

AVOCA VII PLC

6 July 2015

Notice to the Noteholders of Adjourned Meeting of Class G Subordinated Notes

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF THE HOLDERS OF EACH CLASS OF THE NOTES. IF ANY NOTEHOLDER IS IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD CONSULT THEIR OWN INDEPENDENT PROFESSIONAL ADVISERS AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 IMMEDIATELY.

Avoca CLO VII Plc
Registered Office:
Pinnacle 2
Eastpoint Business Park
Clontarf
Dublin 3
Ireland
(the "**Issuer**")

**Notice of an Adjourned Meeting
of the holders
of the Outstanding
€48,000,000 Class G Subordinated Notes due 2024
ISIN: US05381TAG94/ XS0289569088
of the Issuer
(the "**Notes**")**

NOTICE IS HEREBY GIVEN that the meeting of the Class G Subordinated Noteholders convened by the Issuer on 30 June 2015 (the "**Original Meetings**") by the Notice dated 15 June 2015 published in accordance with the terms of the Trust Deed constituting the Notes was adjourned through lack of a quorum and that an adjourned meeting (the "**Adjourned Meeting**") of the Class G Subordinated Noteholders will be held on Wednesday 22 July 2015 at 10:30 a.m. (London time). The Adjourned Meeting will be held for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the trust deed dated 5 April 2007 (as may be amended, restated and/or supplemented from time to time, the "**Trust Deed**") between (amongst others) the Issuer and Deutsche Trustee Company Limited (the "**Trustee**") and constituting the Notes.

The Adjourned Meeting will not be held any earlier than the time specified for such meeting above.

Capitalised terms used, but not defined, in this Notice shall have the meaning given thereto or pursuant to the Trust Deed including the Terms and Conditions of the Notes set out therein.

BACKGROUND

Commencing on September 15, 2008 and periodically thereafter, Lehman Brothers Holdings Inc. ("**LBHI**") and certain of its subsidiaries (collectively, the "**Debtors**") commenced voluntary cases under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") before the United States Bankruptcy Court for the Southern District of New York (the "**Court**"), Case No. 08-13555 (SCC).

By order, dated 15 September 2011 [Docket No. 20019] (The "**Committee Standing Order**"), the Court authorised the Official Committee of Unsecured Creditors of Lehman Brothers Holdings Inc., et al. (the "**Committee**") to, inter alia, prosecute and settle the claims on behalf of the Debtors. The Committee's authority to settle claims is governed by the Court's Order Pursuant to Section 105 of the Bankruptcy Code and Bankruptcy Rule 9019 Authorising the Debtors to

Implement Procedures for the Settlement of Avoidance Claims, dated 18 May 2011 [Docket No. 16940] (the "**Settlement Procedures Order**").

We refer to the facility agreement entered into between Gala Group Finance Limited ("**Gala**") as borrower and Lehman Commercial Paper Inc. ("**LCPI**") as lender (the "**Gala Facility**"). During or prior to September 2008, the Issuer acquired a participation interest in the Gala Facility (the "**Gala Participation**"). In September 2008, the Issuer's rights under the Gala Participation were elevated from participant to lender of record under the Gala Facility (the "**Gala Elevation**").

The Committee claims that the Issuer and LCPI entered into a Tolling and Forbearance Agreement (the "**Tolling Agreement**"), which had the effect of extending LCPI's time to commence an action against the Issuer asserting claims (the "**LCPI Claims**") to, among other things, avoid the Gala Elevation as a preferential transfer.

On 6 December 2011, the Court entered an order confirming the *Modified Third Amended Joint Chapter 11 Plan for Lehman Brothers Holdings Inc., And Its Affiliated Debtors* (the "**Plan**") and the Plan became effective on 6 March 2012. Pursuant to the terms of the Plan, following the effective date, the litigation and derivatives subcommittees of the Committee continue functioning for certain purposes, including the purpose of resolving pending litigation.

LCPI and the Committee assert, among other things, that through the Gala Elevation, the Issuer converted an asset of LCPI into an asset of the Issuer. In essence, LCPI and the Committee claim that, among other things, prior to the Gala Elevation, the Issuer was a creditor of LCPI with only a claim against LCPI for amounts due under the Gala Participation. LCPI and the Committee further claim, among other things, that the Gala Elevation occurred in violation of Section 547 of the Bankruptcy Code.

The Issuer vigorously disputes the validity and amount of the damages asserted in respect of the LCPI Claims. Additionally, the Issuer contends that if the Committee could successfully prosecute the LCPI Claims on behalf of the LCPI estate, the Issuer would be entitled to a claim against LCPI's estate pursuant to Section 502(h) of the Bankruptcy Code in the amount of any amount recovered from the Issuer in respect of the LCPI Claims (the "**502(h) Claim**", collectively with the LCPI Claims, the "**Claims**").

SETTLEMENT

Settlement negotiations have been ongoing over a period of time and have involved the exchange of information, the discussion of defences to the LCPI Claims, offers and counter-offers. The current settlement proposal as set out in a settlement agreement to be entered into by, amongst others, LCPI and the Issuer (the "**Settlement Agreement**") involves payment of USD 593,000.00 (the "**Settlement Amount**") by the Issuer to LCPI to, among other things, resolve the LCPI Claims (the "**Settlement**"). Following the payment of the Settlement Amount, the Settlement Agreement provides that LCPI and the Issuer shall mutually release each other from, among other things, any and all claims arising from or relating to the LCPI Claims, the Gala Participation or the Gala Elevation and that LCPI shall have no further right to payment or relief from or against the Issuer relating to or in connection with the LCPI Claims.

LCPI has agreed to reduce the demand in connection with the Settlement as follows:

Firstly, the Settlement reflects a reduction in the total action value attributable to the Issuer by 91.1%, leaving a net action value of 8.9% of the sum originally being claimed or approximately USD 593,000. This is because the Settlement takes into account that, upon the return of the avoidable transfer to the LCPI estate, the Issuer would have a cross-claim against the estate of LCPI for such amounts as it was entitled to receive under the Gala Participation. In other words, the demand of LCPI is reduced by the estimated value of the cross-claim of the Issuer and in exchange, the Issuer agrees to waive receipt of the distribution on account of the cross-claim.

Secondly, negotiations with counsel to the Committee also involved the discussion of potential defences and litigation risks. Again, the demand of LCPI is reduced based upon an assessment of the likely additional costs of litigation and litigation risk.

In summary, the Settlement involves payment of USD 593,000.00 by the Issuer to LCPI compared to the initial claim value of an amount of USD 6,638,940 which represents approximately a discount of USD 6,045,940.

Such amount would resolve: (i) the LCPI Claims; and (ii) the cross-claim of the Issuer which would arise against the LCPI estate as a result of the return of the avoided transfer and that such amounts are netted out.

PROPOSED AMENDMENTS TO THE CONDITIONS OF THE NOTES

It is proposed that, to allow the Issuer to pay LCPI the Settlement Amount under the Settlement Agreement, Conditions 3(c)(i), 3(c)(ii) and 3(j)(ii) of the Notes be amended so that the Settlement Amount shall be paid in accordance with the Priorities of Payment (the "**Proposed Amendment**"), as set out in a deed of amendment, the form of which is set out in the Schedule hereto (the "**Amendment Deed**").

PROPOSAL

The purpose of the Meeting is for the Class G Subordinated Noteholders to consider and, if thought fit, approve the following course of action (the "**Proposal**"):

- entry into the Settlement Agreement by the Issuer and the Trustee;
- approval of the Proposed Amendment, including authorisation and direction to the Trustee to concur and agree to the Proposed Amendment and to the Trustee, the Issuer, the Custodian and the Collateral Administrator to execute the Amendment Deed;
- payment of the Settlement Amount by the Issuer in accordance with the terms of the Settlement Agreement and the Amendment Deed;
- establishment by the Issuer of a reserve in an amount equal to EUR 100,000 to be held in the Interest Account to fund any indemnity claims received by the Issuer from the Trustee under the Settlement Agreement during a period of one year from the payment of the Settlement Amount and payment of such reserve (or any remainder thereof) to the Class G Subordinated Noteholders on the later of expiry of such one year period and the resolution of any such indemnity claims that may be asserted in the respect of the Settlement Agreement in accordance with the terms of the Settlement Agreement and the Amendment Deed; and
- the payment of the fees (including VAT thereon) of Ashurst as legal adviser to the Investment Manager, Matheson as legal adviser to the Issuer, Allen & Overy LLP as legal adviser to the Trustee in relation to the LCPI Claims, the Settlement Agreement, the Proposal and its implementation and other expenses associated with holding the Meeting.

If the Proposal is not approved by an Extraordinary Resolution of the Class G Subordinated Noteholders and the Settlement Agreement is not entered into, it is uncertain what the consequences of this will be, though these may include litigation by LCPI against the Issuer in respect of the LCPI Claims.

