

ITEM 1: COVER PAGE

FORM ADV 2A

**FERRER FREEMAN & COMPANY, LLC
&
PELOTON EQUITY, LLC**

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This brochure provides information about the qualifications and business practices of **Ferrer Freeman & Company, LLC** (“FFC” or the “Adviser”). If you have any questions about this brochure please contact us at 203-532-8011 or email Nicole Sansone at nsansone@ffandco.com

The information presented in this brochure was prepared by **Ferrer Freeman & Company, LLC** which is solely responsible for the content. Neither the Commission nor any State securities regulator has approved or verified the information contained in this brochure, and the mere fact of registration with the Commission in no way implies that the adviser has any particular level of skill or training to carry out its business. For specific questions about particular advisory services or products described in this brochure, you can find additional contact information at this worldwide website: www.ffandco.com and www.pelotonequity.com

Additional information about **Ferrer Freeman & Company, LLC** also is available on the SEC’s website at: www.adviserinfo.sec.gov

March 2019

ITEM 2: STATEMENT OF MATERIAL CHANGES

This section describes the material changes to FFC's Brochure since its last amendment on March 29, 2018.

- Peloton Equity II, L.P. has been formed and added as a Client of Peloton Equity, LLC.

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- **an offer or agreement to provide advisory services to any person;**
- **an offer to sell interests (or a solicitation of an offer to purchase interests) in any FFC Fund;**
- **a complete discussion of the features, risks or conflicts associated with any FFC or Advisory Service;**
- **to be relied on in determining whether to invest or establish an advisory relationship.**

As required by the Advisers Act, the Firm provides this Brochure to current and prospective Clients and may also, in its discretion, provide this Brochure to current or prospective Investors in a FFC Fund, together with other relevant Offering Materials (such as subscription agreements, offering memoranda, operating agreements or advisory contracts), prior to, or in connection with, such persons' establishment or consideration of an investment advisory relationship with FFC or an investment in a FFC Fund. Additionally, this Brochure is available through the Securities and Exchange Commission's ("SEC's") Investment Adviser Public Disclosure website.

Although this publicly available Brochure describes investment advisory services and products of FFC, persons who receive this Brochure (whether or not from the Firm) should be aware that it is designed solely to provide information about FFC as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant Offering Materials. More complete information about each FFC Fund or SPV Fund (as defined herein), as well as FFC's investment advisory services, is included in relevant Offering Materials, certain of which may be provided to current and eligible prospective Clients or Investors only by the Firm or an Administrator or Placement Agent. To the extent that there is any conflict between discussions herein and similar or related discussions in any Offering Materials, the relevant Offering Materials shall govern and control.

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ITEM 4: ADVISORY BUSINESS

a) Background

Ferrer Freeman & Company, LLC ("FFC" or the "Adviser") is a limited liability company founded in July, 1995 by Carlos A. Ferrer and David A. Freeman. FFC provides investment advisory services to four Limited Partnerships which invest exclusively in healthcare companies. FFC provides advisory services to one Special Purpose Vehicle, formed as a Limited Liability Company, invested in a healthcare company. The two institutional funds are, FFC Partners II, L.P. ("FFC II"), and FFC Partners III-B, L.P. ("FFC III-B"), and there are two attendant side-by-side funds (Collectively, the "Clients" or "Funds" or "Partnership"). The Special Purpose Vehicle is FFC Arcadia Investment, LLC ("SPV Fund" or "LLC"). Previously, FFC provided advisory services to FFC Partners I, L.P. ("FFC I") and its side-by-side fund, both liquidated on December 31, 2012. FFC provided advisory services to FFC Partners III, L.P. ("FFC III"), which was dissolved and merged into FFC III-B on September 12, 2013. Peloton Equity, LLC ("Peloton") is a Delaware Limited Liability Company founded in July 2014 by Carlos A. Ferrer and Theodore B. Lundberg. Peloton provides investment advisory services to Peloton Equity I, L.P. ("Peloton Equity I"), Peloton HPOne, LLC ("Peloton HPOne"), Peloton Arcadia, LLC ("Peloton Arcadia"), Peloton Equity AeroCare SPV I, L.P. ("Peloton AeroCare I"), a Delaware Limited Partnership formed on February 10, 2016, Peloton Equity AeroCare SPV II, L.P. ("Peloton AeroCare II") a Delaware Limited Partnership formed on February 10, 2016, Peloton ID Experts, LLC ("Peloton ID Experts") a Delaware Limited Liability Company formed on June 27, 2016, and Peloton Equity II, L.P. ("Peloton II") a Delaware Limited Partnership formed on January 30, 2018. As used herein, the terms "FFC" or the "Adviser" include Peloton and the terms, "Clients," "Funds" or "Partnership" includes Peloton vehicles, in each case as the context requires.

Although Peloton and FFC are organized as separate legal entities Peloton is registered with the Securities and Exchange Commission as a "Relying Adviser" on FFC's registration, as they both are related in such a manner as to form an advisory group that in reality conduct a single advisory business.

b) Advisory Services

FFC is a private equity Adviser located in Greenwich, CT that invests exclusively in healthcare and healthcare-related companies. Since 1996, we have invested in 38 healthcare companies. All the funds except for Peloton Equity I and Peloton II are fully invested as of December 2011. Peloton Equity I has made four investments in healthcare companies to date and Peloton HPOne, Peloton Arcadia, Peloton AeroCare I, Peloton AeroCare II and Peloton ID Experts have each made one investment in a healthcare company to date. Peloton II has not made its initial investment as of December 31, 2018.

The entities which commit capital to the funds are primarily (measured by U.S. dollars) experienced institutional investors that include corporate and public pension plans, Fund of Funds, insurance companies, University endowments, family offices and a few individual investors. Individuals who are Accredited Investors make-up the majority of committed capital in the side-by-side funds.

c) Principal Investment Strategies

FFC invests its Clients' capital in healthcare companies domiciled primarily in the United States. The majority of the capital as measured by U.S. dollars and number of investments was/is invested in companies which the Advisor believed had or has a significant opportunity to grow its revenues and earnings over time to create equity value. A second investment strategy was/is to partner with an experienced management team in a particular sector (typically healthcare services), commit a fixed amount of capital and build or buy assets over time. FFC also invested some Clients' capital in leveraged buyouts usually with larger private equity firms, and in some cases invested in development stage companies with unproven business models at the time of investment.

We make long term investments on behalf of our clients whereby we hold the securities and manage the investments for approximately 3-12 years. There are a variety of information sources that FFC uses in addition to the Investment Committees and Investment Professional's significant experience in investing in and managing healthcare investments that we use to identify and evaluate investment opportunities. These include industry reports and analysis, independent research, knowledge from the existing portfolio companies and management teams, and importantly a large network of healthcare executives, surgeons, physicians and other professional investors in the industry.

The Investment Committees and Investment Professionals have many years of experience in investing in, managing and exiting healthcare companies, financing companies with debt and equity, advising our portfolio companies on buying additional assets or other companies, selling to other companies or accessing the public debt and equity markets.

d) Tailored Advice and Client-Imposed Restrictions

FFC prepares offering materials with respect to each Fund and SPV Fund that contains more detailed information, including a description of the investment objective and strategy or strategies employed and related restrictions. These serve as a limitation on FFC's management.

None of the Funds is tailored to the individualized investment needs of any particular investor ("Investor"). An investment in a FFC Fund and SPV Fund does not create a client-adviser relationship between FFC and an Investor.

Investors must consider whether a particular FFC Fund and SPV Fund or advisory relationship is appropriate to their own circumstances based on all relevant factors including, but not limited to, the Investor's own investment objectives, liquidity requirements, tax situation and risk tolerance. Prospective Investors are strongly encouraged to undertake appropriate due diligence, including but not limited to a review of relevant offering materials for the Funds, investment policy statements, investment guidelines and the additional details about FFC's investment strategies, methods of analysis and related risks in Item 8 of this Brochure, before making an investment decision.

e) Wrap Fee Disclosure

Not applicable.

f) Assets Under Management

As of December 31, 2018, FFC had approximately \$442,759,803 in regulatory assets under management ("AUM").

ITEM 5: FEES AND COMPENSATION

FFC is compensated for its services through the receipt of a management fee and performance based fees. FFC's compensation, as well as other costs associated with management by FFC, is discussed generally below and in more detail in relevant offering materials.

a) Compensation

FFC receives a management fee from each Fund (other than Peloton Equity I, Peloton AeroCare I and Peloton II) based on committed capital of 2% annually (the "Management Fee") for the first 5 years of a Fund. After year 5 of a Fund, the 2% Management Fee is calculated based upon Invested Capital at cost minus write-downs, minus capital returned. Fund II has not paid Management Fees since October 2010. FFC III-B has not paid Management Fees since October 2015.

Peloton receives a management fee from Peloton Equity I based on committed capital of 2.5% annually (the "Management Fee") for the first 42 months of its term. After such time, the 2.5% Management Fee is calculated based upon Invested Capital at cost minus write-downs, minus capital returned. Any installment of the Management Fee which is paid subsequent to a "Key Man Event" and prior to the cure of such "Key Man Event" shall be reduced to 2/3 of the Management Fee otherwise applicable as of the date of such installment and upon the cure of the Key Man Event, any such installment of the Management Fee shall be recalculated as of the date of such installment. At any time, upon the closing of a successor fund to Peloton Equity I with aggregate third-party capital commitments of at least \$50,000,000, the annual Management Fee rate will be reduced to 2.0%. The Management Fee is paid quarterly, adjusted for the current quarter's write-downs, and capital returned.

Peloton also receives a management fee from Peloton AeroCare I based on committed capital for investments of 0.75% annually (the "Management Fee") for the first year, 0.5% annually for the second year and 0.25% annually thereafter until the fifth anniversary of the Partnership.

Peloton also receives a management fee from Peloton II based on 2% committed capital for the first 5 years of the Partnership. After year 5 of a Fund, the 2% Management Fee is calculated based upon Invested Capital at cost minus write-downs, minus capital returned.

In addition, the Adviser may receive performance compensation as set out in each individual prospectus (the "Performance Fee"). The Adviser, in its sole discretion, may temporarily waive

or reduce the Management Fee and/or the Performance Fee. The side-by-side Funds typically have a reduced Management Fee and Performance Fee as described in each Fund's Private Placement Memorandum and Limited Partnership Agreement.

FFC also performs mergers and acquisitions advisory services for some of the portfolio companies in which the Funds invest. The advisory work includes advising portfolio companies on the sale of assets or acquisition by another company. The advisory fee is paid to FFC or Peloton and FFC or Peloton either retains the fee as revenue, or in the case of Peloton Equity I, Peloton AeroCare I and Peloton II, passes the fee along to the investors as a dollar for dollar reduction in the management fee for that quarter.

The Adviser also earns fees as members of the boards of some of its portfolio companies. Compensation for board membership is earned in the form of cash and/ or equities. The board compensation is paid to FFC or Peloton and FFC or Peloton either retains the fee as revenue, or in the case of Peloton Equity I, Peloton AeroCare I and Peloton II, passes the fee along to the investors as a dollar for dollar reduction in the management fee for that quarter.

b) Billing

Management fees are called from Institutional Investors, with the exception of the side-by-side funds, whose management fees are automatically deducted from the Fund Investors' accounts.

c) Other Expenses

Each Fund generally pays all of its ordinary organizational, offering, administrative, and operating expenses, including, but not limited to, ordinary and recurring legal, accounting, escrow, auditing, administration, and certain clerical expenses including those incurred in preparing, printing and mailing reports and tax information to investors and regulatory authorities, expenses for specialized administrative services, filing fees, and taxes. Additional fees (e.g., wire transfer charges) may be imposed by service providers. At its discretion FFC and/or Peloton may elect to pay broken deal expenses on behalf of the Funds.

On behalf of the SPV Fund, Arcadia Solutions, Inc. pays, within reason, the ordinary organizational, offering, administrative, and operating expenses, including, but not limited to, ordinary and recurring legal, accounting, escrow, auditing, administration, and certain clerical expenses including those incurred in preparing, printing and mailing reports and tax information to investors and regulatory authorities, expenses for specialized administrative services, filing fees, and taxes. Additional fees (e.g., wire transfer charges) may be imposed by service providers.

d) Advance Billing

As discussed above, other than with respect to the SPV Fund, the management fee is payable quarterly in advance. Fees are not refundable for either funds or managed accounts.

e) Sales-based Compensation

Not applicable. Neither the Firm nor any of its employees or affiliates accepts additional compensation for the sale of securities or other services. The Firm or its affiliates and employees do not receive compensation for other services besides the investment advisory services we provide.

ITEM 6: PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Performance Fee is charged by the Adviser in compliance with Rule 205-3 under the Investment Advisers Act of 1940. The Adviser, in its sole discretion, may temporarily waive or reduce the Management Fee and/or the Performance Fee.

Performance-based compensation may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of the performance-based compensation. However, the performance upon which the compensation is measured does not include unrealized appreciation of the investments, but does include unrealized and realized write-downs of investments in that Fund.

ITEM 7: TYPES OF CLIENTS

FFC provides investment advisory services to certain Private Equity Funds (the “Funds”) organized as limited partnerships and limited liability companies. The Funds qualify for exemption from the definition of an “investment company” under the Investment Company Act of 1940, as amended (the “Investment Company Act”) under Section 3(c) (1) or Section 3(c) (7) of the Investment Company Act, and the Adviser offers interests to Investors pursuant to Regulation D under the Securities Act of 1933, as amended (the “1933 Act”).

Fund investors are qualified investors, such as state and corporate pension plans, university endowments, wealthy families and individuals, and funds of funds, for investment in our Funds. Generally, the minimum commitment to a Fund was either \$5,000,000 for the institutional funds, \$1,000,000 for Peloton HPOne and Peloton AeroCare I, \$300,000 for Peloton Arcadia, \$100,000 for the side-by-side funds and Peloton AeroCare II and \$50,000 for the SPV Fund and Peloton ID Experts. However, the minimum initial investment in a Fund can be waived by the Advisor.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Note: References to “Partnership” refer to the defined Term on page 6. The Partnerships have Limited Partners invested in the Funds and a General Partner managing the Fund, under the terms of a Limited Partnership Agreement. References to “LLC” refer to the defined term on page 6. The LLC has Members invested in the Fund and Managing Members managing the Fund, under the terms of a Limited Liability Company Agreement.

a) Methods of Analysis & Investment Strategies

FFC uses many different methods to analyze a new investment opportunity. The process starts with identifying industry sectors and companies in those sectors which we believe have a substantial market opportunity to grow revenue and earnings with additional capital. Once an opportunity is identified we a) do extensive management references b) perform an assessment of the commercial growth strategy using all publicly available information on the company and the industry, c) obtain from the company all product, service, operational and financial information from the Company and perform our own physical inspection of assets, facilities, operations, products and manufacturing plants, d) conduct thorough financial, accounting, legal and regulatory due diligence and e) develop a financial projection model based upon all of the work above. Our extensive network in the healthcare industry is valuable in all phases of the assessment and analysis.

b) Material Risks Associated with the Investment Strategies

Investing in private funds in general involves risk of loss that clients should be prepared to bear. Each Fund has risks which are specific to its particular investment strategies. For more information about the risks of each Fund, please see the offering memorandum for that particular fund. While FFC seeks to manage investments so that risks are appropriate to the return potential for the strategy, it is often not possible or desirable to fully mitigate risks. FFC does not offer any products or services that guarantee rates of return on investments for any period to any Client or Investor. All Clients and Investors assume the risk that investment returns may be negative or below the rates of return of other investment advisers or products. Investors should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses.

