a 360 day year and the actual number of days elapsed in such Due Period) of the daily weighted average aggregate of the Principal Balances of the Portfolio Collateral during the Due Period ending immediately preceding such Payment Date and (ii) any value

added tax in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority).

“**Subordinated Hedge Termination Payment**” means any amount payable by the Issuer to a Hedge Counterparty upon termination of any Hedge Agreement in whole following the occurrence of an “**Event of Default**” or “**Termination Event**” (each as defined in such Hedge Agreement) under which the Hedge Counterparty was the sole “**Defaulting Party**” or the sole “**Affected Party**” (each such term as defined in such Hedge Agreement).

“**Subordinated Trustee Fees**” means all Trustee Fees other than Senior Trustee Fees.

“**TARGET Business Day**” means any day on which the TARGET System is open for business.

“**Target Date**” means the earlier of (a) 26 March 2009 and (b) the date specified as such by the Collateral Manager in accordance with the terms of the Collateral Management Agreement.

“**Target Date Rating Downgrade**” means either: (a)(i) the initial ratings of the Class A Notes and the other Rated Notes are downgraded or withdrawn by S&P or (ii) S&P notifies the Issuer or the Collateral Manager on behalf of the Issuer that it intends to downgrade or withdraw its initial ratings of the Class A Notes and the other Rated Notes, in each case upon request for confirmation thereof to S&P by the Collateral Manager, acting on behalf of the Issuer, following the Target Date; or (b) S&P does not provide a Rating Agency Confirmation (i) with respect to the plan of acquisition of the Portfolio Collateral provided by the Collateral Manager following the failure to meet the Target Date Rating Requirements on the Target Date by the immediately following Determination Date or (ii) in any event, within 90 days of the Target Date.

“**Target Date Rating Requirements**” means, as of the Target Date: (a) each of the Collateral Quality Tests, the Coverage Tests and paragraph (c) of the Eligibility Criteria are satisfied on such date; (b) the aggregate of the Principal Balances of the Portfolio Collateral is at least 100 per cent. of the Target Par Amount, and for the purposes of determining the aggregate Principal Balances of the Portfolio Collateral in connection with the Target Par Amount, any prepayments or repayments of the Portfolio Collateral after the Issue Date shall be disregarded and the Sterling amounts of any Sterling Portfolio Collateral and the US\$ amounts of any Dollar Portfolio Collateral the subject of an Asset Swap Transaction shall be an amount equal to the notional amount of such Asset Swap Transaction; and (c) the occurrence of the Target Date has been subject of a Rating Agency Confirmation.

“**Target Par Amount**” means €325,000,000.

“**TARGET System**” means the Trans European Automated Real Time Gross Settlement Express Transfer System (or, if such clearing system ceases to be operative, such other clearing system (if any) determined by the Trustee to be a suitable replacement).

A “**Tax Event**” shall occur if the Issuer satisfies the Trustee that it has or will, on the next Payment Date, become liable (a) to withhold or deduct for or on account of tax from any payments on or in respect of the Notes or any Class of Notes or (b) to pay tax on its income, profits or gains in any jurisdiction other than The Netherlands and in both instances the Issuer has certified to the Trustee that a substitution, relocation and/or other reasonable measures would fail to remedy such event or cannot be implemented by the next Payment Date to remedy such event.

“**Trading Gains**” means in respect of any Portfolio Collateral which is repaid, prepaid, redeemed or sold, the excess (if any) of (a) the Principal Proceeds received in respect thereof over (b) the purchase price thereof paid by or on behalf of the Issuer for such Portfolio Collateral, 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 Portfolio Collateral, any interest accrued but not paid thereon.

“**Transaction Documents**” means the Trust Deed, each Note, the Agency Agreement, the Subscription Agreement, the Portfolio Sale Agreement, the Collateral Acquisition Agreements, the Collateral Management Agreement, the Collateral Administration Agreement, the Management Agreement, the Bank Account Agreement, the Hedge Agreements, any Additional Security Documents and any other

agreement or deed entered into pursuant to any of them or agreed between the relevant parties to be a Transaction Document for the purposes of this definition.

“**Trustee Fees**” means the fees and expenses and other amounts payable to the Trustee pursuant to the Trust Deed from time to time plus any VAT due and payable in respect thereof.

“**Underlying Instrument**” means the loan agreement, facility agreement or other agreement or instrument pursuant to which a Portfolio Collateral has been issued or created and each other agreement that governs the terms of, or secures the obligations represented by, such Portfolio Collateral or under which the holders or creditors under such Portfolio Collateral are the beneficiaries.

“**Uninvested Proceeds**” means, at any time, the net proceeds received by the Issuer on the Issue Date from the issuance of the Notes to the extent such proceeds are held in cash or Eligible Investments, have not previously been invested in Portfolio Collateral and have not previously become Euro Principal Proceeds pursuant to paragraph (c) of the definition of “**Euro Principal Proceeds**”.

“**Unscheduled Principal Proceeds**” means, Sterling Unscheduled Principal Proceeds, Euro Unscheduled Principal Proceeds or Dollar Unscheduled Principal Proceeds (as applicable).

“**VAT**” means value added tax as provided for in the Value Added Tax Act 1994 and any tax similar or equivalent to value added tax imposed by any country other than the United Kingdom and any similar or turnover tax replacing or introduced in addition to any of the same.

“**Warehouse Facility Agreement**” means the warehouse facility agreement dated 19 May 2008 and made between the Issuer (as borrower) and the Warehouse Lender.

“**Warehouse Lender**” means Investec Bank (UK) Limited in its capacity as lender under the Warehouse Facility Agreement.

2. Form and Denomination, Title and Transfer

- (a) *Form and Denomination:* Each Class of Notes will initially be represented by one or more Global Notes in fully registered form, without interest coupons or principal receipts attached, in the applicable Minimum Denomination and integral multiples in excess thereof of the applicable Authorised Denomination. A Definitive Note will be issued to each Noteholder in exchange for its beneficial interest in a Global Note only in the limited circumstances set forth in the Trust Deed. Each Definitive Note will be numbered serially with an identifying number which will be recorded in the register (the “**Register**”) which the Issuer shall procure will be kept by the Registrar.
- (b) *Title to the Registered Notes:* Title to the Notes passes upon registration of transfers in respect thereof 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:* Subject to the other conditions set forth herein, transfers of a Global Note shall be limited to transfers of such Global Note, in whole, but not in part, to nominees of Euroclear and Clearstream, Luxembourg (the “**Clearing Systems**”) or to a successor of the Clearing Systems or such successor’s nominee. Definitive Notes may be transferred in whole or in part in nominal amounts equal to the applicable Minimum Denomination and integral multiples of the applicable Authorised Denomination in excess thereof only upon the surrender, at the specified office of the Registrar, of the Definitive Note(s) to be transferred, with the form of transfer endorsed on such Definitive Note duly completed and executed and together with the relevant form of transfer certificate as specified in the Trust Deed and such other evidence as the Registrar may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Definitive Note, a new Definitive Note will be issued to the transferee in respect of the part transferred and a further new Definitive Note in respect of the balance of the holding not transferred will be issued to the transferor.
- (d) *Delivery of New Certificates:* Each new Definitive Note to be issued pursuant to Condition 2(c) (*Transfer*) will be available for delivery within five Business Days of receipt of such form of transfer or

of surrender of an existing Definitive Note upon partial redemption. Delivery of new Definitive Note(s) shall be made at the specified office 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 Note 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 office of the Registrar.

- (e) *Transfer Free of Charge*: Transfer of Global Notes and Definitive Notes in accordance with these Conditions on registration or transfer will be effected without charge by or on behalf of the Issuer, the Registrar, but upon payment (or the giving of such indemnity as the Issuer, the Registrar 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 15 calendar days ending on (and including) any Payment 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 set forth in the Trust Deed and Agency Agreement, including without limitation, that a transfer of Notes in breach of certain of such regulations may result in such Notes being required to be sold. The regulations may be changed by the Issuer in any manner which is reasonably required by the Issuer (with the consent of the Trustee) to reflect changes in legal requirements or in any other manner which, in the opinion of the Issuer (with the consent of the Trustee), is not prejudicial to the interests of the holders of the relevant Class of Notes. A copy of the current regulations will be available at the office of the Registrar and will be sent by the Registrar to any Noteholder who so requests. In addition, each investor acquiring an interest in a Global Note will be deemed to have represented to the Issuer and the Trustee that such investor will not transfer such interest except in compliance with the transfer restrictions set forth in the Trust Deed.

3. Status

- (a) *Status*: The Notes of each Class constitute direct, general, secured, unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in Condition 4(c) (*Limited Recourse and Non-Petition*). The Notes of each Class are secured in the manner described in Condition 4 (*Security*) and, within each Class, shall at all times rank *pari passu* and without any preference amongst themselves.
- (b) *Relationship Among the Classes*: The Notes of each Class are constituted by the Trust Deed and secured on the Collateral as further described in the Trust Deed. Payments of principal and interest on each Class of Notes will rank *pari passu* in right of payment amongst such Class of Notes. Payments of interest and principal of the Notes will be made in accordance with the order of priority of payments in this Condition 3 (*Status*) or Condition 11 (*Enforcement*).

Save to the extent provided otherwise in these Conditions:

- (i) no amount of principal (for the avoidance of doubt, excluding Class B Deferred Interest) in respect of the Class B Notes shall become due and payable until redemption or repayment, as applicable, in full of the Class A Notes;
- (ii) no amount of principal (for the avoidance of doubt, excluding Class C Deferred Interest) in respect of the Class C Notes shall become due and payable until redemption or repayment, as applicable, in full of the Class A Notes and the Class B Notes;
- (iii) no amount of principal (for the avoidance of doubt, excluding Class D Deferred Interest) in respect of the Class D Notes shall become due and payable until redemption or repayment, as applicable, in full of the Class A Notes, the Class B Notes and the Class C Notes;
- (iv) no amount of principal in respect of the Class E Notes shall become due and payable or be paid until redemption or repayment, as applicable, in full of each of the other Classes of Notes.

(c) *Priorities of Payment:* The Collateral Administrator shall, on behalf of the Issuer, on each Payment Date (save for any Redemption Date applicable to the redemption of the Notes pursuant to Condition 7(b) (*Optional Redemption*)) prior to the delivery of an Enforcement Notice disburse Interest Proceeds and Principal Proceeds in accordance with the Priorities of Payment in paragraphs (i) and (iii) below respectively, and on each other date (save for any Redemption Date) prior to the delivery of an Enforcement Notice disburse Interest Proceeds and Principal Proceeds in accordance with the Priorities of Payments in paragraphs (ii) and (iv) below, respectively, in each case subject to the provisions of paragraph (v) below and as calculated by the Collateral Administrator pursuant to the terms of the Collateral Administration Agreement:

(i) *Application of Interest Proceeds on Payment Dates:* Interest Proceeds in respect of a Due Period (to the extent not paid as set out in Condition 3(c)(ii) (*Application of Interest Proceeds between Payment Dates*)) shall be paid on the Payment Date immediately following such Due Period as follows:

- (A) to the payment of taxes owing and unpaid by the Issuer (other than Dutch corporate income tax in relation to the amounts equal to the minimum profit referred to below), as certified by an Authorised Officer of the Issuer to the Trustee, if any (save for any value added tax payable in respect of any Collateral Management Fee); and to the payment of amounts equal to the minimum profit to be retained by the Issuer for Dutch tax purposes, for deposit into the Issuer Dutch Account from time to time, if any;
- (B) to the payment of accrued and unpaid Senior Trustee Fees payable to the Trustee pursuant to the Trust Deed;
- (C) to the payment of Senior Administrative Expenses;
- (D) to the payment on a *pari passu* basis of any Hedge Payment Amounts to the extent not paid from amounts standing to the credit of a Collection Account under an Asset Swap Transaction;
- (E) to the Collateral Manager of the Base Collateral Management Fee due and payable on such Payment Date;
- (F) to the payment on a *pro rata* basis of the Interest Amounts due and payable on the Class A Notes in respect of the Interest Accrual Period ending on such Payment Date;
- (G) in the event that any of the Senior Coverage Tests (as calculated by the Collateral Administrator) are not satisfied on the immediately preceding Determination Date, in redemption of the Class A Notes (on a *pro rata* basis), in whole or in part, to the extent necessary to cause each of the Senior Coverage Tests to be met if recalculated following such redemption;
- (H) to the payment of the Interest Amounts due and payable on the Class B Notes in respect of the Interest Accrual Period ending on such Payment Date (but excluding any Class B Deferred Interest) *pro rata*;
- (I) to the payment of the Class B Deferred Interest *pro rata*;
- (J) in the event that the Class B Overcollateralisation Ratio Test (as calculated by the Collateral Administrator) is not satisfied on the immediately preceding Determination Date, in redemption of the Class A Notes (on a *pro rata* basis), in whole or in part, and following such redemption or repayment in full, to redeem the Class B Notes (on a *pro rata* basis), in whole or in part, in each case, to the extent necessary to cause the Class B Overcollateralisation Ratio Test to be met if recalculated following such redemption or repayment;
- (K) to the payment of the Interest Amounts due and payable on the Class C Notes in respect of the Interest Accrual Period ending on such Payment Date (other than the Class C Deferred Interest) *pro rata*;
- (L) to the payment of the Class C Deferred Interest *pro rata*;

- (M) in the event that the Class C Overcollateralisation Ratio Test (as calculated by the Collateral Administrator) is not satisfied on the immediately preceding Determination Date, in redemption of the Class A Notes (on a *pro rata* basis), in whole or in part, and following such redemption or repayment in full, to redeem the Class B Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis), in whole or in part, in each case, to the extent necessary to cause the Class C Overcollateralisation Ratio Test to be met if recalculated following such redemption or repayment;
- (N) to the payment of the Interest Amounts due and payable on the Class D Notes in respect of the Interest Accrual Period ending on such Payment Date (other than Class D Deferred Interest) *pro rata*;
- (O) to the payment of the Class D Deferred Interest *pro rata*;
- (P) in the event that the Class D Overcollateralisation Ratio Test (as calculated by the Collateral Administrator) is not satisfied on the immediately preceding Determination Date, in redemption or repayment, as applicable, of the Class A Notes (on a *pro rata* basis), in whole or in part, and following such redemption or repayment in full, to redeem the Class B Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class D Notes (on a *pro rata* basis), in whole or in part, in each case, to the extent necessary to cause the Class D Overcollateralisation Ratio Test to be met if recalculated following such redemption or repayment;
- (Q) on any Payment Date following the Target Date, in the event of the occurrence of a Target Date Rating Downgrade which is continuing on the Business Day prior to such Payment Date, to redeem the Class A Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class B Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class D Notes (on a *pro rata* basis), in whole or in part, or, in each case if earlier, until S&P confirms in writing that each such rating is reinstated;
- (R) during the Reinvestment Period, in the event that the Reinvestment OC Test (as calculated by the Collateral Administrator) is not satisfied on the immediately preceding Measurement Date, to transfer to the Principal Collection Account the amount required to cause the Reinvestment OC Test (as calculated by the Collateral Administrator) to be met if recalculated following such transfer;
- (S) to the payment, if applicable, to any Replacement Collateral Manager of the Replacement Collateral Manager Subordinated Fee due and payable on such Payment Date and thereafter, to the payment of any Replacement Collateral Manager Subordinated Fee due and payable but not paid pursuant to this Condition 3(c)(i)(R) on any prior Payment Date;
- (T) after the end of the Reinvestment Period, in the event that the Reinvestment OC Test (as calculated by the Collateral Administrator) is not satisfied on the immediately preceding Measurement Date, to redeem the Class A Notes (on a *pro rata* basis), in whole or in part, and following such redemption or repayment in full, to redeem the Class B Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class D Notes (on a *pro rata* basis), to the extent necessary to cause the Reinvestment OC Test to be met if recalculated following such redemption or repayment;
- (U) to the payment of any amount required to be paid to the Euro Expense Account to increase the credit balance thereof to €50,000 or such lesser amount as determined by the Collateral Manager, *provided* that no such payment will be made if the Payment Date is also the Maturity Date;

- (V) at the discretion of the Collateral Manager, during the Reinvestment Period, to transfer such amount as the Collateral Manager may in its discretion determine to the Additional Collateral Account such amount to be designated for reinvestment in Additional Portfolio Collateral;
 - (W) to the payment of Subordinated Trustee Fees (if any);
 - (X) to the payment of Subordinated Administrative Expenses (if any);
 - (Y) to the payment of any Subordinated Collateral Management Fee due and payable;
 - (Z) to the payment of any Subordinated Hedge Termination Payments;
 - (AA) to the payment of any Collateral Manager Termination Amount;
 - (BB) to the payment of the Interest Amounts due and payable on the Class E Notes in respect of the Interest Accrual Period ending on such Payment Date (other than the Class E Deferred Interest) *pro rata*;
 - (CC) to the payment of the Class E Deferred Interest *pro rata*;
 - (DD) after taking account of the amounts payable under Condition 3(c)(i)(A) to (CC) (inclusive) and if the Incentive Management Fee Hurdle Rate is achieved, an amount equal to 15 per cent. of the remaining Interest Proceeds to the Collateral Manager by way of an incentive collateral management fee (the “**Incentive Collateral Management Fee**”);
 - (EE) any remaining Interest Proceeds by way of payment of Deferred Purchase Price pursuant to the terms of the Portfolio Sale Agreement.
- (ii) *Application of Interest Proceeds between Payment Dates*: Interest Proceeds shall be paid as follows on any day other than a Payment Date to the extent that there are available amounts to make such payments (after taking account, in respect of any day between the end of a Due Period and the immediately succeeding Payment Date, of amounts required to be paid on the immediately succeeding Payment Date out of the Interest Collection Account, Dollar Interest Account and Sterling Interest Account) in the following order of priority:
- (A) in payment by the Collateral Administrator on behalf of the Issuer of any Senior Trustee Fees and Senior Administrative Expenses which have accrued and become payable prior to any Payment Date, to the extent applicable, upon receipt of invoices therefor from the relevant creditor; and
 - (B) to the payment of any Hedge Payment Amounts in respect of any Asset Swap Transaction, in respect of each period from (and excluding) the immediately preceding Payment Date to (and including) the immediately succeeding Payment Date.
- (iii) *Application of Principal Proceeds on Payment Dates*: Principal Proceeds in respect of a Due Period (to the extent not paid as set out in Condition 3(c)(iv) (*Application of Principal Proceeds between Payment Dates*)) shall be paid on the Payment Date immediately following such Due Period as follows:
- (A) to the payment of the amounts referred to in Condition 3(c)(i)(A) to (F) (inclusive) above, in each case in the order of priority set out therein, but only to the extent not paid in full thereunder;
 - (B) after the application of Interest Proceeds pursuant to Condition 3(c)(i)(G) above, in the event that any of the Senior Coverage Tests (as calculated by the Collateral Administrator) are not satisfied on the immediately preceding Determination Date, in redemption or repayment, as applicable, of the Class A Notes (on a *pro rata* basis), in whole or in part, to the extent necessary to cause each of the Senior Coverage Tests to be met if recalculated following such redemption or repayment;

- (C) to the payment of the amounts referred to in Condition 3(c)(i)(H) above, but only to the extent not paid in full thereunder;
- (D) after the application of Interest Proceeds pursuant to Condition 3(c)(i)(J) above, in the event that the Class B Overcollateralisation Ratio Test (as calculated by the Collateral Administrator) is not satisfied on the immediately preceding Determination Date, in redemption or repayment, as applicable, of the Class A Notes (on a *pro rata* basis), in whole or in part, in accordance with the Class A Notes Redemption Method and following such redemption or repayment in full, to redeem the Class B Notes (on a *pro rata* basis), in whole or in part, in each case, to the extent necessary to cause the Class B Overcollateralisation Ratio Test to be met if recalculated following such redemption or repayment;
- (E) to pay Class B Deferred Interest, to the extent that it would not cause the Senior Overcollateralisation Ratio Test to fail if recalculated following such payment;
- (F) to the payment of the amounts referred to in Condition 3(c)(i)(K) above, but only to the extent not paid in full thereunder;
- (G) after the application of Interest Proceeds pursuant to Condition 3(c)(i)(M) above, in the event that the Class C Overcollateralisation Ratio Test (as calculated by the Collateral Administrator) is not satisfied on the immediately preceding Determination Date, in redemption or repayment, as applicable, of the Class A Notes (on a *pro rata* basis), in whole or in part, and following such redemption or repayment in full, to redeem the Class B Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis), in whole or in part, in each case, to the extent necessary to cause the Class C Overcollateralisation Ratio Test to be met if recalculated following such redemption or repayment;
- (H) to pay Class C Deferred Interest, to the extent that it would not cause the Senior Overcollateralisation Ratio Test or the Class B Overcollateralisation Ratio Test to fail if recalculated following such payment;
- (I) to the payment of the amounts referred to in Condition 3(c)(i)(N) above, but only to the extent not paid in full thereunder;
- (J) after the application of Interest Proceeds pursuant to Condition 3(c)(i)(P) above, in the event that the Class D Overcollateralisation Ratio Test (as calculated by the Collateral Administrator) is not satisfied on the immediately preceding Determination Date, in redemption or repayment, as applicable, of the Class A Notes (on a *pro rata* basis), in whole or in part, and following such redemption or repayment in full, to redeem the Class B Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class D Notes (on a *pro rata* basis), in whole or in part, in each case, to the extent necessary to cause the Class D Overcollateralisation Ratio Test to be met if recalculated following such redemption or repayment;
- (K) to pay Class D Deferred Interest, to the extent that it would not cause the Senior Overcollateralisation Ratio Test, the Class B Overcollateralisation Ratio Test or the Class C Overcollateralisation Ratio Test to fail if recalculated following such payment
- (L) to the payment of the amounts referred to in Condition 3(c)(i)(K) above, but only to the extent not paid in full thereunder;
- (M) on any Payment Date following the Target Date, in the event of the occurrence of a Target Date Rating Downgrade which is continuing on the Business Day prior to such Payment Date, to redeem the Class A Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class B Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class D Notes (on a *pro rata* basis), in whole or in part, and following such redemption in

full, to redeem the Class E Notes (on a *pro rata* basis), in whole or in part, or, in each case if earlier, until S&P confirms in writing that each such rating is reinstated

- (N) during the Reinvestment Period (and after the expiry of the Reinvestment Period in the case of certain Unscheduled Principal Proceeds permitted to be reinvested in Additional Portfolio Collateral pursuant to the terms of the Collateral Management Agreement and Sale Proceeds from Credit Improved Securities, in each case, designated for reinvestment in the following Due Period), save for upon the Payment Date on which the Notes are to be redeemed or repaid in full, *pari passu* (1) to the purchase of Additional Portfolio Collateral satisfying the Eligibility Criteria, the Reinvestment Criteria or the Additional Reinvestment Criteria, as applicable, (2) to payment, where so obliged, of the cost of any Replacement Hedge Agreement and (3) to payment of an amount at the discretion of the Issuer (following recommendation from the Collateral Manager) to the Additional Collateral Account to be designated for reinvestment in Additional Portfolio Collateral;
 - (O) to payment in an amount equal to the Special Redemption Amount (if any) applicable to such Payment Date if it is a Special Redemption Date pursuant to Condition 7(d) (*Redemption at the Option of the Collateral Manager*) to redeem the Class A Notes (on a *pro rata* basis), in whole or in part, and following such redemption or repayment in full, to redeem the Class B Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class D Notes (on a *pro rata* basis);
 - (P) after expiry of the Reinvestment Period, to redeem the Class A Notes in full;
 - (Q) to the payment of the Class B Deferred Interest *pro rata*;
 - (R) after expiry of the Reinvestment Period, to redeem in full the Class B Notes *pro rata*;
 - (S) to the payment of the Class C Deferred Interest;
 - (T) after expiry of the Reinvestment Period, to redeem in full the Class C Notes *pro rata*;
 - (U) to the payment of the Class D Notes Deferred Interest;
 - (V) after expiry of the Reinvestment Period, to redeem in full the Class D Notes *pro rata*;
 - (W) to the payment of the amounts referred to in Condition 3(c)(i)(U) and (X) to (DD) above (inclusive), in each case in the order of priority set out therein, but only to the extent not paid in full thereunder;
 - (X) to the payment of the Class E Deferred Interest *pro rata*;
 - (Y) after expiry of the Reinvestment Period, to redeem in full the Class E Notes *pro rata*;
 - (Z) after taking account of the amounts payable under Condition 3(c)(iii)(A) to (Y) (inclusive) and if the Incentive Management Fee Hurdle Rate is achieved, an amount equal to 20 per cent. of the remaining Principal Proceeds to the Collateral Manager by way of Incentive Collateral Management Fee; and
 - (AA) the remaining Principal Proceeds, to the payment of Deferred Purchase Price pursuant to the terms of the Portfolio Sale Agreement.
- (iv) *Application of Principal Proceeds between Payment Dates:* Euro Principal Proceeds standing to the credit of the Principal Collection Account, the Pre-Funding Account and the Additional Collateral Account shall be paid as follows on any day other than a Payment Date to the extent that there are available amounts to make such payments in the relevant Accounts (after taking account, in respect of any day between the end of a Due Period and the immediately succeeding Payment Date, of amounts required to be paid on the immediately succeeding Payment Date out of such Accounts):

- (A) at any time up to and including the last day of the Ramp-Up Period in accordance with the terms of, and to the extent permitted under, the Collateral Management Agreement, in the acquisition of Portfolio Collateral, in each case satisfying the Eligibility Criteria and, if applicable, the Reinvestment Criteria;
 - (B) upon receipt of Rating Agency Confirmation with respect to the occurrence of the Target Date, all amounts standing to the credit of the Pre-Funding Account shall be transferred in accordance with the Collateral Administration Agreement (i) to the Additional Collateral Account, or (ii) at the request of the Collateral Manager and to the extent specified by the Collateral Manager (and provided that the Target Par Amount has been met before and after such transfer) to the Interest Collection Account for application in accordance with the Priorities of Payment provided that, in the event that a Target Date Rating Downgrade has occurred and is continuing, amounts standing to the credit of the Pre-Funding Account will, on the Determination Date falling immediately after the Target Date, be transferred to the Euro Payment Account and shall constitute Euro Principal Proceeds for the purpose of the application of Principal Proceeds pursuant to the Priorities of Payment;
 - (C) at any time in accordance with the terms of, and to the extent permitted under, the Collateral Management Agreement, in the acquisition of Portfolio Collateral and/or Additional Portfolio Collateral by the Collateral Manager, acting on behalf of the Issuer, in each case satisfying the Eligibility Criteria and, if applicable, the Reinvestment Criteria and, if applicable, the Additional Reinvestment Criteria.
 - (D) at any time, amounts payable by the Issuer upon entry into of a Replacement Hedge Agreement in accordance with the Collateral Management Agreement, unless termination of the Hedge Agreement under which the relevant Hedge Termination Receipts are payable occurs on a Redemption Date, or the Collateral Manager determines not to replace the relevant Hedge Agreement and Rating Agency Confirmation is obtained with respect to such determination; and
 - (E) at any time, to the payment of any Hedge Payment Amounts in respect of any Asset Swap Transaction and any Hedge Termination Payment due and payable to a Hedge Counterparty under a Hedge Agreement being replaced, as referred to in the definition of Hedge Replacement Receipts insofar as it does not exceed the amount of the corresponding Hedge Replacement Receipt.
- (d) *Non-payment of Amounts:* Save in the case of (i) the payment of interest on the Class A Notes or, following redemption in full of the Class A Notes, the payment of interest on the Class B Notes or, following redemption in full of the Class A Notes and the Class B Notes, payment of interest on the Class C Notes, or following redemption in full of the Class A Notes, the Class B Notes and the Class C Notes, payment of interest on the Class D Notes or following redemption in full of all of the other Classes of Notes, payment of interest on the Class E Notes, or (ii) non-payment in full of the principal amount of any Class of Notes on any Redemption Date, the failure on the part of the Issuer to pay any of the amounts referred to in Conditions 3(c)(i) (*Application of Interest Proceeds on Payment Dates*) or 3(c)(iii) (*Application of Principal Proceeds on Payment Dates*) to the Noteholders or otherwise, by reason solely of the fact that there are insufficient funds standing to the credit of the Euro Payment Account shall not constitute an Issuer Event of Default pursuant to Condition 10 (*Events of Default*).