If the Proposal is approved and the Settlement Agreement is entered into but the Settlement Amount is not paid by November 30, 2015, LCPI and the Committee have the right to terminate the Settlement Agreement upon 30 days' written notice to the Issuer. Upon such termination the provisions of the Settlement Agreement shall have no further force or effect. The consequences of such termination may include, as above, litigation by LCPI against the Issuer in respect of the LCPI Claims.

The cost and any award of damages in any litigation may exceed the Settlement Amount and may result in a reduction of interest and principal proceeds available for distribution to the Class G Subordinated Noteholders in accordance with the Priorities of Payment. In addition, litigation may result in a significant delay in the payment of distributions.

FORM OF THE EXTRAORDINARY RESOLUTION

The resolution that will be put to the Class G Subordinated Noteholders at the Adjourned Meeting in order to pass the Proposal is set out in Annex 1 hereto. The Proposal is set out in a single Extraordinary Resolution.

DOCUMENTATION

Copies of the Trust Deed (including the Conditions of the Notes), the Settlement Agreement and the Amendment Deed (in each case, referred to in the Extraordinary Resolution set out in Annex 1 hereto) will be available for inspection by the Class G Subordinated Noteholders during normal business hours at the specified office of the Transfer Agent set out below. Contact details of the Investment Manager are also set out below.

The Trustee has not been involved in the formulation or negotiation of the Settlement, the Settlement Amount or Proposal (as defined herein) and, in accordance with normal practice, the Trustee expresses no opinion on the merits of the Proposal (or any of them) (which it was not involved in negotiating) or the Extraordinary Resolution (as set out herein) (or any of them) and no opinion on whether the Class G Subordinated Noteholders would be acting in their best interests voting for or against the Proposals or the Extraordinary Resolution (or any of them) but on the basis of the information contained in this Notice has authorised it to be stated that it has no objection to the Extraordinary Resolution being submitted to the Class G Subordinated Noteholders for their consideration. The Trustee makes no representation that all relevant information has been disclosed to the Class G Subordinated Noteholders in connection with the Proposal in this Notice or otherwise. The Trustee is not responsible for the accuracy, completeness, validity or correctness of the statements made in this Notice or omissions therefrom. Nothing in this Notice should be construed as a recommendation to the Class G Subordinated Noteholders from the Trustee to vote in favour of, or against, any of the Proposal or the Extraordinary Resolution. The Trustee recommends that the Class G Subordinated Noteholders take their own independent professional advice on the merits and the consequences of voting in favour of, or against, each of the Extraordinary Resolution and the Proposal.

No person has been authorised to make any recommendation on behalf of the Issuer, the Trustee or the Principal Paying Agent as to whether or how the Class G Subordinated Noteholders should vote pursuant to the Proposal. No person has been authorised to give any information, or to make any representation in connection therewith, other than those contained herein. If made or given, such recommendation or any such information or representation must not be relied upon as having been authorised by the Issuer, the Trustee or the Principal Paying Agent.

This Notice is issued and directed only to the Noteholders and no other person shall, or is entitled to, rely or act on, or be able to rely or act on, its contents.

Each person receiving this Notice must make its own analysis and investigation regarding each Proposal and make its own voting decision, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such voting decision. If such person is in any doubt about any aspect of the Proposal and/or the action it should take in respect of it, it should consult its professional advisers.

QUORUM AND VOTING

The provisions governing the convening and holding of the Adjourned Meeting are set out in Schedule 5 to the Trust Deed (*Provisions for Meetings of Noteholders*).

If, within 15 minutes after the time fixed for the Adjourned Meeting a quorum is not present, then the Adjourned Meeting will be dissolved.

Quorum and voting for the holders of the Combination Notes

Holders of the Combination Notes shall vote with the relevant Class of each Component of their Combination Notes, in proportion to the size of their Component thereof.

For the purposes of calculating the quorum and the percentage of the aggregate Principal Amount Outstanding of the Notes voting in favour thereof, (a) references to the Class G Subordinated Notes shall be deemed to include the principal amount of the Class G Subordinated Component, of the relevant class of Combination Notes, and (b) references to votes to be given by the holders of the Class G Subordinated Notes shall be deemed to include references to a proportional amount of such votes that are related to the Class G Subordinated Component of the relevant class of Combination Notes.

Quorum

The quorum required at the Adjourned Meeting called to pass the Extraordinary Resolution is two or more persons holding or representing any Notes of the Class regardless of the aggregate original principal amount of the Notes of the relevant Class.

The holder of a Global Note shall be treated as two persons for the purpose of any quorum requirements of an Adjourned Meeting.

Voting Certificates and Block Voting Instructions

CLASS G SUBORDINATED NOTEHOLDERS WHO SUBMITTED ELECTRONIC VOTING INSTRUCTIONS THROUGH THE EUROPEAN CLEARING SYSTEMS AND THEREBY APPOINTED A PROXY UNDER A BLOCK VOTING INSTRUCTION OR WHO OBTAINED A VOTING CERTIFICATE IN RELATION TO THE ORIGINAL MEETING ARE INFORMED THAT SUCH BLOCK VOTING INSTRUCTION AND APPOINTMENT AND/OR VOTING CERTIFICATE WILL REMAIN VALID FOR THE ADJOURNED MEETING, UNLESS SUCH INSTRUCTIONS AND APPOINTMENTS OR CERTIFICATES ARE DULY SURRENDERED, REVOKED OR AMENDED IN ACCORDANCE WITH THE PROCEDURES AND DEADLINES SET OUT IN THE TRUST DEED PRIOR TO THE ADJOURNED MEETING.

Class G Noteholders wishing to attend and vote at the Adjourned Meeting or wishing to include the votes attributable to their Notes, as applicable, in a Block Voting Instruction and to appoint a proxy who attends and votes at the Adjourned Meeting on their behalf may:

- (a) in the case of Class G Noteholders wishing to attend and vote at the Adjourned Meeting, obtain a Voting Certificate from the Transfer Agent by depositing the Notes for that purpose at least 48 hours before the time fixed for the Adjourned Meeting with the Transfer Agent or to the order of the Transfer Agent with a bank or other depository nominated by the Transfer Agent for the purpose. The Transfer Agent will issue a Voting Certificate in respect of such Notes so blocked. The bearer of a Voting Certificate shall be entitled to attend and vote at the Adjourned Meeting; or
- (b) in the case of Class G Noteholders wishing to include the votes attributable to their Notes in a Block Voting Instruction and to appoint a Proxy who will attend and vote at the Adjourned Meeting on their behalf, at least 48 hours before the time fixed for the Adjourned Meeting:

- (i) deposit the Notes for that purpose with the Transfer Agent or to the order of the Transfer Agent in an account with a bank or other depository nominated by the Transfer Agent for the purpose or blocked in an account with a clearing system; and
- (ii) either themselves or through a duly authorised person on their behalf, direct the Transfer Agent how the votes attributable to such Notes are to be cast.

In respect of all such Notes so blocked, the Transfer Agent shall issue Block Voting Instructions authorising a Proxy to vote in accordance with the Noteholder's instructions in respect of the votes attributable to such Notes at the Adjourned Meeting and will deposit such Block Voting Instructions at the specified office of the Transfer Agent (or such other place as may have been approved by the Trustee for that purpose) at least 24 hours before the time fixed for the Adjourned Meeting.

If the Trustee requires, holders of any voting certificate and Proxies appointed under Block Voting Instructions, in each case, relating to the relevant Notes, wishing to attend and vote at the Adjourned Meeting are to produce satisfactory proof of identity and a notarised copy of each Block Voting Instruction.

Once the Transfer Agent has issued a voting certificate for the Adjourned Meeting in respect of any Notes, it will not release such Notes until either:

- (a) the Adjourned Meeting has been concluded; or
- (b) such voting certificate has been surrendered to the Transfer Agent.

Once the Transfer Agent has issued Block Voting Instructions in respect of the votes attributable to any Notes in relation to the Adjourned Meeting:

- (a) except as provided in the paragraph below, it shall not release such Notes until the Adjourned Meeting has been concluded; and
- (b) the directions to which it gives effect may not be revoked or altered during the 48 hours before the time fixed for the Adjourned Meeting.

Any vote cast in accordance with a block voting instruction or a voting certificate shall be valid even if it or any of the Noteholders' instructions pursuant to which it was executed has previously been amended or revoked, unless written intimation of such revocation or amendment is received by the Transfer Agent by the Issuer or the Trustee at its registered office or by the Chairperson of the meeting in each case at least 24 hours before the time fixed for the relevant Adjourned Meeting.

In relation to the times and dates indicated above, Class G Noteholders should note the particular practices and policies of the relevant bank or other depository nominated by the Transfer Agent regarding their communications deadlines, which will determine the latest time at which instructions and revocations of such instructions may be delivered to the relevant bank or other depository (which may be earlier than the deadlines set out herein) so that they are received by the Transfer Agent within the deadlines set out herein.