There are risks inherent in the investment strategies pursued, and the financial instruments and trading methods used, by FFC. Key risks of loss which apply to the principal investment strategies employed by FFC are listed below. More detailed descriptions and explanations of the key risks of loss are included in relevant Offering Materials. Generally, however, investors in FFC Funds and managed accounts are exposed to the following risks:

No Assurance of Investment Return. The Partnership/LLC cannot provide assurance that it will be able to choose, make and realize investments in any particular company or portfolio of companies. There is no assurance that the Partnership/LLC will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of companies and

transactions described herein. There may be little or no near-term cash flow available to the Limited Partner/Members and there can be no assurance that any Limited Partner/Member will receive any distribution from the Partnership/LLC. An investment in the Partnership/LLC requires a long-term commitment, with no certainty that the Partnership/LLC will realize its rate of return objectives or that capital loss will not occur. Partial or complete sales, transfers, or other dispositions of Portfolio Investments which may result in a return of capital or the realization of gains, if any, are generally not expected to occur for a number of years after an investment is made. An investment in the Partnership/LLC should only be considered by persons who can afford a loss of their entire investment. Past performance of investment entities associated with the Peloton Investment Team and FFC and its affiliates is not indicative of future results, and there can be no assurance that the Partnership/LLC will achieve comparable results, the Partnership/LLC's investment objective will be achieved, or that a Limited Partner/Member will receive return of its capital. Furthermore, due to changes in the composition of the senior membership of the investment team, the investment decisions of the Partnership/LLC and the execution of transactions on its behalf may be made by persons different from those involved with the Predecessor FFC Funds. Furthermore, the investment decisions and day-to-day operations of FFC's other funds are made and carried out by persons different than those who will be involved with the Partnership/LLC. As a general matter, the performance of any other Predecessor FFC Funds, or FFC as a firm, is not necessarily indicative of the Partnership/LLC's performance.

Suitability of Investments. An investment in the Partnership/LLC is not suitable for all investors. An investment is suitable only for sophisticated investors and an investor must have the financial ability to understand and willingness to accept the extent of its exposure to the risks and lack of liquidity inherent in an investment in the Partnership/LLC. Investors with any doubts as to the suitability of an investment in the Partnership/LLC should consult their professional advisers to assist them in making their own legal, tax, accounting and financial evaluation of the merits and risks of an investment in the Partnership/LLC in light of their own circumstances and financial condition.

Operating and Financial Risks of Portfolio Companies. Companies in which the Partnership/LLC invests could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, or an economic downturn. As a result, companies which the Partnership/LLC expected to be stable may operate, or expect to operate, at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may otherwise have a weak financial condition or be experiencing financial distress.

Uncertainty of Financial Projections. The General Partner/Managing Member will generally establish the pricing of transactions and the capital structure of Portfolio Companies on the basis of financial projections for such Portfolio Companies. Projected operating results will normally be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic, political and market conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

Lack of Industry Diversification. The Partnership/LLC's capital will be invested in companies in the healthcare and related industries. Concentration in an industry may involve risks greater than those generally associated with more diversified funds, including significant fluctuations in returns. Healthcare markets are challenged by rapidly changing market and regulatory conditions and/or participants, new competing products and services and improvements in existing products and services. The Partnership/LLC's Portfolio Companies will compete in this volatile environment. There can be no assurance that products or services sold or relied upon by Portfolio Companies will not be rendered obsolete or adversely affected by competing products and services, changing litigation, legal or regulatory environments or other challenges. In the event that the healthcare sector as a whole declines, returns to Limited Partner/Members will likely decrease.

Risk of Limited Number of Investments. The Partnership/LLC is expected to participate in a limited number of investments and, as a consequence, the aggregate return of the Partnership/LLC may be substantially adversely affected by the unfavorable performance of even a single investment. In addition, investors have no assurance as to the degree of diversification of the Partnership/LLC's Portfolio Investments, either by geographic region, sub-sector of the healthcare industry, or transaction type. To the extent the Partnership/LLC concentrates Portfolio Investments in a particular issuer, sub-sector of the healthcare industry, security or geographic region, its Portfolio Investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto.

Investment in the Healthcare Industry. Healthcare companies in the United States, Europe and other developed and emerging countries are subject to governmental regulation as well as the rapid development of technologies, particularly in sectors relating to biotechnology and life sciences. Healthcare companies are often characterized by limited product or service focus and obtaining governmental approval for new products from governmental agencies can be lengthy, expensive and uncertain as to outcome. Competitive pressures within the healthcare industry are intense and the securities of healthcare companies may be subject to significant price volatility. In addition, because certain sectors of the healthcare industry are subject to rapid and significant changes in technology, the companies that the Partnership/LLC will invest in will face competition from technologies being developed or to be developed in the future by other entities, which may make such companies' products and services obsolete. In addition, because governmental entities are a significant source of funding for some healthcare companies that provide services in the United States and Europe, Portfolio Companies could be adversely affected by unexpected changes in reimbursement rates that are mandated by government entities. These factors may result in abrupt advances and declines in the valuation of particular companies and, in some cases, may have a broad effect on the valuations of companies in particular sectors of the healthcare industry.

Regulatory Constraints. The healthcare industry is subject to regulatory controls by international, national, and in some instances, local governmental authorities. The nature and scope of healthcare regulation generally are subject to political forces and market considerations, the effects of which cannot be predicted. Healthcare regulations often are aimed at advancing a variety of social policies, such as the general protection of consumers and the provision of universal access to products and services. The healthcare industry has experienced, and is expected to continue to experience, extensive and dynamic change. In addition to economic forces and regulatory

influences, continuing political debate has subjected the healthcare industry to significant reform. There has also been significant media and public attention focused in recent years on the healthcare industry. The General Partner/Managing Member expects government officials, at both state and federal levels, to continue to review and assess alternative healthcare delivery systems and payment methodologies. Further, healthcare laws and regulations, particularly those governing the Medicare and Medicaid programs, are complex and subject to interpretation. Changes in the law or new interpretations of existing laws may have a dramatic effect on the scope of permissible or impermissible activities, the relative cost of doing business, and the methods and amounts of payments for medical care by both governmental and other payors. In addition, the General Partner/Managing Member expects additional legislative changes intended to “balance the budget” and to slow the annual rate of growth of Medicare and Medicaid. Such initiatives may result in lower Medicare and/or Medicaid payment for healthcare services and/or prescription drugs. In addition, the introduction of new products, services and technologies could render some healthcare companies obsolete and may result in abrupt fluctuations in their value. Such future changes may further impact the Partnership/LLC’s Portfolio Companies and there can be no assurance that future legislation or regulatory changes will not have a material adverse effect on the operations of the Partnership/LLC’s Portfolio Companies.

There has also been an increase in dedicated funding for additional federal enforcement activities related to healthcare providers and for preventing fraud and abuse. For instance, the Healthcare Reform legislation (discussed further below) increases funding for fraud and abuse enforcement activities against healthcare providers. The additional funding may increase enforcement activities, including investigations, and it is possible that governmental entities could initiate investigations or litigation in the future and, while some may be defensible and/or frivolous in some respects, such matters could result in significant penalties, as well as adverse publicity. It is also possible that executives of the Partnership/LLC’s Portfolio Companies could be included in governmental investigations or litigation or named as defendants in private litigation.

Healthcare Reform Legislation. On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act of 2010, or the Patient Protection and Affordable Care Act, and on March 30, 2010, President Obama signed into law the Healthcare and Education Reconciliation Act of 2010, or the Reconciliation Act, which in part modified the Patient Protection and Affordable Care Act (collectively the “Legislation” or “Healthcare Reform”). The Legislation will serve as a primary vehicle for comprehensive healthcare reform in the U.S. and is broad in scope and likely to effect significant changes in the healthcare sector. The Legislation is intended to reduce the number of individuals in the U.S. without health insurance and will cause significant other changes to the ways in which healthcare is organized, delivered and reimbursed. The Legislation will become effective through a phased approach, beginning in 2010 and concluding in 2018, and many provisions will likely require implementing regulations and/or the issuance of certain additional programmatic guidelines. In addition, such Legislation is often followed by subsequent legislation and litigation to address and remedy previously unanticipated consequences, or to further define provisions of the Legislation. The following are only some of the aspects of the Legislation that the General Partner/Managing Member expects may affect the Partnership/LLC’s portfolio companies: (a) reduces or subjects to future adjustment Medicare reimbursement rates for certain healthcare services; (b) includes enhanced program integrity provisions, provider billing limitations, provider overpayment notification requirements and

overpayment recoupment capabilities for CMS, the federal agency within the U.S. Department of Health and Human Services that administers the Medicare and Medicaid programs; (c) includes expanded civil monetary penalties applicable to all Medicare and/or Medicaid providers; (d) expands authority to suspend payments if a provider is investigated for allegations or issues of fraud; and (e) expands and/or revises certain “ownership” disclosure requirements in an effort to improve transparency of information, which may create additional exposure to investors.

As a result of the scope of the Legislation, the significant changes it will likely engender in the healthcare industry, the complexity of the technical issues it addresses, and lack of detail available for many aspects (including reimbursement rates and insurance coverage requirements), the General Partner/Managing Member is unable to predict, at this time, the impact on the Partnership/LLC or its Portfolio Companies of the Legislation and related regulations or guidelines and any additional related legislative or policy measures. The current U.S. administration and Congress are, as of the date of this Memorandum, in the process of pursuing changes and repealing all or a portion of the components of the Legislation. Therefore, there can be no assurance that such laws, related regulations or guidelines (or any additional related legislative or policy measures) will not have an adverse impact on the Partnership/LLC’s activities, including the ability of the Partnership/LLC to achieve its investment objectives.

Litigation Risks in the Healthcare Industry. Companies in the healthcare industry are often subject to significant risks related to litigation and liability for damages in connection with their operations. Such litigation and liability may arise, for example, over the design, management and offering of products and services; the denial of healthcare benefits; medical malpractice actions; allegations of anti-competitive and unfair business activities; provider disputes over compensation and termination of provider contracts; disputes over co-payment calculations; claims related to the failure to disclose certain business practices; and claims relating to customer audits and contract performance. The litigation and liability environment in the healthcare industry is constantly evolving, and new court decisions and legislative activity may increase exposure for any of these types of claims. While companies typically have insurance coverage for some of these potential liabilities, other potential liabilities may not be covered by insurance, insurers may dispute coverage or the amount of insurance may not be enough to cover the damages awarded. In addition, certain types of damages, such as punitive damages, may not be covered by insurance, and insurance coverage for all or certain forms of liability may become unavailable or prohibitively expensive in the future.

Enhanced Scrutiny and Regulation of the Private Equity Industry. There have been significant developments regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). This comprehensive reform of the United States’ financial regulatory system requires, among other things, registration with the Securities and Exchange Commission (the “SEC”) by advisers to private equity funds whose assets under management exceed \$150 million (with certain limited exceptions) and imposes new reporting and recordkeeping obligations with respect to the private equity funds they advise. As a result of the Dodd-Frank Act, FFC/Peloton has registered with the SEC as an investment adviser. There can be no assurance that compliance requirements associated with being a registered

investment adviser will not have an adverse impact on FFC/Peloton or otherwise impede the Partnership/LLC's activities.

A significant feature of the Dodd-Frank Act is the so-called "Volcker Rule," which takes the form of a new Section 13 of the Bank Holding Company Act of 1956. Specifically and subject to certain limited exceptions, the Volcker Rule prohibits any "banking entity" (generally defined as any insured bank or thrift and any insured depository institution holding company and any affiliate or subsidiary) from engaging in proprietary trading or sponsoring or investing in a private equity fund or hedge fund that relies on the Section 3(c)(1) or Section 3(c)(7) exemption under the 1940 Act. It also authorizes the imposition of additional capital requirements and certain other quantitative limits on such activities engaged in by systemically important nonbank financial companies, although such entities are not expressly prohibited from engaging in proprietary trading or sponsoring or investing in such funds. The Volcker Rule became effective as a matter of statute on July 21, 2012, but banking entities had a so-called "conformance period," which ran until July 21, 2015, to wind down, sell, transfer or otherwise conform their investments and activities to the Volcker Rule, absent another extension by the U.S. Board of Governors of the Federal Reserve System (the "Federal Reserve") or an exemption for certain "permitted activities." On December 10, 2013, the Federal Reserve and other U.S. federal regulatory agencies issued final rules implementing the principal components of the Volcker Rule. The final rules contain a number of important exemptions, including an exemption for certain non-U.S. banks that are subject to the Volcker Rule. For such non-U.S. banks, the final rules generally permit (subject to qualifications) a non-U.S. banking organization to acquire or retain any ownership in, or act as sponsor to, a private equity fund or hedge fund so long as the activity is conducted solely outside the United States and no ownership in the fund is offered or sold to a resident of the United States.

The current regulatory environment in the United States may be impacted by future legislative developments, such as amendments to key provisions of the Dodd-Frank Act. On January 20, 2017, Mr. Donald J. Trump became President of the United States. The full scope of President Trump's short-term legislative agenda is not yet fully known, but it may include certain deregulatory measures for the U.S. financial services industry, including changes to the Volcker Rule, capital and risk retention requirements, the FSOC's authority and other aspects of the Dodd-Frank Act. In that regard, prospective investors should note that any significant changes in, among other things, economic policy (including with respect to interest rates and foreign trade), the regulation of the asset management industry, tax law, immigration policy and/or government entitlement programs could have a material adverse impact on the Fund and its investments.

Recently, various federal, state and local agencies have been examining, and the SEC has enacted a rule restricting, the role of placement agents, finders and other similar private equity service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information and limitations on making political contributions by certain persons associated with the sponsors of private funds; in connection therewith, new and/or proposed rules and regulations in this arena may increase the possibility that FFC/Peloton may be exposed to claims and/or actions that could require a Limited Partner/Member to withdraw from the Partnership/LLC. There can be no assurance that the foregoing will not have an adverse impact on FFC/Peloton or the Partnership/LLC or otherwise impede the Partnership/LLC's activities.

The increased political and regulatory scrutiny of the private equity industry has been particularly acute following the onset of the global financial crisis. For example, in addition to the U.S. legal and regulatory developments described above, other jurisdictions, including many European jurisdictions, have proposed or implemented financial or other laws, rules and/or regulations that have called for or introduced, among other things, increased regulation of and disclosure with respect to, and possibly registration of, alternative investment funds (including private equity funds and/or their managers (see, in particular, ‘Alternative Investment Fund Managers Directive’ below for further details regarding the implementation of such laws and regulations in respect of member states of the EU). Such laws, rules and/or regulations may, among other things, include a restriction on or limit the ability of U.S.-based private fund managers to raise capital from investors. There is a material risk that regulatory agencies or governmental bodies in the U.S., Europe, or elsewhere may adopt burdensome laws (including tax laws), rules or regulations, which are specifically targeted at, or otherwise affect, the private equity industry and which could adversely affect private equity firms and the funds they sponsor, including the Partnership/LLC, or that changes in any existing or future adopted laws, rules or regulations and/or the interpretation or enforcement thereof could have such effect.

Finally, increased reporting, registration and compliance requirements may divert the attention of personnel and the management teams of Portfolio Companies and may furthermore place the Partnership/LLC at a competitive disadvantage to the extent that FFC/Peloton or Portfolio Companies are required to disclose sensitive business information.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing attractive Portfolio Investments is highly competitive, and involves a high degree of uncertainty. The Partnership/LLC will be competing for Portfolio Investments with other private equity investors, as well as individuals, financial institutions, sovereign wealth funds, other institutional investors and corporate buyers. Further, over the past several years, an ever-increasing number of private equity funds have been formed (and many such existing funds have grown in size). These and additional funds that may be formed in the future by other unrelated parties or upon further consolidation may have investment objectives similar to those of the Partnership/LLC. There can be no assurance that the Partnership/LLC will be able to locate, complete and exit Portfolio Investments which satisfy the Partnership/LLC’s rate of return objectives, or realize upon their values, or that it will be able to invest fully its committed capital.

