

FITCH ASSIGNS AVOCA CAPITAL 'M2+' MANAGER RATING

Fitch Ratings-London-18 December 2009: Fitch Ratings has today assigned Avoca Capital (Avoca) an 'M2+' Manager Rating. The rating covers all of Avoca's credit asset management activities. Fitch has simultaneously withdrawn Avoca's 'CAM2+' collateralised debt obligation (CDO) asset manager rating.

The rating actions follow Fitch's 27 July 2009 publication of criteria for rating credit asset managers. The agency's M ratings for credit asset managers now supersede existing CDO asset manager (CAM) ratings.

The 'M2+' rating reflects the robustness of Avoca's matured leveraged loan management franchise and the continued, institutionalisation of its fund management platform despite adverse market conditions. The rating also factors in the sensitivity of the privately-owned business to the evolution of the collateralized loan obligation (CLO) market.

Fitch considers that Avoca's size, as one of the five largest European CLO managers, and seven year track record provide a solid base for sustained profitability in the event of a significant reduction of subordinated fees while positioning the firm well for fund raising or manager consolidation.

Avoca's rating also reflects staffing stability, the depth and adequacy of which has been enhanced in recent months by the hiring of a head of IT, the creation of a marketing function and increased front office specialisation.

Furthermore, over the past 18 months, Avoca has completely overhauled its technology platform, which used to lag its competition. In Fitch's opinion, the infrastructure and applications are now one of the best among the CLO managers Fitch has reviewed in Europe in terms of scalability, efficiency and integration.

In addition, Avoca's credit intensive research practices continue to be well-documented and support a clearly articulated and consistent investment risk management process.

In accordance with applicable criteria, 'Reviewing and Rating Credit Asset Managers', dated 27 July, 2009, Avoca's 'M2+' rating is based on the following category scores, which represent a scale from 1 to 5, with 1 as the highest possible score:

Company & Staffing: 2.50

Credit Selection: 1.75

Portfolio & Risk Management: 2.00

Investment Administration: 1.75

Technology: 1.75

Asset manager operations in the 'M2' category demonstrate low vulnerability to operational and investment management failure.

Avoca is a Dublin and London based privately-owned credit manager, focused on European leveraged loan management, principally through CLO structures. As at December 2009, Avoca's AUM were EU5.5bn (EUR3.8bn in 8 Avoca originated CLOs, EUR0.4bn in a credit opportunity fund and EUR1.3bn in other mandates including replacement manager mandates and separate accounts).

Applicable criteria available at www.fitchratings.com: 'Reviewing and Rating Asset Managers', dated 18 June, 2009; 'Reviewing and Rating Credit Asset Managers', dated 27 July, 2009.

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