BLACKSTONE / GSO CORPORATE FUNDING DESIGNATED ACTIVITY COMPANY
(the "**Issuer**")
(incorporated under the laws of Ireland with limited liability with registered number 542626)

Listing Particulars
EUR 2,000,000,000 Profit Participating Notes due 2044

This document constitutes a listing particulars (the "**Listing Particulars**") and should be read in conjunction with the listing particulars dated 30 July 2014 prepared in connection with the issue of EUR 245,250,000 profit participating notes due 2044, the supplementary listing particulars dated 9 September 2014 prepared in connection with the issue of EUR 40,700,000 profit participating notes due 2044 and the supplementary listing particulars dated 15 May 2015 prepared in connection with the issue of EUR 29,979,526 profit participating notes due 2044 (together the "**Original Listing Particulars**").

The Original Listing Particulars are incorporated herein by reference. The Original Listing Particulars can be obtained from the website of the Irish Stock Exchange plc (http://www.ise.ie).

On 30 July 2014 the Issuer issued EUR 245,250,000 Profit Participating Notes due 2044 (the "**July 2014 Notes**"). On 9 September 2014 the Issuer issued EUR 40,700,000 Profit Participating Notes due 2044 (the "**September 2014 Notes**") which were consolidated with and formed a single series with the July 2014 Notes. On 29 April 2015 the Issuer issued EUR 29,979,526 Profit Participating Notes due 2044 (the "**April 2015 Notes**") which were consolidated with and formed a single series with the July 2014 Notes and the September 2014 Notes. The July 2014 Notes, the September 2014 Notes and the April 2015 Notes are together the "**Original Notes**". The Original Notes were constituted pursuant to a profit participating note issuing and purchase agreement dated 1 July 2014 as amended on 23 July 2014, 23 February 2015, 6 May 2015 and 20 January 2016, and as amended and restated on 3 February 2016 and 11 May 2016 between, amongst others, the Issuer, Blackstone / GSO Loan Financing (Luxembourg) S.à r.l. and Intertrust Management Ireland Limited (as "**Registrar**"), (the "**Profit Participating Note Issuing and Purchasing Agreement**"). On 26 May 2016 the Issuer redeemed certain of the Original Notes with a principal outstanding of EUR 10,121,240. The current principal outstanding of the Original Notes is EUR 305,808,286.

The Issuer will issue EUR 1,694,191,714 further profit participating notes, to be consolidated with and form a single series with the Original Notes (the "**Further Notes**" and together with the Original Notes, the "**Notes**") on 25 October 2016 (the "**Further Notes Issue Date**"). Once funded, the Further Notes will be fully fungible with the Original Notes. The Further Notes will be issued by way of an amendment and restatement of the Profit Participating Note Issuing and Purchasing Agreement (the "**Amended Profit Participating Note Issuing and Purchasing Agreement**") to be dated the Further Notes Issue Date. The terms and conditions of the Profit Participating Note Issuing and Purchasing Agreement and of the Original Notes will be amended and restated by way of the entry into by the Issuer of the Amended Profit Participating Note Issuing and Purchasing Agreement (such amended conditions being the "**Conditions**"). The Conditions are set out herein in the section entitled "*Conditions of the Notes*". The Further Notes will be issued by the Issuer in full in on the Further Notes Issue Date in a principal amount of EUR 1,694,191,714. On the Further Notes Issue Date or on any subsequent date, the Further Notes will be funded in accordance with the terms of the Amended Profit Participating Note Issuing and Purchasing Agreement and the Conditions.

Application has been made to the Irish Stock Exchange plc (the "**Irish Stock Exchange**") for the Further Notes to be admitted to the Official List and to trading on its Global Exchange Market (the "**GEM**"). Application has been made to the Irish Stock Exchange for the approval of this document as a listing particulars. There can be no assurance that the Irish Stock Exchange will in fact accept the listing of the Further Notes or that the listing, if granted, will be maintained. No application will be made at this time to list the Further Notes on any other stock exchange.

The Further Notes will be issued in definitive registered form in minimum denominations of EUR 10,000,000 plus EUR 1.00 increments in excess thereof, although the Issuer may, in its discretion allow issuances of a lesser amount (subject to the minimum initial issuance amount of EUR 100,000). The Notes will be evidenced by a definitive certificate (the "**Certificate**") and title to the Notes passes only by registration in the register of holders of the Notes.

Interest will accrue on the Notes and will be payable on the 5^{th} day of February, May, August and November in each year (the "**Payment Dates**") in an amount calculated in accordance with the Conditions.

The Notes will mature and be repayable on the next NAV Strike Date (as defined in the Conditions) following 1 June 2044 (or, in the event that no NAV Strike Date will occur between 1 June 2044 and 29 June 2044, on the immediately preceding NAV Strike Date) unless redeemed earlier pursuant to the Conditions. The Notes will be subject to optional or mandatory redemption as set out in the Conditions.

The Notes are unsecured, limited recourse obligations of the Issuer only.

AN INVESTMENT IN THE NOTES INVOLVES A HIGH DEGREE OF RISK. SEE THE SECTION ENTITLED "*RISK FACTORS*" HEREIN FOR A DISCUSSION OF CERTAIN FACTORS TO BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE NOTES.

The Original Notes have not been registered and the Further Notes will not be registered under the United States Securities Act of 1933 (as amended) and accordingly may not be offered or resold unless such offer or sale is not subject to such act, or is registered pursuant to or is exempt from registration under said act.

Any statement contained in a document incorporated or considered to be incorporated by reference into these Listing Particulars shall be considered to be modified or superseded for the purposes of these Listing Particulars to the extent that a statement contained in these Listing Particulars modifies or supersedes such statement.

These Listing Particulars do not constitute a prospectus for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") or any implementing legislation or rules relating thereto and has not been approved by a competent authority for the purposes of the Prospectus Directive.

The date of these Listing Particulars is 25 October 2016.

IMPORTANT NOTICE

THE FURTHER NOTES WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE FURTHER NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE FURTHER NOTES SHALL BE ACCEPTED BY ANY PERSON OTHER THAN THE ISSUER.

The Further Notes will be represented on issue by a Certificate, without coupons or principal receipts attached.

The distribution of these Listing Particulars and the offering of the Further Notes in certain jurisdictions may be restricted by law. No representation is made by the Issuer that these Listing Particulars may be lawfully distributed, or that the Further Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and the Issuer does not assume any responsibility for facilitating any such distribution or offering. In particular, no action has been or will be taken by the Issuer which would permit a public offering of the Further Notes or distribution of these Listing Particulars in any jurisdiction where action for that purpose is required. Accordingly, the Further Notes may not be offered or sold, directly or indirectly, and neither these Listing Particulars nor any advertisement or other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Issuer has represented that all offers and sales by it will be made on such terms. Persons into whose possession these Listing Particulars come are required by the Issuer to inform themselves about and to observe any such restrictions.

The Issuer accepts responsibility for the information contained in these Listing Particulars. To the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is authorised to give any information or to make any representation in connection with the offering or sale of the Further Notes other than the information and representations contained in these Listing Particulars and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any other person. Neither the delivery of these Listing Particulars nor any sale or allotment made in connection with the offering of the Further Notes shall, under any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer, or in the other information contained herein since the date hereof. The information contained in these Listing Particulars was obtained from the Issuer and the other sources identified herein, but no assurance can be given by the Issuer as to the accuracy or completeness of such information. Neither the Issuer nor any other person makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in these Listing Particulars. In making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and risks involved. The contents of these Listing Particulars should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Further Notes.

The Issuer is not regulated by the Central Bank of Ireland (the "**Central Bank**") as a result of issuing the Notes. Any investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank.

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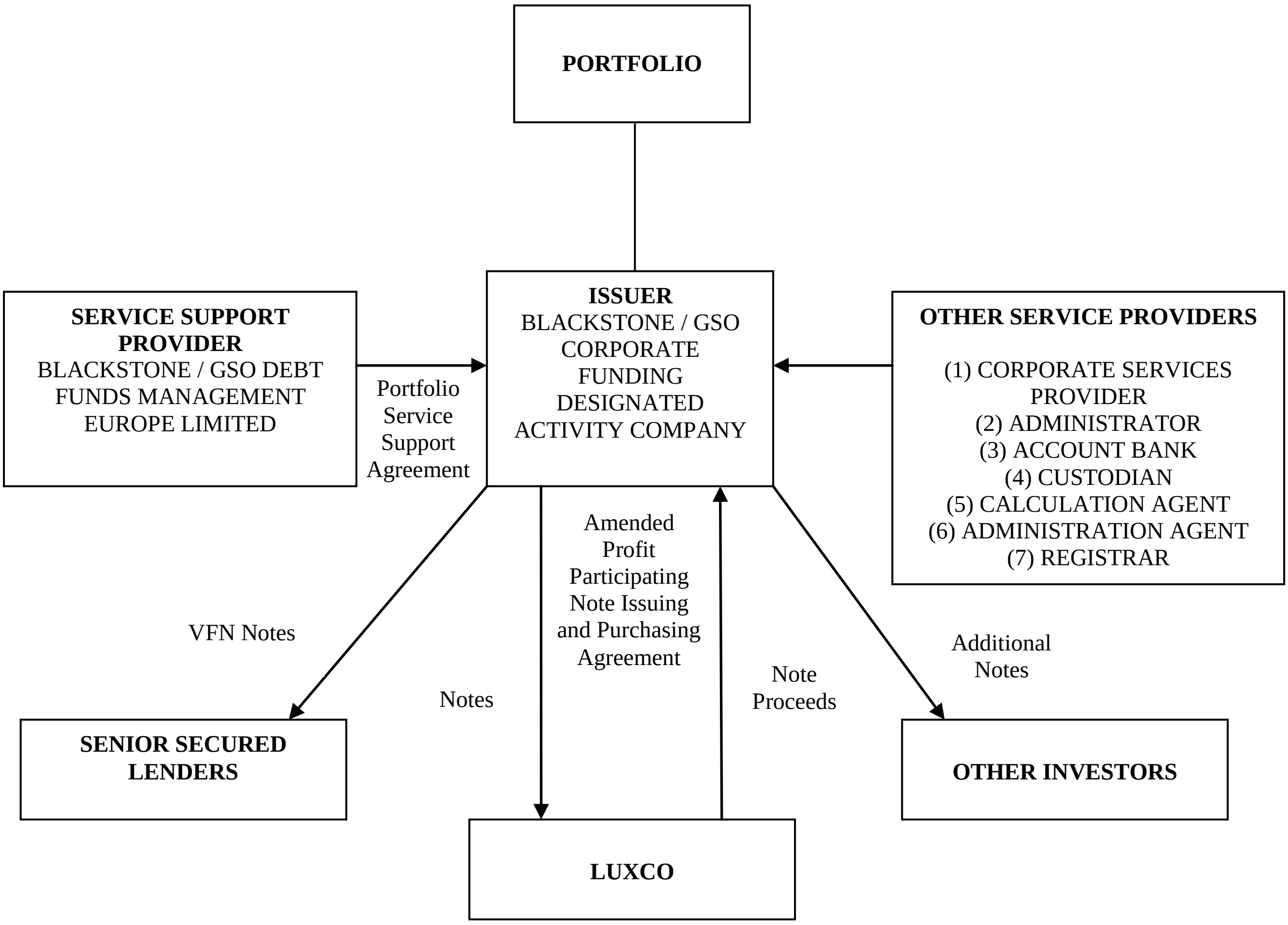

TRANSACTION SUMMARY

The following is an overview of the transaction structure and is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in these Listing Particulars.

Capitalised terms used but not defined shall have the meanings given to them in the Amended Profit Participating Note Issuing and Purchasing Agreement, the Conditions or in the other sections of these Listing Particulars, unless otherwise stated.

TRANSACTION OVERVIEW

The Issuer's investment policy (which is subject to change from time to time) is to invest predominantly in a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans) (such investments being made directly or through investments in Loan Warehouses or other Risk Retention Companies) and in CLO Securities in CLOs which it establishes (each such CLO, an "**Issuer CLO**") and to generate attractive risk-adjusted returns from such portfolios.

The Issuer will use the proceeds from the issue of the Further Notes (or similar securities) together with the proceeds from other funding or financing arrangements it has in place currently or may have in the future to invest predominantly in: (i) senior secured loans, CLO Securities and Loan Warehouses; or (ii) other Risk Retention Companies which, themselves, invest predominantly in senior secured loans, CLO Securities and Loan Warehouses. The Issuer may invest (directly or through other Risk Retention Companies) predominantly in European or U.S. senior secured loans, CLO Securities, Loan Warehouses and other assets. Investments in Loan Warehouses, which are generally expected to be subordinated to senior financing provided by third party banks ("**First Loss**"), will typically be in the form of an obligation to purchase preference shares or a subordinated loan. There is no limit on the maximum U.S. or European exposure. The Issuer is not expected to invest (directly or through other Risk Retention Companies) substantially directly in senior secured loans domiciled outside North America or Western Europe.

The Issuer may, or may invest in other Risk Retention Companies which may, periodically securitise a portion of the loans into CLOs ("**Risk Retention Company CLOs**", which such definition shall include Issuer CLOs), which may then be managed either by such Risk Retention Company itself, or by Blackstone / GSO Debt Funds Management Europe Limited ("**DFME**"), GSO / Blackstone Debt Funds Management LLC ("**DFM**") or one of their affiliates in the capacity of CLO manager (a "**CLO Manager**"). The Issuer or such Risk Retention Companies (as the case may be) will retain exposures of each Risk Retention Company CLO, which may be held as:

(a) CLO Income Notes equal to: (i) between 51 per cent. and 100 per cent. of the CLO Income Notes issued by each such Risk Retention Company CLO in the case of European CLOs; or (ii) CLO Income Notes representing at least 5 per cent. of the credit risk relating to the assets collateralising the Risk Retention Company CLO in the case of U.S. CLOs (each of (i) and (ii), referred to herein as both the "**horizontal strip**" and the "**CLO Retention Income Notes**"; or

(b) not less than 5 per cent. of the principal amount of each of the tranches of CLO Securities in each such Risk Retention Company CLO referred to herein as both the "**vertical strip**" and "**CLO Retention Securities**".

In the case of deals structured to be compliant with the U.S. Risk Retention Regulations (as defined below), the retention by the Risk Retention Companies may be structured as a combination of horizontal strip and vertical strip.

In addition in the case of the Issuer, the Issuer will be required to commit to: (a) establishing the relevant Issuer CLO, (b) selling investments to the relevant Issuer CLO which it has (i) purchased for its own account initially or (ii) itself or through related entities, directly or indirectly, been involved in the original agreement which created such obligations and (c) during the relevant Issuer CLO's reinvestment period, agreeing to sell investments to the relevant Issuer CLO from time to time so that, for so long as the securities of that Issuer CLO are outstanding, over 50 per cent. of the total securitised exposures held by the relevant Issuer CLO have come from the Issuer. Further information in this regard is set out in the section of the Listing Particulars entitled "*Retention Requirements*" below.

The principal source of finance available to the Issuer to finance the payment of interest and repayment of principal on the Notes is and will be the income deriving from and proceeds of disposal of Collateral Obligations.

In these Listing Particulars "**Risk Retention Company**" means a company or entity to which the Issuer has a direct or indirect exposure for the purpose of achieving its investment objective, which is established to, among other things, directly or indirectly, purchase, hold and/or provide funding for the purchase and retention of CLO Securities issued by U.S. CLOs or EU CLOs (which it may manage), loans and interests in Loan Warehouses and, for the avoidance of doubt, shall include the Issuer where the context so requires.

KEY TRANSACTION PARTIES

The Issuer

The Issuer was incorporated as a private limited company on 16 April 2014 under the Companies Acts 1963 to 2013 (as amended) with registration number 542626. The Issuer was converted into a designated activity company limited by shares on 29 February 2016 and operates in accordance with the Companies Act 2014 (as amended) and its constitution. The registered office and principal place of business of the Issuer is at 2nd Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland. The telephone number of the registered office of the Issuer is +353 1 416 1290 and the fax number is +353 1 416 1239.

LuxCo

Blackstone / GSO Loan Financing (Luxembourg) S.à r.l., a private limited liability company (société à responsabilité limitée) incorporated under the laws of the Grand-Duchy of Luxembourg, having its registered office at L-2520 Luxembourg, 9, Allée Scheffer, and registered with the Luxembourg register of commerce with company number B 199065 ("**LuxCo**") purchased the Original Notes from Blackstone / GSO Loan Financing Limited ("**BGLF**") on 3 February 2016. LuxCo will subscribe for the Further Notes on the Further Notes Issue Date in accordance with the terms of the Amended Profit Participating Note Issuing and Purchasing Agreement.

The Service Support Provider

Blackstone / GSO Debt Funds Management Europe Limited has been appointed to act as the service support provider to the Issuer (the "**Service Support Provider**" or DFME as the context requires) pursuant to the terms of an agreement dated 3 June 2014, as amended on 23 March 2016 and as the same may be further amended, restated or supplemented from time to time (the "**Portfolio Service Support Agreement**"). Pursuant to the terms of the Portfolio Service Support Agreement, the Service Support Provider provides certain service support, human capital and assistance in connection with the Issuer's origination and ongoing management of its portfolio of Collateral Obligations and advice on and assistance with marketing of profit participating notes issued by the Issuer.

The Registrar

Intertrust Management (Ireland) Limited has been appointed by the Issuer to act as Registrar in respect of the Original Notes pursuant to the terms of the Profit Participating Note Issuing and Purchasing Agreement. The Registrar will act as the registrar of all of the Notes under the terms of the Amended Profit Participating Note Issuing and Purchasing Agreement.

The Custodian and Account Bank

Citibank, N.A. London Branch has been appointed by the Issuer to act as custodian (the "**Custodian**") pursuant to the terms of an agreement dated 2 July 2014, as amended on 3 May 2016 and as the same may be further amended, restated or supplemented from time to time (the "**Custody Agreement**"), and to act as account bank (the "**Account Bank**") pursuant to the terms of an agreement dated 2 July 2014 (as amended, the "**Account Bank Agreement**"). Pursuant to the terms of these agreements, the Custodian acts as custodian of certain of the Issuer's investments and other assets and the Account Bank maintains certain bank accounts on behalf of the Issuer.

The Corporate Services Provider

Intertrust Management (Ireland) Limited has been appointed by the Issuer to act as corporate services provider (the "**Corporate Services Provider**") to the Issuer pursuant to the terms of an agreement dated 15 May 2014 (as the same may be amended, restated or supplemented from time to time), (the "**Corporate Services Agreement**"). Pursuant to the terms of the Corporate Services Agreement, the

Corporate Services Provider performs various management functions on behalf of the Issuer, including the provision of certain clerical, reporting, administrative and other services.

The Administrator and the Calculation Agent

VP Fund Services, LLC has been appointed by the Issuer to act as administrator (the "**Administrator**") and calculation agent (the "**Calculation Agent**", and together with the Administrator, the "**Agent**") to the Issuer pursuant to the terms of an agreement dated 10 February 2016 as amended and restated on 13 October 2016 and as the same may be further amended, restated or supplemented from time to time (the "**Fund Administration Agreement**"). Pursuant to the terms of the Fund Administration Agreement, the Agent provides the Issuer with certain valuation, financial reporting, fund accounting services and calculation agency services as outlined therein.

THE NOTES

Amount of the Further Notes

The Further Notes will be issued by the Issuer in full in on the Further Notes Issue Date in a principal amount of EUR 1,694,191,714. On the Further Notes Issue Date or on any subsequent date, the Further Notes will be funded in accordance with the terms of the Amended Profit Participating Note Issuing and Purchasing Agreement and the Conditions. LuxCo will subscribe for all of the Further Notes on the Further Notes Issue Date.

Status of the Notes

The Notes will constitute unsecured, limited recourse obligations of the Issuer and will rank *pari passu* at the point of payment of interest and repayment of principal with any other profit participating notes that may be issued by the Issuer from time to time. The Further Notes will be issued in definitive registered format and will not have a credit rating from any rating agency. The Further Notes will be consolidated with, form a single series with and be fully fungible with the Original Notes.

Interest on the Notes

Interest is computed as being the difference between the accumulated net accounting profits of the Issuer (as determined in accordance with IFRS), before the calculation of the interest arising under the PPNs, having properly accrued for any Irish corporation tax expense of the company (as computed under Irish tax principles applicable to the Issuer in relation to the Interest Period in question) and EUR 300 (with such annual profit of the Issuer being EUR 1,200), divided by the principal amount outstanding of the PPNs in issue and multiplied by the outstanding principal amount of each Note.

From the first Issue Date and until the Notes are redeemed in full in accordance with the Conditions, the Notes shall bear interest on a pro rata basis by reference to the principal amount outstanding under each Note in accordance with Condition 5 (*Interest Computation*).

Term of the Notes

Subject to the limited recourse and non-petition provisions of the Profit Participating Note Issuing and Purchasing Agreement, Condition 4 (*Status of the LuxCo PPNs*), any Early Redemption Date or any redemption pursuant to Condition 8 (*Redemption*), the Notes shall be finally repayable on the Maturity Date at their Redemption Price plus any accrued but unpaid interest.

Redemption of the Notes

Redemption at Maturity

Unless previously redeemed, the Issuer will redeem the Notes from Available Funds (for the avoidance of doubt on a *pari passu* basis with the other PPNs) in their entirety at their Redemption Price plus any accrued but unpaid interest on the Maturity Date in accordance with Condition 6 (*Payments*).

Optional Redemption by the Issuer

Subject to Condition 8.7 (*Redemption Condition*) and the consent of LuxCo (provided that the consent of LuxCo shall not be required in the case of redemptions effected to indirectly fund any share buybacks by BGLF), the Issuer shall, following consultation with the Service Support Provider, have the right to redeem some or all of the Notes from Available Funds (for the avoidance of doubt on a *pari passu* basis with the other PPNs) in whole or in part at their Redemption Price plus any accrued but unpaid interest in accordance with Condition 6 (*Payments*) on the next NAV Strike Date following (i) any Payment Date or (ii) any Business Day designated by the Issuer on 2 Business Days prior notice to the parties to the Amended Profit Participating Note Issuing and Purchasing Agreement and the holders of the Notes.

Optional Redemption by LuxCo

Subject to Condition 8.7 (*Redemption Condition*), LuxCo may, following consultation with the Issuer, have the right to redeem some or all of its Notes from Available Funds (for the avoidance of doubt on a *pari passu* basis with the other PPNs) at their Redemption Price plus any accrued but unpaid interest on the next NAV Strike Date following (i) any Payment Date or (ii) any Business Day designated by LuxCo and the Issuer on 2 Business Days prior notice to the parties to the Amended Profit Participating Note Issuing and Purchasing Agreement and the holders of the Notes, in order to:

(a) fund any buybacks/redemptions of cash settlement warrants (or other similar securities) by LuxCo; or

(b) cover any hedging costs and on-going payments payable by LuxCo.

First Optional Redemption by the Noteholders

Subject to the requirements of Condition 8.4 (*First Optional Redemption by the Noteholders*) and Condition 8.7 (*Redemption Condition*), the Notes shall be redeemed by the Issuer in whole (or, subject to the Issuer's written consent, in part) at their Redemption Price plus any accrued but unpaid interest from Available Funds at the request in writing of holders who have funded PPNs in a cash amount (in the aggregate) of at least EUR 116,000,000 in accordance with the procedures described below.

Each Noteholder (as applicable to Condition 8.4 (*First Optional Redemption by the Noteholders*) only, a "**Redeeming Noteholder**") shall be entitled on any Redemption Exercise Date to request that its Notes are redeemed pursuant to Condition 8.4 (*First Optional Redemption by the Noteholders*) by serving written notice on the Issuer, the Administrator and the Calculation Agent (a "**Redemption Request**"). The optional redemption right in Condition 8.4 (*First Optional Redemption by the Noteholders*) (and the equivalent right to Condition 8.4 (*First Optional Redemption by the Noteholders*) under the other PPNs) will be able to be exercised once only across all PPNs.

The Issuer shall, upon receipt of Redemption Requests on a single Redemption Exercise Date from holders who have funded PPNs in a cash amount (in the aggregate) of at least EUR 116,000,000 (including equivalent Redemption Requests provided in relation to the equivalent provision to Condition 8.4 (*First Optional Redemption by the Noteholders*) under the other PPNs), procure that notice of such requests shall be given to all other holders of the PPNs in accordance with Condition 13 (*Notices*) (or the equivalent provision to Condition 13 (*Notices*) under the other PPNs) and also informing them that they have the right by serving at least 10 days written notice on the Issuer, the Administrator and the Calculation Agent, to also have their PPNs redeemed in whole (or, subject to the Issuer's written consent, in part) at their Redemption Price plus any accrued but unpaid interest from Available Funds (the period expiring 10 days from the service of the notice on the Noteholders being, as applicable to Condition 8.4 (*First Optional Redemption by the Noteholders*) only, the "**Notice Period**").

If on the relevant Redemption Exercise Date the Issuer receives Redemption Requests in respect of PPNs with a funded amount (in the aggregate) of less than EUR 116,000,000 (including equivalent Redemption Requests provided in relation to the equivalent provision to Condition 8.4 (*First Optional Redemption by the Noteholders*) under the other PPNs), the Issuer shall inform the Redeeming Noteholder(s) that the Redemption Requests have been unsuccessful in accordance with Condition 13 (*Notices*) (or the equivalent provision to Condition 13 (*Notices*) under the other PPNs). The Issuer shall not be obliged to notify any other holders of PPNs of such a fact.

If on the relevant Redemption Exercise Date the Issuer receives Redemption Requests in respect of PPNs with a funded amount (in the aggregate) in excess of EUR 116,000,000 (including equivalent Redemption Requests provided in relation to the equivalent provision to Condition 8.4 (*First Optional Redemption by the Noteholders*) under the other PPNs) and any holders who have requested a redemption during the relevant Notice Period), the aggregate principal amount of PPNs outstanding that will be redeemed for each redeeming noteholder will be reduced *pro rata* in proportion to the applicable funded amounts provided by such redeeming noteholder as compared with the aggregate funded amounts provided by all the redeeming noteholders (including redeeming noteholders which have requested a redemption under the equivalent provision under the other PPNs) so that the funded amount (in the aggregate) of the requested redemption is EUR 116,000,000 in total (a "**Rebalancing**").

On the next NAV Strike Date following the expiry of the Notice Period the relevant Redemption Price will be determined by the Calculation Agent and notified by the Calculation Agent to the Issuer and the Issuer shall, subject to Condition 8.7 (*Redemption Condition*), use reasonable endeavours to liquidate each redeeming noteholders' *pro rata* portion of the Portfolio (such portion to be determined by the Calculation Agent (in consultation with the Service Support Provider) and to be subject to a Rebalancing) within 90 Business Days in order to redeem the redeeming noteholder's relevant Notes (such amount having been converted into EUR if necessary and, for the avoidance of doubt, on a *pari passu* basis with the other PPNs) (the "**Pro-Rata Portion**"). To the extent that the Issuer is unable to liquidate the Collateral Obligations in the Pro-Rata Portion in full, other Collateral Obligations in the Portfolio (or part thereof) which are capable of liquidation shall be liquidated by the Issuer, if possible on a *pro rata* basis across the remaining portfolio or otherwise at the discretion of the Issuer. For the avoidance of doubt, to the extent that the Issuer is unable to liquidate the Collateral Obligations in the relevant redeeming noteholder's Pro-Rata Portion and other Collateral Obligations in the Portfolio which are capable of liquidation are instead liquidated, the Pro-Rata Portion due to such redeeming noteholder shall be deemed to be reduced by the aggregate principal amount of the Collateral Obligations (or parts thereof) which have been so liquidated and the redeeming noteholder shall only receive the benefit of the liquidation proceeds from such liquidated Collateral Obligations (or parts thereof).

The Issuer shall open two new accounts with the Account Bank (in respect of interest and principal proceeds) to receive the proceeds of the liquidation of Collateral Obligations described in Condition 8.4 (*First Optional Redemption by the Noteholders*) (as applicable to Condition 8.4 (*First Optional Redemption by the Noteholders*) only, the "**Redemption Accounts**").

When proceeds are available in the relevant Redemption Accounts, they will be used to redeem some or all of the redeeming noteholder's Notes on each Payment Date at their relevant Redemption Price in accordance with Condition 6 (*Payments*), having been converted into EUR if necessary.

All redemptions under Condition 8.4 (*First Optional Redemption by the Noteholders*) shall be subject to the penalties set-out below.

The liquidation proceeds which are available to redeem the relevant redeeming noteholder's Notes shall be reduced by the following amounts:

(a) to the extent that the liquidated Collateral Obligations form part of the Pro-Rata Portion, an amount equal to 10 per cent. of the principal amount of the Collateral Obligations which are liquidated; and

(b) to the extent that it is necessary to liquidate other Collateral Obligations in the Portfolio which are capable of liquidation in accordance with the applicable Regulatory Requirements (as applicable):

- **(i)** in relation to Collateral Obligations which are CLO Income Notes or CLO Securities that are not required to be held on a continuing basis in connection with the Issuer's compliance with the Regulatory Requirements, the difference between the realised value of such assets and the mid-market value of such assets as calculated by Thomson Reuters; and

(ii) in relation to all other types of Collateral Obligation, an amount equal to the difference between the par value of the relevant Collateral Obligation(s) and the price at which they are sold by the Issuer,

subject in all cases to a penalty floor of 10 per cent. of the principal amount of the relevant Collateral Obligation.

Once the relevant redeeming noteholder's Pro-Rata Portion (which may consist of other Collateral Obligations sold from the Portfolio in accordance with Condition 8.4 (*First Optional Redemption by the Noteholders*)) has been exhausted or liquidated, the redeeming noteholder shall have no further claim against the Issuer in respect of the redeeming noteholder's Notes which were the subject of the Redemption Request, any further payment obligations in respect of such Notes shall be extinguished and the relevant Notes shall be cancelled. For the avoidance of doubt, the redeeming noteholder shall be liable for its relevant portion of the Costs and Expenses of the Issuer until such time as the redemption pursuant to Condition 8.4 (*First Optional Redemption by the Noteholders*) has been completed.

Second Optional Redemption by the Noteholders

Subject to Condition 8.7 (*Redemption Condition*) and to the expiry of the applicable Notice Period (as defined below), on the first Business Day following 5 years from the date that any Notes are funded (such 5 year period to commence from the date that such Notes are funded by an advance in accordance with Condition 3 (*Transfers of LuxCo PPNs, Issue of Certificates and Recording of Funding Amounts*)) (the "**Initial Lock-Up Period**" and the Notes in respect of which the Initial Lock-Up Period has expired being the "**Eligible LuxCo PPNs**") or, following the expiry of the relevant Initial Lock-Up Period, on the first Business Day following the expiry of each 5 year period from 1 July 2014 (each a "**Further Lock-Up Period**"), a Noteholder (as applicable to Condition 0 (*Second Optional Redemption by the Noteholders*) only, the "**Redeeming Noteholder**") shall be entitled to redeem the Eligible LuxCo PPNs held by it in whole or in part at their Redemption Price plus any accrued but unpaid interest from Available Funds by serving at least 90 days written notice prior to the expiry of the Initial Lock-Up Period or Further Lock-Up Period (as applicable) (as applicable to Condition 0 (*Second Optional Redemption by the Noteholders*) only, the "**Notice Period**") on each of the parties to the Amended Profit Participating Note Issuing and Purchasing Agreement (including all holders of the Notes); *provided that*, unless otherwise waived or reduced at the discretion of the Issuer, the minimum redemption request per Redeeming Noteholder must be equal to the greater of: (i) such number of Eligible LuxCo PPNs as have a NAV, as of the NAV Strike Date immediately preceding the date of the relevant redemption notice, of EUR 10,000,000 (or its non-euro equivalent); and (ii) 50 per cent. of the Eligible LuxCo PPNs held by such Redeeming Noteholder at the date of the expiry of the relevant Initial Lock-Up Period or Further Lock-Up Period (as applicable). To the extent that a Redeeming Noteholder redeems only part of the Eligible LuxCo PPNs held by it on the first Business Day following an Initial Lock-Up Period or a Further Lock-Up Period (as applicable), it may redeem the remaining Eligible LuxCo PPNs in one or more tranches, at its discretion, on the first Business Day following any subsequent Further Lock-Up Period. For the avoidance of doubt, no redemption of Notes may be effected under Condition 0 (*Second Optional Redemption by the Noteholders*) until the Initial Lock-Up Period has expired in relation to such Notes.

On the next NAV Strike Date following the expiry of the Initial Lock-Up Period or Further Lock-Up Period (as applicable) (on which the relevant Redemption Price will be determined), the Issuer shall book/ledger segregate Collateral Obligations on a *pro rata* basis from the rest of its Collateral Obligations, in a proportion equal to the fair value of the Eligible LuxCo PPNs to be redeemed as compared with all the funded PPNs at such time (the "**Ledger Pool**").

The Issuer shall open two new accounts with the Account Bank (in respect of interest and principal proceeds) to receive proceeds from the Ledger Pool when the Collateral Obligations in the Ledger Pool are sold or redeemed (as applicable) in part or in full (as applicable to Condition 0 (*Second Optional Redemption by the Noteholders*) only, the "**Redemption Accounts**").

When proceeds are available in the relevant Redemption Accounts, they will be used to redeem some or all of the Redeeming Noteholder's Eligible LuxCo PPNs at their relevant Redemption Price in accordance with Condition 6 (*Payments*), having been converted into EUR if necessary. The availability of proceeds for the redemption (such available proceeds being amounts available after any related leverage has been paid down) will be subject to (a) the redemption (early or scheduled) in part or full of the applicable portion of Collateral Obligations which are CLO Securities (including CLO Income Notes) held by the Issuer, the U.S. MOA or another Risk Retention Company for the purposes of compliance with the Retention Requirements and (b) the sale or redemption in part or full of the applicable portion of other Collateral Obligations at the Issuer's sole discretion (as applicable). For the avoidance of doubt, the Redeeming Noteholder shall be liable for its relevant portion of the Costs and Expenses of the Issuer until such time as the applicable Ledger Pool has been exhausted, such amounts being paid out of the relevant Redemption Account.

Once the Ledger Pool is exhausted, the Redeeming Noteholder shall have no further claim against the Issuer in respect of the relevant Eligible LuxCo PPNs, any further payment obligations in respect of such Eligible LuxCo PPNs shall be extinguished and the relevant Eligible LuxCo PPNs shall be cancelled.

Redemption for Taxation Reasons

If the Issuer is (or would be, were a payment to be required to be made) required to withhold or deduct for or on account of any taxes (as defined in Condition 9 (*Taxation*)), then the Issuer may, and shall, if so requested by all of the Noteholders, redeem the Notes (for the avoidance of doubt on a *pari passu* basis with the other PPNs) in whole but not in part from Available Funds on the next following NAV Strike Date at their Redemption Price plus any accrued but unpaid interest in accordance with Condition 6 (*Payments*).

In order to effect such redemption, the Issuer may, subject to Condition 8.7 (*Redemption Condition*) below and any security interest in the Portfolio, liquidate the Portfolio and the Notes will be redeemed (for the avoidance of doubt on a *pari passu* basis with the other PPNs) as outlined above and pursuant to Condition 6 (*Payments*).

Redemption Condition

All payments related to redemptions pursuant to Condition 8.1 (*Redemption at Maturity*) to Condition 8.6 (*Redemption for Taxation Reasons*) (inclusive) shall be subject to the Regulatory Requirements, the Senior Debt Restrictive Covenants and the availability of Available Funds.

Cancellations

All Notes which are redeemed in full by or on behalf of the Issuer will forthwith be cancelled.

Register

Upon any redemption or cancellation being affected pursuant to Condition 8 (*Redemption*), the Registrar shall update the Register by making the appropriate annotations to record such redemption or cancellation. Such records shall, absent manifest error, be conclusive evidence of such redemption/cancellation.

Payments

Payment of Costs and Expenses

The Issuer shall, subject to satisfaction of the Senior Debt Restrictive Covenants and at all times the Regulatory Requirements, on each Payment Date pay or cause to be paid the Costs and Expenses.

Payment of Interest and Principal

The Issuer shall, subject to Condition 11 (*Events of Default*), satisfaction of the Senior Debt Restrictive Covenants and at all times the Regulatory Requirements, on each Payment Date or a Redemption Date (as applicable) pay or cause the Available Funds and, on a Redemption Date where the Notes are being redeemed in full, any amounts standing to the credit of the Origination Reserve Accounts to be paid, in arrears, in or towards payment of:

(a) the interest due and payable on the PPNs on a *pari passu* and a *pro rata* basis by reference to the principal amount outstanding under each PPN; and

(b) the principal amounts due and payable on the PPNs on a *pari passu* and a *pro rata* basis by reference to the principal amount outstanding under each PPN,

each as calculated by the Calculation Agent.

Paid Interest

Cash in respect of interest accrued or to be accrued for each Interest Period will be paid on the Notes, in accordance with Condition 6.2 (*Payment of Interest and Principal*), provided that such cash amount in respect of interest may, in the discretion of the Issuer, be an amount which is less than, equal to or greater than the interest amount computed pursuant to Condition 5 (*Interest Computation*)

Limited Recourse

Notwithstanding any of the Conditions, each of the Noteholders will agree that if the net proceeds from a liquidation of the Collateral Obligations available to unsecured creditors of the Issuer (the "**Liquidation Funds**") are less than the aggregate amount payable by the Issuer in respect of its obligations to its unsecured creditors, including to the Noteholders and the other parties to the Amended Profit Participating Note Issuing and Purchasing Agreement (such negative amount being referred to herein as a "**shortfall**"), the amount payable by the Issuer to the Noteholders and the other parties to the Amended Profit Participating Note Issuing and Purchasing Agreement in respect of the Issuer's obligations under the Notes will be reduced to such amount of the Liquidation Funds which is available in accordance with the Regulatory Requirements and the Senior Debt Restrictive Covenants to satisfy such payment obligation upon the distribution of the Liquidation Funds among all of the Issuer's unsecured creditors on a *pari passu* and *pro rata* basis, and shall be applied for the benefit of the Noteholders and the other parties to the Amended Profit Participating Note Issuing and Purchasing Agreement in accordance with Condition 6 (*Payments*). In such circumstances the other assets of the Issuer will not be available for the payment of such shortfall, and the rights of the Noteholders and the other parties to the Amended Profit Participating Note Issuing and Purchasing Agreement to receive any further amounts in respect of such obligations shall be extinguished and the Noteholders and the other parties to the Amended Profit Participating Note Issuing and Purchasing Agreement may not take any further action to recover such amounts.

Non-Petition

The Noteholders shall not be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, examinership, reorganisation, arrangement, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligation of the Issuer under the Conditions, save for lodging a claim in the liquidation of the Issuer which is initiated by another non- affiliated party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer in relation thereto.

Each of the Noteholders will agree that no recourse under any obligation, covenant, or agreement of the Issuer contained in the Amended Profit Participating Note Issuing and Purchasing Agreement may be sought by it against any human capital, secondee, shareholder, officer, agent, employee or director of the Issuer, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise, it being expressly agreed and understood that the obligations of the Issuer under the terms of the Notes and the Amended Profit Participating Note Issuing and Purchasing Agreement are corporate obligations of the Issuer. Each of the Noteholders will agree that no personal liability shall attach to or be incurred by the human capital, secondees, shareholders, officers, agents, employees or directors of the Issuer, or any of them, under or by reason of any of the obligations, covenants or agreements of the Issuer contained in the Conditions, or implied therefrom, and any and all personal liability of every such human capital, secondee, shareholder, officer, agent, employee or director for breaches by the Issuer of any such obligations, covenants or agreements, either at law or by statute or constitution will be deemed expressly waived by the parties to the Amended Profit Participating Note Issuing and Purchasing Agreement.

Listing

Application has been made to the Irish Stock Exchange for the Further Notes to be admitted to the Official List and to trading on the GEM.

Governing Law

The Notes will be governed by English law.

USE OF PROCEEDS

The proceeds from the issue of the Further Notes (together with certain other resources available to the Issuer) will be used, *inter alia*, to credit the Origination Reserve Cash Account with the Origination Reserve Required Amount, to fund the purchase by the Issuer of Collateral Obligations and to make payments in accordance with the terms of the Amended Profit Participating Note Issuing and Purchasing Agreement and the Conditions.

PAYMENTS ON THE NOTES

Payments on the Notes can only be made from Available Funds. Available Funds are amounts received by the Issuer in respect of assets acquired by the Issuer in accordance with its investment policy (subject to the Regulatory Requirements and the Senior Debt Restrictive Covenants), less certain Costs and Expenses of the Issuer. Such Costs and Expenses include all tax liabilities of the Issuer, all fees costs and expenses of the Issuer (including but not limited to legal fees and expenses, any other amounts owed to the Service Support Provider, the Registrar, the Calculation Agent, the Administrator and the Account Bank, including by way of indemnity and any amounts owing to the Irish Stock Exchange), certain hedging liabilities of the issuer and an amount to be reserved as the quarterly profit amount of the Issuer. Once the Issuer's Available Funds have been calculated, the amount will be applied towards any interest due and payable on the PPNs on a *pari passu* and a *pro rata* basis by reference to the principal amount outstanding under each PPN and towards the principal amounts due and payable on the PPNs on a *pari passu* and a *pro rata* basis by reference to the principal amount outstanding under each PPN. Amounts standing to the credit of the Origination Reserve Accounts will also be applied to pay interest and principal on any Redemption Date where Notes are being redeemed in full. All payments on the Notes are subject to the Regulatory Requirements, the Senior Debt Restrictive Covenants and the payment of any secured and/or senior obligations of the Issuer.

Accordingly, the Issuer will make quarterly payments on the Notes as follows:

1. firstly in satisfaction (without any priority between them) of:

   1.1 all tax liabilities owed or expected to be owed by the Issuer;

   1.2 all fees, costs and expenses of the Issuer (including, but not limited to, fees, costs, expenses (including legal fees and expenses) and any other amounts owed to the Service Support Provider, the Registrar, the Calculation Agent, the Administrator and the Account Bank, including by way of indemnity);

   1.3 all Hedging Liabilities;

   1.4 EUR 300 which will be retained by the Issuer as its profit (with such annual profit of the Issuer being EUR 1,200); and

2. secondly towards (without any priority between them):

   2.1 the interest due and payable on the PPNs on a *pari passu* and a *pro rata* basis by reference to the principal amount outstanding under each PPN; and

   2.2 the principal amounts due and payable on the PPNs on a *pari passu* and a *pro rata* basis by reference to the principal amount outstanding under each PPN.

SOURCE OF FUNDS FOR PAYMENTS ON THE NOTES

The principal source of finance available to the Issuer to finance the payment of interest and repayment of principal on the Notes is and will be the income deriving from and proceeds of disposal of the Collateral Obligations.

THE INVESTMENT OBJECTIVE

The Issuer's investment objective, which is subject to change from time to time, is to invest predominantly in a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans) (such investments being made directly or through investments in Loan Warehouses or other Risk Retention Companies) and in CLO Securities and to generate attractive risk-adjusted returns from such portfolios.

