

**Item 1: Cover Page**

**GPB CAPITAL HOLDINGS, LLC**

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**Part 2A of Form ADV  
(the “Brochure”)**

November 14, 2018

This Brochure provides information about the qualifications and business practices of GPB Capital Holdings, LLC. If you have any questions about the contents of this Brochure, or to request a current copy of it free of charge, please contact Michael Cohn at 646-863-1867 or [mcohn@gpb-cap.com](mailto:mcohn@gpb-cap.com). 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 GPB Capital Holdings, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

## Item 2: Material Changes

This Brochure includes certain changes from the most recent amendment to the Brochure, dated August 8, 2018, to reflect the following updates which may be deemed material:

- Update to our Chief Compliance Officer (see Item 1)
- Update to the description of Ascendant Capital, LLC (see Item 5)
- Update to the risk factor entitled, “*No Assurance of Distributions*” (see Item 8)
- Update to the risk factor previously entitled, “*Affiliation with Ascendant,*” and now entitled, “*Affiliation with AAS and Ascendant Capital*” (see Item 8)

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#### **Item 4: Advisory Business**

GPB Capital Holdings, LLC, a Delaware limited liability company (“GPB” or the “Manager”), is a New York-based middle-market acquisition and operations firm whose principals are experienced financial, management and accounting professionals with several decades of combined private investment and acquisitions experience. GPB serves as general partner and/or manager for various companies (each, a “Company,” and collectively, the “Companies”) which do not meet the definition of “investment company” and thus will not register under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose fund interests (“Interests”) are not registered under the Securities Act of 1933, as amended (the “1933 Act”). GPB was formed in March of 2013 and is owned by David Gentile.

The principal purpose of each Company is to acquire controlling majority (and in many cases, wholly owned) interests, whether equity, debt or otherwise, in income-producing, middle-market private companies in North America; to provide hands-on managerial and operational assistance to such companies; and to further develop operations of such companies and increase cash flow and current income from operations. The Companies (i) generally focus on acquisitions of companies with strong management earnings and market positions in one or more of the following sectors: automotive retail, waste management, managed IT services, energy, healthcare, and real estate; (ii) representing a small portion of a Company’s activity, may purchase senior secured notes of (or otherwise make loans to) small and medium-size businesses primarily in North America; and (iii) make acquisitions in other industries, locations and types of assets (the foregoing collectively referred to herein as the “Portfolio Companies”).

GPB, on behalf of the Companies, seeks to acquire Portfolio Companies with strong management teams and to provide such Portfolio Companies the strategic planning, managerial insight and capital needed to enable them to achieve the next stage of development and profitability. In turn, GPB attempts to provide the investors in the Companies (the “Investors”) with current income and the potential for long-term returns.

The services are provided by GPB to the Companies in accordance with the managerial services agreements between GPB, the relevant Company and (if applicable) the relevant Company’s general partner (each a “Managerial Services Agreement”) and/or a Company’s governing documents. Investment restrictions for a Company, if any, are generally established in the governing or offering documents of the applicable Company, Managerial Services Agreements and/or side letter agreements negotiated with Investors in the applicable Company (such documents collectively, a Company’s “Offering Documents”). Therefore, investment advice is provided directly to the Companies, subject to the discretion and control of the applicable general partner (if any), and not individually to the Investors in the Companies.

As of December 31, 2017, GPB had approximately \$434,286,529 in regulatory assets under management, all of which is managed on a discretionary basis. GPB’s regulatory assets under management does not include the assets of certain GPB-managed Companies, which are holding companies that are (i) excluded from the definition of “investment company” under the 1940 Act; and (ii) do not otherwise meet the definition of securities portfolios for the purposes of calculating an adviser’s regulatory assets under management.

#### **Item 5: Fees and Compensation**

GPB receives managerial assistance fees and performance-based allocations as described in the Companies’ Offering Documents. The managerial assistance fees are typically deducted from the Companies’ assets quarterly in advance. The managerial assistance fees are charged at an annual rate not to exceed 2% per annum of the Investors’ capital contributions made to a Company. The performance-based allocations are discussed below in Item 6.

GPB, in its sole discretion, may defer, reduce or waive all or a portion of the managerial assistance fee for

certain Investors for any period of time (and intends to waive the managerial assistance fee with respect to the general partner of a Company and its affiliates who invest in the Company) which may include employees of GPB, their relatives and certain other Investors bearing reduced or no managerial assistance fees.

As provided in the Offering Documents of the Companies, GPB from time to time may assign all or a portion of its managerial assistance fees to properly licensed third parties (where licensing is required) for services rendered by persons in connection with the offering of Interests, including placement agents that are members of the Financial Industry Regulatory Authority, Inc. (“FINRA”) or their local equivalent, or investment advisers (collectively, the “Selling Group”), such as Ascendant Alternative Strategies, LLC, an affiliate of GPB (“AAS”) and to other third parties for other services not limited to selling activities. In addition to AAS, Ascendant Capital, LLC (“Ascendant Capital”), a related party of AAS, provides services to GPB and the Companies. AAS and Ascendant Capital directly and indirectly receive reimbursements and other compensation from GPB, the Companies and certain Portfolio Companies for services rendered to such entities. David Gentile, GPB’s Founder and Chief Executive Officer, is an indirect minority owner of AAS (but not Ascendant Capital). Mr. Gentile is not actively involved in the day-to-day operations of AAS.

In addition, as provided for in the Offering Documents of the Companies, in circumstances where the sale of Interests is recommended by a third-party broker-dealer to its customer, a portion of the proceeds from the sale of Interests are used to pay brokerage fees and commissions to members of the Selling Group, including but not limited to certain officers and employees of AAS, which generally will include selling commissions, due diligence fees, placement and marketing support fees, and wholesaling fees (collectively, “Selling Fees”). GPB (or the general partner of a Company, as applicable) typically reserves the right to pay Selling Fees on behalf of a Company that are less than or more than the respective rates set forth in the applicable Offering Documents, so long as aggregate Selling Fees do not exceed a maximum percentage set forth in a Company’s Offering Documents. Aggregate Selling Fees are typically capped at 11%-11.75% of contributions. Such Selling Fees are in addition to, and not in lieu of, the managerial assistance fees charged to Investors. GPB (or the general partner of a Company, as applicable) may permit certain Investors to purchase Interests with lower or no Selling Fees, and may treat the capital accounts of such Investor as if the full amount of Selling Fees were assessed.

Investors should review carefully Items 11 and 12 of this Brochure, which discuss conflicts of interest related to fees and brokerage practices, respectively.

Moreover, as provided for in the Offering Documents of the Companies, with respect to certain other Investors, in circumstances where the sale of Interests is recommended by a third-party investment adviser to its client, such Companies will pay broker-dealers, certain employees, officers and directors of AAS, or other affiliates of a Company an annual servicing fee equal to a fixed percentage of all capital contributions attributable to any such Investors, initially payable upon an Investor’s subscription for Interests in a Company and payable annually for so long as such Investor holds an interest in such Company (collectively, “Servicing Fees”). GPB typically reserves the right to pay Servicing Fees that are less than or more than the rates set forth in the applicable Offering Document, which percentage may vary by Company but is typically equal to 0.4%, as disclosed in each Company’s Offering Documents. Such Servicing Fees are in addition to, and not in lieu of, the managerial assistance fee charged to Investors.

Further, in accordance with the Offering Documents of certain Companies, upon the consummation of any acquisition of a Portfolio Company, a Company pays and/or will pay qualified third parties (other than persons holding an interest in the Portfolio Company) an acquisition fee based on a percentage of the total acquisition cost of the Portfolio Company (an “Acquisition Fee”). The Acquisition Fee will be paid in consideration of services provided in the offering of interests in the Company, including, but not limited to, identifying, structuring and providing GPB with advice on its acquisition or capital raising efforts. Such

Acquisition Fee is in addition to, and not in lieu of, other fees and expenses (including without limitation the managerial assistance fees) charged to Investors. GPB presently pays such Acquisition Fee to AAS, and has previously and may in the future identify other third parties for which GPB determines transaction-based compensation would be appropriate. GPB, in its sole discretion, may defer, reduce or waive the Acquisition Fee with respect to one or more Investors (and intends to waive the Acquisition Fee with respect to the general partner of a Company and its affiliates who invest in the Company).

In addition, as set forth in the Offering Documents, a Company generally will pay all costs, expenses and charges incurred with respect to the ownership, operation and maintenance of the Companies and their respective assets, as determined by GPB, which includes the following expenses (but does not include the Organizational Expenses): (A) (i) all fees and expenses incurred (including but not limited to any such fees or expenses of or payable to AAS and/or Ascendant Capital) in connection with: (a) the origination, evaluation (including industry analyses and evaluations), investigation, structuring, acquisition, or disposition of Company assets, including appraisals fees, taxes, brokerage fees (including, but not limited to, the Acquisition Fee and finder's fees), underwriting commissions and discounts, legal, accounting, investment banking, consulting, information services, professional fees and financing fees (including the repayment of those financings and the costs related to establishing and maintaining a credit facility for a Company) and investment related travel; (b) the carrying or management of the Companies' assets; (c) communications with partners; (d) any restructuring or amendments to the constituent documents of a Company, the general partner (if applicable) and related entities and any subsidiary or other entity owned by a Company; (e) distributions to partners; (f) In-House Services (as defined below); and (g) Operations Expenses (as defined below); (ii) attorneys' and accountants' fees and expenses; (iii) taxes (including margin taxes) and other governmental charges levied against a Company; and (iv) indemnifiable insurance, regulatory or litigation expenses (and damages) of the general partner and other persons or entities indemnified under the Company's governing documents; (B) managerial assistance fees; (C) all fees and expenses incurred in connection with meetings of the limited partners; (D) all fees and expenses incurred in connection with the registration, qualification or exemption of a Company under any applicable Federal, state, or local law and all other fees and expenses imposed by any governmental authority with respect to a Company's operations or assets; (E) all fees and expenses relating to the preparation of financial statements of the Company, the local, state and federal income, franchise, margin and other tax returns of the Company, other regulatory reports and filings of the Company, and all other documents, opinions, appraisals and reports delivered to the Investors; (F) all fees and expenses incurred in connection with any litigation, mediation, arbitration or other legal or tax proceeding involving the Company (including the cost of any investigation and preparation) and the amount of any judgment or settlement paid in connection therewith; (G) all fees and expenses incurred in connection with the collection of amounts due to the Company; (H) all fees and expenses incurred in connection with the winding-up, dissolution and liquidation of the Company; (I) all fees and expenses incurred in connection with transactions that are allocated to the Company but not consummated; (J) all insurance costs and expenses, and all costs and expenses incurred in connection with taxes (including margin taxes) and other governmental charges levied against the Company; any obligations to provide indemnification or contribution to any persons or entities indemnified pursuant to the Company's governing documents, pursuant to any approval of the Investors or as a matter of law).

