RISK FACTORS

Prospective Noteholders should consider, among other things, the following factors in connection with the purchase of the Notes.

General Economic Risks

General market and credit risk.

Debt instruments are subject to credit and interest rate risks. Credit risk refers to the likelihood that an obligor will default in the payment of principal or interest on an instrument. Financial strength and solvency of an obligor are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument and debt instruments that are rated by rating agencies are often reviewed and may be subject to downgrade. Interest rate risk refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate obligations) or directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price, while the income from such instrument will remain fixed. Conversely, income generated by floating rate debt instruments will generally rise and fall as interest rates rise and fall, but the price of such asset will usually not vary due to changes in interest rates.

General economic conditions.

Significant risks may exist for the Issuer and investors in the Notes as a result of uncertain general economic conditions. These risks include, among others, (i) the possibility that the prices at which Portfolio Assets can be sold by the Issuer will have deteriorated from their effective purchase price, (ii) the illiquidity of the Notes, as there may be no secondary trading in the Notes and (iii) the possibility of a decline in the market value of the Notes. These risks may affect the returns on the Notes to investors and the ability of investors to realize their investment in the Notes prior to the Stated Maturity Date, if at all. This may increase reinvestment or refinancing risk in respect of maturing Portfolio Assets. These additional risks may affect the returns on the Notes to investors and could further slow, delay or reverse an economic recovery and cause a further deterioration in performance of the Portfolio Assets generally. Limitations on the amount of available credit in the market may have an adverse impact on general economic conditions that affect the performance of the Portfolio Assets. The slowdown in growth or commencement of a recession would be expected to have an adverse effect on the ability of businesses to repay or refinance their existing debt. Adverse macroeconomic conditions may adversely affect the rating, performance and the realization value of the Portfolio Assets. It is possible that the Portfolio Assets will experience higher default rates than anticipated and that performance will suffer.

The market value and performance of the Portfolio Assets and the Notes may be adversely impacted by current and future economic conditions, including perceptions of potential, current or future conditions, market trading imbalances or technical dislocation. To the extent that economic and business conditions deteriorate, the levels of defaults and delinquencies are likely to increase and market values may decrease or not fully recover, which may adversely affect the amount of sale proceeds that could be obtained upon the sale of the Portfolio Assets and could adversely impact the ability of the Issuer to make payments on the Notes.

The bankruptcy or insolvency of a major financial institution may have an adverse effect on the Issuer, particularly if such financial institution is the administrative agent of one or more of the Portfolio Assets. In addition, the bankruptcy, insolvency or financial distress of one or more additional financial institutions, or one or more sovereigns, may trigger additional crises in the global credit markets and overall economy which could have a significant adverse effect on the Portfolio Assets, and consequently on the Issuer and the Notes.

COVID-19 Outbreak has caused economic distress and uncertainty.

There has been a widespread outbreak of respiratory disease caused by a new coronavirus (named COVID-19) that was first detected in China in December 2019 and spread to many countries globally, including the United States (the "**COVID-19 Outbreak**"). The COVID-19 Outbreak has been declared a pandemic by the World Health

Organization, and on March 13, 2020, the president of the United States declared a national emergency. The COVID-19 Outbreak has led (and may continue to lead) to a significant economic disruption globally, as well as in the economy of the United States and the economies of other nations where the coronavirus disease has arisen. The U.S. federal, state and local governments initially adopted a number of emergency measures and recommendations in response to the COVID-19 Outbreak, which have included "shelter in place" restrictions, curfews, banning large gatherings and closing non-essential businesses, including, but not limited to bars, restaurants, movie theatres and gyms. While certain jurisdictions have begun to ease some of these restrictions, the nature of these emergency measures and restrictions vary in different areas of the United States depending on the severity of the localized outbreak and other factors. As a result of the pandemic and the governments' responses, many businesses have temporarily suspended or limited operations and laid-off or furloughed employees and may continue to do so. Additional governmental actions may be forthcoming with additional negative economic effects. The COVID-19 Outbreak and the various governments' responses have caused substantial disruption, volatility and a reduction in liquidity in the capital markets and the credit markets. While markets stabilized and general economic growth in the United States recovered to an extent after the initial outbreak, subsequent developments, including the Omicron variant and any other variants of the coronavirus, and their effects may cause market conditions to remain uncertain, and a period of deterioration and volatility could reemerge in certain sectors of the economy or broadly. Any such volatility, as well as the generally negative economic impact, may have adverse impacts on the Portfolio Assets and the Notes.

Illiquidity in the fixed income markets may affect the Portfolio Assets.

The financial markets have experienced and may, in the future, experience substantial fluctuations in prices for fixed income securities and limited liquidity for such instruments. During periods of limited liquidity and higher price volatility, the Issuer's ability to dispose of Portfolio Assets (for which there is limited liquidity even in favorable market conditions) at a price and time that the Collateral Manager deems advantageous may be severely impaired. Such inability may impair the Issuer's ability to dispose of investments in a timely fashion and for a fair price.

The financial crisis and the leveraged finance markets.

Among the sectors of the global credit markets that have experienced particular difficulty during the financial crisis of 2008 – 2010 were the collateralized debt obligations and leveraged finance markets. There continue to exist significant risks for the Issuer and investors should economic conditions deteriorate again, including as a result of geopolitical disruptions such as the Russian/Ukrainian conflict of 2022. These risks include, among others, (i) the likelihood that the Issuer will find it more difficult to sell any of its assets in the secondary market, thus rendering it more difficult to dispose of such assets, (ii) the possibility that, on or after the Closing Date, the price at which assets can be sold by the Issuer will have deteriorated from their effective purchase price and (iii) the illiquidity of the Notes, as there is currently little or no secondary trading in securities issued in connection with collateral debt obligation transactions. These risks may affect the returns on the Notes to investors and the ability of investors to realize their investment in the Notes prior to their stated maturity, if at all. In addition, obligors on Portfolio Assets may be more likely to exercise any rights they may have to redeem or refinance such Portfolio Assets when interest rates or spreads are declining. These additional risks may affect the returns on the Notes to investors. A slowdown in growth or commencement of a recession in the global economy, including as a result of inflationary pressures and resulting interest rate hikes, will have an adverse effect on the ability of consumers and businesses to repay or refinance their existing debt. Adverse macroeconomic conditions may adversely affect the rating, performance and the realization value of the Portfolio Assets. It is possible that the Portfolio Assets will experience higher default rates than anticipated and that performance will suffer. During the financial crisis, some leading global financial institutions were forced into mergers with other financial institutions, were partially or fully nationalized or became bankrupt or insolvent. There can be no assurance that similar drastic measures will not be taken as a result of future disruptions in the global credit markets.

Legal, Regulatory and Other Risks Relating to the Offering

Investment Company Act.

The Co-Issuers have not registered and do not expect to register, and the pool of Portfolio Assets has not been registered and is not expected to be registered, with the U.S. Securities and Exchange Commission (the "**SEC**") as investment companies pursuant to the Investment Company Act in reliance on an exception from registration and no-action positions available for non-U.S. obligors (a) whose outstanding securities owned by U.S. persons (other than "knowledgeable employees") are owned exclusively by Qualified Purchasers and (b) which do not make a public offering of their securities in the United States. Accordingly, investors in the Notes will not be accorded the protections of the Investment Company Act. Counsel for the Co-Issuers will opine, in connection with the sale of the Notes, that neither of the Co-Issuers is at such time an investment company required to be registered under the Investment Company Act (assuming, for the purposes of such opinion, the accuracy and completeness of all representations and warranties made or deemed to be made by investors in the Notes). No opinion or no-action position has been requested of the SEC.

Certain restrictions limit the transferability of the Classes of Notes affected thereby. No sale, assignment, participation, pledge or transfer of the Notes may be effected if, among other things, it would require any of the Issuer, the Co-Issuer or the pool of collateral to register under, or otherwise be subject to the provisions of, the Investment Company Act or any similar legislation or regulatory action.

If the SEC or a court of competent jurisdiction were to find that the Issuer or the Co-Issuer is required, but in violation of the Investment Company Act had failed, to register as an investment company, this will constitute an Event of Default under the Indenture which, in turn, could lead to acceleration of the Notes and/or liquidation of the Portfolio Assets. Other possible consequences of a finding that the Issuer or the Co-Issuer is required but in violation of the Investment Company Act had failed to register as an investment company include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) investors in the Issuer or the Co-Issuer could sue the Issuer or the Co-Issuer, as the case may be, to recover any damages caused by the violation; and (iii) any contract to which the Issuer or the Co-Issuer, as the case may be, is a party that is made in, or whose performance involves a, violation of the Investment Company Act would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. In addition, such a finding would constitute an Event of Default. Should the Issuer or the Co-Issuer be subjected to any or all of the foregoing, the Issuer or the Co-Issuer, as the case may be, would be materially and adversely affected and, as a result, the Notes would be materially and adversely affected.

Changes in the legislative and regulatory environment may adversely affect the ability of the Co-Issuers to make payments on the Notes.

Legislation and regulations adopted by the U.S. federal government following the financial crisis continue to create uncertainty in the credit and other financial markets. These actions include, but are not limited to, the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), which imposed a new regulatory framework over the U.S. financial services industry and the consumer credit markets in general, and the adoption of its related regulations. Significant questions remain regarding the proper interpretation of many of these regulations, including the Volcker Rule and U.S. Risk Retention Rules as they relate to collateralized bond obligation vehicles ("**CBOs**") and other asset-backed securities (other than certain collateralized loan obligations transactions described in the Appeals Court Ruling in the LSTA Case). In addition, there is also uncertainty regarding the nature and timing of additional regulations that are required under the Dodd-Frank Act but have yet to be promulgated. Given the broad scope and sweeping nature of these changes, significant unresolved questions regarding the proper application of the regulations that have been adopted and the fact that final implementing rules and regulations have not yet in certain cases been enacted or come into effect, the potential impact of these actions on the Issuer, any of the Notes or any holders of Notes are not yet fully known, and no assurance can be made that the impact of such changes would not have a material adverse effect on the prospects of the Issuer or the value or marketability of the Notes. In particular, if existing transactions are not exempted from any such new rules or regulations, the costs of compliance with such rules and regulations could have a material adverse effect on the Issuer and the holders of Notes. If the Issuer were unable to comply with such rules and regulations (because of excessive cost, unavailability of information or otherwise), an Event of Default could result. Liquidation of the Portfolio Assets as a result of an Event of Default could have a material adverse effect on the holders of Notes.

Furthermore, no assurance can be made that the U.S. federal government or any U.S. regulatory body (or other authority or regulatory body) will not continue to take further legislative or regulatory action, and the effect of such actions, if any, cannot be known or predicted.

The Volcker Rule may negatively affect the liquidity and value of certain Classes of Notes.

Section 619 of the Dodd-Frank Act added a provision, commonly referred to as the "**Volcker Rule**," to federal banking laws to generally prohibit various banking entities from engaging in proprietary trading or acquiring or retaining an ownership interest in, sponsoring or having certain relationships with a "covered fund" (defined in final regulations adopted on December 10, 2013 (the "**Final Volcker Regulations**"), as, among other things, any entity relying on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act to be exempt from registration under the Investment Company Act), subject to certain exclusions. The Issuer intends to rely on Section 3(c)(7) and therefore, absent an exclusion, the Issuer would be a covered fund.

On June 25, 2020, the Board of Governors of the Federal Reserve and other federal regulators (the "**Joint Agencies**") finalized modifications to the regulations implementing the Volcker Rule (the "**Modified Rule**"), including modifications to the definition of a prohibited "ownership interest" in a covered fund. The Modified Rule took effect on October 1, 2020. The Modified Rule alters the definition of "ownership interest" in two ways. First, it clarifies that an interest that allows its holder to participate in the removal of an investment manager for cause, or to nominate or vote on a nominated replacement manager upon an investment manager's resignation or removal, whether or not such rights arise upon the occurrence of an event of default or an acceleration event, would not be considered an ownership interest for this reason alone. Second, it excludes from the definition of ownership interest senior loans or debt interests in a covered fund that contain certain characteristics, including that the holders of such interests do not receive any profits of the covered fund but only interest payments not linked to the performance of the fund and the return of principal on or before a maturity date, that the entitlement to interest payments is absolute and not reduced because of losses arising from the covered fund, and that the holders are not entitled to receive the underlying assets of the covered fund after all other interests have been paid (excluding the rights of a creditor exercising remedies following an event of default or acceleration event).

The Issuer has not structured its operations in order to attempt to rely on, and does not intend to qualify for, any exclusion or exemption from the definition of "covered fund" under the Volcker Rule. Moreover, notwithstanding the Modified Rule, no assurance can be given that the Notes will be excluded from the definition of "ownership interest". However, the Issuer is of the view that, under the Volcker Rule, the Class A Notes and the Class B Notes should not be regarded as "ownership interests" in the Issuer. Prospective investors should make their own determination with respect to compliance with the Volcker Rule.

If the Issuer is determined to be a "covered fund" under the Volcker Rule, there would be limitations on the ability of banking entities to purchase or retain any Class deemed to be "ownership interests," which would be expected to include the Preferred Shares, but could also potentially include certain of the Notes. Accordingly, if any banking entity determined that its ownership of any Class of Notes caused it to have an "ownership interest" in a "covered fund" within the meaning of the Volcker Rule, an investment in such Class of Notes would not be a suitable investment for such banking entity. Depending on market conditions, this could significantly and negatively affect the liquidity and market value of the affected Classes. Moreover, the ability of the Initial Purchasers or the Placement Agent to make a market in the affected Classes would be subject to certain limitations, which could, if the Initial Purchasers or the Placement Agent otherwise had decided to make a market in such securities, further negatively affect liquidity and market value of the affected Classes. In addition, if the Issuer were determined to be a covered fund and the Initial Purchaser or the Placement Agent were determined to have sponsored or organized and offered the Issuer's Notes, the Initial Purchaser, the Placement Agent and their respective affiliates may not be permitted to engage in certain transactions with the Issuer, possibly including the sale of Portfolio Assets to the Issuer. This could negatively affect the Issuer and Collateral Manager's ability to manage the Portfolio Assets.

Each investor in the Notes must make its own determination as to whether it is subject to the Volcker Rule, whether its investment in the Notes would be restricted or prohibited under the Volcker Rule, and the potential impact of the Volcker Rule and the Modified Rule on its investment, any liquidity in connection therewith and on its portfolio generally. Investors in the Notes are responsible for analysing their own regulatory position, including a determination as to whether they would have an "ownership interest" in a covered fund, and none of the Co-Issuers, the Initial Purchaser, the Placement Agent, the Collateral Manager, the Trustee nor any of their affiliates makes any representation to any prospective investor or purchaser of the Notes regarding the application of the Volcker Rule or the Modified Rule to the Issuer, or to such investor's investment in the Notes on the Closing Date or at any time in the future.

European Legal Investment Considerations and Retention Requirements.

Regulation (EU) 2017/2402 of the European Parliament and of the Council of December 12, 2017 (as amended, the "**EU Securitization Regulation**") has direct effect in member states of the European Union (the "**EU**") and is expected to be implemented by national legislation in other countries in the EEA. Article 5 of the EU Securitization Regulation places certain conditions on investments in a "securitisation" (as defined in that regulation) (the "**EU Due Diligence Requirements**") by an "institutional investor", defined to include: (a) insurance undertakings and reinsurance undertakings, each as defined in Directive 2009/138/EC; (b) with certain exceptions, institutions for occupational retirement provision falling within the scope of Directive (EU) 2016/2341, and investment managers and authorized entities appointed by such institutions pursuant to that Directive; (c) alternative investment fund managers, as defined in Directive 2011/61/EU, that manage and/or market alternative investment funds in the EU; (d) management companies, as defined in Directive 2009/65/EC, of undertakings for collective investment in transferable securities ("**UCITS**") and internally managed UCITS, which are investment companies authorized in accordance with that Directive which have not designated such a management company for their management; and (e) credit institutions and investment firms, each as defined in Regulation (EU) No 575/2013, known as the Capital Requirements Regulation (the "**CRR**"). The EU Due Diligence Requirements also apply to investments by certain consolidated affiliates of such CRR credit institutions and investment firms, wherever established or located, of institutions regulated under the CRR (such affiliates, together with all institutional investors referred to in this paragraph, "**EU Affected Investors**").

Regulation (EU) 2017/2402 of the European Parliament and of the Council of December 12, 2017 (as applicable on December 31, 2020), as retained as part of UK domestic law by virtue of the EUWA and amended by the Securitisation (Amendment) (EU Exit) Regulations 2019 (and as further amended from time to time, the "**UK Securitization Regulation**") has effect in the UK. Article 5 of the UK Securitization Regulation places certain conditions on investments in a "securitisation" (as defined in the UK Securitization Regulation) (the "**UK Due Diligence Requirements**") by an "institutional investor", defined to include: (a) insurance undertakings and reinsurance undertakings, as defined in the FSMA; (b) occupational pension schemes, as defined in the Pension Schemes Act 1993, that have their main administration in the UK, and fund managers of such schemes appointed under the Pensions Act 1995 that, in respect of activity undertaken pursuant to that appointment, are authorized for the purposes of the FSMA; (c) AIFMs, as defined in the Alternative Investment Fund Managers Regulations 2013, which market or manage AIFs, as defined in those Regulations, in the UK; (d) management companies as defined in section 237(2) FSMA of UCITS; (e) UCITS, which are authorized open ended investment companies, as defined in the FSMA; (f) CRR firms, as defined in Regulation (EU) No 575/2013, as it forms part of UK domestic law by virtue of the EUWA (as amended, the "**UK CRR**") and (g) an FCA investment firm as defined in the UK CRR. The UK Due Diligence Requirements also apply to investments by certain consolidated affiliates, wherever established or located, of such CRR firms (such affiliates, together with all institutional investors referred to in this paragraph, "**UK Affected Investors**").