Subject always, in the case of Interest Amounts payable in respect of the Class B Notes, Class C Notes and Class D Notes to Condition 6(c) (*Deferral of Interest*), in the event of non-payment of any amounts referred to in Conditions 3(c)(i) (*Application of Interest Proceeds on Payment Dates*) or 3(c)(iii) (*Application of Principal Proceeds on Payment Dates*) of this Condition on any Payment Date (including any Deferred Interest Amount), such amounts shall remain due and shall be payable on each subsequent Payment Date (other than any Payment Date which is a Redemption Date) in the orders of priority provided for in this Condition. References to the amounts referred to in Conditions 3(c)(i) (*Application of Interest Proceeds on Payment Dates*) and 3(c)(iii) (*Application of Principal Proceeds on Payment Dates*) of this Condition shall include any amounts thereof not paid when due in accordance with this Condition on any preceding Payment Date.

- (e) *Determination and Payment of Amounts:* The Collateral Administrator will, on each Determination Date, calculate the amounts payable on the applicable Payment Date pursuant to Conditions 3(c)(i)

(*Application of Interest Proceeds on Payment Dates*) and 3(c)(iii) (*Application of Principal Proceeds on Payment Dates*) and on any other day, calculate the amounts payable pursuant to Conditions 3(c)(ii) (*Application of Interest Proceeds between Payment Dates*) and 3(c)(iv) (*Application of Principal Proceeds between Payment Dates*) and will notify the Trustee of such amounts. The Collateral Administrator shall, on behalf of the Issuer, not later than 12.00 noon (London time) on the Business Day preceding each Payment Date cause available amounts standing to the credit of the Interest Collection Account, the Principal Collection Account, the Dollar Interest Account, the Dollar Principal Account, the Sterling Interest Account, the Sterling Principal Account, the Euro Principal Reserve Account and the Euro Expense Account to the extent required to pay the amounts referred to in paragraphs (i) and (iii) of Condition 3(c) (*Priorities of Payment*) which are payable on such Payment Date to be transferred to the Euro Payment Account. The Collateral Administrator shall, on behalf of the Issuer, other than on any Payment Date, cause available amounts standing to the credit of the Collection Accounts, the Pre-Funding Account and the Additional Collateral Account to the extent required to pay the amounts referred to in paragraphs (ii), and (iv) of Condition 3(c) (*Priorities of Payments*) which are due and payable to be paid to the person entitled to such payment.

- (f) *De Minimis Amounts*: The Collateral Administrator may, in its absolute discretion, adjust the amounts required to be applied in payment of principal on any Class of Notes from time to time pursuant to the Priorities of Payment so that the amount to be so applied in respect of each such Note is a whole amount, not involving any fraction or, at the discretion of the Collateral Administrator, a cent of a Euro, a cent of a Dollar or a pence of a pound Sterling.
- (g) *Publication of Amounts*: The Collateral Administrator will cause details as to the amounts of interest and principal paid and any amounts of interest payable but not paid on each Payment Date in respect of the Notes to be notified to the Trustee, the Registrar, the Paying Agent and the Irish Stock Exchange by no later than 11.00 am (London time) on the Business Day following the applicable Determination Date and the Paying Agent shall procure that details of such amounts are notified to the Noteholders of each Class in accordance with Condition 16 (*Notices*) as soon as possible after receipt of notification thereof by the Paying Agent in accordance with the above but in no event later than (to the extent applicable) the second Business Day after the last day of the applicable Due Period.
- (h) *Notifications to be Final*: All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Collateral Manager, the Trustee, the Registrar, the Paying Agent, all Noteholders and the other Secured Parties and (in the absence as referred to above) 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.
- (i) *Accounts*: The Issuer shall, prior to the Issue Date, establish the Accounts (other than any other account which may be required pursuant to any Hedge Agreements entered after the Issue Date) with the Account Bank.

The Account Bank shall at all times be a financial institution (a) which is not resident in The Netherlands and (b) which has a short term senior unsecured and unguaranteed debt rating of at least “A-1” from S&P. In the event that the short term senior unsecured and unguaranteed debt of the Account Bank is rated below “A-1” by S&P or its short term senior unsecured and unguaranteed debt rating is withdrawn by S&P the Issuer shall use reasonable endeavours to procure that a replacement Account Bank, which is acceptable to the Trustee, is appointed whose short term senior unsecured and unguaranteed debt is rated not less than “A-1” from S&P in accordance with the provisions of the Bank Account Agreement.

- (j) *Euro*: If the United Kingdom adopts the Euro as its lawful currency, the Trustee, the Collateral Manager, the Paying Agent and the Issuer shall consult with each other to ensure that the Priorities of Payment and any other provisions in the Transaction Documents affected by such change are adjusted to reflect such a change, but any such adjustment shall not affect the actual order of the priorities of payment.

4. Security

- (a) *Security*: Pursuant to the Trust Deed, the obligations of the Issuer under the Notes of each Class, the Trust Deed, the Agency Agreement, the Portfolio Sale Agreement, the Collateral Management Agreement, each Hedge Agreement and the Collateral Administration Agreement (together with the obligations owed by the Issuer to the other Secured Parties) are secured by, subject in each case to any prior ranking security specified below:
- (i) an assignment by way of first fixed security in favour of the Trustee for the benefit of the Secured Parties of all of the Issuer's right, title, interest and benefit, present and future, in and to the Senior Secured Loans, Second Lien Loans and Structured Finance Securities and all other Portfolio Collateral (where such obligations are contractual rights) or any of them owned or thereafter acquired by the Issuer from time to time including, without limitation, any of the same acquired by the Issuer in relation to the issue of the Notes or any Further Issue Notes, 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 in favour of the Trustee for the benefit of the Secured Parties over all of the Issuer's right, title, interest and benefit, present and future, in and to all securities that constitute Portfolio Collateral (where such obligations are securities), or any of them owned or thereafter acquired by the Issuer from time to time including, without limitation, any of the same acquired by the Issuer in relation to the issue of the Notes or any Further Issue Notes, 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 in favour of the Trustee for the benefit of the Secured Parties over the Issuer's right, title, interest and benefit, present and future, in and to each of the Accounts and any other accounts in which the Issuer may at any time have or acquire (including, without limitation, after the date hereof) any right, title, interest or benefit;
 - (iv) a first fixed charge in favour of the Trustee for the benefit of the Secured Parties over all of the Issuer's right, title, interest and benefit, present and future, in and to any principal, interest and other payments and distributions of cash and other property with respect to the Portfolio Collateral owned or thereafter acquired by the Issuer from time to time including, without limitation, any of the same acquired by the Issuer in relation to the issue of Notes or any Further Issue Notes;
 - (v) a first fixed charge over all the Issuer's right, title, interest and benefit, present and future, in and to the Eligible Investments owned or thereafter acquired by the Issuer from time to time including, without limitation, any of the same acquired by the Issuer in relation to the issue of the Notes or any Further Issue Notes, together with all monies, income and proceeds payable or due to become payable thereunder and all interest accruing thereon from time to time;
 - (vi) a first fixed charge in favour of the Trustee for the benefit of the Secured Parties over the Custody Account (including, without limitation, each cash account relating to the Custody Account, any cash held therein and the claim represented by the positive balance from time to time of the Custody Account);
 - (vii) (A) an assignment by way of first fixed security to the Trustee for the benefit of the Secured Parties of the Issuer's right, title, interest and benefit, present and future, in and to and under (a) each Hedge Agreement, (b) any amendment or supplement thereto (including, without limitation, any amendment or supplement entered into thereafter) and (c) any guarantee or credit support annex or deed entered into pursuant to any Hedge Agreement or any amendment or supplement thereto (including, without limitation, any amendment or supplement thereto entered into thereafter)), *provided* that such assignment by way of security shall not in any way restrict the release of collateral granted thereunder in whole or in part at any time pursuant to the terms of any Hedge Agreement; and (B) a fixed charge over all of the Issuer's right, title, interest and benefit, present and future, in and to any collateral provided now or from time to time thereafter to the Issuer (including, without limitation, any of the same provided to the Issuer in connection with the issue of the Notes or any Further Issue Notes) under each Hedge Agreement and any amendment

or supplement thereto (including, without limitation, any amendment or supplement thereto entered into thereafter);

- (viii) an assignment by way of first fixed security to the Trustee for the benefit of the Secured Parties of the Issuer's right, title, interest and benefit, present and future, under the Collateral Management Agreement, the Collateral Administration Agreement, each Collateral Acquisition Agreement, and each other Transaction Document (other than the Trust Deed) including, without limitation in each case any amendment or supplement thereto (including, without limitation, any amendment or supplement entered into thereafter) and any other agreement or document to which the Issuer is party, or to which it is, or may at any time be, expressed to have the benefit of or to have any rights under or to have any other rights to or interests in (including, without limitation, any agreement or document entered into thereafter or to which the Issuer becomes a party or has the benefit of or any rights under or rights or interests in thereafter) unless otherwise charged by the Issuer under the Trust Deed including, without limitation, any of the same entered into or arising in relation to the issue of the Notes or any Further Issue Notes;
- (ix) a first fixed charge in favour of the Trustee for the benefit of the Secured Parties over the Issuer's right, title, interest and benefit, present and future, in and to all money from time to time held by the Registrar or any Paying Agent for the payment of principal or interest on the Notes;
- (x) a first fixed charge over all of the Issuer's rights in respect of any other deposit made or security or investment purchased from time to time from amounts standing to the credit of the Accounts or the Custody Account that are not subject to the security interests referred to in paragraphs (i) to (xi) (inclusive) above (being "**non-eligible investments**"), in which the Issuer may at any time acquire or otherwise obtain an interest or benefit, including, without limitation, in each case, 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
- (xi) to the extent permitted by applicable laws, a first floating charge granted over the whole of the Issuer's property, undertaking and assets whatsoever and wheresoever situate, present and future, to the extent such property, undertaking and assets are not subject to any other security created under the Trust Deed,

excluding for the purpose of (i) to and including (xi) above, (A) any and all assets, property or rights which are located in, or governed by the laws of, The Netherlands (except for contractual rights or receivables (*rechten of vorderingen op naam*) which are assigned or charged to the Trustee pursuant to (i) to (xi) (inclusive) above); (B) any and all Dutch Ineligible Securities; (C) the Issuer's rights under the Management Agreement; (D) the Issuer's rights in respect of and any and all amounts standing to the credit of the Issuer Dutch Account.

The Issuer may also from time to time enter into Additional Security Documents to perfect any security granted by the Issuer to the Trustee pursuant to the Trust Deed.

- (b) *Application of Proceeds upon Enforcement*: The Trust Deed provides that the net proceeds of realisation of, or enforcement with respect to, the security over the Collateral constituted by the Trust Deed shall be applied in accordance with the Priorities of Payment specified in Condition 11 (*Enforcement*).
- (c) *Limited Recourse and Non-Petition*: 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 the net proceeds of realisation of the security constituted by the Trust Deed which shall be applied in accordance with the Priorities of Payment. In such circumstances the other assets (if any) of the Issuer (including amounts standing to the credit of the Issuer Dutch Account and the rights of the Issuer under the Management Agreement) will not be available for payment of such shortfall which shall be borne by the Secured Parties in accordance with the Priorities of Payment (applied in reverse order), the rights of the Secured Parties to receive any further amounts in respect of such obligations shall be extinguished and none of

the Noteholders of each Class or the other Secured Parties may take any further action to recover such amounts. None of the Noteholders of any Class and the other Secured Parties (nor any other person acting on behalf of any of them), except for the Trustee, shall be entitled, until the expiry of one year and one day from but excluding the date of redemption of the latest maturing Note, to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency, moratorium, controlled management, winding-up or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the Notes of any Class, the Trust Deed or otherwise owed to the Secured Parties, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer.

The liabilities upon the Issuer to make any payments of interest or principal on the Notes or of any amounts to any other Secured Parties shall be extinguished once all liquidation proceeds from the Collateral has been distributed in accordance with the Priorities of Payment.

- (d) *Information Regarding the Portfolio*: The Issuer shall procure that a Monthly Report and Noteholder Valuation Report is made available upon publication thereof through a specifically designated website to the Trustee and to each Noteholder of each Class upon request in writing therefor.

5. Covenants of the Issuer

The Trust Deed contains, *inter alia*, representations, warranties and covenants in favour of the Trustee which, *inter alia*, require the Issuer to comply with its obligations under the Transaction Documents and restrict the ability of the Issuer to create or incur any indebtedness (other than that permitted under the Trust Deed), to dispose of assets, to change the nature of its business or to take or fail to take any action which may adversely affect the priority or enforceability of the security interest in the Collateral.

6. Interest

- (a) *Payment Dates: Rated Notes*: Each Class of Notes shall bear interest from the Issue Date. Subject to Condition 6(c) (*Deferral of Interest*), such interest will be payable on the Payment Dates falling in January 2009 and June 2009 and thereafter semi-annually in arrear on each Payment Date.

- (b) *Interest Accrual: Rated Notes*: Each Class of Notes 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 (i) 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 (ii) the day seven days after the Trustee or the Registrar 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 and including that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

- (c) *Deferral of Interest*:

- (i) For so long as any of the Class A Notes remain Outstanding, the Issuer shall only be obliged to pay any Interest Amount payable in respect of the Class B Notes in full on any Payment Date to the extent that there are Interest Proceeds or Principal Proceeds available for payment thereof in accordance with the Priorities of Payment. An amount of interest equal to any shortfall in payment of the Interest Amount that would otherwise be due and payable in respect of any such Class B Note on any Payment Date (each such amount being referred to as “**Class B Deferred Interest**”) shall be deferred and shall, with effect from and including such Payment Date, be added to the principal amount outstanding of the Class B Notes and the principal amount of each such Note shall be increased by the amount of its *pro rata* share of such Class B Deferred Interest, which shall itself bear interest in accordance with these Conditions from such date.

- (ii) For so long as any of the Class A Notes or Class B Notes remain Outstanding, the Issuer shall only be obliged to pay any Interest Amount payable in respect of the Class C Notes in full on any Payment Date to the extent that there are Interest Proceeds or Principal Proceeds available for payment thereof in accordance with the Priorities of Payment. An amount of interest equal to any shortfall in payment of the Interest Amount that would otherwise be due and payable in respect of

any such Class C Note on any Payment Date (each such amount being referred to as “**Class C Deferred Interest**”) shall be deferred and shall, with effect from and including such Payment Date, be added to the principal amount outstanding of the Class C Notes and the principal amount of each such Note shall be increased by the amount of its *pro rata* share of such Class C Deferred Interest, which shall itself bear interest in accordance with these Conditions from such date.

- (iii) For so long as any of the Class A Notes, Class B Notes or Class C Notes remains Outstanding, the Issuer shall only be obliged to pay any Interest Amount payable in respect of the Class D Notes in full on any Payment Date to the extent that there are Interest Proceeds or Principal Proceeds available for payment thereof in accordance with the Priorities of Payment. An amount of interest equal to any shortfall in payment of the Interest Amount that would otherwise be due and payable in respect of any such Class D Note on any Payment Date (each such amount being referred to as “**Class D Deferred Interest**”) shall be deferred and shall, with effect from and including such Payment Date, be added to the principal amount outstanding of the Class D Notes and the principal amount of each such Note shall be increased by the amount of its *pro rata* share of such Class D Deferred Interest, which shall itself bear interest in accordance with these Conditions from such date.
- (iv) For so long as any of the Class A Notes, Class B Notes, Class C Notes or Class D Notes remains Outstanding, the Issuer shall only be obliged to pay any Interest Amount payable in respect of the Class E Notes in full on any Payment Date to the extent that there are Interest Proceeds or Principal Proceeds available for payment thereof in accordance with the Priorities of Payment. An amount of interest equal to any shortfall in payment of the Interest Amount that would otherwise be due and payable in respect of any such Class E Note on any Payment Date (each such amount being referred to as “**Class E Deferred Interest**” and together with Class B Deferred Interest, Class C Deferred Interest and Class D Deferred Interest, “**Deferred Interest**”) shall be deferred and shall, with effect from and including such Payment Date, be added to the principal amount outstanding of the Class E Notes and the principal amount of each such Note shall be increased by the amount of its *pro rata* share of such Class E Deferred Interest, which shall itself bear interest in accordance with these Conditions from such date.

(d) *Payment of Deferred Interest:*

Deferred Interest shall only become payable by the Issuer in accordance with Condition 3(c) (*Priorities of Payment*) to the extent that Interest Proceeds or Principal Proceeds are available to make such payment in accordance with the Priorities of Payment.

(e) *Interest on Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes:*

- (i) *Rate of Interest:* Save as provided in paragraph (iii) below, the rate of interest from time to time in respect of the Class A Notes (the “**Class A Note Interest Rate**”) and the Class B Notes (the “**Class B Note Interest Rate**”) and the Class C Notes (the “**Class C Note Interest Rate**”) and the Class D Notes (the “**Class D Note Interest Rate**”) and the Class E Notes (the “**Class E Note Interest Rate**”) will each be determined by the Collateral Administrator on the following basis.

- (A) On the second TARGET Business Day before the beginning of each Interest Accrual Period or, in the case of the first Interest Accrual Period, the Issue Date (each an “**Interest Determination Date**”) the Collateral Administrator will determine the Applicable EURIBOR for Euro deposits 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 as Bloomberg page EBF (or (a) such other page or service as may replace it for the purpose of displaying EURIBOR rates or (b) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Trustee)) (the “**Screen Rate**”). The Class A Note Interest Rate, the Class B Note Interest Rate, the Class C Note Interest Rate, the Class D Note Interest Rate and the Class E Note Interest Rate for such Interest Accrual Period shall be the aggregate of the Class A Margin (in the case of the Class A Note Interest Rate) and the Class B Margin (in the case of the Class B Note Interest Rate), the Class C Margin (in the case of the Class C Note Interest Rate), the Class D Margin (in the case of the Class D Note Interest Rate), the Class E Margin (in the

case of the Class E Note Interest Rate) and the rate which so appears, all as determined by the Collateral Administrator.

- (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 thousandth of a percentage point (with 0.005 being rounded upwards)) of the rates (being at least two) which so appear, as determined by the Collateral Administrator. If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Collateral Administrator will request each of four major banks in the Euro zone interbank market acting in each case through its principal Euro zone (as defined in this Condition below) office (the “**Reference Banks**”) to provide the Collateral Administrator with its offered quotation to leading banks for Euro deposits in the Euro zone interbank market for a period of six months (or the appropriate period in respect of the first Interest Accrual Period for the Notes, the second Interest Accrual Period for the Notes or the Interest Accrual Period immediately prior to the Maturity Date or the Redemption Date) as at 11.00 am (Brussels time) on the Interest Determination Date in question. The Class A Note Interest Rate, the Class B Note Interest Rate, the Class C Note Interest Rate, the Class D Note Interest Rate and the Class E Note Interest Rate for such Interest Accrual Period shall be the aggregate of the Class A Margin (in the case of the Class A Note Interest Rate) and the Class B Margin (in the case of the Class B Note Interest Rate), the Class C Margin (in the case of the Class C Note Interest Rate), the Class D Margin (in the case of the Class D Note Interest Rate), the Class E Margin (in the case of the Class E Note Interest Rate) and the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point (with 0.005 being rounded upwards)) of such quotations (or of such of them, being at least two, as are so provided), all as determined by the Collateral Administrator.
- (C) If on any Interest Determination Date one only or none of the Reference Banks provides such quotation, the Class A Note Interest Rate, the Class B Note Interest Rate, the Class C Note Interest Rate, the Class D Note Interest Rate and the Class E Note Interest Rate for the next Interest Accrual Period shall be the rate per annum which the Collateral Administrator determines to be the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point (with 0.005 being rounded upwards)) of the Euro lending rates which major banks in the Euro zone selected by the Collateral Administrator are quoting, on the relevant Interest Determination Date, for loans in Euro for a period of six months (or the appropriate period in respect of the first Interest Accrual Period for the Notes, the second Interest Accrual Period for the Notes or the Interest Accrual Period immediately prior to the Maturity Date or the Redemption Date) to leading European banks plus the Class A Margin (in the case of the Class A Note Interest Rate), the Class B Margin (in the case of the Class B Note Interest Rate), the Class C Margin (in the case of the Class C Note Interest Rate), the Class D Margin (in the case of the Class D Note Interest Rate) and the Class E Margin (in the case of the Class E Note Interest Rate).
- (D) For the purpose of this Condition 6(e) (*Interest on the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes*):

“**Euro zone**” means the region comprised of Member States of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union; and

“**Class A Margin**” means 0.42 per cent. per annum.

“**Class B Margin**” means 0.70 per cent. per annum.

“**Class C Margin**” means 1.70 per cent. per annum.

“**Class D Margin**” means 3.95 per cent. per annum.

“**Class E Margin**” means 15 per cent. per annum.

- (ii) *Determination of Floating Rate of Interest and Calculation of Interest Amount:* The Collateral Administrator will, as soon as practicable after 11.00 am (Brussels time) on each Interest Determination Date, but in no event later than the second Business Day after such date, determine the Note Interest Rate in respect of and calculate the Interest Amount payable in respect of the Class A Notes, the Class B Notes, Class C Notes, Class D Notes and the Class E Notes (as applicable) of €1,000 of such Notes for the relevant Interest Accrual Period. The Interest Amount in respect of the Class A Notes, the Class B Notes, Class C Notes, Class D Notes and the Class E Notes for each Authorised Denomination shall be calculated by applying the relevant Note Interest Rate of the Class A Notes, the Class B Notes, Class C Notes, Class D Notes and the Class E Notes (as applicable) to an amount equal to each such Authorised Denomination, multiplying the product by the actual number of days in the Interest Accrual Period concerned divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).
- (iii) *Reference Banks and Collateral Administrator:* The Issuer shall procure that, so long as any Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes are Outstanding:
- (A) the Collateral Administrator shall be appointed and maintained for the purposes of determining the interest rate and interest amount payable in respect of such Outstanding Classes of Notes, as applicable; and
- (B) in the event that the Class A Note Interest Rate, Class B Note Interest Rate, Class C Note Interest Rate, Class D Note Interest Rate or the Class E Note Interest Rate is to be calculated by Reference Banks pursuant to Condition 6 (*Interest*), that the number of Reference Banks required pursuant to such Condition are appointed.

If the Collateral Administrator is unable or unwilling to continue to act as the Collateral Administrator for the purpose of calculating interest hereunder or fails duly to establish the Class A Note Interest Rate, the Class B Note Interest Rate, the Class C Note Interest Rate, the Class D Note Interest Rate or the Class E Note Interest Rate for any Interest Accrual Period or to calculate the Interest Amount on the Notes, the Issuer shall appoint another financial institution with the ability to provide the services undertaken by the Collateral Administrator herein to act as such in its place. The Collateral Administrator may not resign its duties without a successor having been so appointed.

- (f) *Publication of Floating Rates of Interest and Interest Amounts:* The Collateral Administrator will cause the Class A Note Interest Rate, the Class B Note Interest Rate, the Class C Note Interest Rate, the Class D Note Interest Rate and the Class E Note Interest Rate and, if applicable, any Deferred Interest Amounts payable in respect of each relevant Class of Notes for each Interest Accrual Period and Payment Date to be notified to the Issuer, the Registrar, the Trustee and the Irish Stock Exchange as soon as possible after their determination, but in no event later than the first Business Day of such Interest Accrual Period, and the Registrar shall cause each such rate, amount and date to be notified to the Noteholders of each Class in accordance with Condition 16 (*Notices*) as soon as possible following notification to the Registrar but in no event later than the third Business Day after such notification. The Interest Amounts and the Payment Date in respect of the Notes so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice (save that notice shall be given to the Trustee) in the event of an extension or shortening of the Interest 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 notified by the Paying Agent in accordance with this Condition but no publication of the applicable Interest Amounts shall be made unless the Trustee so determines.
- (g) *Determination or Calculation by Trustee:* If the Collateral Administrator does not at any time for any reason so determine the Class A Note Interest Rate, the Class B Note Interest Rate, Class C Note Interest Rate, Class D Note Interest Rate or the Class E Note Interest Rate or does not calculate the Interest Amounts payable in respect of any Class of Notes for an Interest Accrual Period, the Trustee (or a person appointed by it for the purpose) shall do so and such determination or calculation shall be deemed to have been made by the Collateral Administrator 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, 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 it is required to make pursuant to this Condition 6(g) (*Determination or Calculation by Trustee*).

- (h) *Notifications etc. to be Final*: All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition, whether by the Reference Banks (or any of them), the Collateral Administrator or the Trustee, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Paying Agent, the Trustee, the Registrar, all Noteholders and all other Secured Parties and (in the absence as referred to above) no liability to the Issuer or the Noteholders of any Class shall attach to the Reference Banks, the Collateral Administrator or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition.

7. Redemption

- (a) *Final Redemption*: Save to the extent previously redeemed 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 Notes will be redeemed at their outstanding principal amount. Notes may not be redeemed other than in accordance with this Condition 7 (*Redemption*).

- (b) *Optional Redemption*

- (i) (A) *Redemption at the Option of the Class E Noteholders*: Subject to the provisions of Condition 7(b)(ii) (*Conditions to Optional Redemption at the Option of the Class E Noteholders*), the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes shall be redeemed by the Issuer, in whole but not in part, at the applicable Redemption Prices, on any day falling after the Issue Date or, upon the occurrence of a Collateral Tax Event, on any day falling thereafter, at the request in writing of the holders of at least 66⅔ per cent. of the aggregate principal amount of Class E Notes Outstanding (as evidenced by duly completed Redemption Notices) in accordance with the procedures described in paragraph (ii) below. The Issuer shall procure that notice of such redemption, including the applicable Redemption Date, shall be given to the Noteholders in accordance with Condition 16 (*Notices*) and to the Rating Agencies.

- (B) *Redemption for Tax Reasons*: Subject to the provisions of Condition 7(b)(ii) (*Conditions to Optional Redemption at the Option of the Class E Noteholders*) and following the occurrence of a Tax Event, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes shall be redeemed by the Issuer, with the written consent of the holders of at least 66⅔ per cent. of the aggregate principal amount of Class E Notes Outstanding (as evidenced by duly completed Redemption Notices) in accordance with the procedures described in paragraph (ii) below or with the consent of the Trustee acting on the directions of the holders of at least 66⅔ per cent. of the aggregate principal amount Outstanding of the Controlling Class, in whole but not in part, at the applicable Redemption Prices, on the Payment Date following the Issuer giving not more than 60 nor less than 30 days' notice to Noteholders (which notice shall be irrevocable) that the Notes are to be redeemed. The Issuer shall procure that notice of such redemption, including the applicable Redemption Date, shall be given to the Noteholders in accordance with Condition 16 (*Notices*) and to the Rating Agencies.

- (ii) *Conditions to Optional Redemption at the Option of the Class E Noteholders*: Following receipt of confirmation from the Registrar of receipt of a direction or consent as applicable, from the requisite percentage of Class E Noteholders or, as the case may be, the Controlling Class to exercise any right of optional redemption pursuant to this Condition, the Collateral Administrator shall, as soon as practicable, and in any event not later than 15 Business Days prior to the scheduled Redemption Date (the "**Redemption Determination Date**") calculate the Redemption Threshold Amount.

The Notes shall not be optionally redeemed pursuant to paragraph (i) above unless at least five Business Days before the scheduled Redemption Date the Collateral Manager shall have furnished to the Trustee evidence, in form satisfactory to the Trustee, that the Collateral Manager on behalf of the Issuer has entered into a binding agreement or agreements with a financial institution or

institutions whose short-term senior unsecured debt obligations (other than such obligations whose rating is based on the credit of a person other than such institution) have a credit rating from S&P of at least “A-1” or otherwise be subject to Rating agency Confirmation, to purchase, not later than the second Business Day immediately preceding the scheduled Redemption Date, in immediately available funds, all or part of the Portfolio Collateral held by or on behalf of the Issuer and other Collateral (including the Eligible Investments) at an aggregate purchase price (net of expenses) at least equal to the amount, together with all cash available to the Issuer, notified by the Collateral Administrator as being the Redemption Threshold Amount.

- (iii) *Mechanics of Redemption*: Following calculation by the Collateral Administrator of the applicable Redemption Threshold Amount, the Collateral Administrator shall make such other calculations as it is required to make pursuant to the Collateral Administration Agreement and shall notify the Issuer, the Trustee, the Collateral Manager and the Noteholders (in accordance with Condition 16 (*Notices*)) of such amount.