As set forth in each Company's Offering Documents, each Company generally pays, or reimburses the appropriate party for, all of the costs and expenses incurred by such Company, GPB, GPB's affiliates and third parties in connection with such Company's offering and organization. Such costs and expenses borne by the Companies include all legal, accounting, consulting and other professional fees and expenses and all other costs and expenses (including travel and entertainment expenses relating to capital raising efforts) actually incurred in connection with the relevant Company's offering and organization (collectively, "Organizational Expenses"). Notwithstanding the foregoing, Organizational Expenses borne by the Companies are typically capped at 1.25% of the gross proceeds received by (or expected to be received by) the Company from the offering of Interests; the excess, if any, will be borne by GPB or its affiliates and

not the relevant Company. Further, while GPB and its affiliates are entitled to reimbursements based on the gross proceeds expected to be received by the Company, if a Company does not in fact receive that amount of proceeds upon the completion of the relevant Company's offering of Interests, then GPB and its affiliates will return any such amount exceeding 1.25% of the gross proceeds actually received by such Company from its offering. Further, while GPB and its affiliates are generally entitled to reimbursement up to the before stated caps, these parties may determine, using their sole discretion, to defer the collection of reimbursement amounts from the relevant Company until such time as GPB or its affiliates determine, using their sole discretion, to collect these amounts.

GPB is also responsible for its or its affiliates' general and administrative costs and expenses and its day-to-day overhead expenses of managing the Companies and is not entitled to be reimbursed by the Companies for such expenses other than for the portion of the total compensation of the general partner's or its affiliates' (including AAS and Ascendant Capital's) officers and employees relating to the time such officers or employees provide "In-House Services" or "Operations Support Services", both as described below, to the Companies or their respective Portfolio Companies. Such expenses are in addition to, and not in lieu of, the managerial assistance fee. "In-House Services" include but are not limited to accounting, legal, compliance, IT, HR, investor relations, operational, administrative and management services to the Companies or their Portfolio Companies. For the avoidance of doubt, any such fees or expenses paid to AAS and/or Ascendant Capital will not otherwise reduce any fees or expenses payable to GPB. In addition, GPB, the Companies, or their Portfolio Companies will from time-to-time retain and compensate companies and individuals ("Operations Support Providers"), which include affiliates and employees of GPB, and third party consultants and advisors. The Operations Support Providers provide operational support and consulting services and similar services to, or in connection with, the identification, acquisition, holding and improvement of such Portfolio Companies ("Operations Support Services"). These services may be high level insight or extensive day-to-day roles, and may include support to GPB, subsidiary entities the Companies use to hold their Portfolio Company acquisitions (the "Holding Companies"), or Portfolio Companies regarding, among other things, the company's management and operations (including serving in management positions or participating in determining corporate strategy), a Portfolio Company's sales/marketing strategy and retail strategy, data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability, real estate matters and similar operational matters. The nature of the relationship with each such Operations Support Provider and the time devotion requirements of each such Operations Support Provider may vary significantly.

Fees and expenses associated with Operations Support Services ("Operations Expenses") are generally paid and/or reimbursed by the Companies but may be paid or reimbursed by the relevant Portfolio Company. Operations Expenses (including Operations Expenses incurred in connection with an affiliated Operations Support Provider, including GPB employees) will be determined at the discretion of GPB taking into account the particular Operations Support Services, and may include an annual fee or retainer, a discretionary bonus, a profits or equity interest in a Portfolio Company or Holding Company or other incentive-based compensation to the Operations Support Provider as well as any expenses incurred with respect to recruiting and hiring Operations Support Providers. Operations Expenses will include the compensation of certain GPB employees relating to the time such employees provide Operations Support Services. The determination of whether a service is an Operations Support Service will be made by GPB, in its sole discretion. Operations Expenses will, from time to time, also be incurred in respect of Portfolio Companies prior to the closing of the investment. To the extent any such Operations Expenses are payable to any Operations Support Provider that is affiliated with or employed by GPB, such Operations Expenses will not reduce any fees otherwise payable to GPB. These payments or reimbursements are in addition to, and not in lieu of, the managerial assistance fee. GPB's determination as to whether a service is an Operations Support Service, the categorization of any fees and expenses (e.g., as Operations Expenses) and the allocation of such fees and expenses will be binding on a Company and its Investors.

In the event that one or more Operations Support Providers (directly or indirectly) is providing services with respect to multiple Companies, such Operations Expenses will be allocated among the Companies as determined by GPB in a fair and equitable manner. In exercising discretion to allocate Operations Expenses to the Companies, GPB and GPB employees are faced with a variety of potential conflicts of interest. For example, in allocating Operations Expenses among Companies, GPB has an incentive to allocate Operations Expenses to Companies in such a way as to maximize GPB's performance-based allocations. To the extent not allocated to a single Company or single Portfolio Company, GPB will typically allocate Operations Expenses related to employee compensation pro rata based on time such employees provide Operations Support Services to any such Companies and/or Portfolio Companies. To determine the time spent, GPB collects and reviews certification provided by GPB employees. GPB and GPB employees may be incentivized to allocate employee compensation to underperforming Companies and/or Portfolio Companies in order maximize any performance-based allocations or profit interest plans. In an effort to reduce such conflicts, employee time sheet certifications are collected and reviewed by GPB's CFO and GPB's accounting and finance department. To the extent any such Operations Expenses are payable to any Operations Support Provider that is (or is not) affiliated with or employed by GPB, such Operations Expenses will not reduce any fees otherwise payable to GPB. All of the above payments or reimbursements are in addition to, and not in lieu of, the managerial assistance fee. GPB's determination as to whether a service is an Operations Support Service, the categorization of any fees and expenses (e.g., as Operations Expenses) and the allocation of such fees and expenses shall be binding on the Companies and Investors.

As distinguished from certain of our competitors who may allocate Operations Expenses at the Portfolio Company level, but may have less direct oversight, GPB believes that it is able to maintain a higher degree of operating control over its Portfolio Companies' operations and finances by employing many of these individuals itself (in lieu of having these individuals employed by the Portfolio Companies or by having independent third parties serve in these roles). It is GPB's view that the benefits of this structure far outweigh the costs borne by the Companies and, indirectly, the Investors. Given the income-oriented nature of our Portfolio Companies, and our desire to pay a monthly distribution to our Investors, GPB believes that this type of oversight of our Portfolio Companies is critical to our long-term success. Allocating a portion of GPB's internal expenses incurred on the Companies' behalf presents a conflict of interest, as discussed in more detail below in Item 8.

In exercising its discretion to allocate opportunities and fees and expenses, GPB is faced with a variety of potential conflicts of interest. For example, in allocating an opportunity among Companies with differing fee, expense and compensation structures, GPB has an incentive to allocate opportunities to the Companies from which GPB or its related persons, including AAS and/or Ascendant Capital, derives, directly or indirectly, a higher fee, compensation or other benefit. To the extent not allocated to a Portfolio Company, GPB will allocate fees and expenses incurred in the course of evaluating and making acquisitions that are consummated between the Companies in accordance with each Company's Offering Documents or, to the extent not addressed in such Offering Documents, pro rata based on the respective total capital commitments of such Companies. The appropriate allocation between Companies, Investors and third parties of expenses and fees generated in the course of evaluating potential acquisitions which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by GPB and its affiliates in their good faith discretion, consistent with the Offering Documents of the Companies, as applicable. If multiple Companies evaluate a potential acquisition that is not consummated, GPB generally allocates fees and expenses generated in the course of evaluating such acquisition among such Companies based on the anticipated acquisition of each Company. There may be occasions when one Company (the "Payor Company") pays an expense common to multiple Companies (the "Allocated Companies") (e.g., legal expenses for a transaction in which all such Companies participate). On such occasions, each Allocated Company will reimburse the Payor Company for its share of such expense, without interest, promptly after the payment is made by the Payor Company. While highly unlikely, it is possible that an Allocated Company could default on its obligation to reimburse the Payor



Company. With respect to allocating other expenses among Companies, co-investment vehicles, Investors and/or third parties, as appropriate, to the extent not addressed in the Offering Documents of a Company, GPB will make any such allocation determination in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation. GPB will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable.

Potential Investors must review the applicable Offering Documents carefully for a discussion of all fees and expenses applicable to their investment.

Upon termination of the applicable Managerial Services Agreement of a Company, managerial assistance fees that have been prepaid may be returned on a prorated basis.

#### **Item 6: Performance-Based Fees and Side-by-Side Management**

With respect to each Company, a portion of the profits of each such Company is distributed to certain affiliates of GPB, including certain officers, employees and directors of AAS and/or Ascendant Capital, as “carried interest” (the “Carried Interest”). GPB affiliates’ indirect receipt of Carried Interest is intended to align GPB affiliates’ interests with those of the Companies. Carried Interest paid by a Company is indirectly borne by Investors in such Company. The nature of the Carried Interest, however, creates a potential conflict of interest among GPB, its affiliates, its associated persons, AAS, Ascendant Capital and the Companies. Carried Interest paid by Companies usually equals 20% of distributions made by a Company after certain return thresholds or hurdles are met.

Depending on a Company’s Offering Documents, GPB, in its sole discretion, may agree to a different fee structure for certain Investors, which may include employees of GPB, their relatives and certain other Investors.

The payment by some, but not all, Companies of Carried Interest or the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Company) may create an incentive for GPB to disproportionately allocate time, services or functions to Companies paying Carried Interest or Companies paying Carried Interest at a higher rate, or allocate investment opportunities to such Companies. See “Allocation of Investment Opportunities” in Item 8 below and refer to GPB’s “Allocation Policy” for additional information on how these conflicts are addressed.

Fees and Carried Interest may differ between the Companies and each Investor must review the relevant Company’s Offering Documents carefully for a list of the actual Carried Interest, fees and expenses payable by such Company.