Any person subject to the EU Due Diligence Requirements or the UK Due Diligence Requirements is required (among other things), prior to investing in a securitization, to verify certain matters, including that: (a) certain credit-granting requirements are satisfied; (b) the originator, sponsor or original lender (each as defined in the EU Securitization Regulation or the UK Securitization Regulation, as applicable) retains on an ongoing basis a material net economic interest in the securitization which, in any event, will not be less than 5%, in accordance with the EU Securitization Regulation or the UK Securitization Regulation, as applicable, and discloses that risk retention to investors; (c) in the case of EU Affected Investors, the originator, sponsor or securitization special purpose entity (each as defined in the EU Securitization Regulation) has, where applicable, made available the information required by Article 7 of the EU Securitization Regulation in accordance with the frequency and modalities provided for in that Article; and (d) in the case of UK Affected Investors, the originator, sponsor or securitization special purpose entity (each as defined in the UK Securitization Regulation), where established outside of the UK, has, where applicable, made available information which is substantially the same as that which it would have made available in accordance with Article 7 of the UK Securitization Regulation if it had been established in the UK and has done so with such frequency and modalities as are substantially the same as those with which it would have made information available in accordance with Article 7 of the UK Securitization Regulation if it had been so established.

None of the Collateral Manager, the Collateral Administrator, the Trustee, the Initial Purchasers, the Placement Agent nor any other party to the transactions described in this Offering Circular, nor any of their respective affiliates, undertakes or intends to retain a material net economic interest in the securitization constituted by the issuance of the Notes in a manner that would satisfy the requirements of the EU Securitization Regulation or the UK Securitization Regulation.

In addition, no such person undertakes or intends to take any other action or refrain from taking any action prescribed or contemplated in, or for purposes of or in connection with, compliance by any EU Affected Investor with the EU Due Diligence Requirements or by any UK Affected Investor with the UK Due Diligence Requirements or to comply with the requirements of any other law or regulation now or hereafter in effect in the EU, any member state of the EEA or the UK in relation to risk retention, due diligence and monitoring, credit granting standards or any other conditions with respect to investments in securitization transactions by investors.

Failure by an EU Affected Investor to comply with the EU Due Diligence Requirements or by a UK Affected Investor to comply with the UK Due Diligence Requirements with respect to an investment in the Notes may result in the imposition of a penalty regulatory capital charge on that investment or of other regulatory sanctions or remedial measures by such investor's competent authority.

Relevant investors in-scope of the EU Securitization Regulation or the UK Securitization Regulation should also note that both regimes provide for certain restrictions on third country jurisdictions in which securitization special purpose entities ("**SSPEs**") may be established. In particular, the UK Securitization Regulation provides for a restriction on the establishment of SSPEs in (amongst other places) countries outside the UK that are listed as high-risk and non-cooperative jurisdictions by the Financial Action Task Force ("**FATF**"). The EU Securitization Regulation restricts the establishment of SSPEs in (amongst other places) jurisdictions that are listed by the EU as jurisdictions that have strategic deficiencies in its regime on anti-money laundering and counter terrorist financing ("**EU AML/CFT List**"). It should be noted that the Issuer is established in the Cayman Islands and that in February 2021 the FATF added the Cayman Islands to its separate list of jurisdictions under increased monitoring because strategic deficiencies have been identified in their regimes to counter money laundering, terrorist financing, and proliferation financing. The UK Securitization Regulation does not prohibit SSPEs from being established in countries listed on the EU AML/CFT List but such investors should note that on March 26, 2021, the UK added the Cayman Islands to its list of high-risk countries for anti-money laundering purposes pursuant to The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended). On 22 February 2022 the EU introduced EC Regulation 2022/229 which, with effect from 13 March 2022, added the Cayman Islands to the EU AML/CFT List and which may have adverse consequences for relevant institutional investors under the EU Securitization Regulation although the exact consequences are unclear.

Consequently, the Notes may not be a suitable investment for EU Affected Investors or UK Affected Investors. As a result, the price and liquidity of the Notes in the secondary market may be adversely affected.

Prospective investors are responsible for analyzing their own legal and regulatory position and are advised to consult with their own investment and legal advisors regarding the suitability of the Notes for investment and the scope, applicability and compliance requirements of the EU Securitization Regulation and UK Securitization Regulation and none of the Issuer, the Collateral Manager, the Collateral Administrator, the Trustee, the Initial Purchaser, the Placement Agent nor any other party to the transactions described in this Offering Circular, nor any of their respective affiliates makes any representations in respect thereof.

EU and UK Regulatory Requirements Applicable to Investment Funds May Adversely Affect the Issuer.

Each of EU Directive 2011/61/EU on Alternative Investment Fund Managers, as amended ("**AIFMD**") and the UK Alternative Investment Fund Managers Regulations 2013, as amended ("**UK AIFMR**") provides that alternative investment funds ("**AIFs**") in the EU and the UK, respectively, must have a designated alternative investment fund manager (an "**AIFM**") with responsibility for portfolio and risk management. Although the portfolio and risk management provisions of AIFMD apply only to EEA AIFMs and the portfolio and risk management provisions of UK AIFMR apply only to UK AIFMs, in each case when managing any AIF, the disclosure and transparency requirements of AIFMD and UK AIFMR, as applicable, apply to non-EEA and non-UK AIFs which are to be marketed in the EEA and the UK, respectively. Securitization issuers, including the Co-Issuers, are generally taking the position that they are not AIFs that are subject to the jurisdiction of AIFMD or UK AIFMR because they qualify for the exemption for "securitization special purpose entities" or because the issuance of the Notes constitutes a "collective investment scheme" (within the meaning of section 235 of FSMA) falling outside the scope of the

AIFMD and UK AIFMR, as applicable, in certain circumstances. It is possible, however, that this position could change in the event that one or more European regulatory authorities or the UK Financial Conduct Authority (the "**FCA**") expresses a view that such exemption or exclusion is not available to securitization issuers. If AIFMD or UK AIFMR were to apply to a Co-Issuer as a non-EEA or non-UK AIF marketed in the EEA and/or the UK, such Co-Issuer would be subject to the disclosure and transparency requirements of AIFMD and/or UK AIFMR, as applicable, which require, among other things, that investors in the EEA and the UK, respectively, receive initial and periodic disclosures concerning any AIF which is marketed to them; that annual financial reports of the AIF must be prepared in compliance with the AIFMD or UK AIFMR, as applicable, and made available to investors; that periodic reports relating to the AIF must be filed with the competent regulatory authority in each member state of the EEA in which the fund has been marketed or, if the fund is marketed in the UK, with the FCA (and additional requirements may apply in certain EEA member states in which a Co-Issuer is marketed if AIFMD were to apply to it as a non-EEA AIF). All or any of these regulatory requirements may adversely affect the Collateral Manager's ability to achieve the Co-Issuers' investment objectives and may result in additional costs and expenses for the Co-Issuers. In addition, it is unclear whether or not the Co-Issuers would be able to comply with such disclosure requirements.

U.S. Risk Retention Requirements.

On October 21st and 22nd, 2014, six federal agencies (the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Securities and Exchange Commission, the Department of Housing and Urban Development, and the Federal Housing Finance Agency (collectively, the "**U.S. Regulators**")) adopted joint final rules implementing the credit risk retention requirements of Section 941 of the Dodd-Frank Act, which were published in the Federal Register on December 24, 2014 (together with any additional requirements, rules, regulations and guidance promulgated thereunder from time to time, the "**U.S. Risk Retention Rules**"). The U.S. Risk Retention Rules became fully effective on December 24, 2016. The discussion in this risk factor is (and statements contained elsewhere in this Offering Circular regarding the U.S. Risk Retention Rules are) based solely on publicly available information (including the LSTA Case and the U.S. Risk Retention Rules as published in the federal register) as of the date of this Offering Circular.

Except with respect to asset-backed securities transactions that satisfy certain exemptions and to certain collateralized loan obligations transactions described in the Appeals Court Ruling in the LSTA Case, the U.S. Risk Retention Rules require that either the "sponsor" of a "securitization transaction" or a "majority-owned affiliate" thereof (in each case as defined therein) retain an "eligible vertical interest" or an "eligible horizontal residual interest" (in each case as defined therein) or any combination thereof in the securitized assets in the manner required by the U.S. Risk Retention Rules. The U.S. Risk Retention Rules define "eligible vertical interest" to mean, with respect to any securitization transaction, a single vertical security or an interest in each class of ABS interests in the issuing entity issued as part of such securitization transaction that constitutes the same proportion (and at least five percent (5.0%)) of each such class. The U.S. Risk Retention Rules define "eligible horizontal residual interest" to mean, with respect to any securitization transaction, an ABS interest in the issuing entity (1) that is an interest in a single class or multiple classes in the issuing entity, *provided* that each interest meets, individually or in the aggregate, all of the requirements of the definition of "eligible horizontal residual interest"; (2) with respect to which, on any payment date or allocation date on which the issuing entity has insufficient funds to satisfy its obligation to pay all contractual interest or principal due, any resulting shortfall will reduce amounts payable to the "eligible horizontal residual interest" prior to any reduction in the amounts payable to any other ABS interest, whether through loss allocation, operation of the priority of payments, or any other governing contractual provision (until the amount of such ABS interest is reduced to zero); and (3) that, with the exception of any non-economic REMIC residual interest, has the most subordinated claim to payments of both principal and interest by the issuing entity. In the context of the transaction described herein, the term "ABS interests" would include each Class of Notes and the Preferred Shares.

On February 9, 2018, a three judge panel (the "**DC Circuit Panel**") of the U.S. Court of Appeals for the District of Columbia Circuit (the "**Appeals Court**") held in the legal action captioned *The Loan Syndications and Trading Association v Securities and Exchange Commission and Board of Governors of the Federal Reserve System*, No. 1:16-cv-0065 (the "**LSTA Case**"), that CLO managers of "open market CLOs" are not "securitizers" under Section 941 of the Dodd-Frank Act and, therefore, are not subject to risk retention, and ordered the U.S. District Court for the District of Columbia (the "**Trial Court**") to vacate the U.S. Risk Retention Rules insofar as they apply to CLO managers of "open-market CLOs" (the "**Appeals Court Ruling**"). On April 3, 2018, the Appeals Court issued a formal mandate with respect to the Appeals Court Ruling (the "**Mandate**"), and on April 5, 2018, the Trial Court issued an order vacating the U.S. Risk Retention Rules insofar as they apply to investment managers of open-market CLOs (the "**Vacating Order**"). The applicable governmental agencies could have challenged the Appeals Court Ruling by filing a petition for rehearing by the DC Circuit Panel or by an *en banc* panel of the Appeals Court by March 26, 2018 or by petitioning the U.S. Supreme Court for a writ of certiorari by May 10, 2018, but they did not do so and may no longer do so now that the deadlines for submission of a petition for rehearing and for petitioning the U.S. Supreme Court for a writ of certiorari have passed.

There is no established line of authority or precedent that provides definitive guidance on the U.S. Risk Retention Rules (except for the Appeals Court Ruling in the LSTA Case) and the U.S. Risk Retention Rules may change or may be superseded by changes in law, guidance from the applicable government agencies or any additional guidance or views any particular regulator may provide that would result in consequences materially different from the statements herein. No assurance can be made whether or not any governmental authority will take further legislative or regulatory action in response to past or future economic crises or otherwise, and the effect (and extent) of such actions, if any, cannot be known or predicted.

Taking into account the U.S. Risk Retention Rules, the Appeals Court Ruling and other available information, the Collateral Manager has determined that it is not required to acquire or retain securities issued by the Co-Issuers. This determination is not free from doubt, particularly in light of the lack of explicit guidance from regulators as to how to apply the U.S. Risk Retention Rules to a transaction such as the one described herein, and the differences between this transaction and the open-market CLOs discussed in the Appeals Court Ruling. In particular, the Appeals Court Ruling only discussed in limited detail the characteristics of an open-market CLO and did not address certain features present in this transaction such as (i) that the Portfolio Assets are not syndicated bank loans and (ii) that some of the Portfolio Assets have been acquired from securitization vehicles managed by the Collateral Manager or one of its Affiliates, securitization vehicles wherein funds managed by the Collateral Manager or one of its Affiliates were equity investors and funds and accounts managed by an Affiliate of the Collateral Manager. Therefore, there is uncertainty as to how a relevant governmental authority would apply the Appeals Court Ruling to this transaction.

Moreover, lawmakers may elect to engage in additional legislative action and/or rulemaking procedures to determine whether and how to apply the U.S. Risk Retention Rules to transactions such as the one described herein in light of the Appeals Court Decision, which could result in other persons related to the transaction being designated as a sponsor or other unexpected results. Any changes or further guidance may, to the extent the U.S. Risk Retention Rules apply, result in other parties with an interest in the transaction potentially incurring obligations under the U.S. Risk Retention Rules, and if such person were to thereunder fail to comply with the U.S. Risk Retention Rules, such failure may have a material adverse effect on the Issuer and the Notes. In general, no assurance can be given that the U.S. Risk Retention Rules will not change or be superseded by changes in law.

Further, the SEC has indicated in contexts separate from the U.S. Risk Retention Rules that an "offer" or a "sale" of securities may arise when amendments to securities are so material as to require holders to make an "investment decision" with respect to such amendment. Thus, if the SEC were to take a similar position with respect to the U.S. Risk Retention Rules at a time when the U.S. Risk Retention Rules applied in connection with issuances of securities by the Issuer, they could apply to material amendments to the Indenture or the Notes to the extent such amendments in effect require investors to make an investment decision. Were that to occur, the U.S. Risk Retention Rules may adversely affect the Issuer (and the performance, market value and/or liquidity of the Notes) if the Issuer is unable to undertake any such additional issuance, Refinancing or other material amendment. To the extent the Collateral Manager's consent is required for any such action, it should be expected that the Collateral Manager in granting or withholding such consent will act in its own self-interest (and will not take into account the interests of any other Person, including the Issuer and/or any Holders of Notes) and not consent to any of the foregoing actions if to do so might cause the Collateral Manager or its Affiliates to be concerned about its ability to comply with the U.S. Risk Retention Rules.

The statements contained in this Offering Circular regarding the expected applicability of the U.S. Risk Retention Rules are solely based on publicly available information as of the date of this Offering Circular, including the U.S. Risk Retention Rules as published in the federal register, the Appeals Court Ruling and the order of the DC District Court implementing the Appeals Court Ruling.

In addition, the impact of the U.S. Risk Retention Rules on the debt securitization market and the Bank Subordinated Note market generally are uncertain. It is possible that the U.S. Risk Retention Rules may reduce the number of collateral managers active in the market, which may result in fewer new issue CBOs and reduce the liquidity provided by CBOs to the Bank Subordinated Note market generally. A contraction or reduced liquidity in the debt market could reduce opportunities for the Collateral Manager to sell Portfolio Assets when it believes it is in the Issuer's interest to do so, which in turn could negatively impact the return on the collateral and reduce the market value or liquidity of the Notes. Any reduction in the volume and liquidity provided by CBOs to the Bank Subordinated Note market could also reduce opportunities to redeem the Notes in an Optional Redemption by Refinancing or an Optional Redemption by Liquidation, and could negatively affect the ability of the obligors to obtain refinancing of their Portfolio Assets, which could result in an increase in Defaulted Securities above historical levels. In addition, if there are fewer collateral managers in the debt market, this will further limit the opportunity to select a successor Collateral Manager should one be needed at any time for this transaction.

Recent Developments Concerning Japanese Risk Retention Requirements.

The Japanese Financial Services Agency (the "**JFSA**") recently published a risk retention rule as part of the regulatory capital regulation of certain categories of Japanese investors seeking to invest in securitization transactions (the "**JRR Rule**"). The JRR Rule mandates an 'indirect' risk retention compliance requirement, meaning that certain categories of Japanese investors will be required to apply higher risk weighting to securitization exposures they hold unless (i) the relevant originator commits to hold a retention interest equal to at least 5% of the exposure of the total underlying assets in the transaction (the "**Japanese Retention Requirement**") or (ii) such investors determine that the underlying assets were not "inappropriately originated." In the absence of such a determination with respect to the Portfolio Assets by such investors, the Japanese Retention Requirement as set out in the JRR Rule will apply to an investment by such investors in the Notes. The Japanese investors to which the JRR Rule applies include banks, bank holding companies, credit unions (*shinyo kinko*), credit cooperatives (*shinyo kumiai*), labour credit unions (*rodo kinko*), agricultural credit cooperatives (*nogyo kyodo kumiai*), ultimate parent companies of large securities companies and certain other financial institutions regulated in Japan (such investors, "**Japanese Affected Investors**"). Such Japanese Affected Investors may be subject to punitive capital requirements and/or other regulatory penalties with respect to investments in securitizations that fail to comply with the Japanese Retention Requirement.

