

Item 1 Cover Page

Castlelake, L.P.

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Part 2A of Form ADV: Firm Brochure

March 30, 2021

This brochure provides information about the qualifications and business practices of Castlelake, L.P. which does business under the name “Castlelake”. If you have any questions about the contents of this brochure, please contact us at (612) 851-3000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Castlelake is also available on the SEC’s website at www.adviserinfo.sec.gov.

Castlelake is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of Castlelake provide you with information about which you determine to hire or retain Castlelake.

Item 2 Material Changes

Since Castlelake's last annual updating amendment to Part 2A dated March 30, 2020 and last updating amendment to Part 1A dated January 29, 2021, Castlelake has made general modifications to descriptive information contained herein, including the description of the business practices of Castlelake and its affiliates under "Material Risks" and "Investment Risks" and supplements existing disclosures relating to potential conflicts of interest under "Conflicts of Interest."

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Our Brochure may also be requested by contacting Daniel McNally, Castlelake's General Counsel, at (612) 851-3079, or Kevin Hiniker, Castlelake's Chief Compliance Officer, at (612) 851-3031.

Additional information about Castlelake is also available via the SEC's web site www.adviserinfo.sec.gov.

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Item 4 - Advisory Business

Castlelake, L.P., which does business under the name “Castlelake” (“Castlelake”) was established in 2005 and serves primarily as: (1) the investment adviser to private investment funds separately managed accounts and co-investment funds or other similar types of entities (“Fund” or “Funds”) that focus on investments in aviation, diversified assets, special situations and specialty finance; and (2) the servicer of securitization trusts and other financing structures (the “Vehicles”) for which Castlelake manages aircraft loans, leases, maintenance and disposition proceeds.

Castlelake’s advisory services to the Funds and the Vehicles are detailed in the applicable private placement memorandum, confidential information memorandum or other offering memorandum (each, a “Memorandum”), investment management agreements, servicing agreements, limited partnership or other similar operating agreements (each, a “Partnership Agreement”) (each such Memorandum and Partnership Agreement collectively referred to herein as an “Offering Document”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Castlelake or its related entities also has entered into side letter agreements (“Side Letters”) with certain investors in the Funds, establishing rights under, or supplementing or alternating the terms (including economic or other terms) of, the applicable Offering Documents with respect to such investors.

Additionally, from time to time and as permitted by the relevant Offering Documents of each Fund, Castlelake expects to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, Castlelake’s personnel and/or certain other persons associated with Castlelake and/or its affiliates. Such co-investments typically involve investment and disposal of interests in the applicable portfolio investment at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle have in the past purchased, and may in the future purchase, a portion of an investment from one or more Funds after such Funds have consummated their investment (also known as a post-closing sell-down or transfer). As well, for strategic or other reasons, disposal of interests may not be conducted at the same time or on a pro rata basis.

Castlelake is managed by Rory O’Neill, Evan Carruthers, Luke Beltnick, Philipp Braschel, Eduardo D’Alessandro, Alan Gearing, Peter Glerum, Yen-Wah Lam, Matt Little, John Lundquist, Joe McConnell, Gina Lee Peyton, Armin Rothauser, Isaiah Toback and Otto Verhoeff (collectively, the “Principals”).

Detailed information about the Funds and the Vehicles is located in their respective Offering Documents. Castlelake invests called capital (and in certain of the Funds, recycled proceeds) in the Funds during their respective commitment periods, and as otherwise permitted in the Offering Documents, in portfolio investments.

All discussions of the Funds in this Brochure, including but not limited to their investments, the strategies used in managing the Funds, the services provided to the Funds, the fees and other costs associated with an investment in the Funds and other terms, are qualified in their entirety by reference to each Fund’s respective Offering Documents. Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable Fund’s general partner and not individually to investors in the Funds. Each Fund’s general partner or managing member is subject to the Advisers Act pursuant to Castlelake’s registration in accordance with SEC guidance. This brochure describes the business practices

of the general partners and managing members, which operate as a single advisory business together with Castlelake. References herein to Castlelake should be read to include the general partners and managing members as applicable.

As of December 31, 2020, Castlelake manages approximately \$21.57 billion in assets on a discretionary basis and non-discretionary basis in its various Funds and Vehicles.

Item 5 - Fees and Compensation

Management Fees

In general, Castlelake receives management fees (calculated and payable either monthly or quarterly) as well as certain performance-based servicing compensation, all of which are described in detail in the respective Offering Documents. While management fees of certain Funds are subject to an offset by all or the specified portion of the servicing fees and compensation and other similar consideration (all net of expenses) relating to the making, disposition or management of Fund investments received by Castlelake or its affiliates, management fees are not offset for servicing and other fees received in the circumstances described in the following paragraph. In certain circumstances, Castlelake management fees may be reduced for certain investors subject to agreed upon terms and conditions of a Fund's Offering Documents and/or Side Letters. In addition, Castlelake expects that co-investors or other parties will negotiate the right to share a portion of certain fees from a particular investment, and the above-described offset will be applied after excluding any amounts paid to such persons.

Servicing and Other Fees

Castlelake or its affiliates receive servicing fees through the Vehicles or similar securitization vehicles, warehouse facilities and joint ventures. Castlelake also receives servicing or other fees through co-investments or other structures or loan offerings with respect to assets, investments or debt that is not owned by a Fund, or activities that are not on behalf of a Fund (including, without limitation, providing services to any persons other than a Fund participating in, or providing financing to, the same investment, or with respect to any other activities undertaken by such persons for the benefit of any third parties, or providing services with respect to assets owned by third parties). Servicing fees may be asset-based fees or based on certain performance criteria (as described below).

Carried Interest and Performance Fees

Castlelake will receive carried interest or performance fees with respect to the Funds. Carried interest is generally equal to a percentage of net profits, subject to a preferred return or hurdle return, as more fully described in an applicable Fund's Offering Documents. Performance fees are generally equal to a percentage of profits above an agreed upon threshold, as more fully described in an applicable Fund's Offering Documents.

Other Information

Castlelake is permitted to exempt investors in the Funds from payment of all or a portion of management fees and/or carried interest. For certain Funds this includes Castlelake, its general partner entities and

any other person designated by Castl lake, such as “friends and family” of Castl lake or its personnel, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. For example, in instances where a Castl lake professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the management fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Offering Documents, certain general partners have the right to permit investors, affiliated with Castl lake or otherwise, to invest through the relevant general partner or other vehicles that do not bear management fees or carried interest. In general, the management fee offsets described above apply only with respect to the capital commitments of fee-paying investors and do not apply if a Fund ceases to pay management fees at the end of its term. Further, co-investors often pay lower or no management fees and/or carried interest or performance fees.

The Funds generally invest on a long-term basis. Accordingly, management and other fees are expected to be paid, except as otherwise described in the Offering Documents, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of Castl lake generally receive salaries and other compensation derived from, and in certain cases including a portion of, management fees, carried interest or other compensation received by Castl lake or its affiliates.

As further described in the Offering Documents, each Fund pays or reimburses Castl lake for expenses, which generally include, without limitation, organizational expenses (in some instances subject to maximum amounts, but including without limitation travel expenses and other direct costs of personnel of Castl lake, its affiliates or agents); expenses relating to each Fund’s operations and administration by a third party; expenses (including travel related expenses) related to discovering, investigating, developing, negotiating, structuring, making, holding, managing, monitoring, and disposing of investments (including potential investments or co-investments that are not consummated) including, without limitation, transaction costs, interest and commitment fees on debit balances, borrowings, guarantees or other credit support or permitted hedging activity, clearing and settlement charges, appraisal fees, investment banking expenses, custody fees; expenses of service companies, custodians, depositories, consultants, economists, tax preparers, outside counsel, accountants and other experts or professionals; all expenses incurred in connection with any tax audit, investigation, settlement or review of a Fund; fees or expenses for legal and compliance services on behalf of a Fund; brokerage and commission charges for securities and commodity transactions and other trade-related fees (refer to “Brokerage Practices” below for additional information); fees and profit sharing arrangements (that are not payable to a Fund’s general partner or its affiliates) with third parties and/or operating partners in connection with a Fund’s investments; the costs and expenses of any litigation involving the Funds or Vehicles and the amount of any judgments or settlements paid in connection therewith, relating to the business, activities and interests of such Funds or Vehicles; data production and maintenance costs and services, communication expenses and third-party research expenses, including specific expenses incurred in obtaining systems, research and other information, including information service subscriptions, utilized for portfolio management, valuations, accounting or reporting purposes; costs and expenses for information and technology systems, including for protection from cyber-attacks and other malicious internet-based activity, computer viruses, network failures, computer and telecommunication failures; all costs and expenses associated with environmental, social and corporate governance, including engaging any consultants with respect thereto; the cost of any liability insurance expenses whether on behalf of a Fund, Castl lake or its affiliates (including, without limitation, cybersecurity insurance, crime

insurance, any fiduciary bonds, representation and warranty insurance, directors and officers insurance, and errors and omissions insurance); indemnification and litigation expenses to the extent provided in the Offering Documents; expenses relating to any governmental inquiry or public relations undertaking; regulatory and compliance expenses, taxes, fees or other governmental charges levied against a Fund; fees and expenses related to the organization, operation, administration, legal, tax and compliance expenses of special purpose vehicles (“SPVs”) relating to a Fund; fees for certain personnel to perform jurisdiction-specific administrative functions at one or more registered or administrative offices in a non-U.S. jurisdiction in connection with one or more investments in such jurisdiction; registered office and registered agent fees and expenses; expenses associated with reporting and providing information to existing and prospective Fund investors (including in respect of investment-related matters and any other Fund-specific reporting, notification or other filing obligations), including through a third-party data portal and otherwise; expenses associated with environmental, social and corporate governance, including engaging any consultants with respect thereto; ongoing compliance expenses and fees contemplated by, or related to, the Alternative Investment Fund Managers Directive or any similar non-U.S. law; expenses relating to any governmental inquiry or public relations undertaking relating to the Funds or Vehicles; expenses of relating to any forms, schedules, reports, filings, information or other documents prepared with respect to FATCA and any comparable non-U.S. filings; the cost of complying with side letter arrangements, including any “most favored nations” provisions and elections; expenses incurred in connection with winding up and liquidating the Funds or Vehicles; unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer; other expenses associated with the acquisition, holding and disposition of the Fund’s investments, including extraordinary expenses; developing, structuring, operating and winding up administrative structures in foreign jurisdictions that are put in place to operate the Fund’s investment activities (including any travel and accommodation expenses related to such structures, the salary and benefits of any personnel reasonably necessary for the maintenance of such structures, or other overhead expenses and rent in connection therewith); fees, costs and expenses related to complying with any law, rule, regulation, policy, directive or special measure in relation to privacy, data protection (including the EU Data Protection Law), know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations. The foregoing types of expenses are not exclusive and investors are encouraged to review the Offering Documents for more detailed expense provisions. The Funds also bear expenses indirectly to the extent portfolio investments in a respective Fund pays or bears expenses, including expenses of Castlake and/or its affiliates. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds.

The Vehicles pay or reimburse Castlake for certain expenses specified in their Offering Documents. Such expenses include any fees, costs, expenses, taxes and indemnification amounts incurred on behalf of the issuer group member in the course of business activities permitted under a Vehicle’s indenture, including, without limitation, issuer expenses, ordinary course expenses, service provider fees relating to the assets, maintenance and modification expenses and asset trade payments with respect to the assets (not funded out of the maintenance support account) and liquidity facility expenses.

Air travel expenses attributable to the activities of Funds or Vehicles and investments are charged accordingly as either economy or business/first class travel as the situation warrants. In certain circumstances where non-commercial air transportation is elected, such non-commercial air transportation expenses charged to Funds or Vehicles are capped at commercial business/first class travel costs, as applicable.

In certain circumstances, one Fund may pay an expense common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time) and be reimbursed by the other Funds by their share of such expense, with or without interest. In certain circumstances, Castllake advances amounts related to the foregoing and receives reimbursement from the Funds to which such expenses relate.

Valuation. Castllake is responsible for valuing the securities and other investments comprising the assets and liabilities of the Funds. Investments in marketable securities are typically “marked to market” by reference to the last generally available price quotation. Investments in non-marketable securities and other assets for which reliable market quotations are not readily available are valued in a manner as Castllake determines on a consistent basis, so long as such methodology is consistent with U.S. generally accepted accounting principles (“U.S. GAAP”). Castllake will typically apply the valuation technique (income approach, market approach and cost approach) that is appropriate in the circumstances and will obtain and may rely on information provided by any source or sources reasonably believed to be accurate in determining the value of the investments or assets. It is often appropriate to use a combination of any or all of the valuation techniques and related information. Determining how to measure the values when using multiple techniques may change over time based on changes in facts and circumstances. A conflict of interest arises due to the fact that a higher fair value assigned to such investment can result in greater management fees paid (where management fees are based on net asset values). Valuations assigned to securities and other investments are not necessarily equivalent to the value that can be realized by the Funds on the sale of those securities and other investments. In addition, there is a risk that the valuations of an investment made pursuant to U.S. GAAP may differ from the price at which an investment is actually be sold.

Item 6 - Performance-Based Fees and Side-By-Side Management

Castllake’s Fund clients are subject to performance-based compensation payable to Castllake or its affiliates. Castllake affiliates will receive carried interest with respect to the Funds generally equal to a percentage of net profits, subject to a preferred return or hurdle return, as described more fully in the respective Offering Documents. In addition, the respective Funds may make cash distributions to Castllake affiliates in amounts sufficient to pay individual income taxes on income allocated to such affiliates for tax purposes, which amounts may not be repaid in the event the applicable preferred return has not been met. Performance-based compensation commences after invested capital and the applicable preferred return have been distributed to investors. In addition, certain Funds include servicing fees and/or asset disposition fees that are used in calculating net management fees.

The existence of carried interest or other performance-based compensation creates a conflict of interest because it is not proportionate to the capital contributions of Castllake affiliates to a Fund and may create an incentive for Castllake to make riskier or more speculative investments, or to hold an investment longer than otherwise would be the case, either with the aim to increase performance compensation paid. This conflict is mitigated through the Funds’ diversification and eligibility requirements, ongoing risk management and the fact that Castllake’s Principals invested a significant amount of their net worth in the Funds. In addition, Castllake’s investment allocation process described in Item 10 of this brochure further mitigates the risk of investments being allocated for the primary purpose of increasing performance compensation.

With respect to certain of the Vehicles, the following types of performance-based compensation may be incurred and payable to Castlake as servicer: (1) servicer incentive fee is payable if the amount of rent income received during certain periods of time, net of certain maintenance-related payments, is equal to or greater than an agreed upon percentage of the projected net amount for the related period of time; (2) sales fees are payable as incurred upon net sales proceeds arising from the sale of assets; (3) remarketing fees are payable in the case of entering into a new lease or extending the lease term, and (4) end of lease compensation is payable on a percentage basis to the extent amounts of lease compensation exceed transaction related maintenance expenses actually incurred.

Castlake manages multiple Funds at any given time, and to the extent that Castlake personnel are assigned varying percentages of carried interest from the Funds, such personnel are subject to conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for the Funds from which they are entitled to receive a higher carried interest percentage. This side-by-side management creates a conflict of interest in that Castlake could provide more favorable investment opportunities to Funds with more favorable compensation arrangements. Castlake seeks to mitigate this conflict of interest with allocation policies and/or practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Funds' investment guidelines and Offering Documents, as well as other factors that do not include the amount of performance-based compensation received by Castlake or any personnel.

Item 7 - Types of Clients

Castlake provides investment advice to the Funds and the Vehicles. Fund and Vehicle investors generally consist of state, local and corporate pension and profit-sharing plans, trusts, estates, charitable organizations, endowments, corporations, insurance companies, business entities, private fund-of-funds, foreign sovereign wealth funds and high net worth individuals. Employees of Castlake who qualify as "knowledgeable employees" under Rule 3c-5 of the Investment Company Act of 1940 are also permitted to invest (directly or indirectly) in the Funds.

The Funds may include alternative investment vehicles established from time to time in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

Each Fund and each Vehicle imposes minimum investment requirements upon investors that can be waived in certain circumstances, as set forth in the respective Offering Documents.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

The methods of analysis are conducted at varying levels depending upon the markets and participants involved. Castlake performs extensive quantitative and qualitative fundamental research to determine

the suitability of a particular investment itself and in the context of the relevant industry as well as overall market; provided that certain research, particularly quantitative, may be outsourced to operating partners or other third parties. Investment professionals will develop, as warranted, financial models to perform an analysis of comparable valuations in the public and private markets, a discounted cash flow analysis, a reorganization analysis and liquidation analysis, and an analysis of potential returns for the investment and many other types of financial analysis. At the completion of a favorable due diligence process, Castlelake determines the price range at which to pursue the investment opportunity.

Investment Strategies

More detailed information regarding Castlelake's investment strategies and activities described below is set forth in the Offering Documents. Castlelake's investment strategies are centered on: (i) aviation; (ii) diversified assets; (iii) special situations; and (iv) specialty finance. Consistent with Castlelake's overall investment approach, there is an emphasis on direct asset investing opportunities. Castlelake utilizes a series of joint-venture asset operating partnerships in many of the investments other than aviation under which the operating partners provide a focus on managing the daily details of the investments regarding payments and administration. Castlelake maintains control over, or is involved in, economic and strategic decisions, working either in collaboration with the specific operating partners, or within the governance structure of a portfolio company in which the Funds hold an equity interest. A focus is maintained on deep value opportunities where control can be established, or an active role can be taken in a restructuring.

Aviation. Castlelake invests in aircraft and aviation assets, and offers tailored financing, leasing and servicing solutions. Castlelake focuses on commercial aircraft and engines and aviation secured debt. Castlelake's team includes technical experts, risk management professionals, and dedicated financing specialists that operate as needed at every stage of an investment. Castlelake's investments also involve secured loans and other financing packages to airlines or lessors that look to refinance or acquire aircraft or to otherwise finance their business operations. Depending on the strategy set forth in the Offering Documents, aviation investments may focus on new or younger mid-life aircraft generally yielding stable lower returns or older aircraft and related assets generally with a higher risk and higher return profile. Castlelake's aviation strategy also includes the Vehicles collateralized by aircraft.

Diversified Assets. Castlelake invests across a diverse set of opportunities in North America and Europe, including sub- and non-performing loans and loan portfolios collateralized by real estate-centric assets. In the United States and Europe, Castlelake structures and executes land and real estate-centric transactions including acquisition, development & construction (AD&C), land banking, secured debt financing and direct investing.

Special Situations. Castlelake invests across industries, geographies and capital structures in asset-rich opportunities that are challenged by complexity or illiquidity. Castlelake focuses on assets in sectors undergoing change and provide financing, repair capital structures, navigate restructuring and/or improve operations. Castlelake is also focused on restructurings, direct financings and discrete opportunities backed by hard assets across dislocated and cyclical industries in need of liquidity. A key tenet is to provide liquidity to industries experiencing dislocation in either asset values, capital availability or both.

Specialty Finance. Castlelake invests in a wide variety of specialty finance asset classes, including consumer credit across the risk spectrum, commercial credit opportunities such as small business credit and equipment finance and leasing, and other asset-backed/esoteric asset classes.

General Risks

The transactions that Castlelake engages in involve substantial risks. Growing competition may limit the ability to take advantage of investment opportunities in rapidly changing markets or to access investment opportunities believed to be attractive. Investing involves risk of loss that an investor should be prepared to bear.

Due to the nature of Castlelake's trading and investment activities, results may fluctuate from month to month and from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results in future periods. The material risks presented by Castlelake's strategies and investments are set forth below. Additional information is contained in the respective Offering Documents. This brochure does not purport to contain a complete disclosure of all risks that may be relevant to an existing or prospective investor.

Material Risks

Concentration of Investments. In its flagship multi-strategy Funds, Castlelake is generally not limited in the amount of the Funds' capital to one industry. Although Castlelake will follow a general policy of seeking to spread the Funds' capital among a number of investments, issuers, industries and geographies, Castlelake may depart from such policy from time to time and the Funds may hold one or more investments that are relatively large in relation to a Fund's capital or are concentrated in a single issuer or a group of related issuers or in a single industry or in a focused geographical area, all to the extent permitted by the Offering Documents. Although Castlelake's aviation-focused funds will be heavily concentrated in the aviation investments, Castlelake will also follow a general policy of seeking to spread such Funds' capital among a number of investments, issuers and geographies. However, Castlelake may depart from such policy from time to time and the aviation-focused Funds may hold one or more investments that are relatively large in relation to a Fund's capital or are concentrated in a single issuer or a group of related issuers or in a focused geographical area. The result of such concentration of investments is that a loss in any such position could materially reduce the relevant Fund's capital.