#### **Item 7: Types of Clients**

Currently, GPB’s only clients are the Companies. Company Investors include, but are not limited to, individuals, trusts and public and private entities. Company Investors must meet the eligibility requirements associated with each Company (which generally require Company Investors to be “accredited investors,” as such term is defined in the federal securities laws). The minimum investment by an Investor in a Company is set out in the relevant Company’s Offering Documents.

#### **Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss**

##### **A. Methods of Analysis and Investment Strategies**

For a discussion of the strategies and methods of analysis employed by GPB on behalf of the Companies, please refer to Item 4 above and the Offering Documents of each Company.

## B. Risks

Each Company has its own specific risks, but the following are risks that are generally associated with the types of investments the Companies may make. The list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in a Company investment. Each Investor and prospective Investor must review the relevant Company's Offering Documents carefully for a comprehensive list of a Company's risks and conflicts.

Investing in the Companies involves a risk of loss that Investors should be prepared to bear.

### General Risks

*Limited Operating History.* GPB has limited operating results, so Investors have a limited basis upon which to evaluate our ability to achieve our business objectives or judge our prospects for success.

*Past Performance is Not Indicative of Future Results.* The performance of prior Companies is not indicative of any expected future results. Investment in the Companies involve significant risks. There can be no assurance that any Company or Portfolio Company will meet its objectives, or that an investor will receive a return of all or any portion of its capital.

*No Participation in Management.* Investors do not have the opportunity to evaluate the specific merits or risks of any Portfolio Company. Moreover, Investors will not participate in management and are dependent on GPB for management of the relevant Company. Investors must rely upon GPB's ability to identify, structure and make acquisitions of companies consistent with the relevant Companies' objectives and policies. Notwithstanding any prior operating experience or experience that members of the Acquisition Committee (as defined below) or GPB affiliates may have in acquiring and operating the Portfolio Companies we expect to focus on, any such prior experience was obtained under different market conditions and under a different organizational structure. There can be no assurance that members of the Acquisition Committee or GPB affiliates will be able to duplicate prior success or that we will achieve any Company's objectives or achieve positive results of any kind.

*High Expense Ratio.* The Companies will be obligated to pay fees, and substantial administrative, travel, accounting, tax and legal expenses and certain salaries of employees of GPB regardless of whether the Companies realize revenues. Any use of leverage will increase these fees and charges, and the Companies will need to make substantial profits to avoid depletion of their assets and provide a return to Investors.

*Competition.* The Companies expect to encounter intense competition from other entities making similar acquisitions or investments, including venture capital funds, leveraged buyout funds and operating businesses competing for acquisitions. Many of these entities are well established and have extensive experience in identifying and effecting business combinations directly or through affiliates. Many of these competitors possess greater technical, human and other resources than the Companies do, and the Companies' financial resources will be relatively limited when contrasted with those of many of these competitors. While GPB believes that there are numerous potential Portfolio Companies that the Companies could acquire with the net proceeds of an offering, the Companies' ability to compete in acquiring certain sizable target businesses will be limited by their available financial resources. This inherent competitive limitation gives others an advantage in pursuing the acquisition of certain target businesses. Any of the foregoing may place the Companies at a competitive disadvantage in successfully negotiating an acquisition.

*Portfolio Company Competition Risks.* The Companies expect that their Portfolio Companies will compete with other companies in their respective businesses. The Companies expect to focus on industries that are

rapidly evolving and may become more competitive. While the Companies believe acquisitions in these areas offer the opportunity for current yield through strong cash flows that may increase over time, such acquisitions also involve a high degree of risk. As is typical in rapidly evolving industries, demand and market acceptance for new products and services are subject to a high degree of uncertainty. In addition, while many companies in these sectors have grown or have the potential to grow, there is no guarantee of the same in the future. Portfolio Companies may have histories of net losses and may continue to have net losses for years after acquisition by a Company. There can be no assurance that the Companies will be able to make acquisitions on attractive terms or operate Operating Companies profitably. To the extent the Companies consummate acquisitions, they may be affected by numerous risks inherent in the businesses acquired. For example, if the Companies purchase a financially unstable business or an entity lacking an established record of sales or earnings, the Companies will be affected by the risks inherent in the business and operations of a financially unstable or a development stage entity. Although GPB endeavors to evaluate the risks inherent in a particular target business, the Companies cannot assure Investors that GPB will properly ascertain or assess all of the significant risk factors or that the Companies will have adequate time to complete due diligence. Furthermore, some of these risks may be outside of the Companies' control and leave the Companies with no ability to control or reduce the chances that those risks will adversely impact a Portfolio Company.

*No Assurance of Confidentiality.* As part of the subscription process and otherwise in their capacity as limited partners, Investors will provide significant amounts of information about themselves to GPB and/or the relevant general partner and Company. Under the terms of the governing documents of each Company as well as applicable laws, such information may be made available to other limited partners, third parties that have dealings with the Companies and governmental authorities (including by means of securities law-required information statements that are open to public inspection). Investors that are highly sensitive to such issues should consider taking steps to mitigate the impact upon them of such disclosures (such as by investing in the Companies through an intermediary entity). GPB will endeavor to take all reasonable steps under the law and within its obligations described herein to maintain confidentiality.

*Litigation Risks.* The Companies and Portfolio Companies will be subject to a variety of litigation risks. Under most circumstances, the Companies will indemnify GPB, its principals and representatives for any costs they may incur in connection with such disputes. The officers, directors and representatives of the Portfolio Companies (which will include Company personnel or persons affiliated with GPB) will be similarly indemnified by such entities. Beyond direct costs, such disputes may adversely affect the Companies or their Portfolio Companies in a variety of ways, including by distracting GPB and / or the officers, directors and representatives of such entities and harming relationships between such entities and the Portfolio Companies as well as active or potential Investors, other potential sources of capital, and other entities important to the success of the Portfolio Companies. In connection with the disposition of a Portfolio Company, the Companies may be required to make representations about the business and financial affairs of the Portfolio Company typical of those made in connection with the sale of any business, and may be responsible for the content of disclosure documents under applicable securities laws. These arrangements may result in the contingent liabilities, for which GPB may establish reserves and escrows. In that regard, distributions may be delayed or withheld until such reserve is no longer needed or the escrow period expires. Such liabilities might ultimately have to be funded by Investors to the extent that the Investors have received prior distributions from the Companies.

*Limited Access to Information.* Although GPB generally provides access to material and substantive information concerning the Companies, the rights of Investors to information regarding the Companies and the Companies' Portfolio Companies will be limited—even if the Interests are registered under the Securities Exchange Act of 1934 (the “1934 Act”) and the Companies publicly report thereunder. In particular, GPB will likely obtain certain types of material information that will not be disclosed to Investors. For example, GPB may obtain information regarding Portfolio Companies that is material to

determining the value of such assets. Such information may be withheld from Investors in order to comply with duties or otherwise to protect the interests of other parties or the relevant Company.

Decisions by GPB to withhold information may have adverse consequences for Investors in a variety of circumstances. For example, an Investor that seeks to sell its Interest in a Company may have difficulty in determining an appropriate price for such Interest. Even though the Company has been structured to align the interests of GPB and LPs, decisions to withhold information may also make it difficult for Investors to subject GPB to rigorous oversight.

*Exculpation & Indemnification.* Each Company's governing documents contain provisions that relieve the general partner, GPB, the tax matters partner or partnership representative, their respective affiliates and employees and other related persons, members of the Acquisition Committee (as defined below) and the relevant Company's advisory committee (collectively, the "Indemnified Persons") of liability for certain improper acts or omissions. For example, the Indemnified Persons will not be liable to Investors or the relevant Company for acts or omissions that constitute ordinary negligence. Under certain circumstances, the Companies may indemnify the Indemnified Persons against liability to third parties resulting from such improper acts or omissions.

Furthermore, each general partner entity and GPB are structured as a limited liability company, and the owners of each of the general partner entities and GPB generally will not be personally liable for each such entity's debts and obligations. In consequence, Investors will generally have no recourse to the personal assets of the owners of any general partner entity or GPB even if either entity breaches a duty to Investor or to the relevant Company.

*Side Letters.* Subject to the terms of the Companies' governing documents, the Companies may enter into agreements ("Side Letters") with certain prospective or existing Investors whereby such Investors may be subject to terms and conditions (whether economic, procedural or otherwise) that are more advantageous or otherwise different than those set forth in each set of Offering Documents. For example (and without limitation), such agreements may provide for waiver of minimum capital commitments (if any), special rights to additional information about the relevant Company (including portfolio information), redemption rights, modification of the Managerial Assistance Fee, Selling Fee, Servicing Fee, Acquisition Fee, Organizational Expenses, or other expenses borne by such Investors, priority co-investment participation rights, consent rights with respect to certain amendments to documents that govern such Investors' rights and obligations and those of the relevant Company, the right to transfer an Investor's Interest, the ability to invest in different classes or sub-classes of Interests, the right to disclose certain information to underlying investors or to the public, structuring rights with respect to certain types of investments, indemnification and other obligations under the relevant Company's governing documents, and reduced or rebated Partnership Expenses. Such modifications are made solely at the discretion of the relevant general partner and may, among other things, be based on an Investor's actual or anticipated level of involvement in the GPB's investment and other activities or the size of an Investor's commitment in the relevant Company. Such arrangements will generally not be disclosed to some or all other Investors unless otherwise determined by the relevant general partner. The other Investors will have no recourse against the relevant Company, the relevant general partner, GPB or their respective affiliates in the event that certain Investors receive additional or different rights or terms pursuant to such side letters. In addition, the Companies may issue an unlimited amount of Interests and classes of Interests without notice to any Investor, as the relevant general partner may from time-to-time create and issue, with such rights, designations and obligations as the relevant general partner may specify.

*General Acquisition Risks.* The Companies' success depends on GPB's ability to implement its acquisition and operational strategy for the Companies. Any factor that would make it more difficult to execute timely acquisitions, such as a significant reduction of liquidity in a particular market, or any factor that negatively affects the operational profitability of the Portfolio Companies, may also be detrimental to profitability. No

assurance can be given that the Companies' strategies will be successful under all or any market conditions.