The JRR Rule became effective on March 31, 2019. At this time, each Person receiving this Offering Circular should understand that there are a number of unresolved questions and no established line of authority, precedent or market practice that provides definitive guidance with respect to the JRR Rule, and no assurances can be made as to the content, impact or interpretation of the JRR Rule. In particular, the basis for the determination of whether an asset is "inappropriately originated" remains unclear, and therefore unless the JFSA provides further specific clarification, it is possible that this transaction may contain assets deemed to be "inappropriately originated" and as a result may not be exempt from the Japanese Retention Requirement. The JRR Rule or other similar requirements may deter Japanese Affected Investors from purchasing Notes, which may limit the liquidity of the Notes and adversely affect the price of the Notes in the secondary market. Whether and to what extent the JFSA may provide further clarification or interpretation as to the JRR Rule is unknown.

Each purchaser or prospective purchaser of Notes is itself responsible for monitoring and assessing any changes to Japanese risk retention laws and regulations, including any delegated or implementing legislation made pursuant to the JRR Rule, and for analyzing its own regulatory position. Each purchaser or prospective purchaser of Notes is advised to consult with its own advisers regarding the suitability of the Notes for investment and the applicability of the JRR Rule and the Japanese Retention Requirement to this transaction. None of the Issuer, the Co-Issuer, the Initial Purchasers, the Placement Agent, the Collateral Manager, the Trustee or any of their respective Affiliates makes any representation or agreement regarding compliance with the JRR Rule or the consequences of the JRR Rule for any Person, including any Japanese Affected Investor, and none of the Issuer, the Co-Issuer, the Initial Purchasers, the Placement Agent, the Collateral Manager, the Trustee or any of their respective Affiliates intends to take any steps to comply (or facilitate compliance by any Person, including any Japanese Affected Investor) with the JRR Rule or makes any representation, warranty or agreement regarding compliance with the JRR Rule or the consequences of the JRR Rule for any Person.

Recent Proposed Private Fund Rules to the Investment Advisers Act.

On February 9, 2022, the SEC proposed certain rules and amendments under the Investment Advisers Act to enhance the regulation of private fund advisers (the "**Proposed Private Fund Rules**") that, if adopted in their current form, would affect investment advisers, including the Collateral Manager, by (i) requiring such investment advisers to comply with additional reporting and compliance obligations, (ii) prohibiting certain business practices, (iii) prohibiting certain types of preferential treatment offered by such investment advisers to certain (but not all) investors in a private fund, including, among other things, the provision of information regarding portfolio holdings of the private fund or of a substantially similar pool of assets, and (iv) prohibiting other forms of preferential treatment for certain (but not all) investors without providing sufficiently detailed written disclosures about such preferential treatment to prospective and current investors. Section 202(a)(29) of the Investment Advisers Act defines the term "private fund" as an issuer that would be an investment company under the Investment Company Act but for the exemption provided under Sections 3(c)(1) or 3(c)(7) thereunder. Because the Issuer will rely on Section 3(c)(7) of the Investment Company Act, it will be considered a "private fund" within the meaning of the Proposed Private Fund Rules, and the Collateral Manager could be required to comply with the enhanced obligations under the Proposed Private Fund Rules. The costs of complying with certain of the reporting and compliance obligations under the Proposed Private Fund Rules could be substantial, and it is unclear if the costs of preparing such reports would be borne by the Issuer or the Collateral Manager. If the Issuer is responsible for such expenses, it could affect the Issuer's ability to make payments on the Notes and reduce amounts available for distribution to the holders of the Preferred Shares. In addition, if the Collateral Manager was prohibited from discussing the underlying portfolio of Portfolio Assets with investors, or if certain types of side letters were prohibited absent highly specific disclosure, it could result in a reduction of the quality and quantity of information provided to holders of the Notes, and could have a negative effect on the Collateral Manager's ability to manage CBO transactions.

There is no "grandfathering" under the Proposed Private Fund Rules, and therefore the Collateral Manager would be obligated to comply with the Proposed Private Fund Rules with respect to the Issuer and any other transactions or other private funds that it manages within one year after the effective date of the final rule. There can be no assurance that the Proposed Private Fund Rules will be adopted in the form proposed, or at all, and if adopted in any form, when such Proposed Private Fund Rules would take effect. Each investor in the Notes must make its own determination as to whether its investment in the Notes would be affected by the Proposed Private Fund Rules, and the potential impact of the Proposed Private Fund Rules on its investment, any liquidity in connection therewith and on its portfolio generally. None of the Issuer, the Co-Issuer, the Collateral Manager, the Trustee, the Collateral Administrator, the Initial Purchasers, the Placement Agent nor any of their respective affiliates makes any representation to any prospective investor or purchaser of the Notes regarding the application of the Proposed Private Fund Rules to the Collateral Manager and/or the Issuer on the Closing Date or at any time in the future.

Other changes.

No assurance can be made that the U.S. federal government or any U.S. regulatory body (or other authority or regulatory body) will not continue to take further legislative or regulatory action in response to any financial crisis or otherwise, and the effect of such actions, if any, cannot be known or predicted.

All prospective investors in the Notes whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements, or review by regulatory authorities should consult with their own legal, accounting and other advisors in determining whether, and to what extent, the Notes will constitute legal investments for them or are subject to investment or other restrictions, unfavorable accounting treatment, capital charges, reserve requirements or other consequences.

Withdrawal of the United Kingdom or other countries from the European Union could adversely affect the ability of the Co-Issuers to make payments on the Notes.

The United Kingdom (the "**UK**") has withdrawn from the EU. Such withdrawal is commonly referred to as "**Brexit**". With effect on and from January 1, 2021 the UK is no longer subject to European law or treated as a member state of the EU. There remains uncertainty surrounding the implementation and implications of Brexit for example with respect to the costs and practicalities of the ongoing trading arrangements between the EU and the UK, whether Brexit will have a negative impact on the UK or the broader global economy and any impact on the value of the British pound. Brexit is likely to create an uncertain political, legal and economic environment in the UK and potentially across the member states of the EU and in global markets for the foreseeable future. That uncertainty may in turn adversely impact the liquidity and/or market value of the Notes and/or the Portfolio Assets.

Moreover, these uncertainties and instabilities could have an adverse impact on the business, financial condition, results of operations and prospects of the obligors under the Portfolio Assets, and therefore their ability to make the payments due under the Portfolio Assets, which could then have a material and adverse effect on the Issuer, the Collateral Manager and the other Transaction Parties to the transaction and could therefore also be materially detrimental to Holders of Notes, and such developments cannot be predicted.

Regulatory and Accounting Treatment.

From time to time, the applicable regulator of a Portfolio Asset Issuer of Portfolio Assets may issue rules or regulations that may impact the regulatory capital treatment of the Portfolio Assets, as described below. There can be no assurance that such rules or regulations, if issued, would not adversely affect the regulatory capital treatment of the Portfolio Assets. Such action may permit a Portfolio Asset Issuer of Portfolio Assets, upon the receipt of any required regulatory approval, to directly or indirectly cause a redemption of the Portfolio Assets. In addition, there can be no assurance that such rules or regulations, if issued, would not provide an incentive for an issuer of Portfolio Assets to redeem, directly or indirectly, the Portfolio Assets in accordance with their terms. Any such redemptions would result in earlier payments on the Notes.

Money laundering prevention laws may require certain actions or disclosures.

The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended (the "**USA PATRIOT Act**"), signed into law on and effective as of October 26, 2001, requires that financial institutions, a term that includes banks, broker dealers and investment companies, establish and maintain compliance programs to guard against money laundering activities. The USA PATRIOT Act requires the Secretary of the Treasury to prescribe regulations in connection with anti-money laundering policies of financial institutions. The U.S. Federal Reserve Board, the Treasury and the SEC are currently studying what types of investment vehicles should be required to adopt anti-money laundering procedures, and it is unclear at this time whether such procedures will apply to pooled investment vehicles such as the Co-Issuers. Future rules and regulations regarding money laundering or proceeds of crime could regulate the Issuer or the Co-Issuer. In addition, in April 2000, the Treasury published proposed regulations that would require certain investment advisors to establish an anti-money laundering program. It is possible that there could be promulgated legislation or regulations that would require the Issuer, the Co-Issuer, the Initial Purchasers, the Placement Agent, the Collateral Manager or other service providers to the Co-Issuers, in connection with the establishment of anti-money laundering procedures, to share information with governmental authorities with respect to investors in the Notes. Such legislation and/or regulations could require the Co-Issuers to implement additional restrictions on the transfer of the Notes. The Co-Issuers reserve the right to request such information as is necessary to verify the identity of investors in the Notes, and the source of the payment of subscription monies, or as is necessary to comply with any customer identification programs required by Financial Crimes Enforcement Network and/or the SEC. In the event of delay or failure by the applicant to produce any information required for verification purposes, an application for or transfer of the Notes and the subscription monies relating thereto may be refused.

Cayman Islands Anti-Money Laundering Legislation

Each of the Administrator and the Issuer is subject to the Anti-Money Laundering Regulations (As Revised) of the Cayman Islands (together with The Guidance Notes on the Prevention and Detection of Money Laundering, Terrorist Financing and Proliferation Financing in the Cayman Islands (or equivalent legislation and guidance, as applicable), and each as amended and revised from time to time, "**Cayman AML Regulations**"). The Cayman AML Regulations apply to anyone conducting "relevant financial business" in or from the Cayman Islands intending to form a business relationship or carry out a one-off transaction. The Cayman AML Regulations require a financial service provider to maintain certain anti-money laundering procedures including those for the purposes of verifying the identity and source of funds of an "applicant for business"; e.g. an investor, as well as the identity of the beneficial owner/controller of the investor, where applicable. Except in certain circumstances, including where an entity is regulated by a recognized overseas regulatory authority and/or listed on a recognized stock exchange in an approved jurisdiction, the Issuer, or its agent will likely be required to verify each investor's identity and may be required to verify the source of the payment used by such investor in a manner similar to the obligations imposed under the laws of other major financial centers. Application of an identity verification exemption at the time of purchase of the Notes or Preferred Shares may nevertheless require verification of identity prior to payment of proceeds from the Notes or Preferred Shares. In addition, if any person in the Cayman Islands knows or suspects, or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or money laundering, or is involved with terrorism or terrorist financing and property, and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands ("**FRA**"), pursuant to the Proceeds of Crime Act (As Revised) of the Cayman Islands ("**PCA**"), if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher, or the FRA, pursuant to the Terrorism Act (As Revised) of the Cayman Islands ("**Terrorism Act**"), if the disclosure relates to involvement with terrorism or terrorist financing and property. If the Issuer were determined by the Cayman Islands authorities to be in violation of the PCA, the Terrorism Act or the Cayman AML Regulations, the Issuer could be subject to substantial criminal penalties and/or administrative fines. The Issuer may be subject to similar restrictions in other jurisdictions. Such a violation could materially adversely affect the timing and amount of payments by the Issuer to the holders of the Notes or Preferred Shares.

Certain information regarding Holders will be provided upon request to the Issuer or Co-Issuer, as applicable, the Collateral Manager and other Holders, including for purposes of tax filings. In addition, the Issuer may be required to report certain information regarding the identity of Holders and beneficial owners to the Cayman Islands Tax Information Authority in order to comply with the Cayman FATCA Legislation. In addition, if any Transaction Parties are or become subject to anti-money laundering and anti-terrorism, economic and trade sanctions, anti-corruption or anti-bribery laws and regulations, they will disclose any information required or requested by authorities in connection therewith, including the identity of Holders and beneficial owners.

Risks Relating to the Notes

Investor suitability.

An investment in the Notes will not be appropriate for all investors. Structured investment products like the Notes 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. In recent years, securities issued in securitization transactions have experienced historically high volatility and significant fluctuations in market value. Any investor interested in purchasing Notes 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.

The Notes are limited recourse obligations; investors must rely on available collections from the Trust Estate and will have no other source for payment.

The Co-Issued Notes will be limited recourse obligations of the Co-Issuers and the Issuer-Only Notes will be limited recourse obligations of the Issuer; therefore the Notes are payable solely from the Trust Estate (including the Portfolio Assets pledged to secure the Notes) as applied in accordance with the Priority of Payments. The Issuer, as a special purpose company, will have no significant assets other than the Portfolio Assets and the Accounts. The Co-Issuer will have no significant assets. Except for the applicable Co-Issuers, no person or entity will be obligated to make any payments on the Notes. The Notes are not deposits or other obligations of any bank or other depository institution and are not insured by the Federal Deposit Insurance Corporation (the "**FDIC**") or any governmental agency or instrumentality thereof. Consequently, Noteholders must rely solely upon collections on the Portfolio Assets for the payment of amounts payable in respect of the Notes. If collections on the Portfolio Assets are insufficient to make payments on the Notes, no other assets of the Issuer, the Co-Issuer or any other person or entity will be available for the payment of the deficiency and, following liquidation of all of the Trust Estate, the obligations of the Co-Issuers on the Notes will be extinguished and will not thereafter be revived. Each owner of Notes or Preferred Shares by its acceptance of such Notes or Preferred Shares will agree or be deemed to have agreed not to take any action or institute any proceedings against the Co-Issuers or any Blocker Subsidiary under any insolvency law applicable to the Co-Issuers or any Blocker Subsidiary or which would be likely to cause the Co-Issuers or any Blocker Subsidiary to be subject to, or to seek the protection of, any insolvency law applicable to the Co-Issuers or any Blocker Subsidiary.

The Notes are not guaranteed by the Co-Issuers, the Initial Purchasers, the Placement Agent, the Collateral Manager, the Collateral Administrator, the Administrator or the Trustee.

None of the Co-Issuers, the Initial Purchasers, the Placement Agent, the Collateral Manager, the Collateral Administrator, the Administrator or the Trustee or any Affiliate thereof makes any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return, performance result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) to any investor of ownership of the Notes, and no investor may rely on any such party for a determination of expected or projected success, profitability, return, performance result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) to any investor of ownership of the Notes. Each holder will be required to represent (or, deemed to represent) to the Co-Issuers, the Collateral Manager, the Initial Purchasers and the Placement Agent, among other things, that it has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisors regarding investment in the Notes as it has deemed necessary and that the investment by it is within its powers and authority, is permissible under applicable laws governing such purchase, has been duly authorized by it and complies with applicable securities laws and other laws.

Subordination, Remedies.

Payments on the Notes are subordinated to the payment of certain fees and expenses of the Issuer and are subject to the Priority of Payments. Except as otherwise described herein, the order of priority of right to payment of the Classes of Notes and the Preferred Shares, from most senior to most junior, shall be in accordance with the Order of Seniority. Notwithstanding the Order of Seniority, so long as acceleration has not occurred following an Event of Default, interest on Notes and distributions of Excess Collections to the Holders of the Preferred Shares, will be payable prior to principal on Notes more senior in the Order of Seniority, except that if any Par Coverage Test is not satisfied, payments of interest on the Notes (other than the Class A Notes) and distributions of Excess Collections to the Holders of the Preferred Shares, will be subordinated to payments of principal on Notes that are more senior in the Order of Seniority until such Par Coverage Test has been satisfied. See Article XI of the Indenture.

Certain Par Coverage Tests and other requirements of the Indenture may require an early repayment of the more senior Classes of Notes, which will reduce or even eliminate amounts available to make payments on more junior Classes of Notes, resulting in a deferral of interest or loss of interest and principal.

In addition, so long as Notes that are more senior in the Order of Seniority are Outstanding, the Interest Deferrable Notes provide for deferral of interest if the amounts available for payment of interest on such Notes in accordance with the Priority of Payments is insufficient to pay such interest in full. Any such deferred interest will be added to the principal amount of such Notes and will bear interest at the Applicable Interest Rate, and such deferral will not be an Event of Default under the Indenture.

If a Default or an Event of Default occurs, certain remedies and other rights under the transaction documents will only be exercisable by holders of a specified percentage of the aggregate outstanding amount of one or more Classes of Notes. The exercise of such rights could be adverse to holders of Notes that do not have the ability to exercise such rights, and the failure to exercise a right because holders of a Class or a portion of a Class must act in concert with one or more other Classes to exercise such right and insufficient holders are willing to do so could also be adverse to holders of one or more Classes of Notes. When exercising its rights under the transaction documents, a holder has no obligation to take into account the effect on other holders. If one or more other affiliated owners hold a significant percentage of the aggregate outstanding amount of one or more Classes of Notes at any time, it may be more difficult for other holders to take certain actions.

Once an Event of Default and acceleration have occurred, no Class of Notes (other than the Class A Notes) will be entitled to receive any payments until the Holders of all Classes of Notes that are more senior in the Order of Seniority have been paid in full.

The Co-Issuers may modify the Indenture by supplemental indentures and some supplemental indentures do not require consent of holders of Notes.

The Indenture provides that the Co-Issuers and the Trustee may enter into supplemental indentures to modify various provisions of the Indenture. Execution of supplemental indentures is subject to various conditions precedent. In certain cases, the consent of holders of Notes is required, but, in certain other cases, such consent is not required or is only required from less than 100% of a Class that would be materially and adversely affected by the amendment or supplemental indenture. Accordingly, the Notes of a Class may be materially and adversely affected by an amendment or supplemental indenture that is entered into following consent thereto by less than 100% of such Class.