The Issuer will use the proceeds from the issue of the Further Notes (or similar securities) together with the proceeds from other funding or financing arrangements it has in place currently or may have in the future to invest predominantly in: (i) senior secured loans, CLO Securities and Loan Warehouses; or (ii) other Risk Retention Companies which, themselves, invest predominantly in senior secured loans, CLO Securities and Loan Warehouses. The Issuer may invest (directly or through other Risk Retention Companies) predominantly in European or U.S. senior secured loans, CLO Securities, Loan Warehouses and other assets. Investments in Loan Warehouses, which are generally expected to be subordinated to senior financing provided by third party banks will typically be in the form of an obligation to purchase preference shares or a subordinated loan.

There is no limit on the maximum U.S. or European exposure. The Issuer does not intend to invest (directly or through other Risk Retention Companies) substantially directly in senior secured loans domiciled outside North America or Western Europe.

Please see further the section below entitled "*Investment Policy*" for further information in this regard.

RISK FACTORS

The following is a summary of the principal risks associated with an investment in the Further Notes. These risk factors are material to an investment in the Further Notes and in the Issuer. Prospective Noteholders should carefully read and consider all the information contained in these Listing Particulars, including the risk factors set out in this section, prior to making any investment decision.

Investment in the Further Notes should be regarded as long-term in nature and involving a high degree of risk. Accordingly, prospective investors should consider carefully all of the information set out in these Listing Particulars including, in particular, the risks described below which are not presented in any order of priority and may not be an exhaustive list or explanation of all the risks which investors may face when making an investment in the Further Notes and should be used as guidance only.

Only those risks which are believed to be material and currently known to the Issuer in relation to itself and its industry as at the date of these Listing Particulars have been disclosed. Additional risks and uncertainties not currently known to the Issuer may also have an adverse effect on the business, results of operations, financial conditions and prospects of the Issuer and the market price of the Notes. Potential investors should review these Listing Particulars carefully and in its entirety and consult with their professional advisers before making an application to invest in the Further Notes.

RISKS RELATING TO THE ISSUER

1. **The Issuer has a limited operating history and investors have a limited basis on which to evaluate the Issuer's ability to achieve its investment objective**

   The Issuer has a limited operating history. Accordingly, there are limited historical financial statements or other meaningful operating or financial data with which to evaluate the Issuer and its performance.

   An investment in the Issuer is therefore subject to the risks and uncertainties associated with a relatively new business, including the risk that the Issuer will not achieve its investment objective and that the value of an investment in the Issuer could decline substantially as a consequence. Any failure by the Issuer to do so may adversely affect its business, financial condition, results of operations, NAV and/or the market price of the Notes.

   The Issuer's returns and operating cash flows will depend on many factors, including the price and performance of the investments, the availability and liquidity of investment opportunities falling within the Issuer's investment objective and policy, the level and volatility of interest rates, readily accessible short-term borrowings, the conditions in the financial markets and economy, the financial performance of obligors under the investments and the Issuer's ability successfully to operate its business and execute its investment strategy. There can be no assurance that the Issuer's investment strategy will be successful. Past performance of the Issuer should not be taken to be a guide to its future performance.

   Investment in the Further Notes will be a speculative investment of a long-term nature and involving a high degree of risk. A Noteholder could lose all or a substantial portion of their investment in the Notes. Noteholders must have the financial ability, sophistication, experience and willingness to bear the risks of an investment in the Further Notes.

2. **Material changes affecting global debt and equity capital markets may have a negative effect on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes**

The global financial markets have experienced extreme volatility and disruption in recent years, as evidenced by a lack of liquidity in the equity and debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the credit market and the failure of major financial institutions. Despite actions of governmental authorities, these events contributed to general economic conditions that have materially and adversely affected the broader financial and credit markets and reduced, and in certain circumstances, significantly reduced, the availability of debt and equity capital.

Further, within the banking sector, the default of any institution could lead to defaults by other institutions. Concerns about, or default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, because the commercial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect other third parties with whom the Risk Retention Companies deal. The Risk Retention Companies (including the Issuer) may therefore be exposed to systemic risk when they deal with various third parties whose creditworthiness may be exposed to such systemic risk.

Recurring market deterioration may materially adversely affect the ability of an issuer whose debt obligations form part of the portfolio to service its debts or refinance its outstanding debt. Further, such financial market disruptions may have a negative effect on the valuations of the investments (and, by extension, on the NAV and/or the market price of the Notes) and on the potential for liquidity events involving such investments. In the future, non-performing assets in the Issuer's portfolio or in the portfolios of other entities in which the Issuer invests may cause the value of that portfolio to decrease (and, by extension, the NAV and/or the market price of the Notes to decrease). Adverse economic conditions may also decrease the value of any security obtained in relation to any of the investments.

Conversely, in the event of sustained market improvement, the Risk Retention Companies may have access to a reduced number of attractive potential investment opportunities, which also may result in limited returns to Noteholders.

Significant risks for CLO transactions (and therefore for investors in such transactions such as the Risk Retention Companies) exist as a result of the current economic conditions. These risks include, among other things: (i) the likelihood that a CLO issuer will find it more difficult to sell any of its assets or to purchase new assets in the secondary market; (ii) the possibility that, on or after the date on which a CLO is issued, the price at which assets can be sold by the relevant CLO issuer will have deteriorated from their effective purchase price; and (iii) the illiquidity of the notes issued by a CLO issuer. These risks may affect investors returns on the securities issued by a Risk Retention Company CLO and/or the ability of investors to realise their investment in the securities prior to their maturity date. In addition, the primary market for a number of financial products including leveraged loans has not fully recovered from the effects of the global credit crisis. As well as reducing opportunities for a CLO issuer to purchase assets in the primary market, this is likely to increase the refinancing risk in respect of maturing assets. Although there have recently been signs that the primary market for certain financial products is recovering, particularly in the United States, the impact of the economic crisis on the primary market may adversely affect the flexibility of the relevant CLO manager to invest and, ultimately, reduce the returns on CLO Securities issued to investors.

Difficult macro-economic conditions may adversely affect the rating, performance and the realisation value of the collateral of a CLO. Default rates on loans and other investments may continue to fluctuate and accordingly the performance of many CLO transactions and other types of investment vehicles or transactions may suffer as a result. It is also possible that the collateral of a CLO will experience higher default rates than anticipated and that performance will suffer.

Many financial institutions, including banks, continue to suffer from capitalisation issues. The bankruptcy or insolvency of a major financial institution may have an adverse effect on a CLO issuer, particularly if such financial institution is a grantor of a participation in an asset or is a hedge counterparty, or a counterparty to a buy or sell trade that has not settled with respect to an asset. The bankruptcy or insolvency of another financial institution may result in the disruption of payments to the CLO issuer. In addition, the bankruptcy or insolvency of one or more additional financial institutions may trigger additional crises in the global credit markets and overall economy which could have a significant adverse effect on Risk Retention Company CLOs, the collateral of the Risk Retention Company CLOs and the CLO Securities.

It is likely that one of the effects of the global credit crisis and the failure of financial institutions would be an introduction of more restrictive regulatory initiatives including the implementation of further accounting and capital adequacy rules in addition to further regulation of derivative or securitised instruments. Such additional rules and regulations could, among other things, adversely affect the holders of CLO Securities as well as the flexibility of CLO managers in managing and administering the collateral of CLOs.

While it is possible that current conditions may improve for certain sectors of the global economy, there can be no assurance that CLO, leveraged finance or structured finance markets will recover at the same time or to the same degree as such other recovering sectors

3. **UK Referendum on Membership of the European Union**

On 23 June 2016 the UK held a referendum to decide on the UK's membership of the European Union. The UK vote was to leave the European Union. There are a number of uncertainties in connection with the future of the UK and its relationship with the European Union. The negotiation of the UK's exit terms is likely to take a number of years. Until the terms and timing of the UK's exit from the European Union are clearer, it is not possible to determine the impact that the referendum, the UK's departure from the European Union and/or any related matters may have on the business of the Issuer. As such, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value of the Notes in the secondary market.

4. **A Risk Retention Company's failure to comply with its contractual obligations to manage its assets in accordance with its investment policy could have adverse tax and other consequences**

Pursuant to the Amended Profit Participating Note Issuing and Purchasing Agreement, the Issuer will be contractually obliged to ensure that its portfolio is managed in accordance with its investment policy. In the event that the Issuer fails to comply with this contractual obligation, the Noteholders will be able to, subject to and in accordance with the terms of the Amended Profit Participating Note Issuing and Purchasing Agreement, elect to give written notice to the Issuer that the Notes are, and such Notes shall immediately become, due and repayable at their Redemption Price plus any accrued but unpaid interest thereon (subject to any applicable legal, contractual and regulatory restrictions). There is no guarantee that the applicable legal, contractual and regulatory restrictions would permit the Issuer immediately to repay the Notes on the Noteholders making such an election, and if it does, this could also have significant adverse consequences from a tax perspective both at the time of the repayment of the Notes and on an ongoing basis until another tax efficient vehicle could be introduced into the structure to own the portfolio. If the Noteholders were to elect for some or all of the Notes to be repaid, the Issuer's failure to fully comply with its contractual obligations to do so or the Issuer being restricted from doing so by law, regulation or contract could have a significant adverse effect on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

Similarly, the failure of other Risk Retention Companies (in which the Issuer invests) to comply with their contractual obligations could have similarly adverse effects on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

5. **The Risk Retention Companies are and will be to some extent reliant on DFME, DFM and other third party service providers to carry on their businesses and a failure by one or more service providers may materially disrupt the businesses of the Risk Retention Companies**

The Issuer has no employees and its directors have all been appointed on a non-executive basis. The Service Support Provider will, as part of the services to be provided under the terms of the Portfolio Service Support Agreement, be responsible for providing the Issuer with the necessary human resources, credit and other service support resources to perform the functions necessary to the business of the Issuer. In addition, DFME, DFM or one of their affiliates will also act as CLO Manager in respect of the Risk Retention Company CLOs from time to time. Therefore, the Issuer is to some extent reliant upon the performance of DFME, DFM and/or their affiliates and other third party service providers for the performance of certain functions in relation to CLO transactions in which it invests.

Failure by any service provider to carry out its obligations to a Risk Retention Company in accordance with the applicable duty of care and skill, or at all, or termination of any such appointment may adversely affect the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

In the event that it is necessary for the Issuer to replace any third party service provider, it may be that the transition process takes time, increases costs and may adversely affect the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes. See further risk factor entitled "*The performance of the Issuer has some dependence on the skills and the personnel of DFME and the human resources it provides to the Issuer in its capacity as the Service Support Provider and on the skills and personnel of DFM"* below.

6. **The Issuer is subject to risks, including the location of its COMI and tax residence, the appointment of examiners, enforcement of the security, claims of preferred creditors and floating charges.**

6.1 **COMI**

The Issuer has its registered office in Ireland. As a result there is a rebuttable presumption that its centre of main interests ("**COMI**") is in Ireland and consequently that any main insolvency proceedings applicable to it would be governed by Irish law. In the decision by the European Court of Justice ("**ECJ**") in relation to Eurofood IFSC Limited, the ECJ restated the presumption in Council Regulation (EC) No. 1346/2000 of May 29, 2000 on insolvency proceedings, that the place of a company's registered office is presumed to be the company's COMI and stated that the presumption can only be rebutted if "factors which are both objective and ascertainable by third parties enable it to be established that an actual situation exists which is different from that which locating it at the registered office is deemed to reflect". As the Issuer has its registered office in Ireland, has directors which are resident in Ireland, is registered for tax in Ireland and has an Irish corporate services provider, the Issuer does not believe that factors exist that would rebut this presumption, although this would ultimately be a matter for the relevant court to decide, based on the circumstances existing at the time when it was asked to make that decision. If the Issuer's COMI is not located in Ireland, and is held to be in a different jurisdiction within the European Union, main insolvency proceedings may not be opened in Ireland.

6.2 **Tax Residence**

The Issuer believes that it is tax resident in Ireland and does not have a permanent establishment for tax purposes outside of Ireland. However, there is no guarantee that the Irish Revenue Commissioners or any other tax authorities will not take a different view. If the tax residence of the Issuer is found to be otherwise than in Ireland or if the Issuer is held to have a permanent establishment outside of Ireland, this could have adverse tax consequences for the Issuer and therefore for the Noteholders.

6.3 **Examinership**

Examinership is a court moratorium/protection procedure which is available under Irish company law to facilitate the survival of Irish companies in financial difficulties. Where a company, which has its COMI in Ireland is, or is likely to be, unable to pay its debts an examiner may be appointed on a petition to the relevant Irish court under Section 509 of the Companies Act 2014 (as amended, the "**Companies Act**").

The Issuer, the directors of the Issuer, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the paid up voting share capital of the Issuer are each entitled to petition the court for the appointment of an examiner.

Among other things, an examiner has, in certain circumstances, the power to: (i) halt, prevent or rectify the effect of acts, omissions, courses of conduct, decisions or contracts where such proposed acts, omissions, courses of conduct, decisions or contracts, are or are likely to be in his opinion, to the detriment of the company or any interested party; and (ii) act so that negative pledges given by the company prior to his appointment will not be binding on the company. Furthermore, where proposals for a scheme of arrangement are to be formulated, the company may, subject to the approval of the court, affirm or repudiate any contract under which some element of performance other than the payment remains to be rendered both by the company and the other contracting party or parties.

During the period of protection, the examiner will compile proposals for a compromise or scheme of arrangement to assist in the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the relevant Irish court when a minimum of one class of creditors, whose interests or claims would be impaired under the proposals, has voted in favour of the proposals and the relevant Irish court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests and claims would be impaired by implementation of the scheme of arrangement and the proposals are not unfairly prejudicial to the interest of any interested party

If an examiner were appointed while any amounts due by the Issuer under the Notes were unpaid, the primary risks to the holders of Notes would be as follows:

(a) the Noteholders would not be able to enforce their rights against the Issuer during the period of examinership;

(b) no payment may be made by a company during the period of court protection by way of satisfaction or discharge of the whole or a part of a liability incurred by the company before the date upon which the petition for the examiner's appointment was presented unless the independent expert's report under Section 511 of the Companies Act recommends it, or such payment is authorised by the court where the court is satisfied that a failure to discharge or satisfy in whole or in part that liability would considerably reduce the prospects of the company or the whole or any part of its undertaking surviving as a going concern;

(c) it would be open to an examiner to borrow monies and to certify such borrowings under Section 529 of the Companies Act ("**Section 529**"). Under Section 529, where the examiner certifies such liabilities incurred by a company as having been incurred in circumstances where, had they not been incurred, that company's survival as a going concern during the protection period would have been seriously prejudiced, such liabilities are treated as expenses properly incurred by the examiner for the purposes of Section 554 of the Companies Act and accordingly, they will rank for payment ahead of any payments to the Noteholders; and

(d) a scheme of arrangement may be approved involving the writing down of the debt due by the Issuer to the Noteholders irrespective of the Noteholders' views.

6.4 **Preferred Creditors**

If the Issuer becomes subject to an insolvency proceeding and the Issuer has obligations to creditors that are treated under Irish law as creditors that are senior relative to the Noteholders, the Noteholders may suffer losses as a result of their subordinated status during such insolvency proceedings. In particular in an insolvency of the Issuer, the claims of certain other creditors (including but not limited to an examiner appointed under the Companies Act, the Irish Revenue Commissioners for certain unpaid taxes and secured creditors with the benefit of fixed security interests over assets of the Issuer, including the holders of the VFN Notes (as defined below)), will rank in priority to claims of unsecured creditors (including the Noteholders) and the claims of creditors holding floating charges.

RISKS RELATING TO THE INVESTMENT STRATEGY

1. **The investments may be difficult to value accurately and, as a result, the Risk Retention Companies may be subject to valuation risk**

The portfolios of the Risk Retention Companies may at any given time include securities or other financial instruments or obligations which are very thinly traded, for which no market exists or which are restricted as to their transferability under applicable securities laws. These investments may trade with significant bid-ask spreads and may be extremely difficult to value accurately. Further, because of overall size or concentration in particular markets of positions held by the Risk Retention Companies, the value of their investments which can be liquidated may differ, sometimes significantly, from their valuations. Finally, third party pricing information may not be available for certain positions held by the Risk Retention Companies. The Risk Retention Companies will be entitled to rely, without independent investigation, upon pricing information and valuations furnished by third parties, including pricing services and valuation sources. In the absence of fraud, gross negligence (under New York law), bad faith or manifest error, valuation determinations in accordance with the Risk Retention Companies' valuation policies will be conclusive and binding.

2. **Market factors may result in the failure of the investment strategy**

Strategy risk is associated with the failure or deterioration of an investment strategy such that most or all investment managers employing that strategy suffer losses. Strategy-specific losses may result from excessive concentration by multiple market participants in the same investment or general economic or other events that adversely affect particular strategies (for example the disruption of historical pricing relationships). Furthermore, an imbalance of supply and demand favouring borrowers could result in yield compression, higher leverage and less favourable terms to the detriment of all investors in the relevant asset class. The investment strategy employed by the Risk Retention Companies is speculative and involves substantial risk of loss in the event of a failure or deterioration in the financial markets, although the Risk Retention Companies have certain investment limits which define to a degree how they invest. As a result, the Risk Retention Companies investment strategies may fail, and it may be difficult for the Risk Retention Companies to amend their investment strategies quickly or at all should certain market factors appear, which could have a material adverse effect on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

3. **The investment strategies of the Risk Retention Companies will include investing predominantly in senior secured loans (directly and indirectly) and in CLO Securities which are subject to a risk of loss of principal**

The investment strategies of the Risk Retention Companies consist and will consist of investing predominantly in senior secured loans (directly and indirectly through investments in Loan Warehouses and other Risk Retention Companies) and in CLO Securities. Such investments may be considered to be subject to a level of risk in the case of deterioration of general economic conditions, which might increase the risk of loss of principal. This could result in losses to the Risk Retention Companies which could have a material adverse effect on the performance of the Risk Retention Companies (including and by extension, on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes).

4. **In the event of a default in relation to an investment, the Risk Retention Companies will bear a risk of loss of principal and accrued interest**

Performance and investor yield on the Risk Retention Companies investments may be affected by the default or perceived credit impairment of investments made by the Risk Retention Companies and by general or sector specific credit spread widening. Credit risks associated with the investments include (among others): (i) the possibility that earnings of an obligor may be insufficient to meet its debt service obligations; (ii) an obligor's assets declining in value; and (iii) the declining creditworthiness, default and potential for insolvency of an obligor during periods of rising interest rates and economic downturn. An economic downturn and/or rising interest rates could severely disrupt the market for the investments and adversely affect the value of the investments and the ability of the obligors thereof to repay principal and interest. In turn, this could have a material adverse effect on the performance of the Risk Retention Companies (including and by extension, on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes).

In the event of a default in relation to an investment held by it, a Risk Retention Company will bear a risk of loss of principal and accrued interest on that investment. Any such investment may become defaulted for a variety of reasons, including non-payment of principal or interest, as well as breaches of contractual covenants. A defaulted investment may become subject to workout negotiations or may be restructured by, for example, reducing the interest rate, a write-down of the principal, and/or changes to its terms and conditions.

Any such process may be extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on the defaulted investment. In addition, significant costs might be imposed on the lender, further affecting the value of the investment. The liquidity in such defaulted investments may also be limited and, where a defaulted investment is sold, it is unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest owed on that investment. This would adversely affect the value of the portfolios of the Risk Retention Companies (including and by extension in certain cases, the value of the Issuer's portfolio and the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes).

In the case of secured loans, restructuring can be an expensive and lengthy process which could have a material negative effect on the Risk Retention Companies' anticipated return on the restructured loan. By way of example, it would not be unusual for any costs of enforcement to be paid out in full before the repayment of interest and principal. This would substantially reduce the Risk Retention Companies' anticipated return on the restructured loan.

5. **The illiquidity of investments may have an adverse impact on their price and the Risk Retention Companies ability to trade in them or require significant time for capital gains to materialise**

Credit markets may from time to time become less liquid, leading to valuation losses on the investments making it difficult to acquire or dispose of them at prices a Risk Retention Company considers their fair value. Accordingly, this may impair the Risk Retention Companies' ability to respond to market movements and the Risk Retention Companies may experience adverse price movements upon liquidation of such investments. Liquidation of portions of the portfolio under these circumstances could produce realised losses. The size of the Risk Retention Companies' positions may magnify the effect of a decrease in market liquidity for such instruments. Settlement of transactions may be subject to delay and uncertainty. Such illiquidity may result from various factors, such as the nature of the instrument being traded, or the nature and/or maturity of the market in which it is being traded, the size of the position being traded, or lack of an established market for the relevant securities. Even where there is an established market, the price and/or liquidity of instruments in that market may be materially affected by certain factors.

Investments which are in the form of loans are not as easily purchased or sold as publicly traded securities due to the unique and more customised nature of the debt agreement and the private syndication process. As a result, there may be a significant period between the date that a Risk Retention Company makes an investment and the date that any capital gain or loss on such investment is realised. Moreover, the sale of restricted and illiquid securities may result in higher brokerage charges or dealer discounts and other selling expenses than the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Further, the Risk Retention Companies may not be able readily to dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time, which could have a material adverse effect on the performance of the Risk Retention Companies (including and by extension, on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes).

See further the risk factor titled "*The Risk Retention Companies will be unable to liquidate, sell, hedge or otherwise mitigate their credit risk under or associated with the CLO Retention Income Notes or the CLO Retention Securities (as applicable) except to the extent permitted by the Retention Requirements, which places limitations on the ability of the Noteholders to redeem the Notes*" below.

6. **The Risk Retention Companies may hold relatively concentrated portfolios**

The Risk Retention Companies may hold relatively concentrated portfolios. There is a risk that a Risk Retention Company could be subject to significant losses if any obligor, especially one with whom the Risk Retention Company had a concentration of investments, were to default or suffer some other material adverse change. The level of defaults in the portfolio and the losses suffered on such defaults may increase in the event of adverse financial or credit market conditions. Any of these factors could adversely affect the value of the portfolios, including and by extension, the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

7. **The Risk Retention Companies may be exposed to foreign exchange risk, which may have an adverse impact on the value of their assets and on their results of operations**

The base currency of the Issuer is the Euro. Certain of a Risk Retention Company's assets may be invested in securities and other investments which are denominated in other currencies. Accordingly, the Risk Retention Company will necessarily be subject to foreign exchange risks and the value of its assets may be affected unfavourably by fluctuations in currency rates. Although a Risk Retention Company may utilise financial instruments to hedge against declines in the value of such assets as a result of changes in currency exchange rates or to swap payments it receives in currencies other than its base currency for its base currency, it is not obliged to do so and may terminate any hedge contract at any time. Moreover, it may not be possible for a Risk Retention Company to hedge against a particular change or event at an acceptable price or at all. In addition, there can be no assurance that any attempt to hedge against a particular change or event would be successful, and any such hedging failure could have a material adverse effect on the performance of the Risk Retention Companies (including and by extension, on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes).

8. **The hedging arrangements of the Risk Retention Companies may not be successful**

A Risk Retention Company's economic risks cannot be effectively hedged. However, in connection with the financing of certain investments, Risk Retention Companies may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities' prices and/or currency exchange rates. However, some residual risk may remain as a result of imperfections and inconsistencies in the market and/or in the hedging contract. While such hedging transactions may reduce certain risks, they create others. Risk Retention Companies will not be permitted to enter into hedging with respect to CLO Retention Income Notes or CLO Retention Securities to be held with the intention of satisfying the Regulatory Requirements.

Risk Retention Companies may utilise certain derivative instruments (including, without limitation, single-name credit default swaps, credit default swap and loan credit default swap indexes, equity futures and equity indexes) for hedging purposes. However, even if used primarily for hedging purposes, the prices of derivative instruments are highly volatile and acquiring or selling such instruments involves certain leveraged risks. There may be an imperfect correlation between the instrument acquired for hedging purposes and the investments or market sectors being hedged, in which case, a speculative element is added to the highly leveraged position acquired through a derivative instrument primarily for hedging purposes. In particular, the investments which are in the form of loans may, in certain circumstances, be repaid at any time on short notice at no cost, and accordingly the hedging of interest rate or currency risk in such circumstances may be less precise than is the case with investments in the public securities market.

Furthermore, default by any hedging counterparty in the performance of its obligations could subject the investments to unwanted credit and market risks. Accordingly, although Risk

Retention Companies may benefit from the use of hedging strategies, failure to properly hedge the market risk in the investments and/or default of a counterparty in the performance of its obligations under a hedging contract may have a material adverse effect on the performance of the Risk Retention Companies (including and by extension, on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes) and such material adverse effects may exceed those which may have resulted had no hedging strategy been employed.

9. **Under certain hedging contracts that a Risk Retention Company may enter into, the Risk Retention Company may be required to grant security interests over some of its assets to the relevant counterparty as collateral**

In connection with certain hedging contracts, a Risk Retention Company may be required to grant security interests over some of its assets to the relevant counterparty to such hedging contract as collateral. Such hedging contracts typically will give the counterparty the right to terminate the agreement upon the occurrence of certain events. Such termination events may include, among others, a failure by a Risk Retention Company to pay amounts owed when due, a failure to provide required reports or financial statements, a decline in the value of the investments secured as collateral, a failure to maintain sufficient collateral coverage, a failure by a Risk Retention Company to comply with the Risk Retention Company's investment policy and any investment restrictions, key changes in the Risk Retention Company's management, a significant reduction in the Risk Retention Company's net asset value and material violations of the terms, representations, warranties or covenants contained in the hedging contract, as well as other events determined by the counterparty. If a termination event were to occur, it could have a material adverse effect on the performance of the Risk Retention Companies (including and by extension, on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes).

10. **Interest rate fluctuations could expose the Risk Retention Companies to additional costs and losses**

The prices of the investments that may be held by the Risk Retention Companies tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs of borrowed securities and leveraged investments. Further, the Risk Retention Companies may invest in both floating and fixed rate securities and interest rate movements will affect those respective securities differently. In particular, when interest rates rise significantly the value of fixed interest rate securities often fall. Furthermore, to the extent that interest rate assumptions underlie the hedging of a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose the Risk Retention Companies to additional costs and losses. Any of the above factors could have a material adverse effect on the performance of the Risk Retention Companies (including a material adverse effect on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes as a Risk Retention Company and due to its investments in Risk Retention Companies).

11. **The use of leverage by a Risk Retention Company may increase the volatility of returns and providers of leverage would rank ahead of investors in the Risk Retention Company in the event of insolvency**

A Risk Retention Company may employ leverage in order to increase investment exposure with a view to achieving its target return. While leverage presents opportunities for increasing total returns, it can also have the effect of increasing the volatility of the performance of the Risk Retention Company. If income and capital appreciation on investments made with borrowed funds are less than the costs of the leverage, the Risk Retention Company's NAV will decrease. The effect of the use of leverage is to increase the investment exposure, the result of which is that, in a market that moves adversely, the possible resulting loss to investors' capital would be greater than if leverage were not used. As a result of leverage, small changes in the value of the underlying assets may cause a relatively large change in the value of the Risk Retention Company. In addition, many financial instruments used to employ leverage are subject to variation or other interim margin requirements, which may force premature liquidation of investments.

The use of leverage may involve granting of security or the outright transfer of specific investments in the portfolio. On any insolvency of a Risk Retention Company, investors (including the Issuer) could rank behind the Risk Retention Company's financing and hedging counterparties whose claims may be secured.

In addition, to the extent leverage is employed a Risk Retention Company may be required to refinance transactions from time to time. On each refinancing, the applicable counterparty may choose to re-negotiate the terms of each transaction or indeed not to refinance the transaction at all. To the extent refinancing facilities are not available in the market at economic rates or at all, the Risk Retention Company may be required to sell assets at disadvantageous prices. Any such deleveraging may result in losses on investments which could be severe and accordingly could have a material adverse effect on the Risk Retention Company's business and consequently, on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes. See further risk factor entitled "*The use of further leverage by the Issuer may increase the volatility of returns and providers of leverage would rank ahead of investors in the Issuer in the event of insolvency"* below.

12. **In the event of the insolvency of an obligor in respect of an investment, or of an underlying obligor in respect of an investment, the return on such investment may be adversely impacted by the insolvency regime or insolvency regimes which may apply to that obligor or underlying obligor and any of their respective assets**

In the event of the insolvency of an obligor in respect of an investment (and in the case of the CLO Securities, Loan Warehouses and investments in other Risk Retention Companies, the obligors of the assets within the relevant Risk Retention Company CLO's or Loan Warehouse vehicle or Risk Retention Company's portfolio), the Issuer's (or the Risk Retention Company CLO's, the Loan Warehouses' or the Risk Retention Company's) recovery of amounts outstanding in insolvency proceedings may be impacted by the insolvency regimes in force in the jurisdiction of incorporation of such obligor or in the jurisdiction in which such obligor mainly conducts its business (if different from the jurisdiction of incorporation), and/or in the jurisdiction in which the assets of such obligor are located. Such insolvency regimes impose rules for the protection of creditors and may adversely affect the ability to recover such amounts as are outstanding from the insolvent obligor under the investment, which may adversely affect the performance of the Issuer (or the Risk Retention Company CLO, the Loan Warehouse vehicle or the Risk Retention Company, if applicable) and, by extension, the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

Similarly, the ability of obligors to recover amounts owing to them from insolvent underlying obligors may be adversely impacted by any such insolvency regimes applicable to those underlying obligors, which in turn may adversely affect the abilities of those obligors to make payments due under the investment to the Issuer, a Risk Retention Company CLO, a Loan Warehouse vehicle or a Risk Retention Company on a full or timely basis.

In particular, it should be noted that a number of European jurisdictions operate unpredictable insolvency regimes which may cause delays to the recovery of amounts owed by insolvent obligors or underlying obligors subject to those regimes. The different insolvency regimes applicable in the different European jurisdictions result in a corresponding variability of recovery rates for senior secured loans, entered into or issued in such jurisdictions, any of which may have a material adverse effect on the performance of the Issuer, a Risk Retention Company CLO, a Loan Warehouse vehicle or a Risk Retention Company (and in the case of an Issuer CLO or a Loan Warehouse vehicle or a Risk Retention Company in which the Issuer invests, by extension, on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes).

13. **A Risk Retention Company, a Loan Warehouse vehicle or a Risk Retention Company CLO may be subject to losses on investments as a result of insolvency or clawback legislation and/or fraudulent conveyance findings by courts**

Various laws enacted for the protection of creditors and stakeholders may apply to certain investments that are debt obligations, although the existence and applicability of such laws will vary between jurisdictions. For example, if a court were to find that an obligor did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an investment and the grant of any security interest securing such investment, and, after giving effect to such indebtedness, the obligor: (i) was insolvent; (ii) was engaged in a business for which the assets remaining in such obligor constituted unreasonably small capital; or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court may: (a) invalidate such indebtedness and such security interest as a fraudulent conveyance; (b) subordinate such indebtedness to existing or future creditors of the obligor; or (c) recover amounts previously paid by the obligor (including to the Issuer, a Risk Retention Company CLO, a Loan Warehouse vehicle or another Risk Retention Company as applicable) in satisfaction of such indebtedness or proceeds of such security interest previously applied in satisfaction of such indebtedness. In addition, if an obligor in whose debt the Issuer, a Risk Retention Company CLO, a Loan Warehouse vehicle or another Risk Retention Company has an investment becomes insolvent, any payment made on such investment may be subject to avoidance, cancellation and/or clawback as a "preference" if made within a certain period of time (which for example under some current laws may be as long as two years) before insolvency.

In general, if payments on an investment are voidable, whether as fraudulent conveyances, extortionate transactions or preferences, such payments may be recaptured either from the initial recipient or from subsequent transferees of such payments. To the extent that any such payments are recaptured from the Issuer, a Risk Retention Company CLO, a Loan Warehouse vehicle or another Risk Retention Company, there will be an adverse effect on the performance of the Issuer or the relevant Risk Retention Company CLO, Loan Warehouse vehicle or Risk Retention Company (and in the case of an Issuer CLO or a Loan Warehouse vehicle or Risk Retention Company in which the Issuer invests, by extension, on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes).

14. **The due diligence process that a Risk Retention Company plans to undertake in evaluating specific investment opportunities may not reveal all facts that may be relevant in connection with such investment opportunities and any corporate mismanagement, fraud or accounting irregularities may materially affect the integrity of a Risk Retention Company's due diligence on investment opportunities**

When conducting due diligence and making an assessment regarding an investment, a Risk Retention Company will be required to rely on resources available to it, including internal sources of information as well as information provided by existing and potential obligors, any equity sponsor(s), lenders and other independent sources. The due diligence process may at times be required to rely on limited or incomplete information.

A Risk Retention Company will select investments in part on the basis of information and data relating to potential investments filed with various government regulators and publicly available or made directly available to a Risk Retention Company by the entities filing such information or third parties. Although a Risk Retention Company will evaluate all such information and data and seek independent corroboration when it considers it appropriate and reasonably available, a Risk Retention Company will not be in a position to confirm the completeness, genuineness or accuracy of such information and data. A Risk Retention Company is dependent upon the integrity of the management of the entities filing such information and of such third parties as well as the financial reporting process in general.

The value of an investment made by a Risk Retention Company may be affected by fraud, misrepresentation or omission on the part of an obligor, underlying obligor, any related parties to such obligor or underlying obligor, or by other parties to the investment (or any related collateral and security arrangements). Such fraud, misrepresentation or omission may adversely affect the value of the investment and/or the value of the collateral underlying the investment in question and may adversely affect a Risk Retention Company's ability to enforce its contractual rights relating to that investment or the relevant obligor's ability to repay the principal or interest on the investment.

Investment analysis and decisions by a Risk Retention Company may be undertaken on an expedited basis in order to make it possible for such Risk Retention Company to take advantage of short-lived investment opportunities. In such cases, the available information at the time of an investment decision may be limited, inaccurate and/or incomplete. Furthermore, a Risk Retention Company may not have sufficient time to evaluate fully such information even if it is available.

Accordingly, a Risk Retention Company cannot guarantee that the due diligence investigation it carries out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Any failure by a Risk Retention Company to identify relevant facts through the due diligence process may cause it to make inappropriate investment decisions, which could have a material adverse effect on the performance of the Risk Retention Company (including and by extension, on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes).

15. **The collateral and security arrangements attached to an investment may not have been properly created or perfected, or may be subject to other legal or regulatory restrictions**

The collateral and security arrangements in relation to secured obligations in which a Risk Retention Company may invest (and the security arrangements relating to the underlying assets of CLOs) may not have been correctly created and perfected and will be subject to any applicable legal or regulatory requirements which may restrict the giving of collateral or security by an obligor, such as, for example, thin capitalisation, over-indebtedness, financial assistance and corporate benefit requirements. If the investments do not benefit from the expected collateral or security arrangements, this may adversely affect the value of, or in the event of a default, the recovery of principal or interest from, such investments. Accordingly, any such failure properly to create or perfect collateral and security interests attaching to the investments may adversely affect the performance of the Issuer, a Risk Retention Company CLO, a Loan Warehouse vehicle or a Risk Retention Company (and in the case of an Issuer CLO or a Loan Warehouse vehicle or a Risk Retention Company in which the Issuer invests, by extension, on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes).

16. **The investments will be based in part on valuations of collateral which are subject to assumptions and factors that may be incomplete, inherently uncertain or subject to change**

A component of a Risk Retention Company's analysis of the desirability of making a given investment relates to the estimated residual or recovery value of such investments in the event of the insolvency of the obligor (and in the case of the CLO Securities and investments in Loan Warehouses and other Risk Retention Companies, the obligors of the assets within the relevant portfolio). This residual or recovery value will be driven primarily by the value of the anticipated future cashflows of the obligor's business and by the value of any underlying assets constituting the collateral for such investment. The anticipated future cashflows of the obligor's business and the value of collateral can, however, be extremely difficult to predict as in certain circumstances market quotations and third party pricing information may not be available. If the recovery value of the collateral associated with the investments in which the Issuer, a Risk Retention Company CLO, a Loan Warehouse vehicle or a Risk Retention Company invests decreases or is materially worse than expected, such a decrease or deficiency may affect the value of the investments made by the Issuer, the Risk Retention Company CLO, the Loan Warehouse vehicle or the Risk Retention Company (as applicable). Accordingly, there will be an adverse effect on the performance of the Issuer, the Risk Retention Company CLO, the Loan Warehouse vehicle or the Risk Retention Company (and in the case of an Issuer CLO or a Loan Warehouse vehicle or a Risk Retention Company in which the Issuer invests, by extension, on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes).

17. **CLO Income Notes and certain investments in Loan Warehouses are volatile and interest and principal payments payable on such instruments are not fixed**

CLO Income Notes are the most subordinated tranche of a CLO and all payments of principal and interest on such CLO Income Notes are fully subordinated. In addition, investments in Loan Warehouses are expected to be the most subordinated tranche of debt issued in the Loan Warehouse. Interest and principal payments are not fixed but are based on residual amounts available to make such payments. As a result, payments on such CLO Income Notes or Loan Warehouse investments will be made by the Risk Retention Company CLO issuer or Loan Warehouse vehicle to the extent of available funds and no payments thereon will be made until amongst other things: (a) the payment of certain costs, fees, taxes and expenses have been made; (b) interest and principal (respectively) has been paid on the more senior notes of the CLO or more senior debt of the Loan Warehouse (as applicable); and (c) certain other amounts have been paid to the secured creditors of the Risk Retention Company CLO or Loan Warehouse vehicle, including without limitation, amounts payable to the holders of CLO Securities and any hedge counterparties in respect of the relevant CLO. Non-payment of interest or principal on such CLO Income Notes or Loan Warehouse investments will be unlikely to cause an event of default in relation to the Risk Retention Company CLO or the Loan Warehouse vehicle (as applicable).

18. **CLO Income Notes, investments in Loan Warehouses and junior tranches of CLO Securities are highly leveraged investments**

Investments in CLO Income Notes, Loan Warehouses and junior tranches of CLO Securities represent highly leveraged investments in the underlying assets of the Risk Retention Company CLO or the Loan Warehouse vehicle (as applicable). Accordingly, it is expected that changes in the market value of such CLO Income Notes, Loan Warehouses and junior tranches of CLO Securities will be greater than changes in the market value of the underlying assets of the Risk Retention Company CLO or Loan Warehouse vehicle, which themselves are subject to credit, liquidity, interest rate and other risks. Utilisation of leverage is a speculative investment technique and involves certain risks to investors and will generally magnify the opportunities for gain and risk of loss of investors in CLO Income Notes, Loan Warehouses and junior tranches of CLO Securities. In certain scenarios, the CLO Income Notes, Loan Warehouses and junior tranches of CLO Securities may be subject to a partial or a 100 per cent. loss of invested capital. CLO Income Notes represent the most junior securities in a leveraged capital structure. As a result, any deterioration in performance of the asset portfolio of a Risk Retention Company CLO, including defaults and losses, a reduction of realised yield or other factors, will be borne first by holders of such CLO Income Notes prior to the rest of the capital structure.

19. **CLO Securities and investments in Loan Warehouses are limited recourse obligations of the Risk Retention Company CLO or Loan Warehouse vehicle (as applicable)**

CLO Securities and investments in Loan Warehouses are limited recourse obligations of the Risk Retention Company CLO or Loan Warehouse vehicle (as applicable) and amounts payable on such CLO Securities or Loan Warehouse investments are payable solely from amounts received in respect of the collateral of the Risk Retention Company CLO or Loan Warehouse vehicle (as applicable). Payments on CLO Securities and Loan Warehouse investments prior to and following enforcement of the security over the collateral of a Risk Retention Company CLO or Loan Warehouse vehicle (as applicable) are subordinated to the prior payment of certain costs, fees and expenses of, or payable by, the Risk Retention Company CLO or Loan Warehouse vehicle (as applicable) and to payment of principal and interest on more senior notes of the Risk Retention Company CLO or senior debt in the Loan Warehouse. To the extent that any interest is not paid on any class of deferrable CLO Securities on any payment date on which such class is not the highest ranking outstanding class, although such amounts will not be added to the principal balance of the related class of CLO Securities, such amounts will be deferred and will bear interest at the interest rate applicable to such CLO Securities, and the failure to pay such amounts will not be an event of default under the relevant terms and conditions of the CLO Securities. Except as provided in the priority of payments of the Risk Retention Company CLO, no payments of interest or distributions from interest proceeds will be made on any lower ranking class of CLO Securities on any payment date until interest on each priority class has been paid, and no payments of principal will be made on any lower ranking class of CLO Securities on any payment date until principal of each priority class has been paid in full. If any coverage test is not satisfied in relation to any CLO payment date on which it is applicable, cash flows otherwise payable to lower ranking classes of CLO Securities will be diverted to the payment of principal of priority classes of CLO Securities.

The holders of CLO Securities must rely solely on distributions on the collateral of the Risk Retention Company CLO for payment of principal and interest, if any, on the CLO Securities. There can be no assurance that the distributions on the collateral of a Risk Retention Company CLO will be sufficient to make payments on the CLO Securities. If distributions are insufficient to make payments on the CLO Securities, no other assets of the Risk Retention Company CLO will be available for payment of the deficiency and following realisation of the collateral and the application of the proceeds thereof, the obligations of the Risk Retention Company CLO to pay such deficiency shall be extinguished. Such shortfall will be borne in the first instance by the CLO Income Notes and then by the other CLO Securities in reverse order of priority.

In addition, at any time whilst the CLO Securities are outstanding in an Risk Retention Company CLO, no holder of CLO Securities shall be entitled at any time to institute against the related Risk Retention Company CLO, or join in any institution against such Risk Retention Company CLO of, any bankruptcy, reorganization, arrangement, insolvency, examinership, winding up or liquidation proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Risk Retention Company CLO relating to the CLO Securities or otherwise owed to the holders of the CLO Securities, save for lodging a claim in the liquidation of the Risk Retention Company CLO which is initiated by another party or taking proceedings to obtain a declaration as to the obligations of the Risk Retention Company CLO, nor shall it have a claim arising in respect of the share capital of the Risk Retention Company CLO.

20. **CLO Securities and investments in Loan Warehouses have limited liquidity**

There will usually be a limited market for notes representing collateralised loan obligations (including the CLO Securities) and investments in Loan Warehouses. There is no guarantee that any party to a CLO transaction will make a secondary market in relation to the CLO Securities or investments in Loan Warehouses. There can be no assurance that a secondary market for any CLO Securities or investments in Loan Warehouses will develop or, if a secondary market does develop, that it will provide the holders of CLO Securities or investments in Loan Warehouses with liquidity of investment or that it will continue for the life of such investments. As a result, a Risk Retention Company may have to hold the CLO Securities for an indefinite period of time or until their early redemption date or maturity date (only assuming that such sale would be permissible for not causing non-compliance with the Retention Requirements). Where a market does exist, to the extent that an investor wants to sell the CLO Securities or investments in Loan Warehouses, the price may, or may not, be at a discount from the outstanding principal amount. There may be additional restrictions on divestment in the terms and conditions of the CLO Securities or investments in Loan Warehouses.