*No Assurance of Distributions.* The process of identifying, screening and successfully acquiring and operating private companies is difficult and risky. GPB can provide no assurances that the Companies will be able to generate operating cash flow sufficient to continue to make distributions to Investors. Thus, there is no guarantee that the Companies will pay any particular amount of distributions, if at all. To the extent that any of the Companies do pay regular distributions to Investors, GPB may unilaterally determine to reduce the size of, or terminate the payment altogether of, any future distributions by any one or more of the Companies. Any distributions can be paid out of any available working capital, which includes Investor's invested capital in the Company. Amounts that the Companies distribute to Investors have in the past accordingly included, and may in the future accordingly include, invested capital and have not been, and may not in the future be, entirely comprised of income generated by the Portfolio Companies. Such a reduction of available working capital reduces the amount of working capital available to acquire and operate Portfolio Companies and make other permitted acquisitions and investments and may also negatively impact the value of Investors' investments in the Company, especially when a substantial portion of a Company's distributions are paid from Investors' invested capital.

There can be no assurance that the Companies will be able to generate sufficient returns to pay their operating expenses and make satisfactory distributions to their Investors from income generated by the Portfolio Companies, or any distributions at all. The Companies' results from operations and their ability to make or sustain distributions to Investors depend on several factors, including the availability of opportunities to acquire attractive assets, the level and volatility of interest rates, the availability of adequate short- and long-term financing, the financial markets and economic conditions. Therefore, Investors may not receive satisfactory distributions on their investment, and may not receive any distributions at all.

*Risks Associated with Portfolio Companies.* Identifying and participating in attractive acquisition opportunities and assisting in the building of successful enterprises are difficult tasks. There is no assurance that the Companies or any particular Portfolio Company will be profitable and there is a substantial risk that any particular Portfolio Company's losses and expenses will exceed their income and gains. Any return on investment to the Investors will depend upon the Companies' successful acquisition and the Companies' ability to generate cash flows from the operation of the Portfolio Companies. There generally will be little or no publicly-available information regarding the status and prospects of the Portfolio Companies. Many acquisition decisions by GPB will be dependent upon its ability to obtain relevant information, and GPB often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The value of each Portfolio Company will depend upon many factors beyond the Companies' control. Portfolio Companies may have substantial variations in results from period to period; face intense competition, and experience failures or substantial declines in value at any stage. Portfolio Companies may need substantial additional equity or debt capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms, or may not be available at all. The Companies' capital is limited and may not be adequate to protect the Companies from dilution in multiple rounds of financing in connection with acquisition or operation of Portfolio Companies.

*Acquisition Strategy Risks.* Like any strategy, there are risks associated with the Companies' target sectors. Thus, there is a need to constantly evaluate such risks and develop clear strategies that measure and manage these risks. There are risks that operators who may not be able to run the business both from a personal and business point of view. The aggregation model poses litigation risk. Litigation costs are substantial and could potentially impact a Portfolio Company. There is also a cultural integration risk. In the services business, people are critical to success. Cultural integration issues could pose risks to the overall consolidated company.

*Failure of a Portfolio Company.* Portfolio Companies may fail. Some Companies expect to focus on the

acquisition and operation of Portfolio Companies in the automotive retail, managed IT services, and other sectors, and it is possible that those segments could suffer more so than other segments. There are no legal requirements as to concentration or diversification imposed on the Companies with respect to the allocation of assets among those or other sectors, such as are imposed on registered investment companies. No assurance can be given that the failure of one or more Portfolio Companies will not have a material adverse effect on the Companies.

*Lack of Publicly Available Information Regarding Acquisitions.* The interests in the Portfolio Companies will not be offered under registration statements under the 1933 Act. In addition, Portfolio Companies will not be subject to the periodic information and reporting provisions of the 1934 Act. Accordingly, publicly-available information about Portfolio Companies may be limited. The Companies will be required to rely on the ability of GPB to obtain adequate information to evaluate the potential operational returns from acquiring these companies. If GPB is unable to uncover all material information about Portfolio Companies, it may not make a fully informed acquisition decision, and the Companies may lose some or all capital on such acquisitions.

*Risks Related to Acquiring and Operating Portfolio Companies.* The Companies expect to acquire and operate companies with smaller market capitalizations. Acquisitions of small- and medium-capitalization companies involve significantly greater risks than acquisitions of larger, better-known companies. There is ordinarily a more limited marketplace for the purchase of interests in smaller, private companies, which may make it difficult to source acquisitions. In addition, the relative illiquidity of interests in privately-held companies generally, and the somewhat greater illiquidity of interests in small- and medium-sized privately-held companies, could make it difficult for the Companies to react to negative economic or political developments. Accordingly, Investors should have a long-term investment horizon.

*Illiquid Holdings and Difficulty of Valuation.* The Companies plan to acquire and operate private companies for which no (or only a limited) liquid market exists or that are subject to legal or other restrictions on transfer. While Portfolio Companies will be acquired and operated for the purpose of generating income from operations and will be held indefinitely, the Companies may consider strategic transactions on an opportunistic basis, such as an initial public offering, spin-off of businesses, or sale of a Portfolio Company or a business line. Even if the Companies were required to sell Portfolio Companies, the Companies could be unable to sell assets or to realize what Companies perceive to be their fair value in the event of a sale. In addition, any sale of a Portfolio Company or the Companies' interests therein could take a significant period of time to sell due to market conditions, availability of financing, lack of demand and other conditions. Because there will be no readily available market for the Portfolio Companies, those Portfolio Companies cannot be sold quickly and will be difficult to value. Determination of fair values for such companies involves judgments that are not susceptible to substantiation by auditing procedures. Values assigned to Portfolio Companies may not accurately reflect values that may be actually realized if the Companies seek to dispose of them. Accordingly, Investors should expect to hold their investments in the Companies for the long-term and realize their returns from cash flows from operations.

*Risk Inherent In Portfolio Company Acquisitions.* Acquisitions of private companies involve a high degree of risk, including that private companies:

- may have limited financial resources and may require substantial amounts of financing that may not be available;
- typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on a Portfolio Company and, in turn, on the Companies;
- generally have less predictable operating results, may from time to time be parties to litigation, may

be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position;

- may be particularly susceptible to economic slowdowns or recessions and may be unable to repay their loans or meet other obligations during these periods; and
- often experience unexpected problems in the areas of product development, manufacturing, marketing, financing, and general management, which, in some cases, cannot be adequately solved.

There can be no assurance of the success of such enterprises.

*Follow-on Funding Requirements.* Following the Companies' initial acquisition of a Portfolio Company, the Companies may be required to make additional capital contributions to the Portfolio Company. Such additional contributions may be necessary to protect the Companies' interest in Portfolio Companies that require additional financing to carry out their business plans. There is no assurance that the Companies will make such additional contributions or that they will have the ability to do so. The failure to make additional contributions may impact the Companies' ability to realize a meaningful return and may impact the recovery of the Companies' contribution.

*Financing for Acquisitions.* The Companies cannot ascertain the capital requirements for all of their potential acquisitions. If the net proceeds of an offering prove to be insufficient, either because of the size of the acquisition, the depletion of the available net proceeds in search of a target business, expenses incurred by the Companies or other reasons, the Companies will be required to seek additional financing. Such financing may not be available on acceptable terms, if at all. To the extent that additional financing proves to be unavailable when needed to consummate a particular acquisition, the Companies would be compelled to either restructure the transaction or abandon that particular acquisition and seek an alternative target business candidate. In addition, if the Companies consummate an acquisition, they may require additional financing to fund the operations or growth of the target business. The failure to secure additional financing could have a material adverse effect on the continued development or growth of the Portfolio Companies. GPB and its affiliates are not required to provide any financing in connection with or after an acquisition. If a Portfolio Company is unable to generate sufficient cash flow to meet its obligations, including any debt service obligations for financing, the Portfolio Company may default under its loan obligations, be required to sell assets, obtain additional financing, or alternatively, liquidate, which could have a material adverse effect on the Companies' revenue, asset value and ability to pay distributions. If the Companies guarantee any such indebtedness, the Companies could be required to sell assets or obtain additional financing to repay any guaranteed amounts, which could have a material adverse effect on the Companies' revenue, asset value and ability to pay distributions.

*Regulation under the Investment Company Act of 1940.* The Companies intend to conduct their operations so that they will either (i) qualify for an applicable exemption from registration as an investment company, or (ii) not meet the definition of an "investment company" under the Investment Company Act of 1940, as amended (the "1940 Act") and are not required to register under the 1940 Act. Section 3(a)(1)(A) of the 1940 Act defines an investment company as any issuer that is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the 1940 Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer's total assets, exclusive of government securities and cash items on an unconsolidated basis (the "40% test"). Excluded from the term "investment securities," among other things, are securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the 1940 Act. The 1940 Act defines a majority-owned subsidiary of a person as a company 50% or more of the outstanding voting securities of which are owned by such person, or by another company which is a majority-owned subsidiary of such person.

If the threshold in the 40% test is exceeded, an issuer still would not be considered an “investment company” in reliance on Rule 3a-1 (the “45% test”), if generally no more than 45% of the value of its total assets, exclusive of government securities and cash items (determined on an unconsolidated basis, except with that of any 95% or more owned subsidiaries), consists of, and no more than 45% of its net income after tax for the last four fiscal quarters combined (determined on an unconsolidated basis, except with that of any 95% or more owned subsidiaries) is derived from, securities other than government securities and securities of certain majority-owned subsidiaries and primarily controlled companies. Generally, a company is considered to be controlled primarily if the issuer has the power to exercise a controlling influence over the management or policies of a company and the degree of the issuer's control is greater than that of any other person.

The Companies intend to conduct their operations so that a sufficient portion of their acquisitions are either majority-owned subsidiaries and/or companies that the Companies primarily control (for purposes of the 45% test), so that the Companies exceed the threshold in the 40% test or the Companies qualify to rely on the 45% test. The determination as to whether the Companies are not investment companies by virtue of Section 3(a)(1)(C) these tests depends on a factual analysis of the Companies’ holdings themselves, whether the Companies’ holdings qualify as majority-owned and, for purposes of the 45% test, whether the Companies control primarily various entities. There is only limited authority interpreting the treatment of entities as either majority owned or controlled primarily. The Companies have not asked the SEC staff for concurrence of this analysis and it is possible that the SEC or its staff could disagree with any of these determinations. If the SEC staff were to disagree with any of the Companies’ determinations, including our treatment of one or more of the companies held as majority-owned subsidiaries or primarily controlled by a Company, the Companies may need to adjust their strategy and assets. Any such adjustment in the Companies’ strategy could have a material adverse effect on the Companies.