Availability of, and Competition for, Suitable Investments. The activity of identifying, completing and realizing attractive investments is usually highly competitive, and involves a high degree of uncertainty. Castlelake competes for investments with many other investors, including, other investment partnerships and corporations, strategic industry acquirers, institutional investors and other financial investors, including hedge funds and private equity funds investing directly or through affiliates. Further, over the past several years, an ever-increasing number of private equity funds have been or are being formed (and many existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk and more personnel than Castlelake and its affiliates. The Funds may also incur significant expenses identifying, investigating and/or attempting to make potential investments that are ultimately not consummated. Castlelake expects that competition for appropriate investment opportunities may increase, which may reduce the number of investment opportunities available to the Partnership and/or adversely affecting the terms

upon which investments can be made. There can be no assurance that the Partnership will be able to locate, complete and exit investments which satisfy the Partnership's rate of return objective or realize upon their values or that it will be able to fully invest its available capital. It is possible that the Partnership will never be fully invested if enough sufficiently attractive investments are not identified. An investor should be aware that it may lose all or part of its investment in the Partnership.

Increases in Assets under Management. Despite limitations on commitments on a Fund-by-Fund basis, Castlelake has not limited the aggregate amount of assets it may manage. Subject to requirements in the Offering Documents, Castlelake will raise new Funds, Vehicles or other investment products, may pursue new investment strategies and will continue to seek new investment capital from suitable sources. There can be no assurance that appropriate investment opportunities will be available to accommodate future increases in assets under management, which may require Castlelake to modify its investment decisions for the Funds because it cannot deploy all the assets in the manner it desires.

Asset Managers and Service Companies. Castlelake may enter into arrangements with asset or industry specialized management or advisory teams (which may include joint venture partners) ("Asset Managers") to acquire, manage and dispose of certain assets, which can include fixed payments and/or profit-sharing arrangements with such persons, thus impacting returns to the Funds. Such payments and profit-sharing arrangements are in addition to the management fees and performance-based compensation to Castlelake and its affiliates and are not subject to an offset if paid to a third party. It is possible for certain Asset Managers to receive incentive compensation related to the value or performance of specific assets serviced by them even though a Fund, as a whole, does not have positive returns. The failure on the part of Castlelake to select or retain the right Asset Managers and/or to establish a governance and compensation structure that provides for the appropriate balance of economic incentives to the Asset Manager and oversight by Castlelake, or to provide servicing with respect to certain assets (including securitization-like vehicles) on its own, could adversely impact the Funds. If an Asset Manager breaches its servicing agreement or otherwise fails to perform its responsibilities adequately, the Funds may be adversely affected. In addition, given the specialized nature of these service providers, they may be difficult to replace if needed and transfers of servicing may cause a disruption of services or cash flow on the related investment.

Use of Affiliates for Servicing. Castlelake or its affiliates act as servicer and receive compensation from the Vehicles in which some Funds have an interest and expects to do so in the future for other Fund investments or entities, provided that fees to affiliated servicers will typically be structured (via offset to management fees or otherwise) so that, in addition to the payment of management fees, a Fund does not effectively bear the fees with respect to its allocable portion of investment in the Vehicles, financing facility or other entity. This can be accomplished through special allocation of the relevant fees to investors other than the Funds, or if any Fund is subject to such fees payable to Castlelake or its affiliates, any such amounts (net of related expenses) are applied to offset the Fund's management fees. In general, these management fee offsets apply only with respect to the capital commitments of fee-paying investors and do not apply if a Fund ceases to pay management fees at the end of its term.

To the extent that servicing with respect to certain assets is performed in-house by Castlelake employees, there can be no assurance that the Firm will in the future be able to attract, train, develop, integrate or retain, suitable employees with the skills required to provide such servicing. Qualified personnel, in particular technical aviation servicing professionals, are in great demand throughout the aviation industry. Competitors and other entities may attempt to recruit Castlelake's employees. The loss of such

personnel, the inability to identify, attract or retain qualified personnel in the future or delays in hiring qualified personnel, particularly technical aviation servicing professionals, may make it difficult for Castllake to service such assets.

Proprietary Information. Castllake relies on trade secret and other similar laws and confidentiality agreements with employees and third parties to protect its proprietary aircraft and portfolio modeling approach, all of which offer only limited protection. Castllake's intellectual property rights may be invalidated, or competitors may develop a similar aircraft and portfolio modeling approach independently. Legal proceedings to enforce Castllake's intellectual property rights may be unsuccessful and could also be expensive and divert management's attention.

Co-Investment Risks. A Fund's general partner may provide or commit to provide co-investment opportunities to one or more limited partners and/or third parties. There are risks in connection with such third-party involvement, including the possibility that a third-party co-investor may at any time have economic or business interests or goals that are inconsistent with the Funds and may have at any time financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Partnership, or may be in a position to take (or block) action in a manner contrary to the Partnership's investment objectives. In addition, the Partnership may in certain circumstances be liable for actions of its third-party co-investor or partner.

Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by a general partner in its discretion, may not be in the best interests of the Fund or any individual limited partner. In exercising its discretion in connection with such co-investment opportunities, the general partner may consider some or all of a wide range of factors, in certain cases including factors which benefit the general partner such as the likelihood that an investor may invest in a future fund sponsored by the general partner or its affiliates. See "Conflicts of Interest - Co-Investments" below for additional information. Castllake seeks to mitigate this conflict of interest with allocation policies and practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Funds' investment guidelines and Offering Documents. Castllake's investment allocation process described in Item 10 of this brochure further mitigates the risk of investments being allocated for the primary purpose of increasing performance compensation.

Funds may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks, including the possibility that a third-party co-investor or partner may at any time have economic or business interests or goals that are inconsistent with those of the applicable Fund, or may be in a position to take action contrary to the investment objectives of such Fund. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-investor or partner. There can be no assurance that such Fund's return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction. Further, expenses relating to potential co-investments that are not consummated may be borne by the Funds. Also, any co-investment by the Funds through a SPV may expose the Funds to additional risk given that the SPV may not have segregation of liabilities arising from different investments, and the Funds can have liability regardless of whether they participate in all investments made by such SPV or otherwise in excess of its participation percentage if any other SPV participant defaults on its obligations.

When and to the extent that employees and related persons of the general partner make capital investments in or alongside a Fund, the applicable general partner is subject to conflicting interests in connection with these investments. The applicable general partner's allocation of co-investment opportunities among such persons may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some persons relative to others.

Third Party Involvement. The Funds may co-invest with third parties through limited liability companies, joint ventures or other entities. These investments involve risks not present if a third party were not involved, including the possibility that the third party can take action contrary to the investment objectives of the Fund, may be unable or unwilling to perform its duties or obligations under the relevant agreements, may have financial, legal or regulatory difficulties resulting in a negative impact on a joint venture, or may have economic or business interests or goals which are inconsistent with those of the Funds. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-investors. Castlelake's ability to exercise control or significant influence in connection with the joint venture may be limited and will depend on the nature of the governing documentation.

Execution Risks. The execution of the investment strategies employed by Castlelake can involve complex transactions, use of negotiated terms with counterparties and difficult to execute transactions. In each case, Castlelake seeks best execution and has trained execution and operations professionals devoted to executing and settling such investments. However, in light of the complexity and global diversity involved, some slippage, errors and miscommunications with brokers and counterparties are inevitable and may result in losses to the Funds and Vehicles. Castlelake may choose to forego pursuing claims against brokers and counterparties on behalf of the Funds for any reason including, but not limited to, the cost of pursuing claims relative to the likely amount of any recovery and the maintenance of its business relationships with brokers and counterparties. Castlelake is not liable to the Funds for losses caused by brokers or counterparties.

Portfolio Company Management Teams. In the case of investments made by the Funds with respect to companies, each such company's day-to-day operations will generally be the responsibility of that entity's management team. There can be no assurance that the existing management team, or any successor management team, will be able to operate the company in accordance the plans or expectations of Castlelake. Some of the Funds' investments will represent minority and/or non-voting positions in portfolio companies, and, although Funds in certain circumstances have representatives that serve on the boards of directors, such representatives may not have the power individually to exert significant control over a portfolio company's boards of directors and management. The Funds will rely significantly on the existing management and boards of directors of such portfolio companies, which may include unseasoned directors, managers and representatives of other investors with whom the Funds are not affiliated and whose interests or views conflict with the interests of the Funds. To the extent that the management of a portfolio company performs poorly, or if a director or key manager of a portfolio company engages in misconduct, commits material errors in carrying out his or her duties, or terminates his or her employment or association with such company, the applicable Funds' investment in such company will be adversely affected.

Counterparty and Settlement Risks. Many of the markets in which Castlelake effects transactions are through private transactions. Some of the markets are "over-the-counter" or "interdealer." The counterparties in such private transactions and participants in these types of markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. There is a risk that a counterparty will not settle a transaction because of a credit or liquidity problem. In

addition, there may be practical or timing problems associated with enforcing a Fund's or a Vehicle's rights to its assets in the case of an insolvency of any such party. Many non-U.S. countries have different clearance and settlement procedures from developed countries. There may be no central clearing mechanism of settling investments and no central depository or custodian for the safe keeping of securities. The registration, recordkeeping and transfer of instruments can be carried out manually, which may cause delays in the recording of ownership. Certain markets have experienced periods when settlement dates are extended, and during the interim, the market value of an instrument may change. Moreover, certain markets have experienced periods when settlements did not keep pace with the volume of transactions resulting in settlement difficulties. Because of the lack of standardized settlement procedures in some non-U.S. countries, settlement risk is more prominent.

Tax Considerations. The Funds and Vehicles may take positions with respect to certain tax issues that depend on legal and other conclusions not yet addressed by the courts or governing tax authorities. Should any such positions be successfully challenged by governing tax authorities, there could be a material adverse effect on the Funds.

Litigation. Litigation can and does occur in the ordinary course of the management of a Fund or a Vehicle. The Funds and Vehicles may be engaged in litigation both as a plaintiff and as a defendant. Such litigation can arise as a result of credit disputes, defaults, bankruptcies or other reasons. The outcome of such proceedings may materially adversely affect the value of the Funds and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the time and attention of Castlelake and its affiliates, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. Litigation entails expense and the possibility of counterclaims against the Funds including Castlelake and its affiliates and ultimately judgments may be rendered against a Fund for which such Fund does not carry insurance. Castlelake and others are indemnified by the Funds or Vehicles in connection with such litigation, subject to certain conditions. The expense of defending against third-party claims made against the Funds, Vehicles, their portfolio investments or persons indemnified by them and paying any amounts pursuant to settlements or judgments generally would be borne by the Funds or the Vehicles and may be significant unless indemnification or other rights can be enforced, or insurance is available.

Contingent Liabilities. The Funds may from time to time incur actual or potential contingent liabilities in connection with an investment and/or in connection with financing for such investments. The Funds may also enter into agreements pursuant to which they agree to assume responsibility for default risk presented by a third party. In addition, the Funds may purchase investments that are subject to contingent liabilities. These arrangements may result in contingent liabilities which will be borne by such Funds.

Limitations on Actions and Indemnification. The Offering Documents limit the circumstances under which Castlelake and respective general partners can be held liable to the Funds or the Vehicles. As a result, the Funds or Vehicles may have a more limited right of action in certain cases than they would in the absence of such a limitation. In addition, The Funds and the Vehicles are required to indemnify Castlelake, its affiliated persons and entities and other parties set forth in the Offering Documents, including, without limitation, members of the Funds' Advisory Committees for liabilities incurred in connection with the affairs of the Funds and/or the Vehicles, absent (among other things) bad faith, gross negligence or willful misconduct. The application of the foregoing standards can result in the Funds and the Vehicles bearing significant financial losses even where such losses were caused by the negligence (even if heightened) of

the covered persons. The indemnification obligations of a Fund would be payable from the assets of that Fund, including the unfunded capital commitments to such Fund. If the assets of a Fund are insufficient to pay any such indemnification obligations, distributions already made by such Fund may be recalled in order to pay such obligations.

Exit Risk. There is risk that Castllake will be unable to realize investment objectives through the sale or disposition of investments at an attractive price, within any given period of time, or will otherwise be unable to complete any exit strategy. In particular, these risks could arise from the absence of an established market for investments, changes in the financial condition or prospects of prospective purchasers, changes in national or international economic or political conditions and changes in laws, regulations or fiscal policies of jurisdictions in which investments are located.

Projections; No Assurance of Investment Return. The Funds will make investments relying upon projections developed by Castllake, operating or joint venture partners or a portfolio company management team concerning future performance of the relevant assets and cash flow. In all cases, projections are only estimated future results that are based upon information received by third parties and assumptions made at the time the projections are developed. Projections are inherently uncertain and subject to factors beyond the control of Castllake and the portfolio investment in question. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of unforeseen events could materially impair the ability of Funds to realize projected values and/or cash flow. There is no assurance that the Funds will be able to invest their capital on attractive terms or generate returns for their investors. There can be no assurance that the Funds' investments will increase in value or that the Funds or their investments will not incur significant losses.

Unspecified Investments. The Funds generally have broadly permissive investment mandates. With limited exceptions, the Offering Documents of the Funds do not identify the specific investments that they will make or specify mandatory allocations among their respective strategies. Accordingly, investors must rely upon the ability of Castllake to identify, structure and make investments consistent with the Funds' investment objectives and policies. Although Castllake has been successful in locating investments in the past, the Funds may be unable to find a sufficient number of attractive opportunities to invest the committed capital or meet their investment objectives.

Need for Follow-On Investments. Following an initial investment, Funds may decide to provide additional funds to an investment or may have the opportunity to increase an investment. There is no assurance that Funds will make follow-on investments or will have sufficient funds to make all or any of such investments. Any decision not to make follow-on investments or the inability to make such investments may have a substantial negative effect on an investment in need of such an investment or may result in a lost opportunity for the Funds to increase participation in a successful investment. Additionally, such failure to make such investments may result in the dilution of Funds' ownership in an investment if a third party or another Fund invests in such investment. In addition, many investments, particularly those in "platform" phase, may need additional capital to sustain their working capital needs. If the capital provided by Funds is not sufficient, or Funds are unable to provide additional capital, further capital may need to be raised for an investment at an unfavorable price. To the extent some or all of the existing Funds do not participate in additional financing rounds, those Funds' interests in an investment may be diluted, potentially materially.

Investments Longer than Term. The Funds may make investments that have durations that are notionally longer than the expect term of the Funds and which the Funds, as part of the investment thesis, expect to be able to exit earlier than maturity of such investments. Castl lake may not be able to achieve these exits in timely fashion. In addition, the Funds may make investments which may not be advantageously disposed of, or have liabilities that may not be resolved, prior to the expiration of a Fund's term or otherwise. Although Castl lake expects that investments will be disposed of prior to winding up and termination or be suitable for in-kind distribution at the winding up and termination and Castl lake has a limited ability to extend the term of a Fund, a Fund may have to sell, distribute or otherwise dispose of investments or resolve litigation or other contingent liabilities at a disadvantageous time as a result of the winding up and termination. These investments may also suffer from a lack of capital if such investments need capital but the Funds are at a stage such that no capital is available. In addition, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds from the Fund will occur.

Cyber Security Breaches and Identity Theft. Cyber-attacks and other malicious Internet-based activity continue to increase in frequency and magnitude. Techniques used to sabotage, or to obtain unauthorized access to, systems or networks change frequently and generally are not recognized until launched against a target. Neither Castl lake nor any third-party partners or service providers may be able to anticipate these techniques, react in a timely manner, or implement adequate preventive measures. Castl lake's information and technology systems may be vulnerable to actual or perceived damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals or service providers, other disruptive behavior including denial-of-service attacks, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Cyber-attacks may also take the form of socially engineered frauds, such as "phishing". There have been reports of hacking attempts on American corporate intellectual property. Like many other businesses, Castl lake has defended against "phishing" efforts and both Castl lake and the Funds are at risk of "phishing" and other cyber-attacks. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Castl lake's systems to disclose sensitive information in order to gain access to Castl lake's data or that of the Funds and/or to send money to improper accounts or locations.

Although Castl lake has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Castl lake and/or the Funds or Vehicles it manages or services may have to incur significant expenses to fix or replace them and seek to remedy the effects of such issues. The failure of these systems and/or of business continuity or disaster recovery plans for any reason could cause significant interruptions in operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including confidential or proprietary information and/or personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the reputations of Castl lake and/or the Funds reputation and subject any such entities and their respective affiliates to legal claims, regulatory penalties or otherwise affect their business and financial performance. In addition, the insurance coverage of Castl lake or the Funds may be insufficient to compensate any such entities and its respective affiliates or counterparties for incurred liabilities.

Data Privacy and Protection. Data protection laws and regulations related to privacy, data protection and information security could increase costs for Castl lake and the Funds or Vehicles, and a failure to

comply could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations of the investments of a Fund or Vehicle.

Castlelake is subject to laws and regulations related to privacy, data protection and information security in the jurisdictions in which it does business. As privacy, data protection and information security laws are implemented, interpreted and applied, compliance costs to the Funds or Vehicles may increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

The General Data Protection Regulation (EU 2016/679) (the “GDPR”) replaced the pre-existing EU data protection legislation and seeks to harmonize national data protection laws and enforcement across the EU. The GDPR notably has a greater extra-territorial reach than the pre-existing legislation and will have a significant impact on data controllers and data processors: (i) with an establishment in the EU; (ii) that offer goods or services to EU data subjects; or (iii) that monitor EU data subjects’ behavior within the EU.

Compliance with current and future privacy, data protection and information security laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of Castlelake’s current and planned business activities. A failure to comply with such laws could result in fines, sanctions or other penalties, which could materially and adversely affect results of operations and overall business, as well as have an impact on reputation.

Anti-Money Laundering Requirements. In response to regulatory concerns with respect to the sources of funds used in investments and other activities, Castlelake may decline to accept a subscription on the basis of the information that is provided by a prospective investor in a Fund or if such information is not provided. Requests for documentation and additional information may be made at any time by third parties. Castlelake or its affiliates may be required to provide this information or report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the investors in a Fund that the information has been provided. Castlelake takes such steps as it determines are necessary to comply with applicable law, regulations, orders, directives or special measures.

Prime Broker and Custody. Funds can rank as an unsecured creditor to its prime brokers in relation to assets that a prime broker borrows, lends or otherwise uses and, in the event of the insolvency of the prime broker, Funds might not be able to recover equivalent assets in full. In addition, if applicable law permits, cash or assets that a prime broker holds or receives on the Funds’ behalf may not be treated by a prime broker as “client assets,” may not be segregated from the prime broker’s own assets and may be used by a prime broker in the course of its investment business. In such event, the Funds will rank as one of a prime broker’s unsecured creditors. The Funds’ custodian may not be responsible for cash or assets that are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Funds as a result of the bankruptcy or insolvency of any such sub-custodian. Custody services in certain non-U.S. jurisdictions remain undeveloped and accordingly there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions.

Market Conditions. Investments rely upon local market conditions, and in part, upon the continuation of existing market conditions (including, for example, supply and demand characteristics) or, in some circumstances, upon more favorable market conditions existing prior to the end of the term of a Fund.

No assurance can be given that Fund investments can be acquired or disposed of at favorable prices or that the market for such assets will either remain stable or, as applicable, recover or improve, since this will depend upon events and factors outside the control of Castl lake.

FCPA Considerations. Castl lake is committed to complying with the U.S. Foreign Corrupt Practices Act (“FCPA”) and other anti-corruption, antibribery and anti-boycott laws and regulations, including under U.S. and non-U.S. law. The Funds may be adversely affected because of their intention not to participate in transactions that violate such laws or regulations. Such laws and regulations will make it difficult in certain circumstances for the Funds to act successfully on investment opportunities and for investments to obtain or retain business. Castl lake has developed and implemented policies and procedures designed for compliance with the FCPA and other applicable anti-bribery laws, but such policies and procedures may not be effective in all instances to prevent violations. In addition, in circumstances under which the Funds do not control an investment, activities that could result in violations of the FCPA or other applicable laws may occur. Any determination that Castl lake has violated the FCPA or other applicable anti-corruption, anti-bribery or anti-boycott laws could subject Castl lake and/or the Funds to, among other things, civil and criminal penalties and fines, profit disgorgement, injunctions, litigation and a general loss of investor confidence, any one of which could adversely affect the business prospects of Castl lake, as well as the Funds’ ability to achieve their investment objectives and/or conduct their operations.

Regulations Relating to Climate Change, Noise Restrictions and Greenhouse Gas Emissions. Regulations relating to climate change, noise restrictions and greenhouse gas emissions may have a negative effect on the airline industry. Governmental regulations regarding aircraft and engine noise and emissions levels apply based on where the relevant aircraft is registered and operated. Even if a jurisdiction does not require any phase-out of aircraft that meet the older standards applicable to engines manufactured or certified prior to the effective date of the new regulations, there is no guarantee that there will not be any impositions of operating limitations on aircraft that is not consistent with these new standards set in the future. In addition, concerns over global warming could result in more stringent limitations on the operation of aircraft powered by older, noncompliant engines, as well as newer engines.