21. **Exercise of Rights; Control of Remedies**

Many rights under a CLO's transaction documents (including without limitation the right to remove the collateral manager and certain remedies available if an event of default has occurred and is continuing) are exercisable by holders of a specified percentage of the aggregate outstanding principal amount of one or more classes of CLO Securities. The exercise of such rights could be adverse to holders of CLO Securities that do not have the ability to exercise such rights, with respect to removal of the collateral manager and waiver of events constituting "cause" as a basis for termination of the collateral manager, 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 CLO Securities. When exercising its rights under the CLO transaction documents, a holder has no obligation to take into account the effect on other holders. At any time one or more other affiliated investors hold a significant percentage of the aggregate outstanding principal amount of one or more classes of CLO Securities, it may be more difficult for other investors, including a Risk Retention Company, to take certain actions.

If an event of default occurs in a CLO, in limited circumstances the controlling class or the holders of the CLO Securities will be entitled to direct a liquidation of the collateral obligations owned by the CLO even if all classes of CLO Securities will not be paid in full. The controlling class will also be entitled to determine certain other remedies to be exercised under the CLO transaction documents. If one or more affiliated investors own a majority of the controlling class (or one or more classes of CLO Securities), they would be able to direct, or block the exercise of remedies. Remedies pursued by any class could be adverse to the interests of other classes and holders will have no obligation under the CLO transaction documents to consider any possible adverse effect on such other interests. The holders of CLO Income Notes will not be able to exercise any remedies following a CLO event of default and will not receive payments pursuant to the CLO priority of payments until the rest of the CLO Securities are paid in full.

22. **CLO Securities may be subject to early redemption, refinancing and/or re-pricing**

CLO Securities will be subject to optional redemption (including via refinancing), tax redemption, mandatory redemption, clean-up call redemption, special redemption and, in the case of certain classes, re-pricing. Any such redemption or re-pricing may result in a shorter term investment than an investor in CLO Securities such as a Risk Retention Company may have anticipated and there can be no assurance that such Risk Retention Company would be able find suitable investments with comparable yields or maturity in which to invest the proceeds.

A redemption of CLO Securities could require the CLO collateral manager to liquidate positions more rapidly than might otherwise be desirable, which could adversely affect the realised value of the collateral obligations sold by the CLO. There can be no assurance that, upon any such redemption, there would be further available funds to facilitate a distribution on the CLO Securities.

23. **The CLO reinvestment period may terminate earlier than expected**

The CLO reinvestment period may terminate earlier than scheduled, including: (i) on any date on which the maturity of any class of CLO Securities is accelerated following a CLO event of default; (ii) if the CLO collateral manager reasonably determines that it can no longer reinvest in additional collateral obligations in accordance with the CLO transaction documents; and (iii) the date of an optional redemption of all of the CLO Securities. Such early termination of the CLO reinvestment period may shorten the expected lives of the other CLO Securities and could adversely affect returns on the Notes.

24. **Floating rate CLO Securities may be affected by changes in LIBOR or EURIBOR**

The interest rate on each class of CLO Securities is likely to be based upon LIBOR or EURIBOR and therefore may fluctuate from one interest accrual period to another in response to changes in LIBOR or EURIBOR (as applicable). From time to time, LIBOR and EURIBOR have experienced historically high volatility and significant fluctuations. Changes in LIBOR or EURIBOR (as applicable) will affect the amount of interest payable on the floating rate CLO Securities, the trading price of the CLO Securities and the yield on the CLO Income Notes, but it is impossible to predict whether such levels will rise or fall.

25. **LIBOR and EURIBOR Reform**

The London Interbank Offered Rate ("**LIBOR**") has been reformed, with developments including:

(a) the activities of administering a specified benchmark and of providing information in relation to a specified benchmark becoming regulated activities in the United Kingdom (LIBOR has been a specified benchmark since April 2013);

(b) ICE Benchmark Administration Limited becoming the LIBOR administrator in place of the British Bankers' Association in February 2014;

(c) a reduction in the number of currencies and tenors for which LIBOR is calculated; and

(d) the introduction of a LIBOR code of conduct for contributing banks.

ICE Benchmark Administration Limited intends to make further reforms to the submission methodology for LIBOR panel banks.

The Euro Interbank Offered Rate (for the purposes of this risk factor, "**EURIBOR**"), together with LIBOR, and other so-called "benchmarks" are the subject of reform measures by a number of international authorities and other bodies.

In the EU, in September 2013, the European Commission published a proposal for a regulation (the "**Benchmark Regulation**") on indices used as benchmarks in financial instruments and financial contracts. The Benchmark Regulation was published in the Official Journal of the EU on 29 June 2016 and entered into force on 30 June 2016. It is directly applicable law across the EU. The majority of its provision will not, however, apply until 1 January 2018.

The Benchmark Regulation applies principally to "administrators" and also, in some respects, to "contributors" and certain "users" of "benchmarks", and will, among other things, (i) require benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and make significant changes to the way in which benchmarks falling within scope of the Benchmark Regulation are governed (including reforms of governance and control arrangements, obligations in relation to input data, certain transparency and record-keeping requirements and detailed codes of conduct for contributors) and (ii) prevent certain uses of "benchmarks" provided by unauthorised administrators by supervised entities in the EU. The scope of the Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices, could also potentially apply to many interest rate and foreign exchange rate indices, equity indices and other indices (including "proprietary" indices or strategies) where used to determine the amount payable under or the value or performance of certain financial instruments traded on a trading venue, financial contracts and investment funds.

Benchmarks such as LIBOR or EURIBOR may be discontinued if they do not comply with these requirements, or if the administrator of the benchmark either fails to apply for authorisation or is refused authorisation by its home regulator.

Potential effects of the Benchmark Regulation include (among other things):

(a) an index which is a "benchmark" could not be used by a supervised entity in certain ways if its administrator does not obtain authorisation or, if based in a non-EU jurisdiction, the administrator is not otherwise recognised as equivalent; and

(b) the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could (among other things) have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level of the benchmark.

If any proposed changes when implemented change the way in which LIBOR or EURIBOR is calculated with respect to floating rate loans and bonds, this could result in the rate of interest being lower than anticipated, which would adversely affect the value of CLO Securities. However, any proposed changes, if implemented may also result in the rate of interest being higher than anticipated, which could therefore increase payments on loans, bonds and therefore the CLO Securities. This could result in a decrease in the amounts available to be paid to the CLO Income Notes.

As the substantial majority of the interest payments due on CLO assets are expected to be calculated based upon EURIBOR or LIBOR and the CLO Securities are likely to pay interest based upon EURIBOR or LIBOR, an inaccurate EURIBOR or LIBOR setting could have adverse effects on CLOs and/or the holders of loans, bonds or CLO Securities. Furthermore, questions surrounding the integrity in the process for determining EURIBOR or LIBOR may have other unforeseen consequences, including potential litigation against banks and/or obligors on loans, which could result in a material and adverse effect on the CLO or the holders of CLO Securities.

26. European Market Infrastructure Regulation EU 648/2012 ("EMIR")

EMIR and its corresponding regulations impose certain obligations on parties to OTC derivative contracts according to whether they are "financial counterparties", such as European investment firms, alternative investment funds, credit institutions and insurance companies, or other entities such as "non-financial counterparties" or third country entities equivalent to "financial counterparties" or "non-financial counterparties".

Financial counterparties will (as defined in EMIR), depending on the identity of their counterparty, be subject to a general obligation (the "**clearing obligation**") to clear all "eligible" OTC derivative contracts entered into with other counterparties subject to the clearing obligation through a duly authorised or recognised central counterparty. They must also report the details of all derivative contracts to a trade repository (the "**reporting obligation**") and in general undertake certain risk-mitigation techniques in respect of OTC derivative contracts which are not cleared by a central counterparty, including complying with requirements related to timely confirmation of terms, portfolio reconciliation, dispute resolution, daily valuation and margin collection (together, the "**risk mitigation obligations**").

Non-financial counterparties (as defined in EMIR) are subject to the reporting obligation and certain of the risk mitigation obligations, but are not subject to the clearing obligation unless the gross notional value of all derivative contracts entered into by the non-financial counterparty and other non-financial entities in its "group" (as defined in EMIR), excluding eligible hedging transactions, exceed certain thresholds and its counterparty is also subject to the clearing obligation. If a Risk Retention Company were considered to be a member of such a group and if the aggregate notional value of OTC derivative contracts entered into by that Risk Retention Company and any non-financial entities within such group exceeds the applicable threshold, such Risk Retention Company would be subject to the clearing obligation, or if the relevant contract is not a type required to be cleared, to the risk mitigation obligations, including the margin collection requirement (in each case, as and when such requirements become applicable for that particular counterparty pair).

The clearing obligation does not yet apply to all counterparties, but will gradually be phased in over the next number of years for certain types of interest rate and credit default OTC derivative contracts (denominated in pounds sterling, Euro, USD and Japanese Yen), such timing being dependent on the categorisation of the counterparties to an OTC derivative contract. In addition, the European Securities and Markets Association's final version of regulatory technical standards implementing the clearing obligation for certain additional classes of interest rate OTC derivatives (denominated in Norwegian Krone, Polish Zloty and Swedish Krona) was published on 10 November 2015 and has been submitted to the European Commission for endorsement (the "**Additional Currencies RTS**"). The Additional Currencies RTS is still subject to a legislative approval process and, as such, it is not certain when the Additional Currencies RTS will become effective or whether it will be amended. Key details as to how the clearing obligation may apply to other classes of OTC derivatives remain to be clarified via corresponding technical standards.

The clearing obligation may, in certain circumstances, also apply to swap arrangements entered into prior to the relevant future effective date, although the European delegated regulation relating to the clearing obligation contemplates that this will not be the case for swap contracts entered into by non-financial counterparties which are not alternative investment funds. The process for implementing the clearing obligation is under way but uncertainties about the scope and timing remain, especially in the longer term. The margin posting requirement does not yet apply and, again, the timing of for its implementation is currently uncertain and more granular detail is yet to be finalised. Regulatory technical standards have been published in draft form only and are yet to be finalised.

Whilst the hedge transactions which a Risk Retention Company may enter into are expected to be treated as hedging transactions and deducted from the total in assessing the notional value of OTC derivative contracts entered by that Risk Retention Company and/or non-financial entities within its "group", there is currently no certainty as to whether the relevant regulators will share this view.

Therefore, if a Risk Retention Company becomes subject to the clearing obligation or the margin collection requirements, it is unlikely that it would be able to comply with such requirements, which would adversely affect the Risk Retention Company's ability to enter into hedge transactions or significantly increase the cost thereof. As a result of such increased costs, additional regulatory requirements and potential limitations on the ability of the Issuer to hedge interest rate and currency risk, the amounts payable on the Notes may be negatively affected.

The laws of some jurisdictions other than the European Union, including the United States, also impose a clearing obligation. Accordingly, even in circumstances where a Risk Retention Company is exempt from the clearing obligation under the laws of the European Union, such an obligation may be imposed by the laws of such other jurisdictions. See further risk factor entitled "*CFTC Regulation; Commodity Pool Registration*" below.

27. The EU Bank Recovery and Resolution Directive

The EU Bank Recovery and Resolution Directive (2014/59/EU) (collectively with secondary and implementing EU rules, and national implementing legislation, the "**BRRD**") equips national authorities in a member country of the EU (an "**EU member state**"), (the "**Resolution Authorities**") with tools and powers for preparatory and preventive measures, early supervisory intervention and resolution of credit institutions and significant investment firms (collectively, "**relevant institutions**"). If a relevant institution enters into an arrangement with a Risk Retention Company CLO, a Loan Warehouse vehicle or a Risk Retention Company and is deemed likely to fail in the circumstances identified in the BRRD, the relevant Resolution Authority may employ such tools and powers in order to intervene in the relevant institution's failure (including in the case of derivatives transactions, powers to close-out such transactions or suspend any rights to close-out such transactions). In particular, liabilities of relevant institutions arising out of a CLO's or Loan Warehouse's transaction documents or underlying instruments (for example, liabilities arising under participations or provisions in underlying instruments requiring lenders to share amounts) not otherwise subject to an exception, could be subject to the exercise of "bail-in" powers of the relevant Resolution Authorities. It should be noted that certain secured liabilities of relevant institutions are excepted. If the relevant Resolution Authority decides to "bail-in" the liabilities of a relevant institution, then subject to certain exceptions set out in the BRRD, the liabilities of such relevant institution could, among other things, be reduced, converted or extinguished in full. As a result, a Risk Retention Company CLO, a Loan Warehouse vehicle or a Risk Retention Company may not be able to recover any liabilities owed to them by such an entity. This may in turn materially and adversely affect the performance of the Issuer and the Issuer's investments (and, by extension, the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes). In addition, a relevant Resolution Authority may exercise its discretions in a manner that produces different outcomes amongst institutions resolved in different EU member states. It should also be noted that similar powers and provisions are being considered in the context of financial institutions of other jurisdictions.

28. **The Risk Retention Companies will be unable to liquidate, sell, hedge or otherwise mitigate their credit risk under or associated with the CLO Retention Income Notes or the CLO Retention Securities (as applicable) except to the extent permitted by the Retention Requirements, which places limitations on the ability of the Noteholders to redeem the Notes**

The Issuer may, or may invest in other Risk Retention Companies which may, periodically securitise a portion of the loans into CLOs, which may then be managed either by such Risk Retention Company itself, or by DFME, DFM or one of their affiliates in its capacity as CLO Manager. The Issuer or such Risk Retention Companies (as the case may be) will retain exposures of each CLO, which may be held as CLO Retention Income Notes or CLO Retention Securities. In the case of deals structured to be compliant with the U.S. Risk Retention Regulations (as defined below), the retention by the Risk Retention Companies may be structured as a combination of CLO Retention Income Notes and CLO Retention Securities. The Issuer will not (except to the extent permitted by the European Risk Retention Requirements) sell, hedge or otherwise mitigate its credit risk under or associated with such CLO Retention Income Notes or CLO Retention Securities (as applicable).

A Risk Retention Company may make certain representations and/or give certain undertakings in favour of Risk Retention Company CLOs (and/or certain other transaction parties) in respect of its ongoing retention of the CLO Retention Income Notes or CLO Retention Securities (as applicable) and regarding its agreement to sell certain assets to such Risk Retention Company CLOs from time to time. There are currently similar transactions in the market, however if an applicable regulatory authority supervising investors in such a Risk Retention Company CLO were to conclude that the relevant Risk Retention Company was not holding the CLO Retention Income Notes or CLO Retention Securities (as applicable) in accordance with the European Risk Retention Requirements, it is possible, but far from certain, that this may negatively impact upon the investors in such Risk Retention Company CLO. If such investors decided to take action against the relevant Risk Retention Company as a result of any negative impact, this could have a material adverse effect on the performance of the Risk Retention Company (including and by extension, on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes).

In addition, with the intention of achieving classification as an "originator" (as defined in the European Risk Retention Requirements) and complying with the European Risk Retention Requirements, a Risk Retention Company will be required to commit to: (a) establishing the relevant Risk Retention Company CLO; (b) selling investments to the relevant Risk Retention Company CLO which it has (i) purchased for its own account initially or (ii) itself or through related entities, directly or indirectly, been involved in the original agreement which created such obligations; and (c) during each relevant Risk Retention Company CLO's reinvestment period agreeing to sell investments to the relevant Risk Retention Company CLO from time to time so that, for so long as the securities of the Risk Retention Company CLO are outstanding, the required percentage of the total securitised exposures held by the Risk Retention Company CLO have come from the Risk Retention Company (such percentage calculated including the principal proceeds received by the relevant Risk Retention Company CLO in respect of any Risk Retention Company sourced assets).

Where Risk Retention Companies hold CLO Retention Securities or CLO Retention Income Notes and the relevant Risk Retention Company CLO is intended to be compliant with the European Risk Retention Requirements, the relevant Risk Retention Company will be unable (except to the extent permitted by the European Risk Retention Requirements) to liquidate, sell, hedge or otherwise mitigate its credit risk under or associated with the CLO Retention Income Notes or CLO Retention Securities (as applicable) until such time as the securities of the relevant Risk Retention Company CLO have been redeemed in full (whether at final maturity or early redemption) which, in the case of the Issuer, places limitations on the ability of the Noteholders to redeem the Notes. Consequently, if the Notes were to become due and repayable in connection with an early redemption or were subject to partial-redemption, the Issuer will not be obliged under the Conditions and the Amended Profit Participating Note Issuing and Purchasing Agreement to immediately sell, transfer or liquidate the CLO Retention Income Notes or the CLO Retention Securities (as applicable) and the proceeds (if any) of such CLO Retention Income Notes or the CLO Retention Securities (as applicable) will not be available until the final maturity or early redemption in full of the securities of the relevant Issuer CLO. In addition, cash held by the Issuer will not be able to be used to repay the Notes to the extent that such repayment could leave the Issuer unable to continue to originate and sell assets to Issuer CLOs in order to ensure during an Issuer CLO's reinvestment period it has provided the required percentage of the total securitised exposures to such Issuer CLO (such percentage calculated including the principal proceeds received by the relevant Issuer CLO in respect of any Issuer sourced assets).

Where a Risk Retention Company holds CLO Retention Income Notes in a Risk Retention Company CLO, the Risk Retention Company will hold a controlling equity stake in the Risk Retention Company CLO; accordingly, upon exercise by the Risk Retention Company, an early redemption option will result in a full redemption of the applicable CLO Securities. A Risk Retention Company will generally not be able to exercise any early redemption options until two years from the closing date of the CLO. As a result of this feature and the Retention Requirements, the relevant CLO Retention Income Notes will not be permitted to be sold, transferred or liquidated during this time. In addition, even after an early redemption option is permitted to be exercised, such an option usually contains a number of conditions to its exercise including, but not limited to, a threshold that the liquidation value of the CLO collateral exceed an amount which would pay (a) all expenses of the Risk Retention Company CLO and (b) principal and accrued interest on the CLO notes senior to the CLO Income Notes. If the liquidation value of the portfolio will not achieve this threshold at the time the Risk Retention Company intends to exercise its early redemption option, the Risk Retention Company CLO will not be able to be optionally redeemed by the Risk Retention Company at such time. In such circumstances the CLO Retention Income Notes may not redeem until their final stated maturity (which may be in excess of 20 years), therefore, in the case of the Issuer, producing no proceeds to repay the Notes until this point. See further the risk factor titled "*The Notes have limited liquidity*".

Risk Retention Companies may invest in Risk Retention Company CLOs which are intended to be compliant with the U.S. Risk Retention Regulations (as defined below) including by virtue of the Risk Retention Companies retaining CLO Retention Securities and/or CLO Retention Income Notes. In connection with this intention, the applicable retention holder would have to, among other things: (i) on the closing date of a Risk Retention Company CLO, purchase either (a) CLO Retention Income Notes representing at least 5 per cent. of the credit risk relating to the assets collateralising the Risk Retention Company CLO, or (b) CLO Retention Securities representing at least 5 per cent. of the principal amount of each class of CLO Securities issued; and (ii) undertake that, until at least the U.S. Risk Retention Hedging Prohibition End Date (as defined below), it will retain its interest in the CLO Retention Securities or CLO Retention Income Notes and will not (except to the extent permitted by the U.S. Risk Retention Regulations) sell, hedge or otherwise mitigate its credit risk under or associated with such CLO Retention Securities or CLO Retention Income Notes. Such purchase and retention of CLO Retention Securities or CLO Retention Income Notes would need to be undertaken by the applicable retention holder either in its capacity as the collateral manager of the relevant Risk Retention Company CLO or as a majority-owned affiliate of the collateral manager of such Risk Retention Company CLO. The applicable retention holder may be required to make certain representations and/or give certain undertakings in favour of new Risk Retention Company CLOs (and/or certain other transaction parties) in respect of its ongoing retention of the CLO Retention Securities or CLO Retention Income Notes.

Where the Risk Retention Companies hold CLO Retention Securities or CLO Retention Income Notes and the relevant Risk Retention Company CLO is intended to be compliant only with the U.S. Risk Retention Regulations, the relevant Risk Retention Company will be unable (except to the extent permitted by the U.S. Risk Retention Regulations) to liquidate, sell, hedge or otherwise mitigate its credit risk under or associated with the CLO Retention Securities or CLO Retention Income Notes, as applicable, until the U.S. Risk Retention Hedging Prohibition End Date. Consequently, if the Issuer is or has exposure to the applicable Risk Retention Company and such investment was to become due and repayable in connection with an early redemption or were subject to partial-redemption, the Risk Retention Company would not be obliged under the terms of the relevant investment instruments to immediately sell, transfer or liquidate the CLO Retention Securities or CLO Retention Income Notes, and the proceeds of such CLO Retention Securities or CLO Retention Income Notes (if any) will not be available until a later time.

Relevant investors are required to independently assess and determine the sufficiency of the information described herein for the purposes of complying with any relevant requirements and none of GSO (as defined below) or its affiliates makes any representation that the information described herein is sufficient in all circumstances for such purposes or any other purpose or that the structure of the Risk Retention Company CLOs, the Risk Retention Companies (including their holding of the CLO Retention Income Notes or CLO Retention Securities) and the transactions described herein are compliant with the European Risk Retention Requirements and/or U.S. Risk Retention Regulations described herein or any other applicable legal or regulatory or other requirements and no such person shall have any liability to any prospective investor or any other person with respect to any deficiency in such information or any failure of the transactions or structure contemplated hereby to comply with or otherwise satisfy such requirements. Without limiting the foregoing, investors should be aware that at this time, save for the EBA Report described below, the EU authorities have not published any binding guidance relating to the satisfaction of the European Risk Retention Requirements by an institution similar to the Risk Retention Companies including in the context of a transaction involving a separate collateral manager. Furthermore, the European Banking Authority's or any other applicable regulator's views with regard to the European Risk Retention Requirements and/or the U.S. Risk Retention Regulations may not be based exclusively on technical standards, guidance or other information known at this time.

In relation to compliance with the European Risk Retention Requirements, It should be noted that the European Commission published on 30 September 2015 legislative proposals for two new regulations related to securitisation. Amongst other things, the proposals include provisions intended to implement the revised securitisation framework developed by the Basel Committee on Banking Supervision and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors. There are differences between the legislative proposals and the current requirements, including with respect to the application approach under the European Risk Retention Requirements and in relation to the originator entities which are eligible to retain the required interest.

In particular, investors should note that the European Banking Authority published a report on 22 December 2014 (the "**EBA Report**"). In the EBA Report the European Banking Authority recommended that the definition of "originator" should be narrowed in order to avoid potential abuses. In response, the abovementioned legislative proposals seek to implement the European Banking Authority's recommendation. These proposals include a provision which would restrict an entity from being an "originator" (as defined in the legislative proposals) for risk retention purposes if it has been established or operates "for the sole purpose of securitising exposures". The explanatory memorandum published in conjunction with the legislative proposals indicates that the provision relating to originators is intended to restrict retention by an entity if it has been established as a dedicated shelf for the sole purpose of securitising exposures and lacks a broad business purpose, providing the example of an entity which does not have the capacity to meet a payment obligation from resources not related to the exposures being securitised. In this regard investors should note that the Issuer currently makes the following representations to Issuer CLO's in which it holds the retention piece: "(i) it is not an entity that has been established or that operates for the sole purpose of securitising exposures; and (ii) it has the capacity to meet a payment obligation from resources not related to the exposures it securitises".

It is not clear whether, and in what form, the legislative proposals (and any corresponding technical standards) will be adopted. In particular, the proposed restriction in relation to originators may be adopted in a different form to that currently proposed and/or other changes to the risk retention requirements (including to the technical standards) applicable to securitisations such as this transaction and any affected investors may be made through the political negotiation process and adopted. The compliance position under any adopted and potentially revised requirements of transactions entered into, and of activities undertaken by a party (including an investor), prior to (and, in certain circumstances, on and after) adoption is uncertain. There can be no assurances as to whether the transactions described herein and any investors in the Notes will be affected, if at all, by any change which may be adopted in any final law or regulation (including any regulatory technical standards) relating to the European Risk Retention Requirements.

29. **Potential non-compliance with or changes to the European Risk Retention Requirements and the U.S. Risk Retention Regulations**

The purchase and retention of the CLO Retention Income Notes or CLO Retention Securities in a Risk Retention Company CLO will be undertaken by a Risk Retention Company with the intention of achieving compliance with the European Risk Retention Requirements and/or the U.S. Risk Retention Regulations (as defined below), (as applicable) by the relevant Risk Retention Company CLO.

The European Risk Retention Requirements and/or the U.S. Risk Retention Regulations may be amended, supplemented or revoked from time to time. There is no guarantee that existing CLOs will be grandfathered into the regime which results from such amendments, supplements or revocations and, as such, the Risk Retention Company CLOs in which the Risk Retention Companies retain the CLO Retention Income Notes or CLO Retention Securities (as applicable), may become non-compliant with the European Risk Retention Requirements and/or the U.S. Risk Retention Regulations.

The U.S. Risk Retention Regulations generally require "sponsors" of securitization transactions, including collateral managers of CLOs, or their "majority-owned affiliates" (each as defined in the U.S. Risk Retention Regulations) to retain not less than 5 per cent. of the credit risk of the assets collateralising such securitisation transactions unless an exemption applies. The U.S. Risk Retention Regulations are applicable to asset-backed securities, including CLOs, issued on or after the U.S. Risk Retention Regulations Effective Date.

The U.S. Risk Retention Regulations may be amended, supplemented or revoked, or their interpretation may change, from time to time. There is no guarantee that existing CLOs will be grandfathered into the regime which results from such amendments, supplements or revocations or re-interpretation and, as such, CLOs which were intended to be compliant with the U.S. Risk Retention Regulations at the time they were issued may become, or be determined to be, non-compliant with the U.S. Risk Retention Regulations. The U.S. Risk Retention Regulations also include additional disclosure and other requirements that would need to be satisfied by the relevant Risk Retention Company or (if it is a different entity) the collateral manager of the CLO on or prior to the date of issuance of the CLO Securities. If an applicable regulatory authority were to conclude that the relevant Risk Retention Company was not holding the CLO Retention Securities or CLO Retention Income Notes (as applicable) in accordance with the U.S. Risk Retention Regulations or that the additional disclosure and other requirements of the U.S. Risk Retention Regulations were not complied with, this could result in regulatory action taken against the Risk Retention Company as well as liability on the part of the Risk Retention Company to the affected Risk Retention Company CLOs and their investors. If the Issuer has invested in such Risk Retention Company, any such action may have a material adverse effect on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

The U.S. Risk Retention Regulations may also have other adverse effects on the market for CLO Securities issued prior to the U.S. Risk Retention Regulations Effective Date. It is possible that the U.S. Risk Retention Regulations may reduce the number of collateral managers active in the CLO market, which may result in fewer new-issue CLOs and reduce the liquidity provided by CLOs to the leveraged loan market generally. A contraction or reduced liquidity in the leveraged loan market could reduce opportunities for collateral managers of CLOs to sell collateral obligations or to invest in collateral obligations when they believe it is in the interest of the relevant CLO issuer to do so, including after the U.S. Risk Retention Regulations Effective Date. If the Issuer were to become exposed to a Risk Retention Company in relation to a Risk Retention Company CLO intending to be compliant with the U.S. Risk Retention Regulations, such a contraction may adversely affect the Issuer's ability to pursue its commercial objectives. Furthermore, no assurance can be given as to whether the U.S. Risk Retention Regulations will have any material adverse effect on the business, financial condition or prospects of collateral managers of CLOs that issue securities prior to the U.S. Risk Retention Regulations Effective Date, including DFME, DFM and their affiliates.

30. **Liability for breach of a risk retention letter**

The arranger and certain other parties of a CLO in which a Risk Retention Company agrees to hold the CLO Retention Income Notes or CLO Retention Securities (as applicable) will require the Risk Retention Company to execute a risk retention letter. Under a risk retention letter a Risk Retention Company will typically be required to, amongst other things, make certain representations, warranties and undertakings: (i) in relation to its acquisition and retention of the CLO Retention Income Notes or CLO Retention Securities (as applicable) for the life of the Risk Retention Company CLO; and (ii) regarding its agreement to sell assets to the relevant Risk Retention Company CLO from time to time.

If the Risk Retention Company sells or is forced to sell the CLO Retention Income Notes or CLO Retention Securities (as applicable) prior to the maturity of the relevant Risk Retention Company CLO or holds insufficient cash or investments to continually sell the assets to the Risk Retention Company CLO or for any other reason the Risk Retention Company is not considered to be an "originator" for the purposes of the European Risk Retention Requirements, the Risk Retention Company may be in breach of the terms of the related risk retention letter. In such circumstances the arranger of the relevant Risk Retention Company CLO and the other parties to the related risk retention letter would have recourse to the Risk Retention Company for losses incurred as a result of such breach. If such Risk Retention Company is the Issuer or a Risk Retention Company that the Issuer has invested in, such claims may reduce, or entirely diminish any cash or assets of the Issuer which may have been available to repay the Notes and the interest payable on the Notes.

If the Issuer were to become exposed to a Risk Retention Company investing in a CLO intending to be compliant with the U.S. Risk Retention Regulations, such a Risk Retention Company may be required to execute a comparable letter and will therefore be subject to comparable risks.

31. **Where a Risk Retention Company enters into retention financing arrangements with respect to CLO Retention Securities, if such arrangements are enforced by the lender(s), the CLO Retention Securities and other assets of the Risk Retention Company may be appropriated, potentially leading to the relevant Risk Retention Company CLO being non-compliant with the applicable Retention Requirements and a reduction in the level of assets of the Risk Retention Company**

A Risk Retention Company may enter into financing arrangements with respect to CLO Retention Securities. Should the Issuer or a Risk Retention Company in which it has invested default in the performance of its obligations under such financing arrangements, the lender(s) will have the right to enforce any security granted by the Issuer or the Risk Retention Company (as applicable) including effecting the sale of some or all of the CLO Retention Securities. In carrying out such sales, such lender(s) will not be required to have regard to the retention requirements applicable to the Issuer or the Risk Retention Company (as applicable) and any such sale may therefore cause the CLO to become non-compliant with the applicable retention requirements. This could materially and adversely affect the performance of the affected Issuer or Risk Retention Company and, in the case of a Risk Retention Company that the Issuer has invested in, by extension, materially and adversely affect the performance of the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

In addition, the financing arrangements for the CLO Retention Securities will be provided to the Issuer or the Risk Retention Company (as applicable) on a full recourse basis. Should the Issuer or the Risk Retention Company (as applicable) default in the performance of its obligations under such financing arrangements, the lender(s) may have a right of recourse over certain other assets of the Issuer or the Risk Retention Company (as applicable) in addition to the recourse over the CLO Retention Securities. Such recourse could materially and adversely affect the performance of the affected Issuer or Risk Retention Company and, in the case of a Risk Retention Company that the Issuer has invested in, by extension, materially and adversely affect the performance of the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

32. **The Risk Retention Companies may need to sell CLO Retention Income Notes or CLO Retention Securities below market value**

A Risk Retention Company (including the Issuer) may be contractually obligated to transfer CLO Retention Securities or CLO Retention Income Notes in the event it acts as, and is replaced as, collateral manager of a Risk Retention Company CLO. The terms of such transfer may not reflect the market price of the CLO Retention Securities or CLO Retention Income Notes at such time.

RISK RELATING TO INVESTMENTS IN LOANS AND BONDS

1. **Nature of the loans and bonds**

The Risk Retention Company CLOs will commonly invest in a portfolio of loans and bonds consisting at the time of acquisition of predominantly senior secured obligations, unsecured senior loans, second lien loans, mezzanine obligations and high yield bonds, as well as certain other investments, all of which will have greater credit and liquidity risk than investment grade sovereign or corporate bonds or loans. Risk Retention Companies may also invest directly in such types of collateral or indirectly through Loan Warehouses or other Risk Retention Companies. Collateral of the nature described above is subject to credit, liquidity, interest rate and exchange rate risks.

The lower rating of below investment grade collateral reflects a greater possibility that adverse changes in the financial condition of an obligor or in general economic conditions or both may impair the ability of the relevant obligor, as the case may be, to make payments of principal or interest. Such investments may be speculative.

Due to the fact that CLO Income Notes represent a leveraged investment in the underlying collateral obligations of a CLO, it is anticipated that changes in the market value of CLO Income Notes will be greater than changes in the market value of the underlying collateral obligations.

The offering of the CLO Securities is commonly structured so that the CLO Securities are assumed to be able to withstand certain assumed losses relating to defaults on the underlying collateral obligations. There is no assurance that actual losses will not exceed such assumed losses. If any losses exceed such assumed levels, payments on the CLO Securities could be adversely affected by such defaults. To the extent that a default occurs with respect to any collateral obligation securing the CLO Securities and the Risk Retention Company CLO sells or otherwise disposes of such collateral obligation, it is likely that the proceeds of such sale or disposition will be less than the unpaid principal and interest thereon.

The financial markets periodically experience substantial fluctuations in prices for obligations of the types that may be held by a Risk Retention Company either directly or indirectly and limited liquidity for such obligations exists. No assurance can be made that the conditions giving rise to such price fluctuations and limited liquidity will not occur, subsist or become more acute in due course. During periods of limited liquidity and higher price volatility, the ability of the Issuer or a CLO Manager (on behalf of a Risk Retention Company CLO or Loan Warehouse) or a Risk Retention Company to acquire or dispose of collateral obligations at a price and time that such entity deems advantageous may be impaired. As a result, in periods of rising market prices, the Issuer or a CLO Manager (on behalf of a Risk Retention Company CLO or Loan Warehouse) or a Risk Retention Company (as applicable) may be unable to participate in price increases fully to the extent that it is either unable to dispose of collateral obligations whose prices have risen or to acquire collateral obligations whose prices are on the increase; an inability to dispose fully and promptly of positions in declining markets will conversely cause a decline in net asset value as the value of unsold positions is marked to lower prices. A decrease in the market value of the collateral obligations would also adversely affect the proceeds of sale that could be obtained upon the sale of the collateral obligations and could ultimately affect the ability of a Risk Retention Company CLO, a Loan Warehouse vehicle or a Risk Retention Company, to pay in full or redeem the investment in the or, in the case of the Issuer, to redeem the Notes. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition of such collateral obligations at any time, or that the proceeds of any such sale or disposition would be sufficient to repay a corresponding par amount of principal of and interest on the investment or the Notes (as applicable). Moreover, there can be no assurance as to the amount or timing of any recoveries received in respect of loans or bonds that have defaulted.

2. Characteristics and Risk of the portfolios of the Risk Retention Companies and Risk Retention Company CLOs

The collateral in the portfolios of the Risk Retention Companies and Risk Retention Company CLOs will be subject to credit, liquidity, interest rate and exchange rate risks. The portfolios may be comprised of direct or indirect interests in secured senior obligations (which may consist of secured senior loans and/or secured senior notes), unsecured senior loans, second lien loans, mezzanine obligations and high yield bonds lent to or issued by a variety of obligors which are primarily rated below investment grade.

Investors in the Issuer should be aware that the amount and timing of payment of the principal and interest on the collateral obligations forming part of the portfolios of the Risk Retention Companies and Risk Retention Company CLOs will depend upon the detailed terms of the documentation relating to each of the collateral obligations and on whether or not any obligor thereunder defaults in its obligations.

3. Characteristics of senior obligations, mezzanine obligations and high yield bonds

Senior obligations, mezzanine obligations and high yield bonds (in which Risk Retention Companies and Risk Retention Company CLOs may invest directly or indirectly) are of a type generally incurred by the obligors thereunder in connection with highly leveraged transactions, often (although not exclusively) to finance internal growth, pay dividends or other distributions to the equity holders in the obligor, or finance acquisitions, mergers, and/or stock purchases. As a result of the additional debt incurred by the obligor in the course of such a transaction, the obligor's creditworthiness is typically judged by the rating agencies to be below investment grade. Secured senior obligations, unsecured senior loans and, in some but not all cases, high yield bonds are typically at the most senior level of the capital structure with the security claim in respect of second lien loans being subordinated thereto and mezzanine obligations being subordinated to any other senior obligations or to any other senior debt of the obligor. High yield bonds may represent a senior or subordinated claim, both in respect of security and of ranking of the debt claim represented thereby. Secured senior obligations and (to a lesser extent) high yield bonds are often secured by specific collateral, including but not limited to, trademarks, patents, accounts receivable, inventory, equipment, buildings, real estate, franchises and common and preferred stock of the obligor and its subsidiaries and any applicable associated liens relating thereto. In continental Europe, security is often limited to shares in certain group companies, accounts receivable, bank account balances and intellectual property rights. Senior obligations may be in the form of loans or a security, which may present different risks and concerns. Mezzanine obligations may have the benefit of a second priority charge over such assets. Unsecured senior loans do not have the benefit of such security. Secured senior obligations usually have shorter terms than more junior obligations and often require mandatory prepayments from excess cash flows, asset dispositions and offerings of debt and/or equity securities.

Secured senior notes and high yield bonds typically bear interest at a fixed rate. Additionally, secured senior notes and high yield bonds typically contain noteholder collective action clauses permitting specified majorities of noteholders to approve matters which, in a typical secured senior loan, would require unanimous lender consent. The obligor under a secured senior note or high yield bond may therefore be able to amend the terms of the note, including terms as to the amount and timing of payments, with the consent of a specified majority of noteholders, either voting by written resolution or as a majority of those attending and voting at a meeting, and the Issuer or a CLO Manager (acting for a Risk Retention Company CLO or Loan Warehouse vehicle as applicable) or a Risk Retention Company is unlikely to have a blocking minority position in respect of any such resolution. A CLO Manager may be further restricted by the collateral management agreement from voting on certain matters, particularly extensions of maturity, which may be considered at a noteholder meeting. Consequently, material terms of a secured senior note or high yield bond may be varied without the consent of the Risk Retention Company CLO.

Mezzanine obligations generally take the form of medium term loans repayable shortly (perhaps six months or one year) after the senior loans of the obligor thereunder are repaid. Because mezzanine obligations are only repayable after the senior debt (and interest payments may be blocked to protect the position of senior debt interest in certain circumstances), it will carry a higher rate of interest to reflect the greater risk of it not being repaid. Due to the greater risk associated with mezzanine obligations as a result of their subordination below senior loans of the obligor, mezzanine lenders may be granted share options, warrants or higher cash paying instruments or payment in kind in the obligor which can be exercised in certain circumstances, principally being immediately prior to the obligor's shares being sold or floated in an initial public offering.

The majority of senior obligations and mezzanine obligations bear interest based on a floating rate index, for example EURIBOR, a certificate of deposit rate, a prime or base rate (each as defined in the applicable underlying instrument) or other index, which may reset daily (as most prime or base rate indices do) or offer the obligor a choice of one, two, three, six, nine or twelve month interest and rate reset periods. The purchaser of an interest in a senior obligation or mezzanine obligation may receive certain syndication or participation fees in connection with its purchase. Other fees payable in respect of a senior obligation or mezzanine obligation, which are separate from interest payments on such loan, may include facility, commitment, amendment and prepayment fees.

Senior obligations and mezzanine obligations also generally provide for restrictive covenants designed to limit the activities of the obligors thereunder in an effort to protect the rights of lenders or noteholders to receive timely payments of interest on, and repayment of, principal of the loans or securities. Such covenants may include restrictions on dividend payments, specific mandatory minimum financial ratios, limits on total debt and other financial tests. A breach of covenant (after giving effect to any cure period) under a senior obligation or mezzanine obligation which is not waived by the lending syndicate normally is an event of acceleration which allows the syndicate to demand immediate repayment in full of the outstanding loan. However, although any particular senior obligation or mezzanine obligation may share many similar features with other loans, securities and obligations of its type, the actual term of any senior obligation or mezzanine obligation will have been a matter of negotiation and will be unique. Any such particular loan may contain non-standard terms and may provide less protection for creditors than may be expected generally, including in respect of covenants, events of default, security or guarantees. In addition, collateral obligations in the form of floating rate notes are similar in nature to cov-lite loans and typically do not provide for financial covenants and thus, may result in difficulties in triggering a default.

4. **Limited liquidity, prepayment and default risk in relation to senior obligations, mezzanine obligations and high yield bonds**

In order to induce banks and institutional investors to invest in a senior obligation or mezzanine obligation, and to obtain a favourable rate of interest, an obligor under such an obligation often provides the investors therein with extensive information about its business, which is not generally available to the public. Because of the provision of confidential information, the unique and customised nature of the underlying instrument including such senior obligation or mezzanine obligation, and the private syndication of the loan, senior obligations and mezzanine obligations are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to, for example, the high yield bond market. Historically, investors in or lenders under European or U.S. senior obligations, mezzanine obligations and high yield bonds have been predominantly commercial banks and investment banks. The range of investors for such loans and securities has broadened significantly to include money managers, insurance companies, arbitrageurs, bankruptcy investors and mutual funds seeking increased potential total returns and collateral managers of trusts or special purpose companies issuing collateralised bond and loan obligations. As secondary market trading volumes increase, new loans are frequently adopting more standardised documentation to facilitate loan trading which should improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide the degree of liquidity which currently exists in the market. This means that such assets will be subject to greater disposal risk in the event that such assets are sold following enforcement of the security over the collateral or otherwise. The European and U.S. market for mezzanine obligations is also generally less liquid than that for senior obligations, resulting in increased disposal risk for such obligations.

High yield bonds are generally freely transferrable negotiable instruments (subject to standard selling and transfer restrictions to ensure compliance with applicable law, and subject to minimum denominations) and may be listed and admitted to trading on a regulated or an exchange-regulated market; however, there is currently no liquid market for them to any materially greater extent than there is for secured senior loans. Additionally, the information supplied by the obligors to their debtholders may typically be less than would be provided on a secured senior loan.

5. **Increased Risks for Mezzanine Obligations**

The fact that mezzanine obligations are generally subordinated to any senior obligation and potentially other indebtedness of the relevant obligor thereunder, may have a longer maturity than such other indebtedness and will generally only have a second ranking security interest over any security granted in respect thereof, increases the risk of non-payment of such mezzanine obligations in an enforcement situation.

Mezzanine obligations may provide that all or part of the interest accruing thereon will not be paid on a current basis but will be deferred. Mezzanine obligations also generally involve greater credit and liquidity risks than those associated with investment grade corporate obligations and senior obligations. They are often entered into in connection with leveraged acquisitions or recapitalisations in which the obligors thereunder incur a substantially higher amount of indebtedness than the level at which they previously operated and, as referred to above, sit at a subordinated level in the capital structure of such companies.

Mezzanine obligations are likely to be subject to inter-creditor arrangements that may include restrictions on the ability of the holders of the relevant mezzanine obligations from taking independent enforcement action.

6. **Prepayment Risk**

Loans are generally pre-payable in whole or in part at any time at the option of the obligor thereof at par plus accrued and unpaid interest thereon. Secured senior notes may include obligor call or prepayment features, with or without a premium or make-whole. Prepayments on loans and bonds (whether held directly or indirectly) may be caused by a variety of factors, which are difficult to predict. Accordingly, there exists a risk that loans and bonds purchased at a price greater than par may experience a capital loss as a result of such a prepayment.

