3i Debt Management

INVESTOR MEETING

13 March 2013

Agenda

9.00 – 9.10	Simon Borrows	▪ Introduction ▪ 3i Group's key strategic objectives
9.10 – 9.20	Jeremy Ghose	▪ Overview of 3i Debt Management ("3iDM") ▪ 3iDM's contribution to 3i Group
9.20 – 9.45	Andrew Bellis	▪ Why CLOs work for 3iDM
9.45 – 10.30	Andrew Bellis	▪ Overview of the European business ▪ The market environment in Europe ▪ The opportunity in Europe
10.30 – 11.00	Coffee break	
11.00 – 11.45	John Fraser	▪ Overview of the US business ▪ The market environment in the US ▪ The opportunity in the US
11.45 – 12.00	Jeremy Ghose	▪ Conclusion
12.00 – 12.45	Lunch	

Simon Borrows

Group Chief Executive

Introduction

A clear vision and strategy

A leading international manager of third-party and proprietary capital with three strong investment platforms delivering top quartile cash investment returns:

- **focused** mid-market Private Equity business
- **class-leading** Infrastructure investor
- **growing** Debt Management business

Shape of 3i today

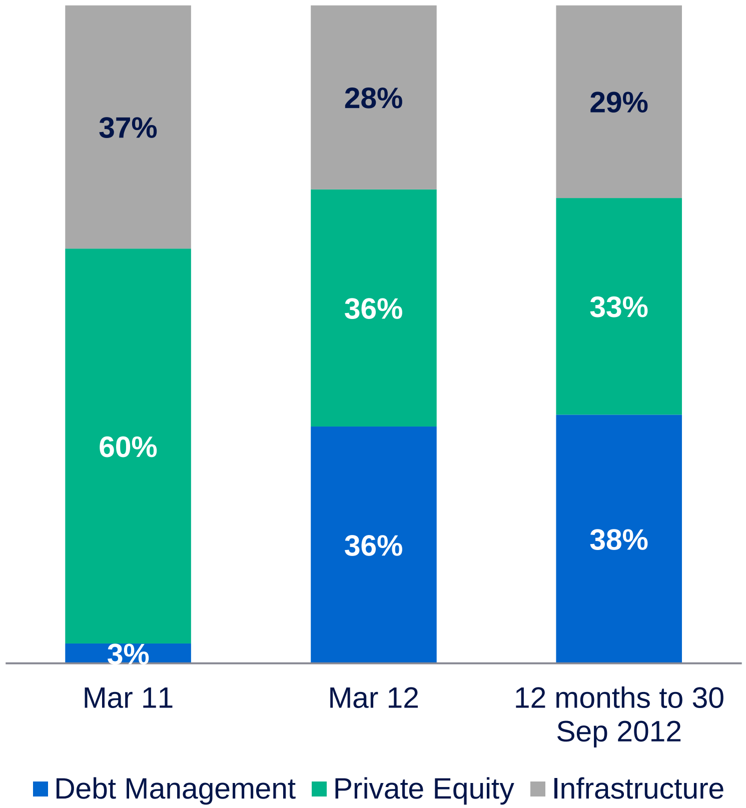
3i Group

	Private Equity	Infrastructure	Debt Management
	Investing and managing in mid-market companies across the UK, Europe, Brazil, North America and Asia	Investing primarily in utilities, transportation and social infrastructure in the UK, Europe and India	Management of funds which invest in senior and mezzanine corporate debt in typically large and private companies in the UK, Europe and North America
Total AUM	£5.3bn	£1.6bn	£5.1bn(1)
Third-party AUM	£1.8bn	£1.1bn	£5.1bn(1)
Fee income (LTM to 30 September 2012)	£27m	£24m	£31m
Portfolio	85 companies	16 companies(2)	19 funds(1)
As at	30 September 2012	30 September 2012	Latest position

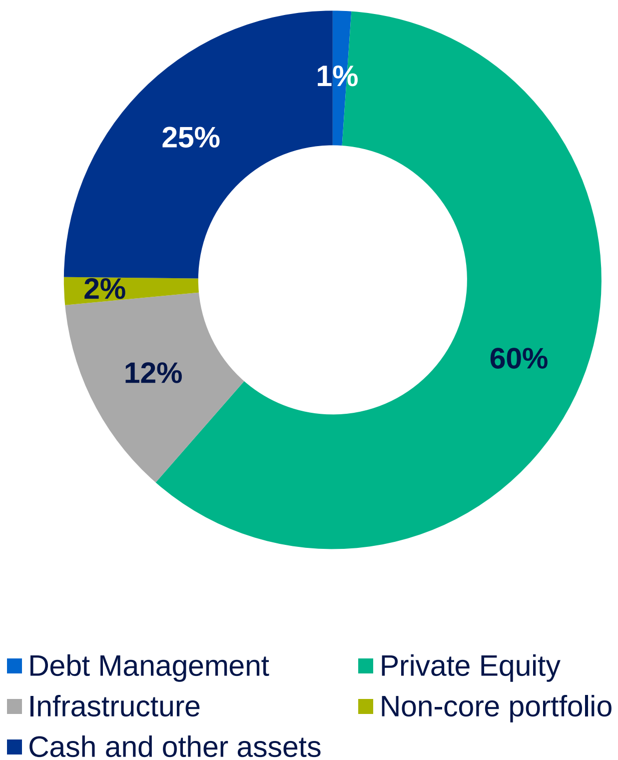
(1) As at 28 February 2013, reflecting issue of Jamestown I and II CLOs. Excludes five CLOs where 3i is seeking investor consent for a transfer of management contracts from WCAS Fraser Sullivan, which would account for approximately £1.3bn of additional AUM.
(2) This includes both direct investments held by 3i and the underlying portfolio companies in which 3i Infrastructure plc has an investment.

3iDM is "capital light" and contributes significantly to annual fee income

3i Group annual fee income

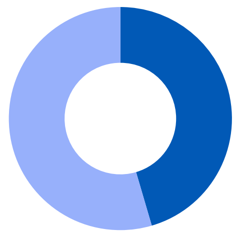
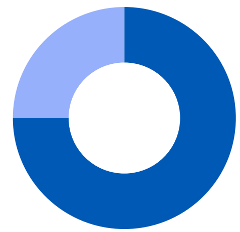


3i Group balance sheet (September 2012)



3i Group's strategic goal

A leading international manager of third-party and proprietary capital

	Private Equity	Infrastructure	Debt Management
Illustrative capital allocation			
Key return drivers	1. Portfolio returns 2. Portfolio income 3. Fee income	1. Portfolio income 2. Fee income 3. Portfolio returns	1. Fee income 2. Portfolio income 3. Portfolio returns
Sensitivity to market cycle	▪ Pro-cyclical asset class ▪ Capital gains and carried interest	▪ Counter-cyclical asset class ▪ Steady fee income from permanent capital vehicle	▪ Steady fee income from third-party AUM ▪ Low exposure to volatility in the underlying assets - "capital light" for 3i

Each of these businesses has different drivers and return characteristics. Together, they provide an attractive balance of income and capital returns

The 3i Value Build

An attractive, multi-year value proposition:

- Improve Private Equity investment portfolio earnings through the six asset management initiatives, and in turn, increase the value of our portfolio
- Realise investments at good uplifts to book value and healthy cash profits, thereby optimising value from the portfolio
- Increase shareholder distributions through our enhanced distribution policy, which provides shareholders with a direct share of our realisation proceeds above the base dividend level
- Generate a sustainable annual operating profit through growth in third-party income, combined with a right-sized cost base
- Utilise our strong balance sheet and permanent capital to take advantage of further value creating opportunities across all three businesses

Jeremy Ghose

Managing Partner and CEO, 3iDM

Overview of 3iDM

3iDM's strategic goals

- Already a major force in Europe and established in the US, we now aim to become a substantial player globally
- 3-5 year plan to transition from a senior loan manager to a leading non investment grade credit manager

Goal to increase AUM, fee revenue and profits to make a meaningful positive impact on the overall 3i Group value proposition over time

Significant momentum since 2011

Feb 2011
- 3i acquires Mizuho Investment Management debt platform (£3.7bn AUM)
- Team led by Jeremy Ghose, with 24 years of global debt experience