No Market for Limited Partnership/LLC Interests/Transferability Restrictions. Limited Partnership/LLC interests (the “Interests”) in the Partnership/LLC have not been registered under the 1933 Act or applicable securities laws of any state or non-U.S. jurisdiction. Therefore, the Interests cannot be resold unless subsequently registered under the 1933 Act and other applicable laws or an exemption from such registration is available. It is not contemplated that any such registration will ever be implemented. Each Limited Partner/Member will be required to represent that it is a qualified investor under applicable securities laws. There is no public market for the Interests and none is expected to develop. Accordingly, it may be difficult to obtain reliable information about the value of the Interests. A Limited Partner/Member will not be permitted to assign or otherwise transfer its Interests in whole or in part without the prior written consent of the General Partner/Managing Member, which may be given or withheld in the General Partner/Managing Member’s sole and absolute discretion. Limited Partner/Members may not

withdraw capital from the Partnership/LLC, except in certain extremely limited circumstances. Consequently, Limited Partner/Members may not be able to liquidate their investments prior to the end of the Partnership/LLC's term. Limited Partner/Members must be prepared to bear the risks of owning Interests and contributing capital for an extended period of time.

Financial Market Fluctuations. General fluctuations in the market prices of securities and interest rates may adversely affect the value of the Partnership/LLC's Portfolio Investments and/or increase the risks associated inherent in the Partnership/LLC's Portfolio Investments. The ability of companies, businesses, projects or assets to refinance debt securities depends on their ability to obtain financing, including by selling new securities in the high-yield debt or bank financing markets. The precarious state of global credit markets, coupled with the global financial system generally, makes it significantly more difficult than had been in the recent past for financial sponsors to obtain favorable financing terms for their investments. The U.S. economy, coming out of the 2007 global financial crisis, experienced significant declines in employment, household wealth, and lending, and the global credit markets continue to experience substantial disruption, liquidity shortages, and financial instability. Because of the unprecedented nature of these events, the ultimate impacts on global markets continue to be unpredictable and may not be immediately apparent and may adversely affect the Partnership/LLC and its investments. While the General Partner/Managing Member expects that the current industry environment may yield attractive investment opportunities for the Partnership/LLC, there can be no assurances that conditions in the global financial markets will not worsen and/or adversely affect one or more of the Partnership/LLC's Portfolio Companies (including with respect to performing under or refinancing their existing obligations), its access to capital or leverage, its ability to effectively deploy its capital or realize investments on favorable terms or its overall performance.

The Partnership/LLC's investment strategy and the availability of opportunities satisfying the Partnership/LLC's risk-adjusted return parameters relies in part on the continuation of certain trends and conditions observed in the financial markets and in some cases the improvement of such conditions. Trends and historical events do not imply, forecast, or predict future events, and, in any event, past performance is not indicative of future results. There can be no assurance that the assumptions made or the beliefs and expectations currently held by the General Partner/Managing Member will prove correct and actual events and circumstances may vary significantly.

Use of Leverage at the Partnership/LLC Level. The General Partner/Managing Member may obtain one or more revolving or other credit facilities which may be secured by the capital commitments of the investors of the Partnership/LLC, as well as other assets of the Partnership/LLC. The Partnership/LLC may use such credit facilities to cover Partnership/LLC Expenses or Management Fees, provide interim financing for an investment in anticipation of the receipt of permanent financing or capital contributions or distributions, or fund a portion of the capital necessary for an investment if the General Partner/Managing Member determines that such leverage is desirable in light of the investment objectives of the Partnership/LLC. In the event of a failure to pay or other event of default under any such credit facility, the lenders could require investors to fund their entire remaining Unpaid Capital Commitments. In addition, in the event that the lenders require investors whose Capital Commitments have been pledged to fund their Capital Commitment to repay indebtedness, the failure of certain of those investors to honor their

Capital Commitments could result in the remaining investors' repayment obligations exceeding their pro rata share of the indebtedness. In addition, such borrowings may limit the investors' ability to use their interests in the Partnership/LLC as collateral for other indebtedness.

The Partnership/LLC's credit facilities may contain customary restrictions, requirements and other limitations on the Partnership/LLC's ability to incur indebtedness, including customary financial covenants and asset-level covenants in the case of non-recourse financing. The Partnership/LLC's ability to borrow under its credit facilities and, in certain cases, its ability to respond to changes in the performance of its Investments are subject to these financial and other covenants. The Partnership/LLC may also have to pay break funding costs if it satisfies a debt fully or partially within a certain period of incurring the debt. The Partnership/LLC may be limited in its ability to respond to changing operational circumstances with respect to an Investment in ways it would have done had it not been subject to asset-level covenants.

The Partnership/LLC may secure its obligations under a credit facility by pledging undrawn commitments to one or more lenders at the discretion of the General Partner/Managing Member, and any default by the Partnership/LLC thereunder could enable a lender to take action against any Limited Partner/Member to the extent of its then remaining undrawn commitments. Additionally, the Partnership/LLC may grant security interests in other assets of the Partnership/LLC, including Portfolio Investments. While the Partnership/LLC is subject to certain limits on borrowings as set forth in the Partnership/LLC Agreement, Portfolio Companies, holding companies and/or special purpose entities formed by the Partnership/LLC to hold Investments may engage in borrowings and incur leverage, which will not count towards any caps on borrowings and guarantees contained in the Partnership/LLC Agreement. This is the case even if such borrowings or leverage by entities owned by the Partnership/LLC engage in joint borrowings and/or are cross-collateralized with or among other such entities, such that multiple Portfolio Investments are pledged to and at risk with respect to a borrowing with respect to one single Investment (even if the amounts involved are greater than the single-Investment diversification limit set forth in the Partnership/LLC Agreement).

With respect to fund-level borrowing generally, prospective investors should note that calculations of net and gross IRR in respect of investment and performance data included and/or referred to in this Memorandum, and with respect to the Partnership/LLC, as reported to Limited Partner/Members from time to time, are based on the payment date of Capital Contributions received from Limited Partner/Members. This treatment also applies in instances where the Partnership/LLC utilizes borrowings under the Partnership/LLC's subscription-based credit facility in advance of receiving Capital Contributions from Limited Partner/Members to repay any such borrowings and related interest expense. As a result, use of a subscription-based credit facility will result in a higher reported IRR than if the facility had not been utilized and instead such Limited Partner/Members' capital had been contributed at the inception of an investment.

Use of Leverage at the Portfolio Company Level. The Partnership/LLC is expected to use what FFC/Peloton considers to be moderate leverage in connection with its Portfolio Investments (although in some instances Portfolio Companies may be highly leveraged). The use of leverage involves a high degree of financial risk and increases the exposure of Portfolio Investments to adverse economic factors such as rising interest rates, severe economic downturns or deteriorations in the condition of a real estate Investment or its market. Although borrowings by the

Partnership/LLC have the potential to enhance overall returns that exceed the Partnership/LLC's cost of funds, they will diminish returns (or increase losses on capital) to the extent overall returns are less than the Partnership/LLC's cost of funds. The Partnership/LLC's ability to obtain leverage on attractive terms may be negatively affected by, among other things, its size, the composition of the Partnership/LLC's Limited Partner/Members, its limited number of unencumbered wholly-owned assets, its ability to secure a line of credit and any downgrade in the credit rating of FFC/Peloton or its affiliates.

Principal and interest payments on indebtedness (including mortgages having "balloon" payments) may be required regardless of the sufficiency of cash flow from the properties. Mortgages requiring "balloon" payments may involve greater risks than mortgages where the principal amount is fully or partially amortized over the term of the loan, since the ability to repay the outstanding principal amount of a "balloon" loan may be dependent upon the liquidity of the property or the ability to obtain adequate replacement financing, which will, in turn, be dependent upon interest rates and lenders' policies at the time of refinancing, economic conditions in general and the value of the underlying property. There is no assurance that replacement financing will be available to make "balloon" payments or that any replacement financing available will be on favorable terms. In situations in which the Partnership/LLC uses leverage, the Partnership/LLC's Portfolio Investment may be impaired or more adversely affected by a smaller decline in the value of the properties than is the case where properties are owned with a proportionately smaller amount of debt. Depending on the level of leverage and decline in value, if mortgage payments are not made when due, one or more of the properties may be lost (and the Partnership/LLC's Investment therein rendered valueless) as a result of foreclosure by the mortgagee(s). A foreclosure may also have substantial adverse tax consequences for the Partnership/LLC and its investors. If the Partnership/LLC itself is subject to certain liabilities, parties seeking to have such a liability satisfied may have recourse to the Partnership/LLC's assets generally and not be limited to any particular asset, such as the Investment giving rise to the liability. While the Partnership/LLC does not expect to regularly do so, because the Partnership/LLC may engage in portfolio financings where several Portfolio Investments are cross-collateralized, multiple Investments may be subject to the risk of loss. As a result, the Partnership/LLC could lose its interests in several performing Investments in the event such Investments are cross-collateralized with poorly performing or non-performing Portfolio Investments. The Partnership/LLC is also subject to the risk that one or more of its joint venture partners fails to fund its share of debt collateralized by an Investment, which could jeopardize the success of the Investment or require the Partnership/LLC to fund additional amounts to cover such shortfall. Also, any bankruptcy, insolvency or default by a counterparty to the Partnership/LLC could result in a loss of the Partnership/LLC's Portfolio Investments, including, for example, where Partnership/LLC assets and securities are re-hypothecated or otherwise held by such counterparties and become subject to general claims of their creditors, which risk is heightened in light of the volatility of the global financial markets.

Lenders or other holders of senior positions to the Partnership/LLC's equity will be entitled to a preferred cash flow prior to the Partnership/LLC receiving a return on leveraged Portfolio Investments, and in the event an Investment is unable to generate sufficient cash flow to meet the principal and interest payments on its indebtedness or where there is a breach of a performance covenant, the value of the Partnership/LLC's equity investment in such Portfolio Investment could be significantly reduced or even eliminated and distributions may be reduced or suspended to repay the borrowings.

Illiquid and Long-Term Investments. Although Portfolio Investments by the Partnership/LLC may occasionally generate some current income, the return of capital and the realization of gains, if any, from a Portfolio Investment generally will occur only upon the partial or complete disposition of such Portfolio Investment. While a Portfolio Investment may be sold at any time, it is not generally expected that this will occur for a number of years after such Portfolio Investment is made. It is unlikely that there will be a public market for the securities held by the Partnership/LLC at the time of their acquisition. The Partnership/LLC generally will not be able to sell its securities publicly unless such sale is registered under applicable securities laws or unless an exemption from such registration requirements is available. In addition, in some cases the Partnership/LLC may be prohibited or limited by an underwriter's restrictions, contractual or legal, or regulatory reasons from selling certain securities for a period of time. Therefore, no assurance can be given that, if the Partnership/LLC is determined to dispose of a particular Portfolio Investment held by the Partnership/LLC, it could dispose of such Portfolio Investment at a prevailing market price, and there is a risk that disposition of such investments may require a lengthy time period or may result in distributions in-kind to investors.

Investments Longer Than Term. The Partnership/LLC may make Portfolio Investments which may not be advantageously disposed of prior to the date the Partnership/LLC will be dissolved, either by expiration of the Partnership/LLC's term or otherwise. Although the General Partner/Managing Member expects that Portfolio Investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution and the General Partner/Managing Member has a limited ability to extend the term of the Partnership/LLC, the Partnership/LLC may have to sell, distribute or otherwise dispose of Portfolio Investments at a disadvantageous time as a result of dissolution. In addition, although upon the dissolution of the Partnership/LLC the General Partner/Managing Member (or the relevant liquidator) will be required to use its best efforts to reduce to cash and cash equivalents such assets of the Partnership/LLC as the General Partner/Managing Member or such liquidator shall deem it advisable to sell, subject to obtaining fair value for such assets and any tax or other legal considerations (including legal restrictions on the ability of a Limited Partner/Member to hold any assets to be distributed in kind), over such time as is reasonably necessary to settle gradually and close the Partnership/LLC's business under the circumstances then applicable to the Partnership/LLC, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the Limited Partner/Members will occur.

Ongoing Turmoil in the U.S. and Global Financial Markets. The ongoing turmoil in the U.S. and global financial markets has illustrated that the current environment is one of extraordinary and perhaps unprecedented uncertainty and volatility. A number of very high-profile and significant transactions and events have occurred in recent years with respect to participants in the financial services industry, including the failure or forced sale of certain banks, investment banks and other financial services businesses and broad scale market intervention by governments in the United States and abroad. Global financial markets have experienced periods of considerable and prolonged declines in the valuations of equity securities and contractions in the availability of credit. As a result, certain government bodies and central banks worldwide, including the U.S. Treasury Department and the U.S. Federal Reserve, have undertaken unprecedented intervention programs, the effects of which remain uncertain. During this time, the U.S. economy has

experienced periods of significant decline in employment, household wealth, and lending. Moreover, recent events may indicate that recovery from the recession may be more prolonged or that the U.S. risks entering into a “double-dip” recession. In particular, U.S. financial and global markets have experienced high levels of volatility surrounding the downgrade of the U.S. long-term sovereign credit rating by Standard & Poor’s from AAA to AA+, and certain other macroeconomic events that have been well-publicized, including difficulties in U.S. federal budget deficit negotiations and the threat of default by certain European Union member states in servicing their sovereign debt obligations. Because of the unprecedented nature of these events, the ultimate impacts on global markets are unpredictable and may adversely affect the Partnership/LLC and its investments. There can be no assurances that conditions in the U.S. economy and financial markets will not worsen. A recession, slowdown and/or sustained downturn in the United States or global economy is likely to adversely affect the Partnership/LLC’s profitability, impede the ability of the Partnership/LLC’s Portfolio Companies to perform under or refinance their existing obligations, and impair the Partnership/LLC’s ability to effectively deploy its capital or realize investments on favorable terms.

Force Majeure Risk. Force majeure is the term generally used to refer to an event beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, weather, earthquakes, war, terrorism, and labor strikes. Some force majeure events may adversely affect a party’s ability to perform its obligations, under a contract or otherwise, until it is able to remedy the force majeure event. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions may result in permanent loss of customers, substantial litigation, or penalties for regulatory or contractual non-compliance. In some cases, project agreements can be terminated if the force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre-agreed time period. Force majeure events that are incapable of, or costly to, cure may also have a permanent adverse effect on the Partnership/LLC or a Portfolio Company.

Availability of Insurance for Certain Catastrophic Losses. The General Partner/Managing Member may require the Portfolio Company to obtain liability, fire, flood, extended coverage and rental loss insurance with insured limits and policy specifications that it believes are customary for similar investments. However, certain losses of a catastrophic nature, such as wars, natural disasters, terrorist attacks, or other similar events, may be either uninsurable or, insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Most insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums which can greatly increase the total costs of casualty insurance for a Portfolio Company. As a result, not all investments may be insured against terrorism. If a major uninsured loss occurs, the Partnership/LLC could lose both invested capital in and anticipated profits from the affected Portfolio Investments.

Minority Investments; Investments with Third Parties. The Partnership/LLC may invest in minority positions of companies and in companies for which the Partnership/LLC has no right to appoint a director or otherwise exert significant influence or protect its position. In such cases, the Partnership/LLC will be significantly reliant on the existing management and board of directors

of such companies, which will likely include representation of other financial investors with whom the Partnership/LLC is not affiliated and whose interests may conflict with the interests of the Partnership/LLC.