In addition, noise, emission and aircraft age regulations could limit the economic life of aircraft, reduce their value, limit the Funds’ ability to lease or sell the non-compliant aircraft or, if engine modifications are necessary, require the Funds to make significant additional investments in the aircraft to make them compliant. Compliance with current or future regulations, taxes or duties imposed to deal with environmental concerns could cause lessees to incur higher costs and to generate lower net revenues, resulting in an adverse impact on their financial conditions. Consequently, such compliance may affect lessees’ ability to make rental and other lease payments and reduce the value the Funds receive for the aircraft upon any disposition, which could negatively affect the Funds’ ability to make distributions to investors.

Environmental, Social and Governance (“ESG”) Factors. Except as otherwise may be provided in the Offering Documents, Castl lake strives to integrate ESG factors into the investment process along with other material financial, industry-related, macroeconomic and qualitative indicators. The determinants of both risk and opportunity in the asset markets in which Castl lake operates includes an array of complex and intricately linked factors ranging from environmental, social and health crises, to changing regulatory environments, geo-political dynamics, investor preferences and many more. As a result, there are distinct challenges in incorporating ESG factors into opportunities in niche, deep value, asset-based investments. Castl lake strives to incorporate ESG research, best practices and industry standards at

various stages of an investment, from due diligence and underwriting through monitoring, measuring and reporting. This includes determining standard ESG factors by industry and business line, as well as segregated ESG key performance indicators, risk factors and metrics to simplify ESG reporting and performance analysis. Except as otherwise provided in a Fund's Offering Documents, Castlake generally does not expect to subordinate a fund's investment returns or increase a fund's investment risks as a result of (or in connection with) the consideration of any ESG factors.

Economic, Social and Political Conditions. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of Funds or Vehicles to execute their respective strategies. This may slow the rate of future investments and transactions by Funds or Vehicles and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the investments of Funds or Vehicles. Similarly, legislative acts, rulemaking, adjudicatory or other activities of the United States Congress, the SEC, the Federal Reserve Board, the NYSE, FINRA or other governmental or quasi-governmental bodies, agencies and regulatory organizations may make investments less attractive.

The results of the 2020 presidential and congressional elections may result in significant uncertainty with respect to, and have and could further result in changes in, legislation, regulation, and government policy at the federal, state, and local levels. Any changes could significantly impact the Funds, or the investments made by the Funds. Specific legislative and regulatory proposals discussed during election campaigns and more recently that might materially impact the Funds include, but are not limited to, changes to trade agreements, immigration policy, import and export regulations, tariffs and customs duties, income tax regulations and the federal tax code, public company reporting requirements, and antitrust enforcement. There can be no assurance that any changes in laws, regulations or governmental policy will not have an adverse impact on the Funds and their investments, including the ability of the Funds to execute its investment objectives and to achieve attractive returns.

Epidemic Diseases; COVID-19 Pandemic. There is an ongoing outbreak of a highly contagious form of coronavirus ("COVID-19"), which the World Health Organization declared a global pandemic. Continued increases in reported cases of COVID-19 as well as outbreaks of Severe Acute Respiratory Syndrome, Ebola, H1N1, Zika, measles or other epidemic diseases such as avian influenza, swine flu or the fear of such events, have in the past and may in the future prompt additional restrictions and precautionary measures to be put in place, which could be expected to adversely impact global commercial activity and contribute to significant volatility in equity and debt markets. COVID-19 is currently having an adverse impact on worldwide air travel, supply chains and the global economy. The global impact of the outbreak is continually evolving, and many countries and businesses have reacted by instituting mandatory or voluntary quarantines and travel prohibitions and restrictions. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on the aviation, transportation,

hospitality, tourism and other industries. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

The outbreak of COVID-19 has caused a worldwide public health emergency with a substantial number of hospitalizations and deaths and has contributed to significant economic damage. As vaccines for COVID-19 have been developed the potential impacts, including a global, regional or other economic recession, are uncertain and difficult to assess. Even if the spread of the COVID-19 virus itself is substantially contained and economies are able to “re-open,” it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries (including the airline industry) and businesses, and commercial and consumer behavior.

COVID-19 and the resulting changes to global businesses and economies likely will adversely impact the business and operations of Castlelake and its affiliates, the Fund’s investments and their respective affiliates. Certain businesses and activities may be temporarily or permanently halted as a result of government or other quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors, including the potential adverse impact of COVID-19 on the health of key personnel. The extent of the impact of COVID-19 will depend on many factors, including the duration and scope of the resulting public health emergency, the extent of any related restrictions implemented, the impact of such public health emergency on goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local economic markets, all of which are highly uncertain.

Government Response and Consumer Protection. As a result of the COVID-19 pandemic, certain governmental authorities, including federal, state or local governments, could enact, and in some cases already have enacted, laws, regulations, executive orders or other guidance that allow obligors and/or consumers to forego making scheduled payments for some period of time, require modifications to receivables by banks, lenders and other institutions (e.g., waiving accrued interest or late payment fees) and/or preclude creditors from exercising certain rights or taking certain actions with respect to collateral, including with respect to repossessions, foreclosures and evictions. These and other consumer protection initiatives could affect the performance and value of the Funds’ investments.

Further, the COVID-19 pandemic, as well as the resulting economic impact, is expected to continue to have a negative effect on the ability of tenants to pay rents and borrowers to make timely payments on the mortgage loans. As a result, governmental bodies have approved, among other initiatives, measures that could compel lenders to offer payment holidays, approve forbearance requests received from borrowers or refrain from exercising remedies, including foreclosure or eviction, as a result of the COVID-19 pandemic. There can be no assurance that the Funds, whether acting as lenders or servicers, will not offer or approve, or be compelled by governmental authorities to offer or approve, payment holidays or forbearance requests or other remedies to borrowers or other persons affected by COVID-19.

United Kingdom Exit from the EU. After a number of iterations, the European Commission and the United Kingdom’s negotiators reached agreement on the terms of the United Kingdom’s withdrawal from the EU, and these terms have been approved by the United Kingdom Parliament and the relevant EU bodies. The United Kingdom formally left the EU on January 31, 2020. While it is currently expected that many of the existing EU rules will continue to apply in the United Kingdom, significant uncertainty remains.

The future application of EU-based legislation to the Funds in the United Kingdom will depend, among other things, on how the United Kingdom continues to negotiate its relationship with the EU. There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on the Funds and their investments.

The legal, political and economic uncertainty generally resulting from the United Kingdom's exit from the EU may adversely affect both EU and United Kingdom-based businesses. This uncertainty may also result in an economic slowdown and/or a deteriorating business environment in the United Kingdom and in one or more EU Member States.

Alternative Investment Fund Managers Directive. The EU Alternative Investment Fund Managers Directive (the "AIFMD") regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area ("EEA"). If a Fund is actively marketed to investors domiciled or having their registered office in the EEA: (i) the Fund and Castlelake are subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which will result in the Fund incurring additional costs and expenses; (ii) the Fund and/or Castlelake may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which would result in the Fund incurring additional costs and expenses or may otherwise affect the management and operation of the Fund; (iii) Castlelake will be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) the AIFMD will also restrict certain activities of the Fund and Castlelake in relation to EEA portfolio investments.

EEA Risks. In addition to specific national concerns, ongoing concerns continue regarding the sovereign debt of various EEA countries, including the potential for investors to incur substantial write-downs, reductions in the face value of sovereign debt and/or sovereign defaults, as well as the possibility that additional countries may leave the EU, or the EEA countries create risks that could materially and adversely affect the Funds' investments. The consequences of any sovereign default would likely be severe and wide-reaching, including significant exchange rate volatility or even an abolition of the Euro. This could have a severe negative impact on the financial and other markets, not only within Europe but globally and could result in the Funds' inability to carry out European investments.

Investment Risks

Broad Investment Mandate. Except as set forth in the Funds' Offering Documents, there are no material limitations on the instruments, markets or countries in which the Funds may invest or the specific investment strategies that may be employed on behalf of the Fund (other than the Funds that focus on a specific industry). Certain of the Funds may make investments throughout the capital structure such as mezzanine securities, senior secured debt, bank debt, unsecured debt, convertible bonds and preferred and common stock and across asset classes such as real estate, public equity, structured equity, minority private equity, commodities and credit. Certain of the Funds may make equity, credit and/or debt investments that do not involve control or influence over the underlying entity in which the Funds invest. Additionally, the Funds will be permitted to invest (and may actually invest) in any number of companies and assets operating in a wide range of industries (other than the Funds that focus on a specific industry), geographies or activities. The Funds may pursue additional investment strategies and may modify or

depart from its initial investment strategy, investment process and investment techniques as it determines appropriate.

Aircraft and Aircraft Operating Leases. The Funds and the Vehicles acquire direct or indirect ownership interests in aircraft and related engines which are leased to airline or other operators, and in some circumstances are not currently leased. The aircraft leasing market is affected by various cyclical and other factors that are not within the control of Castlake such as: (i) interest rates; (ii) the availability of credit; (iii) fuel costs and general economic conditions affecting lessee operations; (iv) manufacturer production level; (v) passenger demand; (vi) retirement and obsolescence of aircraft models; (vii) manufacturers merging or exiting the industry or ceasing to produce aircraft types; (viii) re-introduction into service of aircraft previously in storage; (ix) governmental regulation; (x) air traffic control infrastructure constraints (xi) the particular maintenance and operating history of aircraft and engines; (xii) the number of operators using a type of aircraft; (xiii) import restrictions; and (xiv) existing supply of parked or grounded aircraft. The availability of commercial aircraft for lease or sale has periodically experienced cycles of oversupply and undersupply, producing sharp decreases and increases in aircraft values and lease rates. Aircraft leasing is subject to lessee credit risk, default and market related events or other occurrences that could increase or decrease the demand for certain models of aircraft and related engines.

In addition to general industry factors that may affect aircraft values and lease rates, the value of specific aircraft will depend on a number of other factors that are not within the control of Castlake, such as the particular maintenance and operating history of the aircraft, the number of operators using the type of aircraft and the supply of such type of aircraft, whether the aircraft is subject to a lease and any regulatory and legal requirements that must be satisfied before the aircraft can be sold. Values of aircraft may be adversely affected by changes in the competitive and financial position of the relevant commercial aircraft manufacturer, by the withdrawal of such manufacturer from that market or by unexpected manufacturing defects that may surface subsequently.

The lessee may, generally after maintenance is performed on the leased assets and the lessee is reimbursed for expenses incurred in connection with such maintenance, then draw upon maintenance reserves to cover the cost of scheduled maintenance. Upon the expiration of the lease, unused reserves are typically retained by the lessor. In any event, there is the risk that these reserves will not be sufficient to cover costs and expenses incurred by the Fund once the asset is returned.

The Funds may enter into lease agreements that specify re-delivery conditions with respect to major components including the airframe, engines, landing gear, and auxiliary power unit. Accordingly, the compliance of operators and airlines with re-delivery conditions will determine the value and marketability of the aircraft. If any lessee fails to deliver complete and accurate records of leased aircraft assets upon re-delivery, the Fund may be unable re-lease such assets to operators and airlines because airworthiness requirements could prohibit the use of aircraft containing such assets that do not have complete documentation.

Aircraft Lease Receivables ("ALRs"). Fund investments in airline/aircraft assets may include ALRs. ALRs are asset-backed securities that are generally structured as pass-through trusts. The aircraft is sold to the trust which leases it to the airline companies. Unlike receivables backed by loans or interest rates, however, ALRs may entail a higher risk because of the nature of the underlying assets, which are expensive

to maintain and operate and are difficult to sell. In addition, aircraft are subject to many laws in different jurisdictions, and the repossession of aircraft from lessees may be difficult and costly.

Enhanced Equipment Trust Certificates (“EETCs”). Although any entity may issue EETCs, to date, U.S. airlines are the primary issuers. An airline EETC is an obligation secured directly by aircraft or aircraft engines as collateral. EETCs tend to be less liquid than bonds. Other asset-backed securities may be collateralized by the fees earned by service providers. The value of asset-backed securities may be substantially dependent on the servicing of the underlying asset pools and therefore is subject to risks associated with the negligence of, or defalcation by, their servicers. In certain circumstances, the mishandling of related documentation also may affect the rights of the security holders in and to the underlying collateral. The insolvency of entities that generate receivables or that utilize the assets may result in added cost and delays in addition to losses associated with a decline in the value of the underlying asset.

Aircraft Mortgage Debt. The Funds may invest in various forms of aviation related debt, including ALRs, EETCs, aircraft asset-backed securities and private placements or bank loans secured by aircraft or other aviation assets (together referred to as “aircraft mortgage debt”). Investing in aircraft mortgage debt entails many of the same risks as investing in aircraft directly. However, there are several additional risks, including the complicated structures involved in aircraft mortgage debt and the fact that in general, unlike if the Funds were to own an aircraft, the Fund generally will not have a controlling position with respect to the aircraft when it invests in aircraft mortgage debt.

Aircraft mortgage debt tends to be less liquid than many other types of bonds and such debt is generally not actively traded on any exchange. Therefore, should the Funds seek to sell any investment in aircraft mortgage debt, the Funds may not be able to achieve, in a timely manner, a price that represents what Castlelake believes is the value of the investment.

Aviation Debt. Certain of the Funds’ investments may consist of providing financing to airlines, including through loans, securities and/or other instruments, or interests in pools of securities and/or other instruments that are subordinated or may be subordinated in right of payment and ranked junior to senior securities and/or instruments issued by, or loans made to, airlines. Such investments in an airline may be at levels of the airlines capital structure that reflect a greater possibility that adverse changes in the financial condition of the airline or in general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings in the aviation industry), or both, may impair the ability of the airline to make payment of principal and interest. Some airlines may be highly leveraged, and their relatively high debt-to-equity ratios create increased risks that their operations might not generate sufficient cash flow to service their debt obligations. Although subordinated debt is senior to common stock and other equity securities in the capital structure, it may be subordinated to large amounts of senior debt and is often unsecured.

The ability of subordinated debt holders to influence an airline’s affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the debt or other exercises by the subordinated creditors of their rights. Accordingly, the Funds may not be able to take the steps necessary to protect its investments in a timely manner or at all. Further, the unsecured debt in which the Funds may invest may not be protected by financial covenants or

limitations upon additional indebtedness, could have limited liquidity and may not be rated by a credit rating agency.

Aviation Regulation. The aviation industry is highly regulated in the United States and internationally and subject to regulatory change. While the Funds intend to make investments that comply with relevant laws and regulations, certain aspects of the Funds' operations may not have been subject to judicial or regulatory interpretation. An adverse review or determination by any one of such authorities, or an adverse change in the regulatory requirements, could have a material adverse effect on the Funds' investments. The U.S. Congress may introduce legislative proposals that would effect major changes in the U.S. aviation industry. The aviation industry outside of the United States is also subject to significant regulatory changes. It is not clear at this time what changes, if any, will occur and what effect any proposals would have on the aviation industry.

General Airline Industry Risks. The airline business is dependent on a number of factors. For example, the airline industry has been highly impacted by COVID-19 and it is likely that the outbreak itself, as well as measures undertaken in response to the outbreak and related breakdowns in public confidence in the travel sector, will have substantial impacts on investments by the Funds. Additionally, the business depends on the price and availability of aircraft fuel. Continued periods of high fuel costs, significant disruptions in the supply of aircraft fuel or significant further increases in fuel costs could have a significant negative impact on air carriers' operating results. Certain airlines continue to experience significant operating losses. Union disputes, employee strikes and other labor- related disruptions may adversely affect airlines' operations. The travel industry is materially adversely affected by terrorist attacks, continues to face on-going security concerns and cost burdens associated with security. Increases in insurance costs or reductions in insurance coverage may adversely impact airlines operations and financial results. Changes in government regulation could increase airlines operating costs and limit their ability to conduct their business. The airline industry is intensely competitive. It is subject to risk of losses and adverse publicity stemming from any accident involving any of the aircraft and is subject to weather factors and seasonal variations in airline travel, which cause financial results to fluctuate. Any of these factors can affect the value of the Funds' investments.

Asset Backed Debt Vehicles. The Funds may structure partial exit transactions through establishing asset backed debt vehicles to which some or all certain types of assets will be transferred. The Funds are expected to be issued the most junior tranches of securities in such asset backed debt vehicles, which are typically treated as equity certificates for U.S. federal income tax purposes and are generally unrated or rated below investment grade. Such securities are subordinated to payments of interest and principal on higher-rated securities of the asset backed debt vehicle and will be directly affected by any losses or delays in payment on the related collateral. Interests in asset backed debt vehicles can be considered a levered investment in the underlying collateral of the vehicle because the amount of the investment is significantly below the principal value of the vehicle's equity and below investment grade debt's pro rata portion of the underlying collateral. However, an asset backed debt vehicle's equity and below investment grade debt tranches, due to their subordinated nature, are the first and second tranche, respectively, to absorb trading losses and defaults in the underlying collateral. Therefore, while the levered nature of an asset backed debt vehicle's equity and below investment grade debt tranches increases the cash flow that may be available for distribution, it also increases the exposure to trading losses and defaults, and accordingly, causes returns to be more volatile. Payments on asset backed debt vehicle equity and below investment grade debt tranches may be deferred or eliminated depending on the amount of cash flow generated by the collateral. Castlake or its affiliates will act as

collateral manager with respect to any such vehicles. The fees payable to Castl lake or its affiliates with respect to any asset backed debt vehicles will be structured so that the Funds do not bear such amounts with respect to their ownership in such Vehicles (including through credits and/or offset of the management fees payable by the Fund to Castl lake by any such amounts). Multiple Funds may be issued interests in the same asset backed debt vehicles and Funds may purchase interests in the Vehicles or other asset backed debt vehicles in the secondary markets, with such interests being of the same or different classes held by other Funds.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a significant portion of the Funds' investments, and hence, most of the Funds' investments will be difficult to value. The Funds invest in assets that are experiencing or are expected to experience severe financial difficulties which may never be overcome. Since the Funds are permitted to make a limited number of investments, and many of the Funds' investments are expected to involve a high degree of risk, poor performance by a few of the investments can have a significant negative impact on the Funds' performance. The Funds' strategies are based, in part, upon the premise that investments will be available for purchase by the Funds at prices which Castl lake considers favorable. Further, the Funds' strategies rely, in part, upon local market conditions during the term of the Funds, and in part, upon the continuation of existing market conditions (including, for example, supply and demand characteristics) or, in some circumstances, upon more favorable market conditions existing prior to the end of the term of the Funds. No assurance can be given that Funds' investments can be acquired or disposed of at favorable prices or that the market for such assets will either remain stable or, as applicable, recover or improve, since this will depend upon events and factors outside the control of Castl lake.

Investments in Undervalued and Distressed Assets. The Funds invest in undervalued and distressed assets, including financial assets such as mortgage servicing rights, transportation assets such as those in aviation, and shipping, railroads and rail networks, consumer debt, residential and commercial real estate as well as assets in other industries. The identification of investment opportunities in such assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued or distressed assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in significant losses. Returns generated from undervalued investments of Funds may not adequately compensate investors for the business and financial risks assumed. The Funds may incur substantial losses if the assets which Castl lake believes are undervalued are not in fact undervalued and may be forced to sell such assets at a substantial loss. Such assets may be required to be held for a substantial period of time before realizing their anticipated value. Once purchased, these assets will often require additional ongoing maintenance capital. During this period, a portion of capital of Funds would be committed to the assets purchased, thus possibly preventing the Funds from investing in other opportunities. There can be no assurances that workouts, reorganizations or exits with respect to any distressed or undervalued assets would be successful. Indebtedness may be incurred in connection with such asset acquisitions, which debt would typically be secured by the assets so acquired and typically nonrecourse to the Funds and the Vehicles. The industries in which the Funds invest may be subject to extensive rules and regulations limiting rights or otherwise impacting the risk profile. Castl lake in some instances enters into arrangements with industry specialized management, servicing teams or entities to acquire, manage and dispose of these assets, which typically include fixed payments and/or profit-sharing arrangements with such teams or entities. The failure on the part of Castl lake to select the right management/advisory team for an asset class and/or to establish a governance and compensation structure that provides for the appropriate balance of economic incentives to the team and oversight by Castl lake, or to provide servicing with

respect to the Vehicles and assets on its own, would have a material adverse effect on the investment in such asset class.

Illiquidity of Investments in Assets. The Funds invest in assets, loans or securities for which no (or only a limited) liquid market exists or that are subject to legal or other restrictions on transfer. The market prices, if any, for such assets may in fact be volatile, and may fluctuate due to a variety of factors that are inherently difficult to predict, including, but not limited to, changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic or international economic or political events, developments or trends in any particular industry, and the financing condition of the obligors on the assets. Castlake may not be able to sell assets when it desires to do so or to realize what it perceives to be their fair value in the event of a sale.

A portion of the investments may consist of securities that are subject to restrictions on resale because they were acquired in a “private placement” transaction or for other reasons including Castlake’s access to material non-public information. In addition, the Funds may hold securities and other assets subject to contractual restrictions on transfer. The sale of illiquid assets and restricted securities often requires more time and results in higher brokerage charges and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets.