The Regulation S Notes are represented by a Registered note, registered in the name of BT Globenet Nominees Limited as nominee for Deutsche Bank AG, London Branch acting as common depository (the "**Common Depository**") for Clearstream Banking société anonyme ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. ("**Euroclear**") and their respective participants. For the purposes of the Adjourned Meeting, a **Direct Participant** shall mean each person who is for the time being shown in the records of Euroclear or Clearstream as the holder of a particular principal amount of the Class G Subordinated Notes of the particular Class.

Only a Direct Participant may attend and vote at the Adjourned Meeting or appoint a proxy to attend and vote at the Adjourned Meeting.

If a beneficial owner is not a Direct Participant and wishes to attend and vote at the Adjourned Meeting, it should arrange for the Direct Participant through which it holds Notes to make arrangements for the issue of a voting certificate in respect of those Notes for the purpose of attending and voting at the Adjourned Meeting in person. Such beneficial owner must make such arrangements in accordance with the times and dates indicated above.

If a beneficial owner is not a Direct Participant and wishes to vote but does not wish to attend the Adjourned Meeting, it should arrange for the Direct Participant through which it holds Notes to make arrangements to include the votes attributable to their Notes in a block voting instruction and to appoint a Proxy to attend and vote at the Adjourned Meeting on their behalf. Such beneficial owner must make such arrangements in accordance with the times and dates indicated above.

Noteholders are advised to check with the Custodian or Direct Participant through which they hold Notes if such entity would require to receive instructions to participate before the deadlines specified in this Notice. The deadlines set by each Clearing System for submission and revocation may also be earlier than the relevant deadlines specified in this Notice.

Noteholders should also note that in accordance with the rules of operation of the Clearing Systems, Direct Participants will only be entitled to instruct in respect of each minimum denomination of Note being €100,000 and integral multiples of €1,000 in excess thereof.

B. Rule 144A Notes held through DTC

DTC voting procedures

The Rule 144A Notes of any Class of Notes are represented by a permanent global note in bearer form held by the Global Note Custodian who holds a 100 per cent. interest therein.

For the purposes of Notes held through DTC, each direct participant in DTC holding a principal amount of the Notes, as reflected in the records of DTC, as at the close of business in London on 17 July 2015 (the **Record Date**) will be considered to be a Noteholder upon DTC granting an omnibus proxy authorising DTC direct participants to vote at the Adjourned Meeting (by delivering a form of proxy).

The Record Date has been fixed as the date for the determination of Class G Subordinated Noteholders entitled to vote at the Adjourned Meeting. The delivery of a form of proxy, as defined and described below, will not affect a Class G Subordinated Noteholder's right to sell or transfer any Notes, and a sale or transfer of any Notes after the Record Date will not have the effect of revoking any form of proxy properly delivered by a Class G Subordinated Noteholder. Therefore, each properly delivered form of proxy will remain valid notwithstanding any sale or transfer of any Notes to which such form of proxy relates.

A DTC direct participant, duly authorised by an omnibus proxy from DTC, may, by an instrument in writing in the English language (a form of proxy) in the form available from the office of Deutsche Bank AG, London Branch (the **Principal Paying Agent**) specified below signed by such DTC direct participant, or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Principal Paying Agent no later than 17 July 2015 at 10:30 a.m. (London time), being 72 hours (excluding Saturday and Sunday) before the time fixed for the Adjourned Meeting, appoint any person (a proxy) to act on his or its behalf in connection with the Meeting and any adjourned meeting.

A proxy so appointed shall so long as such appointment remains in force be deemed, for all purposes in connection with the Original Meeting or the Adjourned Meeting, to be the holder of the

Notes to which such appointment relates and the persons granting such proxy shall be deemed for such purposes not to be the holder of such Notes.

Only DTC direct participants authorised by an omnibus proxy from DTC may deliver a form of proxy to the Principal Paying Agent. A beneficial owner of an interest in Notes held through a DTC direct participant must direct such DTC direct participant to deliver a form of proxy on its behalf.

Any DTC direct participant who intends to deliver one or more properly completed forms of proxy should deliver the same by registered mail, hand delivery, overnight courier or by e-mail or facsimile (with an original delivered subsequently) to the Principal Paying Agent at its address, e-mail address or facsimile number set forth below. Such forms of proxy must be received by the Principal Paying Agent no later than 17 July 2015 at 10:30 a.m. (London time), being 72 hours (excluding Saturday and Sunday) before the time fixed for the Adjourned Meeting.

Noteholders should also note that in accordance with the rules of operation of the Clearing Systems, Direct Participants will only be entitled to instruct in respect of each minimum denomination of Note being €250,000 and integral multiples of €1,000 in excess thereof.

The registered ownership of a Note as of the Record Date shall be proved by the Principal Paying Agent. The ownership of Notes held through DTC by DTC direct participants shall be established by a DTC security position listing provided by DTC as of the Record Date.

DTC direct participants wishing to obtain and/or deliver a form of proxy in accordance with the voting procedure described above should contact:

Deutsche Bank AG London

Winchester House

1 Great Winchester Street

London EC2N 2DB

Attn: Issuer Services - Debt & Agency Services

email: xchange.offer@db.com

Tel. +44 (0) 20 7547 5000

Fax. +44 (0) 20 7547 6149/5001

Voting

Every question submitted to the Adjourned Meeting will be decided on a show of hands, unless a poll is demanded (before, or on the declaration of the result of, the show of hands) by the Chairperson of the Adjourned Meeting or by the Issuer, the Trustee or by one or more voters holding or representing not less than one fiftieth of the aggregate principal amount of outstanding Notes.

On a show of hands, each Voter shall have one vote.

On a poll, every person who is present in person and who produces a Note or a voting Global Note or is a proxy shall have one vote for each €1,000 in principal amount of Note(s) so produced or represented by the voting certificate so produced or for which he is a proxy or representative. The holder of a Global Note shall be treated as having one vote for each €1,000 original principal amount of Notes represented by such Global Note. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

Unless a poll is demanded, a declaration by the Chairperson that the Extraordinary Resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.

If a poll is demanded, it shall be taken in such manner as the Chairperson directs. The result of the poll shall be deemed to be the resolution of the Adjourned Meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the Adjourned Meeting continuing for the transaction of business other than the question on which it has been demanded.

In case of equality of votes, the Chairperson shall, both on a show of hands and on a poll, have a casting vote in addition to any other votes which he or she may have.

To be passed at the Adjourned Meeting, an Extraordinary Resolution requires a majority of at least 66 2/3 per cent. of the votes cast.


The passing of the Extraordinary Resolution will be conclusive evidence that the circumstances justify its being passed.

If the Extraordinary Resolution is passed at the Adjourned Meeting, the Issuer will give notice of such passing to the Transfer Agent (with a copy to the Trustee) within 14 days of conclusion of the Adjourned Meeting. Failure by the Issuer to give such notice will not invalidate the Extraordinary Resolution.

In accordance with the terms of Schedule 5 of the Trust Deed (in particular paragraphs 10 and 12), an Extraordinary Resolution which is passed at a meeting of the Affected Class (in this case the Class G Subordinated Noteholders) shall be binding upon the holders of all the other Classes of Notes. If passed at the Adjourned Meeting, the Extraordinary Resolution will be binding upon all Noteholders.

Subject to the Extraordinary Resolution being passed at the Adjourned Meeting by a majority of at least 66 2/3 per cent of the votes cast and all relevant documents being executed, the Proposal will become effective and the Noteholders will be notified thereof by the Issuer in accordance with the Conditions.

This notice is given by:

Avoca CLO VII Plc

Dated 6 July 2015

Contact details:

Transfer Agent

Deutsche Bank Trust Company Americas

1761 East St. Andrews Place

Santa Ana, California 92705

United States of America

Attention: Eva Wong

Email: eva.wong@db.com

Telephone: (+1) 714 247 6263

Contact details:

Investment Manager

KKR Credit Advisors (Ireland)

75 St Stephen's Green

Dublin 2

Attention: Padraig O'Connell

Email: Padraig.oconnell@kkcr.com

Telephone: (+353) 1 479 3108

Principal Paying Agent

Deutsche Bank AG London

Winchester House

1 Great Winchester Street

London EC2N 2DB

Attention: Issuer Services – Debt & Agency Services

Email: xchange.offer@db.com

Telephone: +44 (0)20 7547 5000

Fax: +44 (0) 20 7547 6149/5001

ANNEX 1

FORM OF EXTRAORDINARY RESOLUTION

"THAT this meeting of the holders of the €48,000,000 Class G Subordinated Notes due 2024 (including, for the avoidance of doubt, the Class R Subordinated Noteholder with respect to their Class G Subordinated Note component) of Avoca CLO VII plc currently Outstanding (the **"Noteholders"**, the **"Notes"** and the **"Issuer"** respectively) constituted by the trust deed dated 5 April 2007 (the **"Trust Deed"**) made between, among others, the Issuer and Deutsche Trustee Company Limited (the **"Trustee"**) as trustee for the Noteholders (the **"Noteholders"**) hereby resolves by way of Extraordinary Resolution to:

1. (a) assent to the amendment to Conditions 3(c)(i) and 3(c)(ii) of the Notes so that the Settlement Amount shall be paid subject to and in accordance with the Priorities of Payment in accordance with the terms of the deed of amendment, the form of which is available for inspection by the Class G Subordinated Noteholders at the meeting (the **"Amendment Deed"**); (b) assent to the entry into the Settlement Agreement, the form of which is available for inspection by the Class G Subordinated Noteholders at the meeting, and the Amendment Deed by, *inter alios*, the Issuer, the Collateral Administrator and the Trustee; (c) assent to the payment of the Settlement Amount by the Issuer in accordance with the terms of the Settlement Agreement; (d) assent to the amendment to Condition 3(j)(ii) of the Notes so that the establishment of a reserve in an amount equal to EUR 100,000 to be held in the Interest Account to fund any indemnity claims received by the Issuer from the Trustee during a period of one year from the payment of the Settlement Amount and for the payment of such reserve (or any remainder thereof) to the Class G Subordinated Noteholders on the later of the expiry of such one year period and the date of the resolution of any such indemnity claims that may be asserted in respect of the Settlement Agreement in accordance with the terms of the Settlement Agreement and the Amendment Deed; and (e) assent to the payment of the fees and expenses (including VAT thereon) of Ashurst as legal adviser to the Investment Manager, Matheson as legal adviser to the Issuer and Allen & Overy LLP as legal adviser to the Trustee in relation to the LCPI Claims, the Settlement, the Proposal and its implementation and other expenses associated with holding the Meeting (together the **"Proposal"**);
2. sanction every abrogation, modification, variation, compromise or arrangement in respect of the rights of the Noteholders appertaining to the Notes, whether or not such rights arise under the Trust Deed, involved in or resulting from or effected by the Proposal and its implementation;
3. authorise, direct, request and empower the Trustee, the Issuer and the Collateral Administrator to concur in the Proposal and, in order to give effect thereto and to implement the same, to execute the Settlement Agreement and the Amendment Deed (the Amendment Deed which shall be in the form of the draft Amendment Deed produced to this Meeting and for the purpose of identification signed by the Chairperson thereof with such amendments (if any) thereto as the Trustee shall require or approve) and to execute and do, all such other deeds, instruments, acts and things as may be necessary or appropriate to carry out and give effect to this Extraordinary Resolution and the implementation of the Proposal;
4. discharge and exonerate the Trustee, the Issuer, the Custodian and the Collateral Administrator from all and any Liability for which they may have become or may become responsible under the Trust Deed or the Notes in respect of any act or omission in connection with the Proposal, its implementation or this Extraordinary Resolution and its implementation; and

acknowledge that capitalised terms used in this Extraordinary Resolution have the same meanings as those defined in the Notice of Meeting and/ or the Trust Deed (including the Conditions of the Notes), unless otherwise defined herein or unless the context otherwise requires."

ANNEX 2

VOTING INSTRUCTION FORM

For Use by DTC Participants Only

DTC Participants and the holders of beneficial interests in the Notes should read and complete the Voting Instruction Form in conjunction with the Notice of Adjourned Meeting dated 6 July 2015 sent by Deutsche Bank Trustee Company Limited in its capacity as Trustee of the Class G Subordinated Notes.

For use in connection with the Notice of Adjourned Meeting of Class G Subordinated Noteholders dated 6 July 2015.

Avoca CLO VII plc
Pinnacle 2
Eastpoint Business Park
Clontarf
Dublin 3
Ireland
(the "**Issuer**")

€284,000,000 Class A1 Senior Secured Floating Rate Notes due 2024
ISIN: US05381TAA25/ XS0289562745

€62,500,000 Class A2 Senior Secured Floating Rate Notes due 2024
ISIN: US05381TAB08/ XS0289563396

€145,000,000 Class A3 Senior Secured Floating Rate Notes due 2024
ISIN: US05381TAP93/ XS0289564014

€48,500,000 Class B Senior Secured Deferrable Floating Rate Notes due 2024
ISIN: US05381TAC80/ XS0289565763

€42,000,000 Class C1 Senior Secured Deferrable Floating Rate Notes due 2024
ISIN: US05381TAD63/ XS0289566571

€4,500,000 Class C2 Senior Secured Deferrable Fixed Rate Notes due 2024
ISIN: US05381TAQ76/ XS0289563412

€23,000,000 Class D1 Senior Secured Deferrable Floating Rate Notes due 2024
ISIN: US05381TAE47/ XS0289566902

€8,500,000 Class D2 Senior Secured Deferrable Fixed Rate Notes due 2024
ISIN: US05381TAR59/ XS0289563768

€28,250,000 Class E1 Senior Secured Deferrable Floating Rate Notes due 2024
ISIN: US05381TAF12/ XS0289567546

€2,750,000 Class E2 Senior Secured Deferrable Fixed Rate Notes due 2024
ISIN: US05381TAS33/ XS0289564493

€14,000,000 Class F Senior Secured Deferrable Floating Rate Notes due 2024
ISIN: US05381TAG94/ XS0289568437

€48,000,000 Class G Subordinated Notes due 2024
ISIN: US05381TAG94/ XS0289569088

€13,500,000 Class R Combination Notes due 2024
ISIN: US05381TAL89/ XS0289569914

€40,000,000 Class V Combination Notes due 2024
ISIN: US05381TAT16/ XS0290386431

(together the "**Notes**")

This Voting Instruction Form should be completed and signed by a DTC Participant and the original lodged with Deutsche Bank AG London in respect of the Avoca CLO VII plc Class G Subordinated Notes at its office at Winchester House, Great Winchester Street,

London, EC2N 2DB , Email: xchange.offer@db.com, Fax +44 (0) 20 7547 6149/5001 Attention Sue Ferguson by 10:30 a.m. (London time) on 17 July 2015 to appoint the beneficial owner or another nominee or employee(s) of [●] (to be nominated by it) as a sub-proxy to attend and vote at the Creditors' Meeting or any subsequent adjourned Creditors' Meeting.

We hereby certify that:

1. Notes of aggregate principal amount specified below were held by us as a DTC Participant on 17 July 2015, being the Record Date for the purposes of the Adjourned Meeting.
2. We appoint:
 - (i) Employee(s) of [●] nominated by it of [●]
 - OR
 - (ii) *[INSERT NAME OF BENEFICIAL OWNER/NOMINEE]* of *[ADDRESS]* with *[passport number/driving licence number]* [●]¹

to act as our sub-proxy and to attend the Meeting on our behalf and to cast the votes in respect of the Notes described below in the manner set out below.
3. No other person has been appointed as a sub-proxy in respect of the above Avoca CLO VII plc Notes and no voting instruction has been given in relation to such Avoca CLO VII plc Notes.

The total principal amount Avoca CLO VII plc Notes in respect of which the votes attributable to them should be cast by such sub-proxy IN FAVOUR OF/AGAINST/ABSTAIN the Extraordinary Resolutions as set out in the Notice of Adjourned Meeting dated 6 July 2015 as the sub-proxy wishes in respect of the Extraordinary Resolutions is:

Total principal amount of Notes: US \$ [] ([CUSIP])

Capital terms used but not defined in this sub-proxy shall have the meanings ascribed to them in the Trust Deed and the Notice of Adjourned Meeting of the Class G Subordinated Notes dated 6 July 2015.

.....

Signed by a duly authorised officer on behalf of the DTC Participant

Name of DTC Participant:

Account number of DTC Participant:

Contact Person:

Mailing Address:

Telephone:

E-mail address:

Date:

[Insert medallion stamp here]

1. Conform identity of proxy to the terms of the offer.

SCHEDULE 1

Form of Amendment Deed



Deed of Amendment

Avoca CLO VII plc
as Issuer

and

Deutsche Trustee Company Limited
as Trustee

and

Deutsche Bank AG, London Branch

as Principal Paying Agent, Calculation Agent, Account Bank, Custodian
and Collateral Administrator

and

Deutsche Bank Trust Company Americas

as Registrar, DTC Custodian, Exchange Agent and Transfer Agent

and

KKR Credit Advisors (Ireland)

as Investment Manager

and

Deutsche International Corporate Services (Ireland)
Limited

as Irish Transfer and Paying Agent

.....2015

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THIS DEED OF AMENDMENT (this "**Deed**") is made on

2015

BETWEEN:

- (1) **AVOCA CLO VII plc**, a public company with limited liability incorporated under the laws of Ireland and having its registered office at Pinnacle 2, Eastpoint Business Park, Clontarf, Dublin 3, Ireland (the "**Issuer**");
- (2) **DEUTSCHE TRUSTEE COMPANY LIMITED** of Winchester House, 1 Great Winchester Street, London EC2N 2DB, in its capacity as trustee (the "**Trustee**");
- (3) **DEUTSCHE BANK AG, LONDON BRANCH** of Winchester House, 1 Great Winchester Street, London EC2N 2DB, as the Principal Paying Agent, Calculation Agent, Account Bank, Custodian and Collateral Administrator (each such capitalised term as defined in the Conditions);
- (4) **DEUTSCHE BANK TRUST COMPANY AMERICAS** of 1761 East St. Andrew Place, Santa Ana, California 92705, as Registrar, DTC Custodian, Exchange Agent and Transfer Agent (each such capitalised term as defined in the Conditions);
- (5) **KKR CREDIT ADVISORS (IRELAND) (FORMERLY AVOCA CAPITAL HOLDINGS)** of 75 St. Stephen's Green, Dublin 2, Ireland as Investment Manager (the "**Investment Manager**"); and
- (6) **DEUTSCHE INTERNATIONAL CORPORATE SERVICES (IRELAND) LIMITED** of Pinnacle 2, Eastpoint Business Park, Clontarf, Dublin 3, Ireland as the Irish Paying Agent (as defined in the Conditions).