Joint Venture Partners. The Partnership/LLC may co-invest with third parties through joint ventures, Partnership/LLC or other entities, thereby acquiring non-controlling interests in certain Portfolio Investments. Although the Partnership/LLC may not have control over these Portfolio Investments and, therefore, may have a limited ability to protect its position therein, the General Partner/Managing Member expects that appropriate rights will be negotiated to protect the Partnership/LLC's interests. There can be no assurance that such rights will be available or that such rights will provide sufficient protection of the Partnership/LLC's rights. Furthermore, such Portfolio Investments may involve risks not present in Portfolio Investments where a third party is not involved, including the possibility that a third-party partner or co-venturer may have financial difficulties resulting in a negative impact on such Portfolio Investment, may have economic or business interests or goals which are inconsistent with those of the Partnership/LLC, or may be in a position to take (or block) action in a manner contrary to the Partnership/LLC's investment objectives. In addition, the Partnership/LLC may in certain circumstances be liable for the actions of its third-party partners or co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

Control Position Risk. Although non-control investments may also be made, the Partnership/LLC intends to make certain investments that allow the Partnership/LLC to acquire control or exercise influence over management and the strategic direction of a Portfolio Investment. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability characteristic of business operations generally may be ignored. The exercise of control over a Portfolio Investment could expose the assets of the Partnership/LLC to claims by such Portfolio Companies, its shareholders and its creditors. While the General Partner/Managing Member intends to manage the Partnership/LLC in a manner that will minimize the exposure of these risks, the possibility of successful claims cannot be precluded.

Risks in Effecting Operating Improvements. In some cases, the success of the Partnership/LLC's investment strategy will depend, in part, on the ability of the Partnership/LLC to restructure and effect improvements in the operations of a Portfolio Company. The activity of identifying and implementing restructuring programs and operating improvements at Portfolio Companies entails a high degree of uncertainty. There can be no assurance that the Partnership/LLC will be able to successfully identify and implement such restructuring programs and improvements.

Investment in Restructurings. While not its primary strategy, it is possible that the Partnership/LLC may make Portfolio Investments in restructurings (i.e. a Follow-On Investment in a distressed Portfolio Company) which involve Portfolio Companies that are experiencing or are expected to experience severe financial difficulties, which may never be overcome and may cause such Portfolio Companies to become subject to bankruptcy proceedings. Such Portfolio Investments could, in certain circumstances, subject the Partnership/LLC to certain additional potential liabilities, which may exceed the value of the Partnership/LLC's original Portfolio Investment

therein. For example, under certain circumstances, a lender who has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to the Partnership/LLC and distributions by the Partnership/LLC to the Limited Partner/Members may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, a preferential payment or similar payment under applicable bankruptcy or insolvency laws.

Investments in Less Established Companies; Risk of Fraud in a Portfolio Company. The Partnership/LLC may invest a portion of its assets in the securities of less established companies. Portfolio Investments in such companies involve greater risks than generally are associated with investments in more established companies. To the extent there is any public market for the securities held by the Partnership/LLC, such securities generally are subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Oftentimes, such companies also have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. In addition, less mature companies could be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any company in which the Partnership/LLC invests, the Partnership/LLC may suffer a partial or total loss of capital invested in that company. There can be no assurance that any such losses will be offset by gains (if any) realized on the Partnership/LLC's other Portfolio Investments.

Unspecified Investments. The Partnership/LLC intends to begin operations upon closing and may not have identified any particular investments. A purchaser of any Interest must rely upon the ability of the General Partner/Managing Member to identify, structure, and implement investments consistent with the Partnership/LLC's investment objectives and policies. The Partnership/LLC may be unable to find a sufficient number of attractive opportunities to meet its investment objectives. The success of the Partnership/LLC will depend on the ability of the Principals of FFC/Peloton to identify suitable investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of Portfolio Investments. Additionally, on or after March 31, 2015, the General Partner/Managing Member's ability to implement investments may be subject to the prior written consent of each Limited Partner/Member (i) who was admitted to the Partnership/LLC on the Closing Date and (ii) whose Capital Commitment is greater than 25% of the aggregate Capital Commitments of all Partners as of the Closing Date and at the time of the making of such investment.

Material, Non-Public Information. By reason of their responsibilities in connection with their permitted other activities, FFC/Peloton and its personnel may (i) acquire confidential or material non-public information that they will not be able to use for the benefit of the Partnership/LLC or (ii) be restricted from initiating transactions in certain securities on behalf of the Partnership/LLC and/or on behalf of other funds or accounts. It should also be noted that if a Portfolio Company (or a portfolio company of another FFC/Peloton fund or account) acquires confidential or material non-public information and is therefore restricted from initiating transactions in certain securities, then the Partnership/LLC may also be restricted. Disclosure of such information to the General Partner/Managing Member's personnel responsible for the affairs of the Partnership/LLC will be

on a need-to-know basis only, and the Partnership/LLC may not be free to act upon any such information. Due to these restrictions, the Partnership/LLC may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell a Portfolio Investment that it otherwise might have sold. Conversely, the Partnership/LLC may not have access to material non-public information in the possession of FFC/Peloton that might be relevant to an investment decision to be made by the Partnership/LLC, and the Partnership/LLC may initiate a transaction or sell a Portfolio Investment, which, if such information had been known to it, may not have been undertaken.

In-Kind Distributions. Investors should be aware that dispositions may also take the form of in-kind distributions to the Limited Partner/Members. When such investments are distributed to the Limited Partner/Members, such Limited Partner/Members would generally be unable to protect their interests as effectively as the Partnership/LLC. In certain limited circumstances provided for in the Partnership/LLC Agreement, securities or other assets of the Partnership/LLC may be distributed that are not marketable or are otherwise illiquid. The risk of loss and delay in liquidating securities or other assets distributed in-kind will be borne by the Limited Partner/Members, with the result that such Limited Partner/Members may receive less cash than was reflected in the fair value of such securities as determined by the General Partner/Managing Member pursuant to the Partnership/LLC Agreement.

Role of Private Equity Professionals. The success of the Partnership/LLC will depend in part upon the skill and expertise of FFC/Peloton's private equity professionals. The interests of these professionals in the General Partner/Managing Member and the Adviser should tend to discourage them from withdrawing from participation in the Partnership/LLC's investment activities. Should one or more of these individuals become incapacitated or in some other way cease to participate in the Partnership/LLC, its performance could be adversely affected. However, there can be no assurance that such professionals will continue to be associated with the General Partner/Managing Member or its affiliates throughout the life of the Partnership/LLC. FFC/Peloton's ability to achieve the investment objectives of the Partnership/LLC depends to a substantial degree on its ability to retain and motivate its Investment Professionals and other key personnel, and to recruit talented new personnel. FFC/Peloton's ability to recruit, retain and motivate its professionals is dependent on its ability to offer highly attractive incentive compensation. Congress has recurrently considered proposed legislation that would subject carried interest and gain on the sale of investment services Partnership/LLC interests to higher rates of U.S. federal income tax than under current law. President Trump previously expressed his support for such legislation. Enactment of any such legislation could cause FFC/Peloton's investment professionals to incur a material increase in their tax liability with respect to their entitlement to carried interest. This might make it harder for FFC/Peloton to retain and motivate these professionals, which may have an adverse effect on FFC/Peloton's ability to achieve the investment objectives of the Partnership/LLC.

Reinvestment. In general, capital returned to the Partners from the disposition of a Portfolio Investment within one year of making the Portfolio Investment may be retained and reinvested (or recalled for reinvestment) by the General Partner/Managing Member or used (or recalled for use) by the General Partner/Managing Member for any purpose permitted under the Partnership/LLC.

Agreement to fund Portfolio Investments of the Partnership/LLC. Capital Contributions for Management Fees, Partnership/LLC Expenses and Organizational Expenses may be recycled out of distributions and, accordingly, as a result of such recycling a Partner may, in certain circumstances, be required to fund an aggregate amount in excess of its Capital Commitment during the term of the Partnership/LLC.

Limited Access to Information. Limited Partner/Members' rights to information regarding the Partnership/LLC will be limited. In particular, it is anticipated that the General Partner/Managing Member will obtain certain types of material information from Portfolio Investments that will not be disclosed to Limited Partner/Members, in part because such disclosure may be prohibited for contractual, legal or similar obligations outside of the General Partner/Managing Member's control. Decisions by the General Partner/Managing Member to withhold information may have adverse consequences for Limited Partner/Members in a variety of circumstances. For example, a Limited Partner/Member that seeks to transfer its Interests may have difficulty in determining an appropriate price for such Interests. Decisions to withhold information also may make it difficult for a Limited Partner/Member to monitor the General Partner/Managing Member and its performance. Additionally, it is expected that Limited Partner/Members who designate representatives to participate on the LP Advisory Committee will, by virtue of such participation, have more information about the Partnership/LLC and Portfolio Investments in certain circumstances than other Limited Partner/Members generally and will be disseminated information in advance of communication to other Limited Partner/Members generally.

Additional Capital. Certain of the Partnership/LLC's Portfolio Companies, especially those in a development phase, may be expected to require additional financing to satisfy their working capital requirements or acquisition strategies. The amount of such additional financing needed will depend upon the maturity and objectives of the particular Portfolio Company. Each such round of financing (whether from the Partnership/LLC or other investors) is typically intended to provide a Portfolio Company with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, a Portfolio Company may have to raise additional capital at a price unfavorable to the existing investors, including the Partnership/LLC. In addition, the Partnership/LLC may make additional debt and equity investments or exercise warrants, options or convertible securities that were acquired in the initial investment in such company in order to preserve the Partnership/LLC's proportionate ownership when a subsequent financing is planned, or to protect the Partnership/LLC's investment when such Portfolio Company's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of the Partnership/LLC or any Portfolio Company. There can be no assurance that the Portfolio Companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

Side Letters. The Partnership/LLC may enter into side letters or other writings with certain Limited Partner/Members in connection with their admission, without the approval of any other Limited Partner/Member, which has the effect of establishing rights under or altering or supplementing the terms of the Partnership/LLC Agreement and the subscription agreement. Such rights or terms in any such side letter or other similar agreement may include, without limitation, (i) excuse rights applicable to particular investments (which may increase the percentage interest of other Limited

Partner/Members in, and contribution obligations of other Limited Partner/Members with respect to, such investments), (ii) the General Partner/Managing Member's agreement to extend certain information rights or additional reporting to such Limited Partner/Member, including, without limitation, to accommodate special regulatory or other circumstances of such Limited Partner/Member, (iii) modification of the confidentiality obligations of such Limited Partner/Member, (iv) the General Partner/Managing Member's agreement to consent to certain transfers by such Limited Partner/Member or other exercises by the General Partner/Managing Member of its discretionary authority under the Partnership/LLC Agreement for the benefit of such Limited Partner/Member, (v) restrictions on, or special rights of such Limited Partner/Member with respect to the activities of the General Partner/Managing Member, (vi) other rights or terms necessary in light of particular legal, regulatory or public policy characteristics of such Limited Partner/Member, (vii) additional obligations, and restrictions of the Partnership/LLC with respect to the structuring of any Portfolio Investment (including with respect to alternative investment vehicles), (viii) preferential access to co-investment opportunities and (ix) certain adjustments with respect to certain economic provisions.

Any rights or terms so established in a side letter with a Limited Partner/Member will govern solely with respect to such Limited Partner/Member (but not any of such Limited Partner/Member's assignees or transferees unless so specified in such side letter) and will not require the approval of any other Limited Partner/Member notwithstanding any other provision of the Partnership/LLC Agreement.

Legal, Tax and Regulatory Risks. Legal, tax and regulatory changes could occur during the term of the Partnership/LLC that may adversely affect the Partnership/LLC, its Portfolio Companies or Partners. For example, the Partnership/LLC's investment activities will be subject to compliance with federal and state securities laws which may, among other things, restrict or prohibit the Partnership/LLC's ability to sell a Portfolio Investment. For example, federal securities law considerations relating to trading while in the possession of material non-public information or restrictions on "short-swing" trading profits may limit the ability of the Partnership/LLC to buy or sell securities of target companies. Under Section 16(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), holders of more than 10% of any class of equity securities of a company registered under Section 12 of the Exchange Act and directors and certain officers of such an issuer are restricted with respect to any purchase and sale, or any sale and purchase, of any equity or derivative security of such issuer within any period of less than six months. If the Partnership/LLC engages in any such transaction that results in short-swing profits, the Partnership/LLC may be required to return the amount of such profit to the issuer. Measures to avoid short-swing liability may limit the ability of the Partnership/LLC to buy or sell securities of target companies.

Antitrust or other regulatory requirements may impose filing fees and other additional expenses on the Partnership/LLC and may adversely affect the Partnership/LLC's ability to acquire or dispose of investment positions. Further, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the SEC, other regulators and self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by

government and judicial actions. Changes in the regulation of private funds and their trading activities may adversely affect the ability of the Partnership/LLC to obtain leverage and financing and the value of investments held by the Partnership/LLC.

The Partnership/LLC and/or the General Partner/Managing Member may also be subject to regulation in jurisdictions in which the Partnership/LLC and/or the General Partner/Managing Member engage in business. Investors in the Partnership/LLC should understand that the Partnership/LLC's business is dynamic and is expected to change over time. Therefore, the Partnership/LLC may be subject to new or additional regulatory constraints in the future. This Memorandum cannot address or anticipate every possible current or future regulation that may affect the General Partner/Managing Member, the Partnership/LLC or their Portfolio Companies. Such regulations may have a significant impact on the Limited Partner/Members or the operations of the Partnership/LLC, including, without limitation, restricting the types of investments the Partnership/LLC may make, preventing the Partnership/LLC from exercising its voting rights with regard to certain financial instruments, requiring the Partnership/LLC to disclose the identity of its investors or otherwise. The General Partner/Managing Member may, in its sole discretion, cause the Partnership/LLC to be subject to such regulations if it believes that an investment or business activity is in the Partnership/LLC's interest, even if such regulations may have a detrimental effect on one or more Limited Partner/Members. Prospective investors are encouraged to consult their own advisors regarding an investment in the Partnership/LLC.

Contingent Liabilities on Disposition of Investments. In connection with the disposition of an investment in a Portfolio Company, the Partnership/LLC may be required to make representations about the business, financial affairs and other aspects (such as property, tax, insurance and litigation) of such Portfolio Company typical of those made in connection with the sale of a business. The Partnership/LLC also may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements will result in the incurrence of contingent liabilities for which the General Partner/Managing Member may establish reserves or escrows. In that regard, Limited Partner/Members may be required to return amounts distributed to them to fund Partnership/LLC obligations, including indemnity obligations. Furthermore, under the Delaware Revised Uniform Limited Partner/Membership/LLC Act, each Limited Partner/Member that receives a distribution in violation of such Act will, under certain circumstances, be obligated to recontribute such distribution to the Partnership/LLC.

Reliance on the General Partner/Managing Member and FFC/Peloton. The General Partner/Managing Member and FFC/Peloton will have exclusive responsibility for the Partnership/LLC's activities, and, other than as may be set forth herein and in the Partnership/LLC Agreement, Limited Partner/Members will not be able to make investment or any other decisions concerning the management of the Partnership/LLC. In this regard, as of the date of this Memorandum none of the Partnership/LLC's investments have been identified, so that Limited Partner/Members will be relying on the ability of the General Partner/Managing Member and FFC/Peloton to select the investments to be made using the capital available to the Partnership/LLC.

Absence of Regulatory Oversight. While the Partnership/LLC may be considered similar in some ways to an investment company, it is not required and does not intend to register as such under the

1940 Act and, accordingly, Limited Partner/Members are not accorded the protections of the 1940 Act. FFC/Peloton Equity, LLC (the “Advisor”) is registered as an investment adviser under the Advisers Act.