Investments in Real Estate. Castlake may, from time to time, invest in a variety of real estate and related transactions, either as a direct investment or through investment in other entities, including affiliates. Investing in real estate entails certain risks including: the burdens of ownership of real property; local, national and international economic conditions; the supply and demand for properties; the financial condition of tenants, buyers and sellers of properties; changes in interest rates and the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable; changes in environmental laws and regulations, planning laws and other governmental rules and fiscal and monetary policies; environmental claims arising in respect of properties acquired with undisclosed or unknown environmental problems or as to which inadequate reserves have been established; changes in real property tax rates; changes in energy prices; negative developments in the economy; uninsured casualties; force majeure acts, weather events, terrorist events, under-insured or uninsurable losses; and other factors which are beyond the reasonable control of Castlake. In addition, real estate assets are subject to long-term cyclical trends that give rise to significant volatility in values.

- *Real Estate Loans and Participation.* Real estate loans acquired by the Funds can be, at the time of their acquisition, or may become after acquisition, non-performing for a wide variety of reasons. Such non-performing real estate loans will require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write down of the principal of such loan. However, even if a restructuring were successfully accomplished, a risk exists that, upon maturity of such real estate loan, replacement “take-out” financing will not be available. Purchases of participations in real estate loans may involve many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control.
- *Investments in New Developments.* Acquisition of direct or indirect interests in, or loans to owners or developers of, undeveloped land or underdeveloped real property, which are often non-income producing, are subject to the risks normally associated with such assets and development activities. Such risks include, without limitation, risks relating to the availability and timely receipt

of zoning and other regulatory approvals and entitlements, the cost and timely completion of construction (including risks beyond the control of Castllake, such as weather or labor conditions or material shortages), the availability of both construction and permanent financing on favorable terms, political or local opposition, environmental issues, labor disputes (such as work stoppages), counterparty non-performance, project feasibility assessment and dealings with and reliance on third-party consultants. In addition, these investments will also be subject to the risks relating to the developer's or construction manager's ability to control construction costs or to build in conformity with plans and specifications, as well as to meet applicable timetables. Investments in new developments may also be affected or delayed by conditions beyond the developer's or construction manager's control. Additional risks may be incurred with periodic progress payments or other advances to a developer or construction manager prior to completion of construction or renovation. Properties under development or properties acquired to be developed may receive little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. The Funds rely upon projections of rental income and expenses and estimates of the fair market value of property upon completion of construction or renovation when agreeing upon a price to be paid for the property. These risks could result in substantial unanticipated delays, increased costs and expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the Funds.

- *Environmental Liabilities.* The Funds may be exposed to substantial risk of loss from environmental claims arising in respect of direct investments made in real estate with undisclosed or unknown environmental problems or as to which inadequate reserves had been established, including being liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Environmental claims with respect to a specific investment may exceed the value of such investment, and under certain circumstances, subject the other assets of the Funds to such liabilities. The presence of such hazardous or toxic substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow using such property as collateral and may have a significant adverse effect on the value and returns from such property.

Investment in Loans. Castllake may invest in loans, which may entail the following risks (among others):

- *General Credit Risks* – Investors may be exposed to losses resulting from protective advances made for the purpose of preserving all or a portion of the collateral underlying a loan, or to enhance the likelihood, or maximize the amount of, loan repayments. The value of the underlying collateral, if any, the creditworthiness of the borrower and the priority of the lien are each of great importance (although the Funds may invest in subordinate or second priority liens). Investors may also be exposed to losses resulting from default and foreclosure. In the event of a foreclosure, the Funds may assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss.
- *Lower Credit Quality Loans* - Because there are no restrictions on the credit quality of loans, those purchased by the Funds may be deemed to have substantial vulnerability to default in payment of interest and/or principal. The market values of certain of these loans also tend to be more sensitive to changes in economic conditions than better quality loans.

- First Lien Loans* – The Funds may acquire interests in first lien loans, including term loans and revolving loans and may pay interest at a fixed or floating rate, by way of purchase or assignment in the primary and secondary markets. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the legal documentation with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. In addition, if the Funds acquire loans pursuant to an assignment, it is possible that the Funds' claims may be subject to attack (i.e., equitable subordination or disallowance) on account of the conduct of the transferee. The factors affecting an issuer's first lien loans, and its overall capital structure, are complex. Some first lien loans may not necessarily have priority over all other debt of an issuer. Some senior secured loans may be rated below investment grade or may not be rated by a credit rating agency. In terms of liquidity with respect to such investments, there can be no assurance that levels of supply and demand in senior secured loan trading will provide an adequate degree of liquidity for the investments therein. Some first lien loans may not necessarily have priority over all other debt of an issuer. For example, some first lien loans may permit other secured obligations (such as overdrafts, swaps or other derivatives made available by members of the syndicate to the company) or involve first liens only on specified assets of an issuer (e.g., excluding real estate). Issuers of first lien loans may have two tranches of first lien debt outstanding, each with first liens on separate collateral. Furthermore, any secured debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds on already secured assets. In the event of a chapter 11 filing by an issuer under the U.S. Bankruptcy Code, an issuer may be authorized to use a creditor's collateral and to obtain additional credit by grant of a priority lien on the issuer's property, senior even to liens that were first in priority prior to the bankruptcy filing.
- Second Lien Loans* – The Funds may invest in loans that are secured by a second lien on assets, including term loans and revolving loans and may pay interest at a fixed or floating rate. Second lien loans are subject to inter-creditor arrangements with the holders of first lien indebtedness, pursuant to which the second lien holders have waived many of the rights of a secured creditor, and some rights of unsecured creditors, including rights in bankruptcy which can materially affect recoveries. While there is broad market acceptance of some second lien inter-creditor terms, no clear market standard has developed for certain other material inter-creditor terms for second lien loan products.
- Mezzanine Loans* - The Funds may invest in mezzanine loans in companies that also have indebtedness which is more senior than the mezzanine loans, all or a portion of which may be secured. The Funds may also provide financing to companies and subsequently create senior debt held by a third party and mezzanine debt held by the Funds. Mezzanine loans or facilities may, but often will not, benefit from the same or similar financial terms and other covenants as those provided to more senior indebtedness. The ability of the Funds to influence a borrower's affairs, particularly during periods of financial distress or following insolvency, is likely to be substantially less than those holding more senior obligations.
- Direct Loans* - On occasion, Funds may provide financing to borrowers that have difficulty obtaining financing from other sources. Deterioration in a borrower's financial condition and prospects may be accompanied by a decrease in the value of any collateral and a reduced likelihood of the borrower's repayment and of Castlelake capitalizing on any guarantees it may

have obtained from the borrower's management or other parties. Some direct loans may be subordinated to a senior lender and interest in any collateral would, accordingly, likely be subordinate to another lender's security interest.

- *Usury Considerations.* Interest charged on loans owned by Funds may be subject to state usury laws imposing maximum interest rates and penalties for violation, including restitution of excess interest, unenforceability of debt, rescission rights or other borrower remedies. Although the Funds do not intend to engage in conduct expected to be in violation of any applicable usury laws, the potential exists for a borrower to assert that the usury laws of particular jurisdiction apply to a loan transaction.
- *Lender Liability Considerations and Equitable Subordination* - In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. While believed to be unlikely, because of the nature of certain of the Fund investments, the Fund could be subject to allegations of lender liability. In addition, under common law principles that in some cases form the basis for lender liability claims, if a lending institution: (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower; (ii) engages in other inequitable conduct to the detriment of such other creditors; (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors; or (iv) uses its or its affiliates' influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination". Because of the nature of certain Fund investments, Funds could be subject to claims from creditors of an obligor that Funds' investments issued by such obligor that are held by the Funds should be equitably subordinated, which could potentially reduce the cash flows and/or market value of the investment. The Funds may make investments in which they would not be the lead creditor. Accordingly, it is possible that lender liability or equitable subordination claims affecting Fund investments could arise without the direct involvement of the Funds.
- *Modification and Refinancing* – Investments in loans may involve making modifications which may include permanently or temporarily reducing or otherwise changing the interest rate, forgiving payments of principal or interest, extending the final maturity date, capitalizing or deferring delinquent interest and other amounts owed under the loans, deferring principal payments with or without interest or any combination of these or other modifications. These modifications may reduce the value of the loans. Castlake may seek to refinance a loan to realize the greater value from such loan. However, there may be impediments to executing a refinancing strategy to the extent other lenders have adjusted their loan programs and underwriting standards to be more conservative. The effect of the above would likely serve to make refinancing of loans potentially more difficult and less profitable.
- *Special Risks.* Special risks associated with investments in bank loans and participations include: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under

relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental and other liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Funds to directly enforce its rights with respect to participations. Successful claims by third parties arising from these and other risks, absent bad faith, will be borne by the Funds.

Non-Performing Loans ("NPLs"). Investments in NPLs and sub-performing loans may involve a substantial amount of workout negotiations and restructuring, which may entail, among other things, the possibility of foreclosure and/or a substantial reduction in the interest rate and a substantial write-down of the principal invested in such loans. These processes can be lengthy and expensive. Investments in NPLs will likely involve entities or issuers that are experiencing or are expected to experience financial difficulties which may never be overcome, including companies involved in bankruptcy or other reorganization and liquidation proceedings. As a result, investments in NPLs may be subject to additional bankruptcy related risks and returns on such investments may not be realized for a considerable period of time.

Investments in NPLs could, in certain circumstances, subject the Funds to certain additional potential liabilities, which may exceed the value of the Funds' original investments therein. While certain NPLs may be secured, some NPLs may not be secured.

Loan Origination. Certain of the Funds may originate or purchase loans. applicable laws or regulations may require that such Fund obtain a license from, or register with, the relevant authority. In some circumstances, Castlelake will originate certain single or unitranche loans with a borrower entity and then structure such loans into senior tranches held by certain of the Funds and/or third parties, and junior tranches held by certain of the Funds and/or third parties. Payments of principal and interest on any junior classes or tranches of loans or other instruments are subordinated under the priority of payments to payments on any senior class of loans or other instruments. In addition, certain Funds may make investments in industries, companies, or assets that are subject to licensing and other regulatory requirements that may impact such Fund's ability to fully implement its investment strategy without obtaining the requisite license or regulatory approval. Such Fund may incur significant costs, expenses and delays (including missed investment opportunities) in connection with such license or registration requirements.

Structured Finance Transactions and Obligations. The value of certain structured finance and other transactions in which Funds can invest may be particularly sensitive to changes in prevailing interest rates, and the ability of Funds to successfully utilize these instruments may depend in part on Castlelake's ability to forecast interest rates and other economic data correctly. Structured finance obligations are subject to a number of risks, including prepayment risk, credit risk, liquidity risk, market risk, structural risk, legal risk and interest rate risk (which may depend upon any associated hedge agreement providing for the exchange of interest accruing on the security being repackaged into interest stated to be payable on the trust certificates or similar securities). In addition, the performance of a structured finance obligation will be affected by a variety of factors, including the level and timing of payments and recoveries on and the characteristics of the underlying repackaged securities, remoteness of those assets from the originator or transferor and the adequacy of and ability to realize upon any related collateral. Moreover, to the extent Funds invest in non-U.S. debt obligations, they may be subject to additional risks and considerations, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which may be affected by world events, changes in U.S. foreign policy, currency risk and other factors outside of Castlelake's control.

Consumer Credit. Funds may invest in consumer credit, such as consumer loans, including credit card receivables and similar assets, automobile loans, student loans, small balance installment loans or other loans. The performance of such assets or loans will be affected by general economic conditions and conditions impacting the individual underlying borrowers including interest rates, unemployment levels, gasoline prices, upward adjustments in monthly mortgage payments, the rate of inflation, consumer perceptions of economic conditions generally and changes in consumer confidence levels. These loans are subject to risks of prepayment, delinquency and default similar to those present in mortgage loans. The ability of a borrower to repay any such loan is dependent on a number of factors, including, among other things, the income and assets of the borrower. Funds may invest in consumer loans that have been made to borrowers of varying creditworthiness, have been extended pursuant to varying underwriting guidelines, have no underwriting guidelines at all, or have been subject to fraudulent origination practices. Risks specific to different categories of consumer loans may affect the Funds' return on such investments. In the case of credit card loans, for example, various and unpredictable social, economic and geographic factors may affect the payment patterns and rates of default by borrowers, including consumer confidence and attitudes toward debt, rates of inflation and unemployment and prevailing interest rates. Rates of prepayment and default on consumer loans will similarly vary based on a number of factors but will also be affected by contractual terms present in such loans, including the extension of grace periods, deferment periods and, under some circumstances, forbearance periods. Castlake cannot predict how these and other factors may affect the Funds' investments in consumer loans.

In addition, consumer loans generally have significant risk of loss or default, particularly in the case of loans that are secured by rapidly depreciable assets, such as automobiles, or loans that are unsecured. In these cases, the Funds face the risk that any collateral for a defaulted loan may not provide an adequate source of repayment of the outstanding loan balance. Thus, the recovery and sale of such property could be insufficient to compensate the Funds for the principal and interest outstanding on these loans. In addition, because loan applications may be completed by third parties, the Funds assume the risks associated with that third party properly complying with U.S. federal, state, and local or other applicable consumer protection laws. It may become necessary to increase the Funds' provision for loan losses in the event that the Fund's losses on consumer loans increase, which would reduce the Funds' profits.

Further, consumer loans and other consumer credit products are subject to various consumer protection laws which regulate the creation and enforcement of such loans and other products. In the U.S., regulators such as the U.S. Consumer Financial Protection Bureau (the "CFPB") and individual U.S. states may further regulate the consumer credit industry in ways that make it more difficult for servicers of such loans to collect payments on such loans, resulting in reduced collections. Such laws and regulations may, among other things, regulate interest rates and other charges, require certain disclosures, regulate the use of consumer credit information and regulate debt collection practices (e.g., the U.S. Fair Debt Collection Practices Act). The violation of certain provisions of these and other applicable laws and regulations by originators, lenders, servicers and their affiliates may limit their ability to collect all or part of the principal of, or interest on, such loans, entitle the borrower to a refund of amounts previously paid by it, or require such originators, lenders, servicers and their affiliates to pay significant fines and penalties and/or other significant expenditures. Changes to U.S. federal or state bankruptcy or debtor relief or other applicable laws may also impede collection efforts or alter timing and amount of collections. In the U.S., if a borrower were to seek protection under U.S. federal or state bankruptcy or debtor relief laws, a court could reduce or discharge completely the borrower's obligations to repay amounts due on its receivable.

The CFPB has rulemaking, supervisory, and enforcement and other authorities relating to consumer financial products and services, including debt collection. The Funds' third-party servicers may be subject to the CFPB's supervisory and enforcement authority. Increased regulation on both a federal and state level have resulted in changes to consumer protection laws, which impede collection efforts, increase costs of collection, alter timing and amount of collections and reduce the yield on credit card receivables. Practices with respect to revolving credit card accounts that do not comply with consumer protection laws may result in certain credit card receivables not being valid or enforceable in accordance with the terms of such accounts against the obligors of those credit card receivables. Federal and state consumer protection laws regulate the creation and enforcement of consumer loans, including credit card receivables.

Increased regulation on both a federal and state level have resulted in, and may in the future result in, changes to consumer protection laws, which impede collection efforts, increase costs of collection, alter timing and amount of collections and reduce the yield on credit card receivables. Practices with respect to revolving credit card accounts that do not comply with consumer protection laws may result in certain credit card receivables not being valid or enforceable in accordance with the terms of such accounts against the obligors of those credit card receivables. Federal and state consumer protection laws regulate the creation and enforcement of consumer loans, including credit card receivables. The Credit Card Accountability Responsibility and Disclosure Act of 2009 (the "CARD Act"), as modified by a series of implementing rules, amended the Truth in Lending Act by mandating various additional standards and practices with respect to the marketing, underwriting, pricing, billing and other aspects of the consumer credit card business. The CARD Act imposes certain substantive account administration and pricing requirements, including, but not limited to, limiting the amount of any penalty fees or charges, including late fees, returned payment fees, and returned check fees, for credit card accounts to amounts that are "reasonable and proportional to the related omission or violation". The CARD Act and other consumer protection laws and regulations may reduce the effective yield of credit card portfolios and could result in reduced income for the Fund. In addition to the above-mentioned laws, a variety of U.S. federal agencies, states and other municipalities are increasingly seeking to regulate the consumer lending market.

Oil and Gas. The price of crude oil is inherently volatile, and this volatility is expected to continue. This may adversely affect the earnings of oil and gas related assets in which the Funds may invest and the performance and valuation of such investments. Historically, the markets for energy have been volatile and have been substantially depressed for an extended period. While oil prices have recovered from their low levels, there are different views about the strength of the economic recovery and future demand for oil and natural gas and other energy products. Consequently, there is no assurance that oil and energy prices will not fall again. The price of oil depends on numerous factors beyond Castlelake's control, including: (i) changes in the global supply, demand and inventories of oil; (ii) production interruptions; (iii) the actions of the Organization of the Petroleum Exporting Countries; (iv) the price and quantity of foreign imports of oil; (v) legislative and regulatory changes; (vi) political conditions, including embargoes, in or affecting other oil-producing countries; (vii) economic and energy infrastructure disruptions caused by actual or threatened acts of war, or terrorist activities, or national security measures deployed to protect the United States from such actual or threatened acts or activities; (viii) economic stability of major energy companies and the interdependence of oil and energy trading companies; (ix) the level of worldwide oil exploration and production activity; (x) weather conditions, including energy infrastructure disruptions resulting from those conditions; (xi) technological advances affecting energy consumption; and (xii) the price and availability of alternative fuels.

Renewable Energy. The highly cyclical nature of the industries within the energy sector may lead to volatile changes in energy prices, which may adversely affect the earnings of renewable energy related assets in which the Funds may invest and the performance and valuation of such investments. The performance of such investments may be substantially dependent upon the prevailing prices of oil and natural gas. As energy derived from fossil fuels becomes more expensive, the value of such investments and renewable technologies generally should increase as well. Conversely, if new oil or gas deposits are found, or if the cost of producing energy from these or other potential sources decreases significantly for other reasons, the attractiveness of the Funds' renewable investments would likely decrease. In addition, decreases in the retail prices of electricity from utilities or from other energy sources could decrease demand for renewable energy.

- *Equipment and Supply Risk.* The vast majority of the capital expenditure of a renewable energy project comes from procurement of the generation equipment and the construction of the facility. Therefore, the underlying agreements for the purchase of the generation equipment and the construction services are critical and if vendor performance under these contracts does not proceed as anticipated, one or more of the Funds' investments may be adversely affected. In addition, a decrease in the production or availability of requisite supplies, including solar photovoltaic equipment, wind turbines and other relevant materials and equipment could interfere with renewable energy investments dependent on such supplies and thus adversely affect the returns of the Fund.
- *Regulation of Wind and Solar Industries.* The wind and solar energy industries targeted for investments by the Funds are highly regulated, both by domestic and foreign governmental agencies. In addition, U.S federal, state and local government regulations and policies concerning the electric utility industry, and internal policies and regulations promulgated by electric utilities, heavily influence the market for electricity generation products and services. Currently, U.S. federal, state and local governments provide incentives to end users, distributors and manufacturers to promote wind and solar electricity in the form of rebates, tax credits and other financial incentives such as system performance payments and payments for renewable energy credits associated with renewable energy generation. These incentives could expire on a particular date, end when the allocated funding is exhausted or be reduced or terminated without warning as wind and solar energy adoption rates increase, which could result in a significant reduction in the potential demand for renewable energy systems, including wind and solar energy projects.
- *Solar Power.* The Funds may invest in portfolio investments that develop and operate solar power products, which face a variety of risks. Materials and components used to develop solar power products are often procured from a limited number of third-party suppliers. A failure to develop or maintain relationships with these or other suppliers may lead to higher costs and delays, leading to order cancellations and loss of market share. Moreover, these portfolio investments often expect to derive their revenues from new solar power products that are still under development and not commercially available. There is a risk that these portfolio investments will not be able to recover losses incurred to develop these products and technologies and become profitable. In addition, to refine technology and develop and introduce new solar power products could cause products to become uncompetitive or obsolete, causing sales to decline. Widespread adoption or sufficient demand for solar power products could take longer to develop than anticipated, which would also cause a lack of profitability. These investments also face intense competition in a market that is rapidly evolving, and there is a possibility that competitors will

attract and retain more customers and achieve more success in cost-cutting and will establish a market position that is more prominent.

- *Wind Power.* The Funds may invest in portfolio investments that will be engaged in the development and operation of wind farms. The development of a wind farm can require substantial initial capital investments, and there are significant risks related to the development of wind farms, including: (i) the availability of favorable government tax and other incentives; (ii) the high cost and potential regulatory and technical difficulties in integrating into new markets; (iii) an often limited or unstable marketplace; (iv) competition from other sources of electric power and other wind farms; (v) regulatory difficulties including obtaining necessary permits; difficulties in negotiating satisfactory turbine supply, engineering and construction agreements and with respect to connecting to the existing electricity transmission network; (vi) difficulties in negotiating power purchase agreements with potential customers, educating the market regarding the reliability and benefits of wind energy products and services; and (vii) costs associated with environmental regulatory compliance.