To exercise the options referred to in Conditions 7(b)(i)(A) and (B) the holders of (i) at least 66⅔ per cent. of the principal amount of the Class E Notes Outstanding or (ii) at least 66⅔ per cent. of the principal amount of the Controlling Class or at least 66⅔ per cent. of the principal amount of the Class E Notes Outstanding in the case of Condition 7(b)(i)(B), must deliver to a Paying Agent the Definitive Notes (if any) representing such Notes together with a duly completed Redemption Notice not more than 60 nor less than 20 Business Days prior to the applicable Redemption Date (neither any such Redemption Notice nor Definitive Note so delivered may be withdrawn without the prior consent of the Issuer).

(c) *Mandatory Redemption*

(i) *Redemption upon Breach of Coverage Test*:

- (A) *Class A Notes*: If any of the Coverage Tests is not met on any Determination Date, the Interest Proceeds and Principal Proceeds available immediately prior to the Payment Date immediately following such Determination Date, net of amounts payable as specified in Condition 3(c)(i) (*Application of Interest Proceeds on Payment Dates*) and 3(c)(iii) (*Application of Principal Proceeds on Payment Dates*), will be used on such Payment Date, in accordance with the Priorities of Payment and the Class A Notes Redemption Method, to redeem the Class A Notes, in whole or in part, until all the Coverage Tests are satisfied once recalculated following such repayment or redemption.
- (B) *Class B Notes*: If the Class A Notes are no longer Outstanding and the Class B Overcollateralisation Ratio Test is not met on any Determination Date, the Interest Proceeds and Principal Proceeds available immediately prior to the Payment Date immediately following such Determination Date, net of amounts payable as specified in Condition 3(c)(i) (*Application of Interest Proceeds on Payment Dates*) and 3(c)(iii) (*Application of Principal Proceeds on Payment Dates*), will be used on such Payment Date, in accordance with the Priorities of Payment, to redeem the Class B Notes on a *pro rata* basis, in whole or in part, until the Class B Overcollateralisation Ratio Test is satisfied once recalculated following such redemption.
- (C) *Class C Notes*: If the Class A Notes and the Class B Notes are no longer Outstanding and the Class C Overcollateralisation Ratio Test is not met on any Determination Date, the Interest Proceeds and Principal Proceeds available immediately prior to the Payment Date immediately following such Determination Date, net of amounts payable as specified in Condition 3(c)(i) (*Application of Interest Proceeds on Payment Dates*) and 3(c)(iii) (*Application of Principal Proceeds on Payment Dates*), will be used on such Payment Date, in accordance with the Priorities of Payment, to redeem the Class C Notes on a *pro rata* basis, in whole or in part, until the Class C Overcollateralisation Ratio Test is satisfied once recalculated following such redemption.
- (D) *Class D Notes*: If the Class A Notes, the Class B Notes and the Class C Notes are no longer Outstanding and the Class D Overcollateralisation Ratio Test is not met on any Determination Date, the Interest Proceeds and Principal Proceeds available immediately prior to the Payment Date immediately following such Determination Date, net of

amounts payable as specified in Condition 3(c)(i) (*Application of Interest Proceeds on Payment Dates*) and 3(c)(iii) (*Application of Principal Proceeds on Payment Dates*), will be used on such Payment Date, in accordance with the Priorities of Payment, to redeem the Class D Notes on a *pro rata* basis, in whole or in part, until the Class D Overcollateralisation Ratio Test is satisfied once recalculated following such redemption.

(ii) *Redemption Following Target Date Rating Downgrade*: In the event that a Target Date Rating Downgrade has occurred and is continuing on the Business Day prior to a Payment Date, the following amounts:

- (A) all Interest Proceeds remaining after payment of all amounts referred to in Condition 3(c)(i)(A) to (U) (inclusive); and
- (B) if necessary after the foregoing payments are made, all Principal Proceeds after payment of the amounts referred to in Condition 3(c)(iii)(A) to (L) (inclusive),

will be applied on such Payment Date in redemption of the Class A Notes (on a *pro rata* basis), in whole or in part, and following such redemption or repayment in full, to redeem the Class B Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class D Notes (on a *pro rata* basis), in whole or in part, or, in each case if earlier, until the Rating Agencies confirm in writing that each such rating is reinstated.

(iii) *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 Euro Payment Account immediately prior to the related Payment Date, in accordance with the Priorities of Payment, to redeem the Class A Notes (on a *pro rata* basis), in whole or in part, and following such redemption or repayment in full, to redeem the Class B Notes (on a *pro rata* basis) in whole or in part, and following such redemption in full, to redeem the Class E Notes (on a *pro rata* basis), in whole or in part.

(iv) *Redemption upon Breach of Reinvestment OC Test*: On each Payment Date after the end of the Reinvestment Period, in the event that the Reinvestment OC Test (as calculated by the Collateral Administrator) is not satisfied on the immediately preceding Measurement Date, Interest Proceeds, net of the amounts payable under Condition 3(c)(i)(A) to (U) (inclusive), will be used to redeem the Class A Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class B Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis), in whole or in part, and following such redemption in full, to redeem the Class D Notes (on a *pro rata* basis), in whole or in part, in each case, to the extent necessary to cause the Reinvestment OC Test to be met if recalculated following such redemption or repayment.

(d) *Redemption at the Option of the Collateral Manager*: Principal on the Notes shall be paid in accordance with Condition 3(c)(iii) (*Application of Principal Proceeds on Payment Dates*) by the Issuer on the direction of the Collateral Manager (acting in its sole and absolute discretion on behalf of the Issuer) if, at any time during the Reinvestment Period, the Collateral Manager (acting on behalf of the Issuer) by notice certifies to the Issuer and the Trustee that for a period of 30 days following receipt of such funds it has been unable to identify Additional Portfolio Collateral that are deemed appropriate by the Collateral Manager (in its discretion and acting on behalf of the Issuer) and which meet the Eligibility Criteria or, to the extent applicable, the Reinvestment Criteria and the Additional Reinvestment Criteria, in sufficient amounts to permit the investment or reinvestment of all or a portion of the funds then in the Principal Collection Account that are to be invested in Additional Portfolio Collateral (a “**Special Redemption**”). On the first Payment Date following the Due Period in which any such notice is given (a “**Special Redemption Date**”), funds on deposit in the Principal Collection Account representing Euro Principal Proceeds which cannot be reinvested in Additional Portfolio Collateral (the “**Special Redemption Amount**”) will be applied in accordance with Condition 3(c)(iii)(O). Notice of payments pursuant to this Condition 7(d) (*Redemption at the Option of the Collateral Manager*) shall be given in accordance with Condition 16 (*Notices*) not less than three Business Days prior to the applicable Special Redemption Date to each Noteholder affected thereby and to S&P. For the avoidance of doubt, the exercise of a Special Redemption shall be at the sole and absolute discretion of the Collateral Manager (acting on behalf of the Issuer) and the Collateral

Manager shall be under no obligation to, or have any responsibility for, any Noteholder or any other person for the exercise or non-exercise (as applicable) of such Special Redemption.

If at any time the Reinvestment Period is terminated earlier in accordance with paragraph (iv) of the definition of “**Reinvestment Period**”, the Issuer’s option to redeem the Notes as set out above shall be terminated and the Issuer shall instead redeem the Notes in accordance with the Priorities of Payment following an expiry of the Reinvestment Period.

- (e) *Redemption*: All Notes in respect of which any notice of redemption is given under this Condition 7 (*Redemption*) 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.
- (f) *Cancellation*: All Notes redeemed in full or purchased in accordance with this Condition 7 (*Redemption*), will be cancelled and may not be reissued or resold.

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 the Definitive Note representing such Note at the specified office of the Paying Agent by Euro cheque drawn on a bank in Europe. Payments of interest on each Note and, prior to redemption in full thereof, principal in respect of each Note, will be made by Euro cheque drawn on a bank in Europe and posted on 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 fifteenth day (whether or not a Business Day) before the relevant due date (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 Registrar not less than ten 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 the Definitive Note representing 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 Europe.
- (b) *Payments Subject to Fiscal Laws*: 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 is after the due date. If a Note is presented for payment at a time when, as a result of differences in time zones it is not practicable to transfer the relevant amount to an account as referred to above for value on the relevant Presentation Date, the Issuer shall not be obliged so to do but shall be obliged to transfer the relevant amount to the account for value on the first practicable date after the Presentation Date.
- (d) *Paying Agent and Registrar*: The names of the initial Paying Agent and Registrar and their initial specified offices are set out in the Agency Agreement. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Paying Agent and the Registrar and appoint additional or other Agents, *provided* that it will maintain a Paying Agent and a Registrar having among them specified offices in at least two major European cities approved by the Trustee and notice of any such appointment 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 will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within The Netherlands 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 tax where so required by law or any relevant taxing authority. Any such

withholding or deduction shall not constitute an Issuer Event of Default under Condition 10(a) (*Events of Default*).

10. Events of Default

(a) *Events of Default*: The occurrence of any of the following events shall constitute an “**Issuer Event of Default**”:

(i) *Failure to pay interest*:

- (A) The Issuer fails to pay any interest in respect of the Class A Notes when the same becomes due and payable,
- (B) following redemption in full of the Class A Notes, the Issuer fails to pay any interest on any Class B Note (other than any Class B Deferred Interest), when the same becomes due and payable,
- (C) following redemption in full of the Class A Notes and the Class B Notes, the Issuer fails to pay any interest on any Class C Note (other than any Class C Deferred Interest) when the same becomes payable,
- (D) following redemption in full of the Class A Notes, Class B Notes and Class C Notes, the Issuer fails to pay any interest on any Class D Note (other than any Class D Deferred Interest) when the same becomes due and payable,
- (E) following redemption in full of the Class A Notes, Class B Notes, Class C Notes and Class D Notes, the Issuer fails to pay any interest on any Class E Note (other than any Class E Deferred Interest) when the same becomes due and payable,

in the case of each of (A), (B), (C), (D) and (E), save as the result of any deduction therefrom or the imposition of withholding thereon in the circumstances described in Condition 9 (*Taxation*) and, in the case of each of (A), (B), (C), (D) and (E), other than in circumstances where such interest is only payable to the extent that funds are available to make payment thereof pursuant to Condition 3(c)(i) (*Application of Interest Proceeds on Payment Dates*) and 3(c)(iii) (*Application of Principal Proceeds on Payment Dates*), provided that in the case of each of (A), (B), (C), (D) and (E) any such failure to pay such interest continues for a period of five Business Days;

- (ii) *Failure to pay principal*: The Issuer fails to pay any principal when the same becomes due and payable on any Rated Notes on any Redemption Date which failure continues for a period of five Business Days;
- (iii) *Default under Priorities of Payment*: Save to the extent already referred to in paragraphs (i) or (ii) above, the Issuer fails on any Payment Date to disburse amounts available in the Euro Payment Account in accordance with the Priorities of Payment, which failure continues for a period of five Business Days;
- (iv) *Portfolio Collateral*: On any Measurement Date after the Target Date, in the event that the Event of Default Net Portfolio Collateral Balance on such Measurement Date is less than 100 per cent. of the aggregate principal amount of the Class A Notes Outstanding and at least $66\frac{2}{3}$ per cent. of the Controlling Class of Notes confirm that such event shall be an Issuer Event of Default;
- (v) *Breach of Other Obligations*: The Issuer does not perform or comply with any other covenant, or other agreement of the Issuer under the Notes, the Trust Deed or any other Transaction Document (other than pursuant to a covenant or other agreement a default in the performance or breach of which is dealt with elsewhere in this Condition 10(a) (*Events of Default*)) and other than the failure to meet any Collateral Quality Test, Coverage Test or the Reinvestment OC Test) and the Trustee confirms that such non-performance or non-compliance is materially prejudicial to the interests of the Noteholders or any Class thereof, or any representation, warranty or statement of the Issuer made in the Trust Deed or any other Transaction Document or in any certificate or other written notice delivered pursuant thereto or in connection therewith ceases to be correct in any material respects when the same shall have been made, and the continuation of such default, breach or failure for a period of 30 days (or 15 days, in the case of any default, breach or failure of

representation or warranty in respect of the Collateral) after notice thereof shall have been given by registered or certified mail or overnight courier, to the Issuer by the Trustee acting on the directions of a majority in the principal amount outstanding of the Controlling Class specifying such default, breach or failure and requiring it to be remedied and stating that such notice is a “**Notice of Default**” hereunder;

- (vi) *Insolvency Proceedings*: Liquidation proceedings are initiated against the Issuer under any applicable liquidation (voluntary or judicial), insolvency, bankruptcy, composition, reorganisation or other similar laws (together, “**Insolvency Law**”), or a receiver, trustee, administrator, custodian, liquidator, conservator or other similar official (a “**Receiver**”) is appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer; or a winding up petition is presented in respect of, or a distress or execution or other process is levied or enforced upon or sued out against, the whole or any substantial part of the undertaking or assets of the Issuer; or the Issuer becomes or is, or could be deemed by law or a court to be, insolvent or bankrupt or unable to pay its debts, 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);
 - (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 Class A Notes or, following redemption in full of the Class A Notes, under the Class B Notes, or, following redemption in full of the Class B Notes, under the Class C Notes, or, following redemption and repayment, as applicable, in full of the Class C Notes, under the Class D Notes, or, following redemption and repayment, as applicable, in full of the Class D Notes, under the Class E Notes, or following redemption and repayment, as applicable, in full of the Class E Notes; or
 - (viii) *Changes to constitution and merger*: The Issuer amends its constitutional documents or merges, consolidates with or into, or transfers substantially all of its assets to another person without the prior written consent of the Trustee (acting on the directions of a majority in the principal amount outstanding of the Controlling Class).
- (b) *Curing of Default*: At any time after a declaration of acceleration of maturity of the Notes has been made following the occurrence of an Issuer Event of Default and prior to enforcement of the security pursuant to Condition 11 (*Enforcement*) by the issuance of an Enforcement Notice, the Trustee at its discretion may or, if requested in writing by the holders of at least 66 $\frac{2}{3}$ per cent. in principal amount Outstanding of the Controlling Class at such time, shall, (in each case, subject to being indemnified and/or secured to its satisfaction) rescind and annul such declaration 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, and all Class B Deferred Interest, Class C Deferred Interest, Class D Deferred Interest, as applicable, payable in respect of, the Notes other than the Class E Notes;
 - (B) all due but unpaid taxes owing by the Issuer as certified by an Authorised Officer of the Issuer to the Trustee;
 - (C) all unpaid Administrative Expenses and Trustee Fees;
 - (D) any unpaid Base Collateral Management Fee;
 - (E) all amounts due and payable under the Hedge Agreements; and
 - (ii) the Trustee has in its opinion determined that all Issuer Events of Default, other than the non-payment of the interest in respect of, or principal of, the Notes that have become due solely by such acceleration, have been cured or waived.

Any previous rescission and annulment of a declaration of acceleration pursuant to this paragraph (b) shall not prevent the subsequent acceleration of the Notes if the Trustee is subsequently directed to accelerate the Notes in accordance with Condition 10(c) (*Acceleration*).

- (c) Acceleration
- (i) If an Issuer Event of Default of the type described in Condition 10(a)(vi) (*Insolvency Proceedings*) occurs then each Note of each Class shall immediately become due and payable at its Redemption Price without further action or formality.
 - (ii) If any Issuer Event of Default (other than one of the type described in Condition 10(a)(vi) (*Insolvency Proceedings*)) occurs and is continuing then, subject to the provisions of the Transaction Documents, the Trustee may at any time and shall, upon being (i) so requested in writing by the holders of more than 66 $\frac{2}{3}$ per cent. in principal amount Outstanding of the Controlling Class or so directed by an Extraordinary Resolution of the Controlling Class and (ii) indemnified and/or secured to its satisfaction, declare by written notice to the Issuer (an “**Enforcement Notice**”) that each Note of each Class is immediately due and payable, whereupon each such Note shall become due and payable at its Redemption Price without further action or formality.
 - (iii) Notwithstanding the foregoing, so long as any Class A Notes are Outstanding, the Notes will not be subject to acceleration by the Trustee if the sole Issuer Event of Default is a result of the failure to pay any amount due on the Class B Notes, Class C Notes, Class D Notes or Class E Notes; and so long as any Class B Notes are Outstanding, the Notes will not be subject to acceleration by the Trustee if the sole Issuer Event of Default is a result of the failure to pay any amount due on the Class C Notes, Class D Notes, or Class E Notes; and so long as any Class C Notes are Outstanding, the Notes will not be subject to acceleration by the Trustee if the sole Issuer Event of Default is a result of the failure to pay any amount due on the Class D Notes or Class E Notes; and so long as any Class D Notes are Outstanding, the Notes will not be subject to acceleration by the Trustee if the sole Issuer Event of Default is a result of the failure to pay any amount due on the Class E Notes. For the avoidance of doubt, failure to pay any amount due on the Class E Notes will never be an Issuer Event of Default which would lead to an acceleration of the Notes.
 - (iv) Upon the occurrence of an Issuer Event of Default, the Issuer is required promptly and not later than five Business Days of the Issuer becoming aware of the occurrence of an Issuer Event of Default to notify the Trustee, the Collateral Manager, the Noteholders and S&P, in writing. Any Noteholder may notify the Trustee or the Collateral Manager of the occurrence of an Issuer Event of Default, but such notification shall be without prejudice to the other provisions of this Condition 10 (*Events of Default*) and of the Trust Deed. If an Issuer Event of Default occurs and is continuing, the holders of more than 50 per cent. of the principal amount of any Class of the Notes Outstanding may give to the Trustee written notice of such Issuer Event of Default, and the Trustee must promptly upon receipt of such notice transmit such notice to the Paying Agent for transmission to the holders of the Controlling Class.
 - (v) If an Issuer Event of Default occurs and is continuing, the Trustee, except if directed otherwise by the Noteholders, will direct the Collateral Manager to retain the Portfolio Collateral held by or on behalf of the Issuer and continue making payments in the manner described above under Condition 3 (*Status*) unless the Trustee in its sole opinion determines (upon expert advice) that the anticipated proceeds of a sale or liquidation of the Portfolio Collateral held by or on behalf of the Issuer (after deducting the reasonable expenses of such sale or liquidation) would, together with the proceeds of realisation of other Collateral, be sufficient to discharge in full the payments required to be made pursuant to the Priority of Payments referred to in Condition 11 (*Enforcement*).
 - (vi) The Controlling Class may, in certain cases, waive any default with respect to such Notes.
- (d) *Restriction on Acceleration of Notes*: No acceleration of the Notes shall be permitted pursuant to this Condition by any Class of Noteholders other than the Controlling Class as provided in Condition 10(c) (*Acceleration*) or unless and until the acceleration of any other Class of Notes is simultaneous with, or occurs subsequent to, acceleration by such Controlling Class.
- (e) *Notification and Confirmation of No Default*: The Trust Deed contains provision for the Issuer to provide written confirmation to the Trustee and S&P on an annual basis or on request that no Issuer 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 could constitute an Issuer

Event of Default and that no other matter which is required (pursuant thereto) be brought to the Trustee's attention has occurred, and the Trustee shall be entitled to rely absolutely on such written confirmation.

11. Enforcement

- (a) *Security Becoming Enforceable*: The security constituted under the Trust Deed over the Collateral shall become enforceable upon an acceleration of the maturity of any of the Notes pursuant to Condition 10 (*Events of Default*).
- (b) *Enforcement*: At any time after the Notes become due and payable and the security under the Trust Deed becomes enforceable, the Trustee may, at its discretion and without further notice:
 - (i) institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and realise and/or otherwise liquidate the Collateral; and/or
 - (ii) take such action as may be permitted under applicable laws against any obligor in respect of the Collateral and/or take any other action to enforce the security over the Collateral,

in each case without any liability as to the consequence of any action and without having regard (save to the extent provided in Condition 14(d) (*Entitlement of the Trustee and Conflicts of Interest*)) to the effect of such action on individual Noteholders of such Class or any other Secured Party.

The Trustee shall not be bound to institute any such proceedings or take any such other action unless it is (i) requested in writing by the holders of at least 25 per cent. in aggregate principal amount of the Notes Outstanding of the Controlling Class at such time; or (ii) directed by an Extraordinary Resolution of the Controlling Class at such time; and, in each case the Trustee is indemnified and/or secured to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses (including remuneration) which may be incurred by it in connection therewith. Following redemption in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes the Trustee shall, (*provided* it is indemnified and/or secured to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith), if so directed, act upon the written directions of the holders of at least 25 per cent. in aggregate principal amount of the Class E Notes Outstanding or as directed by an Extraordinary Resolution of the Class E Noteholders.

The rights of the Trustee in respect of the security over the Collateral will be exercisable in accordance with the terms of the Trust Deed. The Trustee shall not be liable for any diminution in value of the security over the Collateral at any time that any Note remains Outstanding.

The net proceeds of enforcement of the security over the Collateral shall be credited to the Euro Payment Account or such other account as the person(s) entitled to direct the Trustee with respect to enforcement (in accordance with the previous paragraph) shall designate to the Trustee and shall be distributed in accordance with the following Priorities of Payment. The net proceeds of liquidation of the Collateral in the case of the redemption of the Notes pursuant to Condition 7(b) (*Optional Redemption*) shall also be distributed in accordance with the following Priorities of Payment:

- (A) to the payment of Dutch taxes owing by the Issuer accrued in respect of the current tax year as certified by an Authorised Officer of the Issuer to the Trustee, if any (excluding any Dutch taxes which have accrued prior to the current tax year);
- (B) to the payment of accrued and unpaid Trustee Fees payable to the Trustee pursuant to the Trust Deed;
- (C) to the payment of Administrative Expenses;
- (D) to the payment, on a *pro rata* basis, of any amounts due in respect of the Hedge Agreements (other than any Subordinated Hedge Termination Payments) to the extent not paid pursuant to paragraph (C) above as an Administrative Expense;

- (E) to the payment to the Collateral Manager of any Base Collateral Management Fee due and payable;
- (F) to the payment on a *pro rata* basis of interest due and payable on the Class A Notes;
- (G) on a *pro rata* basis in redemption of the Class A Notes in full;
- (H) to the payment of interest due and payable on the Class B Notes (other than any Class B Deferred Interest);
- (I) in redemption of the Class B Notes in full (including payment of Class B Deferred Interest);
- (J) to the payment of interest due and payable on the Class C Notes (other than any Class C Deferred Interest);
- (K) in redemption of the Class C Notes in full (including payment of Class C Deferred Interest);
- (L) to the payment of interest due and payable on the Class D Notes (other than any Class D Deferred Interest);
- (M) in redemption of the Class D Notes in full (including payment of Class D Deferred Interest);
- (N) to the payment to any Replacement Collateral Manager of any Replacement Collateral Manager Subordinated Fee due and payable;
- (O) to the payment of any Subordinated Collateral Management Fee due and payable;
- (P) to the payment of the Subordinated Hedge Termination Payments;
- (Q) to the payment of any Collateral Manager Termination Amount;
- (R) to the payment of interest due and payable on the Class E Notes;
- (S) in redemption of the Class E Notes in full; and
- (T) as to any remaining amounts, in the payment of Deferred Purchase Price pursuant to the terms of the Portfolio Sale Agreement.

For the purposes of this paragraph, any proceeds in Euro or Sterling shall be converted into Sterling or Euro as applicable to ensure that all amounts ranking senior in the above priority of payments is paid in full before payments of any junior ranking items.

- (c) *Only Trustee to Act:* Subject to the restrictions of any applicable law, only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Noteholders or of any of the other Secured Parties under the Trust Deed and the Notes and no Noteholder or other Secured Party may proceed directly against the Issuer or any of its assets unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. Each Secured Party acknowledges and agrees that the obligations of the Issuer following the realisation of the security over the Collateral shall be limited to the amount of funds available to the Issuer to satisfy such obligations in accordance with the Priorities of Payment and that no Secured Party shall have any further recourse to the Issuer in respect of such obligations. In particular, none of the Trustee, any Noteholder or any other Secured Party shall be entitled in respect thereof to petition or take any other step for the winding-up of the Issuer.
- (d) *Purchase of Collateral by Noteholders:* Upon any sale of any part of the Collateral following the occurrence of an Issuer Event of Default whether made under the power of sale under the Trust Deed or by virtue of judicial proceedings, any Noteholder may bid for and purchase the Collateral or any part thereof and, upon compliance with the terms of sale (such terms to be in accordance with the terms of the Trust Deed or fair market practices if the Trust Deed is not applicable) and, may hold, retain, possess or dispose of such property in its or their own absolute right without accountability.

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 8 (*Payments*) within a period of 5 years, in the case of interest, and 10 years, in the case of principal, from the appropriate Relevant Date.

13. Replacement of Definitive Notes

If any Definitive Note is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar in London subject in each case to all applicable laws and Irish Stock Exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (*provided* that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Definitive Notes must be surrendered before replacements will be issued.

14. Meetings of Noteholders, Modification, Waiver and Substitution; Removal and Retirement of the Trustee

- (a) *Meetings of Noteholders:* The Trust Deed contains provisions for convening meetings of the Noteholders of each Class to consider matters affecting the interests of such Noteholders, including the sanctioning by Extraordinary Resolution of the Noteholders of a Class of a modification of certain of these Conditions or certain provisions of the Trust Deed. Meetings of the Noteholders of a Class may be convened by two or more Noteholders of such Class holding not less than 10 per cent. in principal amount of the Notes of that Class Outstanding (or, if all the Outstanding Notes of such Class are held by one Noteholder, by such Noteholder), or by the Trustee or the Issuer in its own right. Subject as follows, the quorum for any meeting convened to consider an Extraordinary Resolution of the Noteholders of such Class will be two or more persons holding or representing at least 66 $\frac{2}{3}$ per cent. in principal amount of the Notes of such Class Outstanding, or at any adjourned meeting two or more persons being or representing the holders of the Notes of such Class holding or representing at least 25 per cent. of the principal amount of the Notes of such Class Outstanding. No proposal to sanction, amongst other things:
- (i) the exchange or substitution for the Notes of the relevant Class, or the conversion of the Notes of the relevant Class into, shares, bonds or other obligations or securities of the Issuer or any other entity;
 - (ii) the modification of any provision relating to the timing and/or circumstances of final redemption of the Notes of the relevant Class at maturity (including the circumstances in which payments on such Notes may be accelerated);
 - (iii) the modification of the timing and/or determination of the amount of interest, principal or other amounts payable in respect of the Notes of the relevant Class from time to time;
 - (iv) the adjustment of the outstanding principal amount of the Notes of the relevant Class other than in connection with a further issue of Notes pursuant to Condition 17 (*Further Issues*);
 - (v) a change in the currency of payment of the Notes of the relevant Class or any other amounts payable under the Priorities of Payment;
 - (vi) any change in the Priorities of Payment or in the calculation or determination of any amounts payable thereunder;
 - (vii) the modification of the provisions concerning the quorum required at any meeting of Noteholders of the relevant Class or the majority required to pass an Extraordinary Resolution or any other provision of these Conditions which requires the written consent of the holders of a requisite principal amount of the Notes of any Class Outstanding; and
 - (viii) the modification of any provision relating to the security over the Collateral constituted by the Trust Deed except as contemplated by these Conditions and the Trust Deed,

each a “**Basic Terms Modification**”, shall be effective unless sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders of the relevant Class of which one or more persons

holding or representing not less than 66⅔ per cent. or, at any adjourned meeting, 25 per cent. of the aggregate principal amount of the Note Outstanding of such Class are held or represented.

For the avoidance of doubt, matters affecting the interests of a Class shall only be considered by and voted upon at a meeting of Noteholders of that relevant Class.

- (b) *Modification and Waiver*: The Trust Deed provides that the Trustee may, subject to satisfaction of certain conditions, without the consent of the Noteholders, or the obtaining of Rating Agency Confirmation consent to:
- (i) any modification of any of the provisions of the Trust Deed 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;
 - (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed and any other Transaction Document which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders of any Class;
 - (iii) any modification of the calculation of any of the Collateral Quality Tests or the Coverage Tests or the Reinvestment OC Test to correspond with changes in the guidelines, methodology or standards established by S&P, subject to receipt of Rating Agency Confirmation and the written consent of at least 66⅔ per cent. of the holders of the Controlling Class; and
 - (iv) any modification to prevent the Issuer, the Noteholders, or the Trustee from being subject to withholding or other taxes, fees or assessments or to prevent the Issuer from being treated as engaged in a United States trade or business for U.S. federal income tax purposes or subject to United States income tax on a net income tax basis.

In addition, subject to receipt of Rating Agency Confirmation, the Trustee shall not consent to any modification of the thresholds of any of the Collateral Quality Tests, without the written consent of at least 66⅔ per cent. of the holders of the Class A Notes Outstanding.

In the case of a proposed modification under (iv), the Trustee shall be entitled to receive advice from tax counsel as it may deem necessary.