Issuance of Additional Securities.

The Issuer or the Co-Issuers, as applicable, are permitted, subject to certain restrictions, to issue additional Notes of any Class, additional Preferred Shares, and/or any new class of securities that is subordinate to the Notes but senior to the Preferred Shares. If additional Notes of an existing Class are issued, it is possible for existing holders to have their voting and control power diluted by such additional issuance.

Additional issuances may have different terms and may have the effect of preventing the failure of the Par Coverage Tests and the occurrence of an Event of Default.

On any Business Day, the Co-Issuers (or the Issuer) at the direction of the Collateral Manager, may issue and sell (i) additional Notes of any one or more Classes on a pro rata basis with any other Class of Notes, including in connection with a Risk Retention Issuance, (ii) additional Preferred Shares, and/or (iii) additional securities of one or more new classes that are fully subordinated to the outstanding Classes of Notes (but that are senior to the Preferred Shares) and use the net proceeds to purchase additional Portfolio Assets or for other purposes permitted under the Indenture if the conditions for such additional issuance described under Section 2.13 of the Indenture are met, including with respect to any such additional issuance pursuant to clause (i), (1) the Collateral Manager consents to such issuance and (2) other than in the case of a Risk Retention Issuance, such issuance is approved by a Majority of the Preferred Shares. No assurance can be given that the issuance of additional securities having different interest rates than existing Classes of Notes may not adversely affect the holders of any Class of Notes. The use of such issuance proceeds as Principal Collections may have the effect of causing a Par Coverage Test that was otherwise failing to be cured or to modify the effect of events that would otherwise give rise to an Event of Default and permit the Controlling Class to exercise remedies under the Indenture.

Future actions of the Rating Agency and other NRSROs can adversely affect the market value or liquidity of the Notes.

The Rating Agency may change its published ratings criteria or methodologies for securities such as the Notes at any time in the future. Further, the Rating Agency may retroactively apply any such new standards to the ratings of the Notes. Any such action could result in a substantial lowering, suspension or withdrawal of any rating assigned to any Note, despite the fact that such Note might still be performing fully to the specifications set forth for such Note in this Offering Circular and the related transaction documents. Additionally, the Rating Agency may, at any time and without any change in its published ratings criteria or methodology, lower, suspend or withdraw any rating assigned by it to any class of Notes. If any rating initially assigned to any Note is subsequently lowered, suspended or withdrawn for any reason, Holders of the Notes may not be able to resell their Notes without a substantial discount.

Probability of default credit ratings; below investment-grade Portfolio Assets involve particular risks.

The Portfolio Asset Issuers of the Portfolio Assets will not be publicly rated as of the Closing Date. Instead, Moody's RiskCalc will be used to assign a default probability rating pursuant to Moody's then current methodology ("**Moody's Default Probability Rating**") to each Portfolio Asset for purposes of calculating the Moody's Weighted Average Rating Factor of the portfolio of Portfolio Assets. The assessment of the risk that such a Portfolio Asset Issuer will, within the next five years, be unable to meet any of its payment obligations within 90 days after such obligation falls due ("probability of default") generated by Moody's RiskCalc is derived from a statistical analysis that relies in part on financial statements of such Portfolio Asset Issuer that have been provided to Moody's. It does not include any qualitative assessment of the Portfolio Asset Issuers such as the market position of its products and services, its competitive position or the quality of its management. Furthermore, Moody's RiskCalc does not take into account, on an individual Portfolio Asset Issuer basis, particular risk-enhancing circumstances, such as the Portfolio Asset Issuer forming part of a group of companies. The statistical analysis involves only a comparison of the financial data provided to Moody's by such Portfolio Asset Issuer against benchmark financial ratios generated by Moody's RiskCalc on the basis of a database of historical financial information of a large number of companies. The Moody's Default Probability Ratings derived from Moody's RiskCalc are therefore not comparable to public ratings of issuers assigned by Moody's.

The Moody's Default Probability Ratings assigned using Moody's RiskCalc are based in part on financial statement data of the Portfolio Asset Issuers of the Portfolio Assets that have been provided to Moody's. The financial statement data of such Portfolio Asset Issuers provided to Moody's have not and will not be independently reviewed by any other party, and none of the parties gives any statement as to the accuracy of such financial statement data. Moreover, there can be no assurance that the actual probability of some or all of the Portfolio Asset Issuers of the Portfolio Assets becoming unable to meet their payment obligations prior to the full repayment of the Notes is not higher than is implied by the Moody's Default Probability Rating derived from Moody's RiskCalc.

It is anticipated that the Portfolio Assets will be subject to greater risks than publicly rated investment grade corporate obligations. Prices of the Portfolio Assets may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including but not limited to, changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic and international economic or political events, developments or trends in any particular industry, and the financial condition of the Portfolio Asset Issuers.

Also, under Rule 17g-5 promulgated under the Exchange Act, nationally recognized statistical rating organizations ("**NRSROs**") not currently rating the Notes will be able to have access to the information that the Co-Issuers have provided to the Rating Agency to allow it to rate, or undertake credit rating surveillance on, the Notes. Any NRSRO accessing such information may, in its sole discretion, provide an unsolicited rating on any of the Notes. There can be no assurance that any such unsolicited rating assigned by an NRSRO (other than the Rating Agency) on any of the Notes will not be lower than the ratings of such Notes then assigned by the Rating Agency, and any such unsolicited rating may be lowered, suspended or withdrawn at any time. If such unsolicited rating is lower than the ratings then assigned by the Rating Agency, the market value of such Notes may be adversely affected and the liquidity of such Notes may be significantly reduced.

Hedge Agreements are not permitted.

The Issuer is not permitted to enter into hedge agreements. This may prevent the Issuer from hedging certain interest rate risks and exposure the Issuer to interest rate mismatches or other adverse outcomes.

Rating Agency Confirmation.

Historically, many actions by issuers of collateralized debt obligation vehicles (including, but not limited to, issuing additional securities and amending relevant agreements) have been conditioned on receipt of confirmation from the applicable rating agencies that such action would not cause the ratings on the applicable securities to be reduced or withdrawn. Recently, certain rating agencies have changed the manner and the circumstances under which they are willing to provide such confirmation and have indicated reluctance to provide confirmation in the future, regardless of the requirements of the applicable indenture and other transaction documents. If the transaction documents relating to the Notes require that Rating Agency Confirmation is obtained before certain action may be taken and the Rating Agency is unwilling to confirm such satisfaction, it may be impossible to effect such action, which could result in losses being realized by the Issuer and, indirectly, by holders of Notes. In addition, because the purchase of additional Portfolio Assets with APAI Security Sales Proceeds and/or Prepayment Security Proceeds is conditional, among other things, on Rating Agency Confirmation, if the Rating Agency is unwilling to confirm such satisfaction in connection with a proposed purchase of a Portfolio Asset with such APAI Security Sales Proceeds or Prepayment Security Proceeds, the Issuer will not be able to effect such purchase and will instead be required to pay most if not all of the APAI Security Sales Proceeds or Prepayment Security Proceeds (as applicable) as principal, which would result in earlier repayment of the Notes, particularly the Class A Notes.

If the Rating Agency (a) makes a public announcement or informs the Issuer, the Collateral Manager or the Trustee that (i) it believes that Rating Agency Confirmation is not required with respect to an action or (ii) its practice is to not give such confirmations, or (b) no longer constitutes the Rating Agency under the Indenture, the requirement to obtain Rating Agency Confirmation with respect to the Rating Agency will not apply. There can be no assurance that the Rating Agency will not subsequently withdraw or downgrade its ratings on one or more Classes of Notes as a result of such actions, and any such withdrawal or downgrade could adversely affect the value or liquidity of the Notes.

Limited Liquidity of Notes; Restrictions on Transfer; Non-Petition.

There is no market for any of the Notes being offered hereby and, as a result, a purchaser must be prepared to hold the Notes for an indefinite period of time or until the maturity thereof. The Notes will be owned by a relatively small number of investors and it is unlikely that an active secondary market for the Notes will develop. None of the Initial Purchasers or the Placement Agent are under any obligation to make such a market, and if any Initial Purchaser or Placement Agent does make such a market, they may discontinue any market-making activities with respect to the Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Furthermore, during the recent financial crisis, securities issued in securitization transactions experienced historically high volatility and significant fluctuations in market value. Additionally, following the financial crisis, some potential buyers of such securities view securitization products as an inappropriate investment, thereby reducing the number of potential buyers and/or potentially affecting liquidity in the secondary market. Accordingly, no assurances can be made as to the liquidity of or the trading market for the Notes. Purchasers of the Notes may find it difficult or uneconomic to liquidate their investment at any particular time. Defaults or deferrals of interest with respect to the Portfolio Assets may negatively impact the liquidity of or the trading market for the Notes. The Notes have not been and will not be registered under the Securities Act or under any U.S. state securities or "Blue Sky" laws or the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by such laws.

No Note may be sold or transferred unless such sale or transfer (i) is exempt from the registration requirements of the Securities Act and applicable state securities laws, (ii) will not constitute or result in a non-exempt "prohibited transaction" under ERISA or Section 4975 of the Code (or a violation of any Similar Law), (iii) does not cause either of the Co-Issuers to become subject to the regulatory requirements of the Investment Company Act, and (iv) is made to (a) except for the Class C Notes (which may only be sold or transferred to U.S. Persons), a non-U.S. Person in a transaction outside the United States in reliance on Regulation S or (b) a U.S. Person that is both a "qualified purchaser" (for purposes of the Investment Company Act) and a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act). Prospective transferees of Certificated Notes will be required pursuant to the terms of the Indenture to deliver a certificate to the Trustee and the Co-Issuers relating to compliance with the Securities Act, applicable state securities laws, ERISA, Section 4975 of the Code and the Investment Company Act and transferees of beneficial interests in a Rule 144A Global Note or Regulation S Global Note will be deemed to have made certain representations set forth in the Indenture and described herein. The Co-Issuers will not provide registration rights to any purchaser of the Notes and none of the Co-Issuers, the Trustee, or any other person may register the Notes under the Securities Act or any state securities or "Blue Sky" laws.

The Notes are subject to early redemption by Optional Redemption by Liquidation, Optional Redemption by Refinancing and Global Clean-Up Call

Optional Redemption by Liquidation.

The Notes may be optionally redeemed in whole but not in part, by the Co-Issuers or the Issuer, as applicable, at the applicable Redemption Prices with any available funds (i) on any Business Day (which will be the related Redemption Date) after the Non-Call Period, or (ii) upon the occurrence of a Tax Event, on any Payment Date during or after the Non-Call Period, in either case, at the direction of the Collateral Manager; *provided* that if a Supermajority of the Preferred Shareholders objects to such redemption within 2 Business Days of notice thereof, such redemption shall be subject to the consent of the Supermajority of the Preferred Shareholders. See Section 9.5 of the Indenture.

Optional Redemption by Refinancing.

On any Business Day after the Non-Call Period, the Collateral Manager may direct that a redemption of one or more (including all) Classes of Notes occur by an Optional Redemption by Refinancing; *provided* that if a Supermajority of the Preferred Shareholders objects to any Optional Redemption by Refinancing within 2 Business Days of notice thereof, such Optional Redemption by Refinancing shall be subject to the consent of the Supermajority of the Preferred Shareholders. A more junior Class of Notes may be fully redeemed in connection with an Optional Redemption by Refinancing even if a more senior Class of Notes remains outstanding. See Section 9.3 of the Indenture.

Global Clean-Up Call.

At the written direction of the Collateral Manager to the Issuer, the Preferred Shares Paying Agent and the Trustee, with copies to the Rating Agency, not later than 20 days prior to the proposed redemption date, the Notes will be subject to redemption by the Issuer, in whole but not in part, at the redemption price therefor, on any Business Day after the Non-Call Period on which the aggregate Principal Balance of the Portfolio Assets is equal to or less than 20% of the Effective Date Balance. Any Global Clean-Up Call is subject to the sale of the Portfolio Assets for the Global Clean-Up Call Redemption Price. See Section 9.6 of the Indenture.

In the event of an early redemption, including by Optional Redemption by Liquidation, Optional Redemption by Refinancing or Global Clean-Up Call, the holders of the Notes will be repaid prior to their Stated Maturity Dates. Any such redemption may result in a shorter term investment than an investor in Notes may have anticipated and there is no assurance that holders will find suitable investments with comparable yields, maturity or credit profile in which to invest the proceeds.

In addition, an Optional Redemption by Liquidation could require the Collateral Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realized value of the Portfolio Assets sold.

Stated Maturity Date, Average Life and prepayment or optional redemption considerations; APAI Securities and Prepayment Security Proceeds.

The Stated Maturity Date of each Class of Notes is the Payment Date occurring in July 2035. Because the Bank Subordinated Notes mature before the Stated Maturity Date and the Portfolio Assets may prepay under certain circumstances, the average life of the Class A Notes is expected to be, and the average lives of the other Notes may be, shorter than the number of years until the Stated Maturity Date. See "*Risk Factors—Risks Relating to the Notes—The Notes are subject to early redemption by Optional Redemption by Liquidation, Optional Redemption by Refinancing and Global Clean-Up Call*" and "*Risk Factors—Risks Relating to the Portfolio Assets—Optional Redemptions and Prepayments of the Portfolio Assets.*"

Coverage Prepayments will be made on certain Notes if any Par Coverage Test is not satisfied as of any Calculation Date, which may occur, for example, if defaults occur with respect to the Portfolio Assets.

The Holders of the Notes will have no control over whether a Portfolio Asset is sold. The sale of any Portfolio Asset may result in the remaining portfolio of Portfolio Assets having a greater concentration of risk due to the smaller number of issuers of Portfolio Assets represented in the portfolio causing a possible decrease in regional diversity or a lower overall credit quality, which could have a material adverse effect on the Notes. Significant principal payments on the Notes could be made on Payment Dates prior to the Stated Maturity Date as result of sales of Portfolio Assets.

In addition, significant principal payments on the Notes could be made on Payment Dates prior to the Stated Maturity Date due to the existence of Portfolio Assets with maturity dates earlier than the Stated Maturity Date. Market developments may increase the likelihood that issuers of Portfolio Assets elect to prepay such securities prior to their maturity date to the extent permitted. Such prepayments will be distributed in accordance with the Priority of Payments and will result in prepayments of the Notes except to the extent reinvested in additional Portfolio Assets in accordance with the Indenture as described in "*Security for the Notes—Activities of Collateral Manager with respect to Portfolio Assets and Eligible Investments*".

The Holders of the Notes will have no control over the timing or amount of any prepayment or optional redemptions on the Portfolio Assets. Prepayment or optional redemptions and repayments at maturity of the Portfolio Assets may result in the remaining portfolio of Portfolio Assets having a greater concentration of risk due to the smaller number of issuers of Portfolio Assets represented in the portfolio causing a possible decrease in regional diversity or a lower overall credit quality, which could have a material adverse effect on the Notes.

In addition, Portfolio Assets that become APAI Securities may be sold by the Collateral Manager. The Holders of the Notes will have no control over whether a Portfolio Asset becomes an APAI Security. The Collateral Manager may use some or all of the related APAI Security Sales Proceeds and any Prepayment Security Proceeds to purchase additional Portfolio Assets as described in "*Security for the Notes—Activities of Collateral Manager with respect to Portfolio Assets and Eligible Investments*".

The Holders of the Notes will have no control over whether any or all of the APAI Security Sales Proceeds or Prepayment Security Proceeds are used to purchase additional Portfolio Assets. Purchases of additional Portfolio Assets may result in the portfolio of Portfolio Assets having a greater concentration of risk, a decrease in regional diversity or a lower overall credit quality, which could have a material adverse effect on the Notes. To the extent the Collateral Manager chooses not to or is unable to purchase additional Portfolio Assets with APAI Security Sales Proceeds or Prepayment Security Proceeds (for example, due to market conditions, the unavailability of suitable obligations or an inability to satisfy the Reinvestment Criteria), an amount equal to at least the lesser of the amount of such Unapplied Proceeds and the Required Principal Collections Deposit portion thereof shall be designated by the Collateral Manager on the applicable Reinvestment Cut-Off Date (or if such date is not a Business Day, the next following Business Day) as Principal Collections and, to the extent there are any remaining Unapplied Proceeds in excess thereof, the Collateral Manager may designate out of such remaining proceeds up to the lesser of the amount of such remaining proceeds and an amount equal to the Maximum Interest Allocation as Interest Collections (and any remaining excess as Principal Collections) on the applicable Reinvestment Cut-Off Date (or if such date is not a Business Day, the next following Business Day), which designations will result in prepayments of the Notes.

Interest Rate Risk.

The index used to compute the interest rate on each Class of Notes during such period as such Class pays a floating-rate of interest will be a SOFR-based rate. The publication of SOFR began in April 2018, and, therefore, it has a limited history. In addition, the future performance of SOFR cannot be predicted based on the limited historical performance. Future levels of SOFR may bear little or no relation to the historical actual or historical indicative SOFR data. Prior observed patterns, if any, in the behavior of market variables and their relation to SOFR, such as correlations, may change in the future. While some pre-publication historical data has been released by the Federal Reserve Bank of New York ("**FRBNY**"), production of such historical indicative SOFR data inherently involves assumptions, estimates and approximations. No future performance of SOFR may be inferred from any of the historical actual or historical indicative SOFR data. Hypothetical or historical performance data are not indicative of, and have no bearing on, the potential performance of SOFR.