Mining. Commodity exploration and mining activities are inherently subject to numerous significant risks and uncertainties including, but not limited to: (i) unanticipated ground and water conditions and adverse claims to water rights; (ii) unusual or unexpected geological formations; (iii) metallurgical and other processing problems; (iv) the occurrence of unusual weather or operating conditions and other force majeure events; (v) lower than expected ore grades; (vi) industrial accidents; (vii) delays in the receipt of or failure to receive necessary government permits; (viii) delays in transportation; (ix) availability of contractors and labor; (x) government permit restrictions and regulation restrictions; (xi) unavailability of materials and equipment; and (xii) the failure of equipment or processes to operate in accordance with specifications or expectations. These risks and uncertainties could result in: (i) delays, reductions or stoppages in mining activities; (ii) increased capital and/or extraction costs; (iii) damage to, or destruction of, mineral projects, extraction facilities or other properties; (iv) personal injuries; (v) environmental damage; (vi) monetary losses; and (vii) legal claims. In addition, success in commodity exploration is dependent on many factors, including, without limitation, the experience and capabilities of a company's management, the availability of geological expertise and the availability of sufficient funds to conduct the exploration program. Even if an exploration program is successful and commercially recoverable commodities are established, the economic and operational feasibility of extraction may change, and global supply and demand may change.

Shipping and Tanker Assets. The Funds may invest in shipping and tanker vessels or assets. The shipping and tanker industries are both cyclical and volatile in terms of market values and operating costs of vessels and resulting profitability. Fluctuations in vessel values and costs result from changes in supply and demand and, specifically with respect to tanker capacity (and therefore, tankers), changes in the supply and demand for oil, oil products and chemicals. The factors affecting the supply and demand and operational costs for vessels are outside of Castlake's control, and the nature, timing and degree of changes in industry conditions is unpredictable. Profitability of these investments will depend on Castlake's projections with respect to future supply/demand and pricing that may not prove to be accurate. The market value of any vessels is also expected to fluctuate depending on general economic and market conditions affecting the shipping industry, as well as other modes of transportation, types, sizes and ages of vessels, applicable government regulations and the cost of new builds.

Infrastructure Risks. Certain of the Funds may invest in infrastructure assets. Such investments will be subject to additional infrastructure sector risks, including: (i) the risk that technology employed will be not be effective or efficient; (ii) the risk of equipment failures, failure to perform according to design specifications, failure to meet expected levels of efficiency, fuel interruptions, loss of sale and supply contracts; (iii) changes in power or fuel contract prices, bankruptcy of or defaults by key customers, suppliers or other counterparties, and tort liability; (iv) risk of changes of values of infrastructure sector companies; (v) risks associated with employment of personnel and unionized labor, (vi) political and regulatory considerations and popular sentiments that could affect the ability of such Funds to buy or sell investments on favorable terms; and (vii) other unanticipated events which adversely affect operations. The occurrence of events related to any of the foregoing could have a material adverse effect on such Funds and their respective investments.

Project Finance. Some of the Funds' investments may be in structured project finance opportunities. A project finance structure entails the assumption of "project risk" by equity investors such as the Fund, usually without recourse to a project sponsor. Such risk can include construction risk, regulatory risk, operating and technical risks, bypass risk, demand, usage and patronage risks, catastrophic and force majeure risks, risk of environment liabilities, documentation risks and commodity price risks. The Fund may also invest in some projects and facilities at an early stage of development. These projects involve additional uncertainties, including the possibility that the projects may not be completed, operating licenses may not be obtained, and permanent financing may be unavailable.

Loan Participations and Assignments. Funds may invest in fixed- and floating-rate loans, which investments generally will be in the form of loan participations and assignments of portions of such loans. Participations and assignments involve special types of risk, including credit risk, interest rate risk, liquidity risk, and the risks of being a lender. Participations in commercial loans may be secured or unsecured. Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks, other financial institutions or lending syndicates. When purchasing loan participations, Funds: (i) assume the credit risk associated with the corporate borrower; (ii) may assume the credit risk associated with an interposed bank or other financial intermediary; (iii) may only be able to enforce its rights through the lender; and (iv) may assume the credit risk of the lender in addition to the borrower. The participation interests in which the Fund invests may not be rated by any nationally recognized rating service.

Investments in loans through a direct assignment of a financial institution's interests with respect to the loan may involve additional risks to Funds. For example, if a loan is foreclosed, the Funds could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that, under legal theories of lender liability, the Funds could be held liable as a co-lender.

Bridge Financings. From time to time, certain Funds may provide interim financing to facilitate an investment on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication (including for co-investments). Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always within the Funds' control, such long-term securities may not be issued, or refinancing or syndication may not occur, and such bridge loans may remain outstanding with an increased risk of default. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position

taken by the Funds, and such loans may cause the Funds to have increased concentration in the given investment.

To the extent a Fund provides bridge financing to facilitate portfolio investments, it is possible that all or a portion of such bridge financing will not be recouped within the time period specified in the applicable Offering Documents, in which case the investment would be treated as a permanent investment of the Fund. As a result, the Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations, certain of which exclude bridge financing investments.

Non-Controlling Investments. Although Castlake will typically seek to have control rights with respect to its investments, the Funds may make non-controlling investments and, therefore, may have a limited ability to protect its investments. The Funds may hold meaningful minority stakes in investments and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, the Funds at times may hold minority equity stakes of any size such as might occur if portfolio investments are taken public. As is the case with minority holdings in general, such minority stakes that the Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Funds may seek to protect their interests or influence company management by negotiating the right to appoint a director or by obtaining certain other minority investor rights. Board service and some minority rights provisions may affect the Funds' ability to dispose of such an investment. Where the Funds hold a minority stake, it may be more difficult for the Funds to liquidate their respective interests than it would be had the Funds owned a controlling interest in such investment. Even if the Funds have contractual rights to seek liquidity of the Funds' minority interests in such investments, it may be very difficult to sell such interests or seek a sale of such investment upon terms acceptable to the Funds, especially in cases where the interests of the other investors in such investment have different business and investment objectives and goals.

Controlling Interests. Because of equity ownership in certain companies, representation on the board of directors and/or contractual rights (if applicable), Funds may control, participate in the management of or influence substantially the conduct of portfolio companies. The exercise of control over a company imposes additional risks of liability for environmental damage, products, benefits, failure to supervise management, violation of laws and regulations, for which the limited liability generally afforded to investors may be ignored. The exercise of control may also subject Castlake to claims from third parties, including minority investors of such company.

Joint Venture Arrangements. The Funds may enter into joint venture arrangements in which Castlake does not retain all decision-making authority. In the event of such joint venture arrangement, Castlake will seek to negotiate appropriate rights to protect Fund interests, although there can be no assurance that such rights will be available or that such rights will provide sufficient protection of Fund rights or interests. Such an investment may involve risks not present in investments where a third party is not involved, including the possibility that the joint venture partner may be unable or unwilling to perform its duties or obligations under the relevant agreement, may have financial, legal or regulatory difficulties resulting in a negative impact on the joint venture, may have economic or business interests or goals which are inconsistent with those of the Fund, or may be in a position to take (or block) action in a manner contrary to the Fund's investment objectives. In addition, the increased possibility of default by, diminished liquidity or insolvency of, the joint venture partner, due to a sustained or general economic downturn (including in the event of default on its funding obligations, the Fund may have to make up

for the shortfall) and the possibility that the Fund may be liable for the actions of its joint venture partner in certain circumstances.

Asset Servicers. In addition, the Fund may enter into arrangements with industry specialized management or advisory teams (which may include joint venture partners) to acquire, manage and dispose of certain assets (e.g., real estate and shipping assets), which can include fixed payments and/or profit-sharing arrangements with such persons, thus impacting the returns to the Funds. The failure on the part of Castllake to select or retain the right management or advisory team for an asset class and/or to establish a governance and compensation structure that provides for the appropriate balance of economic incentives to the team and oversight by Castllake, or to provide servicing with respect to certain assets (including securitizations) on its own, would have a material adverse effect on the Funds' investment in such asset class.

Reliance on Key Personnel. The success of the Funds will depend, in large part, upon the skill and expertise of the Principals. In the event of the death, disability, or departure of any of the Principals, the business and the performance of the Fund may be adversely affected. In addition, the day-to-day operations of an investment will generally be the responsibility of a management or advisory team. Although Castllake will be responsible for monitoring the performance of each management and advisory team, there can be no assurance that such team's management will be able to successfully operate such investment in accordance with the Funds' plans.

Leverage. Castllake uses leverage for certain purposes in managing Fund or Vehicle portfolios (including short term credit facilities and non-recourse or limited recourse leverage). Leverage generally magnifies both the opportunities for gain (including through greater diversification) and the risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. Although the use of leverage increases returns on investments if there is a greater return on the incremental investments purchased with the borrowed funds than the cost for such funds, the use of leverage decreases returns if it fails to earn as much on such incremental investments as it pays for such funds. The use of leverage in connection with acquisition of investments, or investments which may include securities of companies with leveraged capital structures, will result in material interest expense and other costs to the Funds or Vehicles. In addition, leverage will increase the exposure of Fund investments to any deterioration in an asset's condition, industry and competitive pressures, an adverse economic environment and rising interest rates and could accelerate and magnify declines in the value of the investments of a Fund or Vehicle in a down market. Similarly, the Funds may make investments that are unable to generate sufficient cash flow to meet principal and interest payments on their indebtedness. Accordingly, the value of the underlying investments could be significantly reduced or even eliminated due to further credit deterioration.

The lenders that provide financing may apply discretionary covenants or repayment obligations which, if not met, may result in loss of financing and forced liquidations of investments at disadvantageous prices. Such discretionary covenants or repayment obligations may also impair the ability of a Fund or Vehicle to finance future operations and capital needs. Furthermore, should the credit markets be tight at the time Castllake determines that it is desirable to sell all or a part of an investment, the Fund may not realize the expected returns from the liquidation of such investment.

Subscription Lines. Castlelake's Funds have entered into subscription line credit agreements with one or more lenders in order to finance investments and to pay Fund expenses. For administrative convenience, capital calls, including those used to pay interest or principal on subscription lines, asset-backed facilities and other indebtedness, may be "batched" together into larger, less frequent capital calls, with a Fund's interim capital needs being satisfied by such subscription line credit agreements. Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant general partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Offering Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation.

Interest will accrue on subscription lines at a rate lower than the preferred return of a Fund. Where a preferred return begins to accrue after capital contributions are due (regardless of when a Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which investors would otherwise be entitled had capital been called, and thus could result in the general partner of the Fund receiving carried interest sooner than it would without borrowing. As a general matter, use of leverage in lieu of drawing down commitments enhances internal rates of return (either negative or positive) to investors in a Fund. In light of the foregoing, Castlelake has an incentive to fund the acquisition and ongoing capital needs of investments and the Funds with the proceeds of such borrowings in lieu of drawing down commitments on a just-in-time basis.

In addition, when the management fee is calculated as a percentage of invested capital, an investor would generally pay management fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to investors will be commensurate with such costs.

A credit agreement may contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant general partner's ability to consent to the transfer of a limited partner's interest in the Fund. In addition, in order to secure a subscription line, the relevant general partner may request certain financial

information and other documentation from limited partners to share with lenders. Castlelake will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the general partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant general partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A Fund may also utilize Fund-level borrowing when the general partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

Potential Restrictive Covenants. The Funds enter into credit facilities with one or more lenders in order to finance their operations (including the acquisition of investments) and the Funds' subsidiaries and investments are permitted to enter into various other financing arrangements and other transactional agreements. These financing arrangements will contain a number of common covenants that, among other things, might restrict the ability of the Funds and their subsidiaries and investments to: (i) acquire or dispose of assets or businesses; (ii) incur additional indebtedness; (iii) make expenditures, distributions or capital calls; create liens on assets; (iv) enter into leases, investments or acquisitions; (v) consent to transfers; (vi) restrict the use of information; (vii) make amendments to the Offering Documents; or (viii) engage in certain transactions with affiliates, and otherwise restrict activities of the Funds and investments without the consent of the lenders or other counterparties. In addition, these financing arrangements can require the Funds and their subsidiaries and investments to maintain specified financial ratios and comply with tests, including minimum interest coverage ratios, maximum leverage ratios, minimum net worth and minimum equity capitalization requirements. For credit facilities or other agreements in which multiple Funds are permitted as co-borrowers, a default by one Fund or the inability by one Fund meet applicable covenants or ratios would limit the activities and have other adverse consequences on the other Funds, including triggering cross-default provisions.

Risks Associated with Bankruptcy Cases. Investment and lending activities, particularly involving companies in distressed situations, may result in the Fund becoming involved as a creditor in bankruptcy cases. In addition, the Funds may purchase securities or assets of, or claims against, companies in bankruptcy. Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. Generally, the duration of a bankruptcy case can only be roughly estimated. This process can involve substantial legal, professional and administrative costs to investors; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart, and the company may not be able to reorganize and may be required to liquidate assets.

Upon a bankruptcy filing by an issuer of debt, the U.S. Bankruptcy Code imposes an automatic stay on payments of its pre-petition debt. The debt of companies in financial reorganization will in most cases not pay current interest, may not accrue interest during the reorganization and may be adversely affected

by an erosion of the issuer's fundamental value. If an issuer were to seek relief under chapter 11 of the Bankruptcy Code, the Bankruptcy Code authorizes the issuer to restructure the terms of repayment of a class of debt even if the class fails to accept the restructuring as long as the restructured terms are "fair and equitable" to the class and certain other conditions are met. There exists a significant risk that Castlelake's influence with respect to a class of securities can be lost by the inflation of the number and the amount of such claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority over the claims of certain creditors (for example, claims for taxes) may be quite high.

Debt Securities. Debt securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). With bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. The risk of debt securities can vary significantly depending upon factors such as the issuer (e.g., investors' perceptions of the creditworthiness of the issuer, the issuer's financial performance, perceptions of the issuer in the marketplace, performance of management of the issuer, the issuer's capital structure and use of financial leverage and demand for the issuer's goods and services) and maturity. For example, the issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation.

Interest Rate Risk. Credit portfolios are subject to interest rate risks; changes in the prevailing market interest rates could negatively affect the value of Fund investments. The ability of companies or businesses in which Funds may invest to refinance debt instruments or repay debt obligations (including making payments to Funds as a creditor with respect thereto) may depend on their ability to obtain financing. Volatility and instability in the securities market may also increase the risks inherent in the Funds' investments. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate credit instrument and falling interest rates will have a positive effect on price. This risk will be greater for long-term securities than for short-term securities. In addition, interest rate increases generally will increase the interest carrying costs to the Fund. Adjustable-rate instruments also react to interest rate changes in a similar manner, although generally to a lesser degree. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. Additional factors that may affect market interest rates include inflation, slow or stagnant economic growth or recession, unemployment, international disorders and instability in domestic and foreign financial markets. The Funds will periodically experience imbalances in their assets and liabilities as a result of changes in interest rates. In a changing interest rate environment, the Funds may not be able to manage this risk effectively. If a Fund is unable to manage interest rate risk effectively, the Fund's performance could be adversely affected. While Funds may seek to do so, they are not required to hedge interest rate risk.

Benchmark Rates. Many financial instruments use or may use a floating rate based on the London Interbank Offered Rate, or "LIBOR," which is the offered rate for short-term Eurodollar deposits between major international banks. LIBOR will not be referenced in new contracts after December 31, 2021 and is currently planned to be published only through June 2023. Although financial regulators and industry working groups have suggested alternative reference rates, such as European Interbank Offer Rate, Sterling

Overnight Interbank Average Rate and Secured Overnight Financing Rate, global consensus on alternative rates is lacking and the process for amending existing contracts or instruments to transition away from LIBOR remains unclear. The elimination of LIBOR or changes to other reference rates or any other changes or reforms to the determination or supervision of reference rates could have an adverse impact on the market for, or value of, any securities or payments linked to those reference rates, which may adversely affect the Funds' investments. Uncertainty and risk also remain regarding the willingness and ability of issuers and lenders to include revised provisions in new and existing contracts or instruments. Consequently, the transition away from LIBOR to other reference rates may lead to increased volatility and illiquidity in markets that are tied to LIBOR, fluctuations in values of LIBOR-related investments or investments in issuers that utilize LIBOR, increased difficulty in borrowing or refinancing and diminished effectiveness of hedging strategies, adversely affecting the performance of the Fund's investments. Furthermore, the risks associated with the expected discontinuation of LIBOR and transition may be exacerbated if the work necessary to affect an orderly transition to an alternative reference rate is not completed in a timely manner.

Distressed Securities. The Funds may purchase, directly or indirectly, securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Such purchases may involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments ordinarily remain unpaid unless and until the company reorganizes and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time. A wide variety of considerations, including, for example, the possibility of litigation between the participants in a reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others may affect the value of these securities and investments. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations which limit the access of Castlake to reliable and timely information concerning material developments affecting a company, or which cause lengthy delays in the completion of the liquidation or reorganization proceedings. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that Castlake will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation, investors may lose their entire investment or may be required to accept cash or securities with a value less than the original investment.

Defaulted Securities. The Funds may invest in the securities of, and trade claims against, companies involved in bankruptcy proceedings, reorganizations and financial restructurings and may have a more active participation in the affairs of the issuer than is generally assumed by an investor. This may subject investors to litigation risks or prevent the investors from disposing of securities. In a bankruptcy or other proceeding, the investors as creditors may be unable to enforce their rights in any collateral or may have security interest in any collateral challenged, disallowed or subordinated to the claims of other creditors. While Castlake will attempt to avoid taking the types of actions that would lead to equitable subordination (as discussed above) or creditor liability, there can be no assurance that such claims will not be asserted or that the Funds will be able to successfully defend against them. Because other investors may purchase the securities of these companies for the purpose of exercising control or management, the Funds may be at a disadvantage to the extent that the Funds' interests differ from the interests of these other investors.

Trade and Other General Unsecured Claims. The Funds may acquire interests in claims of trade creditors and other general unsecured claim holders of a debtor (“trade claims”). Trade claims generally include, but are not limited to, claims of suppliers for goods delivered and not paid, claims for unpaid services rendered, claims for contract rejections and claims related to litigation. Trade claims are typically unsecured and may, in unusual circumstances, be subordinated to other unsecured obligations of the debtor. The repayment of trade claims is subject to significant uncertainties, including potential set-off by the debtor as well as the other uncertainties described herein with respect to other distressed securities. An investment in trade claims and high-risk receivables may also entail special risks including, but not limited to, fraud on the part of the assignor of the trade claim as well as logistical and mechanical issues which may adjust the underlying claim and/or affect the ability to collect the claim in whole or in part.

High-Yield Securities. The Funds may invest in “high-yield” bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be greater risk with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration or general economic conditions. Further, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which they can be sold.

Privately Traded Securities and Instruments. Privately traded securities and instruments, including investments in companies undergoing debt restructurings and recapitalized companies, involve a high degree of business and financial risk. Such companies may have highly leveraged capital structures, require substantial additional capital to support expansion or to achieve or maintain a competitive position, produce substantial variations in operating results from period to period or operate at a loss. In addition, such investments may subject the Funds to risks that differ in type or degree from those involved with publicly held investments. Such risks may include, among other things, less liquidity and less transparency. Moreover, there will be no readily available market for such investments, and hence, most of such investments will be difficult to value. Although Castlelake may seek protective provisions, including, possibly, board representation, in connection with certain of its private equity investments, to the extent it takes minority positions in companies in which it invests, Castlelake may not be in a position to exercise control over the management of such companies. Private equity investments may have extended holding periods of several years and there can be no assurance that a viable exit mechanism will be available at the end of the anticipated holding period.

Preferred Equity. Preferred equity investments involve a higher degree of risk than conventional debt financing due to a variety of factors, including their non-collateralized nature and subordinated ranking to other loans and liabilities of the entity in which such preferred equity is held. Accordingly, if the issuer defaults on the Fund’s investment, the Fund would generally only be able to proceed against such entity in accordance with the terms of the preferred security and not against any property owned by such entity. Furthermore, in the event of bankruptcy or foreclosure, the Fund would only be able to recoup its investment after all lenders to, and other creditors of, such entity are paid in full.

Derivative Instruments. Castlelake may use and/or invest in various derivative instruments which may be volatile, and which may be subject to wide and sudden fluctuations in market value. The Funds may enter

into interest rate swaps and similar transactions primarily as a means of hedging borrowing against fluctuations in interest rates or preserving or enhancing a return or spread on a particular investment or portion of its portfolio. Castlelake may enter into interest rate swaps on either an asset-based or liability-based basis, depending on whether it is hedging its assets or its liabilities. Castlelake may also enter into credit default swaps and may either buy protection or sell protection from losses caused by the occurrence of a negotiated default event. When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent Castlelake from achieving the intended hedging effect or expose the Funds to the risk of loss.