Non-U.S. Investments. The Partnership/LLC may invest a portion of its aggregate capital commitments in Portfolio Companies that are organized under the laws of a jurisdiction other than the United States and whose principal place of business is located outside the United States. Non-U.S. securities involve certain risk factors not typically associated with investing in U.S. securities, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Partnership/LLC’s foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) exposure to fluctuations in interest rates payable with respect to the instruments in which the Partnership/LLC invests; (iii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iv) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing, and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (v) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (vi) certain economic, social, and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, political hostility to investments by foreign or private equity investors, the risks of political, economic, or social instability, including the risk of sovereign defaults, and the possibility of expropriation or confiscatory taxation; (vii) the possible imposition of foreign taxes on income and gains recognized with respect to such securities; (viii) less developed corporate laws regarding creditors’ rights (including the rights of secured parties), fiduciary duties and the protection of investors; and (ix) less publicly available information. Additionally, political and social instability in the countries in which the Partnership/LLC invests could adversely affect the Partnership/LLC’s investments in such countries. Such instability could result from, among other things, popular unrest associated with demands for improved political, economic, and social conditions and popular unrest in opposition to government policies that facilitate direct foreign investment. Governments of certain of these countries have exercised and continue to exercise substantial influence over many aspects of the private sector. The Partnership/LLC generally does not intend to obtain political risk insurance. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the return from investments. Exchange control regulations, expropriation, confiscatory taxation, nationalization, restrictions on repatriation of capital, renunciation of foreign debt, political, economic or social instability, or other economic or political developments could adversely affect the assets of the Partnership/LLC held in a particular country. Prospective investors should also note the considerations discussed in Section X – Regulatory, Tax and ERISA Considerations – Certain Federal Income Tax Considerations – Tax Treatment of U.S. Limited Partner/Members with Respect to Foreign Corporations.

General U.S. Tax Considerations. The Partnership/LLC is expected to be treated as a Partnership/LLC for U.S. federal income tax purposes. Each U.S. Limited Partner/Member (as defined in Section X – Regulatory, Tax and ERISA Considerations – Certain Federal Income Tax

Considerations), in determining its U.S. federal income tax liability, will take into account its allocable share of items of income, gain, loss, deduction and credit of the Partnership/LLC, without regard to whether it has received distributions from the Partnership/LLC. Accordingly, in any year a U.S. Limited Partner/Member may have taxable income and a resulting tax liability even though such Partner has not received cash from the Partnership/LLC with which to pay its taxes. There is a risk that the Internal Revenue Service (the “IRS”) will not concur as to the tax consequences of an investment in the Partnership/LLC discussed under Section X – Regulatory, Tax and ERISA Considerations – Certain Federal Income Tax Considerations. Please refer to the discussion set forth in that section.

The IRS may audit the Partnership/LLC and challenge any of the positions taken in regard to its formation, its Portfolio Investments or operations, and such audit may result in an audit of a Partner’s own tax returns and possibly adjustments to the tax liability reflected thereon.

Tax-Exempt and Non-U.S. Investors May Be Subject to U.S. Tax. Certain Portfolio Investments may generate “income effectively connected with the conduct of a U.S. trade or business” (“ECI”) that would be taxable to non-U.S. investors, and/or generate “unrelated business taxable income” (“UBTI”) that would be taxable to certain tax-exempt investors. Such Portfolio Investments may also give rise to U.S. tax reporting and payment obligations for tax-exempt or non-U.S. investors in the Partnership/LLC without regard to whether the investor has received distributions from the Partnership/LLC. Pursuant to the Partnership/LLC Agreement, the General Partner/Managing Members will use its reasonable best efforts to avoid incurring any UBTI or ECI by a U.S. tax-exempt Limited Partner/Member or a non-U.S. Limited Partner/Member, respectively, subject to the exceptions therein. See Section X – Regulatory, Tax and ERISA Considerations – Certain Federal Income Tax Considerations.

While it is not generally anticipated that the Partnership/LLC will incur long-term leverage, tax-exempt investors should note that the use of leverage by the Partnership/LLC may potentially create UBTI and should refer to the discussion in Section X – Regulatory, Tax and ERISA Considerations – Certain Federal Income Tax Considerations – United States Taxation of Tax-Exempt Investors.

FATCA Reporting and Withholding and CRS Reporting. As described in Section X – Regulatory, Tax and ERISA Considerations – Certain Federal Income Tax Considerations – Certain Reporting Requirements”, under Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended (the “Code”; such Sections commonly referred to as “FATCA”), all entities in a broadly defined class of foreign financial institutions (“FFIs”) must comply with a complicated and expansive reporting regime or be subject to a 30% United States withholding tax on certain U.S. payments (and beginning in 2019, a 30% withholding tax on gross proceeds from the sale or other disposition of U.S. stocks and securities and certain similar U.S. property) and non-U.S. entities that are not FFIs must either certify they have no substantial U.S. beneficial ownership or report certain information with respect to their substantial U.S. beneficial ownership or be subject to a 30% United States withholding tax on certain U.S. payments (and beginning in 2019, a 30% withholding tax on gross proceeds from the sale or other disposition of U.S. stocks and securities and certain similar U.S. property). FATCA also contains complex provisions requiring participating FFIs to withhold on certain “foreign passthru payments” made to nonparticipating

FFIs and to holders that fail to provide the required information. The definition of a “foreign passthru payment” is still reserved under the current regulations, however the term generally refers to payments that are from non-U.S. sources but that are “attributable to” certain U.S. payments and gross proceeds described above. Withholding on these payments is scheduled to apply in 2019. In general, non-U.S. investment entities, such as a Non-U.S. Partnership/LLC (defined below), are considered FFIs. The reporting requirements imposed under FATCA require FFIs to enter into agreements with the IRS to obtain and disclose information about certain investors to the IRS, or, if subject to a Model 1 Intergovernmental Agreement (“IGA”), to enter into agreements with local governmental authorities to obtain and disclose information about certain investors. The General Partner/Managing Member intends any Non-U.S. Partnership/LLC would comply, to the extent reasonably practicable, with the reporting requirements to avoid the imposition of the U.S. withholding tax, but if such FFI does not do so (because, for example, Limited Partner/Members fail to provide it with the required information), certain payments made to it or by any FFI may be subject to a U.S. withholding tax, which could reduce the cash available to investors. Further, these reporting requirements may apply to underlying entities in which the Partnership/LLC invests and the Partnership/LLC may not have control over whether such entities comply with the reporting regime. Such withheld amounts that are allocable to a Limited Partner/Member may, in accordance with the Partnership/LLC Agreement, be deemed to have been distributed to such Limited Partner/Member to the extent the taxes reduce the amount otherwise distributable to such Limited Partner/Member. Prospective investors should consult their own tax advisors regarding all aspects of FATCA as it affects their particular circumstances.

Certain non-U.S. financial institutions, including investment funds, may also be required to comply with Automatic Exchange of Information (“AEOI”) Agreements entered into by their country of tax residency under the Common Reporting Standard (“CRS”) of the Organisation for Economic Co-operation and Development. The Cayman Islands has indicated it is participating in CRS and the AEOI Agreements. The AEOI Agreements require certain non-U.S. financial institutions to obtain and disclose information about certain investors to the non-U.S. financial institution’s country of tax residency for exchange with other countries participating in CRS. The General Partner/Managing Member intends any Non-U.S. Partnership/LLC that constitutes a financial institution under CRS would comply, to the extent reasonably practicable, with the reporting requirements to avoid the imposition of any penalties for non-compliance. Further, these reporting requirements may apply to underlying entities in which the Partnership/LLC invests and the Partnership/LLC may not have control over whether such entities comply with the reporting regime. Prospective investors should consult their own tax advisors regarding all aspects of CRS as it affects their particular circumstances.

Taxation in Portfolio Company Jurisdictions. If the Partnership/LLC makes Portfolio Investments in a jurisdiction outside the United States, the Partnership/LLC or the Limited Partner/Members may be subject to income or other tax in that jurisdiction. Additionally, withholding tax or branch tax may be imposed on earnings of the Partnership/LLC from Portfolio Investments in such jurisdictions. In addition, local tax incurred in non- United States jurisdictions by the Partnership/LLC or vehicles through which it invests may not be creditable to or deductible by the Limited Partner/Members. Investors are urged to seek their own advice regarding the tax implications to them of an investment in the Partnership/LLC.

Income or gains of the Partnership/LLC may be subject to withholding, income, net wealth or other tax in the jurisdictions where the Partnership/LLC's investments are located. Taxes paid or withheld by the Partnership/LLC allocable to a Partner will be deemed to have been distributed to such Partner. In certain situations, the Partnership/LLC may hold investments through entities organized outside the United States that are treated as corporations for U.S. federal income tax purposes. Partners may be subject to special rules applicable to "controlled foreign corporations," or "passive foreign investment companies" with respect to investments made through such entities.

The Partnership/LLC may be Liable for Adjustments to its Tax Returns as a Result of Recently Enacted Legislation. Legislation was enacted that significantly changes the rules for U.S. federal income tax audits of Partnership/LLCs. Such audits will continue to be conducted at the Partnership/LLC level, but with respect to tax returns for taxable years beginning after December 31, 2017 (or beginning in the 2016 taxable year if a Partnership/LLC so elects), and, unless a Partnership/LLC qualifies for and affirmatively elects an alternative procedure, any adjustments to the amount of tax due (including interest and penalties) will be payable by the Partnership/LLC. Under the elective alternative procedure, a Partnership/LLC would issue information returns to persons who were partners in the audited year, who would then be required to take the adjustments into account in calculating their own tax liability, and the Partnership/LLC would not be liable for the adjustments. There can be no assurance that the Partnership/LLC will be eligible to make such an election or that it will, in fact, make such an election for any given adjustment. If the Partnership/LLC does not or is not able to make such an election, then (i) the then current Limited Partner/Members, in the aggregate, could indirectly bear income tax liabilities in excess of the aggregate amount of taxes that would have been due had the Partnership/LLC elected the alternative procedure, and (ii) a given Limited Partner/Member may indirectly bear taxes attributable to income allocable to other Limited Partner/Members or former Limited Partner/Members, including taxes (as well as interest and penalties) with respect to periods prior to such Limited Partner/Member's ownership of its interest in the Partnership/LLC. Amounts available for distribution to the Limited Partner/Members of the Partnership/LLC may be reduced as result of the Partnership/LLC's obligations to pay any taxes associated with an adjustment. Many issues and the overall effect of this new legislation on the Partnership/LLC are uncertain, and investors should consult their own tax advisors regarding all aspects of this legislation as it affects their particular circumstances.

There is a risk that the IRS will not concur as to the tax consequences of an investment in the Partnership/LLC described below under Section X – Regulatory, Tax and ERISA Considerations – Certain Federal Income Tax Considerations.

Please refer to the discussion set forth in that section.

No Internal Revenue Service Rulings. Informational returns filed by the Partnership/LLC are subject to audit by the IRS. The Partnership/LLC will not seek rulings from the IRS with respect to any of the U.S. federal income tax considerations discussed in this Memorandum. Thus, positions to be taken by the IRS as to tax consequences could differ from positions taken by the Partnership/LLC. For example, the IRS may audit the Partnership/LLC and challenge any of the positions taken in regard to its formation, its investments or operations, and such audit may result in an audit of a Partner's own tax returns and possibly adjustments to the tax liability reflected thereon.

Possible Legislative or Other Developments. All statements contained in this Memorandum concerning the U.S. federal income tax consequences of any investment in the Partnership/LLC are based upon existing law and the interpretations thereof. Therefore, no assurance can be given that the currently anticipated income tax treatment of an investment in the Partnership/LLC will not be modified by legislative, judicial or administrative changes, possibly with retroactive effect, to the detriment of the Partners. Both President Trump and the Republican members of the House of Representatives have publicly stated that one of their top legislative priorities is significant reform of the Code, including significant changes to taxation of business entities. There is substantial lack of clarity around both the timing and the details of any such tax reform and the impact of any potential tax reform on an investment in the Partnership/LLC is uncertain. Prospective investors should consult their own tax advisors regarding potential changes in tax laws.

Additionally, tax authorities in jurisdictions where the Partnership/LLC maintains investments may increase or materially change their tax codes so as to materially increase the tax burden associated with an investment in the Partnership/LLC or to force or attempt to force increased disclosure from or about the Partnership/LLC and/or its Partners as to the identity of all persons having a direct or indirect interest in the Partnership/LLC. Such additional disclosure may take the form of additional filing requirements on Partners.

Registration under the U.S. Commodity Exchange Act. Registration of the General Partner/Managing Member with the U.S. Commodity Futures Trading Commission (the “CFTC”) as a “commodity pool operator” or as a “commodity trading advisor” or any change in the Partnership/LLC’s operations necessary to maintain the General Partner/Managing Member’s or the Advisor’s ability to rely upon the exemptions from registration as described in Section X. “Regulatory, Tax, and ERISA Considerations—U.S. Commodity Exchange Act,” could adversely affect the Partnership/LLC’s ability to implement its investment program, conduct its operations and/or achieve its objectives and subject the Partnership/LLC to certain additional costs, expenses and administrative burdens. Furthermore, any determination by the General Partner/Managing Member or the Advisor to cease or to limit holding or investing in interests which may be treated as “commodity interests” in order to comply with the regulations of the CFTC may have a material adverse effect on the Partnership/LLC’s ability to implement its investment objectives and to hedge risks associated with its operations.

In December 2012, the CFTC issued a final rule requiring certain interest rate swaps and index-based credit default swaps to be centrally cleared, which is applicable to all swap counterparties not eligible for certain narrowly-defined exemption or exceptions. Such clearing requirement may affect the Partnership/LLC’s ability to negotiate individualized terms and/or may increase the costs of entering into such swap transactions (for example, by increasing collateral or capital requirements). Clearing mandates issued by regulators with respect to further types of swaps could have additional impact on the Partnership/LLC’s ability to use derivatives instruments as part of its hedging or investment strategy.

In December 2015, the CFTC published a final rule governing margin requirements for uncleared swaps entered into by swap dealers and major swap participants who are not supervised by the

Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Farm Credit Administration and the Federal Housing Finance Agency (collectively, the “Prudential Regulators”), referred to as “covered swap entities”. The final rule generally requires covered swap entities, subject to certain thresholds and exemptions, to collect and post margin in respect of uncleared swap transactions with other covered swap entities and financial end-users. In particular, the final rule requires covered swap entities and financial end-user having “material swaps exposure,” defined as an average aggregate daily notional amount of uncleared swaps in excess of \$8 billion for a certain specified three-month period, to collect and/or post (as applicable) a minimum amount of “initial margin” in respect of each uncleared swap. The final rule also requires covered swap entities entering into uncleared swaps with other covered swap entities or financial-end users, regardless of swaps exposure, to post and/or collect (as applicable) daily “variation margin” in reflection of changes in the market-to-market value of an uncleared swap. The CFTC final rule is broadly consistent with a similar rule requiring the exchange of initial and variation margin adopted by the Prudential Regulators in October 2015. These newly adopted rules on margin requirements for uncleared swaps could adversely affect our business, including by affecting our available liquidity or our determination to enter such swaps.

European Union Alternative Investment Fund Managers Directive. The European Union Alternative Investment Fund Managers Directive (the “Directive”) was required to be transposed into the laws of the Member States of the European Union and subsequently incorporated into the European Economic Area Agreement by July 22, 2013. The Directive imposes requirements on non-European Economic Area (“EEA”) investment fund managers (“AIFMs”) which market alternative investment funds (“AIFs”) to professional investors within the EEA. In particular, if the Partnership/LLC/LLC is marketed in the EEA, domestic laws implementing the Directive will require additional disclosure and reporting in relation to the Partnership/LLC/LLC and its investments. Compliance with such domestic laws will involve additional costs, as well as restrictions on certain early distributions or reductions in capital in respect of EEA portfolio companies (the so-called “asset stripping” rules), which will limit the use of certain investment and realization strategies (such as dividend recapitalization and reorganization). Such domestic laws do not apply to non- AIF/AIFM competitors not subject to the Directive and thereby potentially place the Partnership/LLC/LLC at a disadvantage to such competitors if the Partnership/LLC/LLC is marketed in the EEA. EEA home state regulators will also charge initial and/or periodic registration fees for registering the Partnership/LLC for marketing to professional investors within their jurisdiction. More generally, implementation of the Directive could expose the Advisor, the General Partner/Managing Member and/or the Partnership/LLC to conflicting regulatory requirements in the United States and the EEA.