WHEREAS

- (A) The Issuer and the Trustee hereto entered into a trust deed dated 5 April 2007 (the "**Trust Deed**") relating to the creation and issue of €284,000,000 Class A1 Senior Secured Floating Rate Notes due 2024 (the "**Class A1 Notes**"), €62,500,000 Class A2 Senior Secured Floating Rate Notes due 2024 (the "**Class A2 Notes**"), €145,000,000 Class A3 Senior Secured Floating Rate Notes due 2024 (the "**Class A3 Notes**"), €48,500,000 Class B Senior Secured Deferrable Floating Rate Notes due 2024 (the "**Class B Notes**"), €42,000,000 Class C1 Senior Secured Deferrable Floating Rate Notes due 2024 (the "**Class C1 Notes**"), €4,500,000 Class C2 Senior Secured Deferrable Fixed Rate Notes due 2024 (the "**Class C2 Notes**"), €23,000,000 Class D1 Senior Secured Deferrable Floating Rate Notes due 2024 (the "**Class D1 Notes**"), €8,500,000 Class D2 Senior Secured Deferrable Fixed Rate Notes due 2024 (the "**Class D2 Notes**"), €28,250,000 Class E1 Senior Secured Deferrable Floating Rate Notes due 2024 (the "**Class E1 Notes**"), €2,750,000 Class E2 Senior Secured Deferrable Fixed Rate Notes due 2024 (the "**Class E2 Notes**"), €14,000,000 Class F Senior Secured Deferrable Floating Rate Notes due 2024 (the "**Class F Notes**" and, together with the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C1 Notes, the Class C2 Notes, the Class D1 Notes, the Class D2 Notes, the Class E1 Notes and the Class E2 Notes, the "**Senior Notes**"), €48,000,000 Class G Subordinated Notes due 2024 (the "**Class G Subordinated Notes**"), €5,000,000 Class K Combination Notes due 2024 (the "**Class K Combination Notes**"), €13,500,000 Class R Combination Notes due 2024 (the "**Class R Combination Notes**"), €6,000,000 Class S Combination Notes due 2024 (the "**Class S Combination Notes**"), €10,000,000 Class T Combination Notes due 2024 (the "**Class T Combination Notes**"), €2,500,000 Class U Combination Notes due 2024 (the "**Class U Combination Notes**") and €40,000,000 Class V Combination Notes due 2024 (the "**Class V Combination Notes**" and, together with the Class K Combination Notes, the Class R Combination Notes, the Class S Combination Notes, the Class T Combination Notes and the Class U Combination Notes, the "**Combination Notes**", and, the

Combination Notes together with the Senior Notes, the "**Rated Notes**", and the Rated Notes together with the Class G Subordinated Notes, the "**Notes**").

- (B) We refer to the facility agreement entered into between Gala Group Finance Limited ("**Gala**") as borrower and Lehman Commercial Paper Inc. as lender (the "**Gala Facility**"). During or prior to September 2008, the Issuer acquired a participation interest in the Gala Facility (the "**Gala Participation**") In September 2008 the Issuer's rights under the Gala Participation were elevated from participant to lender of record under the Gala Facility (the "**Gala Elevation**").
- (C) On September 23, 2010, the Issuer and LCPI entered into a Tolling and Forbearance Agreement (a "**Tolling Agreement**"), which had the effect of extending LCPI's time to, among other things, commence an action against the Issuer asserting claims (the "**LCPI Claims**") to avoid the Gala Elevation as a preferential transfer. After good-faith, arms' length negotiations, LCPI and the Issuer have agreed to resolve the LCPI Claims pursuant to the terms and conditions set forth in the Settlement Agreement whereby the Issuer agrees to make a payment to LCPI of the Settlement Amount.
- (D) In accordance with an Extraordinary Resolution of the Class G Subordinated Noteholders duly passed on [●] 2015 at a meeting of the Class G Subordinated Noteholders (the "**Resolution**"), the parties hereto wish to amend the Conditions of the Notes on the terms set out in this Deed to allow the Settlement Amount to paid subject to and in accordance with the Priorities of Payment in accordance with Conditions 3(c)(i) and 3(c)(ii) of the Notes (as amended herein).

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. INTERPRETATION

Capitalised terms used in this Deed but not otherwise defined herein shall have the same meanings as set out in the Trust Deed.

2. AMENDMENTS TO THE CONDITIONS

The parties hereto hereby agree that on and with effect from the date hereof, the Conditions shall be amended as follows:

2.1 Condition 1 (*Definitions and Interpretation*) shall be amended as follows:

- (a) The following definition shall be added after the definition of "Aggregate Principal Balance":

"Amendment Deed" means the amendment deed dated [●] 2015 between, *inter alios*, the Issuer and the Trustee;

- (b) The following definition shall be added after the definition of "Class G Subordinated Noteholder Report":

"Class G Subordinated Noteholder Resolution" means the Extraordinary Resolution of the Class G Subordinated Noteholders duly passed on [●] 2015 at a meeting of the Class G Subordinated Noteholders, pursuant to which the Noteholders approved the amendment to the Conditions of the Notes to allow the Settlement Amount to paid subject to and in accordance with the Priorities of Payment in accordance with Condition 3(c)(i) and 3(c)(ii) of the Notes (as amended);

- (c) The following definitions shall be added after the definition of "Senior Notes":

"Settlement Agreement" means the settlement agreement dated [●] between, *inter alia*, the Issuer, the Trustee and Lehman Commercial Paper Inc.;

"Settlement Amount" means a payment by the Issuer to Lehman Commercial Paper Inc. of an amount in cash equal to Five Hundred and Ninety Three Thousand Dollars (USD 593,000.00) subject to and in accordance with the provisions of the Settlement Agreement;

- (d) The following definition shall be added after the definition of "Substitute Collateral Debt Obligation":

"Support Letter" means the support letter dated [●] between, *inter alia*, the Issuer, the Trustee and Lehman Commercial Paper Inc.;

- 2.2 Condition 3(c)(i) (*Application of Interest Proceeds*) shall be amended by deleting subparagraph (EE) and replacing it with the following

"(EE) after the Incentive Investment Management Fee IRR Threshold has been reached (after taking into account all prior distributions to Class G Subordinated Noteholders and any distribution to be made to Class G Subordinated Noteholders on such Payment Date):

- (i) 20 per cent. of any remaining Interest Proceeds, to the payment on a *pro rata* basis to the Investment Manager as an Incentive Investment Management Fee and to the payment of any value added tax in respect thereof; and

- (ii) 80 per cent. of any remaining Interest Proceeds to the payment of:

(1) firstly, only on the Payment Date falling on [●] 2015, the Settlement Amount due under the Settlement Agreement to Lehman Commercial Paper Inc.;

(2) secondly, only on the Payment Date falling on [●] 2015 on a *pro-rata* and *pari passu* basis, the legal fees and expenses (including VAT thereon) of (i) Ashurst LLP as legal adviser to the Investment Manager, (ii) Matheson Ormsby Prentice as legal adviser to the Issuer and (iii) Allen & Overy LLP as legal adviser to the Trustee, in each case payable in relation to the Settlement Agreement, the Proposal and its implementation and other expenses associated with holding the Class G Noteholder Meeting;

(3) thirdly, only on the Payment Date falling on [●] 2015 an amount equal to EUR 100,000 as a deferred payment of interest to the Class G Subordinated Noteholders to the Interest Account to be applied in accordance with Condition 3(j)(ii)(9); and

(4) fourthly, to the Class G Subordinated Noteholders on a *pro rata* and *pari passu* basis."