Since the initial publication of SOFR, daily changes in the rate have, on occasion, been more volatile than daily changes in other benchmark or market rates, such as USD LIBOR, during corresponding periods. In addition, although changes in term SOFR and compounded SOFR generally are not expected to be as volatile as changes in SOFR on a daily basis, the return on, value of and market for the Notes may fluctuate more than floating rate debt securities with interest rates based on less volatile rates.

According to the Alternate Reference Rates Committee ("**ARRC**"), SOFR was developed for use in certain U.S. dollar derivatives and other financial contracts as an alternative to USD LIBOR in part because it is considered a good representation of general funding conditions in the overnight U.S. Treasury repurchase agreement market. However, as a rate based on transactions secured by U.S. Treasury securities, it does not measure bank-specific credit risk and, as a result, is less likely to correlate with the unsecured short-term funding costs of banks. This may mean that market participants would not consider SOFR a suitable substitute, replacement or successor for all of the purposes for which USD LIBOR historically has been used (including, without limitation, as a representation of the unsecured short-term funding costs of banks), which may, in turn, lessen market acceptance of SOFR. Any failure of SOFR to gain market acceptance could adversely affect the return on and value of Notes and the price at which investors can sell such Notes in the secondary market.

If SOFR does not prove to be widely used as a benchmark in securities that are similar or comparable to the Notes, the value of the Notes (and price of the Notes in any secondary sales) may be lower than those of debt securities with interest rates based on rates that are more widely used. Similarly, market terms for debt securities with interest rates based on SOFR, including, but not limited to, the spread over the reference rate reflected in the interest rate provisions or manner of compounding the reference rate, may evolve over time, and as a result, the value of the Notes (and price of the Notes in any secondary sales) may be lower than those of later-issued debt securities. Investors in the Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

In addition, there currently is no uniform market convention with respect to the implementation of SOFR as a base rate for floating-rate notes or other securities. The manner of calculation and related conventions with respect to the determination of interest rates based on SOFR in floating-rate notes markets may differ materially compared with the manner of calculation and related conventions with respect to the determination of interest rates based on SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any potential inconsistencies between the manner of calculation and related conventions with respect to the determination of interest rates based on SOFR across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposition of the Notes.

SOFR is a relatively new rate, and the FRBNY (or a successor), as administrator of SOFR, may make methodological or other changes that could change the value of SOFR, including changes related to the method by which SOFR is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR. If the manner in which SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on the SOFR notes, which may adversely affect the trading prices of the SOFR notes. The administrator of SOFR may withdraw, modify, amend, suspend or discontinue the calculation or dissemination of SOFR in its sole discretion and without notice and has no obligation to consider the interests of holders of the SOFR notes in calculating, withdrawing, modifying, amending, suspending or discontinuing SOFR. For purposes of the formula used to calculate interest with respect to the Notes, SOFR in respect of a particular date will not be adjusted for any modifications or amendments to SOFR data that the administrator of SOFR may publish after the interest rate on the Notes for that day has been determined in accordance with the terms and provisions set forth in the Indenture.

Upon the occurrence of certain events, an alternative base rate may be selected to replace SOFR as the Reference Rate in relation to the Notes, in accordance with the requirements of the Indenture. However, there can be no assurance that (a) any such alternative base rate will effectively mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on the Notes, (b) any such alternative base rate will apply prior to any date on which the Issuer suffers adverse consequences from the elimination or modification or potential elimination or modification of SOFR or (c) any such alternative base rate will not have a material adverse effect on the holders of any Class of Notes, including the liquidity of such Notes. Any such change to an alternative base rate could have a material adverse effect on one or more Classes of Notes, including by affecting the market value or liquidity of such Notes.

Projections, forecasts and estimates are forward looking statements and are inherently uncertain.

Estimates of the average lives of the Notes, together with any projections, forecasts and estimates provided to prospective purchasers of the Notes, are forward-looking statements. Projections are necessarily speculative in nature, and it should be expected that some or all of the assumptions underlying the projections will not materialize or will vary significantly from actual results. Accordingly, actual results will vary from the projections, and such variations may be material. Some important factors that could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates, exchange rates and default and recovery rates; market, financial or legal uncertainties; mismatches between the time of accrual and receipt of Interest Collections from the Portfolio Assets. None of the Co-Issuers, the Initial Purchasers, the Placement Agent, the Collateral Manager, the Trustee, the Collateral Administrator or any other party to this transaction or any of their respective Affiliates has any obligation to update or otherwise revise any projections, forecasts or estimates, including any revisions to reflect changes in economic conditions or other circumstances arising after the date of this Offering Circular or to reflect the occurrence of unanticipated events.

The Issuer is recently formed and has a limited operating history; the Co-Issuer has no operating history and has no assets; and each of the Issuer and the Co-Issuer is limited in its permitted activities.

The Issuer is a recently formed entity and has little prior operating history or prior business experience. The Issuer will have no significant assets other than the Portfolio Assets and the Accounts, which, in each case, will be pledged to secure the Notes. The Issuer will not engage in any business activity other than the issuance of the Notes and Preferred Shares as described herein, the acquisition and sale of Portfolio Assets, certain activities conducted in connection with the payment of amounts in respect of the Notes and Preferred Shares and other activities incidental to the foregoing. The Issuer is an exempted company with limited liability incorporated under the laws of the Cayman Islands and all of its directors reside in the Cayman Islands. Because the Issuer is a Cayman Islands company, it may not be possible for investors to enforce against the Issuer in United States courts judgments predicated upon the civil liability provisions of the United States securities laws.

The Co-Issuer is a recently formed entity and has no prior operating history or prior business experience. The Co-Issuer does not have and will not have any assets. The Co-Issuer will not engage in any business activity other than the co-issuance of the Notes.

The Issuer is subject to the risk of third party litigation and has limited funds available.

The Issuer's investment activities may subject it to the risks of becoming involved in litigation by third parties. This risk may be greater where the Issuer exercises control or significant influence over a company's direction. The expense of defending against claims against the Issuer by third parties and paying any amounts pursuant to settlements or judgments would be borne by the Issuer and would reduce the amounts available for distribution to holders of the Notes and on the Issuer's net assets. The funds available to the Issuer to pay certain fees and expenses of the Trustee, the Collateral Administrator, the Administrator and any Blocker Subsidiaries and for payment of the Issuer's other accrued and unpaid Administrative Expenses are limited as described in Article XI of the Indenture. In the event that such funds are not sufficient to pay the expenses incurred by the Issuer, the ability of the Issuer to operate effectively may be impaired, and the Issuer may not be able to defend or prosecute legal proceedings that may be brought against it or that the Issuer might otherwise bring to protect its interests. In addition, service providers who are not paid in full, including the Administrator which provides the directors to the Issuer, have the right to resign. This could lead to the Issuer being in default under the Cayman Islands Companies Law (as amended) and potentially being struck from the Cayman Islands companies register and dissolved.

The Issuer and/or payments on the Notes may be subject to various U.S. and other taxes.

An investment in the Notes involves complex tax issues. See "*Certain U.S. Federal Income Tax Considerations*" for a more detailed discussion of certain tax issues raised by an investment in the Notes.

The Issuer expects to conduct its affairs so that it should not be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes (including as a result of the manner in which it acquires, holds, and disposes of its assets). Although the Issuer does not expect to be treated as engaged in a U.S. trade or business or to be deriving income effectively connected therewith, if the Issuer were found to be engaged in a trade or business within the United States and had income effectively connected therewith, interest paid on the Notes to a non-U.S. holder would nevertheless not be expected to be subject to U.S. federal withholding tax (assuming certain form delivery requirements are complied with), although such a withholding tax could be imposed as a result of unanticipated activities, changes in law, contrary conclusions by the U.S. Internal Revenue Service (the "**IRS**"), or other causes, in which case the Issuer, as a withholding agent, could be liable for failure to withhold such tax. Further, non-U.S. holders that are investors in any Class of Notes that are recharacterized as equity in the Issuer for U.S. federal income tax purposes could be subject to U.S. federal net income taxes, which the Issuer would be required to withhold notwithstanding that the Issuer does not currently intend to make any such withholding (which could result in a shortfall of available funds to make payments on the Notes if a determination that the Issuer is engaged in a trade or business is not made until a date in the future). In order to eliminate the risk that any such withholding tax could be imposed on the Issuer, all investors in the Preferred Shares and Issuer-Only Notes are required to be United States persons within the meaning of Section 7701(a)(30) of the Code ("**United States persons**").

If the Issuer is treated as a publicly traded partnership taxable as a corporation and is found to be both engaged in a trade or business in the United States for U.S. federal income tax purposes and deriving income effectively connected therewith, the Issuer could be subject to U.S. federal income tax on a net income basis at normal corporate tax rates (and possibly a 30% branch profits tax) and payments on the Notes may become subject to a 30% withholding tax. The imposition of such taxes would materially affect the Issuer's financial ability to make payments on the Notes. In addition, if the Issuer were to be taxable as a corporation for U.S. federal income tax purposes, it would likely be a passive foreign investment company (a "**PFIC**") and a controlled foreign corporation (a "**CFC**") for U.S. federal income tax purposes. In this case, a U.S. holder of Notes that are recharacterized as equity in the Issuer for U.S. federal income tax purposes may be subject to adverse tax consequences.

Although the Issuer does not intend to be subject to U.S. federal income tax with respect to its net income, income derived by the Issuer may be subject to U.S. federal withholding tax. Assuming compliance with the transfer restrictions requiring that all Preferred Shares and Class C Notes be beneficially owned by United States persons, and assuming that certain transfer restrictions and documentation delivery requirements are complied with and are adequate to prevent the Issuer from constituting a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, under current law, income derived by the Issuer in respect of Portfolio Assets is not expected to be subject to U.S. federal withholding tax. However, income derived by the Issuer in respect of the Portfolio Assets could become subject to withholding or gross income taxes as a result of a change in applicable law, treaty, rule or regulation or interpretation thereof, possibly with retroactive effect. In that case, there can be no assurance that amounts available, after withholding or gross income taxes, would be sufficient to make payments of interest and principal on the Notes.

See "*Certain U.S. Federal Income Tax Considerations*" below, for a more detailed discussion of certain withholding tax issues raised by an investment in the Notes.

No Gross-Up.

All payments on the Notes will be made without any deduction or withholding for or on account of any taxes of any nature whatsoever unless such deduction or withholding is required by any applicable law, including in connection with FATCA, as modified by the practice of any relevant governmental revenue authority, then in effect. If the Issuer is so required to deduct or withhold, then no such person will be obligated to pay any additional amounts in respect of such withholding or deduction.

Holders may be subject to withholding or forced sale for failure to provide certain tax information.

Under FATCA, the Issuer may be subject to a 30% withholding tax on certain income and on the gross proceeds from the sale, maturity, or other disposition of certain of its assets, although proposed Treasury regulations (the "**Proposed FATCA Regulations**"), which may currently be relied upon by taxpayers until final Treasury regulations are published, eliminate such withholding on gross proceeds. Under an intergovernmental agreement entered into between the United States and the Cayman Islands, the Issuer will not be subject to withholding under FATCA if it complies with the Cayman FATCA Legislation, which requires the Issuer to provide the name, address, and taxpayer identification number of, and certain other information with respect to, certain holders of Notes to the Tax Information Authority of the Cayman Islands, which would then provide this information to the IRS. There can be no assurance that the Issuer will be able to comply with the Cayman FATCA Legislation. In addition, FATCA could be amended to require the Issuer to withhold on "foreign passthru payments" to holders that fail to provide certain information to the Issuer or are "foreign financial institutions" that do not comply with FATCA, provided that such payments are made on or after the date of (or, under the Proposed FATCA Regulations, the date that is two years after the date of) publication in the Federal Register of final Treasury regulations defining the term "foreign passthru payment." Under a grandfathering rule, however, no such withholding under FATCA will be required on payments made in respect of Notes that are properly treated as indebtedness for U.S. federal income tax purposes, unless those Notes are materially modified on or after the date that is six months after the date of publication of final Treasury regulations defining the term "foreign passthru payment."

If an investor fails to provide the Issuer or its agents with any correct, complete and accurate information or documentation that may be required for the Issuer to comply with FATCA, the Cayman FATCA Legislation and to prevent the imposition of U.S. federal withholding tax under FATCA on payments to or for the benefit of the Issuer, or if the investor's ownership of any Notes would otherwise cause the Issuer to be subject to any tax under FATCA, the Issuer (and any agent acting on its behalf) is authorized to withhold amounts otherwise distributable to the investor, to compel the investor to sell its Notes, and, if the investor does not sell its Notes within 10 Business Days after notice from the Issuer, to sell the investor's Notes on behalf of the investor.

OECD Common Reporting Standard.

The Cayman Islands has also signed, along with over 80 other countries, a multilateral competent authority agreement to implement the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the "**CRS**"), which requires "Financial Institutions" such as the Issuer to identify, and report information in respect of, specified persons in the jurisdictions which sign and implement the CRS and to adopt and implement written policies and procedures setting out how it will address its obligations under the CRS.

The Issuer may form Blocker Subsidiaries that would be subject to tax.

To reduce the risk that the Issuer will be engaged in a trade or business within the United States for U.S. federal income tax purposes, in certain circumstances set forth in the Indenture, certain Portfolio Assets may be transferred to one or more Blocker Subsidiaries wholly owned by the Issuer that will be treated as either U.S. or foreign corporations for U.S. federal income tax purposes. Any foreign Blocker Subsidiary may be treated as engaged in a trade or business within the United States, may be subject to U.S. federal income tax on a net income basis at normal corporate tax rates (and possibly a 30% branch profits tax), may file U.S. tax returns and reports, and/or may be subject to a 30% U.S. withholding tax on some or all of its income. In the case of a U.S. Blocker Subsidiary, the Blocker Subsidiary would be subject to U.S. federal income tax on a net income basis at normal corporate tax rates, and would be required to file U.S. tax returns and reports. In addition, distributions from a U.S. Blocker Subsidiary, or a foreign Blocker Subsidiary that is engaged in a trade or business within the United States, to the Issuer may be subject to a 30% U.S. withholding tax. Prospective investors should consult their tax advisors regarding their consequences if the Issuer organizes a Blocker Subsidiary. U.S. holders of Notes that are recharacterized as equity for U.S. federal income tax purposes will not be permitted to use losses recognized by the Blocker Subsidiary to offset gains recognized by the Issuer and may be subject to the adverse PFIC or CFC rules with respect to the Blocker Subsidiary. Additionally, the existence of both a U.S. Blocker Subsidiary and a non-U.S. Blocker Subsidiary may cause the non-U.S. Blocker Subsidiary to be treated as a CFC for U.S. federal income tax purposes. The implementation of this rule is uncertain at this point and investors should consult their tax advisors regarding the consequences thereof.

Replacement of SOFR.

If an alternative base rate is designated to replace SOFR as the Reference Rate in relation to the Notes, the U.S. federal income tax consequences of such a replacement are uncertain. If such a replacement constituted a "significant modification" of the Notes under Treasury Regulation section 1.1001-3, the replacement may result in a deemed taxable exchange of the Notes and the realization of gain or loss, as well as other corollary tax consequences. Prospective investors should consult their tax advisors with respect to the consequences of the designation of an alternative base rate in place of SOFR.

Risks Related to Banks, Thrifts and the Banking Industry

General.

Payments under the Portfolio Assets, and in turn under the Notes, are highly dependent upon payments received from the Portfolio Asset Issuers. As such, the ability of the Co-Issuers to make payments under the Notes, as well as the credit ratings of Notes, may be adversely affected by the performance and earnings of, and defaults and deferrals by, such entities. Furthermore, adverse developments with respect to the banking and thrift industry in general may adversely affect the ability of the Co-Issuers to make payments under the Notes and may also adversely affect the rating, market value and/or liquidity of the Notes.

Bank institutions are heavily regulated and further restrictive regulation may reduce the profitability and growth of bank institutions, which may adversely affect the ability of the Issuer and Co-Issuer to make payments under the Notes.

The federal banking agency rules implementing the Basel III international capital framework (the "**Basel III Rules**") apply to all depository institutions and to top-tier bank holding companies and top-tier savings and loan holding companies with total consolidated assets of at least U.S. $1 billion, and thus applies to some or all of the Portfolio Asset Issuers of the Portfolio Assets. In general, the Basel III Rules require subject institutions to hold a greater level of Tier 1 (core) and Tier 2 (supplemental) capital by increasing certain minimum capital requirements and capital ratios, and requiring greater amounts of capital to offset the ownership of assets that are delinquent or are secured by certain types of collateral, including certain commercial real estate. The amount of Tier 2 capital held by a banking institution (such as the Bank Subordinated Notes included in the Issuer's investment portfolio), however, is not limited to the amount of Tier 1 capital included in total capital. The Basel III Rules also require certain additional deductions from capital if certain types of assets (e.g., mortgage servicing rights, certain deferred tax assets and common stock in unconsolidated financial institutions) are above certain levels. As a result of these changes, subject banking organizations have been required to make certain changes to their asset portfolios and general business practices over time, which may have an impact on the overall performance of such institutions, including the Portfolio Asset Issuers of the Portfolio Assets.