Aug 2011
- 3iDM establishes European Credit Opportunities Fund, seeding it with €50m of its own capital
- Appointment of Rob Reynolds, 27 years of experience, as the portfolio manager

May 2012
- 3iDM acquires 5 European CLO management contracts from Invesco ($1.8bn AUM)

June 2012
- Appointment of Andrew Bellis (from Credit Suisse) to lead business development
- Over 15 years of global debt experience

Aug 2012
- Announcement of strategic transaction with WCAS Fraser Sullivan, providing access to large and liquid US credit markets ($2.5bn AUM) and establishing 3iDM US

Oct 2012
- Completion of first CLO for 3iDM US; Jamestown CLO I, for $450m of additional AUM

Feb 2013
- Closing of Jamestown CLO II, a refinancing of Fraser Sullivan CLO V, for $500m (of which $100m additional AUM)

AUM doubled in just two years, significant fee income generation

A global loan manager of scale

3i Debt Management
AUM £5.1bn ($8.1bn)(1)

3i Debt Management US			3i Debt Management Europe		
CLO	Senior Loan	Credit Opportunities	CLO	P/E Fund of Funds and Mezzanine	Credit Opportunities
2 CLOs	1 Senior Loan Fund	COA	11 CLOs	Vintage I & II and Friday Street Mezzanine I LP	Palace Street I

Investing in more than 450 companies

(1) As at 28 February 2013, reflecting issue of Jamestown I and II CLOs. Excludes five CLOs where 3i is seeking investor consent for a transfer of management contracts from WCAS Fraser Sullivan, which would account for approximately £1.3bn ($2.0bn) of additional AUM.

An attractive market opportunity

- Macro trends
  - **Deleveraging**, especially European bank balance sheets
  - **Volatile** equity markets
  - **Attractive relative value** versus traditional fixed income asset classes
  - **Consolidation** of debt asset fund managers
- Corporate credit as an asset class
  - **Attractive pricing** as traditional bank investors pull back from longer dated and more illiquid lending
  - **Downside protection** if businesses deteriorate as investments are focused at the top of the capital structure
  - Investments are often floating rate so providing a **longer term inflation hedge**
  - Generally **less correlated** with other asset classes

Andrew Bellis

Managing Director, 3iDM

Why CLOs work for 3iDM

Why does 3i manage CLOs?

- Collateralised Loan Obligations ("CLOs") are a powerful tool to raise long-term AUM in the loan area
- They provide a stable, predictable fee revenue stream
- The structure has worked and has proved to be an efficient tool for investors to take enhanced exposure to the loan market

The basics of CLOs

- A CLO is a financing tool that allows an investor to take a leveraged exposure to an actively managed loan portfolio
- CLO equity benefits from the leverage provided by large institutional fixed income investors in the form of term, non-recourse, rated debt
- For an investor willing to sacrifice liquidity, CLO equity offers the opportunity to generate mid teens returns
- The debt (or liabilities) issued by a CLO are long term (typically 10-12 years) and, in particular, are longer than the maturity of the underlying loans
- The performance of a CLO is driven by the “cash” performance of the underlying assets - ie default and loss (and not mark to market changes) in the loan portfolio impact CLO cash flows

CLOs are not CDOs

cLO’s and cDO’s (collateralised debt obligations) – same financing technology, different underlying asset

	cLo	cDo
Underlying asset	Corporate Loans	US Residential Mortgages
Asset performance	Good	Poor
Levered performance	Good	Very poor

CLOs performed well due to the stability of the underlying loan market.
The financing structures worked as expected

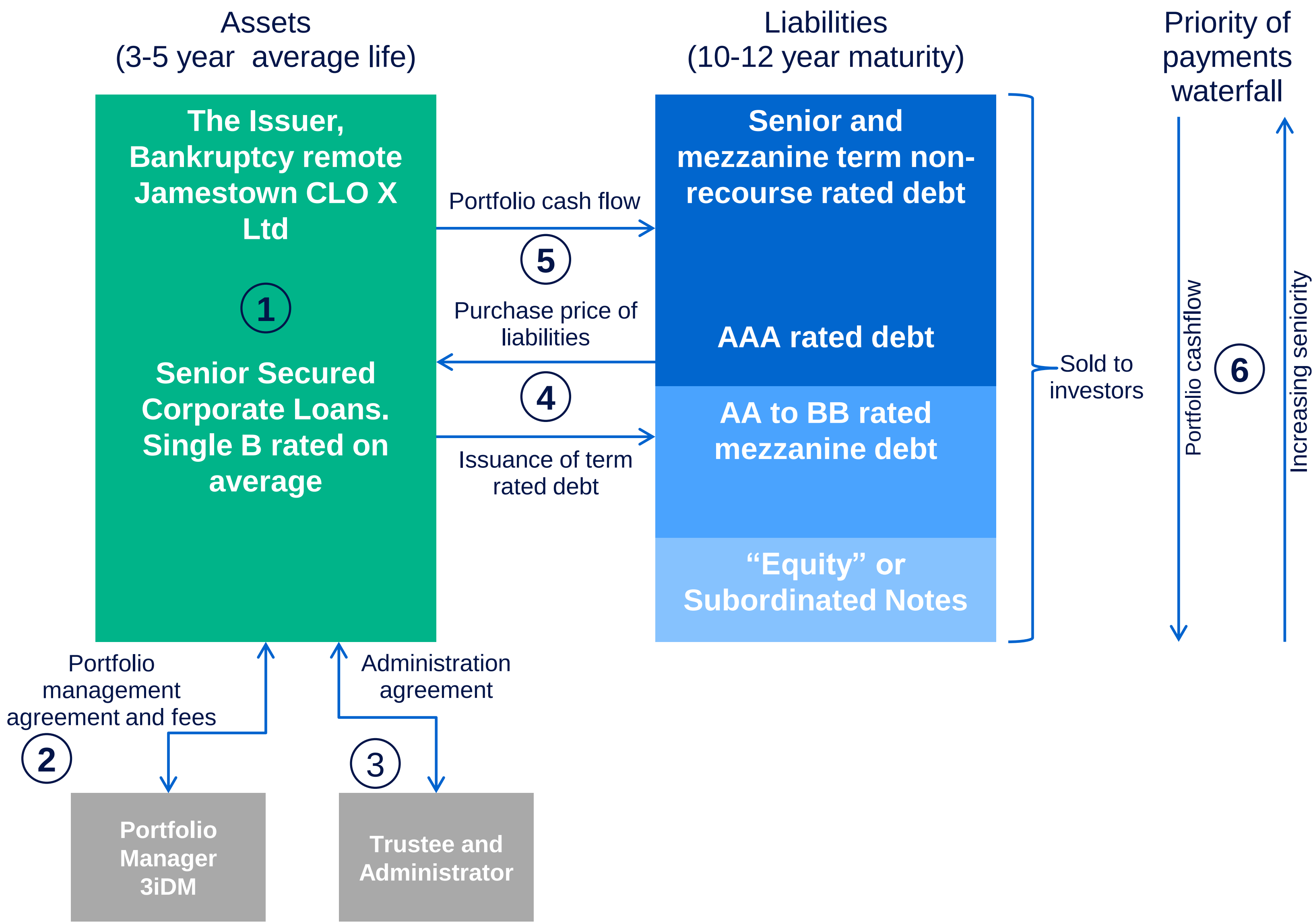
Some common misconceptions

CLOs:

- Do not use Repo or Prime Brokerage based leverage like a hedge fund, which is subject to on-going mark to market calls and can be "pulled"
- Are not financing long-term assets with short-term liabilities and so do not rely upon a functioning commercial paper market to continue to operate
- Did suffer from greater price volatility than other assets due to the fact that they are structured and illiquid
- Did reduce payments to equity holders in many instances, in order to divert cash flow to pay down liabilities, or reinvest in new assets to reduce leverage
- Have largely performed as expected with equity holders receiving levels of return commensurate with their initial marketing assumptions (particularly in the US)