7. **Defaults and Recoveries**

There is limited historical data available as to the levels of defaults and/or recoveries that may be experienced on senior obligations, mezzanine obligations and high yield bonds and no assurance can be given as to the levels of default and/or recoveries that may apply to any senior obligations, mezzanine obligations and high yield bonds purchased by a Risk Retention Company or Risk Retention Company CLO either directly or indirectly. As referred to above, although any particular senior obligation, mezzanine obligation and high yield bond often will share many similar features with other loans, securities and obligations of its type, the actual terms of any particular senior obligation, mezzanine obligation and high yield bond will have been a matter of negotiation and will thus be unique. The types of protection afforded to creditors will therefore vary from investment to investment. Recoveries on both senior obligations, mezzanine obligations and high yield bonds may also be affected by the different bankruptcy regimes applicable in different jurisdictions, the availability of comprehensive security packages in different jurisdictions and the enforceability of claims against the obligors thereunder.

The effect of an economic downturn on default rates and the ability of finance providers to protect their investment in a default situation is uncertain. Furthermore, the holders of senior obligations, mezzanine obligations and high yield bonds are more diverse than ever before, including not only banks and specialist finance providers but also alternative investment managers, specialist debt and distressed debt investors and other financial institutions. The increasing diversification of the investor base has also been accompanied by an increase in the use of hedges, swaps and other derivative instruments to protect against or spread the economic risk of defaults. All of these developments may further increase the risk that historic recovery levels will not be realised. The returns on senior obligations, mezzanine obligations and/or high yield bonds therefore may not adequately reflect the risk of future defaults and the ultimate recovery rates.

A non-investment grade loan or debt obligation or an interest in a non-investment grade loan is generally considered speculative in nature and may become defaulted for a variety of reasons. Upon any collateral obligation becoming defaulted, such obligation may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial change in the interest rate, a substantial write-down of principal, a conversion of some or all of the principal debt into equity, or an extension of its maturity, and a substantial change in the terms, conditions and covenants with respect to such obligation. Junior creditors may find that a restructuring leads to the total eradication of their debt whilst the obligor continues to service more senior tranches of debt on improved terms for the senior lenders. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in uncertainty with respect to the ultimate recovery on such defaulted obligation. Forum shopping for a favourable legal regime for a restructuring is not uncommon, English law schemes of arrangement having become a popular tool for European incorporated companies, even for obligors with little connection to the UK. The liquidity for defaulted obligations may be limited, and to the extent that defaulted obligations are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon.

In some European jurisdictions, obligors or lenders may seek a "scheme of arrangement". In such instance, a lender may be forced by a court to accept restructuring terms. Recoveries on senior obligations, mezzanine obligations and high yield bonds will also be affected by the different bankruptcy regimes applicable in different European jurisdictions and the enforceability of claims against the obligors thereunder.

8. Characteristics of Second Lien Loans

Risk Retention Companies and Risk Retention Company CLOs may invest directly or indirectly in second lien loans. Such loans will be secured by a pledge of collateral, subordinated (with respect to liquidation preferences with respect to pledged collateral) to other secured obligations of the obligors secured by all or a portion of the collateral securing such secured loan. Second lien loans are typically subject to intercreditor arrangements, the provisions of which may prohibit or restrict the ability of the holder of a second lien loan to: (i) exercise remedies against the collateral with respect to their second liens; (ii) challenge any exercise of remedies against the collateral by the first lien lenders with respect to their first liens; (iii) challenge the enforceability or priority of the first liens on the collateral; and (iv) exercise certain other secured creditor rights, both before and during a bankruptcy of any obligor. In addition, during a bankruptcy of the obligor, the holder of a second lien loan may be required to give advance consent to: (a) any use of cash collateral approved by the first lien creditors; (b) sales of collateral approved by the first lien lenders and the bankruptcy court, so long as the second liens continue to attach to the sale proceeds; and (c) debtor-in-possession financings.

Liens arising by operation of law may take priority over liens held by the Issuer, a Risk Retention Company CLO, a Loan Warehouse vehicle or a Risk Retention Company (as applicable) on an obligor's underlying collateral in connection with a second lien loan and impair recovery on a collateral obligation if a default or foreclosure on that collateral obligation occurs. If the creditor holding a lien exercises its remedies, it is possible that, after such creditor is repaid, sufficient cash proceeds from the underlying collateral will not be available to pay the outstanding principal amount of such collateral obligations.

9. Characteristics of Unsecured Senior Loans

Risk Retention Companies and Risk Retention Company CLOs may invest directly or indirectly in unsecured senior loans. Such loans generally have greater credit, insolvency and liquidity risk than is typically associated with secured obligations. Unsecured senior loans will generally have lower rates of recovery than secured obligations following a default. Also, if the insolvency of an obligor of any unsecured senior loans occurs, the holders of such obligation will be considered general, unsecured creditors of the obligor and will have fewer rights than secured creditors of the obligor.

10. Investing in Cov-Lite Loans involves certain risks

Risk Retention Companies and Risk Retention Company CLOs may invest directly or indirectly in cov-lite loans. Such loans typically do not have maintenance covenants, they usually have incurrence covenants in the same manner as a high yield bond. Ownership of cov-lite loans may expose an entity to greater risks, including with respect to liquidity, price volatility and ability to restructure loans, than is the case with loans that have maintenance covenants. In addition, the lack of maintenance covenants may make it more difficult to trigger a default in respect of such collateral obligations. This makes it more likely that any default will only arise under a cov-lite loan at a stage where the relevant obligor is in a greater degree of financial distress. Such a delay may make any successful restructuring more difficult to achieve and/or result in a greater reduction in the value of the cov-lite loans as a consequence of any restructuring effected in such circumstances.

11. Characteristics of high yield bonds

Some high yield bonds are unsecured, may be subordinated to other obligations of the applicable obligor and may involve greater credit and liquidity risks than those associated with investment grade corporate obligations. They are often issued in connection with leveraged acquisitions or recapitalisations in which the obligors thereunder incur a substantially higher amount of indebtedness than the level at which they previously operated.

High yield bonds have historically experienced greater default rates than investment grade securities. Although several studies have been made of historical default rates in the U.S. high yield market, such studies do not necessarily provide a basis for drawing definitive conclusions with respect to default rates and, in any event, do not necessarily provide a basis for predicting future default rates in either the European or the U.S. high yield markets.

The lower rating of securities in the high yield sector reflects a greater possibility that adverse changes in the financial condition of an issuer thereof, or in general economic conditions (including a sustained period of rising interest rates or an economic downturn), or both, may affect the ability of such issuer to make payments of principal and interest on its debt. Many issuers of high yield bonds are highly leveraged and specific developments affecting such issuers, including reduced cash flow from operations or inability to refinance debt at maturity, may also adversely affect such issuers' ability to meet their debt service obligations. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced on the high yield bonds in Risk Retention Companies' and Risk Retention Company CLOs' portfolios.

Some European high yield bonds are subordinated structurally, as opposed to contractually, to senior secured debtholders. Structural subordination is when a high yield security investor lends to a holding company whose primary asset is ownership of a cash-generating operating company or companies. The debt investment of the high yield investor is serviced by passing the revenues and tangible assets from the operating companies upstream through the holding company (which typically has no revenue-generating capacity of its own) to the security holders. In the absence of upstream guarantees from operating or asset owning companies in the group, such a process may leave the high yield bond investors deeply subordinated to secured and unsecured creditors of the operating companies and means that investors therein will not necessarily have access to the same security package as the senior lenders (even on a second priority charge basis) or be able to participate directly in insolvency proceedings or pre-insolvency discussions relating to the operating companies within the group. This facet of the European high yield market differs from the U.S. high yield market, where structural subordination is markedly less prevalent. Furthermore, security granted may be similar to that granted under a second lien loan (as discussed above).

In the case of high yield bonds issued by issuers with their principal place of business in Europe, structural subordination of high yield bonds, coupled with the relatively shallow depth of the European high yield market, leads European high yield defaults to realise lower average recoveries than their U.S. counterparts. Another factor affecting recovery rates for European high yield bonds is the bankruptcy regimes applicable in different European jurisdictions and the enforceability of claims against the high yield bond issuer. It must be noted, however, that the overall probability of default (based on credit rating) remains similar for both U.S. and European credits; it is the severity of the effect of any default that differs between the two markets as a result of the aforementioned factors.

In addition to the characteristics described above, high yield securities frequently have call or redemption features that permit the issuer to redeem such obligations prior to their final maturity date. If such a call or redemption were exercised by a Risk Retention Company CLO during a period of declining interest rates, it may only be possible to replace such called obligation with a lower yielding obligation, thus decreasing the net investment income from the Risk Retention Companies' or the Risk Retention Company CLOs' portfolios (as applicable).

12. Corporate Rescue Loans

Risk Retention Companies and Risk Retention Company CLOs may invest directly or indirectly in corporate rescue loans. Such loans are made to companies that have experienced, or are experiencing, significant financial or business difficulties such that they have become subject to bankruptcy or other reorganisation and liquidation proceedings and thus involves additional risks. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Issuer, a Risk Retention Company CLO, a Loan Warehouse vehicle (or the CLO Manager on behalf of a Risk Retention Company CLO or Loan Warehouse vehicle), or a Risk Retention Company (as applicable) will correctly evaluate the value of the assets securing the corporate rescue loan or the prospects for a successful reorganisation or similar action and, accordingly, such entity could suffer significant losses on its investments in such corporate rescue loan. An investment in such type of loan may lead to a loss of the entire investment, or the holder may be required to accept cash or securities with a value less than the original investment and/or may be required to accept payment over an extended period of time.

Distressed company and other asset-based investments require active monitoring and may, at times, require participation by the lender in business strategy or bankruptcy proceedings. To the extent that the Issuer, a Risk Retention Company CLO, a Loan Warehouse vehicle or a Risk Retention Company (as applicable) becomes involved in such proceedings, the more active participation in the affairs of the bankruptcy debtor could result in the imposition of restrictions limiting their ability to liquidate their position in the debtor.

13. **Bridge Loans**

Risk Retention Companies and Risk Retention Company CLOs may invest directly or indirectly in bridge loans. Bridge loans are generally a temporary financing instrument and as such the interest rate may increase after a short period of time in order to encourage an obligor to refinance the bridge loan with more long-term financing. If an obligor is unable to refinance a bridge loan, the interest rate may be subject to an increase and as such bridge loans may have greater credit and liquidity risk than other types of loans.

14. **Voting Restrictions on Syndicated Loans for Minority Holders**

The Issuer, a Risk Retention Company CLO, a Loan Warehouse vehicle or a Risk Retention Company (as applicable) will generally purchase each underlying asset in the form of an assignment of, or participation interest in, a note or other obligation issued under a loan facility to which more than one lender is a party. These loan facilities are administered for the lenders by a lender or other agent acting as the lead administrator. The terms and conditions of these loan facilities may be amended, modified or waived only by the agreement of the lenders. Generally, any such agreement requires the consent of a majority or a super-majority (measured by outstanding loans or commitments) or, in certain circumstances, a unanimous vote of the lenders, and the Issuer, a Risk Retention Company CLO, a Loan Warehouse vehicle or a Risk Retention Company (as applicable) may have a minority interest in such loan facilities. Consequently, the terms and conditions of an underlying asset issued or sold in connection with a loan facility could be modified, amended or waived in a manner contrary to the preferences of the Issuer, a Risk Retention Company CLO, a Loan Warehouse vehicle or a Risk Retention Company (as applicable) if the amendment, modification or waiver of such term or condition does not require the unanimous vote of the lenders and a sufficient number of the other lenders concur with such modification, amendment or waiver. There can be no assurance that any collateral obligations issued or sold in connection with any loan facility will maintain the terms and conditions to which the Issuer, a Risk Retention Company CLO, a Loan Warehouse vehicle or a Risk Retention Company (as applicable) or a predecessor in interest, originally agreed.

15. **Lender Liability Considerations; Equitable Subordination**

In recent years, a number of judicial decisions in the United States and other jurisdictions have upheld the right of obligors to sue lenders or bondholders on the basis of various evolving legal theories (collectively, termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender or bondholder has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the obligor or has assumed a degree of control over the obligor resulting in the creation of a fiduciary duty owed to the obligor or its other creditors or shareholders.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (a) intentionally takes an action that results in the under capitalisation of the obligor to the detriment of other creditors of such obligor, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as a stockholder to dominate or control the obligor to the detriment of other creditors of such obligor, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination". Because of the nature of the collateral obligations, the Issuer, a Risk Retention Company CLO, a Loan Warehouse vehicle or a Risk Retention Company (as applicable) may be subject to claims from creditors of an obligor that collateral obligations issued by such obligor that are held by the Issuer, a Risk Retention Company CLO, a Loan

Warehouse vehicle or a Risk Retention Company (as applicable) should be equitably subordinated.

The preceding discussion is based upon principles of United States federal and state laws. Insofar as collateral obligations that are obligations of non-United States obligors are concerned, the laws of certain foreign jurisdictions may impose liability upon lenders or bondholders under factual circumstances similar to those described above, with consequences that may or may not be analogous to those described above under United States federal and state laws.

RISKS RELATING TO DFME AND DFM

1. **The performance of the Issuer has some dependence on the skills and the personnel of DFME (and in certain circumstances DFM) and the human resources DFME provides to the Issuer in its capacity as the Service Support Provider**

In accordance with the Portfolio Service Support Agreement, DFME (in its capacity as the Service Support Provider) is responsible for providing certain service support and assistance to the Issuer. The Service Support Provider will also be responsible for providing the necessary human resources to the Issuer so that the business and management functions of the Issuer can be carried on. The Issuer's directors, acting on the advice of the human resources provided to the Issuer by the Service Support Provider, will have responsibility for managing the business affairs of the Issuer, in accordance with the Amended Profit Participating Note Issuing and Purchasing Agreement, applicable laws and its constitutional documents and the Issuer's directors will have overall responsibility for the activities of the Issuer. While the Issuer's directors will have responsibility for and oversight of the Issuer's business and such business will be managed by the Issuer's directors, the Issuer's day-to-day performance will also be reliant on service support received from the Service Support Provider. As a result, if the Service Support Provider were no longer able to provide the service support under the Portfolio Service Support Agreement or failed to provide the service support in the manner required by the Issuer's directors to manage the Issuer's portfolio and business, this could have a material adverse effect on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

Pursuant to a management agreement to be entered into between U.S. MOA (a Risk Retention Company in which it is intended that the Issuer will invest) and DFM (the "**U.S. MOA Management Agreement**") DFM, in its capacity as the U.S. MOA manager (the "**U.S. MOA Manager**"), will be responsible for supervising and directing the investment and reinvestment of U.S. MOA's assets, advising U.S. MOA with respect to its financing (including the declaration of dividends, share buybacks, rights issuances and similar corporate matters), the entry into of any shareholders agreements and performing on behalf of U.S. MOA the duties that have been specifically delegated to the U.S. MOA Manager in the various transaction documents entered into from time to time by the U.S. MOA Manager and/or U.S. MOA in connection with U.S. MOA's assets and the financing thereof. As a result, if the U.S. MOA Manager is no longer able to provide the services under the U.S. MOA Management Agreement, this could have a material adverse effect on the performance of U.S. MOA and, by extension, the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

In addition, DFME or DFM or one of their affiliates will also act as CLO Manager in respect of the Risk Retention Company CLOs from time to time. Consequently, the Risk Retention Companies will be dependent on the advisory and management experience of the individuals employed by DFME and DFM, some of whom (in the case of DFME) will be made available to the Issuer pursuant to the Portfolio Service Support Agreement. As a result, DFME and DFM will be providing services and advice (as applicable) in several different capacities, which may result in conflicts of interest. If such conflicts of interest arise, they may need to be resolved in a manner which adversely affects one of the parties to which DFME or DFM (as applicable) provides services. This could have a material adverse effect on the performance of a Risk Retention Company CLO and, by extension, the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

Further, the future ability of the Risk Retention Companies to pursue their investment policies successfully may depend on DFME and DFM's ability to retain existing staff and/or to recruit individuals of similar experience and calibre. Whilst DFME and DFM have endeavoured to ensure that the principal members of their advisory and service support teams are suitably incentivised, the retention of key members of the teams cannot be guaranteed. In the event of a departure of a key employee, there is no guarantee that DFME or DFM (as applicable) would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the performance of the Risk Retention Companies. Events impacting but not entirely within DFME or DFM's control, such as financial performance or being acquired or making acquisitions or changes to internal policies and structures, could in turn affect their ability to retain key personnel. If key personnel of DFME or DFM were to depart or DFME or DFM (as applicable) were unable to recruit individuals with similar experience and calibre, DFME or DFM (as applicable) may not be able to provide services and advice (as applicable) or to the requisite level expected or required by the Risk Retention Companies. This could have a material adverse effect on the Risk Retention Companies and specifically, on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

Under the Portfolio Service Support Agreement, DFME agrees to perform its obligations to a specified Standard of Care (defined below); provided that DFME will not be liable for any loss or damages resulting from any failure to satisfy the Standard of Care except in certain limited circumstances. If a liability were to be incurred by the Issuer in a situation where DFME had acted in accordance with its Standard of Care, the Issuer would (except in certain limited circumstances) have no recourse to DFME and such liabilities would be for the account of the Issuer. This could have a material adverse effect on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes. Similarly, if a liability were to be incurred by U.S. MOA in a situation where DFM had acted in accordance with its obligations under the U.S. MOA Management Agreement, U.S. MOA would have no recourse to DFM and such liabilities would be for the account of U.S. MOA. This could have a material adverse effect on the performance of U.S. MOA and, by extension, on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

Additionally under the Portfolio Service Support Agreement, the Issuer will be required to indemnify DFME and its affiliates, managers, directors, officers, partners, agents and employees, from and against all liabilities incurred in connection with the Portfolio Service Support Agreement (except to the extent such liabilities are incurred as a result of any acts or omissions of DFME that constitute a Service Support Provider Breach (as defined below)). Similarly, under the U.S. MOA Management Agreement, U.S. MOA will be required to indemnify DFM against liabilities incurred in performing its duties thereunder; provided, that U.S. MOA will not indemnify DFM for any liabilities incurred as a result of any acts or omissions constituting bad faith, fraud, wilful misconduct or gross negligence or reckless disregard of the duties and obligations of DFM. As a result, if such liabilities arise, the Issuer or U.S. MOA (as applicable) will be required to make payment under such indemnity, which could have a material adverse effect on the performance of the Issuer or U.S. MOA, and specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes. Further details in respect of the Portfolio Service Support Agreement are set out in the section entitled "Su*mmary of Transaction Documents*" below.

DFME is able to resign its role as Service Support Provider under the Portfolio Service Support Agreement upon 90 days' written notice to the Issuer. Similarly, DFM may resign its role as the U.S. MOA Manager under the U.S. MOA Management Agreement upon 90 days' written notice to the U.S. MOA. Whilst such a resignation under any of these agreements will not be effective until the date as of which a successor adviser has been appointed, it may be difficult to locate a successor to any of these roles. If a successor cannot be found for either role, the Issuer or U.S. MOA (as applicable) may not have the resources it considers necessary to manage its portfolio or to make investments appropriately and, as a result, there may be a material adverse effect on the performance of the Issuer or U.S. MOA, and specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes. In addition, the Service Support Provider under the Portfolio Service Support Agreement may immediately resign by providing written notice to the Issuer upon the occurrence of certain events relating to the Issuer such as, amongst others, the failure of the Issuer to comply in any material respect with its investment policy, a wilful breach or knowing violation by the Issuer of a material provision of the Portfolio Service Support Agreement or the occurrence of insolvency proceedings in respect of the Issuer. If any of these events were to occur and resulted in the resignation of the Service Support Provider, the Issuer may not have the expertise available to it in order to manage its assets and may experience difficulty in locating an alternative service support provider and, as a result, there may be a material adverse effect on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

In the event of the removal of DFME or DFM (as applicable) as CLO Manager in respect of a Risk Retention Company CLO, such relevant entity will continue as CLO Manager of the relevant Risk Retention Company CLO until a suitable replacement is found (in accordance with the Risk Retention Company CLO's transaction documents) and will continue to receive any CLO management fees and expenses accrued to the date of actual termination of its duties.

Recently the U.S. Securities and Exchange Commission (the "**SEC**") has focused on issues related to private equity firms. More specifically, the SEC has indicated that its list of examination priorities includes, among other things, private equity firms' collection of fees and allocation of expenses, their marketing and valuation practices, allocation of investment opportunities and other conflicts of interests. DFME, DFM and their affiliates are regularly subject to requests for information and informal or formal investigations by the SEC and other regulatory authorities, with which they routinely cooperate. In the current environment, even historical practices that have been previously examined by regulators are being revisited. While it is difficult to predict what impact, if any, the foregoing may have, there can be no assurance that any of the foregoing would not have a material adverse effect on the ability of DFME or DFM to perform its duties under the relevant CLO transaction documents. Even if an investigation or proceedings did not result in a sanction or the sanctions imposed against DFME or DFM or their personnel by a regulator were small in monetary amount, the adverse publicity relating to the investigation, proceedings or imposition of these sanctions could have an adverse effect on the value of investments in Loan Warehouses or CLO Securities held by the Risk Retention Companies, this may have a material adverse effect on the performance of the Risk Retention Companies and, by extension on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

RISKS RELATING TO THE NOTEHOLDERS

1. **The tax position of the Issuer could be negatively impacted where a Noteholder is connected with the Issuer.**

A Noteholder may be required by the Issuer to provide certain representations to the Issuer in relation to the tax status of the Noteholder, in particular that:

(a) it is an investment undertaking within the meaning of section 739B of the Taxes Consolidation Act 1997 (as amended, the "**TCA**"); or

(b) it is by virtue of the laws of a Relevant Territory, resident for the purposes of tax in a Relevant Territory and does not receive interest under the Notes in connection with a trade or business which it carries on in Ireland through a branch or agency and is either:

(i) not a "specified person" in relation to the Issuer; or

(ii) it is a "specified person" in relation to the Issuer that:

(A) is subject, without any reduction computed by reference to the amount of such interest or other distribution, to a tax which generally applies in a Relevant Territory to profits, income or gains received by persons in that territory from sources outside that territory, on the interest on the Notes; and

(B) will not be availing of a participation exemption in respect of any of the interest on the Notes, or any notional or deemed reduction in calculating their taxable income,

where, in relation to the above,

"**Relevant Territory**" means (i) a member state of the European Communities (other than Ireland), (ii) not being such a member state, a country with which Ireland has a tax treaty in force by virtue of section 826(1) TCA, or (iii) not being a territory referred to in (i) or (ii), a country with which Ireland has signed such a tax treaty which will come into force once the procedures set out in section 826(1) TCA have been completed, and

a person will be a "**specified person**" in relation to the Issuer if they are:

(i) a company which directly or indirectly:

(A) controls the Issuer;

(B) is controlled by the Issuer; or

(C) is controlled by a third company which also directly or indirectly controls the Issuer,

where "**control**" and "**controlled**" have the same meaning as in Section 11 of the TCA; or

(ii) a person, or persons who are connected with each other:

(A) from whom assets were acquired;

(B) to whom the Issuer has made loans or advances; or

(C) with whom the Issuer has entered into "specified agreements" (as defined in Section 110 of the TCA and including principally swap agreements), where the aggregate value of such assets, loans, advances or agreements represents not less than 75 per cent. of the aggregate value of the qualifying assets of the Issuer

If a Noteholder cannot provide these representations to the Issuer it could have an adverse impact on the tax position of Issuer leading to a lower return on the Notes for any Noteholder.

2. **There is no trustee to represent the interests of the Noteholders**

The Further Notes will be constituted pursuant to the Amended Profit Participating Note Issuing and Purchase Agreement and represent a direct contractual obligation between the Issuer and the Noteholders. The Notes may only be transferred if the transferee agrees to accede to the terms of the Amended Profit Participating Note Issuing and Purchase Agreement and as such any transfer of the Notes will not affect the direct contractual obligation between the Issuer and the Noteholders. As the Notes have been documented to provide direct contractual rights between the Issuer and each Noteholder, the absence of a trustee to represent the interests of the Noteholders will not prejudice the rights of the Noteholders but may, only in circumstances where there is a large number of Noteholders: (i) inhibit or delay communications between the Issuer and the Noteholders and between the Noteholders themselves; and/or (ii) complicate or delay the Noteholders in taking decisions.

RISKS RELATING TO THE NOTES

1. **The Notes have limited liquidity**

The Original Notes have been admitted to the Official List and to trading on the GEM and application will be made for the Further Notes to be admitted to the Official List and to trading on the GEM. There can be no assurance that any such application will be granted or, if granted, that such listing will be maintained. Notwithstanding the foregoing, there is currently no secondary market for the Original Notes. There can be no assurance that any secondary market for the Notes will develop or, if a secondary market does develop, that it will provide Noteholders with liquidity of investment or that it will continue for the life of the Notes.

Consequently, in the event of a material adverse event occurring in relation to the Issuer or the market generally, the ability of a Noteholder to realise its investment and prevent the possibility of further losses could, therefore, be limited by its restricted ability to realise its investment in the Notes.

2. **Noteholders have limited rights to have their Notes redeemed or repurchased by the Issuer**

Save in the limited circumstances described in Conditions, Noteholders will have no entitlement to have their Notes redeemed or repurchased by the Issuer.

3. **The amount of interest payable on the Notes will be dependent on the performance of the portfolio**

The Issuer will finance the payment of interest and repayment of principal on the Notes from income generated by, and the proceeds of the disposal of, the Collateral Obligations. If the portfolio of Collateral Obligations held by the Issuer does not perform as expected, the amount of interest payable on the Notes will reduce and may even reduce to zero.

4. **Payments of interest and repayments of principal on the Notes will be made on a *pari passu* and pro rata basis with payments of interest and repayments of principal on any other profit participating notes issued by the Issuer from time to time.**

It is expected that the Issuer will issue further profit participating notes in the future, including to two Irish incorporated designated activity companies (the "**DAC Notes**") and to two Irish sub-funds entities (the "**Fund Notes**", and together with the DAC Notes and any other profit participating notes issued by the Issuer from time to time, the "**Additional Notes**"). Any Additional Notes will be issued on substantially similar terms as the Notes and will rank *pari passu* at the point of payment of interest and repayment of principal with the Notes. Once issued, the amount of the Issuer's funds available to be paid to the Noteholders will be allocated to the Notes and the Additional Notes in relation to the principal amount outstanding of the Notes and the Additional Notes. If the increased leverage gained by the Issuer does not result in a corresponding increase in the profitability of the Issuer relative to the leverage employed, then payments of interest and repayments of principal on the Notes may reduce.

5. **Certain of the Additional Notes may have cross default provisions**

Certain of the Additional Notes may be issued with cross default provisions in the conditions. In such a case, in the event of a default of the Issuer under the relevant Additional Notes, other investors in other Additional Notes may be entitled to call for the Additional Notes that they are holding to become due and repayable in accordance with the terms and conditions of those Additional Notes. Such actions would have a material adverse effect on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

6. **The Notes issued by the Issuer will be unsecured and limited recourse obligations of the Issuer and payments on the Notes will be subordinated to, amongst other things, the rights of the provider of any secured revolving credit facility and the payment of any hedging liabilities**

The Notes will be unsecured obligations of the Issuer and amounts payable on the Notes will be made solely from amounts received in respect of the assets of the Issuer available for distribution to its unsecured creditors (subject to the Conditions). The Issuer is permitted to incur secured debt and has entered into a senior secured variable funding note arrangement with a syndicate of lenders (as described below).

On 8 August 2014 the Issuer entered into a variable funding note issuing and purchasing agreement (as has been amended, modified or supplemented from time to time) with a number of bank counterparties (in various capacities) and Virtus Group LP (as collateral administrator), (the "**VFN Agreement**") pursuant to which the Issuer issued variable funding notes (the "**VFN Notes**") to the bank counterparties. Pursuant to the VFN Agreement the Issuer may draw funding amounts of up to EUR 475,000,000 in aggregate, or the Euro equivalent in pounds sterling and/or United States dollars. The VFN Notes rank senior in right of repayment and upon enforcement as compared to the Notes and any additional secured debt will rank ahead of the Notes on a similar basis. In an enforcement scenario under any secured facility, the provider(s) of such facilities will have the ability to enforce their security over the secured assets and to dispose of or liquidate (on their own behalf or through a security trustee or receiver) of such assets in a manner which is beyond the control of the Issuer. Such actions would have a material adverse effect on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes and the Issuer may have less cash to make interest payments and principal repayments on the Notes. In addition, the Issuer may utilise financial instruments to, among other things, hedge against declines in the value of its assets (excluding CLO Securities held in order to satisfy the Regulatory Requirements) as a result of changes in currency exchange rates or to swap payments it receives in currencies other than Euro for Euro. The payment of hedging liabilities will rank ahead of any payments on the Notes. The above priority may also adversely affect the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

7. **The use of further leverage by the Issuer may increase the volatility of returns and providers of leverage would rank ahead of investors in the Issuer in the event of insolvency**

As mentioned above, the Issuer may employ further leverage in order to increase investment exposure with a view to achieving its target return. While leverage presents opportunities for increasing total returns, it can also have the effect of increasing the volatility of the performance of the Issuer and, by extension, the Notes, including the risk of total loss of the amount invested. If income and capital appreciation on investments made with borrowed funds are less than the costs of the leverage, the Issuer's NAV will decrease. The effect of the use of leverage is to increase the investment exposure, the result of which is that, in a market that moves adversely, the possible resulting loss to investors' capital would be greater than if leverage were not used. As a result of leverage, small changes in the value of the underlying assets may cause a relatively large change in the value of the Issuer. Many financial instruments used to employ leverage are subject to variation or other interim margin requirements, which may force premature liquidation of investments. Noteholders should be aware that the use of leverage by the Issuer can be considered to multiply the leverage effect on their investment returns in the Issuer. As described above, while this effect may be beneficial when markets' movements are favourable, it may result in a substantial loss of capital when markets' movements are unfavourable.

In addition, such leverage may involve granting of security or the outright transfer of specific investments in the portfolio. Since the Notes are unsecured, on any insolvency of the Issuer, Noteholders could rank behind the Issuer's financing and hedging counterparties whose claims may be secured. Leverage does create opportunities for greater total returns on the investments but simultaneously may create special risk considerations by exaggerating changes in the total value of the Issuer's NAV and in the yield on the investments and, subsequently, the yield on the Notes.

In addition, to the extent leverage is employed the Issuer may be required to refinance transactions from time to time. On each refinancing, the applicable counterparty may choose to re-negotiate the terms of each transaction or indeed not to refinance the transaction at all. To the extent refinancing facilities are not available in the market at economic rates or at all, the Issuer may be required to sell assets at disadvantageous prices. Any such deleveraging may result in losses on investments which could be severe and accordingly could have a material adverse effect on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

RISKS RELATING TO CONFLICTS OF INTEREST

The following briefly summarises various potential and actual conflicts of interest that may arise from the overall advisory, investment, capital markets, lending and other activities of DFME, DFM and their affiliates and their respective clients and employees, however it is not intended to be an exhaustive list of all such conflicts. References in this section to DFME and DFM include their affiliates unless otherwise specified or the context otherwise requires.

1. **Fee structure**

DFME and DFM (as applicable) are entitled to receive CLO management fees from Risk Retention Company CLOs managed by them as CLO Manager out of proceeds received by the Risk Retention Company CLOs from the collateral obligations each such Risk Retention

Company CLO holds, subject in each case to the priority of payments of the relevant Risk Retention Company CLO. The payment of any incentive management fee that forms part of the CLO management fees is dependent to some degree on the yield earned on the collateral obligations of the Risk Retention Company CLOs. The fee structure could create an incentive for the CLO Managers to manage the Risk Retention Company CLOs' investments in a manner as to seek to maximise the yield on the collateral obligations relative to investments of higher creditworthiness. Managing the portfolio with the objective of increasing yield, even though the applicable CLO Manager is constrained by investment restrictions, could result in an increase in defaults or volatility and could contribute to a decline in the aggregate market value of the collateral obligations and therefore the return and repayment certain notes. Neither DFME nor DFM is under an obligation to manage Risk Retention Company CLOs or Loan Warehouses in a manner which will favour the investments in Loan Warehouses or CLO Securities held by the Risk Retention Companies (including the Issuer). If the applicable Risk Retention Company CLO or Loan Warehouse is not managed in a manner which favours the Risk Retention Companies' investments in Loan Warehouses or CLO Securities, this may have a material adverse effect on the performance of the Risk Retention Companies and, specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

2. **Provision of investment management, advisory and service support services to other entities**

Certain inherent conflicts of interest arise from the fact that DFME, DFM and their affiliates that operate under the credit business of the Blackstone Group L.P. (collectively, "**GSO Affiliates**") may provide investment management services, advisory services and/or service support services to the Risk Retention Company CLOs, the Risk Retention Companies and to other clients, including originator vehicles, other collateralised debt obligation vehicles, other investment funds, and any other investment vehicles that the GSO Affiliates may establish from time to time (the "**Other GSO Funds**"), as well as client accounts (including one or more managed accounts (or other similar arrangements, including those that may be structured as one or more entities) and proprietary accounts managed by GSO Affiliates in which none of the Risk Retention Company CLOs or the Risk Retention Companies will have an interest (such other clients, funds and accounts (including Other GSO Funds), collectively the "**Other GSO Accounts**"). In addition, the Blackstone Group L.P. and its affiliates (collectively, "**Blackstone Affiliates**") provide investment management services to other clients, including originator vehicles, other investment funds, and any other investment vehicles that Blackstone Affiliates may establish from time to time, client accounts and proprietary accounts in which none of the Risk Retention Company CLOs or the Risk Retention Companies will have an interest (such other clients, funds and accounts, other than the Other GSO Accounts, collectively the "**Other Blackstone Accounts**" and together with the Other GSO Accounts, the "**Other Accounts**"). The respective investment programs of the Risk Retention Company CLOs, the Risk Retention Companies and the Other Accounts may or may not be substantially similar. The GSO Affiliates and Blackstone Affiliates may give advice and recommend securities to Other Accounts that may differ from advice given to, or securities recommended or purchased on behalf of, the Risk Retention Company CLOs or the Risk Retention Companies (if applicable) even though their investment objectives may be the same or similar to those of the Risk Retention Company CLOs or the Risk Retention Companies.

Whilst the Issuer is self-managed, the Issuer is provided certain service support by DFME. Given that the Risk Retention Company CLOs are and will be managed by a GSO Affiliate and the Issuer is provided with certain service support by a GSO Affiliate, certain conflicts of interest may arise given that GSO Affiliates will be participating on both the purchase and the sale side of transactions involving the purchase of collateral obligations by the Risk Retention Company CLOs from the Issuer. In addition, a portion of the collateral obligations which are acquired by the Issuer may be acquired from Other GSO Funds. Furthermore, in consideration for the Issuer's role in establishing certain Issuer CLOs, the CLO Manager will rebate up to 20 per cent. of the management fees it receives (excluding any incentive fee). After the deduction of all costs (calculated at arm's length) attributable to the Issuer in respect of the relevant Issuer CLO, it is expected that any net rebate may be at least 10 per cent. of the management fees received by the CLO Manager.

3. **Allocation of opportunities between Risk Retention Company CLOs, the Risk Retention Companies and the Other Accounts**

While DFME, DFM and the Risk Retention Companies (as applicable in their relevant roles) will seek to manage potential conflicts of interest in good faith, the portfolio management or advisory strategies employed by the GSO Affiliates and Blackstone Affiliates in managing their respective Other Accounts could conflict with the transactions and strategies employed: (i) by DFME or DFM in managing the portfolio of a Risk Retention Company CLO; (ii) by DFM or DFME in providing services or advice (as applicable) to any Risk Retention Company; and/or (iii) by the Risk Retention Companies in managing their own portfolio. The portfolio strategies employed by Blackstone Affiliates may also affect the prices and availability of the securities and instruments in which the Risk Retention Company CLOs invest and in which the Risk Retention Companies themselves may invest.

In addition, in certain circumstances a specific investment opportunity may be appropriate, at times, for the Risk Retention Companies, the Risk Retention Company CLOs and/or Other Accounts, as applicable. It is the policy of the GSO Affiliates and Blackstone Affiliates to generally share appropriate investment opportunities (including purchase and sale opportunities) with the Other Accounts (and by association, with the applicable Risk Retention Companies and Risk Retention Company CLOs).

Each of DFME and DFM is committed to transacting in securities and loans in a manner that is consistent with the investment objectives of its clients, and to allocating investment opportunities (including purchase and sale opportunities) among its clients on a fair and equitable basis. In allocating investment opportunities, each of DFME and DFM determine which clients' investment mandates are consistent with the investment opportunity (such clients, which may include applicable Other Accounts, "**Relevant Clients**"), taking into account each client's risk/return profile, investment guidelines and objectives, and liquidity objectives.

As a general matter, investment opportunities will be allocated *pro rata* among Relevant Clients based on their respective targeted acquisition size (which may be based upon available capacity or, in some cases, a specified maximum target size of a client) or targeted sale size (which is generally based upon the position size held by selling clients), in a manner that takes into account the applicable factors listed below.

In addition, each of DFME and DFM comply with specific allocation procedures set forth in the documents governing its relationship with its clients and described during the marketing process. While no client will be favoured over any other client, in allocating investment opportunities certain clients may have priority over other clients consistent with disclosures made to the applicable investors.

Consistent with the foregoing, each of DFME and DFM will generally allocate investment opportunities pursuant to certain allocation methodologies as appropriate depending on the nature of the investment. Notwithstanding the foregoing, investment opportunities may be allocated in a manner that differs from such methodologies but is otherwise fair and equitable to clients, taken as a whole (including, in certain circumstances, a complete opt-out of the allocation).

In instances where a particular investment fits different strategies targeted by multiple Relevant Clients, DFME or DFM (as applicable) may determine that a particular investment most appropriately fits within the portfolio and strategy focus of particular Relevant Clients and may allocate the investment to those clients. Any such allocations (i) must be documented in accordance with their procedures and (ii) must be undertaken with reference to one or more of the following considerations (in each case as applicable):

3.1 the risk-return and target-return profile of the investment opportunity relative to the Relevant Client's current risk profile;

3.2 the Relevant Client's investment guidelines, restrictions, terms and objectives, including whether such objectives are considered solely in light of the specific investment under consideration or in the context of their respective portfolio's overall holdings;

3.3 the need to re-size risk in the Relevant Clients' portfolios (including the potential for the proposed investment to create an industry, sector or issuer imbalance within a Relevant Client's portfolio) and taking into account any existing non-pro rata investment positions in such portfolios;

3.4 liquidity considerations of the Relevant Client, including during a ramp-up or wind-down of one or more of such clients, proximity to the end of such clients' specified investment period, redemption/withdrawal requests from or with respect to a client, anticipated future contributions into a client and available cash;

3.5 tax consequences;

3.6 regulatory or contractual restrictions or consequences;

3.7 avoiding de minimis or odd lot allocations;

3.8 availability and degree of leverage and any requirements or other terms of any existing leverage facilities;

3.9 the Relevant Client's investment focus on a classification attributable to an investment or issuer of an investment, including, without limitation, geography, investment strategy, industry or business sector;

3.10 the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals or service support teams dedicated to the Relevant Client;

3.11 managing any actual or potential conflict of interest;

3.12 with respect to investments that are made available to DFME or DFM (as applicable) by counterparties pursuant to negotiated trading platforms (e.g., ISDA contracts) which may not be available for all clients in the absence of such relationships; and

3.13 any other considerations deemed relevant by DFME (including certain of the personnel provided by DFME under the Portfolio Service Support Agreement) or DFM or the applicable investment adviser to a client.

Because of these and other factors, certain Relevant Clients may effectively have priority in investment allocation over the Risk Retention Company CLOs or the Risk Retention Companies, notwithstanding DFM's or DFME's policies of pro rata distribution.

Investment orders may be combined for DFME, DFM, the Risk Retention Companies or for the Other Accounts, and if any order is not filled at the same price, they may be allocated on an average price basis between such accounts. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, securities or loans may be allocated among the different accounts on a basis which DFME or DFM (as applicable) or their respective affiliates consider equitable.

From time to time, the Risk Retention Company CLOs, the Risk Retention Companies and the Other Accounts may make investments at different seniority levels of an obligor's or issuer's capital structure or otherwise in different classes of an obligor's or issuer's securities. When making such investments, DFME, DFM, or any employees assigned to the applicable Risk Retention Companies each expect its clients to have conflicts of interest or perceived conflicts of interest between or among the various classes of securities or loans that may be held by such entities.

Neither the Blackstone Affiliates nor the Other Accounts are under any obligation to offer investment opportunities of which they become aware to the Risk Retention Company CLOs or the Risk Retention Companies or to share with the Risk Retention Company CLOs or the Risk Retention Companies or to inform the Risk Retention Company CLOs or the Risk Retention Companies of any such transaction or any benefit received by them from any such transaction, or to inform the Risk Retention Company CLOs or the Risk Retention Companies of any investments before offering any investments to other funds or accounts that they manage or advise. Furthermore, GSO Affiliates may make an investment on their own behalf or on behalf of their clients without offering the opportunity to add such investment, or adding such investment, to the portfolios of the Risk Retention Company CLOs or the Risk Retention Companies. Affirmative obligations may exist or may arise in the future, whereby GSO Affiliates may be obligated to offer certain investments to funds or accounts that such affiliates manage or advise before or without DFME or DFM (as applicable) offering those investments to the Risk Retention Company CLOs or the Risk Retention Companies.

All the different bases for determination on allocations as described above may result in a Risk Retention Company CLO failing to achieve the return from its portfolio that it would have achieved had a particular asset or assets been allocated to them and this may many have a material adverse effect on the general performance of such Risk Retention Company CLO and thus the return on the Issuer's investment.

DFME or DFM may invest in or, in the capacity as Service Support Provider or CLO Manager (as applicable), provide services or advice in respect of, assets held by the Risk Retention Company CLOs or the Risk Retention Companies (as applicable) in which it or any of its clients has declined to invest for its own account, the account of any of its affiliates or the account of its other clients.

