



AIP CAPITAL ADVISORS LLC

Part 2A of Form ADV Firm Brochure

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January 2, 2024

This brochure (“Brochure”) provides information about the qualifications and business practices of AIP Capital Advisors LLC. If you have any questions about the contents of this brochure, please contact us at (203) 487-8200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

AIP Capital Advisors LLC is planning to register as an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration does not imply a certain level of skill or training.

Additional information about AIP Capital Advisors LLC is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Item 2 Material Changes

This item is not applicable as this is the first Brochure filed by AIP Capital Advisors LLC. In the future, this section will include any material changes that occurred since the last annual update of the Adviser's Brochure.

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Item 4 **Advisory Business**

AIP Capital Advisors LLC (“AIP Advisors” or the “Adviser”) is a Delaware limited liability company with its principal place of business in Stamford, Connecticut. The Adviser, together with its affiliates (collectively, “AIP”), is an aviation asset manager. AIP was founded in 2023 and is led by its Managing Partners, Mathew Adamo and Jared Ailstock (the “Managing Partners”). The Adviser is owned by the Managing Partners and an affiliate of Advantage Capital Holdings LLC (including, its affiliates, “A-CAP”). A-CAP is a privately held financial services company that owns U.S.-based insurance companies, a Bermuda-based reinsurer and an SEC registered investment adviser.

Upon the effectiveness of its registration as an investment adviser with the SEC, the Adviser intends to begin providing investment advice on instruments that are “securities” for purposes of the Advisers Act.

AIP Advisors was established to provide advisory services to privately offered investment funds, separately managed accounts, single investor funds, co-investment vehicles, pooled investment vehicles and other similar types of investment entities (each a “Fund” and collectively, the “Funds”) focused on sourcing, buying, trading, and managing aviation-related investments and securities, on both a discretionary and non-discretionary basis. Certain Funds may make investments through alternative investment vehicles or special purpose vehicles and other similar vehicles or funds that were formed to facilitate investments for tax, regulatory, or other structuring reasons.

Investment advice is provided directly to the Funds and not individually to the limited partners, members or shareholders (collectively, “Limited Partners”) in the Funds. In certain circumstances, for tax, regulatory, or other structuring reasons, master feeder funds may be organized (“Master Funds”) and Limited Partners may invest directly in the Master Funds. AIP Advisors investigates, analyzes, and negotiates potential investments and dispositions on behalf of the Funds. Investments are made predominantly in aviation-related opportunities including, without limitation, commercial passenger and freighter jet aircraft and related equipment, including, but not limited to engines, and certain equity, debt and debt-like securities, including certain other instruments that may be used for hedging purposes in connection with investments.

Each Fund has one or more general partners, managing members or special limited partners (the “General Partners”) that are affiliated with AIP Advisor. Limited partnership interests in the Funds are not registered under the Securities Act of 1933, as amended (the “Securities Act”) and the Funds are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Detailed information about the Funds is set forth in the applicable offering documents, limited partnership agreements, investment management agreements, limited liability company agreements, or private placement memorandums (the “Governing Documents”) of the applicable Funds.

From time to time and as permitted by the Governing Documents, AIP Advisors provides co-investment opportunities to certain investors, including Limited Partners in the Funds, market participants, finders, consultants, service providers, A-CAP and/or certain other persons associated with AIP or A-CAP, including employees and their family members. Such co-investments often involve investment and disposal of interests in assets at the same time and on the same terms as the Fund(s) making the investment. Certain Limited Partners in Funds that are co-investment

vehicles pay reduced or no management fees and/or are subject to no or reduced carried interest.