Derivative instruments that may be purchased or sold by Castlelake can include instruments not traded on an exchange. OTC options, unlike exchange traded options, are bilateral contracts with price and other terms negotiated by the buyer and seller. The risk of nonperformance by the obligor on such an instrument may be greater and the ease with which Castlelake can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In some cases, particularly in the context of OTC instruments, hedging arrangements will subject the Funds to the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Funds to additional liquidity risks.

Mortgage-Backed and Asset-Backed Securities. The Funds may invest in any tranche, including unrated tranches, of a variety of types of asset-backed securities, including residential and commercial mortgage-backed securities and other asset-backed securities. These types of securities are primarily exposed to the performance and credit risk of the underlying collateral. They are also substantially dependent on the servicing of the underlying asset pools and therefore subject to risks associated with the negligence of, or misappropriation by, their servicers. The rate of defaults and losses on residential mortgage loans, which would, in turn, have an adverse effect on mortgage-backed securities, will be affected by a number of factors, including global, regional and local economic conditions in the area where the properties are located and the residential real estate market in general. Further, the real estate industry as a whole suffered significant losses as a result of deteriorating international economic conditions during the global financial crisis and may again do so in the future.

When market interest rates increase, the market values of mortgage-backed securities decline. At the same time, however, mortgage re-financings and prepayments slow, which lengthens the effective maturities of these securities. As a result, the negative effect of the rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for certain other types of fixed-income securities. Asset-backed securities are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include, but are not limited to, such items as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card agreements. The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited, and such securities are subject to many of the same risks as mortgage-backed securities.

Mortgage Servicing Rights. The Funds may invest in financial assets such as mortgage servicing rights. Changes in interest rates or prepayment speeds could negatively impact the value of mortgage servicing rights. Mortgage servicing rights carry interest rate risk because the total amount of servicing fees earned, as well as changes in fair market value, fluctuate based on expected loan prepayments (affecting the expected average life of a portfolio of residential mortgage servicing rights). The rate of prepayment of

residential mortgage loans may be influenced by changing national and regional economic trends, such as recessions or stagnating real estate markets, as well as the difference between interest rates on existing residential mortgage loans relative to prevailing residential mortgage rates. During periods of declining interest rates, many residential borrowers refinance their mortgage loans. Changes in prepayment rates are therefore difficult for us to predict. The loan administration fee income (related to the residential mortgage loan servicing rights corresponding to a mortgage loan) decreases as mortgage loans are prepaid. Consequently, in the event of an increase in prepayment rates, Castlelake would expect the fair value of portfolios of residential mortgage loan servicing rights to decrease along with the amount of loan administration income received. Further mortgage servicing rights requirements may change and require the Fund to incur additional costs, expenses and risks. The U.S. Consumer Financial Protection Bureau (the “CFPB”) and the bank regulators continue to bring enforcement actions and develop proposals, rules and practices that could increase the costs of providing mortgage servicing. Regulation of mortgage servicing could make it more difficult and costly to timely realize the value of collateral securing such loans upon a borrower default.

Tenant Protection and Affordable Housing. Investments in assets in areas that are subject to certain state and municipal affordable housing and tenant protection regulations may limit the ability to charge market rents, increase rents, evict tenants or recover increases in operating expenses and could make it more difficult to dispose of assets in certain circumstances.

Investments in debt or equity interests in affordable housing communities and other properties that benefit from governmental programs intended to provide housing to individuals with low or moderate incomes require compliance with various requirements which typically limit rents to pre-approved amounts and impose restrictions on resident incomes. Failure to comply with these requirements and restrictions may result in financial penalties or loss of benefits. In addition, the Funds will typically need to obtain the approval of the United States Department of Housing and Urban Development (“HUD”) in order to acquire or dispose of a significant interest in or manage a HUD-assisted property.

Investments in debt or equity interests in affordable housing communities and other properties may benefit from governmental programs intended to provide housing to individuals with low or moderate incomes. These programs, which are typically administered by the United States Department of Housing and Urban Development (“HUD”) or state housing finance agencies, typically provide mortgage insurance, favorable financing terms, tax credits or rental assistance payments to property owners. As a condition of the receipt of assistance under these programs, the properties must comply with various requirements, which typically limit rents to pre-approved amounts and impose restrictions on resident incomes. Failure to comply with these requirements and restrictions may result in financial penalties or loss of benefits. In addition, the Funds will typically need to obtain the approval of HUD in order to acquire or dispose of a significant interest in or manage a HUD-assisted property.

Warrants. The Funds may receive warrants, and in certain circumstances prior to exit, would be required to exercise warrants in order to hold the underlying securities. Warrants generally give the holder the right to receive, upon exercise, a security of the issuer at a stated price. Risks associated with the use of warrants and rights are generally similar to risks associated with the use of options. Unlike most options, however, warrants and rights are issued in specific amounts, and warrants generally have longer terms than options. The terms of warrants may limit the Fund’s ability to exercise the warrants at such time, or in such quantities, as the Fund would otherwise wish.

Non-U.S. Investments and Currencies. Castllake invests on a global basis and may invest a significant portion of assets of the Funds in foreign assets, issuers or securities which may be restricted or controlled to varying degrees. This requires consideration of certain risks typically not associated with investing in U.S. assets, issuers or securities. These risks include, among other things, trade balances and imbalances and related economic policies, potential price volatility in, and relative illiquidity of, some non-U.S. markets, unfavorable currency exchange rate fluctuations, potentially unsettled points of applicable governing law, capital repatriation regulations, imposition of exchange control regulation by the U. S. or foreign governments, U.S. and foreign withholding taxes, the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Funds and/or their limited partners with respect to the Fund's income and possible non-U.S. tax return filing requirements for the Funds and/or their limited partners, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations. Laws and regulations of foreign countries may impose restrictions that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States.

Additional risks of non-U.S. investments include: (i) differing business cultures and legal regimes; (ii) less liquidity and smaller capitalization of securities markets; (iii) currency exchange rate fluctuations; (iv) higher rates of inflation; (v) controls on, and changes in controls on, foreign investment and limitations on the ability of a Fund or Vehicle to exchange local currencies for U.S. dollars; (vi) greater governmental involvement in and control over the economies; (vii) differences in auditing and financial reporting standards, which may result in the unavailability of material information about issuers; (viii) less extensive regulation of the securities markets; (ix) longer settlement periods for securities transactions; (x) differences in tax regimes (including potential withholding obligations on proceeds paid from a Fund) and changes in tax treaties or U.S. tax law regarding foreign investments; (xi) less developed corporate laws regarding fiduciary duties and the protection of investors; (xii) less publicly available information about certain non-U.S. companies and assets than would be the case for comparable companies in the United States; (xiii) less well-developed regulatory institutions; (xiv) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (xv) civil disturbances; (xvi) economic dislocations in the host country; (xvii) less publicly available information about certain non-U.S. companies and assets than would be the case for comparable companies in the United States; (xviii) less well-developed regulatory institutions; (xix) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (xx) civil disturbances; (xxi) government instability; and (xxii) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to, or as uniform as, those that apply to U.S. companies. Banks and other counterparties in emerging markets may impose restrictions or require certain approvals that would not exist in the United States and may require extensive diligence (including in respect of anti-money laundering and know-your-customer or similar laws) that differ significantly from those in place in the United States.

Although Castllake may attempt to enter into certain currency hedges at the Fund or Vehicle level to mitigate currency risk, there is no guaranty the hedging will be successful or sufficient to protect the entire investment and any gain on such investment. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to, or as uniform as, those that apply to U.S. companies.

Because investments in other countries will likely be denominated in the currencies of such countries, any fluctuation in currency exchange rates will affect the value of the investments, and any restrictions imposed to prevent outflows of capital may make it difficult or impossible to exchange or repatriate foreign currency. Castlelake may seek to hedge the foreign currency exposure, but such hedging strategies may not necessarily be available or effective and may not always be employed. Accordingly, the Funds, may at times be, directly or indirectly, subject to foreign exchange risks.

Emerging Market Opportunities. The Funds invest in assets or companies located or doing business in emerging market geographies. An emerging market geography is any country determined to have an emerging market economy, considering factors such as the country's credit rating, the development of its financial and capital markets and its political and economic stability. In addition, emerging markets may be commodity-dependent in nature and hold lower gross national products relative to more developed countries. Investing in emerging market opportunities includes all of the risks of non-U.S. investments noted above, but to an increased degree. Emerging markets may have governments that are less stable, markets that are less liquid and economies that are less developed and variability in legal jurisdiction. These markets may have heightened volatility, greater political, regulatory, legal and economic uncertainties, less liquidity, dependence on particular commodities or international aid, high levels of inflation, restrictions on foreign investment and restrictions on repatriation of investment income and capital. Future economic or political situations could lead to price controls, forced mergers, expropriation, nationalization or the creation of government monopolies. Emerging markets may have governments that are less stable, markets that are less liquid and economies that are less developed and variability in legal jurisdiction. The Funds could be adversely affected by any delay or obstacle resulting from its investment in an emerging market opportunity. Economic problems in a single country are increasingly affecting other markets and economies. A continuation of this trend could adversely affect global economic conditions and world markets and, in turn, could adversely affect the Funds' investments.

Banks and other counterparties in emerging markets may impose restrictions or require certain approvals that would not exist in the United States and may require extensive diligence (including in respect of anti-money laundering and know-your-customer or similar laws) that differ significantly from those in place in the U.S.

Commodity Investments and Price Volatility. The Funds may invest in commodities or invest in portfolio investments whose operations are dependent on the price of commodities. Volatility of commodity prices may also make it more difficult for companies in which the Funds invest to raise capital to the extent the market perceives that their performance may be directly or indirectly tied to commodity prices. The price of commodities has been, and is likely to continue to be, volatile and subject to wide fluctuations in response to many factors that are beyond the control of Castlelake or the Funds.

Infrastructure Risks. The Funds may invest in infrastructure assets. Such investments are subject to additional infrastructure sector risks, including: (i) the risk that technology employed will be not be effective or efficient; (ii) the risk of equipment failures, failure to perform according to design specifications, failure to meet expected levels of efficiency, fuel interruptions, loss of sale and supply contracts; (iii) changes in power or fuel contract prices, bankruptcy of or defaults by key customers, suppliers or other counterparties, and tort liability; (iv) risk of changes of values of infrastructure sector companies; (v) risks associated with employment of personnel and unionized labor; (vi) political and regulatory considerations and popular sentiments that could affect the ability of the Fund to buy or sell investments on favorable terms; and (vii) other unanticipated events which adversely affect operations. These and other inherent business risks could affect the performance and value of the Funds' investments.

Further, the use of infrastructure assets may be interrupted or otherwise affected by a variety of events outside Castlelake's control, including serious traffic accidents, natural disasters (such as fire, hurricanes, floods, tornadoes, tsunamis, windstorms, volcanic eruptions, earthquakes and typhoons), man-made disasters (including terrorism, war and riots), defective design and construction, slope failure, bridge and tunnel collapse, road subsidence, fuel prices, environmental legislation or regulation, general economic conditions, labor disputes, eminent domain and other unforeseen circumstances and incidents. Certain of these events have affected infrastructure assets in the past, and if the use of the infrastructure assets operated by portfolio investments is interrupted in whole or in part for any period as a result of any such events, the revenues of such portfolio investments could be reduced and the costs of maintenance or restoration as well as the overall public confidence in such infrastructure assets could be reduced. There can be no assurance that such portfolio investments' insurance would cover liabilities resulting from claims relating to the design, construction, maintenance or operation of infrastructure assets, lost revenues or increased expenses resulting from such damage. In some cases, project agreements could be terminated if the events described above were so catastrophic that they could not be remedied within a reasonable period or at all.

Risks Relating to Vehicles

Vehicle Structure: Limited Liquidity and Recourse. An investor's investment in a Vehicle is subject to the structure and terms of each Vehicle. Investors should have no expectation of a secondary market in securities or loans issued by a Vehicle, or that markets would provide investors with liquidity. The securities or loans issued by a Vehicle are limited recourse obligations; investors must rely on available collections from the collateral pledged by a Vehicle, as issuer, pursuant to the indenture and will have no other source of payment.

Subordination. Payments on the senior-most class(es) or tranches of a Vehicle's securities or loans are subordinate to the payment of certain fees and expenses payable by Castlelake to other parties pursuant to the indenture. Payments of principal and interest on any junior classes or tranches of securities or loans are subordinated under the priority of payments to payments on any senior class of securities or other instruments. To the extent any losses are suffered by any securities or other instruments, those losses will be borne by each class of or tranche of securities or other instruments in order of subordination and according to the Vehicle's governing documentation. Accordingly, the most subordinated classes or tranches of securities or other instruments may not be paid in full and may be subject to 100% loss. In addition, the most subordinated class(es) or tranches of interests in a Vehicle's securities or loans represent highly leveraged investments and will be most affected by any changes of market value of the collateral, including, but not limited to, defaults, prepayments and other risks associated with the collateral.

Remedies. If an event of default occurs under a Vehicle's indenture, the controlling class (generally the most senior class of notes or tranche of loans then outstanding) will generally be entitled to determine the remedies to be exercised under the indenture. The interests of the controlling class of a Vehicle may be adverse to those of the subordinated classes or tranches. In pursuing its interest, the controlling class will have no obligation to consider any possible effect on other interests. In addition, the junior-most class or tranche of securities or other instruments is not generally entitled to exercise remedies under the indenture, nor is the trustee generally obligated to act on behalf of the holders of these securities, loans or other instruments.

Sale of Collateral. If an event of default occurs under a Vehicle indenture, there can be no assurance that the proceeds of any sale of collateral will be sufficient to pay in full transaction expenses and principal and interest on the securities or other instruments. In addition, once more senior classes or tranches have been paid in full a fluctuation in values and costs resulting from changes in supply and demand could impact the amount of proceeds received in the sale of remaining assets.

Reinvestment Risk. In certain circumstances, certain funds will be reinvested in additional or substitute assets. A number of factors, including the need to satisfy certain reinvestment criteria set forth in the indenture, may result in a lower yield on additional or substitute assets. In addition, due to significant restrictions set forth in the Vehicle indenture on the ability to buy and sell collateral, the issuer may be unable to buy or sell obligations or take other actions which might be in the best interests of the security or loan holders in the absence of these restrictions.

Valuation. For the Vehicles, Castllake is responsible for arranging for relevant third-party valuation in accordance with the Vehicle's Offering Documents.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding certain legal or disciplinary events that would be material to an evaluation of Castllake or the integrity of Castllake's management. Castllake has no legal or disciplinary event responsive to this Item to report.

Item 10 - Other Financial Industry Activities and Affiliations

Castllake is the investment manager for each of the Funds and the servicer for certain of the Vehicles. The general partner of Castllake is RO Management, LLC, a Delaware limited liability company. Castllake is a related person to the general partners or managing members to the Funds. Please see Item 6 of this brochure regarding performance-based fees that may be paid by a Fund or Vehicle to its servicer, general partner or managing member.

Castllake (UK), LLP ("Castllake (UK)"), a United Kingdom limited liability partnership, is an investment adviser authorized and regulated by the UK Financial Conduct Authority. Castllake (UK) provides sub-advisory investment management and research services to Castllake. Castllake (UK)'s corporate member is Castllake Holdings (UK) Ltd., which is wholly owned by Castllake.

Castllake Aviation Holdings (Ireland) Limited, an Ireland private company limited, provides technical asset management services and remarketing support relating to aviation investments and also acts as the servicer for certain of the Vehicles.

Castllake Pte. Ltd., a Singapore private limited company, also provides technical asset management services and remarketing support relating to aviation investments.

Conflicts of Interest

Investors should be aware that there will be occasions where Castlelake and its affiliates encounter conflicts of interest in connection with the Funds' investment activities. Castlelake has established policies and procedures to address potential conflicts of interest in its good faith judgment, and maintains a Regulatory, Compliance and Conflicts Committee which evaluates potential conflicts that arise. There can be no assurance that conflicts of interest will be resolved in a manner that is more favorable to the Funds. The following discussion enumerates certain of those conflicts of interest.

Coordination Among Funds and Vehicles. While Castlelake generally devotes substantially all of its time and attention as is reasonably necessary to manage, service and dispose of the investments and assets of the Funds and the Vehicles, it cannot and does not devote all of its time and attention to any single Fund or Vehicle and it may devote time and attention to other matters. In addition, given that the investment strategies of Funds may be similar, different or competing investment offers may be provided by one Fund as compared to another Fund, which may lead to the Funds competing for investment opportunities (it being understood that this conflict of interest may not necessarily be resolved in favor of one fund). Castlelake will engage in investment activities for multiple Funds and Vehicles and, to the extent permitted by Castlelake's compliance policies act for its own account. Except as otherwise provided in a Fund's Offering Documents, a Fund shall not have any rights in respect of investment activities of other Funds and these other investment activities can result in certain conflict of interest situations discussed below.

Co-Investment Opportunities. Where possible and appropriate based on the size of the opportunity and other factors, co-investment opportunities have been, and are expected in the future to be, offered to various Fund investors or to third parties, whether through collectively owned special purpose vehicles ("SPVs") and otherwise. Conflicts of interest may arise in the allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by Castlelake in its sole discretion and may not be in the best interests of the Funds or of their respective individual investors. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Funds, or may be in a position to take action contrary to the investment objectives of the Funds, or that such third-party, co-venturer or partner may not ultimately invest or may fail to meet financial commitments, leaving a Fund responsible for such person's share of fees or bridge financing incurred in contemplation of such person investing. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner.

When co-investment opportunities are available, they will be allocated at the discretion of Castlelake based on a variety of factors that may include: (i) prior expression of interest in co-investment opportunities by the prospective co-investor; (ii) legal, regulatory, accounting and tax considerations affecting co-investment participation in the particular co-investment opportunity; (iii) confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; (iv) past experiences with the potential co-investor, including the potential co-investor's willingness and ability to respond promptly and/or affirmatively to prior co-investment opportunities and past investment record relating to co-investment opportunities offered to such prospective co-investor; (v) the size, sophistication and financial resources of the potential co-investor and its ability to efficiently and expeditiously participate in the investment opportunity; (vi) whether the profile and characteristics of the potential co-investor may have an impact on the viability or terms of the investment opportunity and the ability of the Fund to take advantage of such investment

opportunity; (vii) potential strategic benefits to the portfolio investment if a potential co-investor participates (e.g., by virtue of such co-investors experience, expertise, knowledge, relationships or other criteria deemed relevant by the General Partner); and (viii) any other reason for including a potential co-investor as determined in the sole discretion of Castllake. Allocation of co-investment opportunities among Funds and other investors may not, and often will not, result in proportional allocations among investors that have expressed interest in co-investment opportunities. Co-investment opportunities may, and typically will, be offered to some and not to other Castllake investors, and the consideration of the factors set forth above may result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments may receive none. Castllake is also permitted to provide co-investment opportunities to third parties, e.g., sellers, company management, strategic and financial partners, finders, brokers or other sourcing persons, preferred stockholders, joint venture partners or lenders. Third party co-investors may be required to pay management and performance fees, but Funds in a co-investment are not assessed any management or performance fees. Any fees (including management fees) or carried interest in respect of any co-investments paid to and/or received by Castllake or its affiliates will be retained by such persons and will not offset management fees payable by any Funds. Similarly, given that Castllake or its affiliates may be entitled to economics in respect of co-investments, Castllake may be incented to provide co-investment opportunities which may in turn cause Castllake to devote meaningful time thereon. Further, expenses relating to potential co-investments that are not consummated may be borne by the Funds.

Assets of each co-investor may become exposed to the risk of claims involving one or more other co-investors, e.g., a third party to a transaction may require the co-investing Funds or Vehicle to agree to joint and several liability, or certain types of investments may be pooled together in a common SPV without segregation of liabilities arising from different investments even though not all participating accounts participate in all investments entered into by the SPV. Castllake intends to mitigate such risks as it deems appropriate from time to time, such as through cross-indemnification arrangements, but there can be no guarantee that such risks can be mitigated in full. Any co-investments in private transactions are expected to be made through collectively owned SPVs or otherwise as determined by Castllake in its discretion (provided that the Funds do not effectively bear any additional management fees or incentive compensation in favor of Castllake or its affiliates in connection investments in any such SPVs). All or a portion of the management fees determined with respect to the Funds may be debited at the level of any such SPV and any such amounts shall offset the management fees payable by the Fund on a dollar-for-dollar basis. Investments through an SPV with the multiple Funds can expose such Funds to the risk of claims involving one or more of the other Funds. Castllake mitigates such risks as it deems appropriate from time to time, such as through cross-indemnification arrangements among participating Funds, but there can be no guarantee that such risks can be mitigated in full. Castllake will be subject to a potential conflict of interest when acting on behalf of multiple Funds with divergent interests. To the extent a Fund co-invests with other Funds or third parties in the same investment and Castllake or its affiliates receive any transaction fees with respect to such investment, Castllake will, to the extent such fees are subject to offset in the relevant Offering Documents, offset solely the portion of such fees that is proportionate to the Fund's interest in such investment against the Management Fees, as opposed to the full amount of such fees received by Castllake or its affiliates.