A CLO is a financing structure

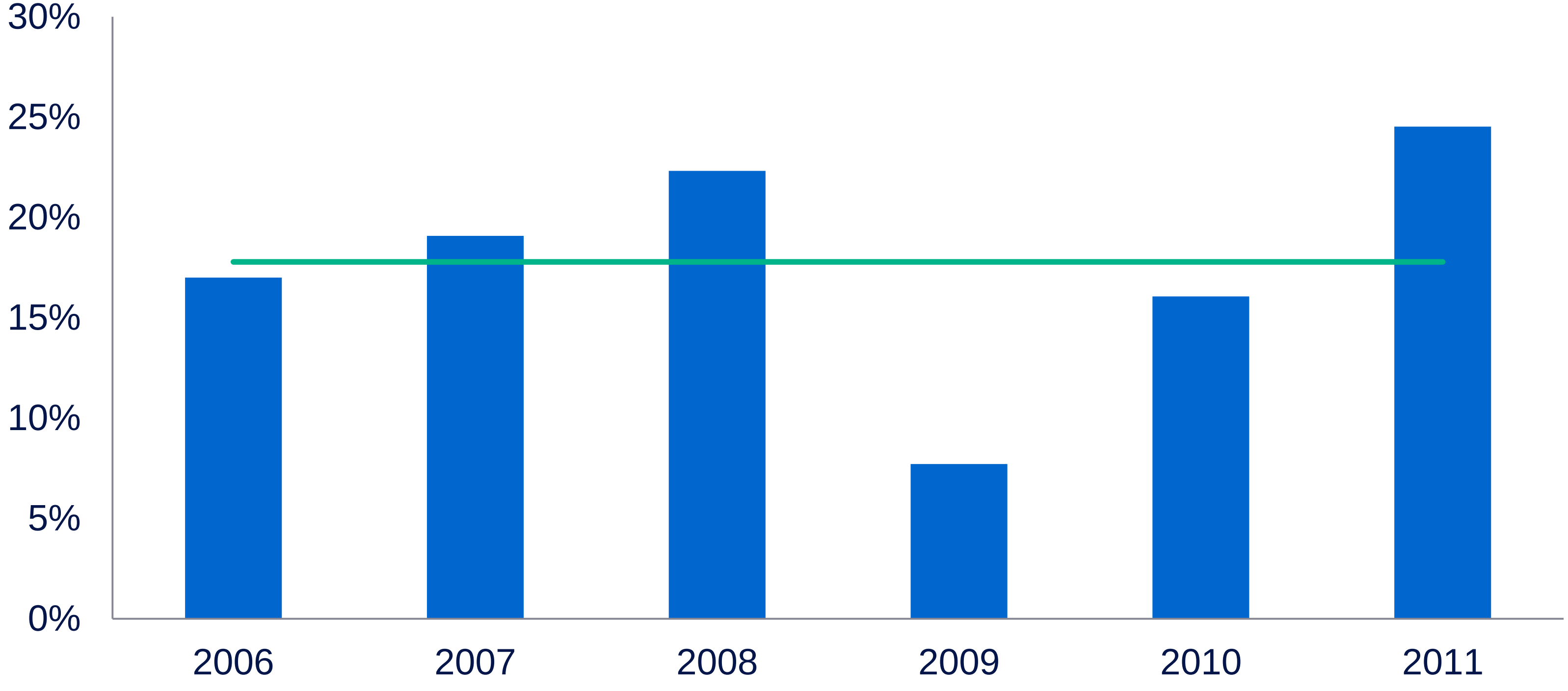
Assets financed with long term liabilities and “equity”



How have CLOs performed?

Market average US CLO equity distributions

- CLO structures have proven resilient through the cycle
- Average CLO equity distributions between 2006-2011 of 17.8%



Source: Citibank.

What do CLOs do for 3i?

Ability to generate significant, stable fee revenue to underpin 3iDM's growth strategy

- Fee stream is long term and fairly stable
- In current market conditions, on a $500m CLO, 3iDM would expect to receive 50bps per annum, or $2.5m of fee revenue
  - Senior management fee of 15bps or $0.75m per annum (paid prior to AAA investors receiving coupon)
  - Subordinated management fee of 35bps, or $1.75m per annum (paid prior to equity holders receiving their cash flows)
  - Back ended incentive fee of 10-20% of equity cash flow once equity IRR has exceeded 12-14%
- All fees charged on deal notionals, not NAV

Andrew Bellis

Managing Director, 3iDM

Overview of the European business

3iDM Europe – a market leading presence

- A market leading presence as an asset manager of European loans
- Scalable platform with significant revenue generation
- A changing market environment should provide opportunities

Our European team

A scalable structure

Jeremy Ghose – Managing Partner & CEO

Peter Goody *COO*	**Andrew Bellis** *Managing Director*

Investment	**Business Development and Product Management**	**Support**
Loan portfolio managers: 3 professionals	5 professionals	Operations & Legal: 2 professionals
Credit research: 8 professionals		Fund Administration: 8 professionals
Vintage: 4 professionals		

3i Group shared resources: Compliance, IT, Audit, HR

A strong team, able to increase AUM and broaden our product offering

Products and AUM

A strong platform to broaden our product offering

3i Debt Management Europe		
AUM €5.3bn (£4.2bn)		
CLO	Credit Opportunities	Mezzanine / Private Equity FoF
11 CLOs	Palace Street I	Friday Street Mezzanine I LP Vintage I & II
AUM €4.5bn (£3.6bn)	AUM €50m (£40m)	AUM €731m (£583m)
3i Group Investment: £7m(1)	£40m	–

Investing in more than 220 companies

As at 30 September 2012.

(1) The 3i Group CLO investment figures represent the purchase price consideration on a total notional of €65.9m.

A strong track record
Levered funds

Current 3iDM European CLOs

	Average	Range
Realised equity money multiple (1),(2)	0.6x	0.2x – 1.0x
Annualised equity cash yield (1),(3)	8.7%	4.0% – 16.2%

Source: 3iDM. Data as of 1 March 2013.

(1) Unaudited.
(2) Multiple of total equity distributions over par value of equity at launch.
(3) Average annualised returns since inception of CLOs calculated as annualised cash distributions over par value of equity. Excludes unrealised equity remaining in CLO.

A strong track record
Credit Opportunities Fund

- Palace Street targets **net unlevered returns of 8-12%**
- 3i committed **€50m** in August 2011
- Performance significantly exceeded target
- Using 3i cornerstone and established track record to grow fund with third-party investors

	Net returns	
	Palace Street	**CS index**
Jan-12	2.73%	2.45%
Feb-12	1.62%	1.04%
Mar-12	-0.10%	1.14%
Apr-12	0.58%	0.59%
May-12	3.63%	-0.33%
Jun-12	0.15%	0.47%
Jul-12	1.18%	0.56%
Aug-12	2.97%	1.19%
Sep-12	2.33%	0.86%
Oct-12	0.66%	0.49%
Nov-12	1.55%	0.67%
Dec-12	1.63%	0.82%
2012	**20.57%**	**10.39%**

