

## RISK FACTORS

*An investment in the Securities involves certain risks. Prospective investors should carefully consider the following factors, in addition to the matters set forth elsewhere in this Offering Memorandum, prior to investing in the Securities.*

### **Risk Factors Relating to the Securities**

**Investor Suitability.** An investment in the Securities will not be appropriate for all investors. Structured investment products, like the Securities, are complex instruments, and typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. Any investor interested in purchasing Securities should conduct its own investigation and analysis of the product and consult its own professional advisers as to the risks involved in making such a purchase.

**Nature of the Obligations.** The Issuer Only Notes will be limited recourse debt obligations of the Issuer, and the Senior Notes will be limited recourse debt obligations of the Co-Issuers, in each case, payable solely from the Collateral pursuant to the Indenture. The Preferred Shares are equity of the Issuer. The Securities do not represent interests in or obligations of, and are not guaranteed, insured or secured by any rating agency, any Transaction Party (other than the Issuer or, in the case of the Senior Notes, the Co-Issuers), any Affiliate, director, member or partner of the Co-Issuers, or any other Transaction Party, or any other person or entity (other than the Issuer, or in the case of the Senior Notes, the Co-Issuers). If distributions on the Collateral are insufficient to make payments on the Securities, no other assets will be available for payment of the deficiency and, following liquidation of the Collateral, the obligations of the Issuer, or in the case of the Senior Notes, the Co-Issuers, to pay any such deficiency will be extinguished.

**Liquidity Considerations.** There is currently no secondary market for the Securities, and none may develop. The Securities are not expected to be readily marketable. In addition, the Securities are subject to certain transfer restrictions (including minimum denominations) that may further limit their liquidity. Furthermore, various regulatory requirements may restrict a potential investor's ability to purchase Securities or make such an investment unattractive to them. See "— Tax Considerations" and "— Risk Factors Relating to Regulatory and other Legal Considerations — Recent Legal and Regulatory Developments." The Securities are designed for long-term investors and should not be considered a vehicle for short-term trading purposes. As a result, investors must be prepared to bear the risk of holding the Securities until their Stated Maturity. To the extent that any secondary market exists for the Securities in the future, the price (if any) at which Securities may be sold could be at a discount, which in some cases may be substantial, from the principal amount of the Securities. To the extent any market exists for the Securities in the future, significant delays could occur in the actual sale of Securities.

**Subordination.** Payments on the Securities are subordinated to payments on each Higher Ranking Class (including in the case of the Subordinated Securities, subordinated to any required payments on the Rated Notes) and certain fees and expenses. Payments on the Preferred Shares are also subordinated to any payments in respect of the claims of any other creditors of the Issuer, secured or unsecured. If any Coverage Test is not satisfied as of any Determination Date or if a Continuing Effective Date Ratings Confirmation Failure has occurred and is continuing, cash flows otherwise payable to Lower Ranking Classes of Securities will be diverted to the payment of principal on Higher Ranking Classes of Rated Notes as set forth in the Priority of Payments. Interest Proceeds will be diverted, in accordance with the Priority of Payments, to purchase additional Collateral Obligations, during the Reinvestment Period (a) if an Effective Date Ratings Confirmation Failure has occurred, to the extent necessary to obtain Rating Agency Confirmation; (b) if the Supplemental Diversion Test is not satisfied as of the related Determination Date, to the extent necessary to satisfy such test as of the Determination Date; and (c) to the extent of Designated Proceeds.

If an Event of Default has occurred and has not been cured or waived and acceleration has occurred, Interest Proceeds and Principal Proceeds will be applied to pay both principal of and interest on each Higher Ranking Class until each such Class is paid in full before any further payment or distribution will be made on any Lower Ranking Class. See "The Indenture and the Fiscal Agency Agreement— Payments after an Acceleration of Maturity." As a result, Lower Ranking Classes will not receive interest payments until each Higher Ranking Class has been paid principal and interest, Lower Ranking Classes may not receive partial or full payment of principal and further distributions may not be made in respect of the Subordinated Securities.