

## RISKS RELATING TO THE COLLATERAL OBLIGATIONS

### Below Investment-Grade Assets

The Collateral Obligations acquired by the Issuer will consist primarily of non-investment grade loans or interests in non-investment grade loans that are subject to, credit, interest rate, illiquidity and other risks. It is anticipated that the Assets generally will be subject to greater risks than investment grade obligations. These risks could be exacerbated if the Portfolio is concentrated in certain sectors of infrastructure debt. See also "Certain Risks of Infrastructure Debt—Illiquidity in Infrastructure Finance" below.

### Risks of Default and Recovery Levels on the Collateral Obligations

While infrastructure debt historically experiences low default rates as compared to other industry sectors, a non-investment grade debt obligation or an interest in a non-investment grade debt obligation is generally considered speculative in nature and for a variety of reasons may become a Defaulted Obligation. A Defaulted Obligation may become subject to substantial workout negotiations or restructuring, which may result in reductions in the interest rate, principal write downs or changes in the terms, conditions and covenants with respect to such Defaulted Obligation. In addition, negotiations in a workout or restructuring may be protracted and may result in uncertainty as to the timing and amount of recovery on a Defaulted Obligation. The actual recovery experienced on any Defaulted Obligation will likely differ from, and could be lower than, the recovery rate used by the Issuer when making its investment in the related Collateral Obligation.

### Limited Information about Collateral Obligations

Neither the Issuer nor the Portfolio Advisor are required to provide the Preferred Shareholders with financial or other information that it receives in connection with the Collateral Obligations unless required under the Transaction Agreements. The Preferred Shareholders will not have any right to inspect any records relating to the Collateral Obligations, and the Portfolio Advisor will not be obligated to disclose any information regarding the existence or terms of, or the identity of any Obligor on, any Collateral Obligation, except to the extent required under the Transaction Agreements. The Portfolio Advisor may, with respect to any information that it elects to disclose, demand that persons receiving such information execute confidentiality agreements before being provided with the information.

### Lender Liability Considerations

A number of judicial decisions have upheld judgments of borrowers against lending institutions on the basis of various evolving legal theories, collectively termed "lender liability". There can be no assurance that such claims will not arise or that the Issuer will not be subject to liability upon the occurrence of such a claim. With respect to Collateral Obligations that are obligations of non-U.S. Obligors, the laws of certain foreign jurisdictions may impose liability upon lenders or bondholders, with consequences that may or may not be analogous to lender liability under United States federal and state laws.

### Voting Rights on Collateral Obligations

As a holder of an interest in a Collateral Obligation, the Issuer has limited consent and control rights which may not be effective in view of the typically low proportion of such obligations held by the Issuer. The Portfolio Advisor will continue to exercise or enforce, or refrain from exercising or enforcing, any or all of the Issuer's rights in connection with the Collateral Obligations, or will refuse amendments or waivers of the terms of any Collateral Obligation in accordance with the applicable Facility documentation, its portfolio advisory practices and the standard of care set forth in the Portfolio Advisory Agreement. The Portfolio Advisor's ability to change the terms of the Collateral Obligations are generally not be restricted by the applicable Facility documentation. The Preferred Shareholders will not have any right to compel the Portfolio Advisor to take or refrain from taking any actions. Any amendment, waiver or modification of a Collateral Obligation could postpone or reduce proceeds on the Collateral Obligations and, in turn, may postpone any expected date of final redemption of the Securities and/or reduce or delay payments on the Preferred Shares.