A strong track record

Vintage private equity fund-of-funds

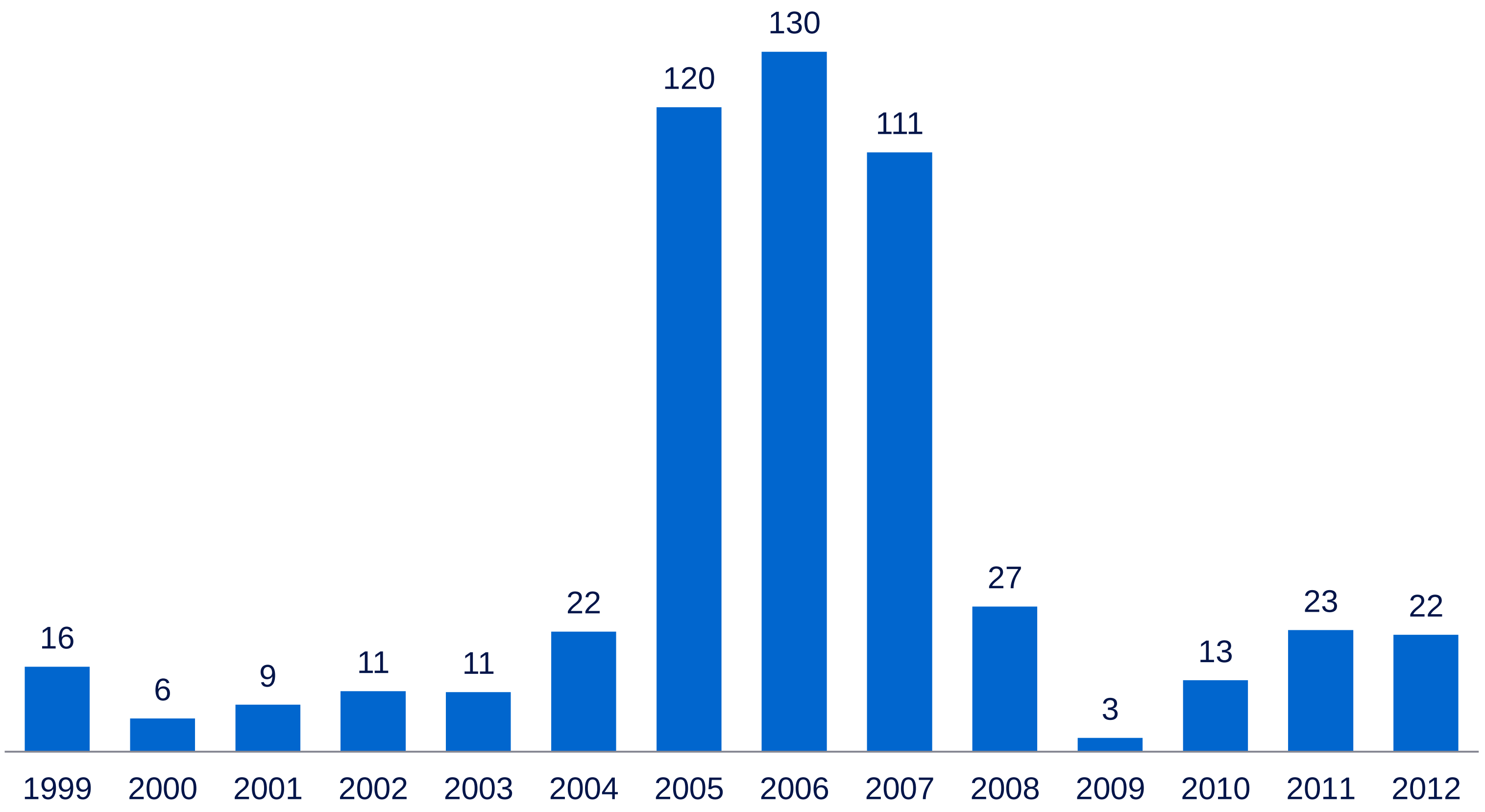
- Vintage I (€500m) – closed in March 2007
  - Fully invested in 33 buyout funds – primarily European
  - 1.8x invested capital already returned to investors
  - Fund multiple: 4.7x
- Vintage II ($400m) closed in March 2012
  - Currently invested in 21 buyout funds – primarily US
  - Fund multiple: 1.2x

Private Equity fund-of-funds activity provides unique market insights

The market environment in Europe

Issuance expected to pick up: growth opportunities for 3iDM

Institutional leveraged loan issuance in Europe (€bn)



Source: Credit Suisse 2013 Leveraged Finance Outlook and 2012 Annual Review.

The market environment in Europe

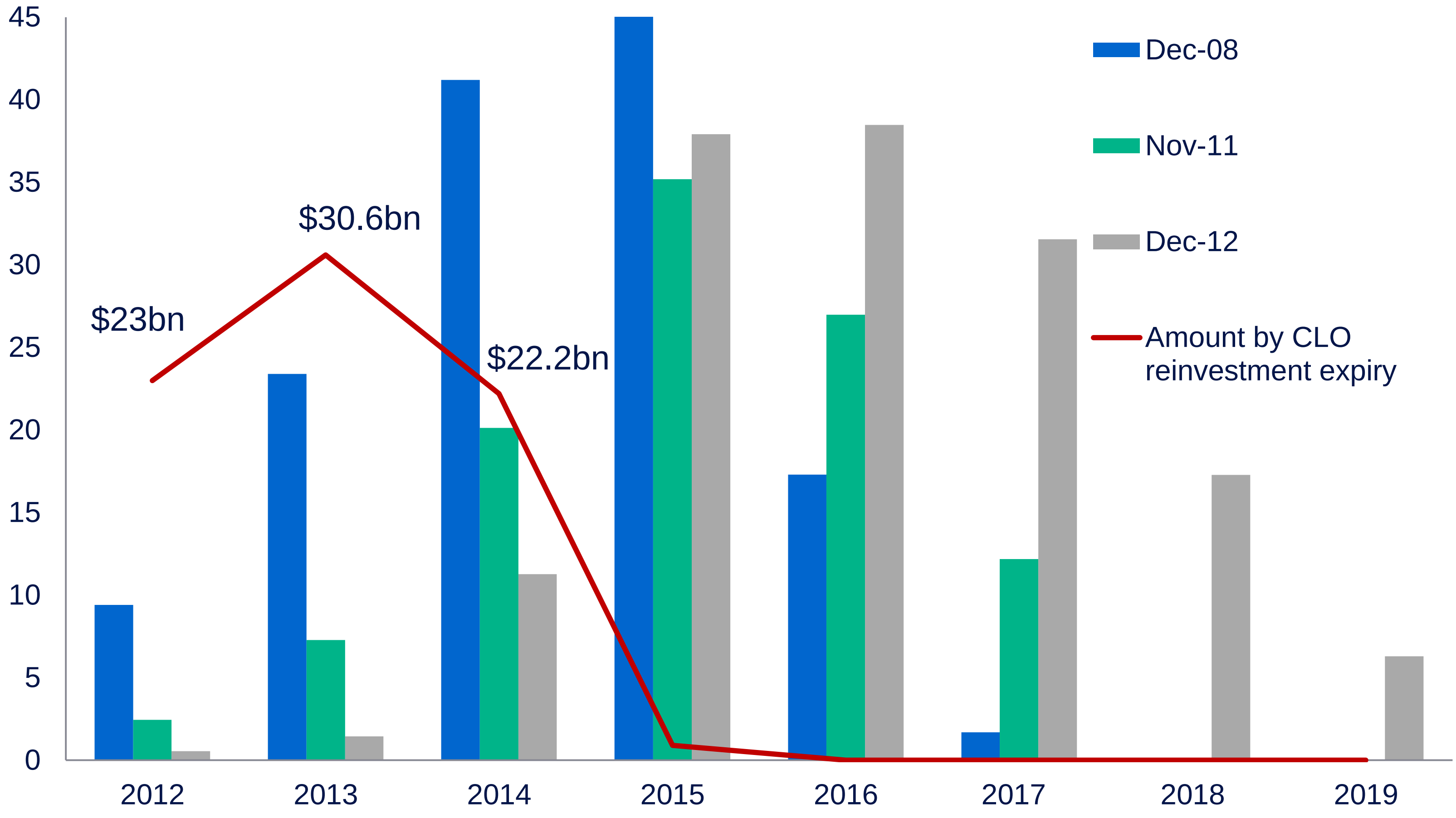
Bank influence will diminish, providing opportunities for 3iDM

- Banks hold c. 65% of the leveraged loan market (approx. €430bn) and c. 40% of the total non-investment grade credit market (approx. €700bn)
- In the US, banks hold less than 10% of the equivalent market
- Despite current technicals leading to lower issuance, we believe that the overall market and the institutional investors' share of the European market will continue to grow
- But this change will be gradual, as there are cultural and structural differences with the US market

The market environment in Europe

Supply/demand imbalance provides opportunities for Palace Street

European leveraged loan maturity and CLO reinvestment expiry (US$bn)



Source: JP Morgan CLO research.