It is possible that a new Company may not immediately qualify under either the 40% test or the 45% test. In such case, the Company would intend to rely on either (i) another applicable exemption from registration under the 1940 Act or (ii) Rule 3a-2 under the 1940 Act, which allows a company that otherwise would be an investment company (as a so-called “transient investment company”) a grace period of one year from the date of classification, to avoid registration under the 1940 Act so long as, among other things, it does not intend to engage primarily in the business of investing, reinvesting, owning, holding or trading in securities. The Company would then intend to acquire assets in the future so that it would meet the requirements of the 40% test or the 45% test upon or prior to the expiration of the “transient investment company” grace period.

Even if the Companies meet the 40% test or the 45% test, a Company could be deemed to be an “investment company” under the 1940 Act if that Company is considered to be a “special situation investment company.” The SEC has stated that an issuer is a special situation investment company if it secures control of other companies for the primary purpose of making a profit in the sale of the controlled company’s securities. GPB believes that the Companies would not be treated as special situation investment companies, because the Companies are acquiring controlling interests in companies to hold for the long-term and the primary purpose of such acquisitions is to generate operating cash flow and not to make a profit from the sale of the Companies’ interests in Portfolio Companies. There is only limited authority on what constitutes a special situation investment company and there can be no assurance that the SEC or its staff would agree with this determination.

Each Company’s intention to not operate as an investment company will limit its operations in certain ways. For example, since the Companies are not investment companies, they may determine to not acquire or dispose of an asset that they would acquire or dispose if they were investment companies, or the Companies may make an acquisition or disposition at a different time, under different circumstances, or in a different manner than would an investment company. If a court or the SEC or its staff provides additional precedent



or guidance bearing upon a Company's activities and intention to not operate as investment companies, the Company may be required to adjust its business strategy accordingly. Any additional legal precedent, including guidance from the SEC or its staff, could provide additional flexibility to the Companies, or it could further inhibit their ability to pursue the business strategies they have chosen.

Any regulatory or other developments could subject a Company to regulation as an investment company and could require that Company to restructure its business operations, sell certain assets or abstain from the purchase of certain assets, which could have an adverse effect on the Company's financial condition and results of operations.

Registration under the 1940 Act would require a Company to comply with a variety of substantive requirements that impose, among other things, limitations on capital structure, restrictions on specified investments, restrictions on borrowings and other leverage and prohibitions on transactions with affiliates.

If the SEC or a court of competent jurisdiction were to find that the a Company is required to have, but in violation of the 1940 Act had failed to, register as an investment company, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a U.S. district court to enjoin the violation; (ii) the Company could be subject to lawsuits to recover any damages caused by the violation; and (iii) any contract to which the Company is a party that is made in, or whose performance involves, a violation of the 1940 Act would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the 1940 Act. Should a Company be subjected to any or all of the foregoing, its business would be materially and adversely affected.

*1934 Act Reporting Requirements.* If any class of Interests becomes beneficially owned by 2,000 or more persons for purposes of the 1934 Act, we would become subject to the information and reporting requirements of the 1934 Act. Such reporting obligations would entail significant administrative burdens, including legal and accounting costs that could negatively impact the Companies' operations and returns to Investors. While Investors would be provided more comprehensive publicly-reported financial and other information about the relevant Company if one or more classes of Interests of such Company are registered under the 1934 Act, such registration would divert cash and managerial resources from the relevant Company's operations and would therefore reduce returns to Investors. Two GPB-sponsored offerings will become subject to the registration and reporting requirements under the 1934 Act in 2018.

*Regulation under the USA PATRIOT Act.* The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 ("USA PATRIOT Act") was enacted in reaction to the terrorist attacks on the World Trade Center and the Pentagon. Title III of the USA PATRIOT Act, referred to as the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001 ("IMLA"), imposes obligations on financial service entities, including companies like the Companies, under anti-money laundering ("AML") provisions. The Treasury Department adopted rules under the USA PATRIOT Act implementing the AML provisions. Many entities are required, under the Treasury rules, to implement procedures designed to detect and report suspicious activities that identify transactions that may involve illegal activity. If it is determined that we are required to comply with the AML provisions, we will be required to implement procedures and make reports when necessary. Penalties for not implementing and maintaining effective AML compliance programs could result in prosecution, regulatory enforcement action and adverse publicity for both the Companies and GPB.

*Other Regulatory Burdens.* GPB, the Companies and the Companies' Portfolio Companies are subject to laws and regulations enacted by national, regional and local governments. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes could have a material adverse effect on the Companies' business, acquisitions and results of operations. In addition, a

failure to comply with applicable laws or regulations, as interpreted and applied, could have a material adverse effect on the Companies' business and results of operations. In addition, we expect that the Patient Protection and Affordable Care Act will increase any annual employee health care costs that the Companies or the Companies' Portfolio Companies fund, and significantly increase the cost of compliance and compliance risk related to offering health care benefits.

*Systems Risks.* The Companies depend on GPB to develop and implement appropriate systems for their activities. The ability of the Companies' systems to accommodate increasing volume could also constrain the Companies' ability to manage their portfolios. In addition, certain of GPB's operations may interface with or depend on systems operated by third parties, and there may be inadequate means to verify the risks or reliability of such third party systems. These programs or systems may be subject to certain defects, failures or interruptions, including those caused by worms, viruses and power failures. Any such defect or failure could have a material adverse effect on the Companies. Although GPB endeavors to provide sufficient redundancy and back-up for material information related to the Companies, GPB is not liable to the Companies for losses caused by systems failures.

*Inadequate Capital.* The Companies intend to acquire companies and operate them for the long-term. Operating cash flow, if any, generated from acquisitions may not be sufficient to cover operating expenses. If for any reason a Company's operating reserves are insufficient to fund expenses of the Fund or of its Portfolio Companies, the Company or such Portfolio Companies may seek debt financing, which would accrue interest and would be payable prior to any distributions to equity holders. Such sources or other sources of funding may not be available or may not be available under terms that are acceptable. Any additional financing could ultimately dilute an Investor's interest in a Company.

*Changes in Environment.* The Companies' acquisition and operational program is intended to extend over an indefinite period of time during which the business, economic, political, regulatory, and technology environment within which the Companies will operate Portfolio Companies may undergo substantial changes, some of which may be adverse to the Companies. GPB, on the Companies' behalf, will have the exclusive right and authority to determine the manner in which the Companies respond to such changes, and Investors generally will have no right to withdraw from the Companies or to demand specific modifications to the Companies' operations in consequence thereof.

*Leverage.* The Companies' acquisitions, directly or indirectly, may be leveraged acquisitions. Utilization of leverage is a speculative technique and involves risks to Investors. While leverage may enhance total returns to Investors, if operating cash flows fail to cover borrowing costs, then returns to Investors will be lower than if there had been no borrowings. To the extent the Companies utilize leverage in an acquisition, the acquisition will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such acquisition. In the event of a Company's dissolution, lenders and holders of its debt securities would receive a distribution of its available assets before distributions to Investors in the Company. Any new units of limited partnership interest may have a preference over the older interests with respect to distributions and upon dissolution, which could further limit the Company's ability to make distributions to Investors. Because a Company's decision to incur debt and issue shares in any future offerings will depend on market conditions and other factors beyond the Company's control, the Company cannot predict or estimate the amount, timing or nature of future offerings or the Company's future debt and equity financings. Further, market conditions could require the Company to accept less favorable terms for the issuance of its securities in the future, including issuing limited partnership interests at a discount to market value. Accordingly, Investors will bear the risk of future offerings reducing the value of their interests, diluting their interest in the Company.

*Undisclosed Acquisition and Operation Strategy.* Acquisition and operations strategies and techniques employed to attempt to reach the Companies' goals are proprietary and may not be disclosed to potential Investors (or to Investors). As a result, a potential Investor's decision to invest in a Company must be made

without the benefit of being able to review and analyze the Company's strategies and techniques in their entirety.

*Preference of Certain Fees Regardless of Profitability.* Certain entities and persons referenced in the Offering Documents are entitled to receive the various fees described herein regardless of whether the Companies or any Portfolio Companies operate at a profit. To the extent that Portfolio Companies are not generating sufficient revenue to pay the fees, the Companies may have to pay these fees out of other available cash, thus further reducing the amount of cash available for distribution to Investors or to pay other expenses. Similarly, Portfolio Companies may be required to pay certain fees or revenue to GPB and/or its respective affiliates, officers, directors, employees, agents and equity-holders, including AAS and Ascendant Capital (collectively, the "Related Parties") for services outlined in this Brochure whether or not the Portfolio Companies are operating at a profit.

*Risks of Senior Debt.* Making senior secured loans to private North American companies, including middle-market companies, may be risky. There is a risk that any collateral pledged by Portfolio Companies in which the Companies have taken a security interest may decrease in value over time or lose its entire value, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the Portfolio Company to raise additional capital. To the extent a Company's debt is collateralized by the securities of a Portfolio Company's subsidiaries, such securities may lose some or all of their value in the event of the bankruptcy or insolvency. Also, in some circumstances, a Company's security interest may be contractually or structurally subordinated to claims of other creditors. In addition, deterioration in a Portfolio Company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the debt. Secured debt that is under-collateralized involves a greater risk of loss. The fact that debt is secured does not guarantee that the Company will receive principal and interest payments according to the debt's terms, or at all, or that the Company will be able to collect on the debt should the Company be forced to enforce its remedies.

*Other Senior Debt of Portfolio Companies.* Portfolio Companies may have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt in which the Companies invest. By their terms, such debt instruments may entitle the holders to receive payment of interest or principal on or before the dates on which the Companies are entitled to receive payments with respect to the debt instruments in which the Companies invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a Portfolio Company, holders of debt instruments ranking senior to a Company's debt strategies in that Portfolio Company would typically be entitled to receive payment in full before a Company receives any proceeds. After repaying such senior creditors, such Portfolio Company may not have any remaining assets to use for repaying its obligation to the Companies. In the case of debt ranking equally with debt instruments in which the Companies invest, the Companies would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant Portfolio Company.

*Debt Assets Subordinated to Claims of Other Creditors or Lender Liability Claims.* If one of the Portfolio Companies were to go bankrupt, depending on the facts and circumstances, including the extent to which the Companies provided managerial assistance to that Portfolio Company, a bankruptcy court might re-characterize a Company's debt assets and subordinate all or a portion of the Company's claim to that of other creditors. In situations where a bankruptcy carries a high degree of political significance, a Company's legal rights may be subordinated to other creditors. The Companies may also be subject to lender liability claims for actions taken by the Companies with respect to a borrower's business or in instances where the Companies exercise control over the borrower or render significant managerial assistance.