AIP Advisors' advisory services to the Funds and any restrictions, limitations, and investment descriptions are detailed in the Governing Documents. The individual needs of Limited Partners in the Funds are not the basis for investment decisions by AIP Advisors and Limited Partners in the Funds may not impose restrictions on types of securities in which the Funds invest. Investment advice is provided directly to the Funds by AIP Advisors and not individually to Limited Partners. AIP Advisors provides advice to the Funds based on specific investment objectives and strategies described in the Governing Documents for each Fund. Interests in the Funds are offered only to investors who meet certain eligibility conditions, which are fully set forth in the Governing Documents of each Fund. AIP Advisors expects to enter into agreements (often referred to as "side letters") with certain Limited Partners that grant terms which differ from those outlined in the Governing Documents. Certain of such additional rights (but not all rights, terms or conditions) may be elected by certain sizeable investors with "most favored nations" rights pursuant to the Limited Partner's side letters.

Upon the effectiveness of its registration, AIP Advisors will not have any regulatory assets under management on a discretionary or non-discretionary basis. AIP Advisors has registered with the SEC in reliance on Rule 203A-2(c) because the Adviser expects to be eligible for SEC registration within 120 days of the filing date as it will begin providing investment advice on instruments that are securities on behalf of the Funds.

Item 5 Fees and Compensation

Generally, AIP Advisors will receive a management or advisory fee ("Management Fee") from the Funds and one or more affiliates will receive carried interest in connection with advisory services to the Funds. In addition, AIP Advisors and/or a subadvisor affiliate may be entitled to servicing and/or administration fees relating to rents or lease payments paid by lessees (or guarantors) of assets owned by the Funds or serviced by AIP Advisors or such subadvisor affiliate. Additionally, each Fund bears certain expenses as described below.

The following provides a general description of fees, compensation and expenses for the Funds. With respect to any particular Fund, while the description below may be generally applicable, fees and expenses may vary, and Fund investors should review the applicable Governing Documents for a description of all relevant fees and expenses to be paid by a Fund.

Management Fee

In general, the Advisor receives management fees (calculated and payable either monthly or quarterly in arrears) as well as certain performance-based and/or asset-based servicing compensation, all of which are described in detail in the respective Governing Documents. Management Fees paid by a Fund are generally but not always subject to an offset of some or all of the servicing fees and other similar compensation (net of expenses) received by the Advisor or its affiliates relating to a Fund's investment portfolio. In addition, co-investors or other parties may share a portion of certain fees from a particular investment, and the above-described Management Fee offset would then be applied after excluding any amounts paid to such persons.

The Management Fee is established by the Governing Documents and is generally based on a

percentage per annum of committed capital or net invested capital. In certain cases, the Management Fee may be based on a percentage of the gross purchase price of certain assets and/or certain rents paid (or deemed paid) by each lessee or its guarantor, in each case subject to certain adjustments. Additional details regarding the Management Fee can be found in the applicable Governing Documents.

AIP Advisors may reduce or waive the Management Fee for certain Limited Partners, including employees of AIP and their family members, A-CAP and affiliates, among others.

Carried Interest

Affiliates of AIP Advisors, known as special limited partners (“Special Limited Partners”) or the General Partners, will be entitled receive carried interest with respect to the Funds as a percentage of net profits subject to the terms of each Fund’s Governing Documents. Additional details regarding the carried interest can be found in the applicable Fund Governing Documents. A description of carried interest is included in Item 6.

AIP Advisors may reduce or waive the carried interest for certain Limited Partners, including employees of AIP and their family members, A-CAP and affiliates, among others.

Servicing and Other Fees

AIP Advisors or its affiliates will receive servicing fees, facility management fees, loan or transaction origination fees, structuring fees and/ or other similar fees (collectively referred to as “servicing fees”) through the Funds or similar vehicles, loan facilities, trust structures, joint ventures and other investment structures. AIP Advisors may receive fees and compensation, either directly or indirectly for structuring, arrangement, origination, placement, syndication and other similar services provided in respect of a portfolio investment or portion thereof. The Advisor may also receive servicing fees through co-investments or other structures or loan offerings with respect to assets, investments or debt that is not owned by a Fund, or for activities that are not on behalf of a Fund. Certain of these fees may be asset-based fees, based on collections of lease payments, rent, principal and interest or based on certain performance criteria (as described below) and such fees may be paid upfront, over time and/or upon sale of an asset or investment. Some or all of such servicing fees may be offset against the Management Fee.