Good growth opportunities for 3iDM Europe

Our areas of focus

Core business

- Raise funds for European Credit Opportunities Fund
- CLO issuance when market reopens
- Compete for separate account loan mandates

Medium term strategic

- Middle market lending
- High yield
- Other fund types

Opportunistic

- Continue to assess platforms and managers
- Portfolio trades

John Fraser

Managing Partner, 3iDM US

Overview of the US business

3iDM US – a premier investment management firm

- Combining the experience, expertise and track record of Fraser Sullivan IM and 3iDM
  - Fraser Sullivan founded in July 2005 by John Fraser and Tighe Sullivan
  - $1.2bn AUM (£0.9bn), as at 28 February 2013(1)
  - Core objective of delivering consistent outperformance to investors through careful asset selection, targeting downside protection and dynamic portfolio management
  - Successful seven-year track record of consistent outperformance
- Highly skilled and experienced team of investment management professionals
  - 13 Partners/employees averaging over 15 years of experience
  - Successfully invested through the 1989-91, 1995, 1998, 2002-3, and 2008-9 credit cycles
  - Core investment team together since firm's inception

(1) As at 28 February 2013, reflecting issue of Jamestown I and II CLOs. Excludes five CLOs where 3i is seeking investor consent for a transfer of management contracts from WCAS Fraser Sullivan, which would account for approximately $2.0bn (£1.3bn) of additional AUM.

Our US team

A scalable structure

Jeremy Ghose – Managing Partner & CEO

John Fraser
Managing Partner / CIO

Andrew Bellis
Managing Director

Investment	**Business Development**	**Support**
Portfolio & Credit Management	Investor Relations	Operations, Finance and Legal
6 professionals	1 professional (to be recruited)	5 professionals

3i Group shared resources: Compliance, IT, Audit, HR

A strong team, able to increase AUM and broaden our product offering

Products and AUM

A strong platform to broaden our product offering

3i Debt Management US		
AUM $1.2bn (£0.9bn)(1)		
CLO	Unlevered Fund	Credit Opportunities
2 CLO funds(1)	3i SLF	COA
AUM $0.9bn(1)	AUM $51m	AUM $309m
3i Group Investment: $20m	$10m	–

Investing in more than 220 companies

(1) As at 28 February 2013, reflecting issue of Jamestown I and II CLOs. Excludes five CLOs where 3i is seeking investor consent for a transfer of management contracts from WCAS Fraser Sullivan, which would account for approximately $2.0bn (£1.3bn) of additional AUM.

A strong track record
Levered funds

- Diverse portfolios of senior loans levered with long-term liabilities via CLOs
- Current CLOs have an average annualised cash yield on the equity tranche since inception of 19.8%[1]
- Equity distributions made throughout the 2008-2010 market downturn

	Closing date	Maturity date	Realised equity money multiple[(2),(3)]	Annualised equity cash yield[(2),(4)]
Fraser Sullivan CLO I	Mar-2006	Mar-2020	1.3x	19.7%
Fraser Sullivan CLO II	Dec-2006	Dec-2020	1.2x	21.8%
COA Caerus CLO[(5)]	Dec-2007	Dec-2019	1.1x	23.1%
Fraser Sullivan CLO VI	Nov-2011	Nov-2022	0.2x	16.4%
Fraser Sullivan CLO VII	Apr-2012	Feb-2021	0.1x	18.0%
Jamestown CLO I	Nov-2012	Nov-2024	n/a	n/a
Jamestown CLO II	Feb-2013	Jan-2025	n/a	n/a
Total				**Average: 19.8%**

Source: 3iDM. Data as of 28 February 2013. CLOs III and IV were vehicles that were registered prior to the CLO market closing but were never launched.
(1) Average return excludes Jamestown I and II, which have yet to make a distribution.
(2) Unaudited.
(3) Multiple of total equity distributions over par value of equity at launch.
(4) Average annualised returns since inception of CLOs calculated as annualised cash distributions over par value of equity. Excludes unrealised equity remaining in CLO.
(5) Fraser Sullivan assumed management of COA Caerus CLO in May 2009.

A strong track record

3i US Senior Loan Fund (unlevered)

- Established in July 2009, running an unlevered, long only, senior loan strategy
- Three year annualised returns of 8.3%. Credit Suisse Leveraged Loan Index ("Index") returns of 7.0% over the same period (as of 31 December 2012)
- Low volatility compared to the Index indicated by higher Sharpe ratios

Annualised net returns	1 year	2 year annualised	3 year annualised
3iDM US Senior Loan Fund(1)	10.2%	7.4%	8.3%
CS Leveraged Loan Index	9.4%	5.6%	7.0%

Sharpe Ratio(2)	1 year	2 year	3 year
3iDM US Senior Loan Fund(1)	4.6	1.6	1.9
CS Leveraged Loan Index	4.4	1.2	1.5

Source: 3iDM, Credit Suisse.

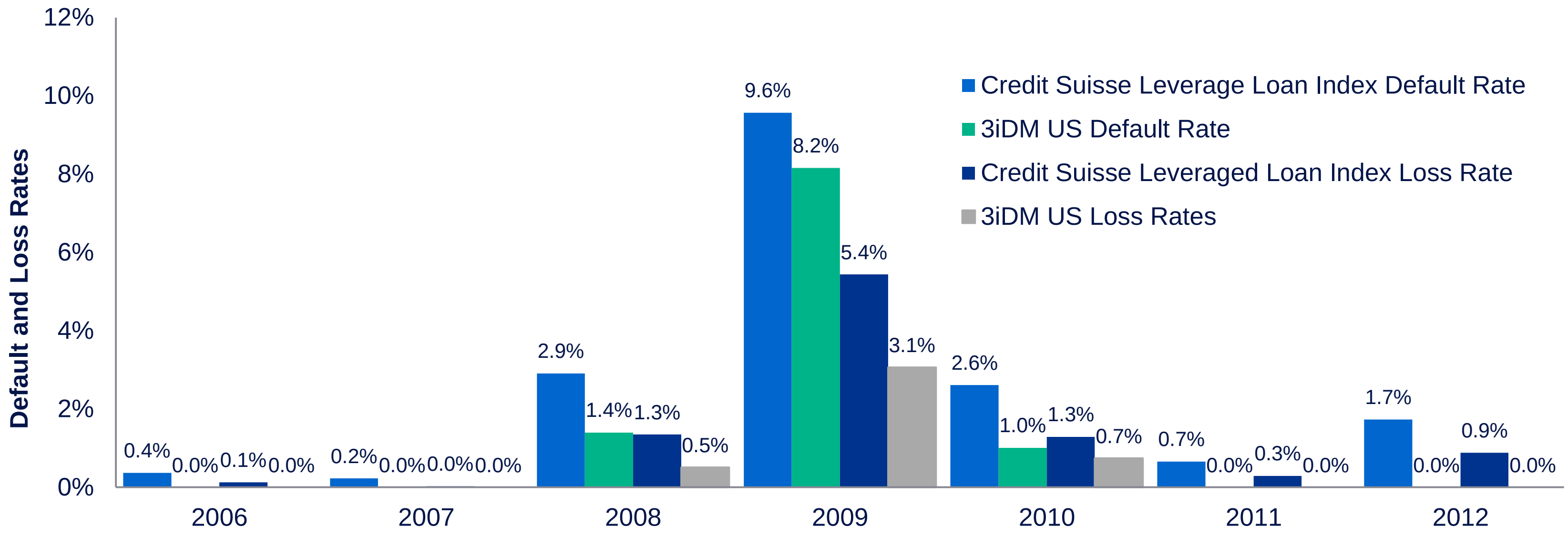
(1) 2010 and 2011 returns audited. 2012 returns not yet audited. SLF returns are net of fees and expenses.

(2) Sharpe Ratio equal to returns over the risk free rate, divided by the standard deviation of returns. Risk free rate equal to the respective 3 year average treasury rates.

A strong track record

3iDM US default and loss rates

- 3iDM US 12 month trailing loan default rates have historically been below the default rate of the Credit Suisse Leveraged Loan Index
- 3iDM US's high recoveries on defaulted assets have resulted in a low overall historic loss rate



Source: 3iDM, Credit Suisse 2013 Leveraged Finance Outlook and 2012 Annual Review.

(1) 3iDM US's default rate, recovery rate, and loss rate statistics related to the CLOs managed by 3iDM US which is a subset of its assets under management, which excludes certain fund products also managed by 3iDM US which pursue different strategies. Calculated on an annual basis and available at the end of the first calendar quarter of the following year.