4. **Co-investments among the Risk Retention Company CLOs, the Risk Retention Companies and the Other Accounts**

From time to time, DFME and DFM expect the Risk Retention Company CLOs, the Risk Retention Companies and the Other Accounts to make investments at different levels of an issuer's capital structure or otherwise in different classes of a borrower's or an issuer's securities. When making such investments, DFME, DFM, or, if applicable, any employees assigned to the Risk Retention Companies each expects its clients (if applicable) to have conflicts of interest or perceived conflicts of interest between or among the various classes of securities or loans that may be held by such entities. To the extent the Risk Retention Company CLOs or the Risk Retention Companies hold securities that are different (or more senior or junior) from those held by an Other Account, DFME, DFM, the Risk Retention Companies or their relevant affiliates are likely to be presented with decisions involving circumstances where the interests of the Risk Retention Company CLOs, the Risk Retention Companies and such Other Account are in conflict. Furthermore, it is possible that the Risk Retention Companies' or the Risk Retention Company CLOs interests may be subordinated or otherwise adversely affected by virtue of such Other Account's involvement and actions relating to their investment. If the Risk Retention Company CLOs, the Issuer or the other Risk Retention Companies, if applicable, make or have an investment in, or, through the purchase of debt obligations become a lender to, a company in which an Other Account has a debt or an equity investment DFME or DFM (as applicable) may have conflicting loyalties between their duties to the Risk Retention Company CLOs, the Risk Retention Companies and to other Blackstone Affiliates. In addition, conflicts may arise in determining the amount of an investment, if any, to be allocated among potential investors and the respective terms thereof. In that regard, actions may be taken for the Other Accounts that are adverse to the Risk Retention Company CLOs or the Risk Retention Companies. In connection with negotiating senior loans and bank financings in respect of transactions sponsored by Blackstone Affiliates, Blackstone Affiliates or GSO Affiliates may obtain the right to participate on their own behalf (or on behalf of vehicles that they manage) in a portion of the senior term financings with respect to such transactions on an agreed upon set of terms. DFME or DFM (as applicable) do not, however, believe that the foregoing arrangements have an effect on the overall terms and conditions negotiated with the arrangers of such senior loans. Notwithstanding this, there is no guarantee that such conflicts will be resolved in favour of any of the Risk Retention Company CLOs or the Risk Retention Companies and, if the conflict is resolved in a manner which is considered by such entities (or their investors) to be adverse to their interests, this may have a material adverse effect on the performance of the Risk Retention Companies and specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

The collateral obligations to be held by the Risk Retention Company CLOs or the Risk Retention Companies, directly or indirectly, as applicable, may include obligations issued by entities in which Blackstone Affiliates or Other Accounts have made investments, obligations that Blackstone Affiliates have assisted in structuring but in which they have or have not chosen to invest and obligations in respect of which Blackstone Affiliates or Other Accounts participated in the original lending group and/or acted or act as an agent. In addition, the collateral obligations may include obligations previously held by Blackstone Affiliates or Other Accounts, and the Risk Retention Company CLOs or the Risk Retention Companies may purchase collateral obligations from, or sell collateral obligations to, Blackstone Affiliates or one or more Other Accounts, including in the event of a wind-down of the portfolio of collateral obligations. Although any such purchase or sale must comply with certain criteria set forth in the management and administration agreement and other transaction documents entered into by such Risk Retention Company CLOs or the Risk Retention Companies (including the tax guidelines set forth in the management agreement (if applicable) and the requirement that any such purchase or sale be on an arm's length basis), DFME or DFM (as applicable) may take into consideration the interests of the Other Accounts when making decisions regarding the purchase and sale of collateral obligations on behalf of the Risk Retention Company CLOs under the management and administration agreement or in providing the services or human resources DFME provides to the Issuer under the Portfolio Service Support Agreement or DFM may provide to the Risk Retention Companies. DFME or DFM's consideration of the interests of Other Accounts may result in the Risk Retention Companies or the Risk Retention Company CLOs purchasing different assets than they would have purchased had DFME or DFM (as applicable) not considered such interests, and depending on the performance of such assets, this may have a material adverse effect on the performance of the Risk Retention Companies. Further conflicts could arise once the Risk Retention Company CLOs, the Risk Retention Companies and other affiliates have made their respective investments. For example, if additional financing is necessary as a result of financial or other difficulties, it may not be in the best interests of the Risk Retention Company CLOs or the Risk Retention Companies to provide such additional financing. If Blackstone Affiliates were to lose their respective investments as a result of such difficulties, the ability of the CLO Manager to recommend actions in the best interests of the Risk Retention Company CLOs might be impaired.

5. **Acquisition and disposal of Risk Retention Company CLO Income Notes, Other Notes or CLO Securities by the Blackstone Affiliates or Other Accounts**

Blackstone Affiliates or Other Accounts may from time to time purchase any of the CLO Income Notes issued by the Risk Retention Company CLOs (in this risk factor, referred to as the "**Risk Retention Company CLO Income Notes**") or other classes of notes of the Risk Retention Company CLOs ("**Other Notes**"). Blackstone Affiliates or Other Accounts (other than the Risk Retention Companies in relation to the CLO Retention Income Notes or CLO Retention Securities) will not be required to retain all or any part of the Risk Retention Company CLO Income Notes or Other Notes acquired by them. If Blackstone Affiliates or Other Accounts were to purchase any Risk Retention Company CLO Income Notes or Other Notes, DFME or DFM (as applicable) may face a conflict of interest in the performance of its duties as the CLO Manager because of the conflicting interests of the holders of classes of CLO Securities that are senior to the CLO Securities to be held by Blackstone Affiliates or Other Accounts. Such purchases may be in the secondary market and may occur a significant amount of time after the Further Notes Issue Date. Resulting conflicts of interest could include (a) divergent economic interests between the CLO Manager and Blackstone Affiliates or Other Accounts that hold such notes, on the one hand, and other investors in the Risk Retention Company CLOs, on the other hand, and (b) voting of notes by Blackstone Affiliates or Other Accounts, or a recommendation to vote by the same, to cause, among other things, an early redemption of the relevant Risk Retention Company CLO Income Notes and/or Other Notes and/or an amendment of the transaction documents relating to such notes.

If the CLO Manager were to perform its duties in a manner which was considered favourable to the interests of the Other Notes, this may have a material adverse effect on the performance of the Risk Retention Companies due to a lower relative return on its investment in Risk Retention Company CLO Income Notes and the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes may be adversely affected. In addition, DFME or DFM (as applicable) may have an incentive to manage the Risk Retention Company CLOs' investments in a manner as to seek to maximise the yield on the collateral obligations and/or maximise the yield on the CLO Income Notes but which may result in an increase of defaults or volatility that adversely affects the return on Other Notes. Furthermore, DFME or DFM (as applicable), in its capacity as the CLO Manager, acting in its sole discretion on behalf of the applicable Risk Retention Company CLO, will be entitled to designate amounts that would otherwise be treated as interest proceeds to be treated as principal proceeds and vice versa in certain limited circumstances. There can be no assurance that either DFME or DFM (as applicable), in its capacity as the CLO Manager, will not make such designations in a manner that seeks to maximise the yield on any CLO Securities held by it or a GSO Affiliate while increasing the probability of reductions or delays in payments on the more senior CLO Securities.

In addition, DFME or DFM (in their capacity as CLO Manager) may enter into agreements with one or more holders of CLO securities or other investors with an indirect exposure to CLO Securities pursuant to which DFME or DFM may agree, subject to their respective obligations under the relevant share trust deeds, indentures, management and administration agreements and applicable law, to take actions with respect to such investors and/or noteholders that it will not take with respect to all of the holders of notes in the relevant CLO (including the Risk Retention Companies). Such agreements may provide that such noteholders or investors will be entitled to receive a portion of the management fees payable to the CLO Manager. The performance and incentives of the CLO Manager may be negatively impacted by such fee rebate arrangement. If DFME or DFM were to enter into such agreements, the information or rights which the Risk Retention Companies receive regarding the relevant Risk Retention Company CLO may differ from that received by an investor in CLO Securities. This could result in a differing relative performance between the CLO Securities held by the Risk Retention Companies and the other CLO Securities.

Any relevant management and administration agreements or indentures for Risk Retention Company CLOs may place significant restrictions on DFME or DFM's ability to invest in and dispose of collateral obligations. Accordingly, during certain periods or in certain circumstances, DFME or DFM may be unable as a result of such restrictions to invest in or dispose of collateral obligations or to take other actions that it might consider to be in the best interests of the Risk Retention Company CLOs and the holders of the Risk Retention Company CLO Income Notes or Other Notes. This may lead to a reduced relative return on the Risk Retention Company CLOs' investments and/or those of the Risk Retention Companies, and specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

At any given time, the CLO Securities held by Blackstone Affiliates or Other Accounts will be disregarded and deemed not to be outstanding with respect to a vote to remove the relevant CLO Manager. However, at any given time such holders will be entitled to vote CLO Securities held by them or over which they have discretionary voting authority with respect to all other matters. If Blackstone Affiliates or Other Accounts hold or otherwise have discretionary voting authority over the requisite percentage of the outstanding principal amount of the CLO Income Notes, such noteholders will control certain matters under the indenture, trust deed and/or the collateral management agreement (as applicable) that may affect the performance of the collateral obligations and the return on one or more classes of CLO Securities.

To the extent the applicable Risk Retention Company CLO is prohibited from receiving a payment, fee or other consideration with respect to an investment made (or to be made) by the applicable Risk Retention Company CLO due to restrictions contained in the guidelines attached to the collateral management agreement or otherwise, such amount will either be foregone or paid to the CLO Manager (to the extent permissible under any applicable ERISA restrictions), which payment will not reduce the amount payable to the CLO Manager for services pursuant to the collateral management agreement or under any other transaction documents in any capacity.

DFME or DFM (in their capacity as CLO Manager) may arrange for the Risk Retention Company CLOs to acquire collateral obligations from, and sell collateral obligations to Blackstone Affiliates or Other Accounts from time to time subject to the applicable procedures in the relevant management and administration agreement.

Each of DFME or DFM will be required to use commercially reasonable endeavours to obtain the best prices and execution for all orders placed with respect to the collateral obligations (or assistance given to the Risk Retention Companies in this respect, if applicable), considering all circumstances that are relevant in its reasonable determination. Subject to the objective of obtaining best prices and execution, DFME or DFM may take into consideration research and other brokerage services furnished to it or its affiliates by brokers and dealers that are not affiliates of DFME or DFM. Such services may be used by Blackstone Affiliates and Other Accounts in connection with their other advisory activities or investment operations. In addition, DFME or DFM may aggregate sales and purchase orders of securities placed with respect to assets with similar orders being made simultaneously for other accounts managed by DFME, DFM or with accounts of the affiliates of DFME's or DFM's if in DFME's or DFM's (as applicable) reasonable judgment such aggregation shall result in an overall economic benefit to the accounts, taking into consideration the advantageous selling or purchase price, brokerage commission and other expenses. There is no guarantee that DFME or DFM, as applicable, will be able to aggregate orders in a way which achieves such overall economic benefit, and if such benefit is not achieved this may have a material adverse effect of the performance of the Risk Retention Company CLOs, the Risk Retention Companies and specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

6. **Allocation of Expenses**

DFME, DFM and/or an affiliate may from time to time incur expenses jointly on behalf of the Risk Retention Company CLOs, the Issuer (in accordance with the Portfolio Service Support Agreement), other applicable Risk Retention Companies, BGLF (in accordance with an advisory agreement) or other accounts managed or advised by them and one or more subsequent entities established or advised by them. Although DFME, DFM and/or their affiliates will attempt to allocate such expenses on a basis that they consider equitable, there can be no assurance that such expenses will, in all cases, be allocated appropriately among such parties.

The level of expenses allocated to the Risk Retention Company CLOs, the Risk Retention Companies and BGLF may have an adverse effect on each of them. A high level of expenses may: (i) in relation to the Risk Retention Company CLOs, result in a decreased return on the Risk Retention Companies' investments in Loan Warehouses, CLO Income Notes or CLO Securities; (ii) in relation to the Risk Retention Companies', result in a significant reduction in cash reserves available for investment; and (iii) in relation to BGLF, result in a reduction of its working capital. In each case, the level of expenses may have a material adverse effect on the performance of the Risk Retention Company CLOs, the Risk Retention Companies and specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

7. **Risks arising out of the broad spectrum of activities engaged in by Blackstone Affiliates (including DFME, DFM and their affiliates)**

Blackstone Affiliates engage in a broad spectrum of activities. In the ordinary course of their business activities, Blackstone Affiliates may engage in activities where the interests of certain divisions of Blackstone Affiliates or the interests of their clients may conflict with the interests of the holders of the Risk Retention Company CLO Income Notes or Other Notes or the Risk Retention Companies. Other present and future activities of Blackstone Affiliates may give rise to additional conflicts of interest. In the event that a conflict of interest arises, DFME or DFM (as applicable) will attempt to resolve such conflict in a fair and equitable manner. DFME or DFM (as applicable) will have the power to resolve, or consent to the resolution of, conflicts of interest on behalf of, and such resolution will be binding on, the Risk Retention Company CLOs or a Risk Retention Company (as applicable). Investors should be aware that conflicts will not necessarily be resolved in favour of the Risk Retention Company CLOs' or the Risk Retention Companies' interests. As a result, if conflicts were resolved in a manner perceived to be adverse to the Risk Retention Company CLOs or the Risk Retention Companies, this may have a material adverse effect on the performance of the Risk Retention Company CLOs or the Risk Retention Companies and specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

Specified policies and procedures implemented by Blackstone Affiliates (including DFME, DFM and their affiliates) to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions reduce the synergies across Blackstone Affiliates' various businesses that the Risk Retention Company CLOs or the Risk Retention Companies expect DFME, DFM or their affiliates to draw on for the purposes of pursuing attractive investment opportunities. Because Blackstone Affiliates have many different asset management and advisory businesses, they are subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than that to which they would otherwise be subject if they had just one line of business.

In addressing related conflicts and the regulatory, legal and contractual requirements across their various businesses, Blackstone Affiliates have implemented certain policies and procedures (e.g. information walls) that may reduce the positive synergies that the CLO Manager expects to utilise for purposes of managing investments. For example, Blackstone Affiliates may come into possession of material non-public information with respect to companies in which the Risk Retention Companies or the Risk Retention Company CLOs may be considering making an investment or companies that are clients of Blackstone Affiliates. In certain situations, the Risk Retention Companies' or the Risk Retention Company CLOs' activities could be restricted even if such information, which could be of benefit to the Risk Retention Companies or the Risk Retention Company CLOs, were not made available to DFME or DFM. Additionally, Blackstone Affiliates may limit a client and/or its portfolio companies from engaging in agreements with, or related to, companies of any client Blackstone Affiliates have or have considered making an investment in or which is otherwise an advisory client of Blackstone Affiliates and/or from time to time restrict or otherwise limit the ability of the Risk Retention Company CLOs or the Risk Retention Companies to make investments in or otherwise engage in businesses or activities competitive with companies or other clients of Blackstone Affiliates, either as a result of contractual restrictions or otherwise. Finally, Blackstone Affiliates have in the past entered, and are likely in the future to enter into one or more strategic relationships in certain regions or with respect to certain types of investments that, although possibly intended to provide greater opportunities for the Risk Retention Company CLOs (in connection with the management services DFME, DFM or their affiliates provide to them) or the Risk Retention Companies (in connection with the service support, if any, DFME or DFME may provide or otherwise), may require the Risk Retention Company CLOs or the Risk Retention Companies to share such opportunities or otherwise limit the amount of an opportunity the Risk Retention Company CLOs or the Risk Retention Companies' can otherwise take, in each case, as applicable. Any of the foregoing restrictions on Blackstone Affiliates may (either directly, or indirectly via restrictions on the Risk Retention Companies' or Risk Retention Company CLOs' ability to participate in any relevant investments), result in a relative decrease in the performance of the Risk Retention Company CLOs, the Risk Retention Companies and specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

As part of their regular business, Blackstone Affiliates provide a broad range of investment banking, advisory, underwriting, placement agent and other services. In addition, Blackstone Affiliates may provide services in the future beyond those currently provided. Neither the Risk Retention Company CLOs nor the Risk Retention Companies will receive a benefit from the fees or profits derived from such services. As a result of these and other obligations, Blackstone Affiliates are not exclusively dedicated to the Risk Retention Companies' or the Risk Retention Company CLOs and there may be a relatively lower performance of the Risk Retention Company CLOs, the Risk Retention Companies and specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes as compared to a situation where Blackstone Affiliates are exclusively dedicated to providing services to them. In addition, future services Blackstone Affiliates agree to provide as part of their business may create a conflict of interest with the Risk Retention Companies or Risk Retention Company CLOs that has an adverse effect on the performance of the Risk Retention Company CLOs, the Risk Retention Companies and specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes. In such a case, a client of a Blackstone Affiliate would typically require that Blackstone Affiliate to act exclusively on its behalf. This advisory request may preclude the Risk Retention Company CLOs or the Risk Retention Companies from participating in related transactions that would otherwise be suitable. Blackstone Affiliates will be under no obligation to decline any such engagements in order to make an investment opportunity available to the Risk Retention Company CLOs, or to provide support to any Risk Retention Company, and, as a result, the relative return of the Risk Retention Company CLOs and the Risk Retention Companies on their investments may be lower than in a situation where they were able to invest in such transactions.

In connection with their investment banking, advisory and other businesses, Blackstone Affiliates will likely come into possession of information that limits their ability to engage in potential transactions. The Risk Retention Company CLOs' or the Risk Retention Companies' activities are expected be constrained as a result of the inability of the personnel of Blackstone Affiliates to use such information. For example, from time to time employees of Blackstone Affiliates may be prohibited by law or contract from sharing information with members of DFME or DFM's investment teams. Additionally, there are expected to be circumstances in which GSO Affiliates and/or Blackstone Affiliates will be precluded from providing services related to the Risk Retention Company CLOs' or the Risk Retention Companies' activities because of certain confidential information available to those individuals or to Blackstone Affiliates (e.g. trading may be restricted). Where Blackstone Affiliates are engaged to find buyers or financing sources for potential sellers of assets, the seller may permit the Risk Retention Company CLOs or the Risk Retention Companies to act as a participant in such transaction (as a buyer or financing participant), which would raise certain conflicts of interest inherent in such a situation (including as to the negotiation of the purchase price). Any of the foregoing restrictions on Blackstone Affiliates may (either directly, or indirectly via restrictions on the Risk Retention Companies' or Risk Retention Company CLOs' ability to participate in any relevant investments) result in a relative decrease in the performance of the Risk Retention Company CLOs, the Risk Retention Companies and specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

Blackstone Affiliates have long-term relationships with a significant number of corporations and their senior management. In determining whether to invest in a particular transaction on behalf of the Risk Retention Company CLOs or in providing support to the applicable Risk Retention Companies' (as applicable) Blackstone Affiliates will consider those relationships, which may result in certain transactions that DFME or DFM (as applicable) will not undertake on behalf of the Risk Retention Company CLOs or will not assist any Risk Retention Companies' in relation to, in view of such relationships. This may result in a lack of availability of the resources, support or advice that the Risk Retention Companies' and the Risk Retention Company CLOs require to manage effectively their respective businesses and investments.

The Risk Retention Company CLOs or the Risk Retention Companies may also co-invest with clients of Blackstone Affiliates in particular investment opportunities, and the relationship with such clients could influence the decisions made by DFME or DFM (as applicable) with respect to such investments. Any such relationships may have an adverse relative effect on the performance of the Risk Retention Company CLOs, the Risk Retention Companies and specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

Blackstone Affiliates are expected to participate from time to time in underwriting or lending syndicates for portfolio companies of the Risk Retention Company CLOs or, if applicable, the Risk Retention Companies or to otherwise be involved in the public offering and/or private placement of debt or equity securities issued by, or loan proceeds borrowed by, the Risk Retention Company CLOs' or the applicable Risk Retention Companies' portfolio companies. Such engagements may be on a firm commitment basis or may be on an uncommitted "best efforts" basis. Blackstone Affiliates may also, on behalf of a client or other parties to a transaction involving a client, effect transactions, including transactions in the secondary markets where they may nonetheless have a potential conflict of interest regarding a client and the other parties to those transactions to the extent they receive commissions or other compensation from a client and such other parties. Subject to applicable law, Blackstone Affiliates may receive underwriting fees, discounts, placement commissions, lending arrangement and syndication fees (or, in each case, rebates of any such fees, whether in the form of purchase price discounts or otherwise) or other compensation with respect to the foregoing activities, which are not required to be shared with the Risk Retention Company CLOs, the Risk Retention Companies, DFME, DFM or their affiliates. In addition, management or similar fees paid by the applicable clients, if any, generally will not be reduced by such amounts. DFM or DFME will recommend a transaction in which a broker-dealer that is a Blackstone Affiliate acts as an underwriter, as broker for a client, or as dealer, broker or advisor, on the other side of a transaction with a client only where DFME or DFM, as applicable, believes in good faith that such transaction is appropriate for a client. In addition, where a Blackstone Affiliate serves as underwriter with respect to any of their portfolio company's securities or loans, the Risk Retention Company CLOs or the Risk Retention Companies may be subject to a "lock-up" period following the offering under applicable regulations during which time its ability to sell any securities that it continues to hold is restricted. This may prejudice such clients' ability to dispose of such securities or loans at an opportune time.

From time to time employees of Blackstone Affiliates may serve as directors or advisory board members of certain portfolio companies or other entities. In connection with such services and subject to applicable law, Blackstone Affiliates receive directors' fees or other similar compensation. Such amounts may, but are not expected to be, material, and will not be passed through to the Risk Retention Company CLO or the Risk Retention Companies.

Blackstone Affiliates may have ongoing relationships with, render services to or engage in transactions with, companies whose securities are pledged to secure the Risk Retention Company CLOs and may own equity or debt securities issued by issuers of and other obligors on the portfolio of a Risk Retention Company CLO. As a result, Blackstone Affiliates may possess information relating to issuers of the portfolio of a Risk Retention Company CLO which is not known to the individuals at DFM or DFME responsible for monitoring the portfolio of such Risk Retention Company CLO and performing the other obligations under the relevant collateral management agreement. In addition, Blackstone Affiliates may invest in loans and securities that are senior to, or have interests different from or adverse to, the collateral obligations making up the portfolios Risk Retention Company CLOs. It is intended that all collateral obligations will be purchased and sold by the Risk Retention Company CLOs on terms prevailing in the market.

DFME and DFM's activities (including, without limitation, the holding of securities positions or having one of its employees on the board of directors of an obligor) could result in securities law restrictions on transactions in securities held by the Risk Retention Company CLOs or the Risk Retention Companies or affect the prices of such securities or the ability of such entities to purchase, retain or dispose of such investments. Blackstone Affiliates are expected to come into possession of material non-public information with respect to an issuer. Should this occur, DFME or DFM (as applicable) would be restricted from buying or selling securities, derivatives or loans of such issuer on behalf of the Risk Retention Company CLOs, using such information for advisory purposes or providing service support to the Risk Retention Companies (under any applicable portfolio service support agreement or similar document) in respect thereof until such time as the information became public or was no longer deemed material to preclude the Risk Retention Company CLOs or Risk Retention Companies from participating in an investment. As a result, the Risk Retention Company CLOs and/or the Risk Retention Companies may miss out on opportunities which could have resulted in greater returns on their investments. Disclosure of such information to DFME or

DFM's personnel responsible for the affairs of the Risk Retention Company CLOs or providing service support to the Risk Retention Companies (in the case of the Issuer, under the Portfolio Service Support Agreement) will be on a need-to-know basis only, and the Risk Retention Company CLOs or Risk Retention Companies may not be free to act upon any such information. Therefore, the Risk Retention Company CLOs or Risk Retention Companies may not have access to material non-public information in the possession of Blackstone Affiliates which might be relevant to an investment decision to be made by the Risk Retention Company CLOs or the Risk Retention Companies, and the Risk Retention Company CLOs or Risk Retention Companies may initiate a transaction or purchase or sell an asset which, if such information had been known to it, may not have been undertaken. Due to these restrictions, the Risk Retention Company CLOs or the Risk Retention Companies may not be able to initiate a transaction that it otherwise might have initiated and may not be able to purchase or sell an investment that it otherwise might have purchased or sold, all of which could have a material adverse effect on the performance of the Risk Retention Company CLOs or the Risk Retention Companies and specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes. In addition, the CLO Manager, in an effort to avoid trading restrictions on behalf of one of its clients or its affiliates, may choose to forego an opportunity to receive (or elect not to receive) information that other market participants or counterparties are eligible to receive or have received, even if possession of such information would be advantageous to a Risk Retention Company CLO which it is managing.

DFM or DFME may from time to time consult with, receive input from and provide information to third parties (who may or may not be or become direct and indirect owners of interests in a Risk Retention Company CLO) in respect of obligations being considered for acquisition by a Risk Retention Company CLO. Some of those same third parties may have interests adverse to those of the Retention Companies CLOs' and may take a short position (for example, by buying protection under a credit default swap) relating to any such obligations or securities.

DFME or DFM may hire, or advise to hire, as applicable, consultants, advisers or other professionals on behalf of the Risk Retention Companies or Risk Retention Company CLOs from time to time. There can be no assurance that the advice offered by any such professionals will not conflict with the interest of investors in the Risk Retention Companies or Risk Retention Company CLOs.

DFME, DFM and their members, partners, officers, managers and employees will devote as much of their time to the activities of the Risk Retention Company CLOs (under the relevant CLO management agreements) or the Risk Retention Companies (under any applicable portfolio service support agreement or similar document) as they deem necessary and appropriate (as applicable), in accordance with the relevant agreement and reasonable commercial standards. Subject to the terms of the applicable offering and/or governing documents, DFME, DFM, GSO Affiliates and Blackstone Affiliates expect to form additional investment funds, enter into other investment advisory relationships and engage in other business activities, even though such activities may be in competition with the Risk Retention Company CLOs or the Risk Retention Companies' and/or may involve substantial time and resources of DFME or DFM. These activities could be viewed as creating a conflict of interest in that the time and effort of DFME or DFM and their officers, managers, members and employees will not be devoted exclusively to the business of the Risk Retention Company CLOs or to the services it provides to the Risk Retention Companies but will be allocated between the business of the Risk Retention Company CLOs, the Risk Retention Companies and the management of the monies of other clients of DFME or DFM. In the event that sufficient DFME or DFM resources are not (or not able to be) devoted to the Risk Retention Company CLOs or the Risk Retention Companies, the Risk Retention Companies' ability to implement their investment policies may be adversely affected. This could have an adverse effect on the financial performance of the Risk Retention Company CLOs and/or the Risk Retention Companies and specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

From time to time, the DFME and/or DFM expect Risk Retention Company CLOs and the Risk Retention Companies to acquire a security from an issuer in which a separate security has been acquired by an Other Account or a Blackstone Affiliate. When making such investments, the client is expected to have conflicting interests. To the extent that the relevant Risk Retention Company CLO or the Risk Retention Company holds interests that are different (or more senior or junior) from those held by such other vehicles, accounts and clients, DFME or DFM (as applicable) is likely to be presented with decisions involving circumstances where the interests of such other vehicles and accounts are in conflict with those of the relevant Risk Retention Company CLO or Risk Retention Company. Furthermore, it is possible that the relevant Risk Retention Company CLO's or Risk Retention Company's' interest may be subordinated or otherwise adversely affected by virtue of such other vehicle's or account's involvement and actions relating to its investment. For example, conflicts would be expected to arise where a Risk Retention Company CLO or a Risk Retention Company becomes a lender to a company where another client owns equity securities of that company. In this circumstance, for example, if such company goes into bankruptcy, becomes insolvent or is otherwise unable to meet its payment obligations or comply with its debt covenants, conflicts of interest could arise between the holders of different types of securities as to what actions the company should take.

None of DFME, DFM nor any of their affiliates have any obligation to obtain any particular investment opportunity of which they become aware for any Risk Retention Company CLO or Risk Retention Company, and any of DFME, DFM or any of their affiliates may be precluded from offering particular securities to a Risk Retention Company CLO or Risk Retention Company in certain situations including, without limitation, where DFME, DFM or any of their affiliates (as applicable) may have a prior contractual commitment with Other Accounts.

No provision in the collateral management agreements or the Portfolio Service Support Agreement (as applicable) prevents either DFME, DFM or any Blackstone Affiliate from rendering services of any kind, including but not limited to acting as corporate services provider, to any person or entity, including the issuer of any obligation included in the portfolios of the Risk Retention Company CLOs or the Risk Retention Companies, transaction parties of any Risk Retention Company CLO or the holders of notes issued by any Risk Retention Company CLO or Risk Retention Company. Without limiting the generality of the foregoing, Blackstone Affiliates and the directors, officers, employees and agents of Blackstone Affiliates may, among other things: (a) serve as directors, partners, officers, employees, agents, nominees or signatories for any issuer of any obligation included in the portfolios of the Risk Retention Company CLOs or Risk Retention Companies; (b) receive fees for services rendered to the issuer of any obligation included in the portfolios of the Risk Retention Company CLOs, the Risk Retention Companies or any affiliate thereof; (c) be retained to provide services unrelated to the services to be provided under the collateral management and administration agreements with each Risk Retention Company CLO or any advisory agreement with a Risk Retention Company and be paid therefor; (d) be a secured or unsecured creditor of, or hold an equity interest in, any issuer of any obligation included in the portfolios of the Risk Retention Company CLOs or Risk Retention Companies; (e) sell any assets to, or purchase or enter into agreements to purchase any assets from, a Risk Retention Company CLO or Risk Retention Company while acting in the capacity of principal or agent, subject to applicable law; and (f) serve as a member of any "creditors' board" with respect to any obligation included in the portfolios of the Risk Retention Company CLOs or Risk Retention Companies which has become or may become a defaulted obligation. Services of this kind may lead to conflicts of interest with DFME, DFM or the relevant Blackstone Affiliate and the Risk Retention Company CLOs or Risk Retention Companies and may lead individual officers or employees of DFME, DFM or the relevant Blackstone Affiliate to act in a manner adverse to the Risk Retention Company CLOs or Risk Retention Companies.

DFME, DFM and their affiliates may expand the range of services that they provide over time. Except as described in these Listing Particulars, DFME, DFM and their affiliates will not be restricted in the scope of their business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. DFME, DFM and their affiliates have, and will continue to develop, relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with clients who may hold or may have held investments similar to those intended to be made by the Risk Retention Company CLOs or the Risk Retention Companies. These clients may themselves represent appropriate investment opportunities for the Risk Retention Company CLOs or the Risk Retention Companies or may compete with the Risk Retention Company CLOs or the Risk Retention Companies for investment opportunities. As compared to a situation where DFME, DFM and their affiliates were bound not to advise clients on similar (and potentially competing) interests as those held by the Risk Retention Company CLOs or the Risk Retention Companies, the relative performance of the Risk Retention Company CLOs and the Risk Retention Companies (and, specifically, the Issuer) may be lower.

8. **Vulnerabilities of DFME's and DFM's information and technology systems**

DFME's and DFM's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorised persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although DFME and DFM have implemented various measures to manage risks relating to these types of events, the failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in DFME's and DFM's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data. Such a failure could impede the ability of DFME or DFM, as applicable, to perform its duties to the Risk Retention Companies and the Risk Retention Company CLOs (as applicable).

9. **Cyber Security Breaches and Identity Theft**

Cyber security incidents and cyber-attacks have been occurring globally at a more frequent and severe level and are expected to continue to increase in frequency in the future. The information and technology systems of Blackstone Affiliates, their portfolio entities and their service providers may be vulnerable to damage or interruption from computer viruses and other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorised persons and security breaches, usage errors or malfeasance by their respective professionals or service providers, power, communications or other service outages and catastrophic events such as fires, tornadoes, floods, hurricanes, earthquakes or terrorist incidents. If unauthorised parties gain access to such information and technology systems, or if personnel abuse or misuse their access privileges, they may be able to steal, publish, delete or modify private and sensitive information. Although GSO Affiliates have implemented, and portfolio entities and service providers may implement, various measures to manage risks relating to these types of events, such measures may be inadequate and, if compromised, information and technology systems could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. Even with sophisticated prevention and detection systems, breaches such as those involving covertly introduced malware, impersonation of authorised users and industrial or other espionage may not be identified in a timely manner or at all, potentially resulting in further harm and precluding appropriate remediation. GSO Affiliates and/or their portfolio entities may have to make significant investments to fix or replace information and technology systems. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of GSO Affiliates and/or, a portfolio entity, and/or their service providers and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to limited partners (and their beneficial owners) and the intellectual property and trade secrets of GSO Affiliates and/or portfolio entities. Such a failure could harm the reputation of a GSO Affiliate and/or a portfolio entity's reputation, subject any such entity and their respective affiliates to legal claims and adverse publicity and otherwise affect their business and financial performance. When such issues are present with regard to the issuer of the securities in which the Risk Retention Companies invests, the Risk Retention Company's investment in those securities may lose value. Such issues could also impede the ability of DFME or DFM, as applicable, to perform its duties to the Risk Retention Companies and the Risk Retention Company CLOs (as applicable).

10. **Financial and Strategic Advisory Services**

On 1 October 2015, The Blackstone Group L.P. (together with the Blackstone Affiliates, "**The Blackstone Group**") spun off its financial and strategic advisory services, restructuring and reorganisation advisory services, and its Park Hill fund placement businesses and combined these businesses with PJT Partners, an independent financial advisory firm founded by Paul J. Taubman. While the new combined business operate independently from The Blackstone Group and are not an affiliate thereof, nevertheless conflicts may arise in connection with transactions between or involving the Risk Retention Companies and the Risk Retention Company CLOs and the entities in which the Risk Retention Companies and the Risk Retention Company CLOs invest on the one hand and the spun-off firm on the other. Specifically, given the spun-off firm will not be an affiliate of The Blackstone Group, there may be fewer or no restrictions or limitations placed on transactions or relationships engaged in by the new advisory business as compared to the limitations or restrictions that might apply to transactions engaged in by an affiliate of The Blackstone Group. It is expected that there will be substantial overlapping ownership between The Blackstone Group and the spun-off firm for a considerable period of time going forward. Therefore, conflicts of interest in doing transactions involving the spun-off firm will still arise. The pre-existing relationship between The Blackstone Group and its former personnel involved in such financial and strategic advisory services, the overlapping ownership, co-investment and other continuing arrangements, may influence the CLO Managers in deciding to select or recommend such new company to perform such services for the Risk Retention Companies and the Risk Retention Company CLOs (or an entity in which the Risk Retention Companies and the Risk Retention Company CLOs invest), as applicable (the cost of which will generally be borne directly or indirectly by the Risk Retention Companies and the Risk Retention Company CLOs or such entity, as applicable).

11. **Investments by the Risk Retention Company CLOs, the Risk Retention Companies and Other Accounts in separate securities issued by an obligor**

The Risk Retention Company CLOs or Risk Retention Companies' service providers (including lenders, brokers, attorneys and investment banking firms) may be investors in Other Funds, Other Accounts and/or sources of investment opportunities and counterparties therein. This may influence DFME, DFM or an affiliate in deciding whether to select such a service provider or have other relationships with The Blackstone Group. In situations where DFME, DFM or their affiliates were influenced to not use a particular service provider as a result of the above and it was considered that the refused service provider would have performed in a manner considered to be relatively better than the service provider actually chosen, this may be perceived to have an adverse relative effect on the performance of the Risk Retention Company CLOs, the Risk Retention Companies and specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes. Notwithstanding the foregoing, investment transactions for the Risk Retention Company CLOs or the Risk Retention Companies that require the use of a service provider will generally be allocated to service providers on the basis of best execution (and possibly to a lesser extent in consideration of such service provider's provision of certain investment-related and other services that are believed to be of benefit for the Risk Retention Company CLOs or the Risk Retention Companies). The allocation is not guaranteed, however, and if an allocation was not able to be made on the basis of best execution, this could result in an adverse relative effect on the performance of the Risk Retention Company CLOs, the Risk Retention Companies and specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes. Advisers, such as DFME and DFM, and their service providers, or their affiliates, often charge different rates or have different arrangements for specific types of services. Therefore, based on the types of services used by clients (such as the Risk Retention Companies and the Risk Retention Company CLOs) as compared to GSO and its affiliates and the terms of such services, GSO or its affiliates may benefit to a greater degree from such vendor arrangements than the clients (such as the Risk Retention Companies' and the Risk Retention Company CLOs).

Risk Retention Company CLOs may invest in the securities of companies affiliated with Blackstone Affiliates or companies in which DFM or DFME or its affiliates have an equity or participation interest. The purchase, holding and sale of such investments by the Risk Retention Company CLOs may enhance the profitability of Blackstone Affiliates own investments in such companies. It is possible that one or more affiliates of DFM or DFME may also act as counterparty with respect to one or more participations.

12. **Sale price of loans or other securities**

Where a Risk Retention Company sells or commits to sell loans or other securities which are assets that such Risk Retention Company has itself purchased on the same day of such sale or commitment to sell to a Risk Retention Company CLO, the transfer price for such loans or other securities may be the Risk Retention Company's purchase price. The Risk Retention Companies may enter into forward purchase agreements to sell loans or other securities to a Risk Retention Company CLO on or after the issue date of such CLO and the prices of such transactions will be the prices at the time that such forward purchase agreements are entered into by the relevant Risk Retention Company and not the settlement date thereof.

13. **Investments in securities by officers, directors, members, managers, and employees of DFME or DFM for their own accounts**

The officers, directors, members, managers, and employees of DFME or DFM may trade in securities for their own accounts, subject to restrictions and reporting requirements as may be required by law or the policies of The Blackstone Group, or otherwise determined from time to time by DFME. Conflicts of interest may arise between such parties and the Risk Retention Company CLOs or the Risk Retention Companies' due to the fact that such parties could hold an interest in the same or similar assets as those held by the Risk Retention Company CLOs or the Risk Retention Companies. If such parties act in a way which differs from the strategies or approaches of the Risk Retention Company CLOs or the Risk Retention Companies', this could have an adverse effect on the financial performance of the Risk Retention Company CLOs or the Risk Retention Companies and specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

14. **U.S. Investment Company Act**

The U.S. Investment Company Act may prohibit certain "joint" or "principal" transactions between and among the Risk Retention Companies and registered funds managed by The Blackstone Group (including GSO Affiliates and Other Accounts), which could include investment in the same portfolio company (whether at the same or different times). These prohibitions may limit the scope of investment opportunities that would otherwise be available to the Risk Retention Company CLOs or the Risk Retention Companies and this could have a material adverse effect on the Risk Retention Company CLOs' or the Risk Retention Companies' ability to find suitable investments, and consequently on the Risk Retention Company CLOs' or Risk Retention Companies' financial performance and specifically on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

15. **Cross Transactions and Principal Transactions**

It is expected that a portion of the assets the applicable Risk Retention Companies and Risk Retention Company CLOs acquire may be loans or other securities in respect of which The Blackstone Group or Other GSO Accounts either participated in the original lending group or structured or originated the asset (in each case, a "**GSO-Related Loan**"). Additionally, a significant portion of the assets the applicable Risk Retention Companies and Risk Retention Company CLOs acquire may be purchased from and will be sold to funds or Other Accounts that The Blackstone Group or GSO Affiliates manage or otherwise provide advice in respect of ("**Related Accounts**"). Any of the aforementioned transactions may be considered to be affiliate transactions (as defined below). The board of directors and/or an independent client representative (as applicable) of each Risk Retention Company will be authorised by the relevant Risk Retention Company to consent or decline to consent, on the Risk Retention Company's behalf, to the terms of any affiliate transaction where a potential conflict of interest may arise by reason of, amongst other things, the involvement of GSO Affiliates or Other GSO Accounts, such as a purchase or sale of an asset (including a GSO-Related Loan) by the Risk Retention Companies or Risk Retention Company CLOs from or to The Blackstone Group or Other Accounts. In the case of an asset purchase or sale by the Risk Retention Companies' or Risk Retention Company CLOs from The Blackstone Group or an entity (including a Related Account) in which The Blackstone Group has an ownership interest of 25 per cent. or more, the consent of the board of directors of the relevant Risk Retention Company or the relevant Risk Retention Company CLO to such purchase or sale will be obtained prior to settlement thereof. In any other case, the board of directors of the relevant Risk Retention Company or the relevant Risk Retention Company CLO must consent to the applicable transaction on a quarterly basis, and such consent may occur after the applicable transaction has settled. If any transaction is subject to the disclosure and consent requirements of Section 206(3) of the Investment Advisers Act, such requirements will be deemed to be satisfied with respect to the relevant Risk Retention Company or the relevant Risk Retention Company CLO if the procedures described above are followed.

For the purposes of the paragraph above, an "affiliate transaction" shall mean: (i) a purchase or sale of an asset between a Risk Retention Company and a fund managed by DFM, DFME or one of their affiliates; (ii) a transaction involving one or more Risk Retention Companies, DFM, DFME or one of their affiliates and The Blackstone Group or a GSO Affiliate, where DFM, DFME or one of their affiliates (as applicable) is acting as principal for its own account; or (iii) a transaction in which DFM, DFME or one of their affiliates, acts as broker for another person on the other side of the transaction.

16. **Additional conflicts of interest**

There is no limitation or restriction on DFME, DFM, the Risk Retention Companies or any of their respective affiliates with regard to acting as CLO Manager or retention holder (or in a similar role) to other parties or persons.

This and other future activities of DFME, DFM, the Risk Retention Companies and/or their respective Affiliates may give rise to additional conflicts of interest.

RISKS RELATING TO REGULATION AND TAXATION

1. **Changes in law or regulations, or a failure to comply with any laws or regulations, may adversely affect the respective businesses, investments and performance of the Issuer**

The laws and regulations affecting the Issuer are evolving and any changes in such laws and regulations may have an adverse effect on the ability of the Issuer to carry on its business. Any such changes may also have a material adverse effect on the Issuer's business, financial condition, results of operations, NAV and/or the market price of the Notes.

2. **European Directive on Alternative Investment Fund Managers**

The European Union Directive 2011/61/EU on Alternative Investment Fund Managers (as amended "**AIFMD**") regulates alternative investment fund managers ("**AIFMs**") and provides in effect that each alternative investment fund (an "**AIF**") within the scope of the AIFMD must have a designated AIFM responsible for ensuring compliance with the AIFMD.

The Issuer has registered as a financial vehicle corporation as defined in Regulation (EU) No 1075/2013 (ECB/2013/40) of the European Central Bank. Accordingly, on the basis of current Central Bank guidance, the Issuer would not constitute an AIF for the purposes of AIFMD.

However, if the Issuer were to constitute an AIF (either because it does not satisfy the conditions set down by the Central Bank or because of a change in the guidance from the Central Bank or the European Securities and Markets Association), then it would be necessary for the Issuer to appoint an AIFM which would be subject to AIFMD and would need to be appropriately regulated. The AIFM would be subject to certain duties and responsibilities in respect of its management of the Issuer's investments, which could result in significant additional costs and expenses being incurred which may be reimbursable by the Issuer and which may materially adversely affect the Issuer's ability to carry on its business.

3. **Changes in taxation legislation, or the rate of taxation, may adversely affect the Issuer**

Any change in the tax status of the Issuer, or in taxation legislation or practice in Ireland or elsewhere could affect the value of the investments held by the Issuer or the Issuer's ability to achieve its investment objectives. Statements in these Listing Particulars concerning the taxation of Noteholders and/or the Issuer are based upon current Irish law and published practice as at the date of these Listing Particulars, which law and practice is, in principle, subject to change (potentially with retrospective effect) that could adversely affect the ability of the Issuer to meet its investment objective and which could adversely affect the taxation of Noteholders and/or the Issuer.

Potential investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effect of an investment in the Issuer.

