

Certain BSL Modeling Assumptions



The targets, models and analyses contained herein are based on certain assumptions as to future events and conditions that are inherently uncertain, unpredictable and subject to substantial change. **No representation is made by DB, the manager or any other person as to the reasonableness of the targets, models, analysis or assumptions contained herein. Furthermore, no representation is made as to, and investors should not rely on, the targets, models, analysis or assumptions provided herein as indicative of the actual performance of a CLO transaction. Actual results will vary, perhaps materially, from the targets, models, analysis and assumptions contained herein.** Investors should consider the targets, models, analysis and information presented here in light of the underlying assumptions contained herein to reach their own conclusions as to the reasonableness of those assumptions and to evaluate the targets, models and analysis on the basis of those considerations. There is no assurance that all assumptions have been considered. Changes to and/or consideration of different or additional assumptions could have a material impact on the results indicated. Certain of the assumptions are as follows:

- a) [70]% recovery for senior secured 1st lien loans and [40]% recovery for 2nd lien loans.
- b) The initial target portfolio consists of [98.4]% senior secured first lien term loans, [1.6]% 2nd lien loans ([100.0]% floating-rate assets).
- c) Reinvestments in additional collateral during the reinvestment period are assumed to consist of [95.0]% 1st lien loans and [5.0]% 2nd lien loans with an average [3.75]% / [7.50]% spread, [1.00]% floor and [99.50]% purchase price.
- d) After the end of the reinvestment period, prepayments are reinvested in additional collateral with the same characteristics as above in (c) with a WAL that is equal to or less than the WAL of the assets which prepaid.
- e) All reinvestments are assumed to be in [5.5]-year bullet maturity loans as long as WAL test ([8.0] years) is satisfied. Once WAL test limit is no longer satisfied, reinvestments are made in loans that maintain compliance with this test until the maturity date of such loans is less than [2.0] years, at which point all reinvestments are halted. An additional constraint prevents loans from having a maturity date beyond the legal final of the transaction.
- f) The portfolio is assumed to be [50]% ramped-up at closing (fully ramped within the first [3] months assuming a linear ramp).
- g) Annual management fees:
 - Senior management fee: [15]bps
 - Subordinated management fee: [30]bps
 - Incentive management fee: [20]% of equity cashflows over a realized IRR hurdle of [12]%
- h) Assumed on-going annual administrative fees and expenses: [2]bps plus \$[250,000] (administrative expenses cap).
- i) Forward Libor curve as of [26-Feb-2014] close (1st period Libor of [0.2489]%).
- j) CADR stands for "Constant Annual Default Rate." The principal amount of defaulted obligations in any quarterly collection period is assumed to equal one-fourth of the stated CADR multiplied by the beginning balance of collateral.
- k) CPR stands for "Constant Prepayment Rate." The principal amount of prepayments in any quarterly collection period is assumed to equal one-fourth of the stated CPR multiplied by the ending balance of collateral (without regard to such prepayments).
- l) CPR of floating-rate collateral obligations is assumed to be [25]% per annum. Assets are assumed to prepay at par.
- m) Assumed [6] month default holiday on both initial and reinvested assets. Assumed instantaneous recoveries.
- n) Assets are assumed to be called at par.
- o) The floating rate assets within the target portfolio ramped as of the Effective Date are assumed to have the following Libor floor distribution:
 - No Libor floor [3.6]%
 - 0.75% Libor floor [9.5]%
 - 1.00% Libor floor [66.1]%
 - 1.25% Libor floor [17.3]%
 - 1.50% Libor floor [2.6]%
 - 1.75% Libor floor [1.0]%
- p) Additional assumptions are available upon request.