*Control of Portfolio Companies.* While the Companies intend to acquire majority and / or primary control interests in Portfolio Companies, the Companies may not have control to act on all matters without the

consent of other investors in these companies. The Companies also may not control Portfolio Companies for which the Companies act as lender, even though the Companies may have board representation or board observation rights, and the Companies' debt agreements with such Portfolio Companies may contain certain restrictive covenants. As a result, the Companies are subject to the risk that a Portfolio Company in which they acquire an ownership stake may make business decisions with which the Companies disagree and the management of such company, as representatives of the holders of their common equity, may take risks or otherwise act in ways that do not serve the Companies' interests as debt investors. Due to the lack of liquidity, the Companies may not be able to dispose of their interests in certain Portfolio Companies as readily as the Companies would like or at an appropriate valuation. As a result, a Portfolio Company may make decisions that could decrease the value of the Companies' portfolio holdings.

*Risks Associated with Changes in Interest Rates.* To the extent the Companies make loans, the Companies will be subject to financial market risks, including changes in interest rates. General interest rate fluctuations may have a substantial negative impact on the Companies' debt investments and lending opportunities and, accordingly, have a material adverse effect on the Companies' objectives and the return realized by Investors. In addition, an increase in interest rates would make it more expensive to use debt for the Companies' financing needs, if any.

Interest rates have recently been at or near historic lows. In the event of a rising interest rate environment, payments under floating rate debt instruments generally would rise and there may be a significant number of issuers of such floating rate debt instruments that would be unable or unwilling to pay such increased interest costs and may otherwise be unable to repay their loans. Debt investments with a floating rate may also decline in value in response to rising interest rates if the interest rates of such debt investments do not rise as much, or as quickly, as market interest rates in general. Similarly, during periods of rising interest rates, fixed rate debt investments may decline in value because the fixed rates of interest paid thereunder may be below market interest rates.

*Future Economic Recessions or Downturns.* Many of the Companies' potential Portfolio Companies may be susceptible to economic slowdowns or recessions (such as the economic downturn that occurred from 2008 through 2009) and may be unable to repay the Companies' loans during these periods. Therefore, the Companies' non-performing assets are likely to increase, and the value of the Companies' portfolio is likely to decrease, during these periods. Adverse economic conditions may also decrease the value of any collateral securing the Companies' debt investments. A prolonged recession may further decrease the value of such collateral and result in losses of value in the Companies' portfolio and a decrease in revenues, net income and asset value. Unfavorable economic conditions also could increase the Companies' funding costs, limit the Companies' access to the capital markets or result in a decision by lenders not to extend credit to the Companies on terms deemed acceptable by the Companies. These events could prevent the Companies from increasing the number of loans the Companies can make and harm the Companies' operating results. Economic downturns or recessions may also result in a Portfolio Company's failure to satisfy financial or operating covenants imposed by the Companies or other lenders, which could lead to defaults and, potentially, acceleration of the time when the loans are due and foreclosure on its assets representing collateral for its obligations, which could trigger cross defaults under other agreements and jeopardize the Portfolio Company's ability to meet its obligations under the debt that the Companies hold and the value of any equity securities the Companies own. The Companies may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting Portfolio Company.

*Covenant Breaches.* A Portfolio Company's failure to satisfy financial or operating covenants imposed by the Companies or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize a Portfolio Company's ability to meet its obligations under the debt or equity securities that we anticipate holding. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting Portfolio Company.

*Leverage of Portfolio Companies.* Some potential Portfolio Companies may be highly leveraged, which may have adverse consequences to these companies and to a Company as an investor. These companies may be subject to restrictive financial and operating covenants and the leverage may impair these companies' ability to finance their future operations and capital needs. As a result, these companies' flexibility to respond to changing business and economic conditions and to take advantage of business opportunities may be limited. Further, a leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

## Management Risks

*Reliance on Individual Members of GPB & its Affiliates.* The Companies are particularly dependent upon the efforts, experience, contacts and skills of the individual members of GPB, and its acquisition committee, composed of up to six members who are nominated, appointed and removed by GPB (the "Acquisition Committee") and certain of their affiliates and principals. The loss of any such individual could have a material, adverse effect on the Companies, and such loss could occur at any time due to death, disability, resignation or other reasons. In some cases the Companies may insure the lives of principals deemed important to the Companies' success. There can be no assurance that the individual employees and advisors to GPB will continue to be employed by GPB or that such employees and advisors will continue to function on the Companies' behalf. If the services of certain key employees of GPB become unavailable, GPB would need to recruit qualified personnel, which may prove difficult.

*Evaluation of Acquisitions.* Investors will not be permitted to evaluate Portfolio Company opportunities or relevant business, economic, financial or other information that will be used by GPB in making acquisition decisions. Except as specifically provided in the relevant Company's Offering Documents, GPB will have the exclusive right and power to manage each Company's business and affairs.

*Changes in Acquisition Strategies.* GPB has broad discretion to expand, revise or contract a Company's business without the consent of the Investors. A Company's acquisition strategies may be altered, without prior approval by, or notice to, the Investors, if GPB determines that such change is in the Company's best interest.

*Due Diligence.* Even if GPB conducts extensive due diligence on a target business, the Companies cannot assure Investors that this diligence will surface all material issues that may be present inside a particular target business, that it would be possible to uncover all material issues through a customary amount of due diligence, or that factors outside of the target business and outside of the Companies' control will not later arise. As a result of these factors, the Companies may be forced to later write-down or write-off assets, restructure its operations, or incur impairment or other charges that could result in losses. Even if GPB's due diligence successfully identifies certain risks, unexpected risks may arise and previously known risks may materialize in a manner not consistent with preliminary risk analyses. The Companies expect that the investigation of each specific target business and the negotiation, drafting, and execution of relevant agreements, disclosure documents, and other instruments will require substantial management time and attention and substantial costs for accountants, attorneys and others. If a Company decides not to complete a specific acquisition, the costs incurred up to that point for the proposed transaction likely would not be recoverable. Furthermore, if the Companies reach an agreement relating to a specific target business, the Companies may fail to consummate the transaction for any number of reasons including those beyond their control. Any such event will result in a loss to the Companies of the related costs incurred, which could materially adversely affect subsequent attempts to locate and acquire another business.

*Cybersecurity Risk.* GPB, the Companies' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Companies

and their investors, despite the efforts of GPB and the Companies' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Companies and its Investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of GPB, the Companies' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of GPB's systems to disclose sensitive information in order to gain access to GPB's data or that of the Companies' Investors. A successful penetration or circumvention of the security of GPB's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Companies, GPB or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Similar types of operational and technology risks are also present for the companies in which the Companies invest, which could have material adverse consequences for such companies, and may cause the Companies' investments to lose value.

#### Conflicts of Interest.

The Related Parties engage in a broad range of activities in connection with the Companies' activities and acquisitions and may therefore have potential, or actual, conflicts of interest ("Conflicts of Interest") in connection with such activities and acquisitions. In the ordinary course of conducting its activities, the interests of a Company will from time to time conflict with the interests of GPB, the other Companies, or their respective affiliates. Certain of these Conflicts of Interest, as well as a description of how GPB addresses such Conflicts of Interest, can be found below.

*Management Responsibilities.* GPB manages a number of Companies that have investment objectives similar to each other. GPB expects that it, or its personnel, will in the future establish one or more additional companies with investment objectives substantially similar to, or different from, those of the current Companies. Allocation of available investment opportunities between the Companies and any such companies could give rise to Conflicts of Interest. See "Allocation of Investment Opportunities" below. In addition, it is expected that employees of GPB responsible for managing a particular Company will have responsibilities with respect to other Companies managed by GPB, including companies raised in the future or to proprietary investments made by GPB and/or its principals of the type made by a Company. Conflicts of Interest arise in allocating time, services or functions of these officers and employees.

In addition, Related Parties serve as officers, directors, accountants, advisors to or managers of Portfolio Companies or other companies (and receive fees or other compensation at market rates from such Portfolio Companies in connection therewith for services which would have otherwise been outsourced). Such other entities, clients or accounts may have objectives or may implement strategies similar to the Companies'.

GPB typically places certain restrictions on a Company entering into a transaction in which GPB would acquire or sell an asset in which a Related Party has a financial interest. Nevertheless, GPB, its affiliates, and members, officers, principals and employees of GPB and its affiliates may buy or sell securities or other instruments that GPB has recommended to the Companies. Officers, principals and employees of GPB may also buy securities in transactions offered to, but rejected by the Companies. A Conflict of Interest may arise because such investing GPB personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by GPB on behalf of the Company. In such circumstances, the investing GPB personnel will not share or reimburse the relevant Companies and/or GPB for any expenses incurred in connection with the investment opportunity. In addition, officers and employees may also buy securities in other investment vehicles (including private equity funds, hedge funds, real estate funds and

other similar investment vehicles) which may include potential competitors of the Companies. The transactions described above are subject to the policies and procedures set forth in GPB's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Companies. If officers, principals and employees of GPB have made large capital investments in, or alongside, the Companies they will have conflicting interests with respect to these investments.

*Allocation of Investment Opportunities.* The strategies of the Companies from time to time overlap with each other. If a potential Portfolio Company acquisition fits the acquisition objective of more than one Company, the Acquisition Committee will allocate opportunities in good faith and on a basis believed to be fair and equitable, and no Company shall receive preferential treatment over another. In order to ensure all Portfolio Company acquisitions are allocated fairly, the Acquisition Committee will consider the Company's specific circumstances and adhere to GPB's "Allocation Policy."

GPB or its affiliates may organize Other GPB Entities (as defined below) that may wish to acquire interests in companies in the same target sectors the Companies are pursuing, and the Other GPB Entities may wish to joint venture with the Companies. If a potential Portfolio Company acquisition fits a Company's objective and one or more Other GPB Entities, and each have capital available to acquire interests in the Portfolio Company, GPB will allocate the opportunity among the Companies and the Other GPB Entities consistent with its "Allocation Policy," which takes into account various factors, including but not limited to:

- The amount of capital each participant has available, as compared to the total amount of capital each participant anticipates raising;
- The extent to which the potential Portfolio Company deviates from the participants' acquisition objectives; and
- The extent to which the potential acquisition would promote the participants' sector, geographic, brand or other diversification goals.