(2) 3iDM US defines defaults as assets missing interest payments or undergoing restructuring. These are generated from 3iDM US's own Wall Street Office internal loan administration system and believe that the data inputs/outputs to the system to be accurate, but these inputs/outputs have not been independently verified or audited. The default rate reflects the notional par value of assets when entering default, as a proportion of the total par outstanding at the end of the relevant year. 3iDM US does not classify distressed exchanges as defaults.

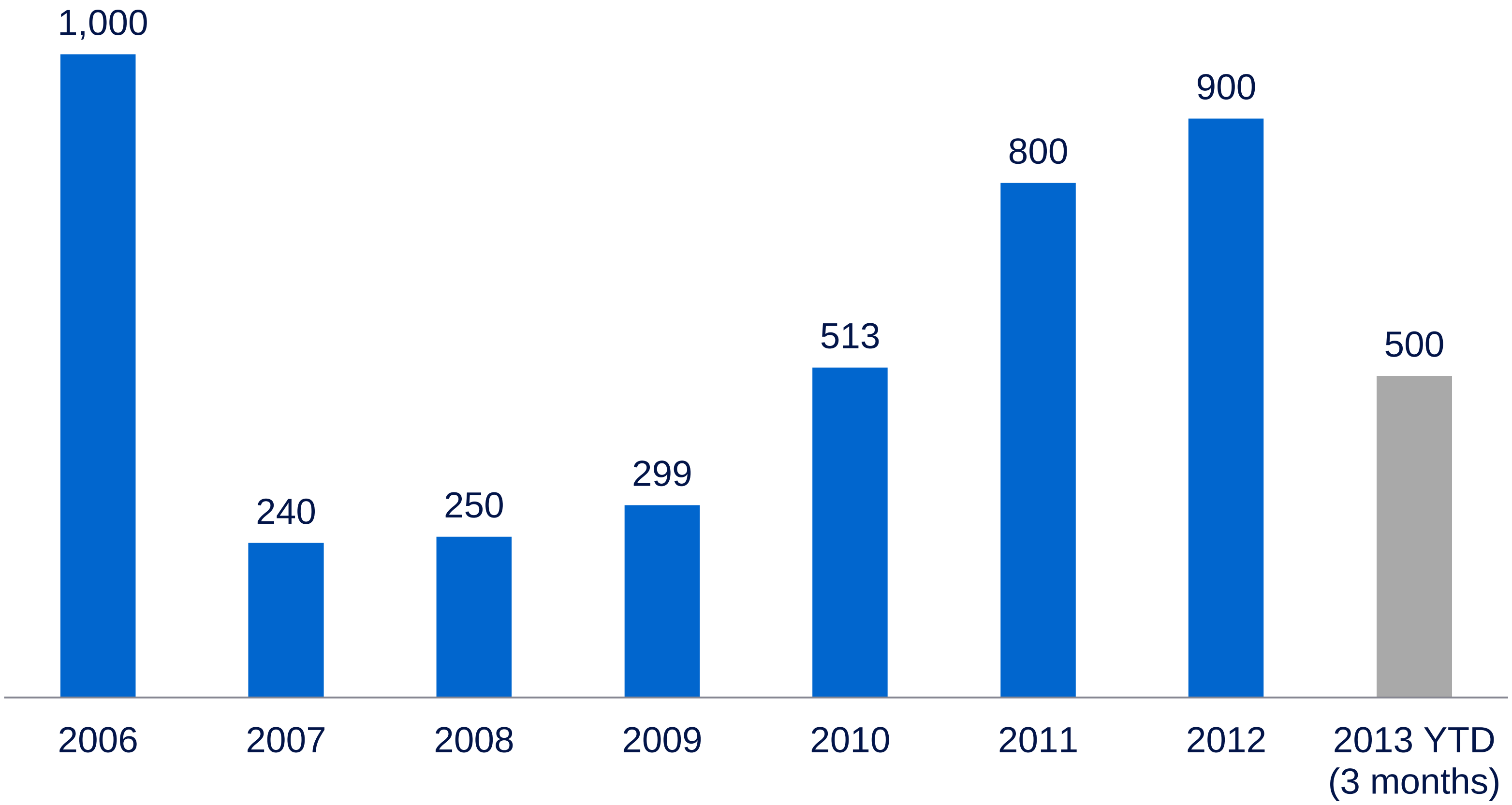
(3) Recovery rates are calculated as the total received, in the form of cash and par value of restructured securities, following a workout, from assets which entered default within that year, as a proportion of the total par value of assets when entering default. Actual recovery rates may be higher if realised in a later year.

(4) Loss rate reflects the difference between the notional par value of assets (when entering default) and the recovered amount, as a proportion of the total outstanding par value at the end of the relevant year. Actual loss rates may be lower if additional recoveries are realised in a later year.

A strong track record

Successful capital raising across the cycles

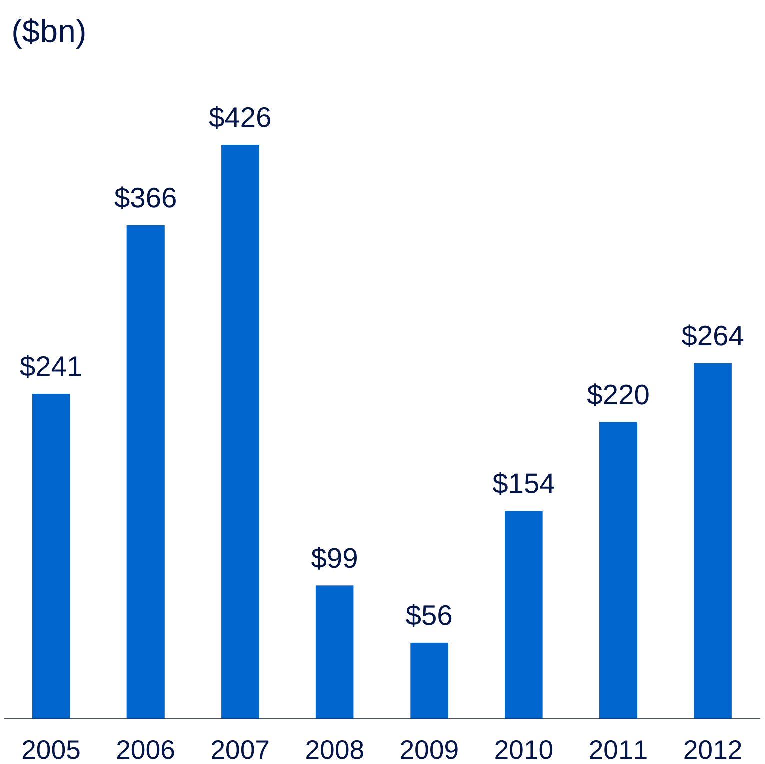
Fraser Sullivan/3iDM US fundraising (calendar year, US$m)



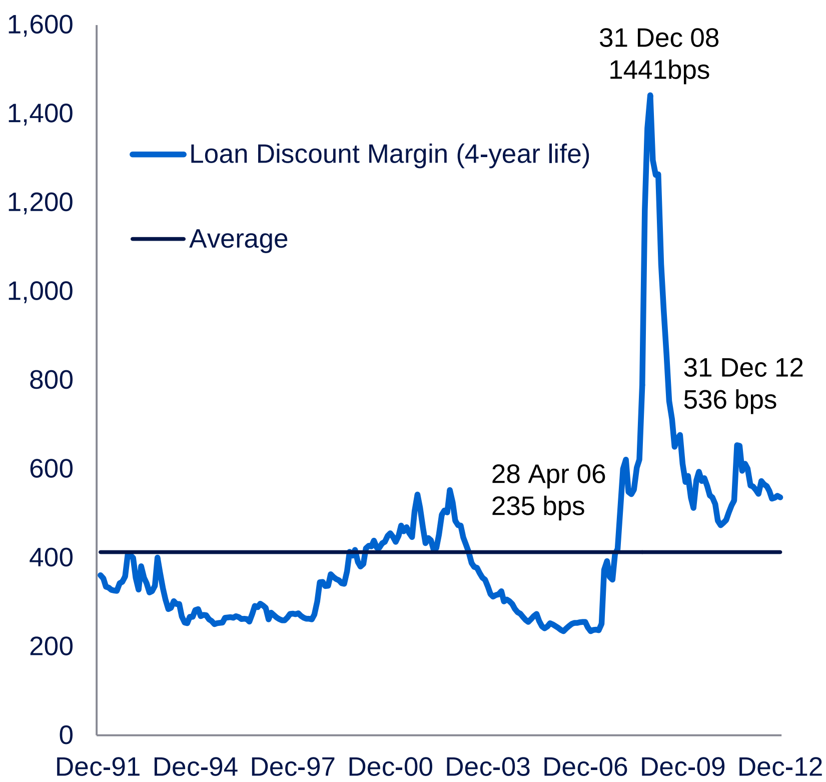
The market environment in the US

US loans still represent good absolute value

Institutional leveraged loan market



Libor spread(1) (bps)



A strong opportunity for 3iDM US

Source: Credit Suisse.

