

CERTAIN RISKS OF INFRASTRUCTURE DEBT

Below is a summary of certain potential risk factors applicable to Investors investing through the Issuer in infrastructure debt generally. The Portfolio consists primarily of Senior Secured Loans. In the case of any particular Collateral Obligation, to the extent that negative circumstances occur affecting the Obligor on such Collateral Obligation, 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 Facility 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. Many of these factors could cause fluctuations in usage, expenses and revenues, causing the value of Collateral Obligations to decline and may negatively affect the returns on the Preferred Shares.

Illiquidity in Infrastructure Finance

Infrastructure finance loans have varying structures and terms, and may be complex, long duration loans with limited liquidity. During periods of illiquidity, the Issuer's ability to acquire or dispose of a Collateral Obligation at a price and time that the Issuer deems advantageous may be severely impaired. Adverse developments in the [primary] market for infrastructure finance loans or an increase in alternative types of financing may reduce opportunities for the Issuer to source Collateral Obligations or reinvest proceeds in Collateral Obligations that satisfy the Investment Guidelines and the Investment Criteria, or to purchase recent issuances of Collateral Obligations from others. In particular, the ability of private equity sponsors and infrastructure finance loan arrangers to effectuate new infrastructure financings and the ability of the Issuer to purchase such debt assets may be partially or significantly limited. There has been some level of increase in primary infrastructure finance loan market activity, but there can be no assurance that such increase will continue or that persistent weakness in the growth of the U.S. economy and austerity programs by the government will not reduce market activity for new infrastructure finance loans. In addition, Collateral Obligations purchased by the Issuer will be restricted from resale by the Issuer pursuant to the applicable Facility documentation and will have only a limited, if any, resale market.

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. The public nature of infrastructure assets subject many Obligors to a higher level of regulatory control than other sectors. Regulators may impose conditions on the construction, operations and activities of such Obligors. Regulators may also have considerable discretion to modify the regulations applicable to an Obligor and its operations. There can be no assurance that a government or regulatory authority will not impose new regulations, change applicable laws, or interpret existing regulations and laws in a manner that materially and adversely affects an Obligor's business and ability to satisfy its debt obligations under a Collateral Obligation.