In the future, it may be possible for non-EEA AIFMs to market an AIF within the EEA pursuant to a pan- European marketing “passport” instead of under national private placement regimes, provided that the AIFM complies with all relevant provisions of the Directive including, among other things, rules relating to the remuneration of certain personnel, minimum regulatory capital requirements, restrictions on the use of leverage, additional disclosure and reporting requirements to both investors and EEA home state regulators, the independent valuation of an AIF’s assets and the appointment of legal representatives and an independent depository to hold assets. Certain EEA Member States have indicated that they will cease to operate national private placement regimes

when or shortly after the passport becomes available, which would mean that non-EEA AIFMs to whom the passport is available would be required to comply with all relevant provisions of the Directive in order to market to professional investors in those jurisdictions. As a result, if in the future non-EEA AIFMs may only market in certain EEA jurisdictions pursuant to a passport, the General Partner/Managing Member may not seek to market interests in the Partnership/LLC in those jurisdictions, which may lead to a reduction in the overall amount of capital invested in the Partnership/LLC. Alternatively, if the General Partner/Managing Member sought to comply with the requirements needed to use the passport, this could have other adverse effects including, among other things, increasing the regulatory burden and costs of operating and managing the Partnership/LLC and its investments, and potentially requiring changes to compensation structures for key personnel, thereby affecting the General Partner/Managing Member's ability to recruit and retain these personnel.

The Partnership/LLC will bear the costs and expenses of compliance with the Directive and any related regulations, including, for example, costs and expenses of collecting and calculating data, the appointment of depositaries and/or the preparation of any notices, filings, periodic reports and/or other materials as may be required in relation to any EEA Member States.

United Kingdom Exit from the European Union. On June 23, 2016, the United Kingdom (the "UK") held a referendum on whether to remain a member state of the EU, in which voters favored the UK's withdrawal from the European Union (the "EU"). At this time, it is difficult to predict precisely how the UK's withdrawal from the EU will be implemented and what the economic, tax, fiscal, legal, regulatory and other implications will be for the private investment funds industry and the broader European and global financial and real estate markets generally and for the Partnership/LLC and its investments specifically. Under the process for withdrawing from the EU contemplated in the Treaty on European Union, the UK will remain a member state until a withdrawal agreement is entered into or, if later (and no extension is agreed), two years following notification of the UK's intention to withdraw from the EU. The UK has not formally notified the European Council of its intention to leave and there is no certainty that the UK government will do so; instead the UK government may seek to negotiate a bespoke withdrawal right with the agreement of the remaining EU countries. In either case, it is widely expected that it will take longer than two years before the terms of a withdrawal agreement are negotiated and known. As a consequence, it is likely that the UK will remain a member state subject to EU law with privileges to provide services under the single market directives for at least two more years. However, given the size and importance of the UK's economy, uncertainty or unpredictability about its legal, political and/or economic relationships with Europe is now, and may continue to be for the foreseeable future (including beyond the date of the UK's withdrawal from the EU), a source of instability, significant currency fluctuations and/or other adverse effects on international markets, international trade agreements and/or other existing cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise). In addition, the outcome of the UK referendum could have a destabilizing effect in which other member states may consider withdrawing from the EU. The decision for any other member state to withdraw from the EU could exacerbate such uncertainty and instability and may present similar and/or additional potential risks and consequences for the Partnership/LLC, its investments and its ability to fulfill its investment objectives.

Pay-to-Play Laws, Regulations, and Policies. In light of controversies and highly publicized incidents involving money managers, a number of states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including investments by public retirement funds. The SEC also has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation with respect to a government plan investor for two years after the adviser or certain of its executives or employees make a contribution to certain elected officials or candidates. If the General Partner/Managing Member or its employees or affiliates fail to comply with such “pay-to-play” laws, regulations or policies, such non-compliance could have an adverse effect on the Partnership/LLC by, for example, providing the basis for the withdrawal of the affected government plan investor.

Placement Agents. One or more parties are expected to act as placement agents (each, a “Placement Agent”, and together, the “Placement Agents”) for the Interests and, in that capacity, act for the General Partner/Managing Member and in such capacity would not act as investment advisers to potential investors in connection with the offering of the Interests. Typically, the General Partner/Managing Member will pay each Placement Agent a placement fee that is either a fixed amount or is based upon the amount of Interests committed to by investors that each such Placement Agent introduces to the General Partner/Managing Member. At various times, the Placement Agents may act as placement agents for other fund sponsors and funds, including unaffiliated fund sponsors and funds, which offer interests that are similar to the interests in the Partnership/LLC. Those unaffiliated sponsors may pay placement fees on terms different from the fees that the Placement Agents will receive from the General Partner/Managing Member in connection with the offerings of the Partnership/LLC, and this difference in fees may influence the Placement Agents to introduce or not introduce potential investors to the General Partner/Managing Member. Furthermore, certain Placement Agents may seek to do business with and earn fees or commissions from other investment funds and their portfolio companies and affiliates of the General Partner/Managing Member. Examples of such business may include, without limitation: provision of financing or other investment banking services; lending or arranging credit; and provision of prime brokerage.

Change of Law Risk. In addition to the risks regarding regulatory approvals, it should be noted that government counterparties or agencies may have the discretion to change or increase regulation of a Portfolio Company’s operations, or implement laws or regulations affecting the Portfolio Company’s operations, separate from any contractual rights it may have. A Portfolio Company also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company. Governments have considerable discretion in implementing regulations, including, for example, the possible imposition or increase of taxes on income earned by or from a Portfolio Company or gains recognized by the Partnership/LLC on its investment in such Portfolio Company, that could impact a Portfolio Company’s business.

Prospective investors should also note that the outcome of the recent U.S. presidential and other elections creates uncertainty with respect to legal, tax and regulatory regimes in which the

Partnership/LLC and the General Partner/Managing Member, as well as the Advisor and its affiliates, will operate. Any significant changes in, among other things, economic policy (including with respect to interest rates and foreign trade), the regulation of the asset management industry, tax law, immigration policy and/or government entitlement programs could have a material adverse impact on the Partnership/LLC and its Investments.

Litigation. In connection with ordinary course investing activities, the General Partner/Managing Member, the Partnership/LLC and their respective affiliates as well as Portfolio Companies of the Partnership/LLC may become involved in litigation either as a plaintiff or a defendant. There can be no assurance that any such litigation, once begun, would be resolved in favor of the Partnership/LLC. Any such litigation could be prolonged and expensive. In addition, it is by no means unusual for participants in reorganizations to use the threat of, as well as actual, litigation as a negotiating technique. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments generally would be borne by the Partnership/LLC and would reduce net assets or could require Limited Partner/Members to return to the Partnership/LLC distributed capital and earnings. In addition, from time to time past or current members / employees of FFC/Peloton may disagree with the Firm and/or its management over terms related to separation or other issues. If not resolved, such disputes could lead to litigation or arbitration, which could be costly, distracting and/or time consuming for FFC/Peloton management.

Risks Arising from Provision of Managerial Assistance. The General Partner/Managing Member will use reasonable best efforts to avoid having the assets of the Partnership/LLC constitute “plan assets” of any plan subject to Title I of the Employee Retirement Security Act of 1974, as amended (“ERISA” or Section 4975 of the Code and may, in this regard, elect to operate the Partnership/LLC as a “venture capital operating company” (“VCOC”) within the meaning of regulations promulgated under ERISA. Operating the Partnership/LLC as a VCOC would require that the Partnership/LLC obtain rights to substantially participate in or influence the conduct of the management of a number of the Partnership/LLC’s Portfolio Companies. The Partnership/LLC will typically designate a director to serve on the board of directors of one or more Portfolio Companies as to which it obtains such rights. The designation of directors and other measures contemplated could expose the assets of the Partnership/LLC to claims by a Portfolio Company, its security holders and its creditors. While the General Partner/Managing Member intends to minimize exposure to these risks, the possibility of successful claims cannot be precluded.

ERISA Considerations. In the event the Partnership/LLC is operated to qualify as a VCOC in order to avoid holding “plan assets” (within the meaning of ERISA), the Partnership/LLC may be restricted or precluded from making certain Portfolio Investments. In addition, it could be necessary for the General Partner/Managing Member to liquidate Portfolio Investments at a disadvantageous time in order to avoid holding ERISA “plan assets,” resulting in lower proceeds to the Partnership/LLC than might have been the case without the need to qualify as a VCOC.

Potential Control Group Liability. Under ERISA, upon the termination of a tax-qualified single employer defined benefit pension plan, the sponsoring employer and all members of its “controlled group” will be jointly and severally liable for 100% of the plan’s unfunded benefit liabilities whether or not the controlled group members have ever maintained or participated in the plan. In

addition, the Pension Benefit Guaranty Corporation (the “PBGC”) may assert a lien with respect to such liability against any member of the controlled group on up to 30% of the collective net worth of all members of the controlled group. Similarly, in the event a participating employer partially or completely withdraws from a multiemployer (union) defined benefit pension plan, any withdrawal liability incurred under ERISA will represent a joint and several liability of the withdrawing employer and each member of its controlled group.

A “controlled group” includes all “trades or businesses” under 80% or greater common ownership. This common ownership test is broadly applied to include both “parent-subsidiary groups” and “brother-sister groups” applying complex exclusion and constructive ownership rules. However, regardless of the percentage ownership that the Partnership/LLC holds in one or more of its Portfolio Companies, the Partnership/LLC itself cannot be considered part of an ERISA controlled group unless the Partnership/LLC is considered to be a “trade or business”.

While there are a number of cases that have held that managing investments is not a “trade or business” for tax purposes, in 2007 the PBGC Appeals Board ruled that a private equity fund was a “trade or business” for ERISA controlled group liability purposes and at least one Federal Circuit Court has similarly concluded that a private equity fund could be a trade or business for these purposes based upon a number of factors including the fund’s level of involvement in the management of its portfolio companies and the nature of any management fee arrangements.

If the Partnership/LLC were determined to be a trade or business for purposes of ERISA, it is possible, depending upon the structure of the investment by the Partnership/LLC and/or its affiliates and other co- investors in a Portfolio Company and their respective ownership interests in the Portfolio Company, that any tax-qualified single employer defined benefit pension plan liabilities and/or multiemployer plan withdrawal liabilities incurred by the Portfolio Company could result in liability being incurred by the Partnership/LLC, with a resulting need for additional capital contributions, the appropriation of Partnership/LLC assets to satisfy such pension liabilities and/or the imposition of a lien by the PBGC on certain Partnership/LLC assets. Moreover, regardless of whether or not the Partnership/LLC were determined to be a trade or business for purposes of ERISA, a court might hold that one of the Partnership/LLC’s Portfolio Companies could become jointly and severally liable for another Portfolio Company’s unfunded pension liabilities pursuant to the ERISA “controlled group” rules, depending upon the relevant investment structures and ownership interests as noted above.

Indemnification. The Partnership/LLC will be required to indemnify the General Partner/Managing Member, the Advisor, each of their affiliates and each of their respective direct and indirect agents, partners, officers, members, shareholders, directors and employees shareholders and employees for liabilities incurred in connection with the affairs of the Partnership/LLC and as otherwise provided in the Partnership/LLC Agreement. Such liabilities may be material. For example, in their capacity as directors of Portfolio Companies, the partners or affiliates of the General Partner/Managing Member may be subject to derivative or other similar claims brought by shareholders of such Portfolio Companies. The indemnification obligation of the Partnership/LLC would be payable from the assets of the Partnership/LLC, including the unpaid Capital Commitments of the Limited Partner/Members. If the assets of the Partnership/LLC are insufficient, the General Partner/Managing Member may recall distributions

previously made to the Limited Partner/Members (subject to certain limitations set forth in the Partnership/LLC Agreement). The Partnership/LLC may purchase liability insurance to protect indemnities. Members of the LP Advisory Committee will also be entitled to the benefit of certain indemnification and exculpation provisions as set forth in the Partnership/LLC Agreement.

It should be noted that the General Partner/Managing Member may cause the Partnership/LLC to purchase insurance for the Partnership/LLC, the General Partner/Managing Member, the Advisor, and their employees, agents, and representatives, but there can be no assurance that such insurance will cover any or all liabilities. In addition, the General Partner/Managing Member may cause the Partnership/LLC to advance the costs and expenses of an indemnitee pending outcome of the particular matter (including determination as to whether or not the person was entitled to indemnification or engaged in conduct that negated such person's entitlement to indemnification). As a result, there may be periods where the Partnership/LLC is advancing expenses to an individual or entity with whom the Partnership/LLC is not aligned or is otherwise an adverse party in a dispute. Moreover, in its capacity as General Partner/Managing Member of the Partnership/LLC, the General Partner/Managing Member will, notwithstanding any actual or perceived conflict of interest, be the beneficiary of any decision by it to provide indemnification (including advancement of expenses). This may be the case even with respect to settlement of actions where any indemnitee was alleged to have engaged in conduct that disqualifies any such person from indemnification or exculpation so long as the General Partner/Managing Member (and/or its legal counsel) have determined that such disqualifying conduct did not occur. With respect to indemnification and exculpation, prospective investors should note that the Partnership/LLC Agreement contains provisions that modify and replace the duties, including fiduciary and other duties, to the Partnership/LLC and the Limited Partner/Members to which the General Partner/Managing Member and its affiliates (including the Advisor) may otherwise be subject, authorize and permit conduct on the part of the General Partner/Managing Member and its affiliates (including the Advisor) that might not otherwise be permitted pursuant to such duties, and limit the remedies of Limited Partner/Members with respect to breaches of such duties. For example, whereas ordinarily a General Partner/Managing Member of a limited Partnership/LLC would owe a duty of care equivalent to a "negligence" standard, the Partnership/LLC Agreement provides that the General Partner/Managing Member and other indemnitees will not be liable unless it acts with "gross negligence." Similarly, whereas a General Partner/Managing Member of a limited Partnership/LLC owes a general duty of loyalty to the limited Partnership/LLC and its Limited Partner/Members, the Partnership/LLC Agreement provides that the General Partner/Managing Member is permitted (and shall be deemed to have fulfilled all duties) to take certain actions, even where it is "interested," in any manner so long as it is not prohibited by the Partnership/LLC Agreement (and with respect to any matter not specifically contemplated by the Partnership/LLC Agreement, the General Partner/Managing Member will be permitted (and shall be deemed to have fulfilled all duties) to take any such action, even if it is "interested," so long as it subjectively believes that such action will not cause material harm to the Partnership/LLC). In that regard, the General Partner/Managing Member will, to the fullest extent permitted by law, be required to comply with the Partnership/LLC Agreement and will not be subject to any different standards imposed by the Delaware Limited Partnership/LLC Act or under any other law, rule or regulation or in equity, regardless of the General Partner/Managing Member's own financial interest in the outcome.

Liability of the Partnership/LLC and the Partners. The General Partner/Managing Member has unlimited liability for all debts and obligations of the Partnership/LLC. Except as provided below, the total liability of a Limited Partner/Member is limited to the amount of its Capital Commitment, except in certain circumstances whereby such Limited Partner/Member was involved in the management or otherwise engaged in the business of the Partnership/LLC or externally represented the Partnership/LLC. Any Partner's Capital Commitment is susceptible to risk of loss as a result of any liability of the Partnership/LLC irrespective of whether such liability is attributable to a Portfolio Investment to which such Partner contributed any capital. If the Partnership/LLC is otherwise unable to meet its obligations, the Limited Partner/Members may, under applicable law, be obligated to return, with interest, distributions previously received by them pursuant to any rules regarding fraudulent conveyances to the Partnership/LLC or to creditors whose interests have been injured. In addition, a Limited Partner/Member may be liable under applicable bankruptcy law to return a distribution made during the Partnership/LLC's insolvency.