Allocation of Investment Opportunities. When a limited opportunity to acquire or dispose of an investment which is either suitable for, or already held by, more than one Fund or Vehicle with similar investment objectives, Castllake seeks to allocate investment opportunities in such a manner that, to the extent feasible, no Fund or Vehicle receives consistently more or less favorable treatment than any other

Fund or Vehicle. Castllake is subject to a potential conflict of interest with respect to making allocation determinations, including because the compensation structures in the Funds can differ (e.g., different management fees and offsets). Castllake's allocation policy (as amended from time to time) requires it to treat the Funds in a fair and equitable manner over time when allocating investments. Certain investment opportunities suitable for one Fund are likely also to be suitable for other Funds. When an investment opportunity generally falls within the investment mandate of more than one Fund, Castllake assesses whether the investment opportunity is appropriate for the Funds (including the amount of the allocation) based on factors including but not limited to: Fund investment restrictions and objectives (including those set forth in the relevant Offering Documents, where applicable), suitability, investment strategy, risk profile, targeted return profile, portfolio and/or counterparty diversification and concentration, fund size and available capital, investment horizon (capital obligations, funding or distribution requirements), status of the investment as a follow-on investment with respect to any Fund's portfolio, duration of investment and timing in the fund's life cycle, asset composition, cash level (if any), applicable tax sensitivity and other structural and regulatory considerations.

Subject to Castllake's policies, Castllake and its Principals and employees may carry on investment activities for their own accounts and for family members and friends who do not invest in the Funds and may give advice and recommend securities to the certain Funds which may differ from the advice given to, or investments recommended or bought for, other Funds even though their investment objectives may be the same or similar. Further, Castllake and its Principals employees will carry on investment activities that are different than the investment activities of the Funds.

Allocation of Fees and Expenses. A variety of potential conflicts of interest arise when determining allocations of various fees and expenses among the Funds that are involved in the same investment. Castllake, in its sole discretion, will allocate fees and expenses in accordance with the Funds' governing documents and in a manner that it believes in good faith is fair and equitable to the respective Funds under the circumstances and considering such factors as it deems relevant. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of Funds or co-investors receiving related benefits or proportionately in accordance with asset size (including with respect to potential investments or co-investments that are not consummated). Further, because certain expenses are paid for by the Funds and/or their portfolio investments or, if incurred by Castllake, are reimbursed by the Funds and/or their portfolio investments, Castllake may not necessarily seek out the lowest cost options when incurring (or causing the Funds to incur) such expenses. Additionally, as noted above, Castllake may structure a co-investment opportunity such that the proposed participants (including third party co-investors) in such co-investment opportunity do not bear any broken deal or related expenses, or Castllake may not be able to find third party co-investor(s), in which case the Fund would generally be expected to bear additional expenses related thereto.

Pooled Indebtedness. The Funds may incur indebtedness, leverage or other obligations and/or guarantees on a joint, several, cross-collateralized (which may be on an investment-by-investment or portfolio-wide basis) or joint and several basis in order to acquire a portfolio of assets or to obtain more favorable financing terms. While such arrangements may be joint and several with respect to the Funds, such arrangements may not necessarily impose reciprocal joint and several obligations on such Funds. As a result of the incurrence of indebtedness on a joint and several or cross-collateralized basis, the Funds may be required to contribute amounts in excess of its pro rata share, including additional capital to make up for any shortfall if such other Funds are unable to repay their pro rata share of such

indebtedness. Moreover, the Funds could also lose their interests in performing investments in the event such performing investments are cross-collateralized with poorly performing or non-performing investments. In addition, a third party to a transaction may require the Funds to agree to joint and several liability, which will give rise to similar risk and conflicts.

Consolidation of Existing Investments. In certain circumstances Castlelake will restructure or refinance existing investments to allow for optimal financing and/or to facilitate the return of capital to Funds which have passed their term expiration dates in a manner consistent with Castlelake's Allocation of Investments Policy. This can include refinancing existing investments, in whole or part, into new structures in combination with assets from other Funds, as well as assets from term or warehouse facilities in other Funds. Any consolidation of assets relating to these restructurings or refinancings will be valued on a fair and consistent basis.

Investments in Transactions by Multiple Funds. Investments by multiple Funds in private transactions is generally made through collectively owned special purpose vehicles ("SPVs") or otherwise as determined by Castlelake (provided that a Fund will not effectively bear any additional management fees or incentive compensation in favor of Castlelake or its affiliates in connection with its investment in any such SPVs, it being acknowledged that all or a portion of the management fees determined with respect to the Fund may be debited at the level of any such SPV or other intermediate investment vehicle and any such amounts shall offset the management fees payable by the Fund on a dollar-for-dollar basis). Investment through an SPV may expose the Funds to additional risk given that the SPV may not have segregation of liabilities arising from different investment, and a Fund can have liability regardless of whether it participates in all investments made by such SPV or otherwise in excess of its participation percentage if any other SPV participant defaults on its obligations. In addition, a third party to a transaction may require Funds to agree to joint and several liability. Castlelake will mitigate these risks as it deems appropriate from time to time, such as through cross-indemnification arrangements among participating Funds, or valuation procedures in the event of potential dilution, but there can be no guarantee that these risks can be mitigated in full.

Investments at Different Levels of Capital Structure. The Funds are permitted to invest in securities or other instruments of the same issuer (or affiliated group of issuers) having a different seniority in the issuer's capital structure or otherwise in different classes of an issuer's securities. In addition, in some circumstances, Castlelake will originate an investment (for instance, a unitranche loan) with a counterparty and then use its discretion to structure such investment into multiple new investments with different levels of seniority, which investments may be held by different Funds and/or third parties and which may create conflicts when making decisions on terms. To the extent a Fund holds securities or loans that are different (including with respect to their relative seniority) than those held by other Funds, Castlelake may be presented with decisions when the interests of the two (or more) Funds are in conflict. In these circumstances, Castlelake's duties to each of the Funds may, and in certain circumstances will, conflict. Castlelake will in its discretion take steps to reduce the potential for adversity between the Funds, including by causing the Funds to take certain actions that, in the absence of such conflict, it would not take. In some cases, a decision by Castlelake to take any such step could have the effect of benefiting one Fund (and, incidentally, may also have the effect of benefiting Castlelake or an affiliate) and therefore may not have been in the best interests of, and may be adverse to, another Fund.

For example, if the issuer becomes insolvent or suffers financial distress, there may be a conflict between the interests insofar as the issuer may be unable to satisfy the claims of all classes of its creditors and

security holders. Under these circumstances it may not be feasible for Castllake to reconcile the conflicting interests of the Funds or Vehicles in a way that protects all of the interests. In certain circumstances Funds may be prohibited from exercising (or Castllake may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests.

Interfund Transactions. From time to time Castllake has determined, and may in the future determine, that a purchase, sale, lease or financing relating to an investment from one or more of the Funds or the Vehicles to another is in their respective best interests. For example, one Fund may acquire an investment from an unrelated seller in anticipation of offering it to another Fund at a future date if the latter Fund does not have available capital to make the investment when it is being marketed by the unrelated seller. Alternatively, a Fund may acquire an investment from an unrelated seller in anticipation of offering all or a portion of it to another Fund at a future date if the latter Fund does not have available capital to make the investment when it is being marketed by the unrelated seller. This may also arise, for example, if one Fund is being wholly or partially liquidated, while another account has cash available for investment. Further, a Fund may acquire or lease investments from, or sell or lease investments to, another Fund, the Vehicles, or an affiliate of Castllake that is in the business of originating and syndicating loans or other assets, provided that Castllake concludes that such transaction is in the best interests of each participating account. In particular, the Funds can exit or partially exit an investment or a series of related investments through contribution of such assets to an affiliated securitization Vehicle or other entity established by Castllake or its affiliates in which the Funds. For a securitization Vehicle the Funds would typically hold junior tranches on a non-recourse basis while the senior tranches would typically be offered to third parties, including banks. In addition, Castllake has established warehouse financing facilities in order to finance aircraft purchases for multiple participating Funds. Because the lenders in the warehouse facilities have cross collateralized aircraft financed by the participating Funds, it is possible that an investment made by one Fund may not be able to satisfy its debt obligations to the warehouse facility and could rely on the cash flows from investments owned by other Funds that are utilizing the warehouse facility. Further, a Fund may acquire investments from or sell investments to an affiliate of Castllake that is in the business of originating and syndicating loans or other assets, or originate and syndicate such loans or other assets itself and sell them to other Funds or third parties. Castllake has established a process to monitor and then reconcile these interfund situations should they arise. For other entities, the Funds would typically hold direct or indirect equity interests in the entity established to hold the assets.

While these transactions with related parties expand the universe of opportunities that are available to Castllake, all Funds will not necessarily derive a benefit from each such transaction, and the Funds and the other parties to a particular transaction may have divergent interests. In order to minimize the conflict, Castllake conducts any such transactions on an arms-length basis, including documentation/rationale to support fair market value of the purchase, lease or contribution of assets. In addition, Castllake reports annually to Funds' advisory committees regarding any key interfund transactions. If required by the Offering Documents, Castllake will seek advice by the advisory committees of the relevant Funds.

Aggregation of Trades. Situations can arise in multiple Funds seek to acquire or dispose of an investment, but it is not possible under prevailing market conditions to fill the entire order for more than one of these accounts at the same price that would be obtainable if an order were placed for only one of the accounts. In such situations, whenever transactions are executed on behalf of the Funds, Castllake's policy is to seek an allocation of the trades among the participating accounts in such a manner that, to the extent

feasible, no participating account receives less favorable treatment than any other participating account. In order to achieve this objective in situations involving contemporaneous trades, Castllake is authorized to arrange for the placement of orders on a combined basis so that each participating account experiences the same average price for the trade. The combination or coordination of orders as described above will not be deemed to constitute participating accounts acting in concert with respect to the securities purchased or sold or otherwise constituting a group for any other purpose.

Investments in Existing ABS Securitization-Like Vehicles. Funds may purchase interests in or invest in, in each case, on the secondary market, certain ABS securitization-like vehicles established by Castllake or its affiliates in which other Funds have exited, or have partially exited, an investment by contributing their assets to such vehicle. The other Funds typically will, among other investment structures and types of holdings, retain an investment in a junior tranche on a non-recourse basis. Castllake and/or its affiliates act as servicer and receive compensation from such ABS securitization-like vehicles. Castllake will be entitled, directly or indirectly, to collect and retain any such compensation (whether in the form of servicing, advisory, disposition or any other type of fee or expense) with respect to any such ABS securitization-like vehicles without the need to offset such compensation against a Fund's management fee except as otherwise provided in a Fund's Offering Documents. In addition, any and all costs and expenses or other amounts that are borne or paid by a Fund, directly or indirectly, in respect of its investment in such ABS securitization-like vehicle will not offset the management fee.

In certain circumstances Castllake will restructure or refinance the Vehicles, to allow for optimal financing and to facilitate the return of capital to Funds which have passed their term expiration dates in a manner consistent with Castllake's Allocation of Investments Policy. This can include refinancing existing Vehicles, in whole or part, into new structures in combination with assets from other Vehicles, as well as assets from term or warehouse facilities in other Funds. Any consolidation of assets relating to these restructurings or refinancings will be valued on a fair and consistent basis by third party appraisers.

Pooled Aviation Asset Purchases. There may, in some cases, be opportunities for Funds to acquire a portfolio of aviation assets from a seller on a pooled basis (i.e., a pool of assets), whether required by the seller or deemed advisable by Castllake in light of commercial and/or other considerations. Accordingly, there are circumstances where more than one Fund participates as a buyer in single or related transactions with a particular seller where all or certain of the assets are specifically allocated (in whole or in part) to specific Funds as part of the same transaction or related transactions. Allocation is based on Castllake's determination of, among other things, the type and/or vintage of aircraft, and in such cases the asset-specific purchase price paid to a seller based on a determination by, and/or negotiations between or among, the seller and Castllake. Such transactions raise potential conflicts of interest, including where one Fund's investment is necessary or otherwise being used to support the value (or may support the value) of another Fund's assets in the portfolio being purchased. These conflicts are heightened to the extent the relevant assets do not have a readily ascertainable value, and there generally can be no assurance that the price at which these transactions are entered into, or the price allocated to the Funds, represents what would ultimately be the asset's fair value. This is also the case with respect to collective dispositions by Funds of a pool of assets.

Aviation Debt. Under certain circumstances, the Funds may be offered an opportunity to make an investment in an airlines or other purchasers of aircraft that is expected to lease or purchase aircraft from one or more of the other Funds, or in an airline that has already leased or purchased, or concurrently will lease or purchase, aircraft from one or more of the other Funds. As a result, Castllake and/or the Funds

may have conflicting interests in negotiating the terms of such financing and lease or purchase agreements. The Funds may have interests that conflict with each other in negotiating the price of the financing, the rate of interest or stated dividend yield of such securities, the nature of the covenants, other terms and conditions of such securities, and the actions it takes on behalf of Funds. In that regard, actions may be taken by the Funds and/or Castllake that are adverse to other Funds. These conflicts may also exist in the negotiations of amendments or waivers or in a workout or bankruptcy (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolutions of workouts and bankruptcies). It is possible that in a bankruptcy proceeding, a Fund's interests may be adversely affected by virtue of the involvement of other Funds. It may not be feasible for Castllake to reconcile the conflicting interests of the Funds in a way that protects their respective interests.

Aviation Lending. There may be opportunities to provide senior asset-based funding to airlines or other purchasers of aircraft. Castllake expects this financing activity to generally focus on new deliveries or young aircraft, but potential purchasers of aircraft from Funds and/or Vehicles may also seek financing. The Funds may provide an alternative financing source to enable additional purchasers to transact and potentially drive better results for the selling Fund or Funds. Castllake does not expect that the availability of financing from one Castllake Fund or Vehicle to be a condition to a purchaser bidding on an aircraft being marketed. The potential conflict of interest in purchaser financing is commercially mitigated by the auction process run by an investment team primarily focused on aviation lending within Castllake's aviation leasing platform, as well as by the depth and scope of Castllake's sales activities that generate many offers.

Other Lending Opportunities. As Castllake expects that financing opportunities will arise outside of the aviation strategy, including but not limited to certain specialty finance investments, other dislocated assets and special situations. If such a capital structure conflict did arise, Castllake would expect to take reasonable steps to mitigate the conflict, which may include obtaining third-party pricing or validation of pricing of the debt instrument from a third party, requiring a competitive process prior to agreeing to complete the transaction, requiring a certain level of third-party participation in the transaction, carrying out arm's length negotiations through incentivized management teams at the portfolio company level or requiring the lender act on its own behalf in a default situation.

Servicing Fees from Vehicles. Castllake and/or its affiliates enter into servicing agreements with the Vehicles, debt facilities and other financings and may do so for certain Fund investments or entities. Pursuant to these servicing agreements, Castllake and/or its affiliates receive certain fees. Because these fees are paid at the Vehicle, facility or other financing level, both equity owners, such as the Funds, and third-party debt owners or lenders bear such fees. Castllake is subject to a conflict of interest in creating these Vehicles, facilities and other financings because of its ability to receive additional compensation by retaining all or a portion of these fees. Castllake addresses this conflict by ensuring that servicing fees attributable to the Funds' investments are offset against each Fund's management fee so that, in addition to the payment of management fees, a Fund does not effectively bear the fees with respect to its allocable portion of its investment in the Vehicles or other entity, provided that in some instances the offset may be limited as further detailed in the Offering Documents. As the servicing fee offset is no longer applicable if a Fund no longer has an investment in the Vehicle or other entities or when a Fund ceases to pay management fees, Castllake could have an incentive to either monetize the Fund's equity position and/or delay the process of monetizing the investments subject to such financings. In addition, Castllake receives additional compensation when there is no offset of servicing fees associated with the debt or

investments not held by the Funds. Castlelake retains all servicing fees that are paid by any third parties with respect to investments in which the Funds also invest.

Engagement of Service Providers and Other Personnel. Castlelake or its affiliates expect to exercise discretion to recommend that the Funds or their portfolio investments contract for services with various service providers, potentially including, among others: (i) Castlelake or an affiliate, which may include other portfolio investments of the Funds and at rates determined or substantively influenced by Castlelake or its affiliates; (ii) an entity with which Castlelake or its affiliates or current or former personnel has a relationship or from which such person derive a financial or other benefit (including another Fund); or (iii) an investor in one of the Funds or its affiliates. This subjects Castlelake to potential conflicts of interest, because although it intends to select service providers that it believes are aligned with its operational strategies and that will enhance portfolio investment performance, Castlelake may have an incentive to recommend the related or other person because of its financial or business interest. Additionally, there is a possibility that Castlelake, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Castlelake or the Funds, may favor such retention or continuation even if a better price and/or quality of service provider could be obtained from another person. Whether or not Castlelake has a relationship with or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Castlelake may also, from time to time, employ personnel with pre-existing ownership interests in or who were employed by portfolio investments owned by the Partnership or the Other Accounts; conversely, former personnel or executives of Castlelake may serve in significant management roles at portfolio investments (or sellers thereof) or service providers recommended by Castlelake. Similarly, Castlelake and/or its personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio investment finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio investment executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Castlelake and/or the Funds. Castlelake may have a conflict of interest with the Funds in recommending the retention or continuation of a third-party service provider to the Funds or a portfolio investment owned by the Funds if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Castlelake information about markets and industries in which Castlelake operates (or is contemplating operations) or will provide other services that are beneficial to Castlelake. Castlelake may also have a conflict of interest in making such recommendations in that Castlelake has an incentive to maintain goodwill between itself and the existing and prospective portfolio investments for the Funds and Vehicles that Castlelake advises, while the products or services recommended may not necessarily be the best available to the portfolio investments held by the Funds.

Service Company Fees. The Funds may invest in assets subject to fees or profit-sharing arrangements payable, on a temporary or permanent basis, to servicers of specific assets ("Service Companies") based on the performance of the specific assets that they service. The Service Companies may provide asset or collateral management or due diligence services, which are typically provided pursuant to service or

management agreements between the Funds (or an SPV in which the Funds own an interest) and the Service Companies. These agreements can provide for the payment of servicing or other fees (which are in addition to Castlelake's management fees and carried interest and are not subject to an offset except as provided below with respect to affiliated Service Companies) that may be determined in accordance with one or more of the following methods: (i) a percentage of the value of the assets being serviced; (ii) a percentage of the equity invested in the assets being serviced; (iii) a percentage of the cash flows from the assets being serviced; (iv) a percentage of the net return from the assets being serviced; or (v) a flat fee per asset serviced or service. It is possible that certain Service Companies receive incentive compensation, even though the Funds, as a whole, do not have net capital appreciation.

Affiliated Servicing Fees. Castlelake and/or its affiliates may act as Service Companies and receive compensation from the Funds' investments (e.g., asset backed debt vehicles) and/or third parties, including, without limitation, debt servicing and disposition fees from credit providers in connection with the Funds' investments in accordance with the underlying financing documents or other agreements with respect to the relevant entities. Castlelake is subject to a conflict of interest because of its ability to receive additional compensation by retaining all or a portion of these fees. Castlelake addresses this conflict through special allocation of the relevant fees to investors other than the Funds, or if the Funds are subject to such fees payable to Castlelake or its affiliates, such amounts (net of related expenses) will be applied to offset the management fee payable to Castlelake by each Fund, subject to each Fund's Offering Documents. In the case of servicing (including debt servicing) or disposition fees received by Castlelake or its affiliates in connection with a Fund's investments (excluding fees that accrue to other Funds or their portfolio companies or investments, which will not offset Castlelake's management fee), a portion of such fees attributable to that Fund's equity investment will be offset against Castlelake's management fee, subject to each Fund's Offering Documents. However, Castlelake's management fee will not be offset by any portion of servicing or disposition fees attributable to leverage utilized in connection with any Fund investments. In determining the amount of leverage with respect to each investment, Castlelake will be subject to a potential conflict of interest in light of its ability to retain a portion of servicing and disposition fees attributable to the debt financed portion of the Fund's investments.

Servicing to Third Parties. In some cases, Funds and Vehicles may sell aircraft to financial buyers (e.g., hedge funds, business development corporations and other capital providers that invest in aviation assets) or other counterparties that require servicing and aircraft management expertise of a third party, such as Castlelake. In certain cases, such buyers may elect to continue Castlelake's or its affiliates' servicing relationship with the aircraft. In such transactions, Castlelake is exposed to a conflict because the transaction creates an incentive for Castlelake to choose buyers for a Vehicle's or Fund's assets who will maintain the servicing relationship, which may create an incentive to sell the assets at a lower value than would otherwise be received (or earlier than would otherwise be the case). Additionally, when assets are sold by a Fund or Vehicle but Castlelake or its affiliates maintain a servicing relationship with the aircraft, Castlelake would generally be entitled to retain the servicing fees without the need to offset such fees against the applicable management fee. As a result, while Castlelake's ability to provide servicing to a third party purchaser may enhance a Fund or Vehicle's exit opportunities, Castlelake is subject to a conflict of interest in that it is presented with opportunities to use the Funds to generate additional sources of income for itself. Finally, Castlelake may provide servicing and aircraft management to third parties on assets that are not held by the Funds or Vehicles. Third-party servicing may create an incentive for Castlelake in determining whether the third party or a Fund or Vehicle (whichever is applicable) will be provided with a lease or disposition opportunity. Castlelake seeks to mitigate these conflicts through the application of its conflict of interest policies and procedures. Castlelake does not generally market planes with servicing

or aircraft management included and attached, but instead will respond with servicing options if a purchaser requires such to proceed with an attractive bid.

