Law Firm Loan I

In February 2021, the Fund made a senior secured loan (the "Loan") to a New York-based law firm (the "Borrower"), which focuses its practice on class action litigations. Over the last five to ten years, the Borrower has recovered in excess of $1 billion for its clients. The Loan is secured by a lien on all assets of the Borrower, which primarily consist of contingent fees payable to the Borrower upon the settlement of, or obtaining a judgment on, a number of ongoing lawsuits. Additionally, the Loan is personally guaranteed by the Borrower's equity partners.

The Loan has a maximum initial commitment of $20MM prior to June 1, 2021, which will be increased to $25MM on and after June 1, 2021. Thereafter, the Borrower may request that the Fund make additional advances in an amount not to exceed $5MM, which advances the Fund may make in its sole discretion. The Loan bears monthly interest at an annualized rate of 18.0% and has an initial term of 24 months. The Borrower may request two (2) 12-month extensions of the term of the Loan, which may be granted in the Fund's sole discretion. At close, $18.0M of the Loan was funded and outstanding. The Loan is structured with an operating reserve deposited in an account controlled by the Fund that is intended to ensure that the Borrower has adequate cash available to cover its operating expenses and continue pursuing litigation.

In addition to the Loan, the Borrower has additional first lien secured debt (the "Bank Loan") provided by a publicly traded commercial bank (the "Bank Lender"). Payment and lien priorities between the Loan and the Bank Loan are determined by an intercreditor agreement. While the Fund and the Bank Lender each hold first lien *pari passu* interests in the same collateral of the Borrower, the Bank Lender's claim to payment under the Bank Loan is subordinated to the Fund's claim to payment under the Loan. The intercreditor agreement contains a structured waterfall detailing how cash flows are distributed. So long as no event of default has occurred, cash flows received by the Borrower are used to pay interest to the Fund on the Loan prior to paying interest to the Bank Lender on the Bank Loan. Cash flows available after paying interest are then used to repay outstanding Loan principal to the Fund before repaying outstanding Bank Loan principal to the Bank Lender. Note that items such as paying accrued fees and replenishing the Operating Reserve are higher in the waterfall than the payment of interest and principal. During an event of default, the Bank Lender will not receive interest or principal on the Bank Loan until the Fund has received all unpaid interest on the Loan and the Loan has been fully repaid.

Under the Loan, the amount of financing available to the Borrower at a given point in time is determined by a borrowing base formula (the "Borrowing Base") equal to the lower of (i) the Loan commitment, (ii) the discounted value of the collateral determined by the Fund in its sole discretion and (iii) the borrowing base under the Bank Loan. The amount of the Loan outstanding may not exceed the lesser of the Loan commitment and the Borrowing Base. As the Borrowing Base increases, the Borrower may request additional funding. If the outstanding Loan balance exceeds the Borrowing Base, then the Borrower has four business days to cure the default or an event of default under the Loan will occur.

At the time of close, the Collateral consisted of 18 cases. All but one of the Borrower's cases are class action lawsuits. The majority of the cases are expected to settle over the next 15 to 24 months.

While the Loan is secured by all cases of the Borrower, the Borrowing Base only provides eligibility for cases that have achieved certain procedural milestones. Cases that have not survived a motion to dismiss do not generate Borrowing Base availability and are not shown below. A brief summary of the Borrower's cases that currently have eligibility as of 2/25/21 are shown below:

Primary Claim Type	**Number of Cases**	**Jurisdiction**	**Defendants**	**% of Eligible Cases in Initial Portfolio**
Breach of securities laws	7	U.S. Federal Courts	Publicly listed companies	59%
Breach of antitrust laws	6	U.S. Federal Courts	Publicly listed companies	20%
Breach of consumer protection laws	5	U.S. Federal Courts	Publicly listed companies	21%