Should the Acquisition Committee recommend a transaction in which more than one GPB sponsored entities joint venture, GPB will not:

- Disadvantage one GPB sponsored entity over another GPB sponsored entity;
- Pursue the transaction unless each company has the right to participate on the same terms, including the ability of a company to acquire additional interests;
- Recommend one company participate in the joint venture as a method to increase fees from that or another GPB sponsored entity;
- Pursue such transactions as a method to transfer risk from one GPB sponsored entity to another GPB sponsored entity; and
- Bring an additional GPB sponsored entity into the transaction for the purpose of reducing another GPB sponsored entity's transactional costs.

The members and/or partners and principals and affiliates of GPB affiliates may have conflicts of interest in allocating their time and activity between the Companies and other clients, in allocating investments among Companies and other clients, and in effecting transactions for the Companies and other clients, including ones in which a Company may have a greater financial interest.

*Limited Access to Information.* Although GPB generally provides access to material and substantive information concerning the Companies, the rights of Investors to information regarding the Companies and their Portfolio Companies will be limited—even if the interests are registered under the 1934 Act and the Companies publicly report thereunder. In particular, GPB will likely obtain certain types of material information that will not be disclosed to Investors. For example, GPB may obtain information regarding Portfolio Companies that is material to determining the value of such assets. Such information may be withheld from Investors in order to comply with duties or otherwise to protect the interests of other parties or the Companies.

Decisions by GPB to withhold information may have adverse consequences for Investors in a variety of circumstances. For example, an Investor that seeks to sell his / her interests may have difficulty in determining an appropriate price for such interests. Even though the Companies have been structured to align the interests of GPB and the Investors, decisions to withhold information may also make it difficult for Investors to subject GPB to rigorous oversight.

*Inter-Company Loans.* On a going-forward basis, GPB will not engage in the lending or borrowing of capital to or from one or more Other GPB Entities (as defined below) (“Inter-Company Loans”). Historically, the Companies, either alone or along with one or more entities managed by or otherwise affiliated with GPB (“Other GPB Entities”), have engaged in Inter-Company Loan transactions. Although GPB has discontinued this practice, the Offering Documents of certain legacy Companies still permit such Inter-Company Loan transactions in accordance with the parameters set forth in GPB’s Inter-Company Loan Policy, as well as the applicable Company’s Offering Documents (which, among other things, requires the review and approval of an advisory committee (composed of at least three (3) members appointed by GPB, but who must be independent of GPB, a Company and their respective affiliates in a manner proscribed for companies listed on the New York Stock Exchange) and Acquisition Committee for all prospective Inter-Company Loan transactions).

*Inter-Company Dealings and Guarantees.* In connection with seeking financing or refinancing for Portfolio Companies and their assets, it may be the case that better financing terms are available when more than one Portfolio Company or other related entity provides collateral or guarantees the financing, particularly in circumstances where the assets of each Portfolio Company or related entity are similar in nature. As such, rather than seeking such financing or refinancing on their own, Portfolio Companies of the Company, or portfolio companies of other Companies managed by GPB may enter into cross transactions, cross collateralization or cross guarantee arrangements with other Portfolio Companies or portfolio companies of other Companies managed by GPB. While we would expect any such financing arrangements to generally be non-recourse to the Company or the other companies managed by GPB, any such cross collateralization or cross guarantees could result in (i) the Company losing its interest in otherwise performing investments due to poorly performing or non-performing investments of other companies managed by GPB and/or (ii) any Portfolio Company or portfolio company of another company managed by GPB being liable for more than their pro rata share of a particular obligation and therefore being required to contribute amounts in excess of their pro rata share, including additional capital to make up for any shortfall if the relevant other vehicles are unable to repay their pro rata share of such indebtedness or other obligation.

*Affiliation with AAS and Ascendant Capital.* Offers and sales of the interests in the Companies will be sourced through AAS, an affiliate of GPB. As described above, Ascendant Capital, a related party of AAS, provides services to GPB, the Companies and certain Portfolio Companies. AAS and Ascendant Capital directly and indirectly receives reimbursements and other compensation from GPB, the Companies and certain Portfolio Companies for services rendered. David Gentile, GPB’s Founder and Chief Executive Officer, is an indirect minority owner of AAS (but not Ascendant Capital). Mr. Gentile is not actively involved in the day-to-day operations of AAS. AAS is registered with the SEC as a broker-dealer and is a member of FINRA/SIPC, and is authorized to engage in the following activities: (i) offering private placements; (ii) selling limited partnerships in primary distributions; and (iii) acting as a wholesaling broker-dealer, selling interests in various types of direct investment products. AAS may, in the future, seek the approval of the SEC and/or FINRA to engage in additional securities and investment banking activities, and engage in such activities as permitted by the SEC and/or FINRA.

The relationship between GPB, AAS and Ascendant Capital gives rise to Conflicts of Interest between GPB and the Companies, because AAS and Ascendant Capital’s interests and/or the interests of their clients may conflict with the interests of the Companies and their investors. GPB, the Companies and certain Portfolio Companies have paid fees and expenses directly and indirectly to AAS and Ascendant Capital, including



acquisition fees, selling fees, servicing fees, operations expenses, and other fees, costs, expenses and reimbursements. In addition to the foregoing, GPB presently anticipates paying performance allocations to AAS, Ascendant Capital and/or their owners, officers, directors or employees. The fees and expenses paid by the Companies directly and indirectly to AAS and Ascendant Capital are substantial and are often in addition to the managerial assistance fees or any other fees payable by the Companies to GPB. The Companies have no right to share in any compensation received by AAS and Ascendant Capital. As AAS and Ascendant Capital are related parties of GPB, such compensation may not in each case be negotiated at arm's length and from time to time may be in excess of fees, commissions or other compensation that may be charged by an unrelated third party.

Nothing in the Companies' Offering Documents precludes or in any way limits the activities of AAS or Ascendant Capital, including its ability to buy or sell interests in, or providing financing to, portfolio companies of the Companies or competitors of Portfolio Companies, for the Companies account or for the account of others. For example, AAS and/or Ascendant Capital may from time to time perform services for clients who may have interests that conflict with those of Portfolio Companies or the Companies. AAS and Ascendant Capital's activities are each carried out generally without reference to securities held directly or indirectly by the Companies, even though such activities may have an effect on the value of the securities so held.

AAS may from time to time also act as placement agent in respect of investment funds or companies that are sponsored and managed by third party investment managers, including funds or companies that may compete with the Companies. In providing such services to, or with respect to, a competitor fund or company, AAS may not take into consideration all of the interests of the Companies.

In addition, AAS and Ascendant Capital may from time to time collect fees from a company in which the Companies have an interest, and such fees will not benefit Investors in such Company. GPB has an incentive to seek to influence the decision by a portfolio company's management to retain AAS and/or Ascendant Capital, or to otherwise transact with AAS and/or Ascendant Capital, instead of, with respect to AAS, other unaffiliated broker-dealers or, with respect to both AAS and Ascendant Capital, other service providers or counterparties that may be more appropriate or offer better terms. GPB may also have an incentive to structure certain transactions, including co-investment opportunities, so that they require the use of a broker-dealer.

*Conflicts Related to Purchases and Sales.* Conflicts may arise when a Company makes investments in conjunction with an investment being made by other Companies or in a transaction where another Company has already made an investment. Investment opportunities are, from time to time, appropriate for Companies at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. Questions arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring will raise Conflicts of Interest, particularly in Funds that have invested in different securities within the same portfolio company. Certain clients of GPB and its affiliates may invest in debt and securities of companies in which other clients hold securities, including equity securities. In the event that such investments are made by a Company, the interests of such Company will at times conflict with the interest of such other Company, particularly in circumstances where the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Companies will be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Companies may or may not provide such additional capital,

and if provided each Company will supply such additional capital in such amounts, if any, as determined by GPB. In addition, a conflict will arise in allocating an investment opportunity if the potential investment target could be acquired by either a Company or a portfolio company of another Company. Investments by more than one client of GPB in a portfolio company will also raise the risk of using assets of a client of GPB to support positions taken by other clients of GPB. Employees and related persons of GPB and its affiliates have made, or may make, capital investments in, or alongside, certain Companies, and therefore often have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Company participating in a transaction would be equal to and not less than another Company participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

A Company may, from time to time invest in opportunities that other Companies have declined, and likewise, a Company may, from time to time decline to invest in opportunities in which other Companies have invested. A Conflict of Interest arises because one Company will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by GPB on behalf of the original Company considering the investment. In such circumstances, the benefitting Company or Companies will not be required to reimburse the original Company for expenses incurred in connection with researching such investment.

*Principal Transactions.* Section 206 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a “principal transaction”), then the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent to the transaction. In connection with GPB’s management of the Companies, GPB and its affiliates may engage in principal transactions. GPB has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Companies regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the Offering Documents of the Companies generally contain additional restrictions on the ability of the Companies or GPB to engage in principal transactions.

*Group Purchasing.* A Company’s Portfolio Companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Companies managed by GPB or its affiliates that, although GPB determines to be consistent with the requirements of such Companies’ Offering Documents, may not have otherwise been entered into but for the affiliation with GPB, and which may involve fees and/or servicing payments to affiliates of GPB. For example, GPB has in the past and may in the future cause Portfolio Companies to enter into agreements regarding group procurement (which may depend on the volume of services purchased under these agreements and which may be pooled across multiple portfolio companies and discounted due to scale), benefits management, data management and/or mining, technology development, purchase or title and/or other insurance policy (which may be pooled across multiple portfolio companies and discounted to scale) and other similar operational initiatives that may result in fees, better pricing, rebates, commissions or similar payments and/or discounts being paid to GPB, its affiliates or a Portfolio Company, including related to a portion of the savings achieved by the Portfolio Company. While GPB may have a Conflict of Interest because its economic benefit may incentivize GPB to maintain such arrangements, GPB believes that such agreements benefit the Portfolio Companies due to increased access to quality products and services at beneficial pricing and GPB’s benefits from such arrangements are reduced because GPB only benefits on at the same rate as the Portfolio Companies. However, it should not be assumed that a Company related to, or otherwise affiliated with GPB will only take actions that are beneficial to, or not opposed to, the interests of a Company and its Portfolio Companies.

## U.S. Tax Risks

*General.* The Companies generally expect to be treated as partnerships for U.S. federal income tax purposes. Each Investor, in determining its U.S. federal income tax liability, will take into account its allocable share of the Company's income, gain, loss, deduction and credits, without regard to whether it has received distributions from the Company. Potential Investors are urged to review the relevant Company's Offering Documents. The tax consequences to Investors are complex. Accordingly, each prospective Investor is advised to consult its own tax counsel as to the specific tax consequences of an investment in a Company.