One or more affiliates of Castllake or Funds may establish a dedicated Service Company to provide a variety of technical and financial services to third parties. Such third parties may compete with other Funds for investment opportunities. Castllake and/or certain Funds will be entitled to receive and retain all fees for providing such services to third parties, without reduction to the management fees payable to Castllake by other Funds. To the extent Castllake establishes any such Service Companies on the basis of a Fund's investment platform, utilizing the resources of Castllake personnel and the relevant methodologies and expertise developed while providing similar services to the Fund, Castllake is subject to a potential conflict of interest in that it may be using Fund resources in generating additional sources of income for itself and its affiliated Service Companies. The revenue generated by third parties may also reduce expenses that would otherwise be required to be borne by the Fund. To the extent any of the Funds establish Service Companies to support an investment or investment platform, services may be provided to investments made by other Funds. This will result in one or more Funds being entitled to receive and retain fees for providing services to other Funds. In these circumstances, Castllake would expect to compare the cost and level of services provided with those available from third parties to ensure fair market arrangements.

Transactions with Third Parties. Castllake and its personnel devote time to pursuing opportunities for the Funds and the Vehicles including selling and re-leasing aircraft, which may be similar to the aircraft owned by other Funds or Vehicles of Castllake. In such instances, the time required to pursue such opportunities on behalf of one Fund or Vehicle could interfere with the time spent on the aircraft of a different Fund or Vehicle. In addition, because the Funds and Vehicles invest in, and divest from, the same (or similar) types of aircraft or assets, Castllake or its affiliates in certain cases will direct certain opportunities that fall within a the mandate of one Fund or Vehicle to a different Fund or Vehicle, or potentially to co-investors in certain scenarios (it being understood that these arrangements may give rise to conflicts of interest that may not necessarily be resolved in favor of a Fund).

Transactions with Former Employees. Former partners or employees of Castllake provide Castllake with access to certain investment opportunities suitable for one or more Funds. In addition, if Castllake determines that any Funds should invest in any such investment opportunities, Castllake may engage former employees to provide certain services to the Funds and/or portfolio investments. In connection with these services, it is expected that such former employees would receive payments from, or allocations or performance-based compensation with respect to, the Fund and/or its portfolio investments.

Payments, allocations or performance-based compensation paid to former employees or entities which they control pursuant to the arrangements described above will be treated as Fund expenses and will not be subject to the management fee offset provisions, nor provisions of Offering Documents governing transactions with affiliates Castllake. In addition, certain former Castllake partners will have the right or be offered the ability to co-invest alongside the Funds in the portfolio investments which the former employee sources or for which the former employee serves as an asset manager (and for which such former employee would generally be entitled to receive performance-related incentive fees, which will reduce the Funds' returns). Castllake intends to mitigate any conflicts of interest by engaging former partners or employees only if it believes such engagement, based on the terms negotiated, is in the best interest of the Funds.

Board Participation. The investment programs of the Funds may from time to time enable Castllake to place its representatives on creditors' committees and/or boards of certain companies in which the Funds have invested. While such representation may enable Castllake to enhance the sale value, it may also prevent Castllake from freely disposing of investments and may subject Funds to additional liability. The Funds will indemnify Castllake, its affiliates, or any other person designated by any of them for claims arising from creditors' committee and/or board representation. Castllake will attempt to balance the advantages and disadvantages of such representation when deciding whether and how to exercise its rights with respect to such companies, but the exercise of such rights could produce adverse consequences in particular situations.

Additionally, certain Castllake employees serve on boards of directors of portfolio companies which arise from governance agreements negotiated at the time of investment or restructuring of an investment. Such employees are not permitted to receive and/or retain compensation in connection with officer or board of director roles. In many cases, the Funds may be the sole equity holder of a company and thus the board and its members will be aligned with the Funds interests. However, there may be instances when a Fund is not the sole equity holder, and in such instances conflicts of interest may arise for individuals serving as directors. These individuals would in such cases have fiduciary duties to the company that are in conflict with the interests of the Funds. Further, the service as a director may limit the Funds' ability to transact in the company's securities or prevent Castllake from sharing information with investors in the Funds.

Different Types of Investors. The Funds and the Vehicles are commingled entities and their investors, being comprised of domestic, foreign and tax-exempt investors, may have conflicting investment, tax and other interests. The conflicting interests of investors may adversely impact the nature of investments made by Castllake, the structuring or acquisition of investments and the timing of disposition of investments. Conflicts may arise in connection with decisions made by Castllake regarding an investment that may be more beneficial to one investor than another, especially with respect to tax matters. Castllake is not required to take into account individual investor considerations in conducting the Funds' operations.

Side Letters. Castllake has entered into, and may in the future enter into, Side Letters with certain investors in the Funds which provide those investors with different rights or terms, which may include, without limitation; (i) more favorable fee and other economic arrangements (including discounts and terms applicable in exchange for closing by a specified deadline, making a certain size capital commitment, investing in multiple funds or other parameters) with respect to such investors; (ii) excuse or exclusion rights applicable to particular Investments or withdrawal rights (with the consent of the general partner) from the Fund, including without limitation, as a result of an investor's specific policies or certain violations of U.S. federal, state or non-U.S. laws, rules or regulations, such as so-called "pay-to-play" rules with respect to public pension plan investors (which may materially increase another investor's pro rata interest in that particular investment (in the case of an opt-out) or all future investments (in the case of a withdrawal) and may reduce the overall size of the Fund); (iii) extension of certain information rights or additional or modified reporting (including customized reports) to such investor, including, without limitation, to accommodate special regulatory or other circumstances of such investor, which will be time-consuming, divert the attention of personnel Castllake and its affiliates and the costs of which will be borne by the Fund and are likely to be material, including on a cumulative basis over the life of the Fund; (iv) special priorities, rights and economic and other terms with respect to co-investment

allocation and participation; (v) waiver of certain confidentiality obligations; (vi) consent rights to certain amendments to the Fund's governing documents; (vii) rights or terms necessary in light of particular legal, regulatory or policy characteristics of an investor (including with respect to limitations on the ability to provide indemnification); (viii) certain adjustments with respect to economic provisions (including potential mandatory waivers of compensation as a result of certain violations of law with regard to public pension plan investors); (ix) additional obligations and restrictions with respect to the structuring of any particular investment in light of the legal, tax and regulatory considerations of particular investors; or (x) agreement to various sovereign immunity, jurisdiction and venue provisions applicable to certain governmental, sovereign, or other types of investors (which could limit the ability to initiate or maintain legal proceedings against certain investors in certain jurisdictions). These Side Letters are generally subject to "most favored nation" provisions rights in the Funds.

Material Non-Public Information. Castlake or its affiliates may acquire confidential or material non-public information or be otherwise restricted from initiating certain transactions. Because the Funds will not be free to act upon any such information, such Funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold. Castlake may choose to limit the information, or withhold certain information, that would otherwise be disclosed to investors in the Funds due to its confidential nature. To the extent any investor becomes aware of any such confidential or material, non-public information, such investor may be restricted with respect to its own investment or other activities and/or be subject to certain laws, regulations or rules with respect to such confidential or material, non-public information.

Valuation. The Funds hold positions in non-marketable investments or other investments for which independent quotations are unavailable or are not reliable indications of the fair value of such Funds' position. Castlake is permitted to value such positions in its discretion, and the Funds are not required to obtain independent appraisals or valuations of any such positions. The process of valuing investments for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such investment and may differ from the prices at which such investments ultimately may be sold. The exercise of discretion in valuation by Castlake may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees. In addition, Castlake or its affiliates have an incentive to value such investments at a higher level in order to enhance performance reporting.

Time and Attention. None of Castlake, the Principals or any employees of Castlake are required to devote their entire time and attention to the affairs of any one Fund or Vehicle, and they will engage in investment activities for other Funds or Vehicles, as well as other activities not on behalf of any Fund or Vehicle. Castlake, the Principals and employees of Castlake will spend such time and attention as deemed necessary and appropriate, as determined by Castlake, on each such Fund and Vehicle.

Fringe Benefits. Castlake and its respective personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds that will neither be subject to an offset against any management fees payable to the Funds nor will otherwise be shared with the Funds, investors and/or portfolio companies and which may create a conflict to select an option that may be more expensive than other suitable options. For example, airline travel or hotel stays incurred as Fund or account expenses typically result in cash rebates, "miles," "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult

to value, inure exclusively to the Castlelake and/or such personnel (and not the Funds, investors and/or portfolio companies) even though the cost of the underlying service is borne by the Funds, investors and/or portfolio companies.

Placement Agents. Castlelake may utilize one or more placement agents. Placement agents do not act as investment advisers, municipal advisors, or fiduciaries to potential purchasers in connection with the investments into the Funds. A placement agent would not be advising an investor regarding whether a Fund is more appropriate for an investor's investment needs than other similar funds that may be available. Placement agents will receive a placement fee from Castlelake (or an affiliate) that is generally based upon the amount subscribed for by certain investors. The placement agents may also seek to do business with and earn fees or commissions from Castlelake or the Funds and their portfolio companies, as well as with other third-party fund sponsors that may have similar or different investment objectives as the Funds. Examples of such business may include, without limitation: provision of financing or investment banking services; lending or arranging credit; provision of prime brokerage; and placement services. Accordingly, placement agents may be influenced by an interest in such current or future fees and commissions, including differentials in the placement fees that are offered by other third-party fund sponsors for which the placement agent acts as placement agent. In addition, certain affiliates or employees of the placement agent might invest in a Fund on their own behalf and/or on behalf of their clients.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics. Castlelake has adopted a Code of Ethics for all employees of the firm describing its high standard of business conduct, and fiduciary duty to its Funds. The Code of Ethics requires that all of Castlelake's employees and partners act in a professional and ethical manner. Persons subject to Castlelake's Code of Ethics are subject to, among other things, various restrictions relating to their purchase or sale of securities. These restrictions include pre-clearance and disclosure requirements, and general prohibitions on transactions in securities in certain circumstances, including when in possession of material non-public information; transactions in securities of issuers on Castlelake's restricted list; and acquisition of securities in initial public offerings. There are also restrictions on the acquisition by persons subject to Castlelake's Code of Ethics in private placements, which acquisitions require the prior approval of Castlelake's chief compliance officer and the satisfaction of certain conditions. A copy of Castlelake's Code of Ethics will be provided upon request by investors in a Fund.

The Code of Ethics also addresses the fiduciary duties expected of the persons subject to the Code, including confidentiality obligations, gift and entertainment policies, and restrictions on outside business activities.

Castlelake employees are, in certain instances, permitted to trade for their own accounts in securities which are recommended to and/or purchased for the Funds. Because Castlelake permits such personal trading, this creates the conflict that employees could use their knowledge of pending client transactions in an attempt to benefit their own personal transactions. For example, if an employee owns a security the employee knows Castlelake will be selling out of client accounts, the employee could sell the personal holding ahead of time in an effort to obtain a higher price than might exist when Fund holdings are sold. To address certain conflicts related to personal trading, the Code of Ethics requires pre-approval of many types of personal securities transactions. Because Castlelake does not prohibit employees from investing in the same securities in which Funds invest, Castlelake's Compliance personnel monitor the

periodic personal securities transactions and holdings reports in an effort to ensure that employees do not personally benefit from, or try to take advantage of, their knowledge of upcoming buys and sells by the Funds. In general, given the nature of the Funds' investments and the limited personal securities activities of our employees, Castllake does not believe as a practical matter that employees will be able to benefit personally from such knowledge.

Gifts. Castllake personnel from time to time receive or give certain gifts and gratuities from or to broker-dealers, service providers, asset managers, counterparties or other persons with whom Castllake, its affiliates or Funds do business (including portfolio brokers). Receipt of such gifts and gratuities might be viewed as causing a conflict of interest for Castllake in selecting brokers and dealers and other service providers. It is a violation of Castllake's Code of Ethics for employees to offer or accept inappropriate gifts, favors, entertainment, special accommodations, or other things that could be viewed as overly generous and could influence their decision-making. To address certain conflicts related to receipt or giving of gifts, the Code of Ethics requires pre-approval of gifts of more than a *de minimis* (\$250) value.

Time and Attention of Principals. The Principals intend to devote substantially all of their business time and attention to the management and servicing of each of the respective Funds and Vehicles. They may in the future also spend time to organize, sponsor, manage and operate additional investment funds (subject to any limitations described in the relevant Partnership Agreements). The Principals are also permitted to pursue certain other business activities outside of the Funds and Vehicles.

Item 12 - Brokerage Practices

Selection of Brokers. Securities transactions are executed by brokers selected by Castllake in its sole discretion. Castllake will take into account certain factors, including: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the level of trading expertise for the particular type of investment at hand; the operational efficiency with which transactions are affected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker.

Soft Dollars. As a practical matter, the receipt of research from the broker-dealers that execute Castllake's transactions is not a material factor in the selection of such brokers. To the extent consistent with Castllake's obligation to seek best execution, and all other considerations being equal, Castllake may place trades with broker-dealers who provide Castllake with their own research ("proprietary research"). This determination is informal and is subject to the discretion of Castllake's head trader. There are no formal or informal commission targets for the broker-dealers that provide Castllake with research. Castllake receives the following types of proprietary research: reports and commentary on companies, industries and the economy; and access to broker-dealer research analysts to discuss companies. Castllake believes this research benefits all of the client accounts and does not seek to allocate the research proportionately to the specific accounts whose trades are with the broker-dealer that provides the research. Obtaining this research benefits Castllake because it does not have to produce or pay for the research itself. As a result, Castllake has an incentive to select or recommend a broker-dealer based on Castllake's interest in receiving the research, rather than on the Funds' interest in receiving most favorable execution. However, as noted above, Castllake's receipt of proprietary research is a very minor consideration in its selection of broker-dealers to execute transactions, Castllake does not "pay up" and it always seeks best execution.

Best Execution. Castlelake seeks best execution of transactions for client accounts in such a manner that is the most favorable under the circumstances. Although Castlelake generally seeks competitive commission rates, it will not necessarily pay the lowest commission. Given the differences in market structures or the characteristics of financial instruments, it is not possible to identify and apply a uniform standard of, and procedure for, best execution that would be valid and effective for all types of instruments. With the understanding that certain other factors, such as liquidity and complexity of the instrument, the Funds have given the discretionary mandate that the best possible price available may not always represent best execution. Furthermore, in some circumstances there will only be a very limited number of venues through which the transaction can be executed. In such cases best execution is demonstrated through achieving the desired transaction at a price deemed appropriate by Castlelake.

Aggregation of Trades. As applicable, Castlelake will place orders for all eligible Funds on a combined basis so that each participating Fund experiences the same average price for the trade. If all such orders are not filled at the same price, they will be filled for each client at the average price. If it is not possible under prevailing market conditions to fill the entire order for all Funds at the same price that would be obtainable if an order were placed for only one client, Castlelake will usually allocate the trade among the Funds with transaction costs being shared pro rata, or otherwise on a basis that it considers in good faith to be equitable.

Cross Trades. Transactions between Funds, with or without the involvement of a broker, are generally permitted provided they are conducted on an arms-length basis and Castlelake does not receive any brokerage compensation in connection with the transaction which is settled at then existing market prices.

Execution Risk and Investment Manager Errors. The execution of the trading and investment strategies employed by Castlelake can involve complex transactions, difficult to execute trades and use of negotiated terms with counterparties such as in the use of derivatives. In each case, Castlelake seeks best execution and has trained execution and operations professionals devoted to executing, settling and clearing such trades. However, in light of the complexity and global diversity involved, some slippage, errors and miscommunications with brokers and counterparties are inevitable and may result in losses to Funds. Castlelake will evaluate the merits of potential claims for damage against brokers and counterparties who are at fault, and to the extent practicable may seek to recover losses from those parties. Castlelake may choose to forego pursuing claims against brokers and counterparties on behalf of its Funds for any reason including, but not limited to, the cost of pursuing claims relative to the likely amount of any recovery and the maintenance of its business relationships with brokers and counterparties and overall market. In addition, Castlelake's own investment and operations professionals may be solely or partly responsible for errors in placing, processing, and settling investments. Castlelake is not liable to the Funds for losses caused by brokers or counterparties or by Castlelake's own negligence or contributory negligence. Losses resulting from such errors will be borne by the Funds so long as such persons met the standard of care set forth in the Offering Documents.

Item 13 - Review of Accounts

Investments are reviewed regularly by Castlelake's investment professionals and operations team. In addition, each client portfolio is reviewed regularly by Castlelake's Principals and Chief Compliance Officer. Compliance personnel also reviews the Funds' portfolios to provide oversight and review of the investing activity. An independent auditor annually audits each Fund's financial statements.

Statements are prepared and sent to Fund and Vehicle investors on either a monthly basis or quarterly basis respectively. The respective statements include but are not limited to an investor's beginning account balance, contributions, distributions, periodic net income and ending balance. Additionally, investors in Funds and Vehicles receive monthly or quarterly written updates of the Fund's activity and performance. The managing agents of the Vehicles prepare and deliver monthly, quarterly and annual reports and other statements and reports as required under the indentures governing the Vehicles.

On an annual basis, investors in Funds received audited financial statements. Also, investors in Funds have their income reported to them on Schedule K-1s, Schedule 1042s or a combination of the two.

Item 14 - Client Referrals and Other Compensation

In connection with the offering of interests in some of its Funds, the general partners of certain Funds have entered into agreements with a number of registered broker-dealers pursuant to which the broker-dealer acted or is acting as the exclusive placement agent for the relevant Fund. For this service, the placement agent was or will be paid a fee that is being offset against management fees that Castlelake does or will earn for that Fund.

Such placement agents do not act as investment advisers, municipal advisors, or fiduciaries to potential purchasers in connection investments into the Funds. The placement agents may also seek to do business with and earn fees or commissions from affiliates of Castlelake and portfolio activity of the Funds, as well as with other third-party fund sponsors that may have similar or different investment objectives than the Funds. Examples of such business may include, without limitation: provision of financing or investment banking services; lending or arranging credit; provision of prime brokerage; and placement services. Accordingly, placement agents may be influenced by its interest in such current or future fees and commissions, including differentials in the placement fees that are offered by other third-party fund sponsors for which the placement agent acts as placement agent. Certain affiliates or employees of the placement agent might invest in a Fund on their own behalf and/or on behalf of their clients.

Item 15 - Custody

Castlelake does not serve as the qualified custodian of any of the assets owned by the Funds or the Vehicles. However, Castlelake is deemed by the applicable regulatory rules to have constructive custody of the assets of each Fund due to its affiliation with the general partners or issuers of such entities. Castlelake satisfies the applicable regulatory requirements related to custody by, among other things, ensuring that each Fund is subject to an annual audit by an independent accounting firm that is registered and examined by the Public Company Accounting Oversight Board, and that audited financial statements for each Fund are provided to its investors within 120 days of the applicable Fund's fiscal year-end.

Item 16 - Investment Discretion

Castlelake exercises broad investment discretion over many of the Funds it sponsors and manages. This discretion is established in and subject to the terms of the Offering Documents. As a general practice,

Castlelake does not allow clients to place limitations on this authority. Pursuant to the terms of the Offering Documents, however, and as noted under “Conflicts of Interest – Side Letters” above, Castlelake and/or its affiliates enter into Side Letters with certain limited partners whereby the terms applicable to such limited partner’s investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Investors in the Funds and Vehicles endorse Castlelake’s discretionary authority by executing the subscription documents related to their investment and accepting the terms outlined in the respective Offering Documents.

Item 17 - Voting Client Securities

Castlelake has the authority to vote the securities held by the Funds. Castlelake’s operations team is responsible for reviewing all proxies and voting them consistent with the Castlelake policies and procedures. Castlelake will endeavor to avoid material conflicts of interest in the voting of proxies. However, where material conflicts of interest arise, Castlelake is committed to resolving the conflict in the clients’ best interest. In situations where Castlelake perceives a material conflict of interest, Castlelake may defer to the voting recommendation of an independent third-party provider of proxy services or take such other action in good faith that would protect the interest of advisory clients.

Under certain circumstances, Castlelake may not be able to vote proxies or may find that the expected economic costs from voting outweigh the benefits associated with voting. For example, Castlelake may not vote proxies on certain foreign securities due to local restrictions or customs.

A copy of Castlelake’s written proxy voting policies and procedures as well as information on how proxies were voted for the Fund in which they have invested is available to any investor upon request.

Item 18 - Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Castlelake has no financial condition that impairs its ability to meet contractual commitments to the Funds and has never been the subject of a bankruptcy proceeding.