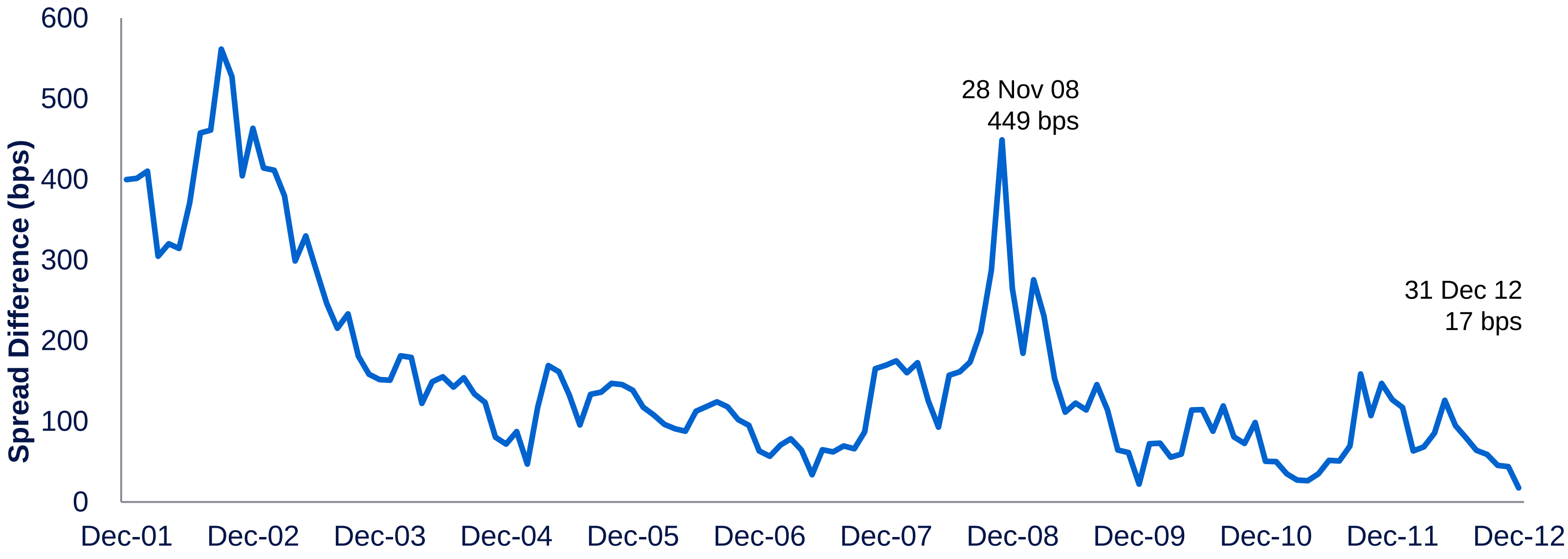
(1) Discount margin (4 year) of the CS Leveraged Loan Index.

The market environment in the US

US loans still represent good relative value

- Spreads on high yield bonds have historically been higher than loans, yet the difference has narrowed
- High yield bond yields do not currently compensate the investor for higher loss expectation in the event of default compared to loan

US high yield index spread versus US loan index spread(1)



A strong opportunity for 3iDM US

Source: Credit Suisse, Citi.

(1) Calculated as the Credit Suisse High Yield Index Spread to Worst, less the Credit Suisse Leverage Loan Index 4yr discount margin.

Good growth opportunities for 3iDM US

Our areas of focus

Core business

- Issue new CLOs
- Grow Senior Loan Fund
- Establish managed accounts

Strategic options

- Middle market loan capability
- High yield debt platform
- Structured credit/CLO investing
- Special situations/event driven expertise

Opportunistic

- Acquire platforms and managers

Summary

- Leading US credit investment management platform
- Currently manages $1.2bn across four funds[(1)]
- Core team together since 2005, averages over 15 years experience
- Leading track record managing both levered and unlevered funds
- Successful raising capital throughout history of firm, including during 2009-2010
  - at forefront of US CLO market recovery: seven new issue CLOs since 2009
  - raised $950m since 3i transaction in September 2012
- Positioned to grow
  - organic capital raising: CLOs, unlevered fund, separate accounts
  - complementary business lines: middle market, opportunistic credit, HY bonds
  - selective acquisitions

(1) As at 28 February 2013, reflecting issue of Jamestown I and II CLOs. Excludes five CLOs where 3i is seeking investor consent for a transfer of management contracts from WCAS Fraser Sullivan, which would account for approximately $2.0bn (£1.3bn) of additional AUM.

Jeremy Ghose

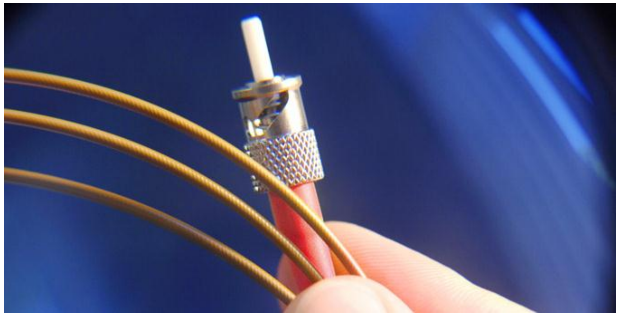
Managing Partner and CEO, 3iDM

Conclusion

A clear focus on growth

- 3iDM today is an integral, relevant and growing part of 3i’s business
- 3iDM brings stability and visibility to 3i’s earnings
- 3iDM’s focus is on growth: scalable platform
- 3iDM has a clear strategy and vision: organic growth and acquisitions
- 3iDM has the track record and experienced team: heritage with proven performance

Team biographies



Jeremy Ghose

Managing Partner and CEO, 3iDM

Jeremy is CEO & Managing Partner of 3iDM. Jeremy joined 3iDM in 2011 following the acquisition of Mizuho Investment Management from Mizuho Corporate Bank. Prior to joining 3iDM, Jeremy was with Mizuho Corporate Bank (formerly The Fuji Bank) since 1988.

Jeremy was the founder of Mizuho's Leveraged Finance business in 1988 and the founder of the third-party independent fund management business in 2005. He had overall responsibility for the LBO/MBO franchise, leveraged syndications, mezzanine finance and equity fund business in Europe, US and Asia (excluding Japan). Under his supervision, the bank was involved in financing over 500 buyout transactions (of which over 200 were lead-managed or joint-managed) and underwrote in excess of US$126bn of debt with portfolio responsibility in excess of US$20bn.

A veteran of the LBO and M&A markets, Jeremy has over 26 years of relevant experience globally. He was an Executive Officer of Mizuho Corporate Bank, being the first non Japanese to achieve this status in the bank's history. He holds a B.A. (Honours) degree in Business Administration and is an Associate of the Chartered Institute of Bankers. Jeremy is approved to perform the FSA management controlled functions 3 & 30.

John Fraser

Managing Partner, 3iDM US

John joined 3iDM US as a result of the strategic transaction between 3iDM US and WCAS Fraser Sullivan, a SEC registered investment adviser he founded with Tighe Sullivan in 2005.

Prior to founding WCAS Fraser Sullivan, John was a Managing Director and Partner with Angelo, Gordon & Co., L.P. from 1997 to 2005. At Angelo, Gordon, John started the firm's leveraged loan investment management business and served as portfolio manager of Angelo, Gordon's five leveraged loan funds since their inception.