In the event that any Portfolio Asset Issuer falls below certain of these capital adequacy standards, it may become subject to "prompt corrective action", a regulatory framework that confers on the federal bank supervisory agencies increasing powers to place restrictions (including restrictions on the payment of a bank's obligations) on the activities of banks that failed to meet required regulatory capital standards, depending on the extent to which a bank falls below those standards. If a bank becomes critically undercapitalized, a bank may be placed into a United States Federal Deposit Insurance Corporation (the "**FDIC**") administered receivership or conservatorship. The effect of inadequate capital can have a potentially adverse consequence on any Portfolio Asset Issuer's financial condition, its ability to operate as a going concern and its ability to operate as a regulated financial institution, and may have a material adverse impact on the ability of the Issuer to collect on any related Portfolio Asset.

More generally, federally-chartered and state-chartered commercial banks are subject to comprehensive regulation and supervision by their primary federal financial regulatory agencies, and in the case of state-chartered institutions, by their primary state financial regulatory agencies. Federal and state regulatory agencies have broad authority to place restrictions on the activities of banks under the regulation and supervision for variety of reasons, including unsafe and unsound banking practices, violations of law, and other managerial and operational deficiencies. FDIC-insured banks that are in default or are in danger of default may be placed into receivership (and in rare cases, conservatorship), with the FDIC assuming control of the bank as receiver or conservator. The FDIC's receivership/conservatorship powers are broad, and include the authority to disaffirm or repudiate contracts to which the bank is a party if in so doing, such action would aid in the FDIC's administration of the bank's estate. As a result of this authority, there is a risk that the FDIC could repudiate or disaffirm a Portfolio Asset Issuer's payment obligations upon which the Issuer relies in making payments under the Notes.

Furthermore, no assurance can be given that the U.S. federal government or any U.S. regulatory body (or other authority or regulatory body) will not continue to take further legislative or regulatory action, and the effect of such actions, if any, cannot be known or predicted.

Risks Relating to the Portfolio Assets

Nature of the Bank Subordinated Notes.

The obligations of any Bank Subordinated Note Issuer under its Bank Subordinated Notes are unsecured and generally rank subordinate and junior in right of payment to all present and future secured or unsecured Senior Indebtedness of such Bank Subordinated Note Issuer existing now or incurred in the future. "**Senior Indebtedness**" generally includes all obligations of the Bank Subordinated Note Issuer with respect to any of its liabilities, except for (i) liabilities to trade creditors arising in the ordinary course of business and (ii) obligations that are neither superior to nor *pari passu* in right of payment with the Bank Subordinated Notes. Typically, no payment of principal of or premium, if any, or interest on any Bank Subordinated Note, and no redemption, exchange, retirement, purchase or other acquisition of any Bank Subordinated Note, may be made if (i) any Senior Indebtedness of the issuing Bank Subordinated Note Issuer has not been paid when due and any applicable grace period with respect to such default has ended with such default not having been cured or waived or ceasing to exist or (ii) the maturity of any Senior Indebtedness of the issuing Bank Subordinated Note Issuer has been accelerated because of a default and such acceleration has not been rescinded or cancelled. In the event of the bankruptcy, liquidation or dissolution of a Bank Subordinated Note Issuer, its assets would be available to pay obligations under its Bank Subordinated Notes only after all payments have been made on its Senior Indebtedness. Typically, any Bank Subordinated Note Issuer or any subsidiary of any Bank Subordinated Note Issuer may incur additional indebtedness, liabilities and obligations, including Senior Indebtedness and other indebtedness ranking senior to the related Bank Subordinated Notes. In addition, Bank Subordinated Note Issuers may be parties to agreements with holders of Senior Indebtedness that have the practical effect of further subordinating the rights of holders of the related Bank Subordinated Notes to such holders of Senior Indebtedness under certain circumstances. The Bank Subordinated Note Indentures or Bank Subordinated Note Purchase Agreements do not afford the Issuer, as the holder of the Bank Subordinated Notes, protection in the event of a highly leveraged or other transaction involving the related Bank Subordinated Note Issuer that may adversely affect it. See "*Security for the Notes—Initial Portfolio Assets—Subordination*."

Upon the bankruptcy, liquidation or dissolution of a Bank Subordinated Note Issuer, and subject to the applicable subordination provisions, generally the principal of and unpaid interest on the Bank Subordinated Notes of such Bank Subordinated Note Issuer may be accelerated by the holders of such Bank Subordinated Notes with the approval of the applicable regulator, if required. However, holders of Bank Subordinated Notes will not have any right to accelerate payment in the case of a default of principal thereof or premium or interest thereon or breach in the performance of any other covenant contained in such Bank Subordinated Notes or the related Bank Subordinated Note Indenture or Bank Subordinated Note Purchase Agreement. Furthermore, the Issuer will own less than 100% of the Principal Balance of the Bank Subordinated Notes of certain of the individual Bank Subordinated Note Issuers and therefore may not be able to control any matters as to which holders thereof are entitled to vote, give their consent or take action.

Prospective purchasers of the Notes should consider and assess for themselves the likely level of defaults, the likely level and timing of recoveries on any Bank Subordinated Notes in the Trust Estate, and the likely levels of interest rates during the term of the Notes.

The Bank Subordinated Notes are not insured or guaranteed by any regulatory authority, any governmental agency or instrumentality or any guaranty fund.

The Bank Subordinated Notes are not deposits or other obligations of any bank institution and are not insured or guaranteed by the FDIC or any other governmental agency or instrumentality.

The ability of Bank Subordinated Note Issuers that are holding companies of banks, thrifts or other depository institutions to pay and discharge their obligations, including payment of principal of and interest on the Bank Subordinated Notes depends on the dividends paid and distributions and other payments made to such issuers by their subsidiaries and on obtaining funds from corporate borrowings or by selling their securities.

The principal source of funds of a Bank Subordinated Note Issuer that is a holding company to service its debts, including its Bank Subordinated Notes, are dividends, interest, distributions and other payments from its subsidiaries. Federal and state banking regulations limit dividends from bank subsidiaries to their holding companies. Dividend limitations vary, depending on the jurisdiction of formation of the subsidiary and state law. Generally, banks, thrifts and other depository institutions are prohibited from paying dividends when doing so would cause them to fall below regulatory minimum capital levels. In addition, all depository institutions must maintain a capital conservation buffer which can be satisfied only with CETI (Common Equity Tier 1) capital. If a depository institution's risk-based capital ratios were to fall below the applicable buffer levels, it would face graduated constraints on dividends, stock repurchases and other capital distributions based on the amount of the shortfall. Additionally, limits exist on banks and depository institutions paying dividends in excess of net income for specified periods. Federal bank regulatory agencies also have the authority to prohibit subsidiary banks from engaging in unsafe or unsound practices or violations of law in conducting their business. The payment of dividends or other transfers of funds to a holding company, depending on the financial condition of the bank, could be deemed an unsafe or unsound practice. Dividend payments from subsidiary banks would also be prohibited under the "prompt corrective action" regulations of the federal bank regulators if any subsidiary is, or after payment of such dividends would be, undercapitalized under such regulations.

In addition, subsidiary banks are subject to restrictions on transactions with affiliates under federal law that limit their ability to transfer funds or other items of value to their holding company or other non-bank affiliates, whether in the form of loans and other extensions of credit, investments and asset purchases, or as other transactions involving the transfer of value. Regulatory restrictions limiting the aggregate amount of loans to, and investments in, any single affiliate limit and may prevent bank holding companies from borrowing from their depository institution subsidiaries and generally require that any such borrowings be collateralized. All such legal and regulatory limitations and restrictions may change at any time with respect to any bank. If consent were to be required from, and were to be withheld by, an applicable regulator with respect to any matter described in this paragraph, such affiliated bank holding company would likely exercise its rights to defer interest payments on its Bank Subordinated Notes, and the Issuer may not have funds available to make anticipated distributions on the Notes during such, and in subsequent periods.

A bank's transactions with its non-bank affiliates also are required generally to be on arm's-length terms. Accordingly, there is no assurance that any Bank Subordinated Note Issuer that is a holding company will receive dividends or other distributions from its subsidiary banks, thrifts or other depository institution in an amount sufficient to pay interest on or principal of the Bank Subordinated Notes issued by it.

The Bank Subordinated Notes of a Bank Subordinated Note Issuer are subordinated to such Bank Subordinated Note Issuer's existing and future senior debt and to the obligations of its subsidiaries.

The Bank Subordinated Notes of a Bank Subordinated Note Issuer are subordinated, unsecured obligations and, consequently, are junior in right of payment to all of such Bank Subordinated Note Issuer's secured and unsecured senior debt now existing or that may be incurred in the future. As a result, if such Bank Subordinated Note Issuer were to become subject to any receivership, conservatorship, termination, winding up, liquidation or reorganization, including as a result of any liquidation, reorganization or other insolvency proceeding under bankruptcy laws or any other applicable insolvency law (including the Federal Deposit Insurance Act), make any assignment for the benefit of its creditors or otherwise engage in any marshalling of its assets and liabilities, the holders of the senior debt would be entitled to have the senior debt paid in full prior to the holders of the Bank Subordinated Notes receiving any payment of principal of, or interest on, the Bank Subordinated Notes. In addition, if a default in the payment of principal of, or premium, if any, or interest on, any senior debt occurs and is continuing past any applicable grace period or if any event of default occurs and is continuing with respect to any senior debt or would occur with respect to any senior debt if the Bank Subordinated Note Issuer were to pay the principal of, or any interest on, the Bank Subordinated Notes and that event of default would allow the holders of such senior debt to accelerate the maturity of such senior debt, the Bank Subordinated Note Issuer may not pay the principal of, or any interest on, the Bank Subordinated Notes until such default or event of default is cured or waived or otherwise ceases to exist. The types of senior debt to which the Bank Subordinated Notes may be subordinated are described below under "*Security for the Notes—Description of Bank Subordinated Notes—Subordination*."

The underlying documents which govern the Bank Subordinated Notes included in the Trust Estate generally do not limit the amount of additional indebtedness or senior debt that the related Bank Subordinated Note Issuer may incur. In the future, a Bank Subordinated Note Issuer may incur other indebtedness, which may be substantial in amount, including senior debt and debt ranking *pari passu* with the Bank Subordinated Notes. As a consequence of the subordination of the Bank Subordinated Notes to senior debt, the Issuer, as an investor in the Bank Subordinated Notes, may lose all or some of its investment should such bank liquidate or become insolvent. In such an event, the assets of the Bank Subordinated Note Issuer would be available to pay the principal of and accrued and unpaid interest on Bank Subordinated Notes only after all of its senior debt has been paid in full. In the event of a Bank Subordinated Note Issuer's liquidation, reorganization or other insolvency proceedings under the U.S. Bankruptcy Code or any other insolvency law (including the Federal Deposit Insurance Act), any general, unsecured obligations of such Bank Subordinated Note Issuer that do not constitute senior debt will share pro rata with the related Bank Subordinated Notes in the assets remaining for payment of such obligations after payment in full of all senior debt.

Regulatory guidelines may restrict the ability of a Bank Subordinated Note Issuer that is a holding company from paying the principal of, and accrued and unpaid interest on, the Bank Subordinated Notes issued by it, regardless of whether such holding company is subject to an insolvency proceeding.

The ability of a Bank Subordinated Note Issuer that is a bank holding company to pay the principal of, and interest on Bank Subordinated Notes issued by it is subject to the guidelines of the Federal Reserve regarding capital adequacy. If such bank holding company intends to treat the Bank Subordinated Notes issued by it as "Tier 2 Capital" under the Federal Reserve's regulatory capital rules and guidelines, the Federal Reserve guidelines generally require review of the effects of the cash payment of Tier 2 Capital instruments on the holding company's overall financial condition. The guidelines also require review of net income for the current and past four quarters, and the amounts paid on Tier 2 Capital instruments for those periods, as well as projected rate of earnings retention. Moreover, under the Dodd-Frank Act, a bank holding company, savings and loan holding company or any other depository holding company is required to act as a source of financial strength to its banking subsidiaries and commit resources to their support, including the guarantee of capital plans of an undercapitalized bank subsidiary. Such support may be required at times when a holding company may not otherwise be inclined to provide it. As a result of the foregoing, a Bank Subordinated Note Issuer that is a bank holding company may be unable to pay accrued interest on the Bank Subordinated Notes issued by it on one or more of the scheduled interest payment dates or at any other time or to pay the principal of such notes at maturity.

No limit or restriction exists on the amount or type of further securities or indebtedness that a Bank Subordinated Note Issuer may issue, incur or guarantee.

No limit or restriction typically exists on the amount of securities or other liabilities that a Bank Subordinated Note Issuer may issue, incur or guarantee and that rank senior in right of payment to, or *pari passu* with, the Bank Subordinated Notes issued by it. The issuance or guarantee of any such securities or the incurrence of any such other liabilities may reduce the amount, if any, recoverable by holders of the Bank Subordinated Notes in any insolvency proceeding of the related Bank Subordinated Note Issuer and may limit such Bank Subordinated Note Issuer's ability to meet its obligations under the Bank Subordinated Notes. In addition, typically there are no restrictions on the Bank Subordinated Note Issuer's ability to issue securities that may have preferential rights to the Bank Subordinated Notes or securities with provisions similar to or different from the provisions under which a Bank Subordinated Note was issued. Moreover, there are typically no covenants prohibiting a Bank Subordinated Note Issuer from, or limiting its right to, incur additional indebtedness or obligations, to grant liens on its assets to secure its indebtedness or other obligations, to issue or repurchase stock or other securities, including any of the Bank Subordinated Notes, or to pay dividends or make other distributions to shareholders. The incurrence of additional debt or liabilities could adversely affect the ability to pay obligations on the Bank Subordinated Notes. In addition, the Bank Subordinated Note Indenture and/or Bank Subordinated Note Purchase Agreement do not contain, among other things, provisions that would afford holders of the Bank Subordinated Notes protection in the event of a recapitalization transaction, a change of control of the holding company or a highly leveraged transaction involving the holding company which could adversely affect the holders of the Notes.

The investment portfolio is concentrated by geography and asset size.

Approximately 15.33% of the aggregate Principal Balance of the Initial Portfolio Assets were issued by Portfolio Asset Issuers that are located in Texas, approximately 12.26% of the aggregate Principal Balance of the Initial Portfolio Assets were issued by Portfolio Asset Issuers that are located in California and approximately 9.02% of the aggregate Principal Balance of the Initial Portfolio Assets were issued by Portfolio Asset Issuers that are located in New York. As a result, credit deterioration in Texas, California and New York could have a significantly greater negative impact on the Trust Estate, which could have a material adverse effect on the Notes.

Portfolio Assets of non-U.S. Portfolio Asset Issuers may expose the Issuer to different economic risks, legal and regulatory uncertainties and potential impairment of enforcement actions against such obligors.

Portfolio Assets of obligors located outside the United States and its territories may involve greater risks than Portfolio Assets of obligors located in the United States and its territories. These risks include: (a) less publicly available information about the related obligor; (b) varying levels of governmental regulation and supervision; and (c) the difficulty of enforcing legal rights in a foreign jurisdiction and related uncertainties as to the status, interpretation and application of laws. Moreover, foreign entities are generally not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies.

Historically, there has been less governmental supervision and regulation of exchanges, brokers and issuers in foreign countries than there is in the United States. For example, there may be no comparable provisions under certain foreign laws with respect to insider trading and similar investor protection securities laws that apply with respect to securities transactions consummated in the United States.

In certain foreign countries there is the possibility of expropriation, nationalization, or confiscatory taxation; limitations on the convertibility of currency or the removal of securities, property, or other assets of the Issuer; political, economic, or social instability; or adverse diplomatic developments, each of which could have an adverse effect on the Issuer's investments in the foreign countries (which may make it more difficult to pay U.S. dollar denominated obligations). The economies of individual non-U.S. countries may also differ favorably or unfavorably from the U.S. economy in such respects as the effect of a global recession, growth or contraction of the gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resource self-sufficiency, and balance of payments position. Accordingly, Portfolio Assets of non-U.S. obligors could face risks which would not pertain to Portfolio Assets of U.S. obligors, which could expose the Issuer to losses on such Portfolio Assets.

Balloon and bullet payments present refinancing risk.

The Issuer's investment portfolio will consist of Portfolio Assets that require bullet and balloon payments. These payment structures involve a greater degree of risk than other types of transactions because they are structured to allow for no principal payments over the term of the bond, requiring the obligor to make a large final payment upon the maturity of the Portfolio Asset. The ability of such obligor to make this final payment upon the maturity of the Portfolio Asset typically depends upon its ability either to refinance the Portfolio Asset prior to maturity or to generate sufficient cash flow to repay the Portfolio Asset at maturity. The ability of any obligor to accomplish any of these goals will be affected by many factors, including the availability of financing at acceptable rates to such obligor, the financial condition of such obligor, the marketability of the collateral (if any) securing such Portfolio Asset, the operating history of the related business, tax laws and the prevailing general economic conditions. Consequently, such obligor may not have the ability to repay the Portfolio Asset at maturity, and the Issuer could lose all or most of the principal of the Portfolio Asset. Given their relative size and limited resources and access to capital, some obligors may have difficulty in repaying or refinancing their bullet Portfolio Asset on a timely basis or at all.