- 2.3 Condition 3(c)(ii) (*Application of Principal Proceeds*) shall be amended by deleting subparagraph (F) and replacing it with the following

"(F) after the Incentive Investment Management Fee IRR Threshold has been reached (after taking into account all prior distributions to Class G Subordinated Noteholders and any distribution to be made to Class G Subordinated Noteholders on such Payment Date):

- (i) 20 per cent. of any remaining Principal Proceeds, to the payment on a *pro rata* basis to the Investment Manager as an Incentive Investment Management Fee and to the payment of any value added tax in respect thereof; and

- (ii) 80 per cent. of any remaining Principal Proceeds to the payment of:
 - (1) firstly, on a sequential basis the amounts referred to in paragraphs (EE) (ii) (1) through (3) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder; and
 - (2) secondly, to the Class G Subordinated Noteholders on a *pro rata* and *pari passu* basis."

2.4 Condition 3(j)(ii) (*Interest Account*) shall be amended by:

- (e) the insertion of the following sub-paragraph immediately underneath sub-paragraph (K):
 - "(L) an amount equal to EUR 100,000 payable into the Interest Account on [[•] 2015] pursuant to the Priorities of Payment as a deferred payment of interest to the Class G Subordinated Noteholders (the "**Reserve Amount**") to be applied solely in accordance with sub-paragraph (9) below."
- (f) The deletion of sub-paragraph (1) and its replacement with the following:
 - "(1) on the second Business Day prior to each Payment Date, all Interest Proceeds standing to the credit of the Interest Account (save with respect to the Reserve Amount which shall only be transferred in accordance with sub-paragraph (9) below) shall be transferred to the Payment Account to the extent required for disbursement pursuant to the Interest Proceeds Priority of Payments, save for amounts deposited after the end of the related Due Period and, on any Payment Date, other than a Payment Date on which all of the Notes are to be redeemed in full;"
- (g) the insertion of the following sub-paragraph immediately underneath sub-paragraph (8):
 - "(9) the Reserve Amount paid into the Interest Account in accordance with sub-paragraph (L) above to be paid as follows: (1) if at any time prior to [[•] 2016] (the "**Long-Stop Date**") the Trustee makes a claim for indemnification in accordance with clause 15.6 of the Trust Deed for any Liability incurred in connection with its entry into of the Support Letter and/ or Settlement Agreement and/or the Amendment Deed and/or and any act taken to implement or enforce the Resolution, the Support Letter and/or the Settlement Agreement; an amount equal to the amount of such claim (subject to a maximum of the lower of (i) EUR 100,000 and (ii) the Reserve Amount remaining in the Interest Account as at such date) shall forthwith be transferred from the Interest Account to the Payment Account to be disbursed as Trustee Fees and Expenses in accordance with the Interest Proceeds Priority of Payment provided that the Senior Expenses Cap shall not apply to any such disbursement; and, secondly, (2) on the later of (x) the Long-Stop Date and (y) five Business Days following the date on which any pending Trustee indemnity claim referred to under (1) above has been paid in full, the Reserve Amount (or any remainder thereof) shall be paid to the Class G Subordinated Noteholders on a *pro rata* and *pari passu* basis".

3. **PROVISIONS OF TRUST DEED APPLICABLE**

The provisions of clause 27 (*Limited Recourse and Non-Petition*), clause 28 (*Notices*), clause 29 (*Governing Law and Jurisdiction*) and 30 (*Counterparts*) of the Trust Deed shall apply to and be incorporated into this Deed, *mutatis mutandis*.

4. **MISCELLANEOUS**

Save as varied by this Amendment Deed and the Trust Deed, the Conditions shall remain in full force and effect upon the terms and conditions set out therein.

THIS DEED has been executed and delivered as a deed on the date stated at the beginning of this Deed.

SIGNATORIES

Issuer

GIVEN under the Common Seal of)
AVOCA CLO VII plc)

Director

Director / Secretary

Trustee

THE COMMON SEAL OF)
DEUTSCHE TRUSTEE COMPANY LIMITED)
was hereto affixed in the presence of)

Director / Associate Director

Director / Associate Director

Principal Paying Agent, Calculation Agent, Account Bank, Custodian and Collateral Administrator

SIGNED as a deed by)
DEUTSCHE BANK AG, LONDON BRANCH acting by)
two authorised signatories)

Authorised Signatory:

Authorised Signatory:

Registrar, DTC Custodian, Exchange Agent and Transfer Agent

EXECUTED as a deed)
and delivered by a duly authorised signatory of)
DEUTSCHE BANK TRUST COMPANY AMERICAS)

Authorised Signatory:

Authorised Signatory:

Investment Manager

SIGNED AND DELIVERED for and on behalf of
and as a deed by **KKR CREDIT ADVISORS (IRELAND)**
by its lawfully appointed attorney

(Name):

(Signature):

in the presence of:

(Signature of Witness):

(Name of Witness):

(Address of Witness):

(Occupation of Witness):

GIVEN under the Common Seal of **DEUTSCHE**)
INTERNATIONAL CORPORATE SERVICES)
(IRELAND) LIMITED)

Director

Authorised Signatory

SCHEDULE 2
Blackline showing Amendments to the Conditions

- j) to the payment of any applicable value added tax required to be paid by the Issuer in respect of any of the foregoing.

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

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

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

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

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

- (a) the Aggregate Principal Balance of all Collateral Debt Obligations, save that:
 - (i) for the purpose of calculating the Aggregate Principal Balance for the purposes of the Portfolio Profile Tests and the Collateral Quality Tests and in each case where Defaulted Obligations are specifically excluded, the Principal Balance of each Defaulted Obligation shall be excluded; save that, for the purpose of the Collateral Quality Test entitled "CDO Monitor Test" the Principal Balance of Defaulted Obligations shall be included;
 - (ii) for all purposes other than as set forth in paragraph (i) above, for the purpose of calculating the Aggregate Principal Balance, the Principal Balance of each Defaulted Obligation shall be the lower of its S&P Collateral Value and its Fitch Collateral Value; and
 - (iii) the Principal Balance of each Current Pay Obligation shall be the lesser of (A) the Market Value of such Current Pay Obligation and (B) 80 per cent. of the Principal Balance of such Current Pay Obligation;
- (b) the Balances standing to the credit of the Principal Account and the Unused Proceeds Account (excluding any amount incurred or anticipated pursuant to Condition 3(j)(iii)(A)) (*Payments to and from the Accounts –Unused Proceeds Account*); and
- (c) Purchased Accrued Interest to the extent not realised or accounted for in paragraph (b) above.

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

"Amendment Deed" means the amendment deed dated [] 2015 between, inter alios, the Issuer and the Trustee.

"Applicable Margin" has the meaning given thereto in Condition 6(e)(A)(4) (*Rate of Interest*).

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

"Class F Interest Coverage Ratio" means, as of any Measurement Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the scheduled interest payments due on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes.

"Class F Interest Coverage Test" means the test which will be satisfied as of any Measurement Date if, on such Measurement Date, the Class F Interest Coverage Ratio is at least equal to the percentage specified in the definition of "Coverage Test".

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

"Class F Par Value Ratio" means, as of any Measurement Date, the ratio (expressed as a percentage) obtained by dividing (a) the amount equal to the Aggregate Collateral Balance less the Par Value Test Excess Adjustment Amount by (b) the sum of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes.

"Class F Par Value Test" means the test which will be satisfied as of any Measurement Date if, on such Measurement Date, the Class F Par Value Ratio is at least equal to the percentage specified in the definition of "Coverage Test".

"Class G Subordinated Component" means, in respect of:

- (a) the Class K Combination Notes, a component thereof, the terms and conditions applicable to which (save for those relating to issuance or transfer thereof) are the same as €1,000,000 principal amount of Class G Subordinated Notes in respect of each €5,000,000 in original principal amount of Class K Combination Notes;
- (b) the Class R Combination Notes, a component thereof, the terms and conditions applicable to which (save for those relating to issuance or transfer thereof) are the same as €5,000,000 principal amount of Class G Subordinated Notes in respect of each €13,500,000 in original principal amount of Class R Combination Notes;
- (c) the Class S Combination Notes, a component thereof, the terms and conditions applicable to which (save for those relating to issuance or transfer thereof) are the same as €2,250,000 principal amount of Class G Subordinated Notes in respect of each €6,000,000 in original principal amount of Class S Combination Notes;
- (d) the Class T Combination Notes, a component thereof, the terms and conditions applicable to which (save for those relating to issuance or transfer thereof) are the same as €2,750,000 principal amount of Class G Subordinated Notes in respect of each €10,000,000 in original principal amount of Class T Combination Notes; and
- (e) the Class U Combination Notes, a component thereof, the terms and conditions applicable to which (save for those relating to issuance or transfer thereof) are the same as €500,000 principal amount of Class G Subordinated Notes in respect of each €2,500,000 in original principal amount of Class U Combination Notes.