Any such modification, authorisation or waiver shall be binding on all Noteholders and shall be notified to S&P and, unless the Trustee otherwise agrees, to the Noteholders as soon as practicable in accordance with Condition 16 (*Notices*).

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to S&P and the Noteholders of such Class as soon as practicable thereafter.

- (c) *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, but 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. In the case of such a substitution, the Trustee may agree, without the consent of the Noteholders, but subject to receipt by the Trustee of Rating Agency Confirmation (subject to receipt of such information and/or opinions as S&P may require) to a change of the law governing the Notes and/or the Trust Deed, *provided* that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders of any Class. Any substitution agreed by the Trustee pursuant to this Condition 14(c) (*Substitution*) shall be binding on the Noteholders, and shall be notified to the Noteholders as soon as practicable in accordance with Condition 16 (*Notices*).

Subject to a Rating Agency Confirmation, if the Issuer satisfies the Trustee that it has or will on the occasion of the next payment due in respect of the Notes of any Class become obliged by the laws of The Netherlands to withhold or account for tax so that it would be unable to make payment of the full amount then due, the Trustee may, with consent of the Noteholders, agree to the Issuer arranging for the substitution of a company incorporated in another jurisdiction approved by the Trustee, subject to satisfaction of the conditions set out in the Trust Deed as the principal obligor under the Notes of such

Class, or to change its tax residence in accordance with the provisions of the Trust Deed with respect of such substitution or change.

The Trustee may, subject to the receipt by the Trustee 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* that the Issuer does all such things as the Trustee may require in order that such change in the place of residence of the Issuer for taxation purposes is fully effective and complies with such other requirements which are in the interests of the Noteholders as it may direct.

No Noteholder shall, in connection with any substitution or change of residence, be entitled to claim any indemnification or payment in respect of any tax consequences thereof for such Noteholder.

- (d) *Entitlement of the Trustee and Conflicts of Interest:* Where it is entitled to exercise its powers and discretions under these Conditions and the Trust Deed, the Trustee will, save as otherwise expressly provided, in considering the interests of the Noteholders have regard solely to the interests of the Senior Noteholders whilst any principal amount of Class A Notes is outstanding, and if no principal amount of the Class A Notes is outstanding, shall have regard solely to the interests of the Class B Noteholders, and, if no Class B Notes are Outstanding, shall have regard solely to the interests of the, if no Class B Notes are Outstanding, shall have regard solely to the interests of the Class C Noteholders, and, if no Class C Notes are Outstanding, shall have regard solely to the interests of the Class D Noteholders, and, if no Class D Notes are Outstanding, shall have regard solely to the interests of the Class E Noteholders (subject, in each case, to the aforesaid provisions as to the priority of the consideration regarding the Senior Noteholders in certain circumstances) and will not be responsible for any consequence for individual holders of Notes of such exercise and the Trustee shall not be entitled to require from the Issuer, nor shall any Noteholder be entitled to claim from the Issuer or the Trustee, any indemnification or other payment in respect of any consequence for any individual Noteholders of any such exercise. The Trustee shall, save as otherwise expressly provided, not have regard to the interests of any Secured Party other than the relevant Class of Noteholders except to apply the proceeds of enforcement of the security in the order set out in the Priorities of Payment.

Except where expressly provided otherwise, where in the opinion of the Trustee, there is a conflict between the interests of different Classes of Noteholders, the Trustee shall give priority to the interests of the Controlling Class, whose interests shall prevail, and shall act in accordance with the directions of such Noteholders.

- (e) *Removal and Retirement of the Trustee, Appointment of Co-Trustee:* Subject to the detailed terms of the Trust Deed, the power to appoint a new trustee under the Trust Deed shall be vested in the Issuer but no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution of the Controlling Class. The retirement or removal of any trustee under the Trust Deed shall not be effective until a successor trustee is appointed in accordance with the terms of the Trust Deed. The Controlling Class shall have power, exercisable by Extraordinary Resolution of the holders of such class to remove any trustee under the Trust Deed. In the case of such event, the Issuer will use its best endeavours to procure a new trustee of the Trust Deed to be appointed as soon as reasonably practicable thereafter. The Trustee may retire at any time on giving not less than three months' prior written notice to the Issuer without assigning any reason and without being responsible for any liabilities occasioned by such retirement. The Trustee may, upon giving prior written notice to, but without the consent of any other person appoint any person established or resident in any jurisdiction to act either as a separate trustee or as a co-trustee jointly with the Trustee (i) if the Trustee considers that appointment to be in the interests of Noteholders, or (ii) for the purposes of conforming to any legal requirements, restrictions or conditions in any jurisdiction in which any particular act or acts are to be performed or (iii) for the purposes of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction of a judgment already obtained against the Issuer. If the sole trustee has been removed by an Extraordinary Resolution of the Controlling Class or the sole trustee has provided notice of its resignation, and, if the Issuer has failed to procure the appointment of a new trustee within the period of 3 months following the sole trustee's receipt of notification of its removal or the provision by the sole trustee of its written notice of resignation to the Issuer, then that sole trustee may appoint a successor trustee, *provided* that it must act reasonably in appointing a successor trustee.

15. Indemnification of the Trustee

The Trust Deed contain provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances, including provisions relieving it from any obligation to institute proceedings against the Issuer to enforce repayment or to enforce the security constituted by or pursuant to the Trust Deed unless indemnified and/or secured to its satisfaction in accordance with the provisions set out in the Trust Deed. The Trustee is entitled to enter into business transactions with the Issuer or any entity related to the Issuer 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 and from any claim arising from the fact that the Collateral is held by the Custodian or is otherwise held in safe custody by a bank or other custodian. The Trustee shall not be responsible for the performance by the Custodian of any of its duties under the Agency Agreement or for the performance by the Collateral Manager of any of its duties under the Collateral Management Agreement or for the performance by the Collateral Administrator of its duties under the Collateral Administration Agreement or for the performance by any other person appointed by the Issuer in relation to the Notes or any other Transaction Document (other than the Trust Deed). The Trustee shall not have any responsibility for the administration, management or operation of the Collateral including the request by the Collateral Manager to release any of the Collateral from time to time.

16. Notices

Notices may be given to Noteholders in any manner deemed acceptable by the Trustee, *provided* that for so long as the Notes are listed on the Irish Stock Exchange, such notice shall be given in accordance with the guidelines of the Irish Stock Exchange. Notices regarding the Notes will be deemed duly given 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). Any such notice shall be deemed to have been given on the date of despatch thereof to the Noteholders. Notices to holders of interests in Global Notes held through Euroclear or Clearstream, Luxembourg (the “**Clearing Systems**”) may be given by delivery of the relevant notice to the relevant Clearing System.

17. Further Issues

The Issuer may from time to time without the consent of the Noteholders, but subject to the prior written consent of the Trustee and of 66⅔% of the holders of the Class E Notes and the satisfaction of the conditions referred to below, create and issue further securities (the “**Class A Further Issue Notes**”, “**Class B Further Issue Notes**”, “**Class C Further Issue Notes**”, “**Class D Further Issue Notes**” and “**Class E Further Issue Notes**”, as the case may be and collectively, the “**Further Issue Notes**”) having the same terms and conditions as the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes respectively, then Outstanding, in all respects (or in all respects except for the first payment of interest thereon), which shall be consolidated and form a single series with, and rank *pari passu* with the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes, respectively, then Outstanding, and may use the net proceeds of issue thereof, subject to the Priorities of Payment, to purchase Additional Portfolio Collateral (or to place such amounts on deposit in the Principal Collection Account pending application accordingly), *provided* the following conditions are met:

- (a) the terms of the Class A Further Issue Notes, Class B Further Issue Notes, Class C Further Issue Notes, Class D Further Issue Notes and Class E Further Issue Notes are the same in all respects (or in all material respects except for the first payment of interest) as the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes, respectively, then Outstanding (as applicable);
- (b) S&P confirms to the Trustee in writing that, on issue, they will assign to the Class A Further Issue Notes, the Class B Further Issue Notes, the Class C Further Issue Notes, the Class D Further Issue Notes issued under this Condition 17(b), at least the same rating as that which is then applicable to the Class A Notes, Class B Notes, Class C Notes, Class D Notes, respectively, then Outstanding (as applicable);
- (c) the Issuer and the Trustee receive confirmation from S&P that the issue of the Class A Further Issue Notes, the Class B Further Issue Notes, the Class C Further Issue Notes, the Class D Further Issue Notes and the Class E Further Issue Notes, will not cause the reduction or withdrawal of the then current ratings of any of the Class A Notes and the other Rated Notes;

- (d) no Issuer Event of Default has occurred and is continuing;
- (e) the Trustee has been fully indemnified and/or secured to its satisfaction in respect of its fees, costs and expenses (including, without limitation, its legal fees and its remuneration) in respect of any issue of Class A Further Issue Notes, Class B Further Issue Notes, the Class C Further Issue Notes, the Class D Further Issue Notes and Class E Further Issue Notes;
- (f) such additional issuances are in accordance with all applicable laws including, without limitation, the securities and banking laws and regulations of The Netherlands and the provisions of the tax agreement obtained on behalf of the Issuer from the Dutch tax authorities; and
- (g) such additional issuances must be of each Class of the Notes and issued in a proportionate amount among the Classes of the Notes so that the respective proportions of the principal amount outstanding of the Classes of Notes existing immediately prior to such additional issuance remain unchanged following such additional issuance.

References in these Conditions to the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes include (unless the context requires otherwise) any Class A Further Issue Notes, Class B Further Issue Notes, Class C Further Issue Notes, Class D Further Issue Notes and Class E Further Issue Notes, respectively issued pursuant to this Condition 17(b) and forming a single series with the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes respectively.

Upon the issue of any Further Issue Notes, references in these Conditions to the Notes of any Class shall include (unless the context requires otherwise) the relevant Further Issue Notes. Any Further Issue Notes will be constituted by a supplemental Trust Deed and the Issuer shall, upon or prior to the issue of such Further Issue Notes to be so constituted, execute and deliver to the Trustee such other documents as the Trustee may reasonably require (including, without limitation, any documents required by any Rating Agency). Upon an issue of any Further Issue Notes, all relevant Transaction Documents shall be amended and supplemented as required to give effect to the rights and obligations arising from such issue of such Further Issue Notes.

18. Governing Law and Jurisdiction

- (a) *Governing Law:* The Trust Deed and each Class of Notes are governed by and shall be construed in accordance with English law. The Management Agreement is governed by and shall be construed in accordance with Dutch law.
- (b) *Jurisdiction:* The courts of England will have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, and accordingly any legal action or proceedings arising out of or in connection with the Notes (“**Proceedings**”) may be brought in such courts. Each party to the Trust Deed has 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.
- (c) *Agent for Service of Process:* The Issuer appoints Structured Finance Management Limited of 35 Great St. Helen's, London EC3A 6AP as its agent in England to receive service of process in any Proceedings in England based on any of the Notes. If for any reason the Issuer does not have such agent in England, it will promptly appoint a substitute process agent and notify the Trustee and the Noteholders of such appointment. Nothing herein shall affect the right to service of process in any other manner permitted by law.

19. Trustee Act 2000

The Trust Deed contain provisions which have the effect of giving priority, to the extent permitted by law, to the provisions of the Trust Deed over the relevant provisions of the Trustee Act 1925 and the Trustee Act 2000.

20. Calculation of amounts not denominated in Euro

Unless otherwise specified, where a calculation has to be made pursuant to the Conditions and the amounts are not denominated in Euro, such amounts shall be calculated by converting such non-Euro amounts into Euro at the applicable Asset Swap Transaction Exchange Rate. For the avoidance of doubt, in calculating

any Coverage Test, any Collateral Quality Test and the Reinvestment OC Test, in respect of any amounts denominated in Dollar or Sterling, such Dollar or Sterling amounts shall be converted in Euro at the applicable Asset Swap Transaction Exchange Rate. Each non-Euro amount that is received pursuant to a Non-Euro Portfolio Collateral, which is the subject of an Asset Swap Transaction, shall be converted into Euro at the Asset Swap Transaction Exchange Rate.

USE OF PROCEEDS

The net proceeds from the issuance and sale of the Notes, are expected to be approximately €327,200,000. These net proceeds of the issue of the Notes will be used by the Issuer (i) to fund or make provision for certain fees and expenses of the Issuer up to a maximum of €800,000, (ii) to refinance and repay in full outstandings owed by it under the Warehouse Facility Agreement to the Warehouse Lender; (iii) to pay €1,400,000 into the Interest Collection Account for application as Interest Proceeds on the first Payment Date; and (iv) any proceeds remaining to be deposited into the Pre-Funding Account to be applied in the acquisition by the Issuer of Portfolio Collateral subject to the conditions set out herein. See “*Description of the Portfolio*” below. Upon application of the proceeds, the Warehouse Facility Agreement will terminate and all security granted by the Issuer in respect thereof will be released.

FORM OF THE NOTES

References below to Notes and to the Global Note and Definitive Notes representing such Notes are to each respective Class of Notes.

1. Initial Issue of Notes

Each of the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes (each, a **“Relevant Class of Notes”**) will be sold in reliance on Regulation S under the Securities Act and will be represented by one or more global note certificates (each, a **“Global Note”**) in registered form without interest coupons or principal receipts deposited with a common depository for Euroclear Bank S.A./N.V. as operator of the Euroclear System (**“Euroclear”**) and Clearstream Banking, société anonyme (**“Clearstream, Luxembourg”**). By acquisition of a beneficial interest in a Global Note, any purchaser thereof will, be deemed to represent that it is not a U.S. Person and that, if in the future it decides to transfer such beneficial interest, it will transfer such interest only to a non-US person in an offshore transaction in accordance with Regulation S.

2. Amendments to Conditions

Each Global Note and the Trust Deed contains provisions that apply to the Relevant Class of Notes represented by such Global Note, some of which modify the effect of the Conditions of the Relevant Class of Notes set out in this Prospectus. The following is a summary of those provisions:

Ownership: So long as a Clearing System (or its nominee) is the registered holder of any Global Note, such Clearing System (or its nominee) will be considered the absolute owner of holder of such Note for all purposes under the Trust Deed and the Notes.

Payments: Payments of principal and interest in respect of Notes represented by a Global Note will be made against presentation and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Note to or to the order of the Registrar as shall have been notified to the relevant Noteholders for such purpose. A record of each payment so made will be made in the Register which will be *prima facie* evidence that such payment has been made in respect of the relevant Notes. See also *“Currency of Payments”* of *“Book Entry Clearance Procedures”* below.

Notices: Notices to holders of Global Notes held through Euroclear or Clearstream, Luxembourg (the **“Clearing Systems”**) may be given by delivery of the relevant notice to the relevant Clearing System *provided* that for so long as the Notes are listed on the Irish Stock Exchange, such notice shall be in accordance with the guidelines of the Irish Stock Exchange.

Prescription: Claims against the Issuer in respect of principal of and interest on the Notes will become void unless presented for payment by the Noteholder within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date.

Meetings: The holder of each Global Note will be treated as being two persons 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 Euro of principal amount of Notes represented thereby.

Trustee’s Powers: In considering the interests of holders of Global Notes, the Trustee may, but is not required to, have regard to any information provided to it by the Clearing Systems or operators as to the identity (either individually or by category) of their account holders with entitlements to each Global Note and may consider such interests as if such account holders were the holders of any Global Note.

Cancellation: Cancellation of any Note required by the Conditions to be cancelled will be effected by reduction in the principal amount of the applicable Global Note.

Optional Redemption: The Class E Noteholders’ option in Condition 7(b)(i)(A) (*Redemption at the Option of the Class E Noteholders*) or right to consent in Condition 7(b)(i)(B) (*Redemption for Tax Reasons*) may be exercised by the Noteholder of any Global Note representing Class E Notes giving notice to the Registrar of the principal amount of Class E Notes in respect of which the option is exercised and presenting such Global Note for endorsement of exercise within the time limit specified in Condition 7(b)(i)(A) (*Redemption at the Option of the Class E Noteholders*) or 7(b)(i)(B) (*Redemption for Tax Reasons*), as applicable. The Controlling Class’ right to consent in Condition 7(b)(i)(B) (*Redemption for Tax Reasons*) may be exercised by the Noteholder of any Global Note representing the Controlling Class giving notice to the Registrar of the principal amount of the

Notes of the Controlling Class in respect of which the option is exercised and presenting such Global Note for endorsement of exercise within the time limit specified in Condition 7(b)(i)(B) (*Redemption for Tax Reasons*).

3. Exchange for Definitive Notes

Exchange: Each Global Note will be exchangeable, free of charge to the holders of Notes, in whole but not in part, for certificates in definitive, registered form (“**Definitive Notes**”) if:

- (a) in the case of a Global Note, either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearing system satisfactory to the Trustee is available; or
- (b) the Issuer would suffer a material disadvantage in respect of any Class of Notes as a result of a change in the laws or regulations (taxation or otherwise) of any applicable jurisdiction or payments being made net of tax which would not be suffered were the relevant Notes represented by Definitive Notes and a certificate to such effect signed by two Managing Directors of the Issuer is delivered to the Trustee.

The Registrar will not register the transfer of, or exchange of interests in, a Global Note for Definitive Notes for a period of (i) 15 calendar days ending on the due date for redemption in full of that Note or (ii) 15 calendar days ending on any Payment Date.

If only one of the Global Notes (the “**Exchanged Global Note**”) becomes exchangeable for Definitive Notes in accordance with the above paragraphs, transfers of the Relevant Class of Notes may not take place between, on the one hand, persons holding Definitive Notes issued in exchange for beneficial interests in the Exchanged Global Note and, on the other hand, persons wishing to purchase beneficial interests in the other Global Note.

If the Issuer becomes obliged to issue, or procure the issue of, Definitive Notes, but fails to do so within 30 days of the occurrence of the relevant event, then the Issuer shall indemnify the Trustee, the registered holder of the relevant Global Note and the relevant holder of Book Entry Interests in such Global Note and keep them indemnified against any loss or damage incurred by any of them if the amount received by the Trustee, the registered holder of the relevant Global Note or the holder of Book Entry Interests in such Global Note in respect of the Notes is less than the amount that would have been received had Definitive Notes been issued. If and for so long as the Issuer discharges its obligations under this indemnity, the failure by the Issuer to issue Definitive Notes shall be deemed to be cured *ab initio*.

Delivery: In the circumstances set out in “*Exchange*” above, the relevant Global Note will be exchanged in full for Definitive Notes and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar 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 Notes 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 Note must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Notes.

Legends: The holder of a Definitive Note may transfer the Notes represented thereby in whole or in part in the applicable Minimum Denomination and integral multiples of the Authorised Denomination in excess of the Minimum Denomination by surrendering it at the specified office of the Registrar, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Definitive Note bearing the legend referred to under “*Plan of Distribution and Transfer Restrictions*” below, or upon specific request for removal of the legend on a Definitive Note, the Issuer will deliver only Definitive Notes that bear such legend, or will refuse to remove such legend, as the case may be.

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 reinterpretation 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 Seller or any 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.

1. Euroclear and Clearstream, Luxembourg

General: Custodial and depositary links have been established between Euroclear and Clearstream, Luxembourg which facilitate the initial issue of the Notes and cross market transfers of such Notes associated with secondary market trading. (See Section 4 (*Settlement and Transfer of Notes*) below).

Euroclear and Clearstream, Luxembourg: 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 have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Investors may hold their interests in a Global Note directly through Euroclear or Clearstream, Luxembourg if they are accountholders.

2. Book Entry Ownership

Euroclear and Clearstream, Luxembourg: Each Global Note will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

3. Payments and Relationship of Participants with Clearing Systems

General: Each of the persons shown in the records of Euroclear and Clearstream, Luxembourg as the holder of a Note represented by a Global Note must look solely to Euroclear and Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Note and in relation to all other rights arising under the Global Note, subject to and in accordance with the respective rules and procedures of Euroclear and Clearstream, Luxembourg (as the case may be). 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 Note and the obligations of the Issuer will be discharged by payment to the holder of such Global Note 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 Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

4. Settlement and Transfer of Notes

General: Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held through 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 records of the Direct Participant or Indirect Participant (as the case may be). Beneficial Owners will not receive written confirmation from any Clearing System of their purchase. Transfers of ownership interests in Notes held through a 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 interest in such Notes unless and until any Global Note in respect of which they have such an ownership interest held through a Clearing System is exchanged for Definitive Notes.

Trading between Euroclear and/or Clearstream, Luxembourg Participants: Secondary market sales of book entry interests in Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book entry interests in 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.

An owner of a beneficial interest in a Global Note may transfer such interest in the form of a beneficial interest in such Global Note without the provision of written certification, *provided* that such transfer is not made to a U.S. Person or for the account or benefit of a U.S. Person and is effected through Euroclear or Clearstream, Luxembourg in an offshore transaction as required by Regulation S and made only upon provision to the Registrar of written certification from the transferee and transferor in the form provided for in the Trust Deed.

Pre issue Trades Settlement: It is expected that delivery of the Notes will be made against payment therefor on the Issue Date, which could be more than three Business Days following the date of pricing. Purchasers of the Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the Issue Date should consult their own adviser.

RATING OF THE RATED NOTES

It is a condition of the issuance and offering that the Rated Notes be issued with at least the following ratings assigned: Class A Notes: AA by S&P; Class B Notes: A- by S&P; Class C Notes: BBB- by S&P; Class D Notes: BB- by S&P. The Class E Notes being offered hereby will not be rated.

The ratings of the Class A Notes address the timely payment of interest and the ultimate repayment of principal by the Maturity Date. The ratings of the Class B Notes, Class C Notes and Class D Notes address the ultimate (rather than timely) payment of interest and ultimate repayment of principal by the Maturity Date.

The ratings assigned to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes by S&P are based upon S&P's assessment of the probability that the Portfolio Collateral will provide sufficient funds to pay all amounts due under the Class A Notes and each other Class of the Rated Notes, based largely upon S&P's statistical analysis of historical default rates on debt obligations with various ratings, the asset and interest coverage required for the Class A Notes and each other Class of the Rated Notes (which is achieved through the subordination of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes (in the case of the Class A Notes), the subordination of the Class C Notes, the Class D Notes and the Class E Notes (in respect of the Class B Notes), the subordination of the Class D Notes and the Class E Notes (in respect of the Class C Notes), the subordination of the Class E Notes (in the case of the Class D Notes) and the diversification requirements that the Collateral Debt Securities are required to satisfy.

S&P will rate the Class A Notes and the other Classes of the Rated Notes in a manner similar to the manner in which it rates other structured issues. This requires an analysis of the following:

- (a) the credit quality of the portfolio of Portfolio Collateral 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. S&P 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 Collateral Manager on or before the Issue Date. The CDO Monitor calculates the cumulative default rate of a pool of Portfolio Collateral and Eligible Investments consistent with a specified benchmark rating level based upon S&P's proprietary corporate debt default studies. In calculating the scenario loss rate in respect of a Class of Notes, the CDO Monitor considers each Obligor's issuer credit rating, the number of Obligors in the portfolio, the Obligor and industry concentrations in the Portfolio and the remaining weighted average maturity of the Portfolio Collateral and Eligible Investments and calculates a cumulative default rate based on the statistical probability of distributions or defaults on the Portfolio Collateral and Eligible Investments.

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**") prepared by the seller or adviser 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 Portfolio Collateral 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 Collateral Manager, the Collateral Administrator, the Trustee or the Seller 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. After the Reinvestment Period, the CDO Monitor Test will be satisfied if after giving effect to the purchase or sale of a Portfolio Collateral, the rate of defaults on the then current Portfolio is no worse than that determined in respect of the Portfolio existing on the Issue Date.

S&P ratings of each Class of the Rated Notes will be established under various assumptions and scenario analyses. There can be no assurance that actual defaults on the Portfolio Collateral 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.

In addition to these quantitative tests, S&P's ratings take into account qualitative features of a transaction, including the experience of the Collateral Manager, the legal structure and the risks associated with such structure and other factors that they deem relevant.

In addition, a portion of the Portfolio Collateral will not be rated by S&P but will be assigned a rating pursuant to the methodology described herein. See "*Description of the Portfolio—The Collateral Quality Tests*" below.

The Collateral Manager will request S&P's confirmation, within 30 days after the Target Date, that there has been no Target Date Rating Downgrade.

None of the Issuer, the Trustee, the Collateral Manager, the Collateral Administrator or the Seller makes any representation as to the expected rate of default on the Portfolio Collateral, the expected timing of any default that may occur or the rate of recoveries or losses in respect of Defaulted Loans.

Prospective investors must seek their own advice and make appropriate determinations and decisions thereunder.

DESCRIPTION OF THE ISSUER

General

The Issuer, is a special purpose company, set up as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands on 6 December 2007 having its corporate seat in Amsterdam and its registered office at Rivierstaete Building, Amsteldijk 166, 1079 LH Amsterdam, The Netherlands. The Issuer's telephone number +31 (0) 20 6444558. The Issuer is registered in the commercial register of the Chamber of Commerce and Industries for Amsterdam under number 34288393.

Corporate Purpose of the Issuer

The Articles of Association (the "**Articles**") of the Issuer provide that the objects of the Issuer are:

- (a) to raise funds through, *inter alia*, enter into loans, the issuance of bonds, notes and other evidences of indebtedness, the entering into of financial derivatives or otherwise and to invest and put out funds obtained by the Issuer in, *inter alia*, (participations in) loans, bonds, debt instruments, shares, warrants, and other similar securities as well as in financial derivatives;
- (b) to grant security for the Issuer's obligations and debts;
- (c) to enter into agreements, including, but not limited to, financial derivatives such as interest and/or currency exchange agreements, in connection with the objects mentioned under paragraphs (a) and (b) above;
- (d) to enter into agreements, including, but not limited to, bank, securities and cash administration agreements, asset management agreements and agreements for the purposes of providing security in connection with the objects mentioned under paragraphs (a), (b) and (c) above.

Business Activity

The Issuer has not previously carried on any business or activities other than those incidental to its incorporation, the acquisition of the Portfolio, the authorisation and issue of the Notes and activities incidental to the exercise of its rights and compliance with its obligations under the Notes, the Transaction Documents and the other documents and agreements entered into in connection with the issue of the Notes and the purchase of the Portfolio.

Management

The Issuer's current Managing Directors are:

<u>Name</u>	<u>Occupation</u>	<u>Business Address</u>
Geert Kruizinga	Managing Director	Amsteldijk 166, 1079LH Amsterdam, The Netherlands
Henry Samuel Leijdesdorff	Managing Director	Amsteldijk 166, 1079LH Amsterdam, The Netherlands
Shareen Leijdesdorff-Perret Gentil	Managing Director	Amsteldijk 166, 1079LH Amsterdam, The Netherlands

Pursuant to a management agreement (the "**Management Agreement**"), the Managing Directors will provide management, corporate and administrative services to the Issuer. The Issuer may terminate the Management Agreement by giving not less than 60 days' written notice. The Managing Directors may retire from their obligations pursuant to the Management Agreement by giving at least two months' notice in writing to the Issuer. Upon or prior to the termination of the Management Agreement, successor managing directors will be appointed to provide management, corporate and administrative services to the Issuer. Pursuant to the terms of a management agreement dated on or about the Closing Date between the Foundation and Structured Finance Management (Netherlands) B.V. and a letter of undertaking dated on or about the Closing Date between, *inter alios*, the Foundation, the Managing Directors and Structured Finance Management

(Netherlands) B.V., measures will be put in place to limit and regulate the control which the Foundation has over the Issuer.

Managing Director’s Experience

Mrs. Shareen Leijdesdorff-Perret Gentil is a lawyer, graduate of the “Vrije Universiteit” in Amsterdam. She has past working experience with MeesPierson Trust in Curaçao, where she was working as a legal assistant and account manager. In September 1995 she was a founder and became a managing director of IMFC Management B.V. a company specialising in the management and administration of holding and finance companies. Mrs. Perret Gentil was appointed as a supervisory director of Structured Finance Management (Netherlands) B.V. in October 2005.

Mr. Geert Kruizinga is a Higher National Business School graduate, specialized in accounting. He worked for the Citco Group in Curaçao and Amsterdam as an accountant and senior account manager in the Mutual Fund Administration Department for over 12 years. Mr. Kruizinga joined IMFC in 1999 as the finance director. Mr. Kruizinga was appointed as a managing director of Structured Finance Management (Netherlands) B.V. in October 2005. Mr. Kruizinga is responsible for the accounting department of Structured Finance Management(Netherlands) B.V.