Impact of Defaults, Deferrals and Payment Restrictions Relating to the Portfolio Assets.

A default in the payment of principal of or premium, if any, or interest on any Portfolio Asset or a deferral of distributions on any Portfolio Asset will decrease the amount of cash available to the Issuer to make payments on the Notes and therefore may result in a default in or deferral of the amount due on the Notes. In such event, the Noteholders may incur a loss on their investment in the Notes.

Limited Disclosure about Portfolio Assets and use of Distributed Ledger Technology.

Holders of Notes will receive limited information with regards to the Portfolio Assets and none of the Issuer, the Trustee, the Collateral Manager, the Initial Purchasers, the Placement Agent or their respective Affiliates will be required to provide any information it receives pursuant to the Portfolio Assets and related documents other than what is required in the Indenture and the Collateral Management Agreement. In particular, the Collateral Manager will not have any obligation to keep any of these parties informed as to matters arising in relation to any Portfolio Asset, except as may be required in connection with the regular reports provided in accordance with the Indenture.

In addition, while the Issuer is not obligated to do so, the Issuer intends to make certain information regarding the Portfolio Assets and the Notes available to Holders of Notes via distributed ledger technology provided through Brightvine. Use of Brightvine's distributed ledger technology may be cancelled by the Issuer at any time without notice to the Holders.

The application of distributed ledger technology is novel and untested and may contain inherent flaws or limitations. The operation of the distributed ledger technology may be subject to potential technical, legal and regulatory constraints. In addition, there is no warranty that the distributed ledger technology will be uninterrupted or error-free and the distributed ledger could be compromised, and breakdowns could cause the partial or complete inability to use the platform provided by Brightvine. The Holders of Notes should not rely on the distributed ledger for any purposes as it relates to the Portfolio Assets or the Notes and the Issuer is not responsible for any misleading, omitted or inaccurate information provided via the distributed ledger regarding the Portfolio Assets or the Notes. None of the Issuer nor the Holders of Notes will have recourse from relying on data provided via distributed ledger technology through Brightvine.

Limited Liquidity of Portfolio Assets; Restrictions in the Indenture to sell Portfolio Assets and purchase additional Portfolio Assets.

The Indenture allows the Collateral Manager to sell Portfolio Assets (including a Defaulted Security, a Credit Risk Security or an APAI Security) so long as no Event of Default has occurred and is continuing. See Section 12.1 of the Indenture. The Collateral Manager on behalf of the Issuer may use some or all of APAI Security Sales Proceeds and/or Prepayment Security Proceeds to purchase one or more additional Portfolio Assets subject to satisfaction of each of the conditions set out in the Reinvestment Criteria, provided that the Issuer purchases or commits to purchase such Portfolio Asset by no later than the applicable Reinvestment Cut-Off Date. Sale Proceeds from other Portfolio Assets may not be reinvested. Accordingly, during certain periods or in certain circumstances, the Collateral Manager may be unable as a result of such restrictions to sell Portfolio Assets or purchase additional Portfolio Assets or to take other actions which it might consider to be in the best interests of the Issuer and the holders of the Notes and/or experience delays in selling, purchasing or otherwise taking actions.

The ability of the Issuer to acquire Portfolio Assets that satisfy the Reinvestment Criteria at the projected prices, ratings, rates of interest and any other applicable characteristics will be subject to market conditions and availability of such Portfolio Assets. Any inability of the Issuer to acquire Portfolio Assets that satisfy the Reinvestment Criteria may adversely affect the timing and amount of payments received by the holders of Notes and the yield to maturity of the Notes and the distributions on the Preferred Shares.

Most of the Portfolio Assets securing the Notes will be privately issued securities, and all of the Portfolio Assets were either acquired by the Issuer upon original issuance or in the secondary market. Significant restrictions apply to the transfer of Portfolio Assets.

Little or no publicly available information may be available with respect to Portfolio Asset Issuers that are not reporting companies under the Exchange Act. As a result, the Portfolio Assets will be extremely illiquid investments.

With respect to Defaulted Securities, the Collateral Manager may take, or may direct the Trustee to take, such action as the Collateral Manager may deem advisable, including engaging in a restructuring, bringing enforcement proceedings and/or taking other measures, subject to the remedial provisions in the underlying documentation. Such actions will subject the Issuer and the Noteholders to greater uncertainties with respect to the timing and amount of any ultimate recovery than a sale of the Defaulted Securities. In the event that any such sale is made, the Issuer generally expects that the proceeds from such sale of such Portfolio Asset will be less than the outstanding Principal Balance thereof (plus any unpaid accrued interest). In addition, because the Portfolio Assets are extremely illiquid investments, there can be no assurance that any sale will be consummated in connection with an attempted Optional Redemption by Liquidation.

Concentration risk.

The concentration of the Initial Portfolio Assets with respect to any particular obligor or state of the United States is described under "*Security for the Notes—Portfolio Statistics of the Initial Portfolio Assets*", and such concentration can increase over time as Portfolio Assets mature or are sold (or as a result of reinvestment to the extent permitted by the Indenture). The concentration of the portfolio in any one obligor would subject the Notes to a greater degree of risk with respect to defaults by such obligor, and the concentration of the portfolio in the banking industry subjects the Notes to a greater degree of risk with respect to economic downturns relating to the banking industry.

There are no geographic restrictions on reinvestments in additional Portfolio Assets. See "*Security for the Notes—Activities of Collateral Manager with respect to Portfolio Assets and Eligible Investments*".

Negative Carry.

The payment dates with respect to Portfolio Assets may be several weeks or months prior to the Payment Dates with respect to the Notes. In addition, the number of days between the payment dates on the Portfolio Assets and the Payment Dates with respect to the Notes may be less than the number of days in the cure period for late payments of interest with respect to the Portfolio Assets. As such, it is possible that interest on Portfolio Assets may be paid after the Payment Date with respect to the Notes yet before its late payment has matured into an event of default with respect to such Portfolio Assets.

Payments received on Portfolio Assets after the end of the applicable Due Period will be invested in Eligible Investments that mature on or prior to the next succeeding related Payment Date pending distribution on such Payment Date. The rate of interest earned on Eligible Investments is expected to be significantly less than the rate of interest payable on the Portfolio Assets or the Notes.

Credit ratings are not a guarantee of quality.

Credit ratings of assets represent the rating agencies' opinions regarding their credit quality and are not a guarantee of quality or performance. Credit ratings address the timely payment of interest on non-deferrable Classes and the ultimate payment of principal by the Stated Maturity Date. A credit rating is not a recommendation to buy, sell or hold assets and may be subject to revision or withdrawal at any time by the assigning rating agency. If a rating assigned to any Portfolio Asset is lowered for any reason, no party is obligated to provide any additional support or credit enhancement with respect to such Portfolio Asset. Rating agencies attempt to evaluate the relative future creditworthiness of an obligation and do not address other risks, including but not limited to, the likelihood of principal prepayments (both voluntary and involuntary), liquidity risk, market value or price volatility; therefore, ratings do not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an obligor's current financial condition may be better or worse than a rating indicates. Further, rating agencies may change credit rating methodology in response to recent legislative and regulatory initiatives and legal actions directed against rating agencies. Consequently, credit ratings of any Portfolio Asset (as is also the case in respect of the Notes) should be used only as a preliminary indicator of perceived investment quality and should not be considered a reliable indicator of actual investment quality. Rating reductions or withdrawals may occur for any number of reasons and may affect numerous assets at a single time or within a short period of time, with material adverse effects upon the Notes. It is possible that many credit ratings of assets included in or similar to the Portfolio Assets will be subject to significant or severe adjustments downward. See "*—Risks Relating to the Notes—Future Actions of the Rating Agency and other NRSROs can adversely affect the market value or liquidity of the Notes*."

Optional Redemptions and Prepayments of the Portfolio Assets.

Collections from optional redemptions or prepayments of Portfolio Assets will be deposited in the Collection Account and will be applied in accordance with the Priority of Payments to the extent not reinvested in additional Portfolio Assets in accordance with the Indenture. Optional redemption or prepayment on the Portfolio Assets will be influenced by, among other things, the prevailing levels of interest rates and spreads (which is expected to affect the incentive of the Portfolio Asset Issuers to voluntarily prepay the Portfolio Assets), the business prospects, financial condition and results of operation of the Portfolio Asset Issuers and the availability of alternative financing in the form of equity, debt or hybrid instruments (which is expected to affect the ability of the Portfolio Asset Issuers to refinance the Portfolio Assets), changes in regulatory or accounting treatment of the Portfolio Assets, the occurrence of changes or prospective changes involving tax law, the Investment Company Act or applicable regulator capital adequacy guidelines (any of which could permit the redemption of the Portfolio Assets), and whether permission of the applicable regulator is required, directly or indirectly, for prepayment of any Portfolio Assets under regulatory capital adequacy guidelines and, if so, whether the applicable regulator grants such permission. Prepayments and optional redemptions may adversely affect the timing and amount of payments received by holders of Notes and the yield to maturity of the Notes.

While on the Closing Date, all of the Portfolio Assets will pay interest at a fixed rate, the interest rate on approximately 97.48% of the aggregate Principal Balance of the Portfolio Assets will convert to a floating rate about 5 years after the date of issuance. The weighted average spread over the applicable benchmark rate with respect to the fixed/floating rate Bank Subordinated Notes during the period they pay interest at a floating rate is expected to be approximately 3.76% although a significant portion of such Portfolio Assets will have spreads over the applicable benchmark rate that are less than 3.25%. To the extent that optional redemptions or prepayments of Portfolio Assets and/or sales of Portfolio Assets are concentrated among Portfolio Assets with relatively higher spreads (and, in the case of sales of APAI Securities or Prospective Prepayment Security or in the case of optional redemptions or prepayments, the proceeds thereof are not reinvested in additional Portfolio Assets with comparable or higher spreads), the lower weighted average spread of the remaining Portfolio Assets will result in reduced Interest Collections. Any such concentration could adversely affect the ability of the Issuer to make interest payments on the Notes.

Relating to the Collateral Manager

Limited Operating and Management History of the Collateral Manager.

The Collateral Manager is a Delaware limited liability company and has a limited prior operating history and track record. The Issuer will be the first CBO managed by the Collateral Manager. However, the Collateral Manager has acted as the services provider for two CBOs managed by its affiliate. Under the services agreement for those CBOs, the Collateral Manager provided services of an administrative and/or advisory nature to such other CBOs, including accounting, trading, risk management, compliance support, portfolio analysis, operations, legal, research and other administrative services. In addition, the Collateral Manager acts as the portfolio manager for the Issuer, in its capacity as the issuer under the Warehouse Agreement, and manages and administers certain assets similar to the Portfolio Assets for accounts and funds managed by it. Accordingly, the Collateral Manager has limited performance history for prospective investors to evaluate in making a decision whether or not to invest in the Notes.

The Collateral Manager is a registered investment adviser under the Investment Advisers Act of 1940. The Collateral Manager is an SEC registered, employee-owned, alternative asset management firm that manages approximately $25.6 billion of assets as of March 31, 2022 across a diverse group of alternative asset strategies. See "*Collateral Manager*" and "*The Collateral Management Agreement*."

Past performance of the Collateral Manager not indicative.

The past performance of the Collateral Manager and Affiliates thereof in managing other portfolios, funds, accounts or investment vehicles may not be indicative of the results that the Collateral Manager may be able to achieve with the Portfolio Assets. The past performance of the Collateral Manager and Affiliates thereof over a particular period may not be indicative of the results that may occur in future periods. Furthermore, the nature of, and risks associated with, the Issuer's investments, as selected by the Collateral Manager, may differ from those investments and strategies undertaken historically by the Collateral Manager and Affiliates thereof. There can be no assurance that the Issuer's investments will perform as well as past investments of the Collateral Manager or of Affiliates thereof, that the Issuer will be able to avoid losses or that the Issuer will be able to make investments similar to such past investments. In addition, such past investments may have been made utilizing a leveraged capital structure and an asset mix and fee arrangements that are different from the anticipated capital structure, asset mix and fee arrangements of the Issuer. Moreover, because the investment criteria and regulatory requirements that govern investments in the Portfolio Assets do not govern certain of the Collateral Manager's investments and investment strategies generally, such investments conducted in accordance with such criteria, and the results they yield, are not directly comparable with, and may differ substantially from, other investments undertaken by the Collateral Manager and Affiliates thereof.

Dependence on Key Personnel.

The performance of the Portfolio Assets depends in part on the skills of the Collateral Manager in selecting and acquiring the Portfolio Assets as well as monitoring the Portfolio Assets. In addition, the Collateral Manager will direct the Trustee on behalf of the Issuer as to the disposition of any Portfolio Assets (including with respect to the pricing thereof) and will make certain decisions with respect to the exercise of rights by the Issuer as holder of the Portfolio Assets. As a result, the Issuer will be dependent on the financial and managerial experience of the Collateral Manager and certain of the Collateral Manager personnel to whom the task of managing the Collateral has been assigned. In the event that one or more of the Collateral Manager personnel were no longer available to provide services to the Collateral Manager, the Collateral Manager would have to reassign responsibilities, contract for additional personnel and/or hire one or more employees, each of which could have a material adverse effect on the performance of the Issuer. See "*Collateral Manager*" and "*The Collateral Management Agreement*."

While investment professionals associated with the Collateral Manager will devote such time as they determine in their discretion is reasonably necessary to fulfill the Collateral Manager's obligations to the Issuer effectively, they are actively involved in other investment activities not concerning the Issuer, and none of them will devote all of their professional time to the affairs of the Issuer. Any such investment professionals may cease to be associated with the Collateral Manager after the date hereof. In addition, individuals not currently associated with the Collateral Manager may become associated with the Collateral Manager in the future, and the performance of the Portfolio Assets may also depend on the financial and managerial experience of such individuals.

The Collateral Manager will be dependent on third party consultants for the provision of certain services under the Transaction Documents

Although the Issuer's activities will be directed by the Collateral Manager, the Collateral Manager will depend on certain third party consultants to provide services to the Collateral Manager under the Transaction Documents. Consequently, while the success of the Issuer will depend, in large part, on the skill and expertise of the Collateral Manager's investment professionals to whom the task of managing the Portfolio Assets has been assigned, the Collateral Manager's ability to carry out its obligations to the Issuer may depend in part on the performance of services by certain third party consultants. The Collateral Manager may not be able to perform its duties and obligations under the Collateral Management Agreement if services by such third party consultants are terminated or incomplete. None of the Issuer, the Trustee or any holder of Notes will have recourse to such third party consultants.

Potential Conflicts of Interest

Various potential and actual conflicts of interest may arise from the overall business and investment activities of the Collateral Manager, the Initial Purchasers, the Placement Agent, their respective Affiliates (including their respective partners, directors, officers and employees) and their respective clients, which include issuers of Portfolio Assets and their Affiliates. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive discussion of all potential conflicts.

Conflicts of Interest Involving the Collateral Manager.

Various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the Collateral Manager and its Affiliates for their own accounts or for their respective client accounts. The Collateral Manager does not have an obligation, except in the limited circumstances set forth in the Collateral Management Agreement, to disclose these conflicts on an ongoing basis. The Collateral Manager and/or its Affiliates may have ongoing relationships with, render services to, engage in transactions with and, in the case of such Affiliates, invest in other issuers of collateralized debt obligations that invest in assets of a similar nature to those securing the Notes, and with companies whose securities are pledged to secure the Notes. Affiliates of the Collateral Manager, and accounts and funds managed by the Collateral Manager or its Affiliates, may also own equity or debt securities issued by issuers of and other obligors on Portfolio Assets. As a result, officers or Affiliates of the Collateral Manager may possess information relating to issuers of Portfolio Assets that is not known to the individuals at the Collateral Manager that are responsible for monitoring the Portfolio Assets and performing the other obligations under the Collateral Management Agreement. The Collateral Manager will not be required to share such information with the Issuer or any Holder of any Note. The Collateral Manager will not have any liability to the Issuer or any Holder of any Note for failure to disclose such information or for taking, or failing to take, any action based upon such information. The Collateral Manager may in the future serve as collateral manager or adviser or sub-adviser for other securitization vehicles (or similar entities) on terms materially different from those applicable between the Collateral Manager and the Issuer and, accordingly, the Collateral Manager may have incentives to favor any one or more other securitization vehicles (or similar entities) over the Issuer. In addition, Affiliates and clients of the Collateral Manager may invest in securities that are senior to, or have interests different from or adverse to, the securities that are pledged to secure the Notes. The Collateral Manager and/or its Affiliates may at certain times be simultaneously seeking to purchase or dispose of investments for its respective account, the Issuer, any similar entity for which it serves as manager or adviser and for its other clients or Affiliates.