4. **Different regulatory, tax or other treatment of the Issuer or the Notes in different jurisdictions, or changes to such treatment in different jurisdictions, may adversely impact shareholders in certain jurisdictions**

For regulatory, tax and other purposes, the Issuer and the Notes may be treated in different ways in different jurisdictions. In certain jurisdictions, the treatment of the Issuer and/or the Notes may be uncertain or subject to change or it may differ depending on the availability of certain information or disclosure by the Issuer of that information. The Issuer may be subject, therefore, to financially and logistically onerous requirements to disclose any or all of such information or to prepare or disclose such information in a form or manner which satisfies the regulatory, tax or other authorities in certain jurisdictions. The Issuer may elect not to disclose such information or prepare such information in a form which satisfies such authorities. Therefore Noteholders in such jurisdictions may be unable to satisfy the regulatory requirements to which they are subject.

5. **Financial transaction tax**

Further, on 14 February 2013, the European Commission published a proposal for a Directive for a common financial transaction tax (the "**FTT**") in certain EU Member States. Discussions between these Member States are on-going.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to financial transactions where at least one party is a financial institution and: (a) one party is established in a participating Member State; or (b) the financial instrument which is subject to the transaction is issued in a participating Member State. A financial institution (which could include the Issuer) may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including by transacting with a person established in a participating Member State.

The issuance of the Notes should, in principle, not be subject to the FTT. There are no broad exemptions for financial intermediaries or market makers. While the FTT proposal remains subject to negotiation between the Member States, and may therefore be altered, if adopted in its current proposed form any investments the Issuer may be affected by the FTT and it may have an adverse effect on the market price of the Notes.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are strongly advised to seek their own professional advice in relation to the FTT.

6. **CFTC Regulation; Commodity Pool Registration**

A Risk Retention Company may enter into hedges to hedge interest rate or FX risk associated with its portfolio. Pursuant to the Dodd-Frank Act, the U.S. Commodity Futures Trading Commission ("**CFTC**") has promulgated a range of new regulatory requirements (the "**CFTC Regulations**") that a Risk Retention Company may be subject to, and that may affect the pricing, terms and compliance costs associated with the entry into any hedge transaction by a Risk Retention Company and the availability of such hedge transactions. Some or all of the hedge transactions that a Risk Retention Company may enter into may be affected by: (i) the requirement that certain swaps be centrally cleared and in some cases traded on a designated contract market or swap execution facility; (ii) initial and variation margin requirements of any central clearing organisation (with respect to cleared swaps) or initial or variation requirements as may otherwise be required by law with respect to uncleared swaps; (iii) swap reporting and recordkeeping obligations, and other matters. These new requirements may significantly increase the cost to a Risk Retention Company of entering into hedge transactions such that a Risk Retention Company may be unable to purchase certain types of investments, have unforeseen legal consequences on a Risk Retention Company or have other material adverse effects on a Risk Retention Company.

In addition, a Risk Retention Companies' ability to enter into hedge transactions may cause such Risk Retention Company to be a "commodity pool" as defined in the United States Commodity Exchange Act of 1936, as amended ("**CEA**") and DFM and/or DFME to be a "commodity pool operator" ("**CPO**") and/or a "commodity trading advisor" ("**CTA**"), each as defined in the CEA. The CEA, as amended by the Dodd-Frank Act, defines a "commodity pool" to include certain investment vehicles operated for the purpose of trading in "commodity interests" which term includes swaps. CPOs and CTAs are subject to regulation by the CFTC and must register with the CFTC unless an exemption from registration is available.

Registration of a Risk Retention Company as a CPO could cause such Risk Retention Company to be subject to extensive compliance and reporting requirements that would involve material costs. The scope of such compliance costs is uncertain but could adversely affect the amount of funds available to make payments on the Notes. In the event an exemption from registration were available and a Risk Retention Company elected to file for an exemption, such Risk Retention Company would not be required to deliver certain CFTC mandated disclosure documents or a certified annual report to investors or satisfy on-going compliance requirements under Part 4 of the CFTC Regulations, as would be the case for a registered CPO. However, the conditions of such exemption may constrain the extent to which such Risk Retention Company may be able to enter into swap transactions to hedge its interest rate or FX exposure. In particular, the limits imposed by such exemptions may prevent such Risk Retention Company from entering into a hedge transaction that the Risk Retention Company believes would be advisable or result in the Risk Retention Company incurring financial risks that would have been hedged pursuant to swap transactions absent such limits.

A Risk Retention Company may be able to rely on a certain exemption from registration as a CPO available to commodity pools that only engage in a minimal amount of hedge transactions. If any such exemption is obtained by the Issuer, Noteholders will not have the benefit of the disclosure and other regulatory protections that would have applied had the relevant entity been subject to regulation as a CPO.

Further, if a Risk Retention Company determines that additional hedge transactions should be entered into by such Risk Retention Company in excess of the trading limitations set forth in any applicable exemption from registration as a "commodity pool operator", the Risk Retention Company may elect to withdraw its exemption from registration and instead register with the CFTC as a CPO. In this case of the Issuer the costs of obtaining and maintaining these registrations and the related compliance obligations would reduce the amount of funds available to make payments on the Notes. These costs are uncertain and could be materially greater than the Risk Retention Company anticipated when deciding to enter into the transaction and register as a CPO. In addition, it may not be possible or advisable for a Risk Retention Company to withdraw from registration as a CPO after any relevant swap transactions terminate or expire. The costs of CPO registration and the ongoing CPO compliance obligations of a Risk Retention Company could exceed, perhaps significantly, the financial risks that are being hedged pursuant to any hedge transaction.

7. U.S. Foreign Account Tax Compliance Withholding

Under Sections 1471 through 1474 of the Code, and any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the United States Internal Revenue Code of 1986, as amended from time to time (the "**Code**"), the intergovernmental agreement between the United States and Ireland entered into on 21 December 2012 (the "**IGA**") and the Irish legislation, regulations and administrative practices implementing such intergovernmental agreement and other applicable intergovernmental agreements, and related legislation or official administrative regulations or practices with respect thereto (including any amendments to any of the foregoing) ("**FATCA**"), the Issuer may be subject to a 30 per cent. withholding tax on certain income, and on the gross proceeds from the sale, maturity, or other disposition of certain of its assets. Under the IGA, the Issuer will not be subject to withholding under FATCA if it complies with Irish regulations that require the Issuer to provide the name, address, and taxpayer identification number of, and certain other information (including its direct or indirect owners or beneficial owners) with respect to, certain Noteholders to the Irish Revenue Commissioners, which would then provide this information to the IRS. There can be no assurance that the Issuer will be able to comply with these regulations. In addition, the IGA could be amended to require the Issuer to withhold on "passthru" payments to certain investors that fail to provide information to the Issuer or are "foreign financial institutions" that do not comply with FATCA.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, the Issuer would not, pursuant to the Conditions, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

In addition, if the Issuer fails to comply with any legislation or other rules implementing the IGA, and becomes subject to the 30% withholding tax, the Issuer may have less cash to make interest and principal payments on the Notes.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS SUBJECT TO CHANGE. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

INVESTMENT POLICY

Introduction

The Issuer's investment policy (which is subject to change from time to time) is to invest predominantly in a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans) (such investments being made directly or through investments in Loan Warehouses or other Risk Retention Companies) and in CLO Securities and to generate attractive risk-adjusted returns from such portfolios.

The Issuer will use the proceeds from the issue of the Further Notes (or similar securities) together with the proceeds from other funding or financing arrangements it has in place currently or may have in the future to invest predominantly in: (i) senior secured loans, CLO Securities and Loan Warehouses; or (ii) other Risk Retention Companies which, themselves, invest predominantly in senior secured loans, CLO Securities and Loan Warehouses. The Issuer may invest (directly or indirectly) predominantly in European or U.S. senior secured loans, CLO Securities, Loan Warehouses and other assets. Investments in Loan Warehouses, which are generally expected to be subordinated to senior financing provided by third party banks will typically be in the form of an obligation to purchase preference shares or a subordinated loan.

There is no limit on the maximum U.S. or European exposure. The Issuer is not expected to invest (directly or through other Risk Retention Companies) substantially directly in senior secured loans domiciled outside North America or Western Europe.

Investment Limits and Risk Diversification

The Issuer's investment strategy is to implement its investment policy by investing (directly or through other Risk Retention Companies) in a portfolio of predominantly senior secured loans or in Loan Warehouses containing predominantly senior secured loans and, in connection with such strategy, to own debt and equity tranches of CLOs and be the risk retention provider in each.

The Issuer may, or may invest in other Risk Retention Companies which may, periodically securitise a portion of the loans into Risk Retention Company CLOs, which may then be managed either by such Risk Retention Company itself, or by DFME or DFM (or one of their affiliates), in its capacity as CLO Manager. The Issuer or such Risk Retention Companies (as the case may be) will retain exposures of each Risk Retention Company CLO, which may be held as:

(a) CLO Income Notes equal to: (i) between 51 per cent. and 100 per cent. of the CLO Income Notes issued by each such Risk Retention Company CLO in the case of European CLOs; or (ii) CLO Income Notes representing at least 5 per cent. of the credit risk relating to the assets collateralising the Risk Retention Company CLO in the case of U.S. CLOs (each of (i) and (ii), (the "**horizontal strip**"); or

(b) not less than 5 per cent. of the principal amount of each of the tranches of CLO Securities in each such Risk Retention Company CLO (the "**vertical strip**").

In the case of deals structured to be compliant with the U.S. Risk Retention Regulations, the retention by the Risk Retention Companies may be structured as a combination of horizontal strip and vertical strip.

To the extent attributable to BGLF, the value of the CLO Income Notes retained by the Issuer or other Risk Retention Companies in which it invests (as the case may be) in any Risk Retention Company CLO will not exceed 25 per cent. of BGLF's net asset value at the time of investment. Further, to the extent attributable to BGLF, the aggregate value of investments made by the Issuer or other Risk Retention Companies in which it invests (as the case may be) in vertical strips of Risk Retention

Company CLOs (net of any directly attributable financing) will not exceed 15 per cent. of BGLF's net asset value at the time of investment. This limitation shall only apply to the Issuer and the other Risk Retention Companies in which it invests in aggregate and not to the Issuer and such Risk Retention Companies individually.

Loan Warehouses may eventually be securitised into Risk Retention Company CLOs managed either by a Risk Retention Company or by DFME or DFM (or one of their affiliates), in its capacity as CLO Manager. To the extent attributable to BGLF, the aggregate value of investments made by the Issuer or other Risk Retention Companies in which it invests (as the case may be) in any single externally financed warehouse (net of any directly attributable financing) shall not exceed 20 per cent. of BGLF's net asset value at the time of investment, and in all externally financed warehouses taken together (net of any directly attributable financing) shall not exceed 30 per cent. of BGLF's net asset value at the time of investment. These limitations shall only apply to the Issuer and the other Risk Retention Companies in which it invests in aggregate and not to the Issuer and such Risk Retention Companies individually.

The following limits (the "**Eligibility Criteria**") apply to senior secured loans (and, to the extent applicable, other corporate debt instruments) directly held by the Issuer or by the Risk Retention Companies in which it invests (and not through CLO Securities or Loan Warehouses):

Maximum exposure	% of the Issuer's or Risk Retention Company's gross asset value
Per obligor	5
Per industry sector	15 (with the exception of one industry which may be up to 20 per cent.)
To obligors with a rating lower than B-/B3/B-	7.5
To second lien loans, unsecured loans, mezzanine loans and high yield bonds	10

For the purposes of these Eligibility Criteria, "**gross asset value**" shall mean gross assets including any investments in CLO Securities and any undrawn commitment amount of any gearing under any debt facility. Further, for the avoidance of doubt, the "**maximum exposures**" set out in the Eligibility Criteria shall apply on a trade date basis.

Each of these Eligibility Criteria will be measured at the close of each business day (in this case being a day on which the London Stock Exchange and banks in Jersey, the United Kingdom and Ireland are normally open for business) on which a new investment is made, and there will be no requirement to sell down in the event the limits are breached at any subsequent point (for instance, as a result of movement in the gross asset value, or the sale or downgrading of any assets held by the Issuer or the Risk Retention Company).

In addition, each Risk Retention Company CLO in which the Issuer or a Risk Retention Company in which it invests holds CLO Securities and each Loan Warehouse in which the Issuer or a Risk Retention Company in which it invests makes an investment will have its own eligibility criteria and portfolio limits. These limits are designed to ensure that: (i) the portfolio of assets within a Risk Retention Company CLO meets a prescribed level of diversity and quality as set by the relevant rating agencies rating securities issued by such Risk Retention Company CLO; or (ii) in the case of a Loan Warehouse, that the warehoused assets will eventually be eligible for a rated CLO. The CLO Manager will seek to identify and actively manage assets which meet those criteria and limits within each Risk Retention Company CLO or Loan Warehouse. The eligibility criteria and portfolio limits within a Risk Retention Company CLO or Loan Warehouse may include the following:

- a limit on the weighted average life of the portfolio;

- a limit on the weighted average rating of the portfolio;
- a limit on the maximum amount of portfolio assets with a rating lower than B-/B3/B-; and
- a limit on the minimum diversity of the portfolio.

Risk Retention Company CLOs in which the Issuer or a Risk Retention Company in which it invests may hold CLO Securities or Loan Warehouses in which the Issuer or a Risk Retention Company in which it invests may invest are also expected to have certain other criteria and limits, which may include:

- a limit on the minimum weighted average of the prescribed rating agency recovery rate;
- a limit on the minimum amount of senior secured assets;
- a limit on the maximum aggregate exposure to second lien loans, high yield bonds, mezzanine loans and unsecured loans;
- a limit on the maximum portfolio exposure to covenant-lite loans;
- an exclusion of project finance loans;
- an exclusion of structured finance securities;
- an exclusion on investing in the debt of companies domiciled in countries with a local currency sub investment grade rating; and
- an exclusion of leases.

This is not an exhaustive list of the eligibility criteria and portfolio limits within a typical Risk Retention Company CLO or Loan Warehouse and the inclusion or exclusion of such limits and their absolute levels are subject to change depending on market conditions. Any such limits applied shall be measured at the time of investment in each CLO or Loan Warehouse (as applicable).

Changes to Investment Policy

The investment policy of the Issuer may be varied by the Issuer, following consultation with the Service Support Provider, provided that the Issuer shall give 60 days' notice of such changes to BGLF and LuxCo (or such other notice period as may be agreed between the Issuer, BGLF and LuxCo).

It is intended that the investment policy of the Issuer will mirror BGLF's investment policy, subject to such additional restrictions as may be adopted by the Issuer from time to time. BGLF will receive periodic reports from the Issuer in relation to the implementation of its investment policy to enable BGLF to have oversight of its activities. If the Issuer proposes to make any changes (material or otherwise) to its investment policy, the directors of BGLF will seek approval from the shareholders of BGLF for any changes which are either material in their own right or, when viewed as a whole together with previous non-material changes, constitute a material change from the published investment policy of BGLF. If the shareholders of BGLF do not approve the change in the investment policy of BGLF such that it is once again materially consistent with that of the Issuer, the directors of BGLF will redeem BGLF's investment in the Issuer (by redeeming the cash settlement warrants held by BGLF in LuxCo and procuring that LuxCo redeems its investments in the Notes), as soon as reasonably practicable but at all times subject to the relevant legal, regulatory and contractual obligations.

Investment strategy

The senior secured loans and other assets held by the Issuer are actively managed to minimise default risk and potential loss through comprehensive credit analysis. The board of the Issuer have delegated authority for the Issuer's sale and purchase decisions (with certain exceptions) to certain assigned employees of the Service Support Provider to act within a set of pre-determined parameters.

The assigned employees will typically look to diversify the Issuer's portfolio to avoid the risk that any one obligor or industry will adversely impact overall returns. The assigned employees will also place an emphasis on loan portfolio liquidity to ensure that if the credit outlook changes, they are free to respond quickly and effectively to reduce or mitigate the risk in the portfolio.

DFME or DFM (or one of their affiliates), in its capacity as the CLO Manager, also manage the Issuer CLOs pursuant to CLO management agreements entered into from time to time. The CLO Manager's objective in managing the assets of the Issuer is principal preservation through credit analysis and portfolio diversification. In order to achieve these objectives, the assigned employees will typically maintain a defensive approach towards the Issuer's investments by emphasising risk control through: (i) undertaking comprehensive due diligence and credit analysis; (ii) careful portfolio construction with an emphasis on diversification; (iii) maintaining on-going monitoring of credits and sectors by research analysts; and (iv) portfolio managers' monitoring of portfolios, market conditions and transaction structure with a view towards anticipating positive and negative credit events.

In conjunction with the credit research provided by the Service Support Provider pursuant to the Portfolio Service Support Agreement, the investment decisions of the assigned employees are based on rigorous credit review and relative value analysis. Potential investments are analysed on the merits of the individual company relative to its position in the industry and the general strength of the industry within the context of the overall economy. Credit analysis includes, but may not be limited to, an analysis of the key drivers of revenue, expense, cash flow, and sources and uses of working capital.

DFME and DFM's research analysts and portfolio managers maintain the credit monitoring process and provide inputs to the personnel made available to the Issuer by DFME (pursuant to the Portfolio Service Support Agreement). Individual investment performance is compared to the initial investment hypothesis, giving consideration to new financial information, market news, price or other events. As part of an overall risk management strategy, a "**Credit Watch List**" is maintained and monitored, which is derived from general market information including security prices, company press releases, news and statements and ongoing due diligence. Data from the Credit Watch List is also used as part of the process to forecast the occurrence of specific credit events and model the impact of credit events on a portfolio. When deemed appropriate, ongoing monitoring will include: (i) meetings with management and advisors; (ii) obtaining a seat on committees; and (iii) seeking new investors/capital. In performing credit monitoring processes, various software, publications and third party monitoring services may be used. Based on these inputs, the assigned employees provide updates to the board of the Issuer in relation to the performance of the Issuer's investments.

Fee rebates arising from Issuer CLOs

DFME, DFM or any affiliate (in its capacity as the CLO Manager) will manage the Issuer CLOs and will earn certain management fees in respect thereof. In consideration of the Issuer's role in originating the Issuer CLOs, DFME rebates a percentage of the management fee that it earns in its capacity as CLO Manager of the Issuer CLOs (excluding any incentive/performance management fee it is entitled to receive) to the Issuer. Upon and subject to the receipt of the management fees from an Issuer CLO, DFME will:

1. in relation to Issuer CLOs where the Issuer is retaining an interest in the first-loss equity tranche, rebate up to 20 per cent. of the CLO management fees to the Issuer *pro rata* to the value of the position that the Issuer holds in the first-loss equity tranche of the CLO, in

accordance with the terms of the relevant CLO fee rebate letter (such rebate being netted if applicable); and

2. in relation to Issuer CLOs where the Issuer is retaining an interest by holding securities in each tranche of the Issuer CLO, rebate up to 100 per cent. of such CLO management fees to the Issuer *pro rata* to the value of the position that the Issuer holds in the CLO Securities, in accordance with the terms of the relevant CLO fee rebate letter (such rebate being netted if applicable).

Such fee rebates will be agreed on an arm's length basis from time to time between DFME and the Issuer and documented in a separate CLO fee rebate letter for each Issuer CLO.

In addition, in circumstances where: (i) the retention holding method is solely through CLO Income Notes; and (ii) where the retention holding method is through CLO Securities, in relation only to such of these CLO Securities as are CLO Income Notes, the Issuer will also be entitled to receive an upfront fee (the "**Upfront Fee**") on the closing of each Issuer CLO which is expected to be: (i) where the retention holding method is through CLO Income Notes, between 1 per cent. and 5 per cent. of the value of the CLO Retention Income Notes it retains in such Issuer CLO and (ii) where the retention holding method is through CLO Securities, 5 per cent. of the value of such of the CLO Securities as are CLO Income Notes. The Upfront Fee will take the form of a rebate of part of the arranger's placing fee which relates to the CLO Retention Income Notes.

Borrowing

On 8 August 2014 the Issuer entered into the VFN Agreement pursuant to which the Issuer issued the VFN Notes. Pursuant to the VFN Agreement the Issuer may draw funding amounts of up to EUR 475,000,000 in aggregate, or the Euro equivalent in pounds sterling and/or United States dollars, for use in connection with the purposes set out in the VFN Agreement. The VFN Notes rank senior in right of repayment and upon enforcement as compared to the Notes.

The Issuer has issued the Original Notes.

The Issuer may enter into other agreements and arrangements in order to raise additional finance, including the entry into of other multi-currency revolving credit facilities. Such revolving credit facilities would be entered into on market standard terms, as negotiated between the Issuer and the relevant credit facility provider in each case and may include a senior security package in favour of such credit facility provider.

CLO Retention Securities may be financed by the entry into a retention financing facility with a bank lender. Any such facility will be with full-recourse to the assets of the Issuer, will be a general obligation of the Issuer and will be secured, subject to any applicable consent requirements, by a first-lien security interest over the relevant CLO Retention Securities.

It is expected that the Issuer will issue Additional Notes. Any Additional Notes will be issued on substantially similar terms as the Notes and will rank *pari passu* at the point of payment of interest and repayment of principal with the Notes.

Derivatives Use

Except in relation to the CLO Retention Income Notes or CLO Retention Securities it holds, the Issuer may enter into hedging and derivatives transactions pursuant to its investment activities, for the purposes of efficient portfolio management.

Prior investment activity of the Issuer

Prior to the date of these Listing Particulars, the Issuer has established and invested in CLO Securities issued by nine Issuer CLOs, of which eight were European CLOs and one was a U.S. CLO. The Issuer's gross assets as at 31 August 2016 were EUR 337.2 million. Breakdowns of the Issuer's direct and indirect loan portfolios, by company, industry and geography, are set out below[1]:

Top ten holdings:

Eircom	2.57%
Ziggo Finance	1.93%
Capio Sanidad	1.93%
Ineos	1.59%
Amaya	1.38%
Cyan Blue Holdco 3 Limited	1.37%
Wind Acquisition	1.32%
Horizon Holdings III (Verallia)	1.30%
Solera	1.29%
Concordia Healthcare	1.28%

Top five industries:

Healthcare & Pharma	14.66%
Business Services	9.51%
Hotels, Gaming & Leisure	8.72%
Chemicals, Plastics & Rubber	7.41%
Containers, Packaging	6.12%

[1] Portfolio data by Issuer, Industry, Country, Rating and Loan Price Bands are presented using the gross par amount of assets held directly and indirectly by the Issuer. Indirect asset holdings are held within CLOs the Issuer has invested in. The total par amount of all assets held within each CLO are included on a fully consolidated basis and added to those assets held directly by the Issuer.

Portfolio holdings, Rating, Country, Industry and Loan Price Band distributions are subject to change and are not recommendations to buy or sell any security. Weighted Average Asset Spread and Weighted Average Loan MTM mean, for the Direct Loan Portfolio the weighted average asset margin and mid-market valuation at the relevant month end and for Indirect Loans/CLO Portfolio the look-through Weighted Average Asset Spread and Weighted Average Loan Price at the relevant month end. Direct Loan Portfolio holdings are reported on a trade date basis and liabilities will only be drawn on the relevant loan settlement date.

Top five countries:

USA	27.17%
France	13.36%
United Kingdom	12.57%
Germany	10.76%
Netherlands	8.69%

Asset breakdown:

	Issuer Direct Loan Portfolio	**Issuer Indirect Loans/ CLO Portfolio**
Number of issuers:	16	386
Senior Secured Loans/Notes:	100.0%	99.4%
Floating Rate:	100.0%	98.5%
Weighted Average Asset Spread (including impact of floors):	3.63%	4.67%
Weighted Average Loan MTM:	99.2%	99.8%
Weighted Average Cost of Liabilities:	0.8% undrawn/ 1.8% drawn	2.1%

The Issuer will acquire further assets and originate new Issuer CLOs from time to time. The Issuer may also, from time to time: (i) hold assets within its portfolio to maturity; (ii) sell assets within its portfolio to the market; or (iii) sell assets within its portfolio to another CLO which is not an Issuer CLO. The Issuer believes that the assets comprising the portfolio have characteristics that demonstrate a capacity to produce funds to service amounts that will be due and payable on the Notes.

Jurisdiction of portfolio assets

There is no limit on the maximum U.S. or European exposure, however, the Issuer is not expected to invest (directly or through other Risk Retention Companies) substantially directly in senior secured loans domiciled outside North America or Western Europe. A breakdown of the Issuer's direct and indirect loan portfolios by geography is set out above.

Maturity and amount of assets

The maturities and amounts of the senior secured loans in which the Issuer invests (either directly or indirectly) will vary. In addition, the maturities and amounts of the CLO Securities (including CLO Retention Income Notes and CLO Retention Securities) will vary for each Issuer CLO. The maturities of CLO Retention Income Notes and certain CLO Retention Securities may be in excess of 20 years.

In addition to the assets transferred to it by the Issuer, each Issuer CLO will also comprise other senior secured loans and other eligible assets purchased from the market, which will also vary in respect of maturity and amount. The Issuer and each Issuer CLO may also, from time to time and in accordance with its investment policy: (i) hold assets within its portfolio to maturity; (ii) sell assets within its portfolio to the market; or (iii) sell assets within its portfolio to another CLO which is not an Issuer CLO.

Level of collateralisation

The Issuer's investment policy is to invest predominantly in a diverse portfolio of senior secured loans, the Eligibility Criteria for which (including as to collateralisation) are set out in "*Investment Limits and Risk Diversification*" above, and in CLO Securities, which will be secured by security granted over, *inter alia*, the portfolio of collateral obligations held by the relevant Issuer CLO but: (i) will be a limited recourse obligation of that Issuer CLO; and (ii) in the case of CLO Income Notes, will be the most subordinated tranche of that CLO.

Method of origination and principal lending criteria

As discussed further in the section entitled "*Investment Policy*", the Issuer's investment strategy is to implement its investment policy by investing in a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans), (such investments being made directly or through investments in Loan Warehouses or other Risk Retention Companies) and in CLO Securities and, in connection with such strategy, to own debt and equity tranches of Issuer CLOs and be the risk retention provider in each.

The principal lending criteria for the Issuer's portfolio of Collateral Obligations is the Eligibility Criteria set out in the section entitles "*Investment Limits and Risk Diversification*" above. The principal lending criteria for each Issuer CLO's portfolio of collateral obligations will vary from CLO to CLO, but in each case may include the non-exhaustive lists of eligibility criteria, portfolio limits and certain other criteria set out in the section entitles "*Investment Limits and Risk Diversification*" above.

RETENTION REQUIREMENTS

European Risk Retention Requirements

It is intended that the Issuer will continue to invest in Issuer CLOs which are intended to be compliant with the European Risk Retention Requirements. In this regard the Issuer will need to, amongst other things:

1. commit to retain the requisite exposures in each Issuer CLO, either as CLO Retention Income Notes or CLO Retention Securities;

2. undertake that, for so long as any securities of the relevant Issuer CLO remain outstanding (including the CLO Retention Income Notes or CLO Retention Securities (as applicable)), it will retain its interest in the CLO Retention Income Notes or CLO Retention Securities (as applicable) and will not (except to the extent permitted by the European Risk Retention Requirements) sell, hedge or otherwise mitigate its credit risk under or associated with such CLO Retention Income Notes or CLO Retention Securities (as applicable).

The European Risk Retention Requirements prohibit certain European investors from investing in any securitisation which does not comply with the European Risk Retention Requirements.

In addition, with the intention of achieving classification as an "originator" (for the purposes of the European Risk Retention Requirements) and complying with the European Risk Retention Requirements, the Issuer will be required to commit to:

(a) establishing the relevant CLO;

(b) selling investments to the Issuer CLO which it has: (i) purchased for its own account initially; or (ii) itself or through related entities, directly or indirectly, been involved in the original agreement which created such obligations; and

(c) during the relevant Issuer CLO's reinvestment period, agreeing to sell investments to the Issuer CLO from time to time so that, for so long as the securities of the Issuer CLO are outstanding, over the required percentage of the total securitised exposures held by the Issuer CLO have come from the Issuer (such percentage calculated including the principal proceeds received by the Issuer CLO in respect of any Issuer sourced assets).

As a result of the above commitments, the Issuer will be unable to liquidate, sell, hedge or otherwise mitigate its credit risk under or associated with any CLO Retention Income Notes or any CLO Retention Securities (as applicable) until such time as the securities of the relevant Issuer CLO have been redeemed in full (whether at final maturity or early redemption). Consequently, if the Notes were to become due and repayable in connection with an early redemption or were subject to partial-redemption, the Issuer will not be obliged under the terms of the Notes and the Amended Profit Participating Note Issuing and Purchasing Agreement to immediately sell, transfer or liquidate the CLO Retention Income Notes or the CLO Retention Securities (as applicable) and the proceeds of such securities (if any) will not be available until the final maturity or early redemption in full of the securities of the relevant Issuer CLO. In addition, cash held by the Issuer will not be able to be used to repay the Notes to the extent that such repayment could leave the Issuer unable to continue to originate and sell assets to the relevant Issuer CLO in order to ensure that, during the relevant Issuer CLO's reinvestment period, it has provided over 50 per cent. of the total securitised exposures to that Issuer CLO (such percentage calculated including the principal proceeds received by the relevant Issuer CLO in respect of any Issuer sourced assets).

DFME believes that there is a continuing opportunity for investors to participate on a "wholesale" basis in a loan origination company that seeks to adopt the "originator" model in Europe to address the European Risk Retention Requirements for CLOs which DFME, DFM or any of their affiliates manage.

It is intended that the Issuer will continue to buy predominantly floating rate senior secured loans from the primary and secondary markets and sell certain of these assets on to one or more Issuer CLOs. The Issuer will act as a retention provider on all Issuer CLOs. The Issuer will offer investors wholesale access to senior secured loans acquired by it directly, to investments in Loan Warehouses, to investments in other Risk Retention Companies and to investments in retained CLO Securities.

The Issuer will be responsible for selecting and monitoring the performance of the investments. Under delegated authority and within a set of pre-determined parameters the Issuer's sale and purchase decisions (with certain exceptions) will be taken by the human resources made available to the Issuer by the Service Support Provider pursuant to the Portfolio Service Support Agreement.

U.S. Risk Retention Regulations

The U.S. risk retention regulations comprise the joint final regulations implementing the credit risk retention requirements of section 15G of the U.S. Exchange Act as added by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**U.S. Risk Retention Regulations**"). The U.S. Risk Retention Regulations will become effective with respect to CLOs on 24 December 2016. The U.S. Risk Retention Regulations generally require "sponsors" of securitisation transactions, including collateral managers of CLOs, or their "majority-owned affiliates" (each as defined in the U.S. Risk Retention Regulations) to retain not less than 5 per cent. of the credit risk of the assets collateralising such securitisation transactions unless an exemption applies. The U.S. Risk Retention Regulations are applicable to asset-backed securities, including CLOs, issued on or after 24 December 2016 (the "**U.S. Risk Retention Regulations Effective Date**").

Pursuant to the U.S. Risk Retention Regulations, any risk retention holding entity in a U.S. CLO will, among other things, be required to:

(a) on the closing date of a CLO, purchase either: (i) CLO Retention Income Notes representing at least 5 per cent. of the credit risk relating to the assets collateralizing the CLO (under the U.S. Risk Retention Regulations); (ii) CLO Retention Securities representing at least 5 per cent. of the principal amount of each class of CLO Securities issued by such CLO; or (iii) a combination of CLO Retention Income Notes and CLO Retention Securities representing in aggregate at least 5 per cent. of the credit risk relating to the assets collateralising the CLO; and

(b) undertake that, until the relevant U.S. Risk Retention Hedging Prohibition End Date (being the latest of: (i) the date on which the total unpaid principal balance of the assets that collateralise the relevant CLO has been reduced to 33 per cent of the original total unpaid principal balance of such assets; (ii) the date on which the total unpaid principal amount of the securities issued by the CLO has been reduced to 33 per cent of the original total unpaid principal amount of such securities; and (iii) two years after the date of the closing of the relevant CLO) it will not (except to the extent permitted by the U.S. Risk Retention Regulations) sell, hedge or otherwise mitigate its credit risk under or associated with such CLO Retention Securities or CLO Retention Income Notes.

Such purchase and retention of CLO Retention Securities or CLO Retention Income Notes may be undertaken by the risk retention holding entity either in its capacity as the collateral manager of the relevant CLO or as a majority-owned affiliate of the collateral manager of such CLO.

SUMMARY OF TRANSACTION DOCUMENTS

Transaction Documents entered into on or prior to the Further Notes Issue Date

The Issuer has entered into, or will on or about the Further Notes Issue Date, enter into the following material documents in connection with its business and/or the issue of the Further Notes (the "**Transaction Documents**"):

1. **Amended Profit Participating Note Issuing and Purchase Agreement**

1.1 The Original Notes were constituted pursuant to the Profit Participating Note Issuing and Purchasing Agreement.

1.2 The Further Notes will be issued by way of an amendment and restatement of the Profit Participating Note Issuing and Purchasing Agreement (the "**Amended Profit Participating Note Issuing and Purchasing Agreement**") to be dated the Further Notes Issue Date. The Conditions will also be amended and restated by way of the entry into by the Issuer of the Amended Profit Participating Note Issuing and Purchasing Agreement. The Conditions are set out herein in the section entitled "*Conditions of the Notes*".

1.3 The Further Notes will be consolidated with, form a single series with and will, once funded, be fully fungible with the Original Notes. The Further Notes will be issued by the Issuer in full in on the Further Notes Issue Date in a principal amount of EUR 1,694,191,714. On the Further Notes Issue Date or on any subsequent date, the Further Notes will be funded in accordance with the terms of the Amended Profit Participating Note Issuing and Purchasing Agreement and the Conditions.

1.4 Subject to Clause 12.7 (*Non Petition and Limited Recourse*) of the Amended Profit Participating Note Issuing and Purchasing Agreement, (Condition 4 (*Status of the LuxCo PPNs*), any Early Redemption Date or any redemptions pursuant to Condition 8 (*Redemption*), the Notes shall be finally repayable on the Maturity Date at their Redemption Price plus any accrued but unpaid interest. Subject to Clause 12.7 (*Non Petition and Limited Recourse*) Amended Profit Participating Note Issuing and Purchasing Agreement, the Amended Profit Participating Note Issuing and Purchasing Agreement will terminate on the date on which no Notes remain outstanding.

1.5 The Amended Profit Participating Note Issuing and Purchasing Agreement will provide that the Notes will be listed on the GEM, or, with the agreement of LuxCo and the Issuer, another exchange in respect of which the quoted Eurobond exemption is available for the purposes of Section 64 of the TCA and Section 987 of the Income Tax Act 2007 (an "**Appropriate Exchange**"), and that the Notes will remain listed on either the GEM or the Appropriate Exchange (as applicable).

1.6 The Notes will represent unsecured, limited recourse obligations of the Issuer and will rank *pari passu* at the point of payment of interest and repayment of principal with any Additional Notes that have been or that may be issued by the Issuer from time to time.

1.7 The Amended Profit Participating Note Issuing and Purchasing Agreement will contain covenants customarily included in loan note terms and conditions (e.g., maintenance of corporate status/keeping proper minutes/not creating any security over its assets without the prior written consent of the Noteholders ((other than in accordance with the terms of the Amended Profit Participating Note Issuing and

Purchasing Agreement and the Conditions)/maintenance of its tax residency in Ireland etc.).

1.8 The Amended Profit Participating Note Issuing and Purchasing Agreement will also require the Issuer to ensure that all Collateral Obligations are acquired and held in accordance with the Investment Policy. Furthermore, the Issuer is bound under the obligations and provisions binding upon it under and pursuant to the Portfolio Service Support Agreement and any forward purchase agreement entered into with an Issuer CLO or participation deed entered into with an Issuer CLO, including obligations to purchase assets in accordance with any eligibility criteria therein.

1.9 Under the Amended Profit Participating Note Issuing and Purchasing Agreement, LuxCo and BGLF have the right to review and ask questions of the Issuer and the Service Support Provider (but, for the avoidance of doubt, not the right to veto) in respect of: (i) all CLO engagement letters prior to signing by the Issuer; (ii) CLO term sheets including management fees and target returns prior to the commencement of marketing for all new CLOs; and (iii) CLO call rights.

1.10 In addition, the Issuer will, if required, provide, or procure the provision, to BGLF or LuxCo (as appropriate): (i) such other information and assistance in relation to the Issuer and the Notes as BGLF or LuxCo may reasonably request and within such timelines as is required (if applicable) for BGLF or LuxCo to comply with applicable legal requirements, including, in particular, information required by BGLF or LuxCo to comply with its legal and regulatory obligations, to comply with all requests for information from governmental and regulatory authorities, to apply for consents and registrations as may be required, to prepare and issue statutory returns, accounts, statements and notices, and to deal in an appropriate and reasonable manner with all communications in connection with BGLF's or LuxCo's shareholders; (ii) such information as BGLF or LuxCo may require to satisfy their obligations (if any) under AIFMD and in the proper exercise of their risk management and portfolio management functions (if any); (iii) such assistance as BGLF might require in order to maintain its tax residency in Jersey; (iv) such assistance as LuxCo might require in order to maintain its tax residency in Luxembourg; (v) suitable market commentary in respect of LuxCo's investment in the Notes for: (x) inclusion in the unaudited half yearly accounts of BGLF or LuxCo within 30 days of 30 June in each financial year; and (y) inclusion in the audited annual accounts of BGLF or LuxCo within 60 days of 31 December in each financial year; (vi) information as requested by BGLF or LuxCo for inclusion in any monthly factsheets to be distributed by BGLF or LuxCo to their shareholders and, upon request to do so by BGLF or LuxCo, shall make available appropriate persons for attendance at board meetings of BGLF or LuxCo, or attendance on monthly or other periodic conference calls with BGLF's or LuxCo's shareholders and potential investors; and (vii) information as requested by BGLF or LuxCo to enable BGLF or LuxCo (as applicable) to calculate its net asset value, provided that, BGLF or the Issuer may request the information required pursuant to sub-paragraph (vii) above from LuxCo and LuxCo agrees to provide such information upon reasonable request.

1.11 The Notes provide for an Event of Default where the Issuer makes a material change to its investment policy which would require BGLF to seek approval from its shareholders to make an equivalent change to BGLF's investment policy and the shareholders of BGLF do not approve such change. Upon the occurrence of the foregoing Event of Default (which has been subsisting for such period as it may take to convene a general meeting of BGLF's shareholders), either BGLF or LuxCo may elect for the Notes to become immediately due and repayable subject to and in accordance with the Conditions. Other Events of Default occur on, *inter alia*, material breach of agreement, insolvency or administration, significant court judgments being entered against the Issuer and upon a material adverse change occurring in the financial position, prospects or business conducted by the Service Support Provider. Upon the occurrence of such an Event of Default (which has been subsisting for a period equal to or greater than 30 days), the Noteholders may at their sole option, elect for the Notes to become immediately due and repayable subject to and in accordance with the Conditions.

1.12 Interest is computed as being the difference between the accumulated net accounting profits of the Issuer (as determined in accordance with IFRS), before the calculation of the interest arising under the PPNs, having properly accrued for any Irish corporation tax expense of the company (as computed under Irish tax principles applicable to the Issuer in relation to the Interest Period in question) and EUR 300 (with such annual profit of the Issuer being EUR 1,200), divided by the principal amount outstanding of the PPNs in issue and multiplied by the outstanding principal amount of each PPN. Cash in respect of interest accrued or to be accrued for each Interest Period will be paid on the Notes, in accordance with Condition 6.2 (*Payment of Interest and Principal*), provided that such cash amount in respect of interest may, in the discretion of the Issuer, be an amount which is less than, equal to or greater than the interest amount computed pursuant to Condition 5 (*Interest Computation*).

1.13 If the amount actually paid to a Noteholder pursuant to Condition 6 (*Payments*), is less than the amount which has been paid to the other PPN holders (on a *pro rata basis* by reference to the principal amount outstanding under each PPN) in respect of the applicable Payment Date (such difference constituting an amount which the Noteholders have deemed in advance to be an amount they wish to immediately reinvest at the Reinvestment Price), the principal amount outstanding of the Notes held by that Noteholder shall be increased by an amount equal to the amount deemed reinvested pursuant to Condition 6.4 (*Reinvestment by Noteholders*). Such an increase will be notified to the Registrar by the Calculation Agent and recorded by the Registrar in the Register.

1.14 In the event that the holder of the Notes is LuxCo and to the extent of any amounts paid on the Notes in accordance with Condition 6.3 (*Paid Interest*) which have not been deemed reinvested in accordance with Condition 6.4 (*Reinvestment by Noteholders*), LuxCo will utilise such amounts to repurchase a portion of the cash settlement warrants (or other similar securities) BGLF may hold in LuxCo from time to time.

1.15 If there are insufficient Available Funds on a Payment Date (not taking into account any reinvestment by Noteholders pursuant to Condition 6.4 (*Reinvestment by Noteholders*)) to pay in full the interest accrued for the relevant Interest Period then any such interest that remains unpaid as of such date will be paid by the Issuer – in priority to any interest subsequently accrued – on the next Payment Date, provided there are sufficient Available Funds on that Payment Date. No default interest shall be payable by the Issuer in respect of the foregoing and an Event of Default shall not be deemed to have occurred in such circumstances.

1.16 The Conditions will set out the redemption mechanics relating to the Notes. The Notes will be redeemable: (i) in full on the Maturity Date; (ii) by the Issuer in whole or in part on the next NAV Strike Date following any Payment Date or any Business Day designated by the Issuer on two Business Days prior notice to the parties to the Amended Profit Participating Note Issuing and Purchasing Agreement (including the holders of the Notes), subject to the consent of LuxCo (except that the consent of LuxCo will not be required in the case of redemptions effected to indirectly fund any share buybacks by BGLF) and following consultation with the Service Support Provider; (iii) by LuxCo (following consultation with the Issuer) in full or in part on the next NAV Strike Date following any Payment Date or any Business Day designated by LuxCo and the Issuer on two business days prior written notice to the parties to the Amended Profit Participating Note Issuing and Purchasing Agreement and the holders of the Notes, in order to (A) fund any buybacks/redemptions of cash settlement warrants (or other similar securities) by LuxCo, or (B) cover any hedging costs and on-going payments payable by LuxCo; (iv) by the Issuer at the request in writing of holders who have funded PPNs in a cash amount (in the aggregate) of at least EUR 116,000,000, on a one off basis, in whole or in part (except that where redemption is in part it shall be subject to the written consent of the Issuer), by the Redeeming Noteholder(s) serving written notice on the Issuer, the Administrator and the Calculation Agent (subject to any Rebalancing); (v) by a Noteholder in whole or in part, following the expiry of the applicable notice period, on the first Business Day following 5 years from the date that any Notes are funded (the "**Initial Lock-Up Period**") or, following the expiry of the relevant Initial Lock-Up Period, on the first Business Day following the expiry of each 5 year period from 1 July 2014 (each a "**Further Lock-Up Period**") by such Noteholder serving at least 90 days written notice on each of the parties to the Amended Profit Participating Note Issuing and Purchasing Agreement (including the Noteholders) (subject to the minimum redemption request set out in Condition 8.5 (*Second Optional Redemption by the Noteholders*)); or (vi) on the occurrence of certain taxation related events, in each case subject to the Regulatory Requirements, the Senior Debt Restrictive Covenants and the availability of Available Funds and in accordance with the specific requirements set out in the Conditions.