*Unrelated Business Taxable Income.* The Companies anticipate that they may incur income that would be treated as unrelated business taxable income ("UBTI") under Sections 512 and 514 of the Internal Revenue Code of 1986, as amended (the "IRC"). Accordingly, prospective Investors that are tax exempt entities, including qualified retirement plans (stock, bonus, pension, or profit sharing plans described in IRC §401(a)) and individual retirement accounts ("IRAs"), are urged to consult their tax advisors concerning the U.S. Federal, state and local income and other tax consequences that may result from an investment in the Companies.

***The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Companies. Prospective Investors should read the relevant Company's Offering Documents and consult with their own advisers before deciding whether to invest in the Companies. In addition, as each Company's investment program develops and changes over time, an investment in a Company may be subject to additional and different risks.***

#### **Item 9: Disciplinary Information**

To date, there have been no legal or disciplinary events in which GPB or any of its supervised persons have been involved that are material to an Investor's or a prospective Investor's evaluation of GPB's business or management.

#### **Item 10: Other Financial Industry Activities and Affiliations**

GPB personnel provide services to the Companies and to the Portfolio Companies. The Related Parties are also not precluded from conducting activities unrelated to the Companies. GPB employees, officers and directors may, and expect to, receive fees or other compensation from third parties in connection with acquisition activities and such fees and compensation shall be for the benefit of their own account and not for the Companies. GPB believes that these other activities will not materially interfere with its and the Related Parties responsibilities to the Companies.

GPB will generally select service providers by collecting multiple bids for services and using reasonable diligence by taking into account factors such as expertise, availability and quality of service and the competitiveness of compensation rates in comparison with other service providers satisfying GPB's service provider selection criteria. GPB will generally determine the compensation of such providers without review by or consent of the Investors, an advisory committee or other independent parties. The Companies, regardless of their relationship to the person performing the services, will bear the fees, costs and expenses related to such services. This could create a Conflict of Interest for the Companies. In certain circumstances, advisors and service providers, or their affiliates, may charge different rates or have different arrangements for services provided to GPB or its affiliates as compared to services provided to the Companies and Portfolio Companies, which may result in more favorable rates or arrangements than those payable by a Company or such Portfolio Company. Mr. Gentile is a member of the board of directors of Alphaserve Technologies, an IT services company. To the extent Alphaserve Technologies perform services to the Companies and GPB, such services shall be rendered to the Companies on terms that are equal to or better than those that apply for GPB. Similarly, Mr. Gentile served as a member of Gentile, Pismeny & Brengel LLP ("GP&B") until December 31, 2014 and continues to receive a fixed payment for the next several

years pursuant to a buy-out agreement between Mr. Gentile and GP&B. From time to time, GP&B may provide certain accounting and related services to GPB, certain Portfolio Companies, and the Companies pursuant to arms-length terms. However, this potential Conflict of Interest is mitigated and controlled (1) due to the fixed, limited and reasonable nature of Mr. Gentile's payments and (2) because Mr. Gentile is no longer a member and is no longer involved in the day-to-day affairs of GP&B. In addition, certain employees of GP&B may share office space with certain employees of GPB and as such will be subject to certain policies and procedures of GPB.

AAS, an affiliate of GPB, is registered as a broker-dealer with the SEC and is a member of FINRA. AAS is also registered as a broker-dealer in several states. AAS served as placement agent with respect to the offering of interests in the Companies, and may in the future serve as placement agent for the offering of interests in other Companies that may be organized in the future to be managed by GPB. See Item 8 above for a discussion of the Conflicts of Interest involved in AAS's affiliation with GPB.

Certain of GPB's management persons or employees of GPB's affiliates are, or may become, registered representatives and/or principals of AAS and, when such person(s) engages in securities-related transactional activities, will be subject to AAS's policies and procedures, in addition to GPB's policies and procedures.

#### **Item 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading**

##### **A. Code of Ethics**

GPB has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of GPB's supervised persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by GPB's Chief Compliance Officer, and/or her designee. GPB will send clients or Investors a copy of its Code upon written request. To receive a copy of the Code, please contact Michael Cohn at 646-863-1867 or [mcohn@gpb-cap.com](mailto:mcohn@gpb-cap.com).

GPB has policies and procedures in place to ensure that the interests of the Companies are given preference over those of GPB, its affiliates, and its employees. In addition, there are policies in place to prevent the misappropriation of material nonpublic information, and such other policies and procedures reasonably designed to comply with federal securities laws.

- B. Investment Recommendations Involving a Material Financial Interest** See Items 8 and 10 above.
- C. Purchase of Same Securities Recommended to Clients**

Unless otherwise restricted by a Company's Offering Documents, GPB, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it are typically not prohibited from purchasing or having any direct or indirect interest in the same assets as are purchased for Companies provided such purchase or interest is in accordance with the Code. The personal asset or securities transactions by advisory representatives and employees may raise potential Conflicts of Interest when they acquire an interest in a Portfolio Company that is:

- Owned by the Company, or
- Considered for purchase or sale for the Company.

GPB has adopted the following policies and procedures that are intended to address these Conflicts of Interest:

- Requiring GPB's employees to act in the client's best interest.
- Requiring GPB's employees to disclose any direct or indirect interest in a Portfolio Company considered for purchase in one or more affiliate Companies.

- Requiring GPB's employees to follow GPB's policies and procedures.

## **Item 12: Brokerage Practices**

The Companies rarely acquire securities for which execution services need to be provided by a broker-dealer. In the event that a Company acquires such securities, GPB would select the broker-dealer consistent with its duty to achieve best execution for the Companies. Broker-dealers, to the extent required for any of the Companies' transactions, will be selected on a case-by-case basis relying on a number of factors. Such factors may include: reputation, client relationships, net price, financial strength and stability, efficiency of execution, and error resolution.

While it is not part of their primary business to engage in the purchase or sale of publicly traded securities, GPB and its affiliates may aggregate (or bunch) the orders of more than one Company for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions may enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. GPB and its affiliates may combine orders on behalf of the Companies with orders for other Companies for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, GPB, and its affiliates, generally aggregate trade orders for publicly traded securities so that each participating Company will receive the average price for each execution of a transaction.

If an order for more than one Company for a publicly traded security cannot be fully executed, allocation shall be made based upon GPB's procedures for the allocation of investment opportunities.

Currently, GPB has no soft dollar arrangements in place. To the extent GPB enters into any soft dollar arrangements in which it will receive research or brokerage services from a broker-dealer and/or third party, GPB will limit the use of "soft dollars" to obtain services that constitute research and brokerage within the meaning of Section 28(e) of the 1934 Act.

## **Item 13: Review of Accounts**

GPB personnel and the Acquisition Committee manage and monitor the Companies' accounts. Mr. Gentile and the Acquisition Committee members are also responsible for ensuring that any significant change in a Company's strategy or in the concentration of a Company's assets is appropriate for the Company.

In addition to the on-going monitoring of each Company's respective portfolio, GPB may perform periodic reviews of each Company's respective portfolio to determine, among other things, if there have been material changes in a Company's objectives or a material change in how GPB formulates its acquisitions and operational advice.

Each Company will deliver to each Investor, as soon as practicable (generally within 120 days) following the end of each fiscal year (i) financial statements for such fiscal year prepared on a GAAP basis and audited by a Public Company Accounting Oversight Board-registered firm, and (ii) all necessary tax reporting information to satisfy reporting obligations under the Internal Revenue Code of 1986, with respect to any acquisitions the Companies make in any entities organized or formed in jurisdictions outside the United States. Within a commercially reasonable time after the end of each fiscal quarter, GPB will deliver to each Investor an unaudited summary investment report for such quarter.

## **Item 14: Client Referrals and Other Compensation**

For details regarding economic benefits provided to GPB and/or its affiliates by persons other than the Companies, including a description of related material Conflicts of Interest, please see Items 8 and 10

above. In addition, GPB and its related persons will, in certain instances, receive discounts on products and services provided by Portfolio Companies of Companies and/or the customers or suppliers of such Portfolio Companies, subject to the Code's pre-clearance and/or reporting requirements.

Although GPB does not currently have any soft dollar arrangements in place, GPB may receive certain research or other services from broker-dealers, which can be considered an economic benefit. Receiving the aforementioned research and other services may create an incentive for GPB to select or recommend broker-dealers based on GPB's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by GPB on behalf of the Companies.

#### **Item 15: Custody**

Item 15 is not applicable to GPB, because a qualified custodian is not required to send quarterly, or more frequent, account statements directly to the Companies.

#### **Item 16: Investment Discretion**

GPB, either individually or through its affiliates, generally acts as general partner and/or manager for the Companies. As such, it will normally have full discretionary authority to act on behalf of the Companies in all aspects (subject to the direction and control of the general partner of each Company, as applicable), subject to the Company's objectives, restrictions and guidelines in the applicable Offering Documents. Services are provided to the Companies in accordance with the Offering Documents of the applicable Company.

Companies generally have very limited restrictions on the types or number of acquisition and operation strategies they may pursue or the kind or range of products in which they may invest. Investors should review the Offering Documents of the applicable Company to understand the breadth of investments a Company may hold and the extent of any investment restrictions.

#### **Item 17: Voting Client Securities**

Unless provided otherwise in an Offering Documents, GPB will have voting power with respect to a Company's securities, but is it unlikely that a Company would hold any security for which proxies would be solicited. If the situation arises, GPB will monitor for potential Conflicts of Interest between the Companies' interests and its own within the proxy voting process. In keeping with its fiduciary duties, GPB, as general partner and/or manager of the Companies has adopted a Proxy Voting Policy, which sets forth policies and procedures designed to ensure that GPB would vote any client's securities in the best interests of each client. When making proxy voting decisions, GPB may seek advice or assistance from third-party consultants, such as proxy voting services or legal counsel.

Investors may contact Michael Cohn at 646-863-1867 or [mcohn@gpb-cap.com](mailto:mcohn@gpb-cap.com) to find out how GPB has voted any proxies or to obtain a copy of GPB's Proxy Voting Policy.

#### **Item 18: Financial Information**

GPB is not required to provide a balance sheet in response to this Item 18 since it does not require nor solicit prepayment of fees six months or more in advance.

GPB is not aware of any financial condition that is likely to impair its ability to meet its contractual commitments to its clients.

GPB has never been the subject of a bankruptcy petition.