Absence of Recourse. The Partnership/LLC Agreement will include exculpation, indemnification and other provisions that will limit the circumstances under which the General Partner/Managing Member, the Advisor and others can be held liable to the Partnership/LLC. In addition, investors should note that the Partnership/LLC Agreement contains provisions that, subject to applicable law, (i) reduce or eliminate the duties, including fiduciary and other duties, to which the General Partner/Managing Member would otherwise be subject; (ii) waive duties or consent to the conduct of the General Partner/Managing Member that might not otherwise be permitted pursuant to such duties; and

(iii) limit the remedies of Limited Partner/Members with respect to breaches of such duties. Additionally, certain service providers to the Partnership/LLC, the General Partner/Managing Member, the Advisor, their respective affiliates and other persons, including, without limitation, the members of the LP Advisory Committee, the Partners, and placement agents, finders and advisers, may be entitled to exculpation and indemnification (in certain cases on terms more favorable to them than those available to Indemnified Parties generally). As a result, the Limited Partner/Members may have a more limited right of action in certain cases than they would in the absence of such limitations.

Reliance on Portfolio Company Management. Each Portfolio Company's day-to-day operations will be the responsibility of such company's management team. Although the General Partner/Managing Member will be responsible for monitoring the performance of each investment and intends to invest in companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to operate the Portfolio Company in accordance with the Partnership/LLC's plans.

Hedging Policies/Risks. In connection with the acquisition, financing, refinancing, or disposition of certain investments, the Partnership/LLC is likely to employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange rates, which may involve short term guarantees from the Partnership/LLC. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Partnership/LLC may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Partnership/LLC than if it had not entered into such hedging transactions.

Interest Rate Risks. In order to seek to reduce the interest rate risk inherent in the Partnership/LLC's underlying investments and capital structure, the Partnership/LLC may enter into interest rate transactions, including but not limited to interest rate swaps and caps. For instance, interest rate swaps involve the exchange by the Partnership/LLC with a counterparty of fixed-rate payments for floating rate payments; the payment obligations would be based on the notional amount of the swap. In an interest rate cap, the Partnership/LLC would pay a premium to the counterparty to the interest rate cap and, to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from the counterparty payments of the difference based on the notional amount of such cap. Depending on the state of interest rates in general, the Partnership/LLC's use of interest rate transactions could enhance or harm the overall performance of the Partnership/LLC.

Bridge Financings. From time to time, the Partnership/LLC may provide financing to Portfolio Companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such Bridge Investments would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Partnership/LLC's control, such long-term securities may not be issued and such Bridge Investments may remain outstanding. In such event, the interest rate or other terms of such financings may not adequately reflect the risk associated with the unsecured position taken by the Partnership/LLC.

Failure to Make Capital Contributions. If a Limited Partner/Member fails to pay when due installments of its Capital Commitment to the Partnership/LLC, and the Capital Contributions made by non-defaulting Limited Partner/Members and borrowings by the Partnership/LLC are inadequate to cover the defaulted contribution, the Partnership/LLC may be unable to pay its obligations when due. As a result, the Partnership/LLC may be subjected to significant penalties that could materially adversely affect the returns to Limited Partner/Members (including non-defaulting Limited Partner/Members). If a Limited Partner/Member defaults, it may be subject to various remedies as provided in the Partnership/LLC Agreement, including, without limitation, reductions in its capital account balance. A default by a Limited Partner/Member may also limit the Partnership/LLC's availability to incur borrowings and avail itself of what would otherwise have been available credit. The General Partner/Managing Member may, subject to certain limitations, require an additional funding of Capital Contributions from the non-defaulting Limited Partner/Members to fund the shortfall caused by the defaulting Limited Partner/Member(s).

Deployment of Capital. In light of the Partnership/LLC's investment strategy and the need to be able to deploy capital quickly to capitalize on potential investment opportunities, the Partnership/LLC may from time to time maintain cash at the fund level pending deployment into Portfolio Investments, which could at times be significant. Such cash may be held in an account of the Partnership/LLC or may be invested in money market accounts or other similar temporary investments. In the event the Partnership/LLC were unable to find suitable Portfolio Investments such cash may be maintained at the fund level for longer periods which would be dilutive to overall investment returns. It is not anticipated that the temporary investment of such cash into money market accounts or other similar temporary investments pending deployment into Portfolio Investments will generate significant interest, and investors should understand that such low

interest payments (if any) on the temporarily invested cash may adversely affect overall fund returns.

Dilution from Subsequent Closings. Limited Partner/Members subscribing for Interests at subsequent closings will participate in existing Portfolio Investments of the Partnership/LLC, diluting the interest of existing Limited Partner/Members therein. Although such Limited Partner/Members will contribute their pro rata share of previously made Partnership/LLC draws (plus an additional amount thereon), unless the General Partner/Managing Member in its sole and absolute discretion determines that a pro rata contribution from Limited Partner/Members at a subsequent closing together with an additional amount thereon as described in the Partnership/LLC Agreement would not appropriately reflect a material change in the value of the investments then held by the Partnership/LLC, there can be no assurance that this payment will reflect the fair value of the Partnership/LLC's existing Portfolio Investments at the time such additional Limited Partner/Members subscribe for Interests.

FOIA. To the extent the General Partner/Managing Member determines in good faith that, as a result of the U.S. Freedom of Information Act ("FOIA"), any governmental public records access law, any state or other jurisdiction's laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement, a Limited Partner/Member or any of its affiliates may be required to disclose information relating to the Partnership/LLC, its affiliates, and/or any entity in which a Portfolio Investment is made (other than certain fund level, aggregate performance information described in the Partnership/LLC Agreement), the General Partner/Managing Member may, in order to prevent any such potential disclosure, withhold all or any part of the information otherwise to be provided to such Limited Partner/Member or alter the manner in which such information is provided to such Limited Partner/Member.

Possible Exclusion. The General Partner/Managing Member may determine that it is appropriate to initially exclude one or more Limited Partner/Members (or categories of Limited Partner/Members) from a particular Portfolio Investment (or category of Portfolio Investments) due to particular tax concerns related thereto or for other regulatory or legal reasons. Subject to the goal of maximizing overall returns for the Limited Partner/Members, the General Partner/Managing Member will generally seek to mitigate the circumstances giving rise to such exclusion. In that regard, if the General Partner/Managing Member later determines that it is no longer necessary for such Limited Partner/Members to be excluded from such Portfolio Investment (including, because the tax, regulatory or legal situation has changed or is no longer in effect), the General Partner/Managing Member may require or permit the previously excluded Limited Partner/Members to participate in the Portfolio Investment, including through the participation thereby in an Alternative Vehicle and/or the acquisition of a portion of the Portfolio Investment from the Partnership/LLC (subject to certain limitations). However, the Partnership/LLC would have no right and would be under no obligation to sell a portion of the Portfolio Investment to the Limited Partner/Member, and the Limited Partner/Member would have no right and would be under no obligation to acquire a portion of the Portfolio Investment. Any later purchase of a Portfolio Investment from the Partnership/LLC would be at the fair market value of the Portfolio Investment at the time of the later purchase. Therefore Limited Partner/Members who were initially excluded from the Portfolio Investment may participate in the Portfolio Investment on

different terms (and may not get the benefit of any income from the Portfolio Investment prior to their participation).

Cyber Security Breaches and Identity Theft. The General Partner/Managing Member, the Advisor, the Partnership/LLC, their service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These information and technology systems are subject to a number of different threats or risks that could adversely affect the Partnership/LLC and its investors, despite the efforts of the General Partner/Managing Member, the Advisor and the Partnership/LLC's 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 Partnership/LLC and its investors. For example, these systems are subject to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the General Partner/Managing Member's and the Advisor's systems to disclose sensitive information in order to gain access to the General Partner/Managing Member's or the Advisor's data or that of the Partnership/LLC's investors.

Although the General Partner/Managing Member and the Advisor will implement various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the General Partner/Managing Member, the Advisor, the Partnership/LLC and/or a service provider thereof would have to make a significant investment to fix or replace them. The successful penetration or circumvention of the security of these systems, or a failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the General Partner/Managing Member's, the Advisor's, the Partnership/LLC's and/or a service provider's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors), the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system and costs associated with system repairs. Such a failure could harm the General Partner/Managing Member's, the Advisor's, the Partnership/LLC's and/or a service provider's reputation, subject any such entity and their respective affiliates to legal claims, compliance costs and otherwise affect their business and financial performance.

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

POTENTIAL CONFLICTS OF INTEREST

Investors should be aware that there will be occasions when the General Partner/Managing Member and its affiliates (including the Advisor) may encounter potential conflicts of interest in

connection with the Partnership/LLC. Investors should note that the Partnership/LLC Agreement contains provisions that, subject to applicable law, reduce or modify the duties, including fiduciary and other duties, to the Partnership/LLC and the Limited Partner/Members to which the General Partner/Managing Member and its affiliates (including the Advisor) would otherwise be subject, provisions that waive or consent to conduct on the part of the General Partner/Managing Member and its affiliates (including the Advisor) that might not otherwise be permitted pursuant to such duties, and provisions that limit the remedies of Limited Partner/Members with respect to breaches of such duties. If any matter arises that the General Partner/Managing Member determines in its good faith judgment constitutes an actual conflict of interest, the General Partner/Managing Member may take such actions as may be necessary or appropriate, within the confines of the Partnership/LLC Agreement, to ameliorate the conflict (and upon taking such actions the General Partner/Managing Member will be relieved of any responsibility for such conflict and be deemed to have satisfied its fiduciary duties with respect to such conflict). These actions may include disposing of the security giving rise to the conflict of interest or appointing an independent fiduciary. By acquiring an Interest in the Partnership/LLC, each Limited Partner will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest. FFC/Peloton and its partners, members, directors, officers, and employees may in the future engage in further activities that may result in additional conflicts of interest not addressed below. The following discussion enumerates certain potential conflicts of interest:

Carried Interest. The existence of the General Partner/Managing Member's Carried Interest may create an incentive for the General Partner/Managing Member to make more speculative Portfolio Investments on behalf of the Partnership/LLC than it would otherwise make in the absence of such performance-based arrangement. In addition, if distributions are made of property other than cash, the amount of any such distribution will be accounted for at the fair market value of such property, as determined by the General Partner/Managing Member in accordance with procedures specified in the Partnership/LLC Agreement. An independent appraisal generally will not be required and is not expected to be obtained.

Other Fees. The General Partner/Managing Member and its affiliates may receive certain cash and non-cash fees from Portfolio Companies in connection with the purchase, monitoring or disposition of Portfolio Investments or in connection with unconsummated transactions (i.e., transaction, directors, consulting, management, investment banking, advisory, closing, topping, break-up and other similar fees). Fees received by the General Partner/Managing Member from these activities will reduce the Management Fee paid by the Limited Partner/Members on a dollar for dollar basis.

Operating Partners. Peloton will from time to time engage Operating Partners. Operating Partners are not employees of the Firm, but are independent contractors and will not have any authority to bind the Firm or Peloton- sponsored funds and their portfolio companies. Operating Partners are expected to be compensated, including without limitation by way of fee-free commitments to the Partnership/LLC, a portion of the General Partner/Managing Member's carried interest or other compensation from the Partnership/LLC, which may assign for payment or submit for reimbursement all or a portion of such other compensation to the Partnership/LLC and/or other Peloton-sponsored funds and/or the portfolio companies.

Joint Venture Partners. Some of the third-party operators and joint venture partners with whom the General Partner/Managing Member may elect to co-invest the Partnership/LLC's commitments have preexisting investments with the Investment Team through the Predecessor FFC Funds. The terms of the preexisting investments may differ from the terms upon which the Partnership/LLC invests with such operators and partners. To the extent a dispute arises between the Investment Team and such operators and partners, the Partnership/LLC's investments relating thereto may be affected.

Diverse Limited Partner/Member Group. The Limited Partner/Members may have conflicting investment, tax and other interests with respect to their investments in the Partnership/LLC. The conflicting interests of individual Limited Partner/Members may relate to or arise from, among other things, the nature of Portfolio Investments made by the Partnership/LLC, the structuring or the acquisition of Portfolio Investments and the timing of disposition of Portfolio Investments. As a consequence, conflicts of interest may arise in connection with the decisions made by the General Partner/Managing Member, including with respect to the nature or structuring of Portfolio Investments that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring Portfolio Investments appropriate for the Partnership/LLC, the General Partner/Managing Member will consider the investment and tax objectives of the Partnership/LLC and its Partners as a whole, not the investment, tax or other objectives of any Limited Partner/Member individually.

Certain Limited Partner/Members will have Representatives on the LP Advisory Committee. The LP Advisory Committee will have a role in certain matters regarding the Partnership/LLC, including with respect to certain conflicts of interest, in each case as provided in the Partnership/LLC Agreement. The Partnership/LLC Agreement will provide that to the fullest extent permitted by law, (i) none of the members of the LP Advisory Committee, nor the Limited Partner/Members on behalf of whom such members act as representatives, if applicable, shall owe any duties (fiduciary or otherwise) to any other Limited Partner/Member in respect of the activities of the LP Advisory Committee, other than the duty to act in good faith and (ii) in taking or omitting to take any action, a member of the LP Advisory Committee may act solely in the interests of the Limited Partner/Members, which it represents, if applicable, and the same shall not be deemed (in and of itself) to violate its duty of good faith. Furthermore, members of the LP Advisory Committee may have various business and other relationships with FFC/Peloton and its partners, employees and affiliates. The presence of these other relationships may influence their decisions as members of such committee.

Service Providers and Other Counterparties. The service providers, counterparties or their affiliates (including any administrators, lenders, brokers, attorneys, consultants, and investment banking firms) of the Partnership/LLC, the General Partner/Managing Member, the Advisor, or any of their affiliates may be investors in the Partnership/LLC and/or sources of investment opportunities and co-investors or counterparties therein, or a Portfolio Company. Additionally, certain employees of the Advisor may have family members or relatives employed by such advisors and service providers. This may influence the General Partner/Managing Member in deciding whether to select such a service provider or have other relationships with FFC/Peloton. Moreover, certain service providers (or their affiliates, including lenders, brokers, attorneys, consultants and investment banking firms) to the Partnership/LLC and its Portfolio Companies

may also provide services to or have other relationships with FFC/Peloton. These other services and relationships may influence the General Partner/Managing Member in deciding whether to select such a provider to perform services for the Partnership/LLC and its Portfolio Companies (the cost of which will generally be borne directly or indirectly by the Partnership/LLC).

The General Partner/Managing Member, the Advisor, the Partnership/LLC and the Portfolio Companies may engage common service providers from time to time. In such circumstances, there may be a conflict of interest between the General Partner/Managing Member or the Advisor, on the one hand, and the Partnership/LLC and/or Portfolio Companies, on the other hand, in determining whether to engage such service providers, including the possibility that the General Partner/Managing Member or Advisor will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Partnership/LLC and/or the Portfolio Companies. In certain circumstances, advisors and service providers, or their affiliates, charge different rates or have different arrangements for services provided to the General Partner or its affiliates as compared to services provided to the Partnership/LLC and/or the Portfolio Companies, which result in the General Partner/Managing Member or its affiliates receiving a more favorable rates or arrangements with respect to services provided to it by a common service provider than those payable by the Partnership/LLC and/or the Portfolio Companies, or the General Partner/Managing Member or its affiliates receiving a discount on services even through the Partnership/LLC and/or the Portfolio Companies receive a lesser, or no, discount. Similarly, FFC/Peloton, its affiliates, the Partnership/LLC, the other FFC/Peloton funds and/or their portfolio companies may enter into agreements or other arrangements with service providers, vendors and other similar counterparties (whether such counterparties are affiliated or unaffiliated with FFC/Peloton) from time to time whereby such counterparty may charge lower rates and/or provide discounts or rebates for such counterparty's products and/or services depending on certain factors, including without limitation, volume of transactions entered into and potential transactions to be entered into with such counterparty by FFC/Peloton, its affiliates, the Partnership/LLC, the other FFC/Peloton funds and/or their portfolio companies in the aggregate. Additionally, FFC/Peloton funds, their portfolio companies and/or FFC/Peloton itself may from time to time engage investment banks or other similar financial advisors in connection with specific projects. In most cases, the costs and expenses of these third parties will be borne (directly or indirectly) by the FFC/Peloton funds and Limited Partner/Members (and not FFC/Peloton). However, one of the tangible and/or intangible benefits from these relationships includes general referral of investment opportunities, which opportunities may inure to the benefit of other FFC/Peloton funds and/or FFC/Peloton (and not necessarily the parties bearing the cost of the particular engagement that created, enhanced or supported the underlying relationship that came to produce such opportunities in the first place).