1.17 The Conditions will also set out the Events of Default pursuant to which an Early Redemption Date can be designated and the Notes redeemed.

1.18 All payments in relation to the Notes shall be subject to the Regulatory Requirements, the Senior Debt Restrictive Covenants and the availability of Available Funds.

1.19 Payments of interest and repayments of principal on the Notes will be made on a *pari passu* and *pro rata* basis with payments of interest and repayments of principal on any Additional Notes that have been, or may be, issued by the Issuer from time to time.

1.20 The Amended Profit Participating Note Issuing and Purchasing Agreement will contain standard limited recourse and non-petition provisions with respect to the Issuer.

1.21 The Amended Profit Participating Note Issuing and Purchasing Agreement and the Notes will be governed by English law.

2. Portfolio Service Support Agreement

2.1 The Issuer has entered into the Portfolio Service Support Agreement with the Service Support Provider pursuant to which the Issuer appointed the Service Support Provider to provide certain service support and assistance (including back and middle office functions, human resources and credit and market research and analysis) in connection with the origination and ongoing management of the portfolio by the Issuer.

2.2 The Portfolio Service Support Agreement may be automatically terminated on the earlier to occur of: the Issuer determining in good faith that the Issuer or its portfolio has become required to register as an investment company under the provisions of the

United States Investment Company Act of 1940 (as amended), (where there is no available exemption), and the Issuer has given prior notice to the Service Support Provider of such requirement; the date on which the portfolio has been liquidated in full and the Issuer's financing arrangements (as described in the Portfolio Service Support Agreement) have been terminated or redeemed in full; and such other date as agreed between the Issuer and the Service Support Provider.

2.3 In addition, the Portfolio Service Support Agreement may be terminated, and the Service Support Provider removed for cause (as described in the Portfolio Service Support Agreement) by the Issuer upon 10 business days' prior written notice to the Service Support Provider.

2.4 The Service Support Provider may to resign its role under the Portfolio Service Support Agreement upon 90 days' written notice to the Issuer (or such shorter notice as is acceptable to the Issuer). Upon the resignation of the Service Support Provider, the Service Support Provider will continue to act in such capacity until a successor Service Support Provider has been appointed in accordance with the terms of the Portfolio Service Support Agreement. In addition, the Service Support Provider may resign immediately by providing written notice to the Issuer upon the occurrence of certain events relating to the Issuer such as, amongst others, the failure of the Issuer to comply in any material respect with any investment policy or investment objective to which it is bound to comply, a wilful breach or knowing violation by the Issuer of a material provision of the Portfolio Service Support Agreement or the occurrence of insolvency proceedings in respect of the Issuer.

2.5 The Issuer has given certain market standard indemnities in favour of the Service Support Provider (for itself and its affiliates and their managers, directors, officers, partners, agents and employees) in respect of potential liabilities and expenses that the Service Support Provider may occur in connection with the Portfolio Service Support Agreement, however the indemnity does not extend to any liabilities or expenses incurred as a result of any acts or omissions of the Service Support Provider that constitute a Service Support Provider Breach (as defined below).

2.6 Under the Portfolio Service Support Agreement, the Service Support Provider agreed to perform its obligations with reasonable care: (i) using a degree of skill and attention no less than that which the Service Support Provider exercises with respect to comparable assets that it manages for itself and others having similar investment objectives and restrictions, and (ii) to the extent not inconsistent with the foregoing, in a manner consistent with the Service Support Provider's customary standards, policies and procedures in performing its duties under the Portfolio Service Support Agreement (the "**Standard of Care**"); provided that the Service Support Provider will not be liable for any loss or damages resulting from any failure to satisfy the Standard of Care except to the extent any act or omission of the Service Support Provider constitutes a Service Support Provider Breach (as defined below). The Standard of Care may change from time to time to reflect changes by the Service Support Provider to its customary standards, policies and procedures provided that such customary standards, policies and procedures are at least as rigorous as the foregoing.

2.7 The Service Support Provider, its affiliates, its shareholders and each of their respective managers, directors, officers, partners, agents and employees will not be liable (whether directly or indirectly, in contract or in tort or otherwise) to the Issuer, any of its affiliates, shareholders or managers, directors, officers, partners, agents and employees or any other person for liabilities incurred by the Issuer, any of its affiliates, shareholders or managers, directors, officers, partners, agents and employees or any other person as a result of or arising out of or in connection with the performance, by the Service Support Provider, its affiliates and their respective managers, directors, officers, partners, agents and employees or in connection with the Portfolio Service Support Agreement, or for any losses or damages resulting from any failure to satisfy the Standard of Care except to the extent such liabilities were incurred by reason of acts or omissions constituting bad faith, fraud, wilful misconduct or due to the gross negligence (with such term given its meaning under New York law) or reckless disregard of the duties and obligations of the Service Support Provider under the Portfolio Service Support Agreement (a "**Service Support Provider Breach**"). The Service Support Provider will not be liable for any consequential damages under the Portfolio Service Support Agreement.

2.8 Under the Portfolio Service Support Agreement, the Service Support Provider agrees to the provision of certain human capital as may be necessary to enable the Issuer to conduct any matters related to its portfolio of assets.

2.9 Further, in respect of each Issuer CLO, the Issuer and DFME will enter into a fee rebate letter: (i) in respect of Issuer CLOs where the Issuer holds CLO Income Notes, in the form set out in schedule 2 (*Form of CLO Fee Rebate Letter*); and (ii) in respect of Issuer CLOs where the Issuer holds CLO Securities in the form set out in schedule 5 (*Form of CLO Fee Rebate Letter for Vertical Strip*) of the Portfolio Service Support Agreement (each of (i) and (ii) a "**CLO Fee Rebate Letter**"), pursuant to which DFME will rebate to the Issuer:

(a) in relation to Issuer CLOs where the Issuer is retaining an interest in the first-loss equity tranche, up to 20 per cent. of the CLO management fees *pro rata* to the value of the position the Issuer holds in the first-loss equity tranche of the relevant Issuer CLO, in accordance with the terms of the relevant CLO Fee Rebate Letter; and

(b) in relation to Issuer CLOs where the Issuer is retaining an interest by holding securities in each tranche of the Issuer CLO, up to 100 per cent. of the CLO management fees *pro rata* to the value of the position the Issuer holds in the CLO Securities, in accordance with the terms of the relevant CLO Fee Rebate Letter,

excluding in each case any incentive/performance fee the Service Support Provider (in its capacity as CLO Manager) is entitled to receive.

2.10 Under the Portfolio Service Support Agreement, the Issuer shall pay to the Service Support Provider as full compensation for the services performed thereunder, the totality of amounts comprising:

(a) a fee as may be determined from time to time on an arm's length basis; and

(b) an amount equivalent to all reasonable third party costs and expenses incurred by the Service Support Provider in the performance of its obligations thereunder, together with any irrecoverable value added tax arising on such costs and expenses.

2.11 The Portfolio Service Support Agreement contains standard limited recourse and non-petition provisions with respect to the Issuer.

2.12 The Portfolio Service Support Agreement is governed by the laws of England and Wales.

3. **Account Bank Agreement**

3.1 On 2 July 2014, the Issuer entered into an account bank agreement (as amended, restated and/or supplemented from time to time, the "**Account Bank Agreement**") with Citibank, N.A., London Branch (in such capacity, the "**Account Bank**") pursuant to which the Issuer appointed the Account Bank to act as account bank of the Issuer for such fees as agreed in accordance with the terms of the Account Bank Agreement.

3.2 The Account Bank Agreement contains, *inter alia*, terms requiring the Account Bank to establish cash accounts in the name of the Issuer and to carry out transactions through those cash accounts upon the instructions of an authorised person of the Issuer.

3.3 The Account Bank may be replaced by the Issuer giving written notice to the Account Bank in accordance with the provisions of the Account Bank Agreement.

3.4 The Account Bank may at any time resign as account bank for any reason by giving at least 45 days' written notice to the Issuer. Such resignation shall take effect on the earliest to occur of: (i) the date of the transfer of the relevant accounts to the successor account bank; or (ii) the date of an order of a court of competent jurisdiction, each in accordance with the terms of the Account Bank Agreement.

3.5 The Issuer has given certain market standard indemnities in favour of the Account Bank (and the Account Bank's directors, officers, agents and employees) in respect of the Account Bank's potential liabilities arising out of or in connection with the Account Bank Agreement, other than any liabilities that are caused by the Account Bank's own gross negligence, wilful misconduct, bad faith or fraud.

3.6 The Account Bank Agreement contains standard limited recourse and non-petition provisions with respect to the Issuer.

3.7 The Account Bank Agreement is governed by English law.

4. **Custody Agreement**

4.1 On 2 July 2014, the Issuer entered into a custody agreement (as amended, the "**Custody Agreement**") with Citibank, N.A., London Branch (in such capacity, the "**Custodian**") pursuant to which the Issuer appointed the Custodian to act as custodian of certain of the Issuer's investments and other assets. In consideration of the foregoing, the Custodian receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus other amounts payable to the Custodian under the Custody Agreement.

4.2 The Custodian provides custody services in respect of such of the property of the Issuer which is delivered to and accepted by the Custodian as and when such custody services may be required. Securities are held by the Custodian in one or more segregated custody accounts in the name of the Issuer (or such other name as the Issuer may reasonably designate).

4.3 The Custody Agreement may be terminated by either party giving not less than 60 days' notice in writing to the other.

4.4 The Issuer has given certain market standard indemnities in favour of the Custodian in relation to liabilities incurred by the Custodian in connection with the Custody Agreement other than as a result of its negligence, wilful misconduct or fraud in carrying out its responsibilities under the Custody Agreement. The Issuer will not be liable for any consequential loss or damages to the Custodian.

4.5 The Custody Agreement contains standard limited recourse and non-petition provisions with respect to the Issuer.

4.6 The Custody Agreement is governed by English law.

5. **Corporate Services Agreement**

5.1 On 15 May 2014, the Issuer entered into a corporate services agreement (as amended, the "**Corporate Services Agreement**") with Intertrust Management Ireland Limited (in such capacity, the "**Corporate Services Provider**") pursuant to which the Issuer appointed the Corporate Services Provider to perform various management functions on behalf of the Issuer, including the provision of certain clerical, reporting, administrative and other services as set out therein. In consideration of the foregoing, the Corporate Services Provider receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses.

5.2 The terms of the Corporate Services Agreement provide that either party may terminate the Corporate Services Agreement by notice in writing to the other party upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Corporate Services Agreement which is either incapable of remedy or which is not cured within 30 days from the date on which the other party served notice on the defaulting party requiring it to remedy same. In addition, either party may terminate the Corporate Services Agreement at any time by giving at least 30 days' written notice to the other party.

5.3 The Issuer has given certain market standard indemnities in favour of the Corporate Services Provider, its successors and assigns and its respective directors, officers and employees and, where these are companies, their respective directors, officers and employees against any liabilities that may arise in consequence of the Corporate Services Agreement or as a result of the performance of the functions and services provided for under the Corporate Services Agreement, except to the extent that any matter or circumstance results from the fraud, wilful default or gross negligence of any indemnified party.

5.4 The Corporate Services Agreement contains standard limited recourse and non-petition provisions with respect to the Issuer.

5.5 The Corporate Services Agreement is governed by Irish law.

6. **Valuation, Fund Accounting and Financial Reporting Agreement**

6.1 The Issuer has entered into the Fund Administration Agreement with the Agent pursuant to which the Issuer has appointed the Agent to provide the Issuer with certain valuation, financial reporting, fund accounting services and calculation agency services. The Agent is established under the laws of the United States of America and has its registered office at 100 Wall Street, New York, NY 10005. In consideration of the foregoing, the Agent is entitled to receive various fees and other costs and expenses payable by the Issuer under the Fund Administration Agreement.

6.2 The Fund Administration Agreement provides that the Fund Administration Agreement shall continue in force until all notes issued by the Issuer, Blackstone/GSO Corporate Funding 2 DAC and/or Blackstone/GSO Corporate Funding 3 DAC have been discharged and all relevant note issuing and purchase agreements have been terminated. Thereafter a party may terminate the agreement on 90 days' prior written notice to the other parties. In addition the Fund Administration Agreement may be terminated upon the giving of 15 days' notice in writing on the occurrence of certain specified events, including any material breach of obligations under the Fund Administration Agreement which is not remedied within 30 days after the service of written notice requiring it to be remedied and the initiation of certain insolvency proceedings as set out therein.

6.3 The Issuer has given certain market standard indemnities in favour of the Agent and its permitted delegates, servants and agents against any liabilities that may arise in the performance or non-performance of its obligations and duties under the Fund Administration Agreement, except to the extent that any liability arises as a result of the negligence, fraud, bad faith or wilful misconduct of the Agent or its delegates, servants or agents in the performance or non-performance of its duties under the Fund Administration Agreement. The Issuer shall not be liable for any indirect, special or consequential loss of the Agent, its permitted delegates, servants or agents arising out of or in connection with the Fund Administration Agreement.

6.4 The Fund Administration Agreement contains standard limited recourse and non-petition provisions with respect to the Issuer.

6.5 The Fund Administration Agreement is governed by Irish law.

7. VFN Agreement

7.1 On 8 August 2014 the Issuer entered into the VFN Agreement pursuant to which the Issuer issued the VFN Notes to certain bank counterparties. Pursuant to the VFN Agreement the Issuer may draw funding amounts of up to EUR 475,000,000 in aggregate, or the Euro equivalent in pounds sterling and/or United States dollars, for use in connection with the purposes set out in the VFN Agreement.

7.2 The VFN Agreement shall terminate on the date on which all of the VFN Notes are repaid in full, or may be terminated if each of the parties agrees in writing to terminate the VFN Agreement. The VFN Notes will be redeemed on the maturity date (being the earlier to occur of the business day which is three calendar years from the date of the VFN Agreement or an early redemption date (as described in the VFN Agreement) if such early redemption date applies to all of the VFN Notes outstanding), unless redeemed earlier in accordance with the conditions of the VFN Notes.

7.3 The Issuer pays commitment fees to the holders of the VFN Notes in accordance with the terms of the VFN Agreement.

7.4 The VFN Notes are secured limited recourse obligations of the Issuer. The VFN Notes rank senior in right of repayment and upon enforcement as compared to the Notes.

7.5 The VFN Agreement contains covenants customarily included in loan note terms and conditions, including but not limited to obligations on the Issuer to: (i) preserve, renew and keep in full force and effect its corporate existence; (ii) keep proper books of account; and (iii) maintain its central management and control and its place of effective management only in Ireland.

7.6 The Issuer has given certain market standard indemnities in favour of the Citibank, N.A. London Branch (in its capacity as administration agent under the VFN Agreement, the "**VFN Administration Agent**") and its respective officers, directors, employees and agents in respect of certain liabilities arising directly or indirectly out of or in connection with the VFN Agreement and any other financing document (as described in the VFN Agreement), other than liabilities incurred by each of the VFN Administration Agent or any of its respective officers, directors, employees and agents, except any liabilities incurred as a result of its or their own fraud, wilful misconduct or negligence.

7.7 The Notes provide for an Event of Default: (i) if default is made by the Issuer in the payment of any sum due in respect of the VFN Notes or any of them; (ii) if the Issuer fails to perform or observe any of its other obligations under the conditions of the VFN Notes or the other financing documents (as described in the VFN Agreement); (iii) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, bankruptcy, composition, examinership, reorganisation or other similar laws (together, "**Insolvency Law**"), or a receiver, trustee, administrator, custodian, conservator, examiner, liquidator or other similar official (a "**Receiver**") is appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer; or the Issuer is, or initiates or consents to judicial proceedings relating to itself under any applicable Insolvency Law, or seeks the appointment of a Receiver, or makes a conveyance or assignment for the benefit of its creditors generally or otherwise becomes subject to any reorganisation or amalgamation (other than on terms previously approved by the holders of the VFN Notes in writing); (iv) the Issuer is in material breach of any representations, covenants or warranties under the conditions of the VFN Notes or the other financing documents (as described in the VFN Agreement); or (v) the coverage ratio is not maintained in accordance with the terms of the VFN Agreement.

7.8 The VFN Agreement contains standard limited recourse and non-petition provisions with respect to the Issuer.

7.9 The VFN Agreement is governed by English law.

8. Agency and Collateral Administration Agreement

8.1 On 8 August 2014 the Issuer entered into an agency and collateral administration agreement with (1) Citibank, N.A. London Branch (as administration agent, trustee, "**VFN Account Bank**" and "**VFN Custodian**"), (2) Virtus Group LP (as "**VFN Collateral Administrator**") and (3) Citigroup Global Markets Deutschland AG (as "**VFN Registrar**"), (as may be amended from time to time, the "**Agency and Collateral Administration Agreement**") in connection with the issue of the VFN Notes. Pursuant to the Agency and Collateral Administration Agreement the Issuer, amongst other things, appointed: (i) the VFN Collateral Administrator to provide the Issuer with certain secretarial, administrative, monitoring and other services in relation to the acquisition and management of collateral obligations; (ii) the VFN Custodian and the VFN Account Bank to open and operate certain cash and custody accounts related to such collateral obligations; and (iii) the VFN Registrar to maintain a register of the VFN Notes and to perform certain other services in relation thereto. In consideration of the foregoing, the VFN Account Bank, the VFN Custodian, the VFN Collateral Administrator and the VFN Registrar are entitled to receive various fees and expenses.

8.2 The Issuer may terminate the appointment of the VFN Collateral Administrator, VFN Registrar, VFN Custodian or the VFN Account Bank by giving the relevant entity at least 30 days' prior written notice to that effect, provided always that no such notice shall take effect until a new VFN Collateral Administrator, VFN Registrar, VFN Custodian or VFN Account Bank, as the case may be, has been appointed in accordance with the terms of the Agency and Collateral Administration Agreement. Upon the occurrence of certain events (including, but not limited to, (i) the insolvency of the VFN Collateral Administrator, VFN Registrar, VFN Custodian or the VFN Account Bank (as applicable) or (ii) the Issuer determining that it will be required to withhold or deduct FATCA withholding due to a change in the status of the VFN Collateral Administrator, VFN Registrar, VFN Custodian or the VFN Account Bank (as applicable)), the Issuer may, with the prior written consent of the VFN Administration Agent, terminate the appointment of the relevant entity by notice in writing and in accordance with the terms of the Agency and Collateral Administration Agreement. The Issuer will terminate the appointment of the VFN Custodian or the VFN Account Bank if such entity fails to meet certain required ratings, provided that no such termination shall take effect until a new VFN Custodian or VFN Account Bank, as the case may be, has been appointed in accordance with the terms of the Agency and Collateral Administration Agreement.

8.3 The VFN Collateral Administrator, VFN Registrar, VFN Custodian or the VFN Account Bank (as applicable) may resign its appointment under the Agency and Collateral Administration Agreement at any time, by giving to the Issuer and to certain other parties at least 45 days' written notice to that effect in accordance with the terms of the Agency and Collateral Administration Agreement.

8.4 The Issuer has given certain market standard indemnities in favour of the VFN Collateral Administrator, VFN Registrar, VFN Custodian and the VFN Account Bank and their respective officers, directors, employees and agents in respect of certain liabilities arising directly or indirectly out of or in connection with the Agency and Collateral Administration Agreement and any other financing document (as described in the VFN Agreement), other than liabilities incurred by the VFN Collateral Administrator, VFN Registrar, VFN Custodian and the VFN Account Bank or any of their respective officers, directors, employees and agents as a result of its or their own fraud, wilful misconduct or negligence.

8.5 The Agency and Collateral Administration Agreement contains standard limited recourse and non-petition provisions with respect to the Issuer.

8.6 The Agency and Collateral Administration Agreement is governed by English law.

9. Charge and Assignment Deed

9.1 On 8 August 2014 the Issuer entered into a charge and assignment deed with Citibank, N.A., London Branch (as "**VFN Trustee**"), (as may be amended from time to time, the "**Charge and Assignment Deed**") in connection with the issue of the VFN Notes. Pursuant to the terms of the Charge and Assignment Deed, the Issuer created security over certain of its assets in favour of the VFN Trustee for the benefit of the secured creditors (as described in the VFN Agreement). In consideration of the foregoing, the VFN Trustee is entitled to receive a fee from the Issuer at rates agreed upon from time to time between the parties.

9.2 The VFN Trustee may resign at any time by giving not less than 60 calendar days' prior written notice thereof to the Issuer, the VFN Administration Agent and the secured creditors (as described in the VFN Agreement) in accordance with the terms of the Charge and Assignment Deed, provided that no such termination shall take effect until a new trustee has been appointed in accordance with the terms of the Charge and Assignment Deed.

9.3 The Issuer has given certain market standard indemnities in favour of the VFN Trustee and any receiver or appointee in respect of any liabilities to which they may be or become subject or which may be properly incurred by them in the execution or purported execution of any of their trusts, powers, authorities and discretions under the Charge and Assignment Deed or in respect of any other matter or thing done or omitted in any way relating to the Charge and Assignment Deed or any other financing document (as described in the VFN Agreement) to which they are a party, except to the extent that such liabilities result from the fraud, negligence, wilful misconduct or wilful default of the VFN Trustee.

9.4 The Charge and Assignment Deed contains standard limited recourse and non-petition provisions with respect to the Issuer.

9.5 The Charge and Assignment Deed is governed by English law.

CLO Documentation

Prior to the date of these Listing Particulars, the Issuer established and invested in CLO Securities issued by nine Issuer CLOs. As part of each transaction the Issuer entered into the following types of documents (the "**CLO Documents**"):

1. sale and purchase agreements (whether by way of forward sales, participation arrangements or otherwise) relating to the assets comprising the Issuer's portfolio;

2. retention undertakings and related arrangements in connection with the Retention Requirements;

3. forward purchase agreements with each Issuer CLO (each a "**Forward Purchase Agreement**");

4. participation deeds with each Issuer CLO (each a "**Participation Deed**"); and

5. account deeds of charge with each Issuer CLO (each an "**Account Deed of Charge**").

Forward Purchase Agreements allow the Issuer to enter into sale and purchase contracts with an Issuer CLO with respect to certain of the assets of the Issuer ("**Forward Sales**"). Forward Sales may be entered into at the same time or shortly after the origination or acquisition of the relevant asset by the Issuer, at a later date, or not at all. Where a loan becomes subject to the Forward Purchase Agreement the Issuer will neither receive the gain nor bear the loss that occurs between the date when the loan is added to the Forward Purchase Agreement and the date when the transfer occurs.

Under a Participation Deed the Issuer agrees to sell the economic benefit of certain debt obligations to an Issuer CLO and to transfer the legal and beneficial ownership of such debt obligations as soon as possible thereafter. Under a Participation Deed the Issuer will agree to create security over certain of the Issuer's assets in connection with its obligations under that Participation Deed. The security created by each Participation Deed is released upon the elevation of the relevant assets the subject of the participation.

Under an Account Deed of Charge the Issuer creates security over certain of its accounts in connection with its obligations under an associated Participation Deed. The security created by each Account Deed of Charge is released upon the elevation of the relevant assets the subject of the related Participation Deed.

Future documents

The Issuer anticipates entering into a variety of contractual arrangements after the date of these Listing Particulars with the intention of giving effect to the investment policy. Without limitation, these types of contractual arrangements are likely to include:

1. profit participating note issuing and purchase agreements pursuant to which the Issuer will issue Additional Notes. Payments of interest and repayments of principal on any Additional Notes will be made on a *pari passu* basis with payments of interest and repayments of principal any other profit participating notes issued or that may be issued by the Issuer from time to time;

2. new revolving credit facilities, pursuant to which the Issuer will gain access to additional leverage in order to investment in eligible assets; and

3. CLO Documents to be entered into with Issuer CLOs as part of new CLO transactions.

THE ISSUER

General

The Issuer was incorporated as a private limited company on 16 April 2014 under the Companies Acts 1963 to 2013 (as amended) with registration number 542626. The Issuer was converted into a designated activity company limited by shares on 29 February 2016 and operates in accordance with the Companies Act 2014 (as amended) and its constitution. The registered office and principal place of business of the Issuer is at 2nd Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland. The telephone number of the registered office of the Issuer is +353 1 416 1290 and the fax number is +353 1 416 1239.

Share capital

The shares in the Issuer are divided into two classes – Ordinary Shares and Class B2 Shares. The rights attaching to the shares are set out in the Issuer's constitution.

As at the date of these Listing Particulars, the issued and fully paid up share capital of the Issuer consists of 200 Ordinary Shares of EUR 1 each and 15 Class B2 Shares of EUR 1 each (and share premium of EUR 14,999,985).

The authorised share capital of the Issuer is EUR 1,000,000 divided into ownership shares, being 999,800 Ordinary Shares of EUR 1.00 each and non-ownership shares, being 100 B1 Shares of EUR 1.00 each and 100 B2 Shares of EUR 1.00 each. The issued share capital of the Issuer is held as follows:

Intertrust Nominees (Ireland) Limited	200 Ordinary Shares
BGLF	15 Class B2 Shares

The Ordinary Shares are held by Intertrust Nominees (Ireland) Limited (the "**Share Trustee**") on a charitable trust pursuant to a share trust deed dated 3 June 2014 (the "**Share Trust Deed**"). The B2 Shares do not carry any voting rights.

Principal Activities

The principal objects of the Issuer are set forth in clause 3 of its memorandum of association and permit the Issuer, among other things, to carry on the business of financing and re-financing of any assets whatsoever whether asset-backed or not and in any currency, with or without security, including, without limitation, by way of debentures, loan participation notes, credit and derivative linked securities, securitisation and collateralised debt obligations, loans, securities or notes or otherwise.

The Issuer's investment objective is to invest predominantly in a diverse portfolio of senior secured loans (including broadly syndicated, middle market or other loans), (such investments being made directly or through investments in Loan Warehouses or other Risk Retention Companies) and in CLO Securities and to generate attractive risk-adjusted returns from such portfolios.

Directors and Company Secretary

The Issuer's articles of association provide that the board of directors of the Issuer will consist of at least two directors.

The directors of the Issuer and their contact addresses for the purposes of these Listing Particulars are as follows:

Anne Flood	2nd Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland
Imelda Shine	2nd Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland
Aogán Foley	2nd Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland
Fergal O'Leary	2nd Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland

The Company Secretary is Intertrust Management (Ireland) Limited having its registered address at 2nd Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland

The directors of the Issuer do not and will not hold any direct, indirect, beneficial or economic interest in any of the Notes.

The directors of the Issuer may engage in other activities and have other interests which may conflict with the interests of the Issuer.

The material contracts that the Issuer has entered into since incorporation and that are still in force are summarised above.

FINANCIAL STATEMENTS

Financial Statements

The financial year of the Issuer ends on 31 December in each year.

The auditors of the Issuer are Deloitte of Earlsfort Terrace, Dublin 2, Ireland, who are chartered accountants and are members of the Institute of Chartered Accountants of Ireland and registered auditors qualified in practice in Ireland.

The published annual report and audited accounts of the Issuer for the period from 16 April 2014 (the date of incorporation of the Issuer) to 31 December 2015 are incorporated by reference.

Save as disclosed herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2015 (being the date of its last published audited financial statements).

USE OF PROCEEDS

The Issuer will use the proceeds from the issue of the Further Notes (together with other resources available to the Issuer): (i) to credit the Origination Reserve Cash Account with the Origination Reserve Required Amount; (ii) to fund, *inter alia*, the purchase by the Issuer of Collateral Obligations; and (iii) to make payments in accordance with the terms of the Amended Profit Participating Note Issuing and Purchasing Agreement and the Conditions.

CONDITIONS OF THE NOTES

The following is the text of the Conditions which will be endorsed on the definitive registered Certificates issued in respect of the LuxCo PPNs:

The profit participating notes (each a "**LuxCo PPN**" and together, the "**LuxCo PPNs**") are issued by Blackstone / GSO Corporate Funding Designated Activity Company (the "**Issuer**") on the Issue Date. Each Noteholder is entitled to the benefit of, is bound by and is deemed to have notice of all of the provisions of these Conditions and the profit participating note issuing and purchase agreement entered into on 1 July 2014 (as has been amended, restated and/or supplemented from time to time) (the "**PPNIPA**") between, *inter alios,* the Issuer and Blackstone / GSO Loan Financing Limited ("**BGLF**").

1 DEFINITIONS

1.1 Capitalised terms used and not otherwise defined herein shall have the meanings given to them in the PPNIPA.

1.2 In these Conditions, the expression:

"**Account Bank**" means Citibank N.A., London Branch, which expression shall include any successor or assignee account bank appointed under the Account Bank Agreement.

"**Account Bank Agreement**" means the account bank agreement dated 2 July 2014 (as amended, restated and/or supplemented from time to time) between the Issuer and the Account Bank.

"**Administration Agreement**" means the administration agreement dated 10 February 2016 (as amended, restated and/or supplemented from time to time) between, *inter alios*, the Issuer and the Administrator.

"**Administrator**" means VP Fund Services, LLC, which expression shall include any successor or assignee administrator appointed under the Administration Agreement.

"**Agent**" means each of the Registrar, the Calculation Agent and the Administrator and "**Agents**" shall be construed accordingly.

"**AIFMD**" means the European Union Directive 2011/61/EU on Alternative Investment Fund Managers.

"**Available Funds**" means any Collateral Obligation Proceeds and any other amounts received by the Issuer, subject to the Regulatory Requirements, the Senior Debt Restrictive Covenants and the payment of any secured and/or senior obligations of the Issuer, less the Costs and Expenses.

"**Benefit Plan Investor**" means:

(a) an employee benefit plan (as defined in section 3(3) of ERISA), subject to the provisions of Part 4 of Subtitle B of Title I of ERISA;

(b) a plan to which section 4975 of the Code applies; or

(c) any entity whose underlying assets include plan assets by reason of such an employee benefit plan or plan's investment in such entity, but only to the extent of the percentage of the equity interests in such entity that are held by Benefit Plan Investors.

"**BGCF 2 Private PPNIPA**" means a profit participating note issuing and purchasing agreement to be entered into between, *inter alios*, the Issuer and Blackstone / GSO Corporate Funding 2 Designated Activity Company.

"**BGCF 2 Private PPNs**" means the EUR-denominated profit participating notes to be issued by the Issuer pursuant to the BGCF 2 Private PPNIPA.

"**BGCF 3 Private PPNIPA**" means a profit participating note issuing and purchasing agreement to be entered into between, *inter alios*, the Issuer and Blackstone / GSO Corporate Funding 3 Designated Activity Company.

"**BGCF 3 Private PPNs**" means the EUR-denominated profit participating notes to be issued by the Issuer pursuant to the BGCF 3 Private PPNIPA.

"**Business Day**" means (save in relation to Condition 3.3 (*Delivery of new Certificates*)) a day on which the commercial banks and foreign exchange markets settle payments in London, New York City, Luxembourg, Jersey and Dublin (other than a Saturday, Sunday or public holiday) and if such reference relates to a date for the payment or purchase of any sum denominated in EUR, such day is also a day on which the TARGET2 is open.

"**BX CLO**" means a CLO which the Issuer, the U.S. MOA or another Risk Retention Company establishes.

"**Calculation Agent**" means VP Fund Services, LLC, which expression shall include any successor or assignee calculation agent appointed under the Administration Agreement.

"**Certificate**" has the meaning given to such term in Condition 2.1 (*Form*).

"**CLO**" means a collateralised loan obligation transaction.

"**CLO Income Notes**" means the most subordinated tranche of debt issued by an issuer under a BX CLO.

"**CLO Securities**" means the tranches of debt issued by an issuer under a BX CLO.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

"**Collateral Obligation**" means any debt obligation, CLO Income Note, CLO Securities, investments in Loan Warehouses, investments in the U.S. MOA or other obligation or asset (and for avoidance of doubt, Collateral Obligations shall include any assets transferred to the Issuer pursuant to an elevation under a participation), purchased by or on behalf of the Issuer from time to time in accordance with the Investment Policy.

"**Collateral Obligation Proceeds**" means, in respect of a Collateral Obligation:

(a) any proceeds of sale received by, or on behalf of, and any interest or principal proceeds thereof paid to the Issuer; and

(b) any amount received by the Issuer in respect of such Collateral Obligation, whether by way of principal, interest or fees.

"**Conditions**" means these terms and conditions.

"**Costs and Expenses**" means:

(a) all tax liabilities owed or expected to be owed by the Issuer;

(b) all fees, costs and expenses of the Issuer (including, but not limited to, fees, costs, expenses (including legal fees and expenses) and any other amounts owed to the Service Support Provider, the Registrar, the Calculation Agent, the Administrator and the Account Bank, including by way of indemnity);

(c) all Hedging Liabilities; and

(d) EUR 300 retained by the Issuer as its profit (with such annual profit of the Issuer being EUR 1,200).

"**ERISA**" means the United States Employee Retirement Income Security Act of 1974, as amended.

"**EUR**" means the lawful currency of the member states of the European Union that have adopted and retain the single currency in accordance with the Treaty establishing the European Community, as amended from time to time; provided that if any member state or states ceases to have such single currency as its lawful currency (such member state(s) being the "**Exiting State(s)**"), EUR shall, for the avoidance of doubt, mean for all purposes the single currency adopted and retained as the lawful currency of the remaining member states and shall not include any successor currency introduced by the Exiting State(s).

"**EUR Fund QIAIF PPNIPA**" means a profit participating note issuing and purchasing agreement entered into between, *inter alios*, the Issuer and Blackstone / GSO Debt Funds Management Europe II Limited, acting solely in its capacity as manager of Blackstone / GSO Corporate Funding EUR Fund, a sub-fund of Blackstone / GSO Investment Funds.

"**EUR Fund QIAIF PPNs**" means the EUR denominated profit participating notes issued by the Issuer pursuant to the EUR Fund QIAIF PPNIPA.

"**European CLO**" means a collateralised loan obligation transaction which is collateralised primarily by loans to European obligors.

"**European Risk Retention Requirements**" means the requirements referred to in sub-paragraphs (a) to (c) of the definition of Retention Requirements below.

"**Event of Default**" has the meaning given to such term in Condition 11 (*Events of Default*).

"**FATCA**" means sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to section 1471(b) of the Code, any intergovernmental agreement entered into in connection with such sections of the Code, or any U.S. or non-U.S. fiscal or regulatory legislation, rules, practices or guidance notes adopted pursuant to any such intergovernmental agreement.

"**Forward Purchase Agreement**" means any agreement between the Issuer and an issuer under a BX CLO pursuant to which the issuer under such BX CLO agrees to acquire Collateral Obligations from the Issuer on a future sale date.

"**Hedging Liabilities**" means liabilities of the Issuer arising out of interest rate and currency forward or options transactions or other instruments entered into by the Issuer for the purposes of hedging interest rate and currency risk.

"**IFRS**" means the international financial reporting standards as adopted by the European Union.

"**Interest Period**" means the period from and including the relevant Interest Period Start Date to but excluding the next following Interest Period Start Date or, if earlier, the Redemption Date. For the avoidance of doubt, interest on the relevant LuxCo PPNs shall only accrue from the date that such LuxCo PPNs are funded in accordance with Clause **Error! Reference source not found.** (*Issue of the LuxCo PPNs*) and the Interest Period will be adapted accordingly for such LuxCo PPNs.

"**Interest Period Start Date**" means the 1st day of each of January, April, July and October.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Policy**" means the investment policy of the Issuer set out in Schedule 5 (*Investment Policy*) of the PPNIPA, as such policy may be amended from time to time in accordance with its terms.

"**Issue Date**" means 30 July 2014, 9 September 2014, 29 April 2015 and 25 October 2016 or such other date as may be agreed between the Issuer and LuxCo.

"**Liquidation Funds**" has the meaning given to such term in Condition 4.2 (*Status of the LuxCo PPNs*).

"**Loan Warehouse**" means a special purpose vehicle incorporated for the purposes of warehousing senior secured loans and/or bonds.

"**LuxCo PPN Drawdown Date**" means the drawdown date specified in the relevant LuxCo PPN Drawdown Notice.

"**LuxCo PPN Drawdown Notice**" has the meaning given to such term in Condition 3.1(a) (*Issue*).

"**Maturity Date**" means the next NAV Strike Date following 1 June 2044 or, in the event that no NAV Strike Date will occur between 1 June 2044 and 29 June 2044, on the immediately preceding NAV Strike Date.

"**Maximum LuxCo PPN Amount**" means EUR 2,000,000,000.

"**NAV**" means gross assets less liabilities (including accrued but unpaid fees) calculated in accordance with the Issuer's valuation methodology.

"**NAV Strike Date**" means a date on which the NAV of the Issuer is determined.

"**Noteholder**" has the meaning given to such term in Condition 2.2 (*Title*).

"**Origination Reserve Accounts**" means, together, the Origination Reserve Cash Account and the Origination Reserve Collateral Account.

"**Origination Reserve Cash Account**" means an interest bearing account in the name of the Issuer so entitled and held with the Account Bank.

"**Origination Reserve Collateral Account**" means the collateral account in the name of the Issuer so entitled and held with the Account Bank.

"**Origination Reserve Required Amount**" means an amount equal to 10 per cent. of the proceeds of all LuxCo PPNs which may comprise both cash and Collateral Obligations which are eligible for purchase by CLOs sponsored by the Issuer.

"**Participation Deed**" means any agreement between the Issuer and a BX CLO in relation to participations between the parties.

"**Payment Date**" means the 5th day of each of February, May, August and November to the date on which the PPNs are repaid in full, provided that if any Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day that is a Business Day.

"**Portfolio**" means the Collateral Obligations to be held by or on behalf of the Issuer from time to time.

"**Portfolio Service Support Agreement**" means the agreement dated 3 June 2014 between the Issuer and the Service Support Provider, as amended, supplemented or modified from time to time.

"**PPNs**" means the LuxCo PPNs, the Private PPNs, the QIAIF PPNs and any further profit participating notes that may be issued by the Issuer from time to time.

"**Private PPNs**" means both the BGCF 2 Private PPNs and the BGCF 3 Private PPNs.

"**Prospectus**" means the prospectus of BGLF dated 31 March 2016 in respect the placing of up to 500 million placing shares (together with any supplements thereto).

"**QIAIF PPNs**" means both the EUR Fund QIAIF PPNs and the USD Fund QIAIF PPNs.

"**QIB**" means a qualified institutional buyer (as defined under Rule 144A).

"**Qualified Purchaser**" means a person who is a "qualified purchaser" as defined in section 2(a)(51)(A) of the Investment Company Act and the rules thereunder.

"**Redemption Date**" means,

(a) the Maturity Date;

(b) the next NAV Strike Date following an Early Redemption Date; or

(c) the date on which the LuxCo PPNs are to be redeemed pursuant to Condition 8 (*Redemption*).

"**Redemption Exercise Date**" means any Business Day.

"**Redemption Price**" means the fair value of the relevant LuxCo PPNs determined by the Calculation Agent on the applicable NAV Strike Date, but subject in all relevant cases to the applicable amounts available to fund redemptions pursuant to Condition 8 (*Redemption*).

"**Register**" means the register of holders of the legal title to the Notes kept by the Registrar pursuant to the terms of the PPNIPA.

"**Registrar**" means Intertrust Management Ireland Limited, which expression shall include any successor or assignee registrar appointed under the PPNIPA.

"**Regulation S**" means Regulation S of the Securities Act.

"**Regulatory Requirements**" means the requirements that:

(a) the CLO Income Notes or the CLO Securities (as applicable) be held on an ongoing basis with the intention of achieving compliance with the Retention Requirements; and

(b) in respect of CLOs that are intended to be compliant with the European Risk Retention Requirements, the Origination Reserve Required Amount be maintained.

"**Reinvestment Price**" means the fair value of the PPNs determined by the Calculation Agent on the NAV Strike Date immediately preceding the applicable Payment Date (such fair value to be calculated net of any scheduled payments to be made on the next following Payment Date of the PPNs).

"**Retention Requirements**" means, to the extent applicable to a BX CLO:

(a) Article 51 of Regulation (EU) No 231/2013 as amended from time to time and Article 17 of the AIFMD, as implemented by section 5 of Chapter III of the European Union Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing the AIFMD, including any guidance published in relation thereto and any implementing laws or regulations in force in any EU member state, provided that any reference to the AIFMD Retention Requirements shall be deemed to include any successor or replacement provisions of section 5 included in any European Union directive or regulation subsequent to the AIFMD or the European Union Commission Delegated Regulation (EU) No 231/2013;

(b) Articles 404-410 (inclusive) of Regulation (EU) No 575/2013 (as amended from time to time), together with any guidance published in relation thereto including any regulatory and/or implementing technical standards, and any successor or replacement provisions thereto;

(c) the risk retention requirements and due diligence requirements set out in Article 254 and Article 256 of Chapter VIII of Commission Delegated Regulation (EU) 2015/35 and any successor or replacement provisions thereto; and

(d) the credit risk retention requirements of section 15G of the U.S. Exchange Act as added by the Dodd-Frank Wall Street Reform and Consumer Protection Act and any successor or replacement provisions thereto and any regulations promulgated thereunder.

"**Risk Retention Company**" means a company or entity which is established to, among other things, directly or indirectly, purchase, hold and/or provide funding for the purchase and retention of CLO Securities issued by U.S. CLOs or European CLOs (which it may manage), loans and interests in Loan Warehouses.

"**Rule 144A**" means Rule 144A under the Securities Act.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Senior Debt Restrictive Covenants**" means certain permitted payments covenants contained in a senior secured variable funding note arrangement entered into by the Issuer on 8 August 2014 (as has been and may be amended, supplemented or modified from time to time).

"**Service Support Provider**" means Blackstone / GSO Debt Funds Management Europe Limited.

"**Similar Law**" means any federal, state, local or non-U.S. law that is substantially similar to the prohibited transaction provisions of section 406 of ERISA and/or section 4975 of the Code.

"**TARGET2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer system (or, if such system ceases to be operative, such other system (if any) determined by the Issuer to be a suitable replacement).

"**USD Fund QIAIF PPNIPA**" means a profit participating note issuing and purchasing agreement entered into between, *inter alios*, the Issuer and Blackstone / GSO Debt Funds Management Europe II Limited, acting solely in its capacity as manager of Blackstone / GSO Corporate Funding USD Fund, a sub-fund of Blackstone / GSO Investment Funds.

"**USD Fund QIAIF PPNs**" means the EUR denominated profit participating notes issued by the Issuer pursuant to the USD Fund QIAIF PPNIPA.

"**U.S. CLO**" means a collateralised loan obligation transaction which is collateralised primarily by loans to U.S. obligors.

"**U.S. MOA**" means Blackstone / GSO US Corporate Funding, Ltd.

"**U.S. Tax Person**" means a "United States person" as defined in section 7701(a)(30) of the Code.

2 FORM, TITLE, TERM AND DENOMINATION

2.1 Form

The LuxCo PPNs are issued in definitive registered form. A note certificate (each a "**Certificate**") will be issued to each Noteholder in respect of its registered holding of LuxCo PPNs (substantially in the form set out in Schedule 1 (*Form of Certificate*) to the PPNIPA). Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders (the "**Register**") which the Issuer will procure to be kept by the Registrar.