Mr. Henry S. Leijdesdorff is a lawyer, graduate of the University of Leiden. He started his professional career in 1980 with the trust division of the Citco Group in Curaçao. After his four-year stay in the Caribbean, he moved to the offices of Citco in Amsterdam where he was the managing director from 1991. In September 1995 he was a founder and became a managing director of IMFC Management B.V. Mr. Leijdesdorff was appointed as a managing director of Structured Finance Management (Netherlands) B.V. in October 2005. Structured Finance Management (Netherlands) B.V. specialises in the management, administration and ownership of special purpose vehicles related to asset securitisation and other secured finance transactions.

Capital and Shares

The Issuer’s issued share capital is €20,000, which is fully paid up and divided into 20 shares with a nominal value of €1,000 each.

Capitalisation

The capitalisation of the Issuer as at the date of this Prospectus, adjusted for the issue of the Notes, is as follows:

Share Capital		€
Issued and fully paid 20 ordinary registered shares of €1,000 each		20,000
Loan Capital		€
Class A Notes		244,007,500
Class B Notes		22,955,000
Class C Notes		20,755,000
Class D Notes		12,430,500
Class E Notes		27,052,000
Total Capitalisation		327,220,000

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.

Holding Structure

The entire issued share capital of the Issuer is owned by Stichting Gresham Capital CLO V, a foundation (*stichting*) established under the laws of The Netherlands having its registered office at Rivierstaete Building, Amsteldijk 166, 1079 LH Amsterdam, The Netherlands (the “**Foundation**”).

None of the Collateral Manager, the Collateral Administrator, the Trustee or any company affiliated with any of them, directly or indirectly, owns any of the share capital of the Issuer. Structured Finance Management (Netherlands) B.V. is the sole director of the Foundation.

Pursuant to the terms of a management agreement dated on or about the Issue Date between the Foundation and Structured Finance Management (Netherlands) B.V. and a letter of undertaking dated on or about the Issue Date between, *inter alia*, the Foundation, Structured Finance Management (Netherlands) B.V. and the Trustee measures will be put in place to limit and regulate the control which the Foundation can exercise over the Issuer.

Subsidiaries

The Issuer has no subsidiaries.

Administrative Expenses of the Issuer

The Issuer is expected to incur certain Administrative Expenses (as defined in Condition 1 (*Definitions*) of the “*Conditions of the Notes*”).

Financial Statements

The Issuer has not prepared any audited financial statements prior to the Issue Date. The first financial year of the Issuer will end on 31 December 2008.

Compliance with Dutch regulatory laws:

The Issuer is in compliance with the FMSA and in particular that it has received and will only receive repayable funds from Professional Market Parties.

DESCRIPTION OF THE COLLATERAL MANAGER

The information appearing in this section relating to the Collateral Manager has been prepared by Investec Principal Finance, a business unit division of Investec Bank (UK) Limited (“**Investec**”) or one of its Affiliates and has not been independently verified by the Issuer. Accordingly, notwithstanding anything to the contrary herein, the Issuer does not assume any responsibility for the accuracy, completeness or applicability of such information. The Collateral Manager accepts responsibility for the information contained in this section to the extent that it is correct to the best of its knowledge as at the Issue Date.

The Collateral Manager

Investec Principal Finance (“**IPF**”), a business unit division within Investec will be providing the collateral management services to the Issuer.

IPF was established in mid-2005 and was set up to develop the securitisation and principal finance business within Investec. IPF currently has a team of over 40 professionals with related experience in the management, structuring, syndication and trading of both leveraged loans and collateralised loan obligations. IPF is able to draw on Investec’s large banking infrastructure and in particular relies upon Investec Acquisition Finance (“**IAF**”), which is part of IPF, for sourcing, assessment and ongoing surveillance of Senior Secured Loans and Second Lien Loans.

IAF was established in early 2004 to build up and hold a diversified book of European leveraged loans for Investec, with a focus on private equity sponsor backed pan-European transactions, with enterprise values in excess of €500,000,000. From the outset the intention had been that once a solid reputation and track record was established, a fund/CLO franchise would be rolled out and going forward, the intention will be to continue to grow the size of Investec’s leveraged loan portfolio while at the same time becoming a collateral manager for CLO issuers. IAF currently has a team of 8 professionals and has been integrated into IPF.

Investec is currently the collateral manager to four other European leveraged loan CLOs, Gresham Capital CLO I B.V., which was funded in March 2006, Gresham Capital CLO II B.V., which was funded in October 2006, Gresham Capital CLO III B.V., which was funded in December 2006, and Gresham Capital CLO IV B.V., which was funded in July 2007.

On the Issue Date, Investec and/or one or more of its Affiliates will acquire 100 per cent. of the principal amount of the Class E Notes Outstanding.

Investec is a banking institution regulated by the Financial Services Authority (“**FSA**”) and the South African Reserve Bank (“**SARB**”), and holds a full banking license in the United Kingdom. Investec also has the regulatory authority to act as Collateral Manager in The Netherlands.

Investment Policy

Investec manages the Portfolio for the Issuer and will determine on behalf of the Issuer how the proceeds from the Notes will be invested. The eligible collateral consists of debt obligations issued or borrowed in leveraged transactions predominantly by UK and continental European companies and to a limited extent the United States of America. The focus will be on senior secured loans, second lien loans and other debt securities issued by companies with strong operations and solid capital structures.

Investment Approval Procedure

Investment decisions will be made by a credit committee comprising of Andy Clapham, Henrik Malmer, Duncan Smith and David Beadle. The quorum will be three with a provision to name one alternate if required. The credit committee will monitor credit, liquidity, currency and interest rate risk and compliance with the terms of the Trust Deed and Collateral Management Agreement. In addition, the credit committee will determine the Collateral Manager’s investment strategy on behalf of the Issuer and review the Portfolio on a regular basis. In practice, all members of the IPF and IAF team will be encouraged to contribute their views to the matters considered by the credit committee in order to ensure that the experience of all members of staff is included where relevant.

New investment opportunities will be subject to appraisal in two contexts:

- First, the suitability of the proposed new investment in terms of the Portfolio, i.e. with reference to the required diversity score and weighted average rating, to currency and interest rate risk and to issuer and country concentration rules, etc.
- Second, to the cash flow and credit worthiness of the proposed obligor, taking into account both financial and commercial risks, industry and economic factors and strategic and financial structuring considerations.

In addition, any asset sales will be subject to the review of the credit committee, taking into account the rationale for any sale and relative value considerations.

Where the Collateral Manager, on behalf of the Issuer, is making an investment in the private debt markets, it will usually make use of reports from specialist advisers who performed due diligence on, for example, the historic and forecast financial performance of the proposed borrower, tax, pension and legal issues. The Collateral Manager will perform, *inter alia*, a detailed commercial assessment of the borrower, including cash flow modelling and stress testing, industry and economic reviews, management meetings and site visits (where practical and necessary).

There may be circumstances where debt investments are split between Investec and/or one or more funds managed by Investec or transferred in whole or in part between them. This may enable Investec and/or one or more of the funds managed by Investec to benefit from sufficiently large participations to maximise arrangement fees or meet diversity/size requirements. No such transactions will be made unless in the best interests of the parties involved. If appropriate, third party or market valuations would be taken to validate transfer values.

Key Biographies

The following sets out the biographies of the key personnel on the team.

Andy Clapham joined Investec in July 2005 as Head of the IPF. Previous to joining, Andy spent 5 years as Senior Managing Director running the European Securitisation and Principal Finance businesses at Bear Stearns. Prior to that Andy was Managing Director and Head of Principal Finance at Nikko CDO Securities. Whilst there, Andy was responsible for managing the public to private of Powell Duffryn, and the subsequent £300m leveraged whole business securitisation, as well as managing other investments such as the Roadchef Motorway Service Area chain. Prior to that Andy spent 13 years as Managing Director at Greenwich Natwest as head of its Securitisation and Principal Finance business. During this time Andy was responsible for arranging and managing the world's first CLO in 1991 — \$1bn Thames Funding programme, and for arranging and managing the world's first balance sheet CLOs — Rose Funding No.1 and Rose Funding No.2 - \$10bn in size. In addition to this, Andy arranged and managed Europe's first asset backed CBO — \$500m TAGS No.1 Plc. Andy also arranged and was responsible for managing a \$10bn asset backed CP programme — Thames Asset Global Securitisation Inc (“TAGS”). Andy is accredited with being one of the founders of the CDO market, developing innovative programs such as Rose Funding. Andy has 20 years experience in Europe of successfully managing over \$25bn in assets as diverse as corporate loans, leveraged loans, asset backed bonds, lease receivables and business cashflows. Andy has a BSc in Mechanical Engineering from Nottingham University.

Henrik Malmer joined Investec in September 2005 as Head of ABS/CDO Trading. He trades the proprietary trading book for IPF and plays an essential part in the risk management of the residential and commercial mortgage business and the CLO/CDO management business. Henrik has spent time at both Wachovia Securities and Bear Stearns in the role of ABS/CDO Secondary Trader as well as ABS/CDO Syndication. Henrik was also involved in the management of assets before their inclusion in 3rd party CDOs at Bear Stearns as well as playing an active role in the reverse engineering and fundamental analysis of ABS/CDOs for the trading desk and for CDO managers. He has a BSc in Economics and an MSc in Investment Management from Cass Business School and speaks Swedish, French and Spanish.

David Beadle joined Investec in May 2005, and today leads the Acquisition Finance credit analysis team. David is a Portfolio Manager for the Gresham Capital program and his role encompasses asset sourcing, as well as overseeing analysis of new and portfolio credits and trading activities in leveraged loans. Prior to Investec David was with NIB Capital for 3 years, where he led the origination and analysis team for the North Westerly CLO business. He previously spent 17 years with The Royal Bank of Scotland where he undertook a variety of front line and credit roles in Corporate Banking, culminating in 5 years in Leveraged Finance where he had

senior roles in both loan management (1998-2000) and origination of lead transactions (2000-2002). David is an Associate of the Chartered Institute of Bankers.

Duncan Smith joined Investec in early 2004 as an Analyst within the Acquisition Finance team. Since 2007 he has taken on a Portfolio Manager role. Prior to joining Investec Duncan worked for BDO for 7 years, formerly for 5 years in their Johannesburg office where he qualified as a Chartered Accountant and latterly for 2 years in their London office. He holds a Bachelor of Commerce (Honours) degree from the University of South Africa.

DESCRIPTION OF THE PORTFOLIO

1. Introduction

Pursuant to the Collateral Management Agreement, the Collateral Manager is required to act as the Issuer's manager in respect of 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 below. Pursuant to the Collateral Administration Agreement, the Collateral Administrator is required to perform certain calculations in relation to the Portfolio on behalf of the Issuer.

The acquisition of Portfolio Collateral by, or on behalf of, the Issuer has taken and will take place during three periods: (a) prior to the Issue Date; (b) during the Ramp-Up Period; and (c) during the period from the end of the Ramp-Up Period until the end of the Reinvestment Period. In certain limited circumstances, the Collateral Manager on behalf of the Issuer may acquire further Portfolio Collateral after the Reinvestment Period. The Issuer has purchased a portfolio of Senior Secured Loans from the Seller prior to the Issue Date. After the Issue Date and during the Ramp-Up Period, the net proceeds of the issue of the Notes deposited in the Pre-Funding Account will be applied in the acquisition of Additional Portfolio Collateral. From the Target Date the Issuer will have until the end of the Reinvestment Period to use amounts standing to the credit of the Additional Collateral Account to purchase further Portfolio Collateral.

The Collateral Manager on behalf of the Issuer is expected to acquire Portfolio Collateral having an aggregate Principal Balance of €325,000,000 (the "**Target Par Amount**" (with the Sterling amount of any Sterling Portfolio Collateral and the US\$ amount of any Dollar Portfolio Collateral being converted into Euro at the relevant Asset Swap Transaction Exchange Rate)) prior to the end of the Ramp-Up Period using amounts standing to the credit of the Pre-Funding Account, subject to the conditions described below.

The Portfolio Collateral purchased by the Collateral Manager on behalf of the Issuer during the Ramp-Up Period and the Reinvestment Period will be required to satisfy the Eligibility Criteria and the Reinvestment Criteria, respectively. After the Reinvestment Period, Unscheduled Principal Proceeds and Sale Proceeds of any Credit Improved Securities, at the option of the Collateral Manager and subject to certain restrictions, may be used to purchase Portfolio Collateral satisfying the Reinvestment Criteria and the Additional Reinvestment Criteria.

The Portfolio Collateral will be constituted and/or evidenced by the various trust deeds, indentures, loan agreements, swap agreements and other similar instruments applicable thereto.

2. The Portfolio

Portfolio Collateral has been purchased by the Issuer prior to the Issue Date pursuant to certain Collateral Acquisition Agreements (including the Portfolio Sale Agreement) and will be purchased by the Collateral Manager on behalf of the Issuer pursuant to certain Collateral Acquisition Agreements.

It is expected that on or about the Issue Date, the Issuer will have purchased from the Seller, Portfolio Collateral having an aggregate Principal Balance of at least 50 per cent. of the Target Par Amount. Portfolio Collateral sold by the Seller to the Issuer on or prior to the Issue Date will have been sold by the Seller, to the Issuer at par.

Any net proceeds of issue of the Notes remaining on the Issue Date which are not required to repay amounts outstanding owed by the Issuer to the Warehouse Lender under the Warehouse Facility Agreement, to pay various fees and expenses or to pay €1,400,000 into the Interest Collection Account, will be paid into the Pre-Funding Account on the Issue Date and the Collateral Manager (acting on behalf of the Issuer) may use amounts standing to the credit of such account to purchase Portfolio Collateral during the Ramp-Up Period, as described below.

3. Ramp-Up Period

The Ramp-Up Period will commence on the Issue Date and will end on the Target Date unless extended as described below. At any time during the Ramp-Up Period, amounts standing to the credit of the Pre-Funding Account may be applied in the acquisition of Additional Portfolio Collateral which satisfy the Eligibility Criteria. All Additional Portfolio Collateral must also be purchased by the Collateral Manager on behalf of the Issuer in a manner as provided in the Collateral Management Agreement.

Target Date: The Target Date shall be the earlier of (a) 26 March 2009 and (b) the date specified as such by the Collateral Manager in accordance with the terms of the Collateral Management Agreement. The Collateral Manager shall not specify the Target Date pursuant to paragraph (b) unless the Target Date Rating Requirements will be met on such date.

The Collateral Manager shall request that S&P confirms the ratings assigned by it on the Issue Date to the Class A Notes and the other Rated Notes within 30 days after the Target Date. In the event that the Collateral Manager does not receive from S&P within such 30 day period confirmation that the ratings assigned by S&P on the Issue Date to the Class A Notes and each other Class of the Rated Notes have not been reduced or withdrawn, the Target Date shall be extended to the earlier of (a) the date on which the Collateral Manager receives such confirmation from S&P (or in the event that any such ratings have been reduced or withdrawn, confirmation that such ratings have been reinstated), and (b) the Determination Date falling immediately after the date which but for such extension would have been the Target Date.

If the Target Date Rating Requirements are not achieved on the Target Date, then all further purchases of Portfolio Collateral shall cease until the Collateral Manager, acting on behalf of the Issuer, prepares and presents to S&P a plan setting forth the timing and manner of acquisition of Portfolio Collateral which will satisfy the Target Date Rating Requirements and such plan of acquisition is the subject of Rating Agency Confirmation.

If either (a)(i) the initial ratings of the Class A Notes and the other Rated Notes are downgraded or withdrawn by the Rating Agencies or (ii) S&P notifies the Issuer or the Collateral Manager on behalf of the Issuer that it intends to downgrade or withdraw its initial ratings of any of the Rated Notes, in each case upon request for confirmation thereof to S&P by the Collateral Manager, acting on behalf of the Issuer, following the Target Date; or (unless an Extraordinary Resolution of each Class of Noteholders specifies otherwise) amounts standing to the credit of the Pre-Funding Account will, on such Determination Date, be transferred to the Euro Payment Account and shall be deemed to constitute Euro Principal Proceeds for the purpose of the application of Principal Proceeds pursuant to the Priorities of Payment.

As of the Target Date the following criteria are required to be met (the “**Target Date Rating Requirements**”): (i) each of the Collateral Quality Tests, the Coverage Tests and paragraph (c) of the Eligibility Criteria are satisfied on such date; (ii) the aggregate of the Principal Balances of the Portfolio Collateral is at least 100 per cent. of the Target Par Amount and for the purposes of determining the aggregate Principal Balances of the Portfolio Collateral in connection with the Target Par Amount, any prepayments or repayments of the Portfolio Collateral after the Issue Date shall be disregarded and the Sterling amounts of any Sterling Portfolio Collateral and the US\$ amounts of any Dollar Portfolio Collateral the subject of an Asset Swap Transaction shall be an amount equal to the notional amount of such Asset Swap Transaction; and (iii) the occurrence of the Target Date has been subject of a Rating Agency Confirmation.

No further Portfolio Collateral may be purchased by the Collateral Manager on behalf of the Issuer after the Ramp-Up Period other than (a) during the Reinvestment Period and in accordance with the Reinvestment Criteria or (b) after the Reinvestment Period using Unscheduled Principal Proceeds or Sale Proceeds of any Credit Improved Securities, at the option of the Collateral Manager and subject to certain restrictions as set out in the Collateral Management Agreement and described in more details below. See “Sale of Portfolio Collateral and Reinvestment Criteria” below.

4. Eligibility Criteria

Each of the Senior Secured Loans, Second Lien Loans and Structured Finance Securities in the Portfolio Collateral will satisfy the “**Eligibility Criteria**” if each of the following conditions are satisfied at the time of acquisition thereof by the Issuer:

(a) It:

- (i) is an obligation of an obligor incorporated or established in one of (each a “**Qualifying Country**”)
 - (A) Austria, Belgium, Denmark, Finland, France, Germany, Republic of Ireland, Italy, Luxembourg, Liechtenstein, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland or the United Kingdom (including the Channel Islands and the Isle of Man) or
 - (B) any other EU Member State or other country the subject of Rating Agency Confirmation by S&P from time to time or
 - (C) any other EU Member State or other country with a foreign currency long term debt rating of at least “AA-” by S&P or
 - (D) the United States of America, *provided* that if any obligor incorporated or established in a jurisdiction mentioned in paragraph (A), (B), (C) or (D) falls

within the definition of Emerging Market Issuer, no obligation of that obligor shall satisfy the Eligibility Criteria set out in this paragraph (a)(i) and for the purposes of determining the jurisdiction of incorporation or establishment;

- (ii) is denominated in Euro (or is denominated in one of the predecessor currencies of those EU Member States which have adopted the Euro as their currency), Dollars or pounds Sterling and is not convertible into or payable in any other currency after acquisition, *provided* that where an obligation is denominated in a currency other than Euro, such obligation shall be deemed to satisfy this criteria if it is the subject of an Asset Swap Transaction pursuant to a Hedge Agreement swapping all non-Euro amounts into Euro amounts;
 - (iii) is a Senior Secured Loan, Second Lien Loan or Structured Finance Security *provided that* no Structured Finance Security that comprises a par value test as part of its events of default shall be eligible;
 - (iv) is not Margin Stock as defined under Regulation U issued by the Board of Governors of the United States Federal Reserve System;
 - (v) is not a Dutch Ineligible Security and if the obligor or obligors of a Senior Secured Loan, Second Lien Loan or Structured Finance Security is or are resident in, or incorporated under the laws of The Netherlands they must be acting in the conduct of a business or profession;
 - (vi) is an obligation in respect of which, following acquisition thereof by the Issuer by the selected method of transfer, (1) payments will not be subject to withholding or similar tax imposed by any jurisdiction including where this is pursuant to the operation of an applicable tax treaty subject to the completion of any procedural formalities or (2) the obligation provides for “gross-up” payments to the Issuer that cover the full amount of any withholding on an after-tax basis;
 - (vii) is an obligation which contractually provides for the payment of interest on a floating rate basis;
 - (viii) is not an obligation pursuant to which future advances (whether of a revolving or a fixed nature) may be required to be made by the Issuer;
 - (ix) where such obligation is a Senior Secured Loan or a Second Lien Loan, it must require at least 66⅔ per cent. consent of all lenders to the obligor thereunder for any change 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);
 - (x) is not a Project Finance Loan or a lease;
 - (xi) will not result in the imposition of any present or future, actual or contingent, monetary liabilities or obligations of the Issuer other than those (1) which may arise at its option; or (2) which are fully collateralised; or (3) owed to the agent bank in relation to the performance of its duties under a syndicated loan; or (4) which may arise as a result of an undertaking to participate in a financial restructuring of a Portfolio Collateral where such undertaking is contingent upon the repayment in full of such Portfolio Collateral on or before the time by which the Issuer is obliged to enter into the restructuring of the Portfolio Collateral and where the restructured Portfolio Collateral satisfies the Eligibility Criteria and such undertaking is envisaged in the initial underlying documents for such Portfolio Collateral and does not involve the advance of any new funds by the Issuer;
 - (xii) the assignees or transferees of any Portfolio Collateral are expressed to be entitled to the benefit of the security (in accordance with the terms of such Portfolio Collateral and if provided with respect to such Portfolio Collateral) for such Portfolio Collateral in all material respects;
 - (xiii) the acquisition of any Portfolio Collateral would not cause the Issuer to breach any law or regulation which prohibits the Issuer from acting as lender pursuant to the relevant Senior Secured Loan in the jurisdiction of the relevant Obligor;
 - (xiv) the Portfolio Collateral is not subject to stamp duty or any similar documentary tax on transfers;
- (b) (i) is not (A)(i) a Defaulted Loan or a Current Pay Obligation or a Credit Risk Security or (ii) a Portfolio Collateral which, in the reasonable business judgment of the Collateral Manager, has a

significant risk of declining in credit quality and, with a lapse of time, becoming a Defaulted Loan or, as the case may be, a Current Pay Obligation or, as the case may be, a Credit Risk Security, (B) a security whose repayment is subject to material non-credit related risk (for example, a Portfolio Collateral the payment of which is expressly contingent upon the non-occurrence of a catastrophe or a hurricane bond or any market value collateralised bond or debt obligation), as determined in the reasonable business judgment of the Collateral Manager or (C) a security that by the terms of its underlying instruments provides for mandatory conversion or exchange into equity capital or into a debt security with a weighted average life longer, or level of subordination or rating lower, than that of the original Portfolio Collateral at any time prior to its maturity;

- (ii) is capable of being sold, transferred or assigned to the Issuer and its acquisition by the Issuer will not breach any applicable selling or transfer restrictions;
 - (iii) is not the subject of an offer of exchange, conversion, or tender by its obligor, or by any other person, for cash, securities or any other type of consideration (other than for an obligation which is a Portfolio Collateral meeting the Eligibility Criteria and the Reinvestment Criteria), or to an optional redemption by its obligor which has been exercised, and is not convertible into equity at the option of the obligor, determined in the reasonable business judgment of the Collateral Manager, of such Portfolio Collateral;
 - (iv) provides for interest then payable to be payable at least semi-annually and provides for periodic payments of interest to be in cash no less frequently than semi-annually, *provided* that up to 5 per cent. of the Maximum Investment Amount may consist of Portfolio Collateral that provide for periodic payments of interest to be in cash less frequently than semi-annually but no less frequently than annually;
 - (v) is an obligation which does not have a S&P Rating or S&P credit estimate of below “B-”;
 - (vi) does not have a Stated Maturity which falls later than the Maturity Date of each Class of Notes, *provided* that subsequent to 18 July 2012, up to 1.75 per cent. of the Maximum Investment Amount may consist of Long Dated Collateral, *provided* that the Stated Maturity for the Long Dated Collateral does not extend beyond three years after the Maturity Date of the Class E Notes;
 - (vii) does not provide for a coupon rate or spread over the relevant index that decreases over time (other than debt obligations on which interest payments are based on a floating rate index or scheduled declining principal balance or due to a decrease from a default rate of interest to a non-default rate or an improvement in the obligor’s financial condition);
 - (viii) is not a Defaulted Loan or a Portfolio Collateral which, in the reasonable business judgement of the Collateral Manager, has a significant risk of declining in credit quality and, with the lapse of time, becoming a Defaulted Loan;
 - (ix) is not an interest only obligation, a PIK Obligation or a synthetic obligation;
 - (x) no Sterling Portfolio Collateral may be purchased unless it is the subject of an Asset Swap Transaction pursuant to a Hedge Agreement swapping all Sterling amounts into Euro amounts; and
 - (xi) no Dollar Portfolio Collateral may be purchased unless it is the subject of an Asset Swap Transaction pursuant to a Hedge Agreement swapping all Dollar amounts into Euro amounts.
- (c) with respect of the acquisition of any Portfolio Collateral after the Target Date, each of the following requirements must be satisfied:
- (i) no Second Lien Loans or Structured Finance Securities may be purchased if, following such purchase, more than 10 per cent. of the Maximum Investment Amount will consist of Second Lien Loans and Structured Finance Securities;
 - (ii) no Portfolio Collateral may be acquired which consists of an obligation in respect of which the obligor is incorporated or established under the laws of the United States of America or any state of the United States of America if, following such purchase, more than 20 per cent. of the Maximum Investment Amount will consist of obligations in respect of which the obligors are

incorporated or established under the laws of the United States of America or any state of the United States of America;

- (iii) no Non-Euro Portfolio Collateral denominated in Sterling may be purchased if, following such purchase, more than 40 per cent. of the Maximum Investment Amount (the “**Aggregate Sterling Limit**”) will consist of Non-Euro Portfolio Collateral denominated in Sterling, *provided* that the Aggregate Sterling Limit will be reduced from time to time by an amount equal to the Cumulative Sterling Realised Losses from time to time;
- (iv) no Non-Euro Portfolio Collateral denominated in Dollars may be purchased if, following such purchase, more than 10 per cent. of the Maximum Investment Amount (the “**Aggregate Dollar Limit**”) will consist of Non-Euro Portfolio Collateral denominated in Dollar, *provided* that the Aggregate Dollar Limit will be reduced from time to time by an amount equal to the Cumulative Dollar Realised Losses from time to time;
- (v) the aggregate principal amount of Senior Secured Loans of any single obligor may not be more than €10,000,000, save that in the case of up to four obligors, the aggregate principal amount of Senior Secured Loans of two such obligors may equal up to €15,000,000 each and the aggregate principal amount of Senior Secured Loans of the other two such obligors may equal up to €12,500,000 each; and
- (vi) the aggregate principal amount of Second Lien Loans and Structured Finance Securities of any single obligor may not be more than €10,000,000, save that in the case of up to four obligors, the aggregate principal amount of Second Lien Loans and Structured Finance Securities of two such obligors may equal up to €15,000,000 each and the aggregate principal amount of Second Lien Loans and Structured Finance Securities of the other two such obligors may equal up to €12,500,000 each.

For the purposes of the Eligibility Criteria, any Sterling amounts or any Dollar amounts which are to be converted into Euro shall be converted using the applicable Asset Swap Transaction Exchange Rate.

The failure by any Portfolio Collateral to satisfy any of the Eligibility Criteria at any time after its acquisition shall be of no consequence.

For the purposes of the Eligibility Criteria:

“**Cumulative Dollar Defaults**” means the principal amount outstanding of all Dollar Portfolio Collateral which have become Defaulted Loans since the Issue Date.

“**Cumulative Dollar Realised Losses**” means Cumulative Dollar Defaults minus Cumulative Dollar Realised Recoveries.

“**Cumulative Dollar Realised Recoveries**” means all recoveries received in respect of Dollar Portfolio Collateral since the Issue Date.

“**Cumulative Sterling Defaults**” means the principal amount outstanding of all Sterling Portfolio Collateral which have become Defaulted Loans since the Issue Date.

“**Cumulative Sterling Realised Losses**” means Cumulative Sterling Defaults minus Cumulative Sterling Realised Recoveries.

“**Cumulative Sterling Realised Recoveries**” means all recoveries received in respect of Sterling Portfolio Collateral since the Issue Date.

“**PIK Obligation**” means any obligation that is permitted under its terms to: (a) provide payment of interest through the issuance of additional obligations identical to such obligation or additions to the principal amount thereof for an unspecified period in the future; or (b) where it is possible, prior to the principal balance of such obligation having been reduced to zero by allocation of losses arising from the underlying portfolio, to divert interest due to such obligation directly towards repayment of principal of a senior obligation in the event that certain non-performance levels are reached; *provided* that such obligation may be considered not to be a PIK Obligation if Rating Agency Confirmation is obtained.

