

Legal Provisions Applicable to
Payments on the Preferred Shares

Any dividends paid by the Fiscal Agent to holders of the Preferred Shares will be payable in accordance with applicable law out of distributable profits of the Issuer and/or out of the Issuer's share premium account. No payments may be made to Shareholders (including redemption payments) if the Issuer (as determined by its board of directors) is not able to pay its debts as they fall due in the ordinary course of business immediately following such payment.

Optional Redemption.....

Subject to the satisfaction of conditions described herein, (i) on any Distribution Date after the end of the Non-Call Period or (ii) upon and during the continuance of a Tax Event on any Distribution Date, at the direction of the Required Redemption Percentage, the Issuer will cause (a) a redemption of each Class of Rated Notes, (b) a Refinancing of one or more Classes of Rated Notes, or (c) on any Distribution Date on or after the Rated Notes are redeemed or paid in full, the redemption of the Subordinated Securities.

The "Non-Call Period" is the period from the Closing Date to, but excluding, the Determination Date relating to the Distribution Date in June 2013.

Special Redemption.....

If, at any time during the Reinvestment Period, the Investment Manager, at its discretion, notifies the Trustee that it has been unable using commercially reasonable efforts for a period of at least 30 consecutive days to invest in Collateral Obligations, on the next Distribution Date, the amount of Principal Proceeds designated by the Investment Manager (the "Special Redemption Amount") will be applied to pay principal of the Rated Notes in accordance with the Priority of Payments (each, a "Special Redemption").

Use of Proceeds

The net proceeds on the Closing Date will be used by the Issuer to purchase a diversified portfolio of Collateral Obligations meeting the diversification, rating and other requirements described herein. On the Closing Date, the Investment Manager currently expects to use at least 37% of the net proceeds to purchase Collateral Obligations and redeem notes issued to the Pre-Closing Parties to finance the Issuer's pre-closing acquisition of loans. By the Closing Date, the Issuer will have purchased or entered into agreements to purchase Collateral Obligations with an aggregate principal balance of approximately \$260 million. The Investment Manager expects to purchase (and enter into agreements to purchase) additional Collateral Obligations by the Effective Date. On or before the first Determination Date, any remaining net proceeds from the Closing Date will be treated as Principal Proceeds or, in an amount not exceeding \$3 million, as Interest Proceeds as directed by the Investment Manager. See "Security for the Notes — Collateral Obligations" and "Use of Proceeds."

Security for the Notes.....

The Collateral pledged by the Issuer to the Trustee under the Indenture for the benefit of the secured parties will consist of Collateral Obligations; Eligible Investments; any securities or assets issued in exchange for Collateral Obligations that do not themselves constitute Collateral Obligations; certain accounts of the Issuer; the rights of the Issuer under any Hedge Agreements, the Investment Management Agreement, the Administration Agreement, the Registered Office Agreement, the Fiscal Agency Agreement, the Collateral Administration Agreement and any Securities Lending Agreements; and the proceeds of