"Class G Subordinated Noteholder Report" means the report defined as such in the Investment Management Agreement which is prepared by the Collateral Administrator (in consultation with the Investment Manager) on behalf of the Issuer, and delivered to the Issuer, the Trustee and the Investment Manager and, upon request therefor in accordance with Condition 4(f) (*Information Regarding the Collateral*), to any Class G Subordinated Noteholder and which shall include information regarding the status of certain of the Collateral pursuant to the Investment Management Agreement.

"Class G Subordinated Noteholder Resolution" means the Extraordinary Resolution of the Class G Subordinated Noteholders duly passed on [] 2015 at a meeting of the Class G Subordinated Noteholders, pursuant to which the Noteholders approved the amendment to the Conditions of the Notes to allow the Settlement Amount to paid subject to and in accordance with the Priorities of Payment in accordance with Condition 3(c)(i) and 3(c)(ii) of the Notes (as amended).

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

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

"Class K Step-down Coupon" means, as of any Payment Date, EURIBOR plus 1.0 per cent. per annum, provided, however, that it equals 0.15 per cent. if the Combination Note Diversion Test failed as at the preceding Payment Date.

"Class K Required Amortization Amount" means, as of any Payment Date after the Effective Date, €76,923.

"Class K Residual Interest" has the meaning given thereto in Condition 6(g)(i)(D).

"Class R Combination Note Coupon Interest" has the meaning given thereto in Condition 6(g)(ii)(A).

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

"Class R Rated Coupon" means 1.5 per cent. per annum.

"Class R Residual Interest" has the meaning given thereto in Condition 6(g)(ii)(C).

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

"Class S Residual Interest" has the meaning given thereto in Condition 6(g)(iii)(B).

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

"Class T Residual Interest" has the meaning given thereto in Condition 6(g)(iv)(B).

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

"Class U Residual Interest" has the meaning given thereto in Condition 6(g)(v)(B).

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

"Clearing Systems" has the meaning given thereto in the Trust Deed.

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

"Collateral Acquisition Agreements" means each of the agreements entered into by the Issuer in relation to the purchase by the Issuer of Senior Loans, Mezzanine Obligations, High Yield Bonds and other Collateral Debt Obligations from time to time.

"Senior Loan" means a Collateral Debt Obligation (which may be a Delayed Drawdown Obligation) that is (a) a Senior Secured Loan or senior unsecured loan obligation as determined by the Investment Manager or a Participation therein or (b) a Synthetic Security, the Reference Obligation applicable to which is an obligation of the type described in (a).

"Senior Notes" means, so long as any Notes of the relevant Class remains Outstanding, each Class of Notes other than the Class G Subordinated Notes and the Combination Notes.

"Settlement Agreement" means the settlement agreement dated [] between, *inter alia*, the Issuer, the Trustee and Lehman Commercial Paper Inc.;

"Settlement Amount" means a payment by the Issuer to Lehman Commercial Paper Inc. of an amount in cash equal to Five Hundred and Ninety Three Thousand Dollars (USD 593,000.00) subject to and in accordance with the provisions of the Settlement Agreement;

"Class G Subordinated Noteholder Resolution" means the Extraordinary Resolution of the Class G Subordinated Noteholders duly passed on [] 2015 at a meeting of the Class G Subordinated Noteholders, pursuant to which the Noteholders approved the amendment to the Conditions of the Notes to allow the Settlement Amount to paid subject to and in accordance with the Priorities of Payment in accordance with Condition 3(c)(i) and 3(c)(ii) of the Notes (as amended);

"Senior Secured Loan" means a collateral debt obligation (which may be a Delayed Drawdown Obligation) that is a senior secured obligation as determined by the Investment Manager in its reasonable business judgment or a Participation therein, provided that:

- (a) it is secured (i) by fixed assets of the Obligor or guarantor thereof if and to the extent 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) by 100.00 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 referred to in (a) above; or
- (c) if it is a Synthetic Security, the Reference Obligation applicable to which is an obligation of the type described in (a) and (b) above.

"Special Redemption" has the meaning given to it in Condition 7(d) (*Special Redemption*).

"Special Redemption Amount" has the meaning given to it in Condition 7(d) (*Special Redemption*).

"Special Redemption Date" has the meaning given to it in Condition 7(d) (*Special Redemption*).

"Stated Maturity" means, with respect to any Collateral Debt Obligation, Synthetic Collateral or Eligible Investment the date specified in such obligation as the fixed date on which the final payment or repayment of principal of such obligation is due and payable or, in the case of a Synthetic Security, the scheduled date of termination of such instrument or agreement.

"Subordinated Investment Management Fee" means the fee payable to the Investment Manager in arrear on each Payment Date in respect of the immediately preceding

"Substitute Collateral Debt Obligation" means a Collateral Debt Obligation purchased out of Principal Proceeds pursuant to the terms of the Investment Management Agreement and which satisfies both the Eligibility Criteria and the Reinvestment Criteria.

"Support Letter" means the support letter dated [] between, *inter alia*, the Issuer, the Trustee and Lehman Commercial Paper Inc.

of the Collateral Enhancement Account, to the repayment of any Investment Manager Advances;

(DD) until the Incentive Investment Management Fee IRR Threshold has been reached (after taking into account all prior distributions to Class G Subordinated Noteholders and any distribution to be made to Class G Subordinated Noteholders on such Payment Date), to the payment of interest on the Class G Subordinated Notes on a *pro rata* basis by reference to that proportion immediately prior to such redemption provided, however, that prior to the end of the Reinvestment Period, the Investment Manager will have the option (but not the obligation) to divert a portion of this interest distribution into the Principal Account in an amount up to but not exceeding one half of the excess (if any) of the aggregate amount available to be distributed over 6 per cent. of the aggregate principal amount of the Class G Subordinated Notes as at the Issue Date. Any diversion will be entirely at the option of the Investment Manager, including the amount of such diversion, subject to such limit as aforesaid;

(EE) ~~after the Incentive Investment Management Fee IRR Threshold has been reached (after taking into account all prior distributions to Class G Subordinated Noteholders and any distribution to be made to Class G Subordinated Noteholders on such Payment Date):~~

~~(i) 20 per cent. of any remaining Interest Proceeds, to the payment on a *pro rata* basis to the Investment Manager as an Incentive Investment Management Fee and to the payment of any value added tax in respect thereof; and~~

~~(ii) 80 per cent. of any remaining Interest Proceeds to the payment of interest on the Class G Subordinated Notes on a *pro rata* basis.~~

after the Incentive Investment Management Fee IRR Threshold has been reached (after taking into account all prior distributions to Class G Subordinated Noteholders and any distribution to be made to Class G Subordinated Noteholders on such Payment Date):

(i) 20 per cent. of any remaining Interest Proceeds, to the payment on a *pro rata* basis to the Investment Manager as an Incentive Investment Management Fee and to the payment of any value added tax in respect thereof; and

(ii) 80 per cent. of any remaining Interest Proceeds to the payment of:

(1) firstly, only on the Payment Date falling on [•] 2015, the Settlement Amount due under the Settlement Agreement to Lehman Commercial Paper Inc.;

(2) secondly, only on the Payment Date falling on [•] 2015 on a *pro-rata* and *pari passu* basis, the legal fees and expenses (including VAT thereon) of (i) Ashurst LLP as legal adviser to the Investment Manager, (ii) Matheson Ormsby Prentice as legal adviser to the Issuer and (iii) Allen & Overy LLP as legal adviser to the Trustee, in each case payable in relation to the Settlement Agreement, the Proposal and its implementation and other expenses associated with holding the Class G Noteholder Meeting;

(3) thirdly, only on the Payment Date falling on [•] 2015 an amount equal to EUR 100,000 as a deferred payment of interest to the Class G Subordinated Noteholders to the Interest Account to be applied in accordance with Condition 3(j)(ii)(9); and

(4) fourthly, to the Class G Subordinated Noteholders on a *pro rata* and *pari passu* basis."

Noteholders on such Payment Date), to the payment of principal on the Class G Subordinated Notes on a *pro rata* basis;

- (F) ~~after the Incentive Investment Management Fee IRR Threshold has been reached (after taking into account all prior distributions to Class G Subordinated Noteholders and any distribution to be made to Class G Subordinated Noteholders on such Payment Date):~~

~~(i) 20 per cent. of any remaining Principal Proceeds, to the payment on a *pro rata* basis to the Investment Manager as an Incentive Investment Management Fee and to the payment of any value added tax in respect thereof; and~~

~~(ii) 80 per cent. of any remaining Principal Proceeds to the payment of principal on the Class G Subordinated Notes on a *pro rata* basis.~~

after the Incentive Investment Management Fee IRR Threshold has been reached (after taking into account all prior distributions to Class G Subordinated Noteholders and any distribution to be made to Class G Subordinated Noteholders on such Payment Date):

(i) 20 per cent. of any remaining Principal Proceeds, to the payment on a *pro rata* basis to the Investment Manager as an Incentive Investment Management Fee and to the payment of any value added tax in respect thereof; and

(ii) 80 per cent. of any remaining Principal Proceeds to the payment of:

(1) firstly, on a sequential basis the amounts referred to in paragraphs (EE)

(ii) (1) through (3) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder; and

(2) secondly, to the Class G Subordinated Noteholders on a *pro rata* and *pari passu* basis."

