

Certain Risk Factors

An investment in the Preferred Shares involves a substantial degree of risk and should be considered only by a prospective investor whose financial resources are sufficient to enable it to assume such risk (and the possible loss of some or all of its investment) and who has no immediate need for liquidity in its investment. Each prospective investor should carefully evaluate the following risk factors associated with an investment in the Preferred Shares and should make its own assessment of the risks and rewards of an investment in the Preferred Shares.

Capitalized terms used but not defined in this Section 12 have the meanings specified in Section 11, "Summary of Principal Terms," or in the Appendix "Glossary".

GENERAL RISKS

Risks of General Economic Conditions

The ability of the Issuer to make payments on a Facility and distributions on the Preferred Shares may depend on the financial condition of the economy. The business, financial condition or results of operations of the Obligors on the Collateral Obligations, and in turn the market value and future performance of any Collateral Obligation acquired by the Issuer may be adversely affected by current and future economic conditions. Delinquencies, non-accruals and credit losses generally increase during economic slowdowns or recessions. To the extent that economic and business conditions deteriorate, non-performing assets are likely to increase, and the value and collectability of the Issuer's assets is likely to decrease. A decrease in market value of the Collateral Obligations also would adversely affect the Sale Proceeds that could be obtained upon the sale of the Collateral Obligations and could ultimately affect the ability of the Issuer to pay in full or redeem a Facility, as well as the ability of the Issuer to make any distributions in respect of the Preferred Shares.

Certain of the Collateral Obligations may be issued by Obligors located in the European Union (the "EU") or otherwise affected by the strength or weakness of the euro. Any volatility in the European financial markets or the existence of concerns about rising government debt levels, credit rating downgrades, and possible default on or restructuring of government debt may cause bond yield spreads (the cost of borrowing debt in the capital markets) and credit default spreads (the cost of purchasing credit protection) to increase in relation to certain euro zone countries.

It is possible that countries that have adopted the euro could abandon the euro and return to a national currency or that the euro will cease to exist as a single currency in its current form. The effects on a country of abandonment of the euro or a country's forced expulsion from the EU are impossible to predict, but are likely to be negative. The exit of any country out of the EU or the abandonment by any country of the euro would likely have a destabilizing effect on all eurozone countries and their economies and a negative effect on the global economy as a whole. Although all the Collateral Obligations must be U.S. dollar-denominated, the effect of such potential events on the Obligors, Collateral Obligations, the Issuer or on the Preferred Shares is impossible to predict.

Referendum on the United Kingdom's EU membership

The United Kingdom has initiated its official withdrawal from the EU. The United Kingdom's decision to leave the EU has caused, and is anticipated to continue to cause, significant uncertainties and instability in the financial markets, which may affect the risk profile of the Issuer. These uncertainties could have a material adverse effect on the Issuer's and Obligors' business, financial condition, results of operations and prospects. Any impact on Obligors could impair their ability to make payments due under the Collateral Obligations, which would affect the Issuer's ability to make payments on a Facility and distributions on the Preferred Shares. In addition, it is unclear at this stage what the consequences of the United Kingdom's departure from the EU will ultimately be for the Issuer or any other Transaction Party.