Before joining the firm, he was a Managing Director with Cypress Tree Investment Management Co., Inc., a company devoted exclusively to the leveraged loan marketplace. Prior to that, John spent six years as a Vice President and Portfolio Manager with Merrill Lynch Asset Management, where he managed investments in the leveraged loan and high yield bond markets. John began his career in the Chase Manhattan Bank credit training program, after which he held a number of analytical and lending positions. He holds a B.A. degree from Cornell University.

Andrew Bellis

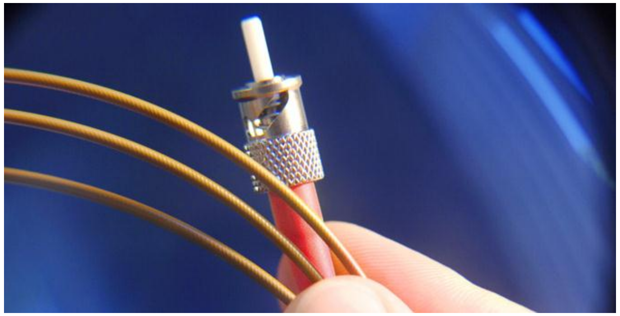
Managing Director, 3iDM

Andrew is a Managing Director and Partner of 3iDM, responsible for the strategic growth of the business. Before joining 3iDM in July 2012, he ran the global CLO new issue business at Credit Suisse. Prior to that, Andrew held a number of roles at Bank of America Merrill Lynch from 2003, including running the European CLO and alternative fund structuring group and the illiquid structured credit trading business in Europe.

In total, Andrew has 15 years of experience of structuring and raising loan and credit funds for asset managers and his teams have won a number of industry awards from IFR. Andrew also sat as the employee representative on the investment committee of the Credit Suisse UK Pension Fund from late 2010.

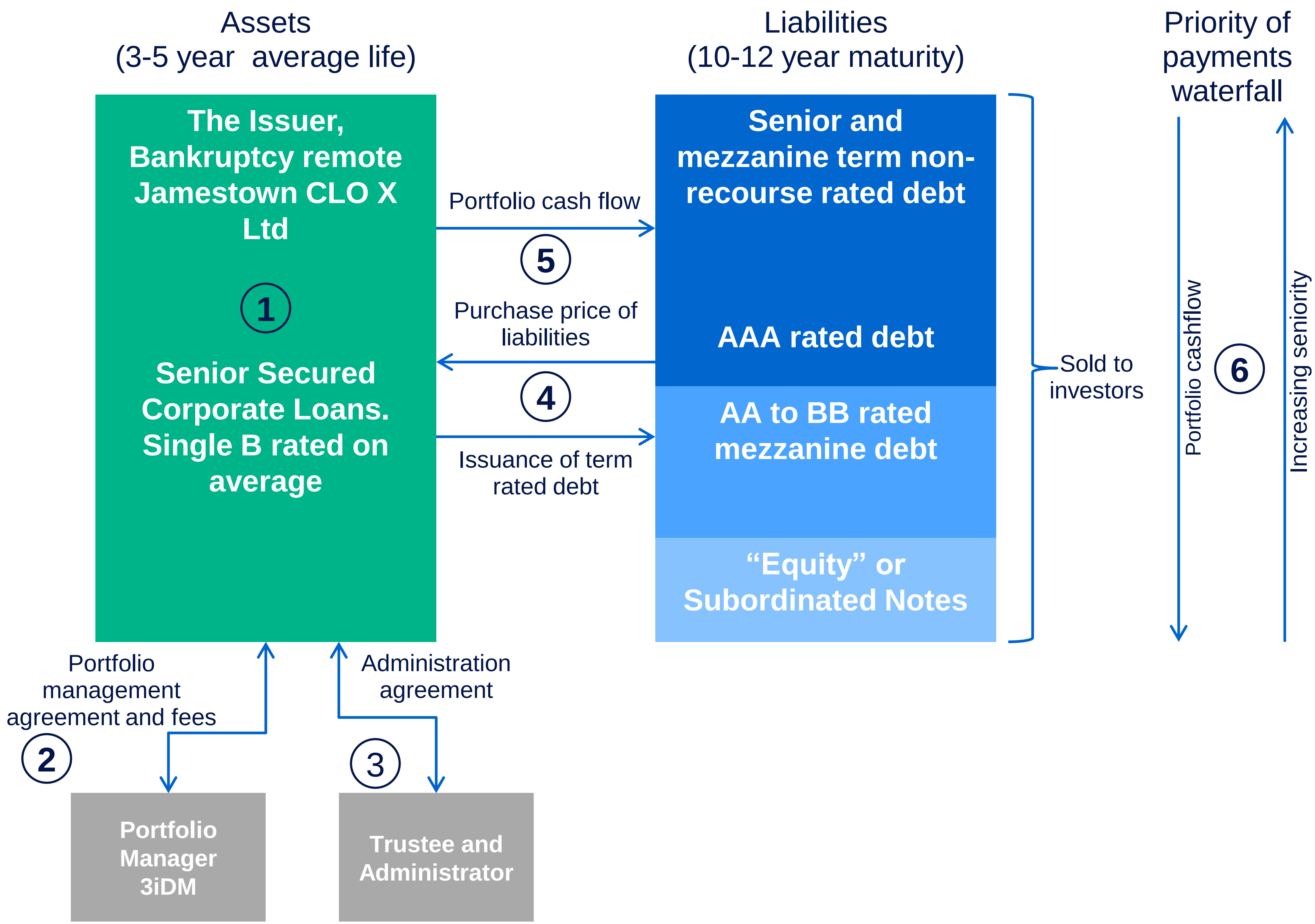
Andrew holds a first class honours degree from Imperial College, University of London.

Appendix



A CLO is a financing structure

Assets financed with long term liabilities and "equity"



How do CLOs work?

1. A bankruptcy remote issuer is established and holds the portfolio of senior secured corporate loans (the “Portfolio”)
2. The Issuer enters into a portfolio management agreement with 3iDM. 3iDM will:
   a. Direct the purchase of the initial portfolio subject to certain criteria
   b. Direct sales and purchases from the Portfolio during the reinvestment period of 3-4 years
   c. Direct any sales and limited purchases from the end of the reinvestment period to the maturity date of typically 10-12 years
   d. Direct the sale of the Portfolio if the equity holders exercise their call option on and after the end of the non-call period of typically 2 years
3. The security interests in respect of the Portfolio is held in trust by the Trustee and the Portfolio is administered by the Collateral Administrator who provides monthly reporting to investors
4. The purchase of the initial portfolio is financed via the issuance of term-rated debt and an unrated “equity” tranche
5. Ongoing principal and interest received from the Portfolio is paid out to investors via a “priority of payments waterfall”, typically on a quarterly basis
6. All interest received on the Portfolio is paid to the debt holders to satisfy their interest payments in order of seniority, with any excess (subject to satisfaction of certain coverage tests) after payment of expenses and management fees, paid to the equity holders. Principal proceeds (after the end of the reinvestment period), are used to redeem the debt in order of seniority, with any remaining principal paid out to equity holders

A short note on coverage tests

Coverage tests drive CLO performance

- The par value or over-collateralisation (“OC”) coverage tests are key to the performance of CLOs
- An OC ratio measures the par value of assets divided by the par value of liabilities at a particular level of the capital structure
  - The senior OC ratio measures the par value of the assets divided by the par value of senior debt outstanding
  - The junior OC ratio measures the par value of the assets divided by the par value of all outstanding debt
- If an OC ratio falls below a certain test level, cash is diverted away from equity holders (and junior management fees) to pay down debt or purchase new assets, thus “self-curing” the test failure
- All assets other than defaulted assets, assets bought at a significant discount or CCC assets (above a certain amount) are valued at par
- Thus the key risk to equity cash flow and the junior management fee stream is increasing defaults and CCCs, which get held at market value and lead to an OC test failure
- At the extreme, if most assets default or become CCC, the deal runs the risk of hitting an event of default (the senior OC ratio breaching approximately 100%). This can lead to a liquidation of the assets directed by the senior noteholders (happened in CDOs of ABS, never got close in CLOs….)