(iv) **Application of Collateral Enhancement Obligation Proceeds**

Prior to the enforcement of the security over the Collateral, any Collateral Enhancement Obligation Proceeds (save for amounts representing the Sale Proceeds in excess of the purchase price for any Collateral Enhancement Obligation that is sold, which have been either (i) credited or (ii) transferred (pursuant to Condition 3(j)(x)(4) (*Collateral Enhancement Account*)) to the Principal Account at the Investment Manager's discretion) received by the Issuer during a Due Period, will, on the relevant Payment Date:

- (A) firstly, be paid to the Investment Manager in the event that an Investment Manager Advance has been made and is outstanding, such amount of any Collateral Enhancement Obligation Proceeds as is required to repay such Investment Manager Advance;
- (B) secondly, in an amount determined by the Investment Manager in its discretion, be paid on the relevant Payment Date to the Class G Subordinated Noteholders as interest on a *pro rata* basis;
- (C) thirdly, in an amount determined by the Investment Manager in its discretion, be retained in the Collateral Enhancement Account; and
- (D) fourthly, to the extent of any remaining Collateral Enhancement Obligation Proceeds, be paid to the Principal Account.

Following enforcement of the security over the Collateral, any Collateral Enhancement Obligation Proceeds shall also be distributed in accordance with this Condition 3(c)(iii) (*Application of Collateral Enhancement Obligation Proceeds*).

- (C) all accrued interest included in the proceeds of sale of any other Collateral Debt Obligation that is designated by the Investment Manager as Interest Proceeds pursuant to the Investment Management Agreement, provided that no such designation may be made in respect of (i) any Purchased Accrued Interest or (ii) any such proceeds that represent deferred interest accrued in respect of any Deferring Mezzanine Obligation;
- (D) all Scheduled Periodic Asset Swap Counterparty Payments received by the Issuer under an Asset Swap Transaction and all Scheduled Periodic Interest Rate Hedge Counterparty Payments received by the Issuer under an Interest Rate Hedge Transaction;
- (E) cash amounts (representing any excess standing to the credit of the Non-Euro Account after provisioning by the Investment Manager for any amounts due to be paid to any Asset Swap Counterparty pursuant to any Asset Swap Transaction) transferred from the Non-Euro Account, converted into Euro at the prevailing spot rate of exchange as determined by the Calculation Agent at the direction of the Investment Manager;
- (F) all regular scheduled amounts received by the Issuer under an Offsetting CDS (if any);
- (G) all Cash Settlement Amounts, Physical Settlement Amounts and any other Sale Proceeds received in respect of any Credit Short Obligations;
- (H) all amounts received by the Issuer in respect of interest paid in respect of any collateral deposited by the Issuer with a third party as security for any reimbursement or indemnification obligations to any other lender under a Delayed Drawdown Obligation in an account established pursuant to an ancillary facility;
- (I) amounts transferred from the Unused Proceeds Account upon confirmation by the Rating Agencies of the Initial Ratings assigned to the Notes after the Effective Date in the circumstances described under paragraph (iii) (*Unused Proceeds Account*) below;
- (J) amounts transferred by the Investment Manager to the Interest Account pursuant to Condition 3(j)(i)(5) (*Principal Account*); and
- (K) amounts transferred from the Derivative Termination Account in respect of Credit Short Obligations.
- (L) an amount equal to EUR 100,000 payable into the Interest Account on [•] 2015] pursuant to the Priorities of Payment as a deferred payment of interest to the Class G Subordinated Noteholders (the "Reserve Amount") to be applied solely in accordance with sub-paragraph (9) below."

The Issuer will procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Interest Account:

- (1) ~~on the second Business Day prior to each Payment Date, all Interest Proceeds standing to the credit of the Interest Account shall be transferred to the Payment Account to the extent required for disbursement pursuant to the Interest Proceeds Priority of Payments, save for amounts deposited after the end of the related Due Period and, on any Payment Date, other than a Payment Date on which all of the Notes are to be redeemed in full;~~

on the second Business Day prior to each Payment Date, all Interest Proceeds standing to the credit of the Interest Account (save with respect to the Reserve Amount which shall only be transferred in accordance with sub-paragraph (9) below) shall be transferred to the Payment Account to the extent required for disbursement pursuant to the Interest Proceeds Priority of Payments, save for amounts deposited after the end of the related Due Period and, on any Payment Date, other than a Payment Date on which all of the Notes are to be redeemed in full;

- (2) at any time, subject to insufficient amounts being available in the Collateral Enhancement Account for the acquisition or exercise of any Collateral Enhancement Obligation at such time, amounts required by the Issuer or the Investment Manager for such purpose at such time, to be deposited into the Collateral Enhancement Account, provided that:

- (b) the amount of funds withdrawn from the Interest Account or pursuant to paragraph (BB) of the Interest Proceeds Priority of Payment pursuant to this paragraph (2) for such purpose in each case in aggregate in any particular Due Period, do not exceed €125,000;
- (3) at any time, any Credit Short Obligation Issuer Termination Payments or Defaulted Credit Short Obligation Issuer Termination Payment payable by the Issuer provided that the Interest Coverage Tests and the Collateral Quality Tests are satisfied after giving effect to such payments (and, in the case of a Defaulted Credit Short Obligation Issuer Termination Payment, only up to an amount not exceeding any Credit Short Obligation Replacement Receipt paid to the Issuer by a Credit Short Obligation Counterparty under a Replacement Credit Short Obligation and in the event that such amount is insufficient to satisfy payment in full of such Defaulted Credit Short Obligation Issuer Termination Payment or no Replacement Credit Short Obligation is entered into then such payment shall be made in accordance with the Priorities of Payment on the next Payment Date), to the extent not already paid out of the Derivative Termination Account;
 - (4) at any time, (i) any payment to an Offsetting CDS Counterparty in acquisition of an Offsetting CDS, provided that the Class K Combination Notes, the Class R Combination Notes, the Class S Combination Notes, the Class T Combination Notes and the Class U Combination Notes have been redeemed in full such that the Principal Amount Outstanding thereof is reduced to €1, and/or (ii) any Scheduled Periodic Offsetting CDS Payments, to the extent required to be paid pursuant to an Offsetting CDS;
 - (5) at any time, any Scheduled Periodic Credit Short Obligation Payment to the extent required to be paid pursuant to a Credit Short Obligation;
 - (6) at any time, in respect of any Credit Short Obligation in respect of which the Issuer elects for physical settlement, an amount up to the notional amount thereof to the Collateral Enhancement Account (to the extent required pursuant to the Investment Management Agreement);
 - (7) at any time, any amount determined by the Investment Manager at its discretion to be transferred to the Principal Account provided that (i) following such transfer each of the Interest Coverage Tests is satisfied, (ii) the most recent Monthly Report contains a statement that each of the Interest Coverage Tests is satisfied and (iii) the amount so determined does not exceed the amount referred to in Condition 3(c)(i)(DD) (Application of Interest Proceeds); and
 - (8) at any time to the payment of any value added tax due and payable by the Issuer whether on a reverse charge basis or otherwise provided that such payments shall not exceed the Senior Expenses Cap for such Due Period.
 - (9) the Reserve Amount paid into the Interest Account in accordance with sub-paragraph (L) above to be paid as follows: (1) if at any time prior to [] 2016 (the "Long-Stop Date") the Trustee makes a claim for indemnification in accordance with clause 15.6 of the Trust Deed for any Liability incurred in connection with its entry into of the Support Letter and/ or Settlement Agreement and/or the Amendment Deed and/or and any act taken to implement or enforce the Resolution, the Support Letter and/or the Settlement Agreement; an amount equal to the amount of such claim (subject to a maximum of the lower of (i) EUR 100,000 and (ii) the Reserve Amount remaining in the Interest Account as at such date) shall forthwith be transferred from the Interest Account to the Payment Account to be disbursed as Trustee Fees and Expenses in accordance with the Interest Proceeds Priority of Payment provided that the Senior Expenses Cap shall not apply to any such disbursement; and, secondly, (2) on the later of (x) the Long-Stop Date and (y) five Business Days following the date on which any pending Trustee indemnity claim referred to under (1) above has been paid in full, the Reserve Amount (or any remainder thereof) shall be paid to the Class G Subordinated Noteholders on a *pro rata* and *pari passu* basis.
- (iii) Unused Proceeds Account The Issuer will procure that the following amount is credited to the Unused Proceeds Account: an amount equal to the net proceeds of issue of the Notes remaining after the payment of all amounts due and payable by the Issuer on the Issue Date in connection with the