“**Project Finance Loan**” means a loan obligation under which the obligor is obliged to make payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of payments) on revenues arising from infrastructure assets, including, without limitation:

- (i) the sale of products, such as electricity, water, gas and oil, generated by one or more infrastructure assets in the utility industry by a special purpose entity;
- (ii) user 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.

5. Sale of Portfolio Collateral and Reinvestment Criteria

(a) General

The Collateral Manager (acting on behalf of the Issuer) is permitted in certain circumstances and subject to certain requirements, all as set out below, to sell Portfolio Collateral, during the Reinvestment Period and, to a limited extent, after the Reinvestment Period, to reinvest the Sale Proceeds thereof in Additional Portfolio Collateral. The sale and reinvestment of any Portfolio Collateral will be required to comply with the provisions set out below, including meeting the Eligibility Criteria and, after the Ramp-Up Period, the Reinvestment Criteria and, after the Reinvestment Period, the Reinvestment Criteria and the Additional Reinvestment Criteria.

(b) Conditions of Sale and/or Reinvestment in Additional Portfolio Collateral

The Collateral Manager (acting on behalf of the Issuer) may dispose of any Portfolio Collateral which is permitted to be sold in the circumstances provided below, *provided* that:

- (i) no Issuer Event of Default has occurred and is continuing;
- (ii) in the case of a proposed disposal of a Portfolio Collateral, either (i) it is a Credit Improved Security, a Credit Risk Security or a Defaulted Loan applies or (ii) the aggregate of the Principal Balances of the Portfolio Collateral sold during the calendar year commencing on (and including) the Target Date and each anniversary thereof (excluding from this calculation, the Principal Balances of the Portfolio Collateral acquired out of the Sale Proceeds received pursuant to a disposal referred to in paragraphs (c) (*Sale of Credit Improved Securities*) to (g) (*Sale of Equity Securities*) (inclusive) below) when aggregated with the Principal Balances of the Portfolio Collateral to be sold does not exceed 20 per cent. of the Maximum Investment Amount determined as at the beginning of each calendar year, *provided* that the discretionary sales referred to in this paragraph (b)(ii) will only be permitted during the Reinvestment Period;
- (iii) except in the case of Sale Proceeds from a Credit Risk Security or a Defaulted Loan, the Collateral Manager certifies that it believes in its reasonable business judgement that the Sale Proceeds may be reinvested in one or more Portfolio Collateral within 20 Business Days of receipt of such Sale Proceeds;
- (iv) in the case of a sale of a Portfolio Collateral which is a Credit Risk Security, a Credit Improved Security or a Defaulted Loan, the Collateral Manager certifies that such Portfolio Collateral is a Credit Risk Security, Credit Improved Security or Defaulted Loan;
- (v) after giving effect to the sale of any Portfolio Collateral, each of the Collateral Quality Tests is satisfied or, if not satisfied immediately prior to such sale, is maintained or improved after giving effect to the sale of such Portfolio Collateral; and
- (vi) the Collateral Manager has received from the Collateral Administrator the certificate in respect of such sale described below.

In respect of any disposal referred to above, the Collateral Manager shall use its reasonable efforts to reinvest the relevant Sale Proceeds in Additional Portfolio Collateral at any time prior to the end of the Due Period in which such Sale Proceeds were received, *provided* that:

- (i) no Issuer Event of Default shall have occurred and be continuing;
- (ii) all Additional Portfolio Collateral must meet the Reinvestment Criteria and Additional Reinvestment Criteria (if applicable) at the time of acquisition thereof;
- (iii) during the Reinvestment Period, Additional Portfolio Collateral may be purchased using Principal Proceeds or Sale Proceeds of all Portfolio Collateral and after the Reinvestment Period, Additional Portfolio Collateral may be purchased, at the option of the Collateral Manager, using Unscheduled Principal Proceeds or Sale Proceeds of any Credit Improved Securities; and
- (iv) the Collateral Manager has received from the Collateral Administrator the certificate in respect of such reinvestment described below.

Prior to any such sale and (if applicable) prior to investment or reinvestment in Additional Portfolio Collateral, the Collateral Manager shall request from the Collateral Administrator a certificate described below, which request shall specify all necessary details of the Portfolio Collateral to be sold and (if applicable) the proposed Additional Portfolio Collateral to be purchased.

The Collateral Manager shall not sell any Portfolio Collateral or (if applicable) invest or reinvest the proceeds from any such sale unless it has received from the Collateral Administrator prior to any such sale and (if applicable) investment or reinvestment a certificate certifying whether the relevant criteria which are required to be satisfied in connection with any such sale, investment or reinvestment are satisfied and, in particular, that:

- (i) in the case of investment and/or reinvestment in Additional Portfolio Collateral, the Reinvestment Criteria and Additional Reinvestment Criteria (as applicable) will be satisfied upon such reinvestment; and
- (ii) the aggregate of the Principal Balances of the Portfolio Collateral substituted in that year (other than those acquired out of the Sale Proceeds received pursuant to a disposal referred to in paragraphs (c) (*Sale of Credit Improved Securities*) to (g) (*Sale of Equity Securities*) (inclusive)) when aggregated with the Principal Balances of the Portfolio Collateral to be sold does not exceed 20 per cent. of the Maximum Investment Amount determined as at the beginning of each twelve month period, *provided* that the discretionary sales referred to in this paragraph (ii) will only be permitted during the Reinvestment Period.

If any such criteria are not satisfied, the Collateral Administrator shall notify the Collateral Manager of the reasons and the extent to which such criteria are not satisfied.

(c) Sale of Credit Improved Securities

The Collateral Manager (acting on behalf of the Issuer) may sell Credit Improved Securities at any time and, during the Reinvestment Period, reinvest the Sale Proceeds thereof in Additional Portfolio Collateral, in each case, subject to the conditions set out in paragraph (b) (*Conditions of Sale and/or Reinvestment in Additional Portfolio Collateral*) above. In addition, after the Reinvestment Period, the Sale Proceeds of any Credit Improved Securities sold will be either (a) reinvested by the Collateral Manager (acting on behalf of the Issuer) in Additional Portfolio Collateral if the Reinvestment Criteria and the Additional Reinvestment Criteria are satisfied and the Collateral Manager will use commercially reasonable efforts to reinvest such Sale Proceeds within 20 Business Days of receipt of such Sale Proceeds, or (b) deposited in the Principal Collection Account or Sterling Principal Account, as applicable, and disbursed in accordance with the Priorities of Payment on the first Payment Date following the Due Period in which such sale occurs.

(d) Sale of Credit Risk Securities

The Collateral Manager (acting on behalf of the Issuer) may sell Credit Risk Securities at any time and, during the Reinvestment Period, reinvest the Sale Proceeds thereof in Additional Portfolio Collateral, in each case, subject to the conditions set out in paragraph (b) (*Conditions of Sale and/or Reinvestment in Additional Portfolio Collateral*) above. After the Reinvestment Period, the Sale Proceeds of any Credit Risk Securities sold will be deposited in the Principal Collection Account or Sterling Principal Account, as applicable, and disbursed in accordance with the Priorities of Payment on the first Payment Date following the Due Period in which such sale occurs.

(e) Sale of Defaulted Loans

The Collateral Manager (acting on behalf of the Issuer) may sell any Defaulted Loan at any time following such Portfolio Collateral becoming a Defaulted Loan and, during the Reinvestment Period, reinvest the Sale Proceeds thereof in Additional Portfolio Collateral subject to the conditions set out in paragraph (b) (*Conditions of Sale and/or Reinvestment in Additional Portfolio Collateral*) above. After the Reinvestment Period, the Sale Proceeds of any Defaulted Loan sold shall be deposited in the Principal Collection Account, Dollar Principal Account or Sterling Principal Account, as applicable, and disbursed in accordance with the Priorities of Payment on the first Payment Date following the Due Period in which such sale occurs.

(f) **Unscheduled Principal Proceeds**

During the Reinvestment Period, the Collateral Manager (acting on behalf of the Issuer) may reinvest all Unscheduled Principal Proceeds received in Additional Portfolio Collateral; *provided* that any such Additional Portfolio Collateral is not a Dutch Ineligible Security such that, after such reinvestment, the Reinvestment Criteria and the other requirements as set out in paragraph (b) (*Conditions of Sale and/or Reinvestment in Additional Portfolio Collateral*) are satisfied as set out therein.

The Collateral Manager shall use all commercially reasonable efforts to apply Unscheduled Principal Proceeds in the acquisition of one or more Additional Portfolio Collateral satisfying the Reinvestment Criteria prior to the end of the Due Period immediately following the Due Period in which such Unscheduled Principal Proceeds were received.

Following the expiry of the Reinvestment Period:

- (i) Unscheduled Principal Proceeds which constitute cash received on Defaulted Obligations may not be reinvested;
- (ii) other Unscheduled Principal Proceeds may be reinvested by the Collateral Manager (acting on behalf of the Issuer) such that, after such reinvestment, the Reinvestment Criteria, the Additional Reinvestment Criteria and the other requirements paragraph (b) (*Conditions of Sale and/or Reinvestment in Additional Portfolio Collateral*) are satisfied as set out therein; and
- (iii) Unscheduled Principal Proceeds not reinvested prior to the end of the Due Period immediately following the Due Period in which such proceeds were received shall be disbursed in accordance with the Priority of Payments on the next following Payment Date.

(g) **Reinvestment Criteria and Additional Reinvestment Criteria**

During the Reinvestment Period, Euro Principal Proceeds and Uninvested Proceeds shall, and after the end of the Reinvestment Period certain Unscheduled Principal Proceeds and Sale Proceeds of any Credit Improved Securities may, be reinvested by the Collateral Manager (acting on behalf of the Issuer) in Additional Portfolio Collateral if, prior to and immediately after such reinvestment, the criteria set out below (the “**Reinvestment Criteria**”) are satisfied. The Reinvestment Criteria are as follows:

- (i) the Coverage Tests and the Collateral Quality Tests are required to be satisfied or (in respect of the reinvestment of Uninvested Proceeds, Unscheduled Principal Proceeds permitted to be reinvested and Sale Proceeds of Credit Improved Securities), to the extent not so satisfied:
 - (A) if, immediately prior to any such acquisition of any Additional Portfolio Collateral, any Coverage Test was not satisfied, such Coverage Test (other than with respect to the reinvestment of (i) Principal Proceeds from Defaulted Loans in which case the Coverage Tests must be satisfied immediately prior to and immediately after any such acquisition and (ii) Principal Proceeds from Portfolio Collateral (other than Unscheduled Principal Proceeds), in which case the Coverage Tests must be satisfied after giving effect to such acquisition) must be maintained or improved after giving effect to such acquisition (compared with the results of such Coverage Test prior to any sale generating the Sale Proceeds used to fund the relevant acquisition);
 - (B) if, immediately prior to any such acquisition of any Additional Portfolio Collateral, the Weighted Average Life Test was not satisfied, the Weighted Average Life must be less than or equal to the Weighted Average Life immediately prior to such acquisition;

- (C) if, immediately prior to any such acquisition of any Additional Portfolio Collateral, the Minimum Weighted Average Spread Test was not satisfied, the Minimum Weighted Average Spread must be greater than or equal to the Minimum Weighted Average Spread immediately prior to such acquisition;
 - (D) if, immediately prior to any such acquisition of any Additional Portfolio Collateral, the S&P Minimum Weighted Average Recovery Rate Test was not satisfied, the S&P Minimum Weighted Average Recovery Rate must be greater than or equal to the S&P Minimum Weighted Average Recovery Rate immediately prior to such acquisition;
 - (E) if, immediately prior to any such acquisition of any Additional Portfolio Collateral, the CDO Monitor Test was not satisfied, if the acquisition is to be made with Sale Proceeds other than those from the sale of a Credit Risk Security or a Defaulted Loan, the Class A Loss Differential, the Class B Loss Differential, the Class C Loss Differential or the Class D Loss Differential, respectively, of the Proposed Portfolio is no worse than the Class A Loss Differential, the Class B Loss Differential, the Class C Loss Differential or the Class D Loss Differential, respectively, determined in respect of the Portfolio existing prior to the purchase or sale of such Portfolio Collateral;
- (ii) the acquisition satisfies paragraphs (a), (b) and (c) of the definition of “Eligibility Criteria” or, if any such restriction contained in paragraph (c) of the definition of “Eligibility Criteria” is not satisfied prior to any acquisition of any Additional Portfolio Collateral, such limit is maintained or improved after giving effect to the acquisition from the position prior to the relevant acquisition or, if the acquisition was funded with Sale Proceeds, prior to the sale generating such Sale Proceeds;
 - (iii) the purchase price of any Additional Portfolio Collateral on or after the Target Date is equal to or less than its Principal Balance unless the Reinvestment OC Test is met immediately prior to the acquisition;
 - (iv) if the acquisition of the Additional Portfolio Collateral is to be funded from the Sale Proceeds of a Credit Risk Security or Defaulted Loan, the Principal Balance of the applicable Additional Portfolio Collateral is at least equal to the Sale Proceeds of the obligation being sold to fund the relevant acquisition unless the Reinvestment OC Ratio is at least equal to or higher than the Initial Reinvestment OC Ratio after such reinvestment; and
 - (v) if the acquisition of the Additional Portfolio Collateral is to be funded from the Sale Proceeds of any Portfolio Collateral (other than those set out in paragraph (iv) above), the Additional Portfolio Collateral being acquired must have a Principal Balance equal to, or greater than, 100 per cent. of the Principal Balance of the Portfolio Collateral being sold unless the Reinvestment OC Ratio is at least equal to or higher than the Initial Reinvestment OC Ratio after such reinvestment.

Following the Reinvestment Period, any Unscheduled Principal Proceeds that the Collateral Manager is permitted to reinvest as referred to in paragraph (h) (*Unscheduled Principal Proceeds*) above and Sale Proceeds from any Credit Improved Security, may be reinvested by the Collateral Manager (acting on behalf of the Issuer) in Additional Portfolio Collateral if, immediately before and after such reinvestment, the Reinvestment Criteria are satisfied and the additional criteria set out below (the “**Additional Reinvestment Criteria**”) are satisfied:

- (i) the Reinvestment OC Ratio is equal to or higher than 105.2 per cent. immediately prior to such reinvestment and each Coverage Test has been satisfied;
- (ii) (A) the ratings of the Class A Notes have not been reduced by one or more rating sub categories from those assigned on the Issue Date or withdrawn by any S&P (other than following a redemption of the relevant Notes in full); or
 - (B) the ratings of the Class B Notes, Class C Notes or Class D Notes have not been reduced by two or more rating sub categories from those assigned on Issue Date or withdrawn by S&P (other than following a redemption of the relevant Notes in full);
- (iii) the Weighted Average Life Test is met; and
- (iv) Either:

- (A) none of the Class A Scenario Loss Rate, the Class B Scenario Loss Rate, the Class C Scenario Loss Rate, the Class D Scenario Loss Rate will not deteriorate as a result of such reinvestment; or
- (B) the S&P Rating of the Portfolio Collateral being acquired is not lower than the S&P Rating of the Portfolio Collateral that has yielded Unscheduled Principal Proceeds or, as the case may be, Sale Proceeds and the ultimate maturity of date of the Portfolio Collateral being acquired is not later than that of the Portfolio Collateral that has yielded Unscheduled Principal Proceeds or, as the case may be, Sale Proceeds.

In determining whether the Reinvestment Criteria or the Additional Reinvestment Criteria will be satisfied by the purchase of any Additional Portfolio Collateral, the Collateral Manager will apply the Collateral Quality Tests and paragraphs (b) and (c) of the Eligibility Criteria to (i) the Portfolio prior to such purchase, as if any such Portfolio Collateral which has been sold or prepaid, but not replaced were deemed to remain in the Portfolio and (ii) the Portfolio as if such purchase had been made with the proposed Additional Portfolio Collateral being treated as replacing the same principal amount of any Portfolio Collateral that has been sold or prepaid as the Collateral Manager may in its discretion select, with any other Portfolio Collateral that has been sold or prepaid but not replaced being deemed to remain in the Portfolio. The application of the Collateral Quality Test will not apply following the sale of a Credit Risk Security or a Defaulted Loan.

It is expected that the Collateral Manager will reinvest Sale Proceeds, to the extent permitted or required as described above, in Additional Portfolio Collateral promptly following such sale. In certain of the circumstances described above, the Collateral Manager is required to reinvest such Sale Proceeds on a best efforts basis within specified time limits. In the event that the Collateral Manager does not immediately apply any such Sale Proceeds in the acquisition or exercise of Additional Portfolio Collateral, it shall procure that such amounts are paid into the Additional Collateral Account and will notify the Collateral Administrator that such amounts have been designated for reinvestment pursuant to the provisions of the Collateral Management Agreement, together with details of the time limits for such reinvestment applicable thereto. In the event that the Collateral Manager fails to reinvest any such designated Sale Proceeds within the time limits prescribed in the Collateral Management Agreement, they will cease to be designated for reinvestment and will be treated as Principal Proceeds for the applicable Due Period and paid out in accordance with the Priorities of Payment on the next following Payment Date.

(h) Margin Stock and Dutch Ineligible Securities

The Collateral Management Agreement requires that the Collateral Manager, on behalf of the Issuer, will sell any Portfolio Collateral which is or at any time becomes Margin Stock (as defined under Regulation U issued by the Board of Governors of the United States Federal Reserve System) or a Dutch Ineligible Security, as soon as practicable following such event.

(i) Redemption of the Notes or Enforcement

In the event of an optional redemption of the Notes pursuant to the Conditions or upon receipt of notification from the Trustee of the enforcement of the security over the Collateral, the Collateral Manager will (at the direction of the Trustee following the enforcement of such security) sell all or part of the Portfolio in order to fund such redemption or prepayment without regard to the foregoing limitations, subject always to any limitations or restrictions set out in the Conditions and the Trust Deed.

(j) Euro Principal Proceeds, Dollar Principal Proceeds and Sterling Principal Proceeds

The Collateral Management Agreement shall provide that the Collateral Manager, on behalf of the Issuer, may only use Euro Principal Proceeds to acquire Euro Portfolio Collateral, Dollar Principal Proceeds to acquire Dollar Portfolio Collateral and Sterling Principal Proceeds to acquire Sterling Portfolio Collateral, *provided* that a Portfolio Collateral denominated in Dollar, Sterling or any other non-Euro currency may be acquired by the Collateral Manager on behalf of the Issuer using Euro Principal Proceeds if such Portfolio Collateral is the subject of an Asset Swap Transaction pursuant to a Hedge Agreement swapping the Dollar, Sterling or non-Euro amounts received on such Portfolio Collateral into Euro.

6. Non-Euro Denominated Loans

In determining any Coverage Test, the Reinvestment OC Test and any Collateral Quality Test, the outstanding Sterling principal or interest amount in respect of a Sterling Portfolio Collateral will be converted

into Euro at the relevant Asset Swap Transaction Exchange Rate for Sterling, and the outstanding Dollar principal or interest amount in respect of a Dollar Portfolio Collateral will be converted into Euro at the relevant Asset Swap Transaction Exchange Rate.

In determining any Coverage Test, the Reinvestment OC Test and any Collateral Quality Test, the outstanding non-Euro principal or interest amount in respect of a Non-Euro Portfolio Collateral will be converted into Euro at the Asset Swap Transaction Exchange Rate.

7. The Collateral Quality Tests

(a) General

The Collateral Quality Tests will be used primarily as the criteria for purchasing Portfolio Collateral. The “**Collateral Quality Tests**” will consist of the Weighted Average Life Test, the Minimum Weighted Average Spread Test, the S&P Minimum Weighted Average Recovery Rate Test and the CDO Monitor Test. The Collateral Administrator will carry out the Collateral Quality Tests:

- (i) as of the Target Date;
- (ii) before and immediately after a substitution of, or a default under, a Portfolio Collateral;
- (iii) before and immediately after the date of acquisition of any Additional Portfolio Collateral;
- (iv) the 18th day of each month after the Target Date commencing in December 2008 (or if such day is not a Business Day, the following Business Day);
- (v) each Determination Date after the Target Date; and
- (vi) with reasonable notice, on any Business Day requested by S&P or the Trustee,

(any such date, a “**Measurement Date**”).

(b) The Weighted Average Life Test

The “**Weighted Average Life Test**” will be satisfied as of any Measurement Date falling on or after the Target Date if the Weighted Average Life on such Measurement Date is equal to or less than the number of years (including any fraction of a year) set out in the second column of the table below corresponding to the relevant Measurement Date.

Measurement Date falling between	Required Weighted Average Life
July 2008 to July 2009	11 years
July 2009 to July 2010	10 years
July 2010 to July 2011	9 years
July 2011 to July 2012	8 years
July 2012 to July 2013	7 years
July 2013 to July 2014	6 years
July 2014 to July 2015	5 years
July 2015 to July 2016	4 years
July 2016 to July 2017	3 years
July 2017 to July 2018	2 years
July 2018 and after	1 year

“**Weighted Average Life**” means as of any Measurement Date, an amount of years obtained by (i) summing the products obtained by multiplying (A) the Average Life at that time of each Portfolio Collateral; and (B) the Principal Balance at that time of the Portfolio Collateral; and (ii) dividing such sum by the aggregate Principal Balance at that time of all Portfolio Collateral.

“**Average Life**” means, in respect of any Portfolio Collateral, an amount equal to (a) the aggregate of the products obtained by multiplying each scheduled principal payment due on the relevant Portfolio Collateral by the remaining number of years (rounded to the nearest hundredth) until such scheduled principal payment is due, divided by (b) the total of all scheduled principal payments due on such Portfolio Collateral.

(c) The Minimum Weighted Average Spread Test

The “**Minimum Weighted Average Spread Test**” will be satisfied as of any Measurement Date from (and including) the Target Date if the Weighted Average Spread 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 will equal the number required by the S&P Test Matrix (in each instance based upon the case specified therein which is applicable as at such Measurement Date).

There shall not be included in the calculation of the Weighted Average Spread or any component thereof, any Defaulted Loan and any spread paid less frequently than annually.

The “**Weighted Average Spread**” as of any Measurement Date will equal the sum of (A) an amount (rounded up to the next 0.001 per cent.) determined by multiplying the Principal Balance of each Euro Portfolio Collateral by the per annum spread over the applicable EURIBOR (or in the case of Non-Euro Portfolio Collateral, over the applicable spread over EURIBOR payable under the related Asset Swap Transaction) provided that for CMBS with an Available Funds Cap, such per annum rate shall be the lower of zero or the rate as advised by S&P and (b) aggregating the amounts determined pursuant to paragraph (a) for all Euro Portfolio Collateral and Non-Euro Portfolio Collateral, and (c) dividing such amount by the aggregate of the Principal Balances of all Euro Portfolio Collateral and Non-Euro Portfolio Collateral.

The “**Available Funds Cap**” means, in respect of a CMBS, that if on any interest payment date thereunder there are insufficient funds to pay interest in respect of that CMBS, then in accordance with the terms of the relevant Underlying Instrument, such shortfall shall be extinguished and the Issuer would have no further claim against the obligor of such CMBS in respect of such amounts.

(d) The S&P Minimum Weighted Average Recovery Rate Test

The “**S&P Minimum Weighted Average Recovery Rate Test**” will be satisfied as of any Measurement Date on or after the Target Date if the S&P Minimum Average Recovery Rate on such Measurement Date equals or exceeds the amount specified in the S&P Test Matrix which is applicable under the S&P Quality Case selected by the Issuer at the recommendation of the Collateral Manager, provided that: (a) the recovery rate applicable to RMBS and CMBS obligations where any underlying obligor is resident in the United States shall be subject to Rating Agency Confirmation; and (b) the recovery rate applicable to Second Lien Loans where the obligor is a resident of the United States shall be the most recently published recovery rate by S&P.

The “**S&P Minimum Average Recovery Rate**”, as of any Measurement Date, is the percentage obtained by aggregating the products obtained by multiplying the Principal Balance of each Portfolio Collateral by its S&P Priority Category Recovery Rate as set forth in the table representing such percentages in the Collateral Administration Agreement. For the purposes of determining the S&P Minimum Average Recovery Rate, (a) the Principal Balance of a Defaulted Loan will be deemed to be equal to its outstanding principal amount; and (b) Defaulted Loans of the type described in paragraphs (d) or (e) of the definition of Defaulted Loan shall not be included in the calculations of Principal Balances for the purposes of the S&P Minimum Average Recovery Rate.

The “**S&P Test Matrix**” is set out in the Collateral Management Agreement.

(e) CDO Monitor Test

The “**CDO Monitor Test**” means the test which will be satisfied as of any Measurement Date on or after the Target Date until the end of the Reinvestment Period, after giving effect to the purchase or sale of any Portfolio Collateral, each of the Class A Loss Differential, the Class B Loss Differential, the Class C Loss Differential, the Class D Loss Differential and the Class E Loss Differential of the Proposed Portfolio, is (i) positive or (ii) greater than or equal to the Class A Loss Differential, the Class B Loss Differential, the Class C Loss Differential, the Class D Loss Differential and the Class E Loss Differential of the Current Portfolio, all in accordance with the provisions set forth in the Collateral Management Agreement.

The “**Class A Break Even Loss Rate**”, at any time, is the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the CDO Monitor, which after giving effect to S&P’s assumptions on recoveries and timing and

to the Priorities of Payment, will result in sufficient funds remaining for the ultimate payment of the Class A Notes in full and the timely payment of interest on the Class A Notes.

The “**Class A Loss Differential**”, at any time, is the rate calculated by subtracting the Class A Scenario Loss Rate at such time from the Class A Break Even Loss Rate at that time.

The “**Class A Scenario Loss Rate**”, at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with an “AA” rating of the Class A Notes by S&P, determined by application of the CDO Monitor at such time.

The “**Class B Break Even Loss Rate**” at any time, is the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the CDO Monitor, which after giving effect to S&P’s assumptions on recoveries and timing and to the Priorities of Payment, will result in sufficient funds remaining for the ultimate payment of the Class B Notes in full and the ultimate payment of interest on the Class B Notes.

The “**Class B Loss Differential**” at any time, is the rate calculated by subtracting the Class B Scenario Loss Rate at such time from the Class B Break Even Loss Rate at such time.

The “**Class B Scenario Loss Rate**” at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a “A-” rating of the Class B Notes by S&P determined by application of the CDO Monitor at such time.

The “**Class C Break Even Loss Rate**” at any time, is the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the CDO Monitor, which after giving effect to S&P’s assumptions on recoveries and timing and to the Priorities of Payment, will result in sufficient funds remaining for the ultimate payment of the Class C Notes in full and the ultimate payment of interest on the Class C Notes.

The “**Class C Loss Differential**” at any time, is the rate calculated by subtracting the Class C Scenario Loss Rate at such time from the Class C Break Even Loss Rate at that time.

The “**Class C Scenario Loss Rate**” at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a “BBB-” rating of the Class C Notes by S&P, determined by application of the CDO Monitor at such time.

The “**Class D Break Even Loss Rate**” at any time, is the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the CDO Monitor, which after giving effect to S&P’s assumptions on recoveries and timing and to the Priorities of Payment, will result in sufficient funds remaining for the ultimate payment of the Class D Notes in full and the ultimate payment of interest on the Class D Notes.

The “**Class D Loss Differential**” at any time, is the rate calculated by subtracting the Class D Scenario Loss Rate at such time from the Class D Break Even Loss Rate at such time.

The “**Class D Scenario Loss Rate**” at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a “BB-” rating of the Class D Notes by S&P determined by application of the CDO Monitor at such time.

The “**Current Portfolio**” means the portfolio (measured by Principal Balance) of Portfolio Collateral, Euro Principal Proceeds, Sterling Principal Proceeds, Dollar Principal Proceeds and Uninvested Proceeds held as cash and Eligible Investments purchased with Euro Principal Proceeds, Sterling Principal Proceeds, Dollar Principal Proceeds, or Uninvested Proceeds existing immediately prior to the sale, maturity or other disposition of a Portfolio Collateral or a proposed purchase of a Portfolio Collateral, as the case may be.

The “**Proposed Portfolio**” means the portfolio (measured by Principal Balance) of Portfolio Collateral, Euro Principal Proceeds, Dollar Principal Proceeds, Sterling Principal Proceeds and Uninvested Proceeds held as cash and Eligible Investments purchased with Euro Principal Proceeds, Dollar Principal Proceeds, Sterling Principal Proceeds or Uninvested Proceeds resulting from the sale, maturity or other disposition of a Portfolio Collateral or a proposed purchase of a Portfolio Collateral, as the case may be.

