

adopted by the U.S. Securities and Exchange Commission do not apply to collateral managers of CLOs that purchase loans in the open market on behalf of its investors because these collateral managers do not qualify as "securitizers" as defined in the applicable statutory provision. If the court's decision is determined to be final and non-appealable, the U.S. Risk Retention Regulations will no longer apply to collateral managers of open-market collateralized loan obligation transactions such as this one and, consequently, the Portfolio Advisor and/or the Retention Holder may transfer some or all of the U.S. Retention Interest to third parties.

None of the Transaction Parties, the Retention Holder or their respective affiliates, corporate officers or professional advisors or any other Person makes any representation, warranty or guarantee that the Portfolio Advisor, the Retention Holder, their respective affiliates or the transaction contemplated by this Private Placement Memorandum will be in compliance with the U.S. Risk Retention Regulations.

See Section 14, "Certain Legal—ERISA and Tax Matters—US Credit Risk Retention."

### **European Risk Retention Rules**

The EU Risk Retention Rules or Similar Requirements apply to Affected Investors investing in the Preferred Shares. Affected Investors should therefore make themselves aware of the requirements of the EU Risk Retention Rules or applicable Similar Requirements (and any implementing rules in relation to a relevant jurisdiction) in addition to any other regulatory requirements applicable to them with respect to their investment in the Preferred Shares. Each Affected Investor should consult with its own legal, accounting, regulatory and other advisors and/or its regulator to determine whether, and to what extent, the information in any investor report provided in relation to the transaction is sufficient for the purpose of satisfying the EU Risk Retention Rules or Similar Requirements or any other applicable requirements. Affected Investors are required to independently assess and determine the sufficiency of such information. None of the Issuer, the Co-Issuer, the Portfolio Advisor, the Retention Holder, the Placement Agents, the Security Party, the Portfolio Administrator, their respective affiliates or any other Person makes any representation, warranty or guarantee that any such information is sufficient for such purpose or that the structure of the Preferred Shares and the transactions described herein are compliant with the requirements of the EU Risk Retention Rules or Similar Requirements and no such Person shall have any liability to any prospective investor or any other Person with respect to the insufficiency of such information or any failure of the transactions contemplated hereby to comply with or otherwise satisfy the requirements of the EU Risk Retention Rules or Similar Requirements or any other applicable legal, regulatory or other requirements. In the event that a regulator determines that the transaction did not comply or is no longer in compliance with the EU Risk Retention Rules or Similar Requirements, then if you are an Affected Investor you may be required by your regulator to set aside additional capital against your investment in the Preferred Shares. See Section 14, "Certain Legal, ERISA and Tax Matters—European Risk Retention."

### **RISKS RELATING TO THE ISSUER**

#### **No Operating History**

The Issuer is a newly formed entity and has no operating history. The Issuer is subject to many of the business risks and uncertainties associated with any investment fund with a limited operating history, including the risk that the Issuer will not achieve its investment objective. While the types of Collateral Obligations being acquired by the Issuer are subject to a number of investment criteria, investment guidelines and conditions, and the Portfolio Advisor is experienced, the Issuer's strategy is somewhat novel and untested in the U.S. markets. While the Portfolio Advisor's key principals have extensive experience in originating, structuring, monitoring and disposing of loans and other debt instruments comprising the type of Collateral Obligations in which the Issuer is investing, there can be no assurance as to the actual accumulation of such investments or of the success of such investments. Because the Refinancing documentation will subject the Issuer to