



# Risk Factors<sup>1</sup> (continued)

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## CERTAIN RISKS OF INFRASTRUCTURE DEBT

Below is a summary of certain potential risk factors applicable to Preferred Shares holders investing through the Issuer in infrastructure debt generally. The Issuer's portfolio will consist primarily of senior secured loans. In the case of any particular asset, to the extent that negative circumstances occur affecting the obligor on such asset, losses incurred by the obligor will be borne in the first instance by holders of the equity interests in such obligor prior to losses being borne by the senior lenders and other creditors of such obligor, such as the Issuer.

### Risks of Infrastructure Investments Generally

Investing in debt associated with infrastructure assets involves a variety of risks, not all of which can be foreseen or quantified, and which include, among others, the burdens of ownership of infrastructure assets; local, national and international economic conditions; the supply and demand for services from and access to infrastructure; the financial condition of users and suppliers of infrastructure assets; risks related to construction, regulatory requirements, labor actions, health and safety matters, government contracts, operating and technical needs, capital expenditures, demand and user conflicts, bypass attempts, strategic assets, changes in interest rates and the availability of funds which may render the purchase, sale or refinancing of infrastructure assets difficult or impracticable; changes in environmental laws and regulations, investments in other funds, troubled infrastructure assets and planning laws and other governmental rules; changes in energy prices; negative developments in the economy that may depress travel activity; force majeure acts, terrorist events, under-insured or uninsurable losses; competition from newer or refurbished infrastructure assets; and other factors which are beyond the reasonable control of the Issuer or the Portfolio Advisor.

### Illiquidity in Infrastructure Finance

Infrastructure finance loans have varying structures and terms, and may be complex, long duration loans with limited liquidity.

### Regulatory Risks

Infrastructure debt obligors, or the infrastructure assets that they own or control, may be subject to statutory and regulatory requirements, including those imposed by zoning, environmental, safety, labor and other regulatory or political authorities.

### Risks Relating to Concessions, Leases and Public Ways

An infrastructure obligor may be reliant on government licenses, concessions, leases or contracts. Such arrangements are typically complex and obligors with assets located in the United States are generally subject to regulation by a greater number of governmental and regulatory authorities compared to jurisdictions with consolidated or singular governmental or regulatory authorities with oversight for infrastructure assets.

### Performance and Operating Risks

Infrastructure assets are subject to operational risks such as the risk of mechanical breakdown, spare parts shortages, increased maintenance costs due to increased usage volume, failure to perform according to design specifications, labor strikes and/or disputes, work stoppages and other work interruptions, and other unanticipated events which may adversely affect operations of the asset/obligor.

### Revenue Risks

In an infrastructure finance payment mechanism where the infrastructure provider relies on payment from a public sector entity, the infrastructure provider is subject to the risk of a payment default. However, in infrastructure projects involving concessions, such payment default would typically trigger a termination of the relevant concession for default of the concession grantor.

### Project/Concession Termination Risks

Project/concession agreements typically specify events and circumstances upon which the authority or the infrastructure provider may terminate the agreement. If the infrastructure provider and/or its lenders receives insufficient compensation upon a termination, proceeds received by the Issuer on the related asset could be adversely affected.

(1) A more detailed description of risk factors will be contained in a definitive Private Placement Memorandum of the Issuer with respect to the Preferred Shares.