The “**CDO Monitor**” is the dynamic, analytical computer model developed by S&P used to estimate default risk of Portfolio Collateral and provided to the Collateral Manager and the Collateral Administrator on or before the Issue Date, as it may be modified by S&P from time to time. The CDO Monitor calculates the cumulative default rate of a pool of Portfolio Collateral consistent with a specified benchmark rating level based upon S&P’s proprietary corporate debt default studies. In calculating the Class A Scenario Loss Rate, the Class B Scenario Loss Rate, the Class C Scenario Loss Rate and the Class D Scenario Rate, the CDO Monitor considers each obligor’s most senior unsecured debt rating, the number of obligors in the Portfolio, the obligor and industry concentration in the Portfolio and the remaining weighted average life of the Portfolio Collateral and calculates a cumulative default rate based on the statistical probability of distributions of defaults on the Portfolio Collateral and Eligible Investments.

There can be no assurance that the actual defaults of the Portfolio Collateral or the timing of defaults will not exceed those assumed in the application of the CDO Monitor or that recovery rates with respect thereto will not differ from those assumed in the CDO Monitor Test. S&P makes no representation that actual defaults will not exceed those determined by the CDO Monitor. The ratings of Rated Notes may become subject to review for potential downgrade due to the Collateral Manager’s inability to sell Portfolio Collateral deemed Credit Risk Securities by the Collateral Manager. None of the Issuer, the Collateral Manager and the Seller makes any representation as to the expected rate of defaults of the Portfolio Collateral or the timing of the defaults or as to the expected recovery rate or the timing of recoveries.

(f) CDO Monitor Test after the Reinvestment Period

After the Reinvestment Period, the CDO Monitor Test will be satisfied if after giving effect to the purchase or sale of a Portfolio Collateral, the Class A Loss Differential, the Class B Loss Differential, the Class C Loss Differential and the Class D Loss Differential, respectively, of the Proposed Portfolio is no worse than the Class A Loss Differential, the Class B Loss Differential, the Class C Loss Differential and the Class D Loss Differential, respectively, determined in respect of the Portfolio existing prior to the purchase or sale of such Portfolio Collateral.

8. The Coverage Test and Reinvestment OC Test

The Coverage Tests will consist of the Senior Interest Coverage Test, the Senior Overcollateralisation Ratio Test, the Class B Overcollateralisation Ratio Test, the Class C Overcollateralisation Ratio Test and the Class D Overcollateralisation Ratio Test. The Coverage Tests will be used primarily to determine whether interest may be paid on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, whether amounts standing to the credit of the Pre-Funding Account may be drawn and invested in Additional Portfolio Collateral and whether Euro Principal Proceeds, Dollar Principal Proceeds or Sterling Principal Proceeds may be reinvested in Additional Portfolio Collateral, or whether Euro Principal Proceeds or Sterling Principal Proceeds or Dollar Principal Proceeds and, to the extent needed, funds which would otherwise be used to pay interest and other unpaid expenses set out in the Priorities of Payment must instead be used to redeem and repay, as applicable, the Class A Notes and the other Notes.

In the event that the Senior Coverage Tests (as calculated by the Collateral Administrator) are not satisfied on the immediately preceding Determination Date, Interest Proceeds and thereafter Principal Proceeds will be used on the next Payment Date, subject to the Priorities of Payment, to the extent necessary and available, to redeem the Class A Notes, to the extent necessary to cause the relevant Senior Coverage Test to be met if recalculated following such redemption.

In the event that the Class B Overcollateralisation Ratio Test (as calculated by the Collateral Administrator) is not satisfied on the immediately preceding Determination Date, Interest Proceeds and thereafter Principal Proceeds will be used on the next Payment Date, subject to the Priorities of Payment, to the extent necessary and available, first to redeem the Class A Notes, and following such redemption in full, to redeem the Class B Notes (on a *pro rata* basis) in whole or in part, to the extent necessary to cause the Class B Overcollateralisation Ratio Test to be met if recalculated following such redemption.

In the event that the Class C Overcollateralisation Ratio Test (as calculated by the Collateral Administrator) is not satisfied on the immediately preceding Determination Date, Interest Proceeds and thereafter Principal Proceeds will be used on the next Payment Date, subject to the Priorities of Payment, to the extent necessary and available, first to redeem the Class A Notes and following such redemption in full, to redeem the Class B Notes (on a *pro rata* basis), and following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis) in

whole or in part, to the extent necessary to cause the Class C Overcollateralisation Ratio Test to be met if recalculated following such redemption.

In the event that the Class D Overcollateralisation Ratio Test (as calculated by the Collateral Administrator) is not satisfied on the immediately preceding Determination Date, Interest Proceeds and thereafter Principal Proceeds will be used on the next Payment Date, subject to the Priorities of Payment, to the extent necessary and available, first to redeem the Class A Notes and following such redemption in full, to redeem the Class B Notes (on a pro rata basis), and following such redemption in full, to redeem the Class C Notes (on a pro rata basis), and following such redemption in full, to redeem the Class D Notes (on a pro rata basis) in whole or in part, to the extent necessary to cause the Class D Overcollateralisation Ratio Test to be met if recalculated following such redemption.

The Reinvestment OC Test will be used during the Reinvestment Period primarily to determine whether Interest Proceeds may be used to pay the amounts payable under Condition 3(c)(i)(S) to (BB) (inclusive) or whether such Interest Proceeds should instead be placed in the Principal Collection Account in order (i) to pay the amounts payable under Condition 3(c)(iv) (*Application of Principal Proceeds on Payment Dates*) and Condition 3(c)(iii) (*Applications Principal Payments Between Payment Dates*) or (ii) to cause the Reinvestment OC Test (as calculated by the Collateral Administrator) to be met if recalculated following such transfer.

(a) Senior Overcollateralisation Ratio Test

The “**Senior Overcollateralisation Ratio Test**” shall be satisfied in respect of any Measurement Date falling on or after the Target Date if, on such Measurement Date, the Senior Overcollateralisation Ratio is at least 125 per cent.

(b) Senior Interest Coverage Test

The “**Senior Interest Coverage Test**” shall be satisfied in respect of any Measurement Date falling on or after the Target Date if, on such Measurement Date, the Senior Interest Coverage Ratio is at least 105 per cent.

(c) Class B Overcollateralisation Ratio Test

The “**Class B Overcollateralisation Ratio Test**” shall be satisfied in respect of any Measurement Date falling on or after the Target Date if, on such Measurement Date, the Class B Overcollateralisation Ratio is at least 116 per cent.

(d) Class C Overcollateralisation Ratio Test

The “**Class C Overcollateralisation Ratio Test**” shall be satisfied in respect of any Measurement Date falling on or after the Target Date if, on such Measurement Date, the Class C Overcollateralisation Ratio is at least 109 per cent.

(e) Class D Overcollateralisation Ratio Test

The “**Class D Overcollateralisation Ratio Test**” shall be satisfied in respect of any Measurement Date falling on or after the Target Date if, on such Measurement Date, the Class D Overcollateralisation Ratio is at least 104.5 per cent.

(f) Reinvestment OC Test

The “**Reinvestment OC Test**” will be satisfied on any Measurement Date if the Reinvestment OC Ratio is at least 105.2 per cent. on such Measurement Date.

9. General Provisions Relating to the Actions of the Collateral Manager

The Portfolio Collateral will be purchased by the Collateral Manager acting on behalf of the Issuer during the Reinvestment Period. It is anticipated that the Collateral Manager will either purchase Portfolio Collateral in the secondary market on behalf of the Issuer from dealers unaffiliated with the Collateral Manager or from the Collateral Manager or Affiliates of the Collateral Manager, or will sell Portfolio Collateral to the Issuer from its inventory or the inventories of its Affiliates. See “*Risk Factors—Certain Conflicts of Interest*” above. The Collateral Manager on behalf of the Issuer may not acquire loans, whether from the obligor or another party, in

connection with the syndication or initial placement of such loans by an Affiliate of the Collateral Manager doing business within the United States.

The Collateral Manager acting on behalf of the Issuer, may acquire interests in Portfolio Collateral which are loans directly (by way of novation, sale or assignment) (each a “**Transfer**”), but not indirectly (by way of participation or sub participation).

10. Rating Definitions

The “**S&P Rating**” of a Portfolio Collateral will be determined as follows (and for the avoidance of doubt, a reference to S&P Rating will include a public or private rating or a credit estimate provided by S&P):

- (i) if the issuer of such Portfolio Collateral, or a guarantor that unconditionally and irrevocably guarantees such Portfolio Collateral, is rated by S&P, then the S&P Rating for such issuer is the S&P issuer credit rating of such issuer or guarantor (whichever is highest);
- (ii) if there is no S&P issuer credit rating for the issuer or an unconditional and irrevocable guarantor of such Portfolio Collateral but another security or obligation of the issuer or guarantor is rated by S&P and the S&P Rating is not determined pursuant to clause (C) or (D) below, then the S&P Rating of such Portfolio Collateral shall be determined as follows: (I) if there is a rating on a senior secured debt of the issuer or guarantor, then the S&P Rating shall be one subcategory below such rating or, if such rating is lower than BBB-, two subcategories below such rating, (II) if there is a rating on a senior unsecured security or obligation of the issuer or guarantor, then the S&P Rating shall be such rating and (III) if there is a rating on a subordinated security or obligation of the issuer or guarantor, then the S&P Rating shall be one subcategory above such rating if the rating of such subordinated debt is BBB or higher and two subcategories higher than the rating of the subordinated debt if such subordinated debt is rated BB+ or lower;
- (iii) if there is not a rating by S&P of the issuer or an obligation of such issuer or such guarantor and if such Portfolio Collateral is not rated by S&P and no other security or obligation of the issuer or guarantor is rated by S&P, then the S&P Rating for such Portfolio Collateral may be determined using any one of the methods below:
 - (A) if no other security or obligation of the issuer or guarantor is rated by S&P, then the Issuer or the Collateral Manager on behalf of the Issuer may apply to S&P for a rating estimate, which shall be its then S&P Rating; *provided* that pending receipt from S&P of such estimate, such Portfolio Collateral shall have a S&P Rating of B- (if it is a Senior Secured Loan) for a period of 6 months (and thereafter shall have an S&P Rating of CCC-) for the purposes of determining S&P Rating if the Collateral Manager certifies to the Trustee that the Collateral Manager believes that such estimate will be at least B- and if the aggregate Principal Balance of Portfolio Collateral having such S&P Rating solely by reason of this proviso does not exceed 5 per cent. of the Maximum Investment Amount and if there is a rating on a subordinated obligation of the issuer, then the S&P Rating shall be one subcategory above such rating if such Portfolio Collateral is a senior secured or senior unsecured obligation of the issuer;
 - (B) if (1) neither the issuer nor any of its affiliates (except that, for this purpose, affiliation will not result from the common ownership by a common financial sponsor) is subject to reorganisation or bankruptcy proceedings and (2) no debt security or obligation of the issuer has been in default during the past two years, the S&P Rating of such Portfolio Collateral will be CCC-; or
 - (C) if a debt security or obligation of the issuer has been in default during the past two years, the S&P Rating of such Portfolio Collateral will be D; or
- (iv) if none of clauses (i) through (iii) above is applicable and the Collateral Manager, the Collateral Administrator and the Trustee shall have received the prior written confirmation of S&P that the acquisition of the related Portfolio Collateral will not cause its then current rating of the Notes to be reduced or withdrawn, then the S&P Rating for such issuer will be deemed to be CCC-.

Notwithstanding the foregoing, if the S&P rating or ratings used to determine the S&P Rating above are on watch for possible downgrade or upgrade by S&P, the S&P Rating will be determined by adjusting such S&P

rating or ratings down one subcategory (if on watch for possible downgrade) or up one subcategory (if on watch for possible upgrade).

11. Restructuring of Portfolio Collateral

The Collateral Manager, acting on behalf of the Issuer, may not consent to or effect the restructuring, amendment or any other material change to the terms of any Secured Senior Loans forming part of the Portfolio Collateral, unless the Collateral Manager has obtained the prior written unanimous consent of the Class E Noteholders.

DESCRIPTION OF THE COLLATERAL MANAGEMENT AGREEMENT

The collateral management functions described herein will be performed by the Collateral Manager pursuant to authority granted to the Collateral Manager by the Issuer under the Collateral Management Agreement. Pursuant to the Collateral Management Agreement the Issuer has delegated authority to the Collateral Manager to carry out certain of its functions in relation to the Portfolio without the requirement for specific approval by the Issuer.

Fees

The Collateral Manager shall, subject to the Priorities of Payment and the limited recourse and non-petition provisions of the Collateral Management Agreement (which are similar to Condition 4(c) (*Limited Recourse and Non-Petition*) under “*Conditions of the Notes*” above), be paid:

- (a) the Base Collateral Management Fee in arrear on each Payment Date;
- (b) the Subordinated Collateral Management Fee in arrear on each Payment Date; and
- (c) the Incentive Collateral Management Fee, in arrear on each Payment Date only if the Incentive Management Fee Hurdle Rate is achieved.

Any Base Collateral Management Fee and/or Subordinated Collateral Management Fee not paid on the Payment Date on which it is due will be added to the Base Collateral Management Fee and/or Subordinated Collateral Management Fee, respectively, due on the next occurring Payment Date. In the event that the Collateral Manager is replaced as described below, the Replacement Collateral Manager will be paid the Base Collateral Management Fee and the Replacement Collateral Manager Subordinated Fee, instead of the fees described above, on each Payment Date in accordance with the Priorities of Payment. No up-front fee is anticipated to be paid to any Replacement Collateral Manager.

Termination and Resignation

At any time following the second anniversary of the Issue Date, the Collateral Manager may resign upon 90 days’ written notice to the Issuer with a copy to the Trustee and S&P.

The Collateral Manager may be removed without cause (as set out in the Collateral Management Agreement) upon receiving not less than 60 days’ prior written notice from the Issuer or the Trustee acting upon an Extraordinary Resolution of each Class of Notes Outstanding (including all Notes held by the Collateral Manager or any of its Affiliates). In circumstances where the Collateral Manager is removed without cause then, for as long as Investec Principal Finance, a business unit division of Investec Bank (UK) Ltd. (“**Investec**”) or one of its Affiliates is the Collateral Manager being removed without cause, the Collateral Manager shall be entitled to the Collateral Manager Termination Amount.

In addition, the Collateral Manager may at any time be removed for cause upon 10 days’ prior written notice by the Issuer or the Trustee acting upon an Extraordinary Resolution of the Controlling Class (excluding all Notes held by the Collateral Manager or any of its Affiliates).

For this purpose, “**cause**” will mean (a) the Collateral Manager wilfully breaches, or takes any action that it knows breaches, any provision of the Collateral Management Agreement or the Trust Deed; (b) the Collateral Manager breaches in any material respect any provision of the Collateral Management Agreement and fails to cure such breach within 30 days of receiving notice from the Issuer or the Trustee of such breach, *provided* that if such breach cannot be cured within 30 days, no cause will exist if such breach will not in the opinion of the Trustee have a material adverse effect on the Noteholders and the Collateral Manager is using all reasonable efforts to effect a cure and a cure can be effected without regard to a time period; (c) certain events of bankruptcy or insolvency occur with respect to the Collateral Manager; (d) the occurrence of an Issuer Event of Default that consists of a default in the payment of principal or interest on the Notes when due and payable or results from any breach by the Collateral Manager of its duties under the Collateral Management Agreement, which breach or default is not cured within any applicable cure period; (e) the Collateral Manager or any of its respective principals being indicted for fraud or a criminal offence with respect to the performance of the Collateral Manager’s obligations under the Collateral Management Agreement or in the performance of its investment management services comparable to those performed under the Collateral Management Agreement; (f) the occurrence of an Issuer Event of Default pursuant to Condition 10(a)(iv) (*Portfolio Collateral*); (g) for so

long as Investec or one of its Affiliates is the Collateral Manager, the failure to replace the Key Persons in the manner specified in the Collateral Management Agreement (and more particularly described below in “*Key Persons*”); (h) the Collateral Manager is negligent in the performance of, or omissions to perform, its obligations under the Collateral Management Agreement and such negligence has a material adverse effect on the Noteholders which is not capable of remedy or if capable of remedy, is not remedied within 30 calendar days upon the Collateral Manager receiving notice from the Trustee or the Issuer to take the appropriate action; or (i) any licences, approvals, authorisations and consents which are necessary for the performance of the Collateral Manager’s obligations under the Collateral Management Agreement are not in place and the Collateral Manager has not obtained or renewed such licences, approvals, authorisations and consents within 30 calendar days of becoming aware of the same not being in place and the failure to obtain or renew such licences, approvals, authorisations and consents prevents the Collateral Manager from performing its obligations under the Collateral Management Agreement.

Except as set out below, the Collateral Management Agreement will automatically terminate if the Issuer determines in good faith that the Issuer or the Collateral has become required to be registered as an “investment company” under the Investment Company Act of the United States. In such circumstances the Issuer shall notify the Collateral Manager of such determination. For the avoidance of doubt, no Collateral Manager Termination Amount will be payable in such circumstances.

No removal or resignation of the Collateral Manager while any Notes are Outstanding will be effective until the appointment by the Issuer of a successor Collateral Manager that is an established institution which is not an Affiliate of the Collateral Manager (A) who is able to demonstrate its ability to professionally and competently perform duties similar to those imposed upon the Collateral Manager under the Collateral Management Agreement and with a substantially similar (or better) level of expertise, (B) is qualified and has the capacity (including the Dutch regulatory capacity) to act as Collateral Manager under the Collateral Management Agreement, as successor to the Collateral Manager thereunder in the assumption of all of the responsibilities, duties and obligations of the Collateral Manager thereunder, (C) will not cause the Issuer or the Collateral to become required to register under the provisions of the Investment Company Act of the United States, (D) will perform its duties as Collateral Manager under the Collateral Management Agreement without causing the Issuer or any holder of the Notes to become subject to tax in any jurisdiction where such successor Collateral Manager is established or doing business, (E) Rating Agency Confirmation is obtained with respect to the appointment of such successor Collateral Manager and (F) who will not permit any individual physically present in the United States to exercise any discretion with respect to any of the services provided by it pursuant to the Collateral Management Agreement.

Upon the receipt or giving by it of notice of the resignation or removal of the Collateral Manager, the Trustee on behalf of the Issuer acting on the instructions of an Extraordinary Resolution of the Controlling Class shall use its best efforts to appoint a successor collateral manager within 90 calendar days after the date of receipt or giving by it of the notice of resignation or removal of the Collateral Manager; *provided* that any such successor collateral manager is approved by an Extraordinary Resolution of the Class E Noteholders (excluding all Notes held by the Collateral Manager or any of its Affiliates) and *provided* further that if upon expiry of 90 calendar days of the date of such receipt or giving of such notice, the Trustee on behalf of the Issuer on the instructions of an Extraordinary Resolution of the Controlling Class has not appointed a successor to the Collateral Manager, the Collateral Manager may itself appoint a successor collateral manager, subject to the terms and conditions set out above.

Save as aforesaid, the Collateral Manager is not permitted to assign or transfer any of its rights, obligations or duties under the Collateral Management Agreement without the consent of the Issuer and the holders of a majority in aggregate principal amount outstanding of the Controlling Class; *provided*, however, that the Collateral Management Agreement may be assigned to another Affiliate of the Collateral Manager having personnel with comparable expertise and experience as that of the Collateral Manager and capable of performing (and having the regulatory capacity as a matter of Dutch law to perform) the obligations of the Collateral Manager thereunder with Rating Agency Confirmation. Pursuant to the Collateral Management Agreement, the Collateral Manager may delegate its duties to any entity but no such delegation shall relieve the Collateral Manager from any of its duties or obligations thereunder.

The Collateral Manager may take advice from such persons as it sees fit in the performance of its duties.

Upon (i) the Collateral Manager receiving a notice terminating its appointment or (ii) the Collateral Manager giving notice of its resignation and prior to a successor collateral manager being appointed by the

Issuer, the Collateral Manager shall not sell any Portfolio Collateral in the Portfolio other than Credit Risk Securities or Defaulted Loans and shall not acquire any Portfolio Collateral on behalf of the Issuer.

The Trustee is entitled to exercise the rights and remedies of the Issuer under the Collateral Management Agreement (a) upon the occurrence of an Issuer Event of Default until such time, if any, as such Issuer Event of Default is cured or waived, (b) upon the occurrence of an event specified in the Collateral Management Agreement pursuant to which the Issuer is entitled to remove the Collateral Manager for “cause” or (c) upon a material default in the performance, or a material breach, of any covenant, representation, warranty or other agreement of the Collateral Manager under the Collateral Management Agreement or in any certificate or written notice delivered pursuant thereto if (i) so requested in writing by the holders of at least 25 per cent. in aggregate principal amount of the Notes Outstanding of the Controlling Class and (ii) such default or breach (if remediable) continues for a period of 30 days after notice has been given to the Collateral Manager by the Trustee of such default or breach.

In certain circumstances, the interests of the Issuer and/or the holders of the Notes with respect to matters as to which the Collateral Manager is acting as collateral manager to the Issuer may conflict with the interests of the Collateral Manager or its Affiliates. See “*Risk Factors—Certain Conflicts of Interest*” above.

Key Persons

For so long as Investec or one of its Affiliates is the Collateral Manager, in the event that three out of four of the Key Persons cease to be employed by the Collateral Manager or any of its Affiliates, the Collateral Manager must within 90 days following the occurrence of such event, hire a suitably qualified professional with the comparable experience of the relevant Key Persons. The failure by the Collateral Manager to find a replacement for the Key Persons who are no longer in the employment of the Collateral Manager or any of its Affiliates after the 90 day period will constitute “cause” for which the Collateral Manager may be removed. “**Key Persons**” means Andy Clapham, Henrik Malmer, David Beadle and Duncan Smith and any replacement for each of them from time to time and “**Key Person**” means each or any of them (including any replacement).

Holding of Class E Notes

On the Issue Date, Investec and/or one or more of its Affiliates will acquire 100 per cent. of the principal amount of the Class E Notes Outstanding.

DESCRIPTION OF THE REPORTS

Monthly Reports

The Collateral Administrator shall not later than the fifteenth Business Day after the 18th day of the month or if such day is not a Business Day, the next succeeding Business Day, commencing in December 2008, on behalf of the Issuer, compile and provide to the Trustee, the Paying Agent, the Collateral Manager, the Issuer and S&P and, upon written request therefor in accordance with Condition 4(d) (*Information Regarding the Portfolio*) certifying that it is a holder of a beneficial interest in any Note, to such holder, a monthly report (the “**Monthly Report**”), which shall contain the following information with respect to the Portfolio Collateral, determined by the Collateral Administrator as of the 18th day of the month or if such day is not a Business Day, the next succeeding Business Day:

Portfolio

- (a) the aggregate of the Principal Balances of the Portfolio Collateral, the annual interest rate, Stated Maturity, obligor under, industry and S&P recovery rate and S&P Rating (if applicable) (but not any confidential credit estimate) of, each Portfolio Collateral (including identifying which of the Portfolio Collateral (if any) has been downgraded or upgraded by S&P since the date of the last Monthly Report) unless prevented from doing so in relation to non-public ratings that cannot be disclosed as agreed to under the terms of receiving such ratings;
- (b) the identity of, any Portfolio Collateral that was released for sale or other disposition (and the nature of any such sale or disposition, for example, whether it was the sale of a Credit Risk Security, a Credit Improved Security or a discretionary sale) or that were acquired since the date of determination of the last Monthly Report;
- (c) the purchase or sale price of each Portfolio Collateral acquired and/or sold since the date of determination of the last Monthly Report and the identity of the purchasers or sellers thereof, if any, that are Affiliated with the Collateral Manager;
- (d) subject to any confidentiality obligations binding on the Issuer, the identity of each Portfolio Collateral which became a Defaulted Loan since the date of determination of the last Monthly Report;

Accounts

- (a) the amount of any proceeds standing to the credit of the Interest Collection Account, the Principal Collection Account, the Dollar Interest Account, the Dollar Principal Account, the Sterling Interest Account and the Sterling Principal Account;
- (b) the amount of any funds standing to the credit of the Pre-Funding Account, Additional Collateral Account, the Euro Principal Reserve Account, the Euro Payment Account, the Euro Expense Account, each Custody Account and any other accounts of the Issuer as may be established from time to time;

Hedge Transactions

- (a) the outstanding notional amount of each Hedge Transaction and the current rates of interest (if an interest hedge transaction) or the current rates of exchange (if a currency hedge transaction or Asset Swap Transaction);
- (b) the amount scheduled to be received and paid by the Issuer pursuant to each Hedge Transaction on the next Payment Date;
- (c) the amount received and paid by the Issuer pursuant to each Hedge Transaction since the date of the last Monthly Report;

Coverage Tests, Reinvestment OC Test and Collateral Quality Tests

- (a) the Senior Overcollateralisation Ratio, Class B Overcollateralisation Ratio, Class C Overcollateralisation Ratio, Class D Overcollateralisation Ratio, Reinvestment OC Ratio and a statement as to whether each of such tests is satisfied;

- (b) the Senior Interest Coverage Ratio and a statement as to whether such test is satisfied;
 - (c) the Weighted Average Life and a statement as to whether the Weighted Average Life Test is satisfied;
 - (d) the Weighted Average Spread and a statement as to whether the Minimum Weighted Average Spread Test is satisfied;
 - (e) the S&P Minimum Average Recovery Rate and a statement as to whether the S&P Minimum Weighted Average Recovery Rate Test is satisfied;
 - (f) a statement as to whether the CDO Monitor Test is satisfied;
- together with all underlying information used to calculate each of the above;

Eligibility Criteria

- (a) the aggregate Principal Balance consisting of Senior Secured Loans, Second Lien Loans, Structured Finance Securities, cash and Eligible Investments;
- (b) the aggregate Principal Balance (in Euro or its equivalent in Sterling or Dollars using the relevant Asset Swap Transaction Exchange Rate):
 - (i) which have a rating or credit estimate of CCC+ or less;
 - (ii) which consists of Portfolio Collateral consisting of obligations in respect of which an Obligor is incorporated or established under the laws of the United States of America or any state thereof;
 - (iii) which provide for payment of interest in cash less frequently than quarterly and more frequently than semi-annually;
 - (iv) which consists of obligations with a Stated Maturity which falls later than the Maturity Date of each Class of Notes;
 - (v) which consists of Portfolio Collateral in respect of which the holder has the right to acquire an equity interest in the obligor (including by means of converting any part of the debt obligation into equity);
 - (vi) which consists of Portfolio Collateral of obligors that are incorporated or established under the laws of any countries rated less than A-1+ by S&P;
 - (vii) which consists of Long Dated Collateral;
 - (viii) which consists of Discount Portfolio Collateral;
 - (ix) which consists of obligors incorporated or established under the laws of each country in the Portfolio;
 - (x) which consists of Defaulted Loans;
 - (xi) which consists of Sterling Portfolio Collateral; and
 - (xii) which consists of Dollar Portfolio Collateral;
- (c) the aggregate principal amount of Senior Secured Loans, Second Lien Loans and Structured Finance Securities of any single obligor;
- (d) the aggregate principal amount of Portfolio Collateral with the same S&P industry group;

Interest

- (a) the Interest Amount payable in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes on the next Payment Date;

- (b) Applicable EURIBOR for the related Due Period, the Class A Note Interest Rate, the Class B Note Interest Rate, the Class C Note Interest Rate, the Class D Note Interest Rate and the Class E Note Interest Rate.

