CNL Securities

What Is Private Debt?

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EDUCATIONAL

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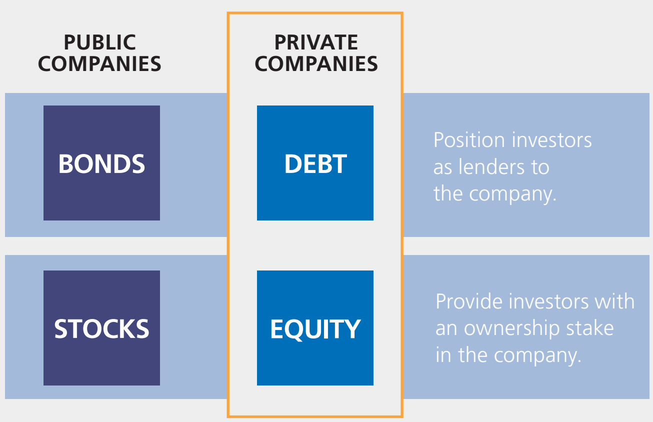
PRIVATE COMPANIES AND DEBT

From jobs to the gross domestic product, privately owned companies help drive the American economy. In the United States, nearly 200,000 businesses comprise the middle market, which employs 48 million people as of December 2016.[1]

However, when these private companies need funds to expand or manage their operations, they may not have access to funding through a public offering, such as the sale of stocks and bonds. In this situation, private companies raise funds by selling equity (ownership) shares in the company or through debt financing in the form of loans and lines of credit.



The illustration is for educational purposes only.

HOW PRIVATE DEBT FINANCING WORKS

When a private company identifies an opportunity to grow its business, the company may not have the cash or assets on hand to pursue the necessary expansion. In this situation, debt may be the preferred financing option.

To fund the growth opportunity, the company borrows the needed funds by asking a lender for a loan. In exchange for making the loan, the lending institution receives interest payments in addition to the repayment of the contractual loan amount. Both parties have the potential to benefit. If all goes as intended, the company grows its business, while the lending institution receives a contractual return on its investment.

SOURCES OF PRIVATE DEBT FINANCING

Private companies can seek debt financing in the form of loans from:

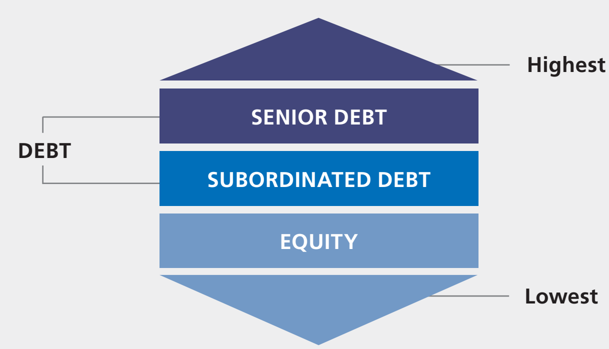
- BANKS
- BUSINESS DEVELOPMENT COMPANIES
- SPECIALTY FINANCE COMPANIES
- INSURANCE COMPANIES
- HEDGE FUNDS
- CREDIT PLATFORM OF PRIVATE EQUITY

THE CAPITAL STRUCTURE AND DEBT

The combination of equity and debt forms a company's capital structure. The balance of debt versus equity is unique to each company and is determined by the management team's evaluation of various loan terms and other business factors.

Debt has a priority claim on cash flows and assets. In addition, there are different levels of debt. Senior debt ranks first in repayment priority, while subordinated debt ranks second. Equity comes with the highest return expectations to reflect the higher risk of loss, based on its lower claim priority.

Cash Flow Repayment Priorities



[1] *4Q 2016 Middle Market Indicator*, National Center for the Middle Market.

Corporate Capital Trust II is a non-traded business development company (BDC) that invests primarily in the debt of privately owned American companies and intends to provide shareholders with monthly income and, to a lesser extent, capital appreciation.[2] Alternative investments, including non-traded BDCs, may provide diversification in portfolios comprised of traditional assets and potentially mitigate the impact of rising interest rates. An investor must review the fees and expenses in the prospectus as there are substantial costs associated with this offering.

[2] There is no assurance that this objective will be met. Distributions are not guaranteed in frequency or amount. Since inception, distributions have been supported by the advisors in the form of fee waivers and operating expense support waivers, and are not estimated to be a return of capital or supported by borrowed funds. Distributions exceed earnings and are not based on the investment performance; there can be no assurance that distributions will be sustained at current levels or at all. Near-term distributions will be paid from fee waivers or deferrals, expense support waivers, offering proceeds, borrowings and cash from operations. Corporate Capital Trust II is obligated to repay the advisors over several years, reducing future distributions and potentially diluting value for shareholders entering the fund at a later date.

RISK FACTORS

Investing in Corporate Capital Trust II may be considered speculative and involves a high degree of risk, including the risk of a substantial loss of investment. Other risks include no operating history, reliance on the advisors of the company, conflicts of interest, payment of substantial fees to the advisors of the company and its affiliates, limited liquidity and liquidation at less than the original amount invested. Investing in Corporate Capital Trust II is not a short-term investment and requires investors to meet the minimum suitability standards.

This is a new company and is subject to all of the risks and uncertainties associated with any business without an operating history, including the risk that it will not achieve its investment objective and that the value of its common stock could decline substantially. In addition, Corporate Capital Trust II has not identified specific investments that it will make with the proceeds of this offering. As a result, this may be deemed to be a *blind pool* offering, and investors will not have the opportunity to evaluate historical data or assess any investments prior to purchasing shares of common stock.

The investment strategy of Corporate Capital Trust II is focused primarily on investing in privately held companies, which may present certain challenges, including extending loans to those with potentially low credit quality and a lack of publicly available information.

Leverage can increase expenses, add interest rate risk and magnify performance volatility.

An investment in Corporate Capital Trust II is illiquid, which means there is a limited ability to sell shares. Thus, investors may not be able to sell until a liquidity event. The board of trustees must consider liquidity options on or before five years after the offering's completion. It is neither intended that Corporate Capital Trust II be listed on an exchange during the offering period, nor is it expected that a secondary market will develop. If investors are able to sell their shares, they will likely receive less than their purchase price.

The board of trustees for Corporate Capital Trust II may, but is not required to, implement a quarterly share repurchase program, which is expected to be based on net asset value.

Read the prospectus, including the Risk Factors section, for full details.

Corporate Capital Trust II is not available to residents of Massachusetts. Selling firms are reminded that offering-specific communications must be accompanied or preceded by a prospectus. Neither the U.S. Securities and Exchange Commission, the attorney general of the state of New York nor any other regulatory agency has passed on or endorsed the merits of this offering. Any representation to the contrary is a criminal offense.

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This is not an offer. Securities can be offered by a prospectus only, which should accompany or precede this material. Since investing in Corporate Capital Trust II is not suitable for all investors, a prospectus should be read carefully by an investor before investing. Investors are advised to consider the investment objectives, risks, charges and expenses before investing. The prospectus, which is available at sec.gov and corporatecapitaltrustii.com, and may be obtained by calling 866-650-0650, contains this and other information about Corporate Capital Trust II.

To learn more about Corporate Capital Trust II, investors are encouraged to contact their financial advisor. Financial advisors are invited to contact the managing dealer, CNL Securities, member FINRA/SIPC, at **866-650-0650** or visit **corporatecapitaltrustii.com**.

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