Portfolio Company Relationships. The Partnership/LLC's Portfolio Companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of FFC funds that, although FFC/Peloton determines to be consistent with the requirements of the Partnership/LLC Agreement, may not have otherwise been entered into but for the affiliation with FFC, and which may involve fees and/ or payments for goods and services to such other Portfolio Companies which are not subject to the Management Fee offset provisions described herein.

Positions with Portfolio Companies. Certain employees and members of the General Partner/Managing Member and its affiliates will serve as directors of Portfolio Companies. While conflicts of interest may arise in the event that such employee's fiduciary duties as a director conflicts with those of the Partnership/LLC, it is expected that the interests will mostly be aligned. Additionally, such persons will be required to remit to the Advisor any remuneration they receive as directors on behalf of the Advisor. Such remuneration will then be subject to any applicable sharing or offset arrangements. In addition, employees of the General Partner/Managing Member may leave the employment of the General Partner/Managing Member to become an officer or employee of a Portfolio Company (including a former Portfolio Company that has been disposed of). At such time, any remuneration received by such employees, including for any board service, will no longer be remitted to the Advisor nor will it be subject to the offset arrangements.

In addition, from time to time certain employees and members of the General Partner/Managing Member and the Advisor will serve in bona fide management capacities (or other operational capacities involving a material portion of such person's business time) at Portfolio Companies. In such cases, the Advisor will not offset compensation directly or indirectly received by such employees or members pursuant to the Partnership/LLC Agreement.

Other Activities and Relationships. The Principals have made the time commitments described in the applicable Agreements. However, the Principals will work on other projects, including the investments and affairs of the Predecessor FFC Funds and will continue to participate in the management of the Predecessor FFC Funds. Therefore, conflicts may arise in the allocation of management resources.

Further Potential Value. FFC/Peloton may be unable to exit an investment during the standard life of the Partnership/LLC, or that it may believe that it would be suboptimal to exit during that time, for example because it believes that the investment has not reached an appropriate level of maturity or it still holds significant future upside. This could include, but is not limited to, a company for which a turnaround has not been completed, one that is not in the right part of the curve of a longer industry cycle, or one for which there is still a significant amount of value creation that can be done or future growth that is expected to occur. With respect to any investment that FFC/Peloton does not believe it would be advisable to exit before the end of the life of the relevant fund, it is possible that FFC/Peloton would determine that the optimal solution is to sell an investment from an earlier FFC/Peloton fund to a later one. FFC/Peloton would only do so in accordance with any restrictions and requirements set forth in the applicable funds' Partnership/LLC agreements, including but not limited to obtaining any LP Advisory Committee consent required thereby. In addition, FFC/Peloton might also consider other possible solutions, such as the creation of a separate vehicle to hold long-lived assets. Any transfer of assets to such a vehicle would again be done only in accordance with any applicable limitations in the relevant Partnership/LLC agreement.

Legal Representation – Limited Partner/Memberships. Simpson Thacher & Bartlett LLP ("STB") will act as counsel to the Partnership and the General Partner/Managing Member in connection with this offering and the organization of the Partnership. In connection with this offering and ongoing advice to the Partnership and the General Partner/Managing Member, STB will not be

representing the Limited Partner/Members and no independent counsel has been retained to represent the Limited Partner/Members. STB may be removed by the General Partner/Managing Member at any time without the consent of, or notice to, the Limited Partner/Members. Representation by STB of the Partnership, the General Partner/Managing Member and their affiliates is limited to specific matters as to which they have been consulted by such persons. There may exist other matters which could have a bearing on the Partnership, the General Partner/Managing Member and/or their affiliates as to which STB has not been consulted. In addition, STB does not undertake to monitor the compliance of the Partnership and the General Partner/Managing Member, and their affiliates with the investment program, investment strategies, valuation procedures, investment restrictions and other guidelines and terms set forth in this Memorandum and the Partnership Agreement, nor does STB monitor compliance with applicable laws. STB has not investigated or verified the accuracy and completeness of any information set forth in this Memorandum, including information concerning the Partnership and General Partner/Managing Member and their affiliates and personnel. STB may also act as counsel to a Portfolio Investment, equity sponsors of a Portfolio Investment, other creditors of a Portfolio Investment or an agent therefore, a party seeking to acquire some or all of the assets or equity of a Portfolio Investment, or a person engaged in litigation with a Portfolio Investment. Prospective investors should seek their own legal, tax, and financial advice before making an investment in the Partnership.

Legal Representation – Limited Liability Company. Goodwin Procter LLC (“Goodwin”) will act as counsel to the LLC and the Managing Member in connection with this offering and the organization of the LLC. In connection with this offering and ongoing advice to the LLC and the Managing Member, Goodwin will not be representing the Limited Partners and no independent counsel has been retained to represent the Limited Partners. Goodwin may be removed by the Managing Member at any time without the consent of, or notice to, the Members. Representation by Goodwin of the LLC, the Managing Member and their affiliates is limited to specific matters as to which they have been consulted by such persons. There may exist other matters which could have a bearing on the LLC, the Managing Member and/or their affiliates as to which Goodwin has not been consulted. In addition, Goodwin does not undertake to monitor the compliance of the LLC and the Managing Member, and their affiliates with the investment program, investment strategies, valuation procedures, investment restrictions and other guidelines and terms set forth in this Memorandum and the LLC Agreement, nor does Goodwin monitor compliance with applicable laws. Goodwin has not investigated or verified the accuracy and completeness of any information set forth in this Memorandum, including information concerning the LLC and Managing Member and their affiliates and personnel. Goodwin may also act as counsel to a Portfolio Investment, equity sponsors of a Portfolio Investment, other creditors of a Portfolio Investment or an agent therefor, a party seeking to acquire some or all of the assets or equity of a Portfolio Investment, or a person engaged in litigation with a Portfolio Investment. Prospective investors should seek their own legal, tax, and financial advice before making an investment in the LLC.

ITEM 9: DISCIPLINARY INFORMATION

The Adviser and its supervised persons have not been involved in any legal or disciplinary events that are material to a client's or potential client's evaluation of our advisory business or the integrity of the Adviser's management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. *Registered Broker-Dealer or Registered Representative*

Not Applicable.

B. *FCM, CPO, CTA or Associated Person.*

Not Applicable.

C. *Material Business Relationships with Certain Related Persons*

FFC also performs mergers and acquisitions advisory services for some of the portfolio companies in which the Funds invest. The advisory work includes advising portfolio companies on the sale of assets or acquisition by another company. The advisory fee is paid to FFC or Peloton and FFC or Peloton either retains the fee as revenue, or in the case of Peloton Equity I, Peloton AeroCare I and Peloton II, passes the fee along to the investors as a dollar for dollar reduction in the management fee for that quarter.

The Adviser also earns fees as members of the boards of some of its portfolio companies. Compensation for board membership is earned in the form of cash and/ or equities. The board compensation is paid to FFC or Peloton and FFC or Peloton either retains the fee as revenue, or in the case of Peloton Equity I, Peloton AeroCare I and Peloton II, passes the fee along to the investors as a dollar for dollar reduction in the management fee for that quarter.

D. *Recommendation and Selection of Other Investment Advisers*

Not Applicable.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

a) Code of Ethics

FFC recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its clients; (ii) its long-term business interests are best served by adherence to the principle that the interests of clients come first; and (iii) it has a fiduciary duty to its clients to act solely for their benefit. All personnel of the Adviser must put the interests of the Adviser's clients before their own personal interests and must act honestly and fairly in all respects in dealings with clients.

FFC has adopted a Code of Ethics (the “Code”) pursuant to Advisers Act Rule 204A-1 that sets forth the Firm’s ethical standards and governs the business conduct of the Firm and persons associated with the Firm. The Code describes FFC’s policies regarding confidential Client information and regulates personal trading activity. Securities holdings and transactions of access persons and their immediate family members are reviewed to determine compliance with the requirements of the Code. The Code also contains other restrictions and reporting requirements designed to limit personal conflicts of interest. These provisions apply to all employees of the Firm. All personnel of the Adviser must also comply with all federal securities laws.

Clients or prospective clients may obtain a copy of the Code of Ethics by contacting Nicole Sansone, CCO by e-mail at nsansone@ffandco.com or by telephone at 203-532-8011.

b) Participation or Interests in Client Transactions

FFC and its related persons may invest their personal assets in the companies in which the Adviser’s client Funds and SPV Fund invest or they may hold an interest in the Funds and SPV Fund themselves. The Adviser has established procedures intended to limit conflicts of interest in cases where the Adviser, a related person or any of their employees, buys or sells companies in which the Adviser’s client funds invest. None of FFC’s Supervised Persons (as defined in the Code) may knowingly sell to or buy any security from a Client without prior written permission from the Chief Compliance Officer (“CCO”) or the CCO’s designee. Additionally, all Access Persons (as defined in the Code, and which includes Supervised Persons meeting certain further criteria) must submit quarterly transactions reports detailing personal securities transactions. Such reports will be reviewed by the CCO or the CCO’s designee to ensure compliance with the Code.

C. Investment in Securities Recommended to Clients

FFC’s Supervised Persons are specifically prohibited from using their knowledge about pending transactions or investments currently being considered for personal profit, including by purchasing or selling such securities directly or indirectly. Further, as noted above, all Access Persons (as defined in the Code, and which includes Supervised Persons meeting certain further criteria) must

submit quarterly transactions reports detailing personal securities transactions. Such reports will be reviewed by the CCO or the CCO's designee to ensure compliance with the Code.

D. Investment in Securities at or about the Same Time Recommended to Clients

See Part 11 C. above.

ITEM 12: BROKERAGE PRACTICES

a) Selection of Broker-Dealers

Not Applicable.

b) Soft-Dollars Arrangement

Not Applicable.

c) Brokerage for Client Referrals.

Not Applicable.

d) Directed Brokerage

Not Applicable.

e) Aggregation (Bunching) of Trades

Not Applicable.

ITEM 13: REVIEW OF ACCOUNTS

a) Client Account Reviews

The Adviser has detailed knowledge of the investments in each Fund and SPV Fund. The Investment Committee meets several times a month to review the performance of each portfolio company in each Fund and SPV Fund and to ensure that transactions are within the parameters of the Funds' Limited Partnership Agreements and Limited Liability Company's Agreements.

b) Client Reports

Investors in the Institutional Funds, Peloton Equity I, Peloton AeroCare I and Peloton II receive quarterly financial statements, annual audited financial statements, and a presentation on each portfolio company in each Fund at the Adviser's Annual Meeting. The investors in the side-by-side funds receive annual audited financials and are invited to the Adviser's Annual Meeting. The investors in the SPV Fund, Peloton HPOne, Peloton Arcadia, Peloton AeroCare II and Peloton ID Experts receive annual audited financials.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

FFC does not typically compensate third parties for investor referrals. Before making payments for any client referral, the Firm requires each such third party to enter into a written referral agreement. This agreement will comply with the requirements set out in Rule 206(4)-3 of the Investment Advisers Act of 1940, including the requirement that the relationship between the solicitor and the investment adviser be disclosed to the potential client at the time of the solicitation or referral. Referral fees are generally a percentage of the annual management fees, incentive allocation, or a combination thereof, earned by the Firm on referred accounts. The referral fees typically do not result in additional expenses to the referred Client. Potential clients are required to acknowledge they have been informed of the referral arrangement, including the type and amount of compensation, prior to the Firm accepting the Client's account.

In July 2017, Peloton entered into an agreement with PTP Securities, LLC ("PTP") as an exclusive agent with respect to private placement of limited partnership interests in Peloton II. PTP was paid a monthly retainer fee for 15 months and was paid a fee for placement of one limited partner interest in Peloton II to date.

In the future, FFC/Peloton may enter into other written solicitation arrangements with third parties (each a "Solicitor"). Under a solicitation arrangement, the Adviser may pay a referral fee to a Solicitor when the Solicitor successfully introduces a Client or fund investor to the Firm. The amount of compensation is based on a negotiated percentage of the management and incentive fees received by FFC from each Client. The solicitation arrangement does not affect the amount of fees paid by each Client.

ITEM 15: CUSTODY

FFC/Peloton retains custody of fund assets within the meaning of Rule 206(4)-2 under the Advisers Act.

The Advisor does retain custody of the physical securities underlying the Funds' investment in portfolio companies. From time to time, we also have custody of a Fund's cash pursuant to a capital call for a new investment, a Follow-On investment, payment of Fund expenses or a pending distribution of cash or securities. We also hold a small amount of cash on behalf of the side-by-side investors to fund investments and/or partnership expenses.

Where FFC/Peloton is deemed to have custody of FFC/Peloton's Fund's cash or securities, FFC/Peloton provides (or causes to be provided) to each Investor in the Fund a copy of the Fund's audited financial statements within 90 days for FFC II, FFC III-B, and side-by-side Funds, 120 days for Peloton Equity I, Peloton AeroCare I, Peloton Aerocare II, Peloton II and the SPV Fund following the relevant Fund's fiscal year end, and 150 days for Peloton HPOne, Peloton Arcadia and Peloton ID Experts following the relevant entity's fiscal year end. Investors who do not receive audited financial statements timely should contact FFC/Peloton immediately.

ITEM 16: INVESTMENT DISCRETION

The Adviser has the discretion and authority to invest the Clients' Capital in healthcare companies and sell those investments pursuant to the Guidelines in each Fund's Limited Partnership Agreement and Limited Liability Company Agreement.

ITEM 17: VOTING OF CLIENT SECURITIES

a) Proxy Voting Authority

From time to time companies in which the Adviser invests may submit certain matters to a vote of its security holders. The right to vote is usually available to equity holders and not to holders of company debt.

FFC/Peloton has adopted Proxy Voting Policies and Procedures pursuant to Rule 206(4)-6 of the Advisers Act designed to ensure that proxies are voted prudently and solely in the best interest of our clients. According to our policy, the Adviser will generally vote in accordance with management's recommendations in order to support the ability of management to run its business in a responsible and cost effective manner while staying focused on maximizing shareholder value. In the event that a conflict of interest exists between management's recommendation and the Adviser or its clients, the Adviser will vote in the manner which in its judgment and sole discretion is in the best interest of its clients.

b) Client Proxy Voting Authority

FFC/Peloton operates a policy of exercising proxy votes for clients as permitted within client agreements. Voting policy is undertaken at all times in the best interests of clients and for their benefit. A copy of the full proxy voting policy is available upon request.

ITEM 18: FINANCIAL INFORMATION OF THE ADVISER

No financial events have occurred to FFC/Peloton that would negatively affect the financial viability of the Adviser. There is no financial condition of FFC/Peloton that is reasonably likely to impair FFC/Peloton's ability to meet contractual commitments to clients.

a) Financial Disclosures

Not Applicable.

b) Material Financial Impairment

Not Applicable.

c) Bankruptcy Petitions

Not Applicable.