Noteholder Valuation Report

The Collateral Administrator, on behalf of the Issuer, shall render a report (the “**Noteholder Valuation Report**”), prepared and determined as of each Determination Date, and delivered to the Collateral Manager, the Issuer, the Trustee, any Noteholder (upon written request therefor in accordance with Condition 4(d) (*Information Regarding the Portfolio*) certifying that it is a Noteholder) and S&P not later than the tenth Business Day following the related Payment Date. Upon preparation of each Noteholder Valuation Report, the Collateral Administrator, in the name and at the expense of the Issuer, shall notify the Irish Stock Exchange of the aggregate principal amount of the Notes of each Class Outstanding after giving effect to the principal payments, if any, on the next Payment Date. The Noteholder Valuation Report shall contain the following information:

Portfolio

- (a) the information required under “*Monthly Reports*” above other than the information under the heading “*Accounts*”;

Notes

- (a) the aggregate principal 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 at the beginning of the Due Period, the amount of principal payments to be made on the Notes of each Class on the next 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 on the related Payment Date (in the aggregate and by Class);

Payment Date Payments

- (a) the amounts payable pursuant to Condition 3(c)(i) (*Application of Interest Proceeds on Payment Dates*), Condition 3(c)(iii) (*Application of Principal Proceeds on Payment Dates*) of the Conditions of the Notes on the related Payment Date;
- (b) the amounts that have been paid since the previous Payment Date pursuant to Conditions 3(c)(ii) (*Application of Interest Proceeds between Payment Dates*) and Condition 3(c)(iv) (*Application of Principal Proceeds between Payment Dates*);
- (c) the Trustee Fees and Administrative Expenses payable on the related Payment Date on an itemised basis;
- (d) any scheduled amounts payable by any Hedge Counterparty on or immediately prior to related Payment Date;

Accounts

- (a) the amount standing to the credit of the Principal Collection Account, Interest Collection Account, Euro Principal Reserve Account, Dollar Interest Account, Dollar Principal Account, Sterling Interest Account and Sterling Principal Account at the end of the related Due Period;
- (b) the amount standing to the credit of the Principal Collection Account, Interest Collection Account, Euro Principal Reserve Account, Dollar Interest Account, Dollar Principal Account, Sterling Interest Account and Sterling Principal Account immediately after all payments and deposits to be made on the next Payment Date;

- (c) the amount standing to the credit of the Additional Collateral Account, Pre-Funding Account and Euro Expense Account, each Custody Account and any other accounts established by the Issuer from time to time at the end of the related Due Period.

The Monthly Report and the Noteholder Valuation Report shall state that it is for informational purposes only, that certain information included in the report is estimated, approximated or projected and that the report is provided without any representations or warranties as to accuracy or completeness and that none of the Collateral Manager, the Issuer, the Trustee or the Collateral Administrator will have any liability for such estimates, approximations or projections.

For so long as any of the Notes are Outstanding and admitted to the Official List and trading on the Irish Stock Exchange's regulated market, the Issuer shall post an announcement at the Companies Announcement Office of the Irish Stock Exchange that the Reports are available for inspection at the registered office of the Issuer.

DESCRIPTION OF THE HEDGE ARRANGEMENTS

The following is a summary of the principal terms of the hedging arrangements to be entered into by the Issuer from time to time after the Issue Date. 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 specified offices of the Irish Listing Agent and the Registrar).

Hedging Agreements

The Collateral Manager may purchase, on behalf of the Issuer, Non-Euro Portfolio Collateral, Dollar Portfolio Collateral or Sterling Portfolio Collateral from time to time provided that any such Non-Euro Portfolio Collateral, Dollar Portfolio Collateral or Sterling Portfolio Collateral shall only constitute Portfolio Collateral that satisfies the Eligibility Criteria if, on or prior to the date of acquisition thereof, the Collateral Manager procures entry by the Issuer into an Asset Swap Transaction pursuant to which the currency risk arising from receipt of cash flows from such Non-Euro Portfolio Collateral, Dollar Portfolio Collateral or Sterling Portfolio Collateral, including interest and principal payments, is hedged through the swapping of such flows for Euro payments to be made by an Asset Swap Counterparty. The Collateral Manager (on behalf of the Issuer) shall be authorised to enter into spot forward 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 the entry into of such Asset Swap Transaction unless such Asset Swap Transaction is a Form Approved Hedge.

Standard Terms of Hedge Agreements

Each Hedge Agreement shall contain the standard terms required by S&P for the type of transaction described in this Prospectus including limited recourse and non-petition language and provisions in the event of a downgrade of the Hedge Counterparties. Each new Hedge Agreement shall, unless it is a Form-Approved Hedge, be the subject of Rating Agency Confirmation at the time it is entered into by the Issuer.

DESCRIPTION OF THE ACCOUNTS

Accounts

The Issuer will, prior to the Issue Date, establish with the Account Bank, the Principal Collection Account, the Interest Collection Account, the Dollar Principal Account, the Dollar Interest Account, the Sterling Principal Account, the Sterling Interest Account, Euro Payment Account and the Pre-Funding Account.

Principal Collection Account

The Issuer will, or shall procure that the Collateral Administrator will, credit all Euro Principal Proceeds to the Principal Collection Account. Amounts standing to the credit of the Principal Collection Account (save for amounts designated for reinvestment by the Collateral Manager in accordance with the Collateral Management Agreement in respect of which the time periods specified for reinvestment have not expired and certain other amounts, which will be transferred to the Additional Collateral Account) shall be transferred to the Euro Payment Account, to the extent required, for disbursement in accordance with Condition 3(c)(iii) (*Application of Principal Proceeds on Payment Dates*) and Condition 3(c)(iv) (*Application of Principal Proceeds between Payment Dates*) and otherwise shall be applied in the acquisition of Additional Portfolio Collateral to the extent permitted pursuant to the Collateral Management Agreement.

Interest Collection Account

The Issuer will, or shall procure that the Collateral Administrator will, credit all Euro Interest Proceeds to the Interest Collection Account. Amounts standing to the credit of the Interest Collection Account shall be transferred to the Euro Payment Account to the extent required, for disbursement pursuant to Condition 3(c)(i) (*Application of Interest Proceeds on Payment Dates*) on a Payment Date and will be applied between Payment Dates in paying certain obligations described in Condition 3(c)(ii) (*Application of Interest Proceeds between Payment Dates*).

Dollar Principal Account

The Issuer will, or shall procure that the Collateral Administrator will, credit all Dollar Principal Proceeds to the Dollar Principal Account. Amounts standing to the credit of the Dollar Principal Account shall be paid to the Hedge Counterparty pursuant to an Asset Swap Transaction.

Dollar Interest Account

The Issuer will, or shall procure that the Collateral Administrator will, credit all Dollar Interest Proceeds to the Dollar Interest Account. Amounts standing to the credit of the Dollar Interest Account shall be paid to the Hedge Counterparty pursuant to an Asset Swap Transaction.

Sterling Principal Account

The Issuer will, or shall procure that the Collateral Administrator will, credit all Sterling Principal Proceeds to the Sterling Principal Account. Amounts standing to the credit of the Sterling Principal Account shall be paid to the Hedge Counterparty pursuant to an Asset Swap Transaction.

Sterling Interest Account

The Issuer will, or shall procure that the Collateral Administrator will, credit all Sterling Interest Proceeds to the Sterling Interest Account. Amounts standing to the credit of the Sterling Interest Account shall be paid to the Hedge Counterparty pursuant to an Asset Swap Transaction.

Euro Expense Account

The Issuer credited €50,000 or such lesser amount as determined by the Collateral Manager to the Euro Expense Account out of the net proceeds of issue on the Issue Date. Such amount may be applied at any time in paying certain miscellaneous expenses of the Issuer denominated in Euro. Additional amounts will be credited to the Euro Expense Account in accordance with the Priorities of Payment in Condition 3(c) (*Priorities of Payment*). Amounts standing to the credit of the Euro Expense Account may be invested in Eligible

Investments having a maturity date no later than the last Business Day of the Due Period in which such Eligible Investment was acquired.

Pre-Funding Account

On the Issue Date, an amount equal to the amount determined by the Collateral Manager on the Issue Date to be sufficient to purchase that Portfolio Collateral during the Ramp-Up Period which will not have been purchased prior to the Issue Date will be paid into the Pre-Funding Account to be applied in the acquisition of Portfolio Collateral during the Ramp-Up Period. To the extent that amounts standing to the credit of the Euro Expense Account are insufficient, amounts may be withdrawn from the Pre-Funding Account to pay all amounts due by the Issuer in respect of actions taken on or in connection with the Issue Date with respect to the issue of the Notes. Upon receipt by the Collateral Manager, within 30 days after the Target Date, of confirmation by S&P that none of the ratings assigned by it to any of the Class A Notes and the other Rated Notes on the Issue Date have been reduced or withdrawn (or in the event that any such ratings have been reduced or withdrawn, confirmation that such ratings have been reinstated), all amounts standing to the credit of the Pre-Funding Account may be designated for reinvestment by the Collateral Manager and transferred to the Additional Collateral Account. If no such confirmation is received on the Determination Date prior to the next following Payment Date, all amounts standing to the credit of the Pre-Funding Account will be transferred to the Principal Collection Account for application in redemption of the Notes. See Condition 7(c)(ii) (*Redemption Following Target Date Rating Downgrade*) above. Any net proceeds of issue of the Notes remaining on the Issue Date which are not required to repay amounts outstanding owing by the Issuer to the Warehouse Lender under the Warehouse Facility Agreement, to pay various fees and expenses up to an amount of €800,000 or to pay €1,400,000 into the Interest Collection Account to be used as Interest Proceeds on the first Payment Date, will be paid into the Pre-Funding Account on the Issue Date.

Additional Collateral Account

The Issuer shall procure that, on each Payment Date, the amount designated by the Collateral Manager on the preceding Determination Date is transferred to the Additional Collateral Account. Payment may be made out of such account to purchase Additional Portfolio Collateral denominated in Euro or Non-Euro Portfolio Collateral the subject of an Asset Swap Transaction.

Euro Payment Account

The Issuer shall procure that all amounts required to be disbursed out of amounts credited to the Interest Collection Account, Principal Collection Account and Euro Principal Reserve Account on a Payment Date are credited to the Euro Payment Account on the Business Day Preceding the relevant Payment Date and all sums standing to the credit of the Euro Payment Account shall be disbursed in accordance with the Priorities of Payment.

The Euro Principal Reserve Account

The Issuer will, or shall procure that the Collateral Administrator will credit any Sterling Principal Proceeds and Dollar Principal Proceeds (converted into Euro) to be credited to the Euro Principal Reserve Account into the Euro Principal Reserve Account and will use such funds in accordance with Condition 3(c) (*Priorities of Payments*).

Transfer upon Downgrade

In the event that the short term senior unsecured and unsubordinated rating of the Account Bank falls below a rating of A-2 by S&P, then the Account Bank shall within 30 days of such downgrade transfer all of the funds standing to the credit of the Accounts to such other bank whose short term senior unsecured and unsubordinated rating is rated A-2 by S&P.

TAX CONSIDERATIONS

The Netherlands

The comments below are of a general nature based on taxation law and practice in The Netherlands as at the date of this Prospectus and are subject to any changes therein. They relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes and so should be treated with appropriate caution. In particular, it does not take into consideration any tax implications that may arise on a substitution of the Issuer. Prospective investors should consult their own professional advisors concerning the possible tax consequences of purchasing, holding and/or selling Notes and receiving payments of interest, principal and/or other amounts under the Notes under the applicable laws of their country of citizenship, residence or domicile.

Under the existing laws of The Netherlands:

- (a) all payments of interest and principal by the Issuer under the Notes can be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld, or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein;
- (b) a holder of a Note who derives income from a Note or who realises a gain on the disposal or redemption of a Note will not be subject to Dutch taxation on such income or capital gain, unless:
 - (i) the holder is, or is deemed to be, resident in The Netherlands or, where the holder is an individual, such holder has elected to be treated as a resident of The Netherlands; or
 - (ii) such income or gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands; or
 - (iii) the holder is an individual and such income or gain qualifies as income from activities that exceed normal active portfolio management in The Netherlands;
- (c) Dutch gift, estate or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder unless:
 - (i) the holder is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
 - (ii) the transfer is construed as an inheritance or as a gift made by, or on behalf, of a person who, at the time of the gift or death, is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
 - (iii) such Note is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment or a permanent representative in The Netherlands;
- (d) there is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of The Netherlands) of the Notes or the performance of the Issuer's obligations under the Notes;
- (e) there is no Dutch value added tax payable in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of a Note, *provided* that Dutch value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Dutch value added tax purposes such services are rendered, or are deemed to be rendered, in The Netherlands and an exemption from Dutch value added tax does not apply with respect to such services; and
- (f) a holder of a Note will not be treated as a resident of The Netherlands by reason only of the holding of a Note or the execution, performance, delivery and/or enforcement of the Notes.

European Union Directive on the Taxation of Savings Income (Council Directive 2003/48/EC)

Under EC Council Directive 2003/48/EC on the taxation of savings income, each member state of the European Union (“EU”) is required to provide to the tax authorities of another member state details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other member state; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following an agreement by certain non-EU countries to the exchange of information relating to such payments.

In addition, a number of non-EU countries, and certain dependent or associated territories of certain EU member states, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a member state. In addition, the member states have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a member state to, or collected by such a person for, an individual resident in one of those territories.

United Kingdom

The following is a summary of the Issuer’s understanding of United Kingdom tax law and the practice of HM Revenue & Customs (“HMRC”), each as at the date of this Prospectus, insofar as they relate to United Kingdom withholding tax and the provision of information to HMRC in respect of payments on the Notes. It does not address any other United Kingdom tax aspects of the acquisition, holding or disposal of the Notes. Prospective Holders who are in any doubt about their tax position or who may be subject to a tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

Withholding Tax

Interest on the Notes may be treated as having a United Kingdom source for United Kingdom tax purposes. If so, such interest may be paid by the Issuer without withholding or deduction for or on account of United Kingdom tax if the Notes in respect of which such interest is paid constitute “quoted Eurobonds”. Notes which are issued by a company and which carry a right to interest will constitute quoted Eurobonds, *provided* they are and continue to be listed on a “recognised stock exchange” within the meaning of section 1005 of the Income Tax Act 2007. On the basis of the interpretation of the relevant legislation published by HMRC, securities which are to be listed on a stock exchange in a country which is a member state of the European Union or which is part of the European Economic Area will satisfy this requirement if they are listed by a competent authority in that country and are admitted to trading on a recognised stock exchange in that country; securities which are to be listed on a stock exchange in any other country will satisfy this requirement if they are admitted to trading on a recognised stock exchange in that country. The Irish Stock Exchange is a “recognised stock exchange” for these purposes. The Notes will therefore satisfy these requirements if they are listed by the competent authority in Ireland and are admitted to trading by the Irish Stock Exchange. Provided that the Notes remain so listed and admitted to trading, interest on the Notes may be paid without withholding for or on account of United Kingdom tax, even if the interest is treated as having a United Kingdom source.

In all cases falling outside the exemption described above, interest on the Notes may, where it is treated as having a United Kingdom source, be paid under deduction of United Kingdom tax at a rate currently of 20 per cent., subject to any other exemption or relief which may be available.

References to “interest” in this summary of the United Kingdom withholding tax position mean “interest” as understood in United Kingdom tax law. The statements in this summary do not take any account of any different definitions of “interest” which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences if any such substitution occurs.

Provision of Information

Holders of Notes (“ **Holders**”) who are individuals should note that where any interest on the Notes is paid to them (or to any person acting on their behalf) by any person in the United Kingdom acting on behalf of the

Issuer (a “**paying agent**”), or is received by any person in the United Kingdom acting on behalf of the relevant Holder (other than solely by clearing or arranging the clearing of a cheque) (a “**collecting agent**”), then the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to HMRC details of the payment and certain details relating to the Holder (including the Holder’s name and address). These provisions will apply (a) whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom tax, (b) whether or not the interest is treated as having a United Kingdom source and (c) whether or not the Holder is resident in the United Kingdom for United Kingdom taxation purposes. Where the Holder is not so resident, the details provided to HMRC may, in certain cases, be passed by HMRC to the tax authorities of the jurisdiction in which the Holder is resident for taxation purposes. The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of the Notes where the amount payable on redemption is greater than the issue price of the Notes.

PLAN OF DISTRIBUTION AND TRANSFER RESTRICTIONS

Investec Bank (UK) Limited (in its capacity as initial purchaser, the “**Initial Purchaser**”) has, pursuant to a subscription agreement dated on or about the Issue Date (the “**Subscription Agreement**”) agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for €244,007,500 principal amount of the Class A Notes, €22,055,000 principal amount of the Class B Notes, €20,755,000 principal amount of the Class C Notes, €12,430,500 principal amount of the Class D Notes and €27,052,000 principal amount of the Class E Notes, in each case, at the issue price of 100 per cent. (less subscription and underwriting fees to be agreed between the Issuer and Initial Purchaser). The Subscription Agreement entitles the Initial Purchaser to terminate it in certain circumstances prior to payment being made to the Issuer.

In connection with the issue of the Notes, Investec Bank (UK) Limited (the “**Stabilising Manager**”) (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment shall be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules. No such stabilising shall take place in or from The Netherlands.

It is a condition of the issuance of the Notes of each Class that the Notes of each other Class be issued in the following principal amounts: Class A Notes: €244,007,500; Class B Notes: €22,055,000; Class C Notes: €20,755,000; Class D Notes: €12,430,500; and Class E Notes: €27,052,000.

The Issuer has agreed to indemnify the Seller against certain liabilities or to contribute to payments it may be required to make in respect thereof.

Certain of the Portfolio Collateral may have been originally underwritten or placed by the Seller. In addition, the Seller may have in the past performed and may in the future perform investment banking services or other services for borrowers of the Portfolio Collateral. In addition, the Seller and its Affiliates may from time to time as a principal or through one or more investment funds that it or they manage, make investments in the equity securities of one or more of the borrowers of the Portfolio Collateral, with a result that one or more of such borrowers may be or may become controlled by the Seller 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 thereof and will not impose any obligations on the Issuer or the Initial Purchaser.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes and for the Notes to be admitted to the Official List of the Irish Stock Exchange and trading on its regulated market. 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 other than as described herein. 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 in this section, is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

The Initial Purchaser has also agreed to comply with the following selling restrictions and for the purposes of the following sections titled “*United States*” and “*United Kingdom*”, references to Notes shall be to the Notes subscribed for by the Initial Purchaser pursuant to the Subscription Agreement.

United States

The Notes are being offered and sold outside of the United States to persons who are neither U.S. Persons nor U.S. Residents purchasing in an “offshore transaction” (as defined in Regulation S).

The Notes may not be reoffered, resold, pledged, exchanged or otherwise transferred except in transactions exempt from or not subject to the registration requirements of, the Securities Act and any other applicable securities laws. By its purchase of the Notes, each purchaser will be deemed to have (1) represented and warranted that it is a non-U.S. person located outside of the United States, and (2) agreed that it will only resell or otherwise transfer such Notes in accordance with the applicable restrictions set forth herein. See “*Transfer Restrictions*”.

The Notes will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, as applicable.

United Kingdom

The Initial Purchaser has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) in connection with the issue or sale of any 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 FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Transfer Restrictions

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of Notes.

Investor Representations on Original Purchase. Each purchaser of Notes from the Initial Purchaser will be deemed to acknowledge, represent to and agree as follows:

1. *No Governmental Approval.* The purchaser understands that the Notes have not been approved or disapproved by the SEC or any other governmental authority or agency of any jurisdiction, nor has the SEC or any other governmental authority or agency passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.
2. *Certification Upon Transfer.* If required by the Trust Deed, the purchaser will, prior to any sale, pledge or other transfer by it of any Note (or any interest therein), obtain from the transferee and deliver to the Issuer and the Registrar a duly executed transferee certificate addressed to each of the Issuer and the Registrar in the form of the relevant exhibit attached to the Trust Deed and such other certificates and other information as the Issuer or the Registrar may reasonably require to confirm that the proposed transfer substantially complies with the transfer restrictions set forth in the Trust Deed and described herein. In addition, each investor that is a U.S. Person and acquiring an interest in a Global Note of any Class of Rated Notes or a Class E Global Note will be required to execute and deliver to the Issuer and the Trustee a letter in the form attached as an exhibit to the Trust Deed to the effect that such investor will not transfer such interest except in compliance with the transfer restrictions set forth in the Trust Deed (including the requirement set forth in such letter that any subsequent transferee execute and deliver such letter).
3. *Minimum Denominations:* Form of Notes. The purchaser agrees that no Note (or any interest therein) may be sold, pledged or otherwise transferred in a denomination of less than the applicable Minimum Denomination set forth in the Trust Deed and described herein.
4. *Securities Law Limitations on Resale.* The purchaser understands that the Notes have not been registered under the Securities Act and, therefore, cannot be offered or sold in the United States or to any U.S. Person (as defined in Regulation S). Accordingly, the certificates representing the Notes will bear a legend stating that such Notes have not been registered under the Securities Act and setting forth certain of the restrictions on transfer of the Notes described herein.
5. *Notes issued in reliance on Regulation S:* Each purchaser of Notes will be deemed to have represented and agreed (or in the case of Definitive Notes will represent and agree) as follows:

- (a) it is, and the person, if any, for whose account it is acquiring the Notes is, located outside the United States and is not a U.S. Person and is purchasing for its own account or one or more accounts, each of which is not a U.S. Person in an offshore transaction in accordance with Regulation S, and is aware that the sale of the Notes to it is being made in reliance on the exemption from registration provided by Regulation S; and
- (b) it understands that the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act and 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, if it decides to resell, pledge or otherwise transfer such Notes (or any beneficial interest 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, the conditions set forth herein and in the Trust Deed and only to a person who is not a U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under Regulation S.
6. *Purchaser Sophistication; Non-Reliance, Suitability; Access to Information.* The purchaser (a) has such knowledge and experience in financial and business matters that the purchaser is capable of evaluating the merits and risks (including for tax, legal, regulatory, accounting and other financial purposes) of its prospective investment in the Notes, (b) is financially able to bear such risk, (c) in making such investment is not relying on the advice or recommendations of the Initial Purchaser, the Issuer, the Collateral Manager or any of their respective affiliates (or any representative of any of the foregoing) and (d) has determined that an investment in the Notes is suitable and appropriate for it. The purchaser has received, and has had an adequate opportunity to review the contents of, the final Prospectus. The purchaser has had access to such financial and other information concerning the Issuer and the Notes as it has deemed necessary to make its own independent decision to purchase Notes, including the opportunity, at a reasonable time prior to its purchase of Notes, to ask questions and receive answers concerning the Issuer and the terms and conditions of the offering of the Notes.
7. *Limited Liquidity.* The purchaser understands that there is no market for Notes and that no assurance can be given as to the liquidity of any trading market for Notes and that it is unlikely that a trading market for any of the Notes will develop. The purchaser further understands that, although the Initial Purchaser may from time to time make a market in Notes, the Initial Purchaser are under no obligation to do so and, following the commencement of any market making, may discontinue the same at any time. Accordingly, the purchaser must be prepared to hold Notes for an indefinite period of time or until their maturity.
8. *Reliance on Representations, etc.* The purchaser acknowledges that the Issuer, the Initial Purchaser, the Registrar and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations or warranties made or deemed to have been made by it in connection with its purchase of Notes are no longer accurate, the purchaser will promptly notify the Issuer and the Registrar.
9. *Legend for Notes.* The purchaser understands and agrees that a legend in substantially the following form will be placed on each certificate representing any Notes:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), UNDER ANY STATE SECURITIES OR "BLUE SKY" LAWS, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PROVIDED BY THIS LEGEND. THE ISSUER OF THIS NOTE HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT").

THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS NOTE, REPRESENTS, ACKNOWLEDGES AND AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND EXCEPT (A) TO A PERSON THAT IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT AND (B) (1) IN AT LEAST MINIMUM DENOMINATIONS OR EUR100,000, AND (2) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES AND

ANY OTHER JURISDICTION. THE HOLDER HEREOF, AND EACH PERSON FOR WHICH IT IS ACTING, UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING NOTES (I.E. BENEFICIAL INTERESTS IN THE GLOBAL NOTES) FROM EUROCLEAR OR CLEARSTREAM, LUXEMBOURG OR ANY OTHER DEPOSITORY THROUGH WHICH THE NOTES (OR BENEFICIAL INTERESTS THEREIN) MAY BE HELD.

ANY PROHIBITED TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE OR 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 OF THIS NOTE, THE TRUSTEE OR ANY INTERMEDIARY.

10. *Investor Representations on Resale.* Except as provided in the remainder of this paragraph, each transferee of a Note will be required to deliver to the Issuer, the Trustee and the Registrar a duly executed transferee certificate in the form of the relevant exhibit attached to the Trust Deed and such other certificates and other information as the Issuer, the Registrar or the Trustee may reasonably require to confirm that the proposed transfer complies with the transfer restrictions contained in this Prospectus. An owner of a beneficial interest in a Global Note may transfer such interest in the form of a beneficial interest in such Global Note without the provision of written certification, *provided* that such transfer is not made to a U.S. Person or for the account or benefit of a U.S. Person and is effected through Euroclear or Clearstream, Luxembourg in an offshore transaction as required by Regulation S and only in accordance with the procedures of Euroclear and Clearstream, Luxembourg, as applicable.

Pursuant to such transferee certificate, (a) the transferee will acknowledge, represent to and agree with the Issuer, the Trustee and the Registrar as to the matters set forth in each of paragraphs (1) through (9) above as if each reference therein to “the purchaser” were instead a reference to the transferee.

GENERAL INFORMATION

1. Clearing Systems

The Notes of each Class have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code and International Securities Identification Number (“**ISIN**”) for each such Class of Notes are as follows:

	ISIN	Common Code
Class A Notes	XS0372959576	37295957
Class B Notes	XS0372962364	37296236
Class C Notes	XS0372966514	37296651
Class D Notes	XS0372967249	37296724
Class E Notes	XS0372967751	37296775

2. Listing

Application has been made to the Irish Financial Services Regulatory Authority, as competent authority under Directive 2003/71/EC, for the prospectus to be approved. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. The Irish Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC. It is estimated that the total expenses related to the admission to trading are likely to be approximately €21,032. NCB Stockbrokers Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Irish Stock Exchange for the purposes of Directive 2003/71/EC.

3. Consents and Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in The Netherlands (if any) in connection with the issue and performance of the Notes. The issue of the Notes was authorised by a resolution of the board of Managing Directors of the Issuer passed on 25 June 2008.

4. No Material Change

There has been no material adverse change in the financial position or prospects of the Issuer since its incorporation.

5. No Litigation

The Issuer is not involved, and has not been involved, in any legal or arbitration proceedings or governmental 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.

6. Accounts

So long as any Note remains Outstanding, copies of the most recent annual financial statements of the Issuer, if published, can be obtained at the specified offices of the Registrar during normal business hours. The first financial year of the Issuer will end on 31 December 2008. The first financial statements of the Issuer will be in respect of the period from formation to 31 December 2008. The Issuer will not prepare interim financial statements unless required to do so under applicable law.

7. Documents Available

Copies of the following documents together with any amendments and supplements thereto may be inspected (and, in the case of (i) and (j) below, will be available free of charge) at the registered offices of the Issuer and the specified offices of the Paying Agent in electronic form during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the life of the Prospectus:

- (a) Articles of Association of the Issuer;
- (b) Subscription Agreement;
- (c) Trust Deed (which includes the form of each Note of each Class);

- (d) Collateral Management Agreement;
- (e) Agency Agreement;
- (f) Collateral Administration Agreement;
- (g) Management Agreement;
- (h) each Hedge Agreement;
- (i) each Monthly Report;
- (j) each Noteholder Valuation Report;
- (k) Bank Account Agreement; and
- (l) Portfolio Sale Agreement.

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**REGISTERED OFFICE OF
THE ISSUER**

Rivierstaete Building
Amsteldijk 166
1079 LH Amsterdam

INITIAL PURCHASER

Investec Bank (UK) Ltd.
2 Gresham Street
London EC2V 7QP

TRUSTEE

The Law Debenture Trust Corporation p.l.c.
Fifth Floor
100 Wood Street
London EC2V 7EX

ACCOUNT BANK AND CUSTODIAN

HSBC Bank plc
8 Canada Square
Canary Wharf
London E14 5HQ

REGISTRAR

HSBC Bank plc
8 Canada Square
Canary Wharf
London E14 5HQ

PAYING AGENT

HSBC Bank plc
8 Canada Square
Canary Wharf
London E14 5HQ

COLLATERAL ADMINISTRATOR

Law Debenture Asset Backed Solutions Limited
Fifth Floor
100 Wood Street
London EC2V 7EX

COLLATERAL MANAGER

Investec Principal Finance,
a business unit division of
Investec Bank (UK) Ltd.
2 Gresham Street
London EC2V 7QP

LEGAL ADVISERS

*To the Initial Purchaser and the
Collateral Manager as to English
and U.S. Law*

Sidley Austin LLP
Woolgate Exchange
25 Basinghall Street
London EC2V 5HA

*To the Trustee and the Collateral
Administrator as to English and
U.S. Law*

White & Case LLP
5 Old Broad Street
London EC2N 1DW

*To the Initial Purchaser as to Dutch
law*

Clifford Chance LLP
Droogbak 1A
1013 GE Amsterdam
The Netherlands

IRISH LISTING AGENT

NCB Stockbrokers Limited
3 George's Dock
IFSC
Dublin 1