None of the Collateral Manager or any of its Affiliates is under any obligation to offer investment opportunities of which they become aware to the Issuer or to account to the Issuer for (or share with the Issuer or inform the Issuer of) any such transaction or any benefit received by them from any such transaction or to inform the Issuer of any investments before offering any investments to other funds or accounts that the Collateral Manager and/or any of its Affiliates manage or advise. Furthermore, the Collateral Manager and/or any its Affiliates may make an investment on behalf of any account that they manage or advise without offering the investment opportunity or making any investment on behalf of the Issuer. The Collateral Manager and/or any of its Affiliates have no affirmative obligation to offer any investments to the Issuer or to inform the Issuer of any investments before offering any investments to other funds or accounts that the Collateral Manager and/or any of its Affiliates manage or advise. Furthermore, the Collateral Manager and/or any of its Affiliates may make an investment on their own behalf without offering the investment opportunity to the Issuer or the Collateral Manager making any investment on behalf of the Issuer. Affirmative obligations may exist or may arise in the future, whereby the Collateral Manager and/or any of its Affiliates are obligated to offer certain investments to funds or accounts that they manage or advise before or without the Collateral Manager offering those investments to the Issuer. The Collateral Manager and its Affiliates have no affirmative obligation to offer any investments to the Issuer or to inform the Issuer of any investments before engaging in any investments for themselves. The Collateral Manager may make investments on behalf of the Issuer in securities, or other assets, that it has declined to invest in for its own account, the account of any of its Affiliates or the account of its other clients. The Collateral Manager will endeavor to resolve conflicts with respect to investment opportunities in a manner that it deems equitable under the facts and circumstances.

Although the Collateral Manager personnel will devote as much time to the Issuer as the Collateral Manager deems appropriate, the Collateral Manager personnel may have conflicts in allocating their time and services among the Issuer and the Collateral Manager's other accounts and clients. In addition, as employees of the Collateral Manager, the Collateral Manager personnel will have substantial responsibilities outside of their responsibilities to perform services for the Collateral Manager under the Collateral Management Agreement. In addition, the Collateral Manager is expected to use certain third party consultants to perform certain responsibilities under the Transaction Documents. These third party consultants will devote as much time to performing responsibilities as they deem appropriate, however, such consultants may have conflicts in allocating their time and services among their other accounts and clients.

The Collateral Manager and Affiliates of the Collateral Manager may (for their own accounts or for the accounts of others) purchase or sell any Notes in the initial offering thereof or at any time thereafter without notice to any party and at its sole discretion.

Certain funds and accounts managed by the Collateral Manager are expected to purchase all of the Preferred Shares on the Closing Date. Such funds and accounts will have no obligation to retain such Preferred Shares and may dispose of them at any time.

At all times that Angel Oak Capital Advisors or any of its Affiliates is acting as Collateral Manager, Securities held by, or with respect to which discretionary voting rights are held by, Angel Oak Capital Advisors or any of its Affiliates will have no voting rights with respect to any vote in connection with the removal of the Collateral Manager and will be deemed not to be outstanding in connection with any such vote. However, any Securities held by, or with respect to which discretionary voting rights are held by, Angel Oak Capital Advisors and any of its Affiliates or their respective employees will have voting rights with respect to all other matters as to which the holders of the Securities are entitled to vote, including, without limitation, any vote in connection with an Optional Redemption by Liquidation, Optional Redemption by Refinancing or the appointment of a replacement collateral manager in accordance with the Collateral Management Agreement. See "*The Collateral Management Agreement*."

The Collateral Manager may arrange principal transactions where the Collateral Manager or an Affiliate of the Collateral Manager, acting for its own account, buys Portfolio Assets or Eligible Investments from, or sells Portfolio Assets or Eligible Investments to, the Issuer ("**Principal Transactions**"). Such Principal Transactions give rise to a conflict of interests with respect to the Collateral Manager. The Collateral Manager will provide written notice of any Principal Transaction to the Issuer or to any agent appointed by the Issuer for this purpose and obtain the written consent of the Issuer or such agent prior to completion of such Principal Transaction. Such consent may be provided on behalf of the Issuer by its board of directors.

The Collateral Manager may also effect client cross transactions where the Collateral Manager causes a transaction to be effected between the Issuer and another account advised by it or any of its Affiliates ("**Client Cross Transactions**"). In addition, with prior authorization on behalf of the Issuer by its board of directors, which authorization can be revoked by the board of directors at any time, the Collateral Manager may enter into agency cross transactions where it or any of its Affiliates acts as broker for the Issuer and for the other party to the transaction ("**Agency Cross Transactions**"), to the extent permitted by applicable law, in which case it or any such Affiliate may receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to the transaction. Although the Affiliates of the Collateral Manager anticipate that the commissions, mark-ups and mark-downs charged by the Affiliates will generally be competitive, the Collateral Manager or any of its Affiliates may have interests in such transactions that are adverse to those of the Issuer, such as an interest in obtaining favorable commission rates, mark-ups and mark-downs. In addition, other potential and actual conflicts of interest may arise in connection with Client Cross Transactions or Agency Cross Transactions.

By its investment in the Notes, each investor will be deemed to have consented to the entry by the Issuer into Principal Transactions, Client Cross Transactions and Agency Cross Transactions pursuant to the procedures described above.

There is no limitation or restriction on Angel Oak Capital Advisors or any of its Affiliates with regard to acting as collateral manager (or in a similar role) to other parties or persons. This and other future activities of the Collateral Manager and its Affiliates may give rise to additional conflicts of interest.

All of the Portfolio Assets to be acquired by the Issuer as of the Closing Date, which constitute approximately 100% of the aggregate Principal Balance of the Initial Portfolio Assets, will be acquired pursuant to the Warehouse Agreement.

In addition, a fund managed by the Collateral Manager, as the equity investor in the warehousing facility provided by Warehouse Agreement, will bear the risk of loss in value of the assets financed by such warehouse facility (and which are expected to be acquired by the Issuer on the Closing Date). This may provide an incentive for the Collateral Manager to close the transaction in non-optimal conditions.

Conflicts of Interest Relating to Jefferies Entities.

Various potential and actual conflicts of interest may arise as a result of the investment banking, asset management, financing and financial advisory services and products provided by Jefferies and/or its affiliates (each, a "**Jefferies Entity**" and together, "**Jefferies Entities**") to the Issuer, the Trustee, the Collateral Administrator, the Collateral Manager, the issuers of the Portfolio Assets and others, as well as in connection with the investment, trading and brokerage activities of the Jefferies Entities. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

Jefferies will act as an Initial Purchaser of the Co-Issued Notes. Certain of the Portfolio Assets acquired by the Issuer may be obligations of issuers or obligors for which a Jefferies Entity has acted as a structuring or syndication agent, a manager, an underwriter, an agent, a placement agent, an initial purchaser or a principal, or of which any of the Jefferies Entities is an equity owner or creditor or with which any of the Jefferies Entities has other business relationships.

The Collateral Manager may purchase or sell Portfolio Assets from time to time through the Jefferies Entities at market prices. Any purchases of Portfolio Assets described above involving a Jefferies Entity may only be effected by the Issuer if the Collateral Manager determines that such purchases are consistent with the investment guidelines and objectives of the Issuer and the restrictions prescribed by the Indenture. In any event, all of such purchases and sales of assets will be required to be on an arm's length basis. An Affiliate of Jefferies is also providing warehouse financing to permit acquisitions of Portfolio Assets prior to the Closing Date. For further details, see "*Risk Factors—Potential Conflicts of Interest—Pre-Closing Collateral Accumulation*".

The Jefferies Entities may be actively engaged in transactions in some of the same Portfolio Assets in which the Issuer may invest. Such transactions may be different from those made on behalf of the Issuer. Subject to applicable law, a Jefferies Entity may purchase or sell the securities of, or otherwise invest in or finance or provide investment banking, advisory and other services to companies in which the Issuer has an interest or in which the Collateral Manager, its affiliates or funds or accounts managed by the Collateral Manager or its affiliates have an interest or to other accounts managed by the Collateral Manager and its affiliates. The Jefferies Entities may also have a proprietary interest in, and may manage or advise other accounts or investment funds that have investment objectives similar or dissimilar to those of the Issuer and/or which engage in transactions in, the same types of assets as the Issuer's. As a result, a Jefferies Entity may possess information relating to obligors, or Affiliates of such obligors, on or issuers of Portfolio Assets that will not be known to the Collateral Manager. None of Jefferies or any of its affiliates is under any obligation to share any investment opportunity, idea or strategy with the Collateral Manager or the Issuer. As a result, the Jefferies Entities may analyze and make decisions regarding investments that would be relevant to the Issuer and will be under no duty or obligation to share such information or analysis with the Issuer. In addition, a Jefferies Entity or any of its respective clients, may invest in debt obligations and securities that are senior to, or have interests different from or adverse to, the Portfolio Assets. None of the Jefferies Entities assume any responsibility for, or has any obligations in respect of, the Issuer, or in ensuring that any of its activities described above take into account the interests of the Issuer or any holders.

The Jefferies Entities may own positions in, and may have placed or underwritten certain of, the Portfolio Assets (or other obligations of the obligors or such obligors' Affiliates) when they were originally issued, and may have provided, or be providing, investment banking services and other services to obligors of certain Portfolio Assets. It is expected that from time to time the Collateral Manager will, subject to the limitations in the Indenture, sell Portfolio Assets through or to, Jefferies Entities. Any of the Jefferies Entities may act as placement agent and/or initial purchaser in other transactions involving the issuance of collateralized debt obligations or other investment funds with assets similar to those of the Issuer, the existence of which may have an adverse effect from time to time on the availability of eligible Portfolio Assets for purchase by the Issuer.

The Issuer also may invest in Portfolio Assets of obligors affiliated with Jefferies or in which a Jefferies Entity has an equity or participation interest. The purchase, holding and sale of such investments by the Issuer may enhance the profitability of a Jefferies Entity's own investments in such companies.

In addition, on the Closing Date, a Jefferies Entity may, but is not under any obligation, to purchase for its own account all or some of the Notes of any Class, and no assurance is given that a Jefferies Entity will do so. In addition, from time to time after the Closing Date, a Jefferies Entity may buy or sell Notes for its own account or for re-packaging purposes, or enter into transactions related or linked to all or some of the Notes. In the future, a Jefferies Entity may, but will not be required to, repurchase and resell any of the Notes in market-making transactions.

Jefferies will be paid a fee by the Issuer on the Closing Date for its services to the Issuer as an Initial Purchaser, which fee will be included among the transactional and closing expenses used to determine the amount of the net proceeds resulting from the issuance and sale of the Co-Issued Notes.

Conflicts of Interest Involving Piper Sandler & Co. and its Affiliates.

Piper Sandler & Co. will serve as an Initial Purchaser of the Co-Issued Notes and as Placement Agent of the Issuer-Only Notes and will be paid fees and commissions for such service by the Issuer from the proceeds of the issuance of the Notes. Piper Sandler & Co., its predecessors and their respective Affiliates (collectively, "**Piper Sandler & Co.**") may have had in the past and may in the future have business relationships and dealings with one or more issuers of the Portfolio Assets and their Affiliates and may own equity or debt securities issued by such issuers or their Affiliates. Piper Sandler & Co. may have provided and may in the future provide investment banking services (including capital raising services and/or financial advisory services) to any issuer of the Portfolio Assets or any of its Affiliates and may have received or may receive compensation for such services. Piper Sandler & Co. may buy securities from and sell securities to any issuer of the Portfolio Assets or any of its Affiliates for their own account or for the accounts of their customers.

Piper Sandler & Co. may, but is not obligated to, advise the Issuer, the Collateral Manager, the issuers of the Portfolio Assets or any of their respective Affiliates with respect to restructuring or working out any of their debt obligations, including, without limitation, the Portfolio Assets. Piper Sandler & Co. may from time to time hold Notes for investment, trading or other purposes. Piper Sandler & Co. is not required to own or hold any Notes and may sell any Notes held by it at any time without restriction. If Piper Sandler & Co. owns Notes, it will have no responsibility to consider the interests of any other owners of Notes in actions it takes or refrains from taking in such capacity.

Piper Sandler & Co. may, by virtue of the relationships described above or otherwise, at the date hereof or at any time hereafter, be in possession of information regarding certain of the issuers of the Portfolio Assets and their respective Affiliates that is or may be material in the context of the Notes and that is or may not be known to the general public. Piper Sandler & Co. has no obligation, and the offering of the Notes pursuant to this Offering Circular will not create any obligation on its part, to disclose to any purchaser of the Notes any such relationship or information, whether or not confidential.

Piper Sandler & Co. takes no responsibility for, and has no obligations in respect of, the Issuer and will have no obligation to monitor the performance of the Portfolio Assets or the actions of the Collateral Manager or the Issuer and will have no authority to advise the Collateral Manager or the Issuer or to direct their actions, which will be solely the responsibility of the Collateral Manager and the Issuer.

The Initial Purchasers and the Placement Agent will have no ongoing responsibility for the Portfolio Assets or the actions of the Collateral Manager or the Issuer.

The Initial Purchasers and the Placement Agent will have no obligation to monitor the performance of the Portfolio Assets or the actions of the Collateral Manager or the Issuer and will have no authority to advise the Collateral Manager or the Issuer or to direct their actions, which will be solely the responsibility of the Collateral Manager and/or the Issuer, as the case may be. In addition, the Initial Purchasers and the Placement Agent have no obligation to facilitate dialogues among investors in the Notes or the Preferred Shares. If Jefferies or Piper Sandler & Co. owns any Notes, it will have no responsibility to consider the interests of any holders of Notes in actions it takes in such capacity. While Jefferies or Piper Sandler & Co. may own any Class of Notes at any time, neither has any obligation to make any investment in any Notes and may sell at any time any Notes it does purchase.

Pre-Closing Collateral Accumulation.

An affiliate of Jefferies (the "**Warehouse Provider**") and a fund managed by the Collateral Manager (the "**First Loss Provider**"), entered into a warehousing agreement (the "**Warehouse Agreement**") with the Issuer and the Collateral Manager under which the Warehouse Provider provided financing and, during the period prior to the pricing date of the transaction, the First Loss Provider provided first loss financing to the Issuer for the "warehousing" of all or substantially all of the Initial Portfolio Assets.

These warehoused assets (the "**Warehoused Assets**") were selected by the Collateral Manager, with the expectation that either the Warehouse Provider or a warehouse counterparty (the "**Warehouse Counterparty**") that is not affiliated with, or under the control of, the Collateral Manager or the Warehouse Provider, would acquire such assets in accordance with certain contractual arrangements between the Warehouse Provider and the Warehouse Counterparty. In addition, approximately 30% of the Warehoused Assets were acquired from another CBO managed by an affiliate of the Collateral Manager in connection with an optional redemption of that CBO. The acquisitions of the Warehoused Assets have been effected according to terms prevailing in the market at the respective times of the respective acquisitions thereof, and have been financed by the Warehouse Provider and, during the pre-pricing period, the First Loss Provider.

On or prior to the Closing Date, it is expected that the Issuer will acquire all of the Warehoused Assets by applying a portion of the proceeds from the issuance of the Notes and the Preferred Shares to the acquisition of the Warehouse Assets for a purchase price generally equal to the respective purchase prices of the Warehoused Assets at the time they were added to the Warehouse Agreement (as reduced by prepayments). In addition, the Issuer will reimburse the Warehouse Provider for certain costs and expenses (such amounts, together with the amount used to acquire the Warehoused Assets, the "**Warehouse Termination Amount**"). The Warehouse Termination Amount is expected to be approximately 98% of the net proceeds of issuance of the Notes and the Preferred Shares.

It is important to note that the terms of the purchase, or commitment to settle the purchase, of each Warehoused Asset, including the purchase price paid with respect thereto, will reflect those terms that were prevailing in the market at the time of the purchase of such Warehoused Asset, and such terms may not reflect the terms prevailing in the market as of the Closing Date or any later date. In particular, as of the date of this Offering Circular, unrealized losses with respect to the Warehoused Assets are expected to be approximately 4.5% of the Effective Date Balance, and no assurances can be provided to investors in the Notes or the Preferred Shares that the purchase price paid for the Warehoused Assets will be indicative of the market value of such Warehoused Assets as of the Closing Date or any later date. Therefore, the Issuer and investors in the Notes and the Preferred Shares will be assuming the risk of a decline in the market value and credit quality of the Warehoused Assets from the date on which the Warehoused Asset was added to the portfolio until the Closing Date (and thereafter), to the extent such losses were not realized prior to the Closing Date. None of that risk will have been assumed by the Warehouse Provider, the Collateral Manager, the First Loss Provider or any other person or entity other than the Issuer and, therefore, investors in the Notes and the Preferred Shares. It is also important to note that neither the Issuer nor investors in the Notes or the Preferred Shares will be entitled to receive any payments of interest, principal or any other amounts payable or paid by the obligor of any Warehoused Asset before the Closing Date. All of such payments will have been payable or paid to, and therefore benefit, only the Warehouse Provider and/or the First Loss Provider. It is also important to note that certain indemnification obligations of the Issuer under the warehousing agreements will survive the termination of those agreements on the Closing Date.

The Rating Agency may have certain conflicts of interest.

The Rating Agency has been hired by the Issuer to provide ratings on the Notes. The Rating Agency may have a conflict of interest because the Issuer pays the fee charged by the Rating Agency for its rating services.

The Holders of Notes may have certain conflicts of interest.

Certain third parties (whether or not they become direct and/or indirect owners of Notes) that have had or may have discussions with the Collateral Manager, the Initial Purchasers or the Placement Agent regarding the Portfolio Assets may have interests adverse to those of certain holders of Notes and may take a short position (for example, by buying protection under a credit default swap) relating to any such Portfolio Assets.

Combination or "layering" of multiple risks may significantly increase risk of loss.

Although the various risks discussed in this Offering Circular are generally described separately, you should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor in the Notes may be significantly increased.