2.2 Title

Title to the LuxCo PPNs passes only by registration in the Register. The holder of any LuxCo PPN will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, "**Noteholder**" and (in relation to a LuxCo PPN) "**holder**" means the person in whose name a LuxCo PPN is registered in the Register.

2.3 Term

Subject to Condition 4 (*Status of the LuxCo PPNs*), any Early Redemption Date or any redemption pursuant to Condition 8 (*Redemption*), the LuxCo PPNs shall be finally repayable on the Maturity Date at their Redemption Price plus any accrued but unpaid interest.

2.4 Denomination

The LuxCo PPNs will be issued in minimum denominations of EUR 10,000,000 plus EUR 1.00 increments in excess thereof, although the Issuer may, in its discretion allow issuances of a lesser amount (subject to the minimum initial issuance amount of EUR 100,000).

3 TRANSFERS OF LUXCO PPNS, ISSUE OF CERTIFICATES AND RECORDING OF FUNDING AMOUNTS

3.1 Issue

(a) Subject to these Conditions, the Issuer may make a request for an advance by delivering to the Noteholders, no later than 11.00 a.m. Dublin time on any Business Day (or such other time as the Issuer and the Noteholders may agree) a duly completed drawdown notice ("**LuxCo PPN Drawdown Notice**") in the form and substance set out in Schedule 3 (*Form of LuxCo PPN Drawdown Notice*) of the PPNIPA, specifying in respect of the proposed advance:

(i) the proposed LuxCo PPN Drawdown Date, which shall be a Business Day no earlier than 3 Business Days after the date of the LuxCo PPN Drawdown Notice; and

(ii) the amount of the advance,

provided that the aggregate of all advances made to the Issuer in respect of the LuxCo PPNs shall not exceed the Maximum LuxCo PPN Amount. Each advance will be made at the fair value of the LuxCo PPNs as at the immediately preceding NAV Strike Date (such fair value to be calculated net of any scheduled payments to be made on the next following Payment Date of the LuxCo PPNs). Such calculations to be performed by the Calculation Agent (in consultation with the Service Support Provider).

(b) All LuxCo PPN Drawdown Notices issued and delivered pursuant to these Conditions shall be irrevocable.

(c) On receipt of a LuxCo PPN Drawdown Notice, the relevant Noteholder shall, pursuant to these Conditions, transmit to or to the order of the Issuer on the specified LuxCo PPN Drawdown Date an amount in cleared funds equal to the relevant advance requested by the Issuer in the relevant LuxCo PPN Drawdown Notice.

(d) Each advance is subject to the Issuer determining (acting reasonably and in good faith) that on the date of the relevant LuxCo PPN Drawdown Notice and on the relevant LuxCo PPN Drawdown Date the following conditions precedent have been fulfilled:

(i) no Event of Default has occurred and is continuing or would occur as a result of such advance;

(ii) each of the representations, warranties and covenants set out in Clause **Error! Reference source not found.** (*Representations, Warranties and Covenants of the Issuer*) of the PPNIPA remains accurate at the LuxCo PPN Drawdown Date as if given on that date by reference to the facts and circumstances then existing;

(iii) the PPNIPA remains in full force and effect; and

(iv) the relevant LuxCo PPN Drawdown Date of such advance falls on a Business Day prior to the final Maturity Date.

(e) Each advance is subject to the relevant Noteholder confirming to the Issuer that it has available to it on the relevant LuxCo PPN Drawdown Date committed funding in an amount sufficient for it to make the relevant advance requested by the Issuer in the relevant LuxCo PPN Drawdown Notice.

(f) No advance may be made under any LuxCo PPN if immediately after such drawing, the aggregate principal outstanding of all LuxCo PPNs would exceed the Maximum LuxCo PPN Amount.

(g) Upon an advance being made, the Registrar shall update the Register by making the appropriate annotations to record such advance. Such records shall, absent manifest error, be conclusive evidence of such amounts and the payment thereof.

3.2 Transfers

(a) LuxCo PPNs may only be transferred to a party which accedes to the PPNIPA.

(b) Transfers shall be effected upon delivery of the required form of transfer (as attached to the Certificates) to the Registrar.

(c) In the case of a transfer of part only of a holding of LuxCo PPNs represented by one Certificate, a new Certificate will be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance not transferred will be issued to the transferor.

(d) Any transfer of a LuxCo PPN shall be subject to a minimum transfer requirement of EUR 1,000,000 of the principal amount outstanding of the LuxCo PPNs.

3.3 Delivery of new Certificates

Each new Certificate to be issued upon transfer of LuxCo PPNs will, within 5 Business Days of receipt by the Registrar of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holders entitled to the LuxCo PPNs to the address(es) specified in the form of transfer. For the purposes of this Condition 3.3 (*Delivery of new Certificates*), Business Day shall mean a day on which banks are open for business in the city in which the specified office of the Registrar is located.

3.4 Formalities free of charge

Registration of the transfer of LuxCo PPNs will be effected without charge to the Noteholders by or on behalf of the Issuer but upon payment (or the giving of such indemnity as the Issuer or the Registrar may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

3.5 Closed Periods

No Noteholder may require the transfer of a LuxCo PPN to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that LuxCo PPN.

4 STATUS OF THE LUXCO PPNS

4.1 The LuxCo PPNs are unsecured limited recourse obligations of the Issuer and are *pari passu* with the other PPNs.

4.2 Notwithstanding any of these Conditions, each of the Noteholders agrees that if the net proceeds from a liquidation of the Collateral Obligations available to unsecured creditors of the Issuer (the "**Liquidation Funds**") are less than the aggregate amount payable by the

Issuer in respect of its obligations to its unsecured creditors, including to the Noteholders and the other Parties to the PPNIPA (such negative amount being referred to herein as a "**shortfall**"), the amount payable by the Issuer to the Noteholders and the other parties to the PPNIPA in respect of the Issuer's obligations under the LuxCo PPNs will be reduced to such amount of the Liquidation Funds which is available in accordance with the Regulatory Requirements and the Senior Debt Restrictive Covenants to satisfy such payment obligation upon the distribution of the Liquidation Funds among all of the Issuer's unsecured creditors on a *pari passu* and *pro rata* basis, and shall be applied for the benefit of the Noteholders and the other parties to the PPNIPA in accordance with Condition 6 (*Payments*). In such circumstances the other assets of the Issuer will not be available for the payment of such shortfall, and the rights of the Noteholders and the other parties to the PPNIPA to receive any further amounts in respect of such obligations shall be extinguished and the Noteholders and the other parties to the PPNIPA may not take any further action to recover such amounts.

4.3 The Noteholders shall not be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, examinership, reorganisation, arrangement, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligation of the Issuer under these Conditions, save for lodging a claim in the liquidation of the Issuer which is initiated by another non-affiliated party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer in relation thereto.

4.4 Each of the Noteholders agrees that no recourse under any obligation, covenant, or agreement of the Issuer contained in the PPNIPA may be sought by it against any human capital, secondee, shareholder, officer, agent, employee or director of the Issuer, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise, it being expressly agreed and understood that the obligations of the Issuer under the terms of the LuxCo PPNs and the PPNIPA are corporate obligations of the Issuer. Each of the Noteholders agrees that no personal liability shall attach to or be incurred by the human capital, secondees, shareholders, officers, agents, employees or directors of the Issuer, or any of them, under or by reason of any of the obligations, covenants or agreements of the Issuer contained in these Conditions, or implied therefrom, and any and all personal liability of every such human capital, secondee, shareholder, officer, agent, employee or director for breaches by the Issuer of any such obligations, covenants or agreements, either at law or by statute or constitution is hereby deemed expressly waived by the parties to the PPNIPA.

4.5 Payments of interest and principal on the LuxCo PPNs will respectively rank and be paid *pari passu* and *pro rata* with the payment of interest and principal (as applicable) on the other PPNs.

4.6 Each of the Noteholders agrees that if any LuxCo PPNs are redeemed at their Redemption Price and the applicable Redemption Price is less than the principal value of such LuxCo PPNs, the final amount payable shall be the Redemption Price and any difference between the Redemption Price and the principal value of the LuxCo PPNs shall be extinguished.

4.7 The provisions of this Condition 4 (*Status of the LuxCo PPNs*) shall survive the termination of these Conditions.

5 INTEREST COMPUTATION

5.1 Interest is computed as being the difference between the accumulated net accounting profits of the Issuer (as determined in accordance with IFRS), before the calculation of the interest arising under the PPNs, having properly accrued for any Irish corporation tax expense of the company (as computed under Irish tax principles applicable to the Issuer in relation to the Interest Period in question) and EUR 300 (with such annual profit of the Issuer being EUR

1,200), divided by the principal amount outstanding of the PPNs in issue and multiplied by the outstanding principal amount of each LuxCo PPN.

5.2 From the first Issue Date and until the LuxCo PPNs are redeemed in full in accordance with these Conditions, the LuxCo PPNs shall bear interest on a *pro rata* basis by reference to the principal amount outstanding under each LuxCo PPN in accordance with this Condition 5 (*Interest Computation*).

6 PAYMENTS

6.1 Payment of Costs and Expenses

The Issuer shall, subject to satisfaction of the Senior Debt Restrictive Covenants and at all times the Regulatory Requirements, on each Payment Date pay or cause to be paid the Costs and Expenses.

6.2 Payment of Interest and Principal

The Issuer shall, subject to Condition 11 (*Events of Default*), satisfaction of the Senior Debt Restrictive Covenants and at all times the Regulatory Requirements, on each Payment Date or a Redemption Date (as applicable) pay or cause the Available Funds and, on a Redemption Date where the LuxCo PPNs are being redeemed in full, any amounts standing to the credit of the Origination Reserve Accounts to be paid in or towards payment:

(a) in arrears, of the interest due and payable on the PPNs on a *pari passu* and a *pro rata* basis by reference to the principal amount outstanding under each PPN; and

(b) of the principal amounts due and payable on the PPNs on a *pari passu* and a *pro rata* basis by reference to the principal amount outstanding under each PPN,

each as calculated by the Calculation Agent.

6.3 Paid Interest

Cash in respect of interest accrued or to be accrued for each Interest Period will be paid on the LuxCo PPNs, in accordance with Condition 6.2 (*Payment of Interest and Principal*) above, provided that such cash amount in respect of interest may, in the discretion of the Issuer, be an amount which is less than, equal to or greater than the interest amount computed pursuant to Condition 5 (*Interest Computation*) above.

6.4 Reinvestment by Noteholders

If the amount actually paid to a Noteholder pursuant to Condition 6 (*Payments*) is less than the amount which has been paid to the other PPN holders (on a *pro rata* basis by reference to the principal amount outstanding under each PPN) in respect of the applicable Payment Date (such difference constituting an amount which the Noteholders have deemed in advance to be an amount they wish to immediately reinvest at the Reinvestment Price), the principal amount outstanding of the LuxCo PPNs held by that Noteholder shall be increased by an amount equal to the amount deemed reinvested pursuant to this Condition 6.4 (*Reinvestment by Noteholders*). Such an increase will be notified to the Registrar by the Calculation Agent and recorded by the Registrar in the Register.

6.5 LuxCo and Interest Proceeds

In the event that the holder of the LuxCo PPNs is LuxCo and to the extent of any amounts paid on the LuxCo PPNs in accordance with Condition 6.3 (*Paid Interest*) which have not been deemed reinvested in accordance with Condition 6.4 (*Reinvestment by Noteholders*), LuxCo will utilise such amounts to repurchase a portion of the cash settlement warrants (or other similar securities) BGLF may hold in LuxCo from time to time.

6.6 Insufficient Funds

If there are insufficient Available Funds on a Payment Date (not taking into account any reinvestment by Noteholders pursuant to Condition 6.4 (*Reinvestment by Noteholders*)) to pay in full the interest accrued for the relevant Interest Period then any such interest that remains unpaid as of such date will be paid by the Issuer – in priority to any interest subsequently accrued – on the next Payment Date, provided there are sufficient Available Funds on that Payment Date. No default interest shall be payable by the Issuer in respect of the foregoing and an Event of Default shall not be deemed to have occurred in such circumstances.

7 MECHANICS OF PAYMENT

7.1 Payments in respect of LuxCo PPNs

In this Condition 7.1 (*Payments in respect of LuxCo PPNs*), the date on which a payment in respect of the LuxCo PPNs becomes due means the first date on which any Noteholder could claim the relevant payment under Condition 6 (*Payments*), but disregarding in the case of payment of principal, the requirement to surrender any Certificates as a condition for payment.

Payments of principal, interest and other amounts due otherwise than on the Payment Date will only be made against surrender of the relevant Certificate at the specified office of the Registrar. Interest on LuxCo PPNs due on the Payment Date will be paid to the holder shown on the Register at the close of business on the date (the "**Record Date**") being the 15th day before the relevant Payment Date.

For the purposes of this Condition 7.1 (*Payments in respect of LuxCo PPNs*), a Noteholder's registered account means the account in EUR maintained by or on behalf of it with a bank that processes payments in EUR, details of which appear on the Register at the close of business, in the case of principal, on the second Payment Business Day (as defined below) before the due date for payment and, in the case of interest, on the relevant Record Date, and a Noteholder's registered address means its address appearing on the Register at that time.

7.2 Payments subject to Applicable Laws

Payments in respect of principal and interest on LuxCo PPNs are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*).

7.3 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Payment Business Day (as defined below), for value the first following day which is a Payment Business Day) will be made on the Payment Business Day preceding the due date for payment or, in the case of a payment of principal or a payment of interest due otherwise than on a Payment Date, if later, on the Payment Business Day on which the relevant Certificate is surrendered at the specified office of the Registrar.

The Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the Noteholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition 7.3 (*Payment on Business Days*) arrives after the due date for payment.

In this Condition 7 (*Mechanics of Payment*):

"**Payment Business Day**" means (i) if the currency of payment is EUR, any day which is, in the case of payment by transfer to an account, a day on which the TARGET2 is open; or (ii) if the currency of payment is not EUR, any day which is, in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each case, in the case of presentation of the Certificate, a day on which commercial banks are open, in New York City and in the place in which the Certificate is presented.

7.4 Partial payments

Subject to Conditions 5.1 (*Interest Computation*) and 6 (*Payments*), if the amount of principal or interest which is due on the LuxCo PPNs is not paid in full, the Registrar will annotate the Register with a record of the amount of principal or interest in fact paid.

8 REDEMPTION

8.1 Redemption at Maturity

Unless previously redeemed as provided below, the Issuer will redeem the LuxCo PPNs from Available Funds (for the avoidance of doubt on a *pari passu* basis with the other PPNs) in their entirety at their Redemption Price plus any accrued but unpaid interest on the Maturity Date in accordance with Condition 6 (*Payments*).

8.2 Optional Redemption by the Issuer

Subject to Condition 8.7 (*Redemption Condition*) below and the consent of LuxCo (provided that the consent of LuxCo shall not be required in the case of redemptions effected to indirectly fund any share buybacks by BGLF), the Issuer shall, following consultation with the Service Support Provider, have the right to redeem some or all of the LuxCo PPNs from Available Funds (for the avoidance of doubt on a *pari passu* basis with the other PPNs) in whole or in part at their Redemption Price plus any accrued but unpaid interest in accordance with Condition 6 (*Payments*) on the next NAV Strike Date following (i) any Payment Date or (ii) any Business Day designated by the Issuer on 2 Business Days prior notice to the parties to the PPNIPA (including all holders of the LuxCo PPNs).

8.3 Optional Redemption by LuxCo

Subject to Condition 8.7 (*Redemption Condition*) below, LuxCo may, following consultation with the Issuer, have the right to redeem some or all of its LuxCo PPNs from Available Funds (for the avoidance of doubt on a *pari passu* basis with the other PPNs) at their Redemption Price plus any accrued but unpaid interest on the next NAV Strike Date following (i) any Payment Date or (ii) any Business Day designated by LuxCo and the Issuer on 2 Business Days prior notice to the parties to the PPNIPA (including all holders of the LuxCo PPNs), in order to:

(a) fund any buybacks/redemptions of cash settlement warrants (or other similar securities) by LuxCo; or

(b) cover any hedging costs and on-going payments payable by LuxCo.

8.4 First Optional Redemption by the Noteholders

Subject to the requirements of this Condition 8.4 (*First Optional Redemption by the Noteholders*) and Condition 8.7 (*Redemption Condition*) below, the LuxCo PPNs shall be redeemed by the Issuer in whole (or, subject to the Issuer's written consent, in part) at their Redemption Price plus any accrued but unpaid interest from Available Funds at the request in writing of holders who have funded PPNs in a cash amount (in the aggregate) of at least EUR 116,000,000 in accordance with the procedures described below.

Each Noteholder (as applicable to this Condition 8.4 (*First Optional Redemption by the Noteholders*) only, a "**Redeeming Noteholder**") shall be entitled on any Redemption Exercise Date to request that its LuxCo PPNs are redeemed pursuant to this Condition 8.4 (*First Optional Redemption by the Noteholders*) by serving written notice on the Issuer, the Administrator and the Calculation Agent (a "**Redemption Request**"). The optional redemption right in this Condition 8.4 (*First Optional Redemption by the Noteholders*) (and the equivalent right to this Condition 8.4 (*First Optional Redemption by the Noteholders*) under the other PPNs) will be able to be exercised once only across all PPNs.

The Issuer shall, upon receipt of Redemption Requests on a single Redemption Exercise Date from holders who have funded PPNs in a cash amount (in the aggregate) of at least EUR 116,000,000 (including equivalent Redemption Requests provided in relation to the equivalent provision to this Condition 8.4 (*First Optional Redemption by the Noteholders*) under the other PPNs), procure that notice of such requests shall be given to all other holders of the PPNs in accordance with Condition 13 (*Notices*) (or the equivalent provision to Condition 13 (*Notices*) under the other PPNs) and also informing them that they have the right by serving at least 10 days written notice on the Issuer, the Administrator and the Calculation Agent, to also have their PPNs redeemed in whole (or, subject to the Issuer's written consent, in part) at their Redemption Price plus any accrued but unpaid interest from Available Funds (the period expiring 10 days from the service of the notice on the Noteholders being, as applicable to this Condition 8.4 (*First Optional Redemption by the Noteholders*) only, the "**Notice Period**").

If on the relevant Redemption Exercise Date the Issuer receives Redemption Requests in respect of PPNs with a funded amount (in the aggregate) of less than EUR 116,000,000 (including equivalent Redemption Requests provided in relation to the equivalent provision to this Condition 8.4 (*First Optional Redemption by the Noteholders*) under the other PPNs), the Issuer shall inform the Redeeming Noteholder(s) that the Redemption Requests have been unsuccessful in accordance with Condition 13 (*Notices*) (or the equivalent provision to Condition 13 (*Notices*) under the other PPNs). The Issuer shall not be obliged to notify any other holders of PPNs of such a fact.

If on the relevant Redemption Exercise Date the Issuer receives Redemption Requests in respect of PPNs with a funded amount (in the aggregate) in excess of EUR 116,000,000 (including equivalent Redemption Requests provided in relation to the equivalent provision to this Condition 8.4 (*First Optional Redemption by the Noteholders*) under the other PPNs) and any holders who have requested a redemption during the relevant Notice Period), the aggregate principal amount of PPNs outstanding that will be redeemed for each redeeming noteholder will be reduced *pro rata* in proportion to the applicable funded amounts provided by such redeeming noteholder as compared with the aggregate funded amounts provided by all the redeeming noteholders (including redeeming noteholders which have requested a redemption under the equivalent provision under the other PPNs) so that the funded amount (in the aggregate) of the requested redemption is EUR 116,000,000 in total (a "**Rebalancing**").

On the next NAV Strike Date following the expiry of the Notice Period the relevant Redemption Price will be determined by the Calculation Agent and notified by the Calculation Agent to the Issuer and the Issuer shall, subject to Condition 8.7 (*Redemption Condition*), use reasonable endeavours to liquidate each redeeming noteholders' *pro rata* portion of the Portfolio (such portion to be determined by the Calculation Agent (in consultation with the Service Support Provider) and to be subject to a Rebalancing) within 90 Business Days in order to redeem the redeeming noteholder's relevant LuxCo PPNs (such amount having been converted into EUR if necessary and, for the avoidance of doubt, on a *pari passu* basis with the other PPNs) (the "**Pro-Rata Portion**"). To the extent that the Issuer is unable to liquidate the Collateral Obligations in the Pro-Rata Portion in full, other Collateral Obligations in the Portfolio (or part thereof) which are capable of liquidation shall be liquidated by the Issuer, if possible on a *pro rata* basis across the remaining portfolio or otherwise at the discretion of the Issuer. For the avoidance of doubt, to the extent that the Issuer is unable to liquidate the Collateral Obligations in the relevant redeeming noteholder's Pro-Rata Portion and other Collateral Obligations in the Portfolio which are capable of liquidation are instead liquidated, the Pro-Rata Portion due to such redeeming noteholder shall be deemed to be reduced by the aggregate principal amount of the Collateral Obligations (or parts thereof) which have been so liquidated and the redeeming noteholder shall only receive the benefit of the liquidation proceeds from such liquidated Collateral Obligations (or parts thereof).

The Issuer shall open two new accounts with the Account Bank (in respect of interest and principal proceeds) to receive the proceeds of the liquidation of Collateral Obligations described in this Condition 8.4 (*First Optional Redemption by the Noteholders*) (as applicable to this Condition 8.4 (*First Optional Redemption by the Noteholders*) only, the "**Redemption Accounts**").

When proceeds are available in the relevant Redemption Accounts, they will be used to redeem some or all of the redeeming noteholder's LuxCo PPNs on each Payment Date at their relevant Redemption Price in accordance with Condition 6 (*Payments*), having been converted into EUR if necessary.

All redemptions under this Condition 8.4 (*First Optional Redemption by the Noteholders*) shall be subject to the penalties set-out below.

The liquidation proceeds which are available to redeem the relevant redeeming noteholder's LuxCo PPNs shall be reduced by the following amounts:

(a) to the extent that the liquidated Collateral Obligations form part of the Pro-Rata Portion, an amount equal to 10 per cent. of the principal amount of the Collateral Obligations which are liquidated; and

(b) to the extent that it is necessary to liquidate other Collateral Obligations in the Portfolio which are capable of liquidation in accordance with the applicable Regulatory Requirements (as applicable):

  (i) in relation to Collateral Obligations which are CLO Income Notes or CLO Securities that are not required to be held on a continuing basis in connection with the Issuer's compliance with the Regulatory Requirements, the difference between the realised value of such assets and the mid-market value of such assets as calculated by Thomson Reuters; and

  (ii) in relation to all other types of Collateral Obligation, an amount equal to the difference between the par value of the relevant Collateral Obligation(s) and the price at which they are sold by the Issuer, subject in all cases to a penalty floor of 10 per cent. of the principal amount of the relevant Collateral Obligation.

Once the relevant redeeming noteholder's Pro-Rata Portion (which may consist of other Collateral Obligations sold from the Portfolio in accordance with this Condition 8.4 (*First Optional Redemption by the Noteholders*)) has been exhausted or liquidated, the redeeming noteholder shall have no further claim against the Issuer in respect of the redeeming noteholder's LuxCo PPNs which were the subject of the Redemption Request, any further payment obligations in respect of such LuxCo PPNs shall be extinguished and the relevant LuxCo PPNs shall be cancelled. For the avoidance of doubt, the redeeming noteholder shall be liable for its relevant portion of the Costs and Expenses of the Issuer until such time as the redemption pursuant to this Condition 8.4 (*First Optional Redemption by the Noteholders*) has been completed.

8.5 Second Optional Redemption by the Noteholders

Subject to Condition 8.7 (*Redemption Condition*) below and to the expiry of the applicable Notice Period (as defined below), on the first Business Day following 5 years from the date that any LuxCo PPNs are funded (such 5 year period to commence from the date that such LuxCo PPNs are funded by an advance in accordance with Condition 3 (*Transfers of LuxCo PPNs, Issue of Certificates and Recording of Funding Amounts*)) (the "**Initial Lock-Up Period**" and the LuxCo PPNs in respect of which the Initial Lock-Up Period has expired being the "**Eligible LuxCo PPNs**") or, following the expiry of the relevant Initial Lock-Up Period, on the first Business Day following the expiry of each 5 year period from 1 July 2014 (each a "**Further Lock-Up Period**"), a Noteholder (as applicable to this Condition 0 (*Second Optional Redemption by the Noteholders*) only, the "**Redeeming Noteholder**") shall be entitled to redeem the Eligible LuxCo PPNs held by it in whole or in part at their Redemption Price plus any accrued but unpaid interest from Available Funds by serving at least 90 days written notice prior to the expiry of the Initial Lock-Up Period or Further Lock-Up Period (as applicable) (as applicable to this Condition 0 (*Second Optional Redemption by the Noteholders*) only, the "**Notice Period**") on each of the parties to the PPNIPA (including all holders of the LuxCo PPNs); *provided that,* unless otherwise waived or reduced at the discretion of the Issuer, the minimum redemption request per Redeeming Noteholder must be equal to the greater of: (i) such number of Eligible LuxCo PPNs as have a NAV, as of the NAV Strike Date immediately preceding the date of the relevant redemption notice, of EUR 10,000,000 (or its non-euro equivalent); and (ii) 50 per cent. of the Eligible LuxCo PPNs held by such Redeeming Noteholder at the date of the expiry of the relevant Initial Lock-Up Period or Further Lock-Up Period (as applicable). To the extent that a Redeeming Noteholder redeems only part of the Eligible LuxCo PPNs held by it on the first Business Day following an Initial Lock-Up Period or a Further Lock-Up Period (as applicable), it may redeem the remaining Eligible LuxCo PPNs in one or more tranches, at its discretion, on the first Business Day following any subsequent Further Lock-Up Period. For the avoidance of doubt, no redemption of LuxCo PPNs may be effected under this Condition 0 (*Second Optional Redemption by the Noteholders*) until the Initial Lock-Up Period has expired in relation to such LuxCo PPNs.

On the next NAV Strike Date following the expiry of the Initial Lock-Up Period or Further Lock-Up Period (as applicable) (on which the relevant Redemption Price will be determined), the Issuer shall book/ledger segregate Collateral Obligations on a *pro rata* basis from the rest of its Collateral Obligations, in a proportion equal to the fair value of the Eligible LuxCo PPNs to be redeemed as compared with all the funded PPNs at such time (the "**Ledger Pool**").

The Issuer shall open two new accounts with the Account Bank (in respect of interest and principal proceeds) to receive proceeds from the Ledger Pool when the Collateral Obligations in the Ledger Pool are sold or redeemed (as applicable) in part or in full (as applicable to this Condition 0 (*Second Optional Redemption by the Noteholders*) only, the "**Redemption Accounts**").

When proceeds are available in the relevant Redemption Accounts, they will be used to redeem some or all of the Redeeming Noteholder's Eligible LuxCo PPNs at their relevant Redemption Price in accordance with Condition 6 (*Payments*), having been converted into EUR if necessary. The availability of proceeds for the redemption (such available proceeds being amounts available after any related leverage has been paid down) will be subject to (a) the redemption (early or scheduled) in part or full of the applicable portion of Collateral Obligations which are CLO Securities (including CLO Income Notes) held by the Issuer, the U.S. MOA or another Risk Retention Company for the purposes of compliance with the Retention Requirements and (b) the sale or redemption in part or full of the applicable portion of other Collateral Obligations at the Issuer's sole discretion (as applicable). For the avoidance of doubt, the Redeeming Noteholder shall be liable for its relevant portion of the Costs and Expenses of the Issuer until such time as the applicable Ledger Pool has been exhausted, such amounts being paid out of the relevant Redemption Account.

Once the Ledger Pool is exhausted, the Redeeming Noteholder shall have no further claim against the Issuer in respect of the relevant Eligible LuxCo PPNs, any further payment obligations in respect of such Eligible LuxCo PPNs shall be extinguished and the relevant Eligible LuxCo PPNs shall be cancelled.

8.6 Redemption for Taxation Reasons

If the Issuer is (or would be, were a payment to be required to be made) required to withhold or deduct for or on account of any taxes (as defined in Condition 9 (*Taxation*)), then the Issuer may, and shall, if so requested by all of the Noteholders, redeem the LuxCo PPNs (for the avoidance of doubt on a *pari passu* basis with the other PPNs) in whole but not in part from Available Funds on the next following NAV Strike Date at their Redemption Price plus any accrued but unpaid interest in accordance with Condition 6 (*Payments*).

In order to effect such redemption, the Issuer may, subject to Condition 8.7 (*Redemption Condition*) below and any security interest in the Portfolio, liquidate the Portfolio and the LuxCo PPNs will be redeemed (for the avoidance of doubt on a *pari passu* basis with the other PPNs) as outlined above and pursuant to Condition 6 (*Payments*).

8.7 Redemption Condition

All payments related to redemptions pursuant to Condition 8.1 (*Redemption at Maturity*) to Condition 0 (*Redemption for Taxation Reasons*) (inclusive) shall be subject to the Regulatory Requirements, the Senior Debt Restrictive Covenants and the availability of Available Funds.

8.8 Cancellations

All LuxCo PPNs which are redeemed in full by or on behalf of the Issuer will forthwith be cancelled.

8.9 Register

Upon any redemption or cancellation being affected pursuant to this Condition 8 (*Redemption*), the Registrar shall update the Register by making the appropriate annotations to record such redemption or cancellation. Such records shall, absent manifest error, be conclusive evidence of such redemption/cancellation.

9 TAXATION

9.1 U.S. tax reporting information

Upon request by a Noteholder to the Issuer, the Issuer will cause its independent accountants to provide and with respect to each issuer under a BX CLO, the Issuer will request that such issuer under a BX CLO provide, the relevant Noteholder with any information that such Noteholder reasonably requires in order for such Noteholder to:

(a) comply with, or permit its direct or indirect owners that are U.S. Tax Persons to comply with, any U.S. federal income tax return filing and information reporting obligations;

(b) make and maintain, or permit its direct or indirect owners that are U.S. Tax Persons, to make or maintain, a "qualified electing fund" election (as defined in the Code) with respect to the Issuer, or issuer under such BX CLO, as the case may be; or

(c) comply with, or permit its direct or indirect owners that are U.S. Tax Persons, to comply with, filing requirements that arise as a result of the Issuer being classified as a "controlled foreign corporation" for U.S. federal income tax purposes,

in each case at the Issuer's expense.

9.2 U.S tax classification of the Issuer

Although the Issuer is currently classified as a corporation for U.S. federal income tax purposes, the Issuer may, in its sole discretion, cause the classification to be changed to a partnership.

9.3 Payment without withholding

All payments made by or on behalf of the Issuer in respect of the LuxCo PPNs, whether in respect of principal, interest or any other amount, shall be made in full without any deduction or withholding in respect of any present or future taxes, duties, assessments or governmental charges of whatever nature unless the deduction or withholding is required by law.

If such a deduction or withholding is required or if any deduction or withholding in respect of taxes or otherwise must be made, then the sum payable by the Issuer in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, the Noteholder receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

However, the Issuer shall not make any such increase in respect of a deduction or withholding which arises:

(a) due to any present or former connection of any Noteholder (or between a fiduciary, settlor, beneficiary, member or shareholder of such Noteholder if such Noteholder is an estate, a trust, a partnership, or a corporation) with Ireland (including without limitation, such Noteholder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having had a permanent establishment therein) otherwise than by reason only of the holding of any LuxCo PPN or receiving principal or interest in respect thereof;

(b) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax or to provide information concerning nationality, residency or connection with Ireland or other applicable taxing authority;

(c) in respect of a payment made or secured for the immediate benefit of an individual or a non-corporate entity which is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive or any arrangement entered into between the EU member states and certain third countries and territories in connection with the Directive;

(d) in connection with FATCA (including any voluntary agreement entered into with a taxing authority pursuant thereto); or

(e) any combination of the preceding clauses (a) through (d) inclusive.

10 PRESCRIPTION

Claims in respect of principal and interest will become prescribed unless made within 10 years (in the case of principal) and 5 years (in the case of interest) from the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Issuer on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the relevant Noteholder by the Issuer in accordance with Condition 13 (*Notices*).

11 EVENTS OF DEFAULT

Subject to the Regulatory Requirements and the Senior Debt Restrictive Covenants, upon the occurrence of an Event of Default which has been subsisting for a period equal to or greater than 30 days (or, in the case of Condition 11(d) (*Events of Default*) below, such period as it may take to convene a general meeting of BGLF's shareholders), the Noteholders (acting by unanimous consent) or, in the case of Condition 11(d) (*Events of Default*) below, either BGLF or LuxCo, may, at their sole option, elect to give written notice to the Issuer that the LuxCo PPNs are due and repayable, and they shall accordingly immediately become, due and repayable at their Redemption Price in accordance with Condition 6 (*Payments*) and shall designate an "**Early Redemption Date**" following which the LuxCo PPNs will be redeemed at their Redemption Price plus any accrued but unpaid interest subject to the availability of Available Funds.

"**Event of Default**" means any of the following events:

(a) if the Issuer fails to perform or observe any of its other obligations or is in material breach of any representations or warranties under the Conditions or the terms of the PPNIPA; or

(b) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, bankruptcy, composition, reorganisation or other similar laws (together, "**Insolvency Law**"), or a receiver, trustee, examiner, administrator, custodian, conservator, liquidator or other similar official (a "**Receiver**") is appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer; or the Issuer is, or initiates or consents to judicial proceedings relating to itself under any applicable Insolvency Law, or seeks the appointment of a

Receiver, or makes a conveyance or assignment for the benefit of its creditors generally or otherwise becomes subject to any reorganisation or amalgamation (other than on terms previously approved by the Noteholders in writing); or

(c) a court judgment is entered against the Issuer in an amount greater than EUR 1,000,000 (or equivalent in another currency) in aggregate and in an amount greater than EUR 50,000 (or equivalent in another currency) individually with respect to the Issuer; or

(d) in the case of LuxCo only, the Issuer makes a material change to its Investment Policy which would require BGLF to seek approval from its shareholders to make an equivalent change to BGLF's investment policy and the shareholders of BGLF do not approve such change; or

(e) there is a material adverse change in the financial position, prospects or the business conducted by the Service Support Provider since the first Issue Date, as reasonably determined by the Issuer.

12 REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer and the Registrar may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13 NOTICES

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the Register maintained by the Registrar. Any notice shall be deemed to have been given on the second day after being so mailed.

14 GOVERNING LAW AND SUBMISSION TO JURISDICTION

14.1 Governing Law

The LuxCo PPNs and any non-contractual obligations arising out of or in connection with the LuxCo PPNs shall be governed by, and shall be construed in accordance with, English law.

14.2 Jurisdiction of English courts

The parties agree that the courts of England are to have exclusive jurisdiction to settle any disputes (whether contractual or non-contractual) which may arise out of or in connection with the LuxCo PPNs and accordingly have submitted to the exclusive jurisdiction of the English courts. The Issuer and the Noteholders hereby waive any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

14.3 Appointment of Process Agent

The Issuer hereby irrevocably and unconditionally appoints Intertrust (UK) Limited of 11 Old Jewry, London EC2R 8DU as its agent for service of process in England in respect of any proceedings and undertakes that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose.

15 RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the LuxCo PPNs, but this does not affect any right or remedy of any person (including, in particular, any right or remedy of BGLF) which exists or is available apart from that Act.

IRISH TAX CONSIDERATIONS

The following is a summary of the principal Irish tax consequences for individuals and companies of ownership of the Notes based on the laws and practice of the Irish Revenue Commissioners currently in force in Ireland and may be subject to change. It deals with Noteholders who beneficially own their Notes as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes, such as dealers in securities, trusts, etc. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest which should include interest payable on the Notes. The Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from a payment of interest on a Note where the Noteholder is:

(a) an investment undertaking within the meaning of section 739B of the TCA; or

(b) by virtue of the laws of a member state of the European Union (other than Ireland) or a country with which Ireland has signed a double tax treaty ("**Relevant Territory**"), resident for the purposes of tax in a Relevant Territory and does not receive interest under the Notes in connection with a trade or business which it carries on in Ireland through a branch or agency,

    where for these purposes the term "**Relevant Territory**" means (i) a member state of the European Communities (other than Ireland), (ii) not being such a member state, a country with which Ireland has a tax treaty in force by virtue of section 826(1) TCA, or (iii) not being a territory referred to in (i) or (ii), a country with which Ireland has signed such a tax treaty which will come into force once the procedures set out in section 826(1) TCA have been completed.

The Issuer must be satisfied that the respective terms of the exemptions are satisfied. The test of residence in each case is determined by reference to the law of the Relevant Territory in which the Noteholder claims to be resident.

Encashment Tax

Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from interest on any Note, where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any Noteholder. There is an exemption from encashment tax where the beneficial owner of the interest is not resident in Ireland and has made a declaration to this effect in the prescribed form to the encashment agent or bank.

Income Tax, PRSI and Universal Social Charge

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish tax with respect to such interest. Noteholders resident or ordinarily resident in Ireland who are individuals may be liable to pay Irish income tax, social insurance (PRSI) contributions and the universal social charge in respect of interest they receive on the Notes.

Interest paid on the Notes may have an Irish source and therefore may be within the charge to Irish income tax. In the case of Noteholders who are non-resident individuals such Noteholders may also be liable to pay the universal social charge in respect of interest they receive on the Notes.

Ireland operates a self-assessment system in respect of tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

There are a number of exemptions from Irish income tax available to certain non-residents. Firstly, interest payments made by the Issuer are exempt from income tax so long as the Issuer is a qualifying company for the purposes of Section 110 of the TCA, the recipient is not resident in Ireland and is resident in a Relevant Territory and, the interest is paid out of the assets of the Issuer. Secondly, interest payments made by the Issuer in the ordinary course of its business are exempt from income tax provided the recipient is not resident in Ireland and is a company which is either resident in a Relevant Territory which imposes a tax that generally applies to interest receivable in that Relevant Territory by companies from sources outside that Relevant Territory or, where the interest is exempted from the charge to Irish income tax under the terms of a double tax agreement which is either in force or which is not yet in force but which will come into force once all ratification procedures have been completed. Thirdly, interest paid by the Issuer free of withholding tax under the quoted Eurobond exemption is exempt from income tax where the recipient is a person not resident in Ireland and resident in a Relevant Territory or is a company not resident in Ireland which is under the control, whether directly or indirectly, of person(s) who by virtue of the law of a Relevant Territory is resident for the purposes of tax in a Relevant Territory and are not under the control of person(s) who are not so resident, or is a company not resident in Ireland where the principal class of shares of the company or its 75 per cent. parent is substantially and regularly traded on a recognised stock exchange. For the purposes of these exemptions and where not specified otherwise, residence is determined under the terms of the relevant double taxation agreement or in any other case, the law of the country in which the recipient claims to be resident. Interest falling within the above exemptions is also exempt from the universal social charge.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed may have a liability to Irish corporation tax on the interest.

Relief from Irish income tax may also be available under the specific provisions of a double tax treaty between Ireland and the country of residence of the recipient.

Interest on the Notes which does not fall within the above exemptions is within the charge to income tax, and, in the case of Noteholders who are individuals, is subject to the universal social charge. In the past the Irish Revenue Commissioners have not pursued liability to tax in respect of persons who are not regarded as being resident in Ireland except where such persons have a taxable presence of some sort in Ireland or seek to claim any relief or repayment in respect of Irish tax. However, there can be no assurance that the Irish Revenue Commissioners will apply this treatment in the case of any Noteholder.

Capital Gains Tax

A Noteholder will not be subject to Irish tax on capital gains on a disposal of Notes unless such holder is either resident or ordinarily resident in Ireland or carries on a trade or business in Ireland through a branch or agency in respect of which the Notes were used or held.

Capital Acquisitions Tax

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax (which subject to available exemptions and reliefs, will be levied at 33 per cent.) if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer is domiciled in Ireland irrespective of his residence or that of the donee/successor) on the relevant date or (ii) if the Notes are regarded as property situate in Ireland (i.e. if the Notes are physically located in Ireland or if the register of the Notes is maintained in Ireland).

Stamp Duty

No stamp duty or similar tax is imposed in Ireland (on the basis of an exemption provided for in Section 85(2)(c) of the Irish Stamp Duties Consolidation Act, 1999 so long as the Issuer is a qualifying company for the purposes of Section 110 of the TCA and the proceeds of the Notes are used in the course of the Issuer's business), on the issue, transfer or redemption of the Notes.

SUBSCRIPTION AND SALE

LuxCo has agreed to subscribe and pay for the Further Notes on the terms and subject to the conditions contained in the Amended Profit Participating Note Issuing and Purchasing Agreement.

No action has been or will be taken in any jurisdiction by the Issuer that would, or is intended to, permit a public offer of the Notes or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Accordingly, LuxCo has undertaken to the Issuer that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

Notes may only be transferred to a party which accedes to the Amended Profit Participating Note Issuing and Purchasing Agreement.

GENERAL INFORMATION

1. The issue of the Further Notes has been authorised by resolution of the board of directors of the Issuer passed on 29 September 2016.

2. Application has been made to the Irish Stock Exchange for the Further Notes to be admitted to the Official List and trading on the GEM. Arthur Cox Listings Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Further Notes and is not itself seeking admission of the Further Notes to the Official List or trading on the GEM.

3. It is expected that listing of the Further Notes on the Irish Stock Exchange will be granted on the Further Notes Issue Date.

4. The financial year end of the Issuer is 31 December. The published annual report and audited accounts of the Issuer for the period from 16 April 2014 (the date of incorporation of the Issuer) to 31 December 2015 are set out herein.

5. The Issuer has not been involved in any governmental, legal or arbitration proceedings in the previous 12 months which may have or have had a significant effect on its financial position or profitability nor is the Issuer aware that any such proceedings are pending or threatened.

6. Save as disclosed herein, there has been no significant change and no significant new matter has arisen since the publication of the Original Listing Particulars.

7. The Issuer will not provide post-issuance information regarding the performance of the underlying collateral.

8. Copies of the following documents may be inspected in electronic format, during usual business hours at the registered office of the Issuer and the Registrar for the life of these Listing Particulars:

   (a) the constitution of the Issuer;

   (b) prior to the Further Notes Issue Date, drafts (subject to modification) and, from the Further Notes Issue Date, copies of the following documents:

      (i) the Amended Profit Participating Note Issuing and Purchasing Agreement; and

      (ii) the Conditions; and

      (iii) the audited financial statements of the Issuer.

9. Noteholders may request information in respect of the Notes by contacting the Issuer during usual business hours at the registered office of the Issuer for the life of these Listing Particulars.

10. The International Securities Identification Number ("**ISIN**") for the Notes (including the Further Notes) is as follows: IE00BP40M262.

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Ireland

SERVICE SUPPORT PROVIDER
Blackstone / GSO Debt Funds Management Europe Limited
30 Herbert Street
Dublin 2
Ireland

REGISTRAR
Intertrust Management (Ireland) Limited
2nd Floor
1-2 Victoria Buildings
Haddington Road
Dublin 4
Ireland

ACCOUNT BANK AND CUSTODIAN
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Citigroup Centre
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