Expenses

Each Fund will pay (or reimburse the General Partner or AIP Advisors if they have paid) the Fund’s operating and other expenses, including, without limitation, the type of expenses set forth in “Fund Expenses” below.

Organizational Expenses:

Each Fund will pay or otherwise reimburse AIP Advisors or General Partners for all legal, accounting, filing, travel (including, business or first-class commercial airfare), lodging, meals, accounting, tax, consulting, printing, capital raising, regulatory, compliance, administrative or other filings, and other organizational expenses incurred in connection with organizing and establishing the Funds and their affiliated entities and the marketing and offering of interests in the

Funds. The Management Fee will be reduced to the extent organizational expenses exceed an amount predetermined in each Fund's Governing Documents.

Fund Expenses:

Each Fund will bear all costs, expenses, fees, liabilities, and obligations relating to its activities, actual and potential investments and business, including but not limited to:

- All cost relating or attributable to the Funds' investments whether or not consummated;
- all legal, accounting, research, auditing, client relations management, valuation, consulting or other similar services and other costs of the Funds related thereto; costs charged or specifically attributed or allocated by the General Partners or their respective affiliates to provide technical consulting and/or other expert consulting;
- activities or proceedings of the Funds' board of advisors, as well as travel (including business or first-class commercial airfare) and lodging costs incurred by representatives of the General Partners and board of advisors members and observers in connection with attending or otherwise participating in board of advisors meetings;
- costs associated with tax or other compliance, or any other administrative, compliance or regulatory filings or reports, or other information;
- costs associated with the preparation of side letters with investors;
- extraordinary expenses, liabilities, indemnities, and other obligations of the Funds;
- costs of terminating, winding-up and dissolving the Funds and any legal entities owned directly or indirectly by the Funds;
- costs incurred in connection with complying with any law, rule, regulation, or policy related to the activities of the Funds or related to legal inquiries;
- costs related to legal inquiries;
- out-of-pocket costs incurred in connection with the collection of amounts due to the Funds from any person or entity;
- any costs incurred in connection with the obtaining of consents or approvals to or waivers of the constituent documents of the Funds;
- all debt service obligations of and guarantees made by or on behalf of, the Funds, including interest, if any, costs, and other amounts payable in respect of indebtedness of the Funds incurred, or indebtedness of any subsidiary thereof or seeking to put in place any such indebtedness or guarantee;
- the Management Fee;

- costs attributable to any annual investor meeting or other periodic, if any, meetings of the and any other conference or meeting with any investor(s);
- insurance (including directors' and officers' liability, fidelity bond, management liability, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses including any costs related to any retention or deductibles and broker fees, costs and commissions) and any consultants or other advisors utilized in the procurement, review and analysis of insurance policies;
- financing, commitment, origination, and similar costs;
- broker, dealer, finder, underwriting, loan administration, private placement fees, sales commissions, investment banker, finder, and similar services;
- brokerage, sale, custodial, depository, trustee, record keeping, account, registered office, registered agent, and similar services;
- reverse break-up, indemnification, damages, termination, and other similar costs, including any costs related to transactions that might have been offered to co-investors, for the avoidance of doubt, including such co-investors' respective portion of such expenses;
- filing, title, transfer, registration, and other similar costs;
- printing, communications, marketing, and publicity;
- developing, licensing, implementing, maintaining, or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools for the benefit of the Funds or the Limited Partners;
- any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information;
- actual, threatened or otherwise anticipated litigation, mediation, arbitration, or other dispute resolution process, including the costs of any discovery related thereto and any judgment, other award or settlement entered into in connection therewith;
- any cost relating to any separate investment entity or its activities, business, actual or potential investments that would be a Fund expense or excess organizational expense if it were incurred in connection with the Funds;
- any third-party experts;
- any taxes, fees and other governmental charges levied against the Funds and all costs incurred in connection with any tax audit, inquiry, investigation settlement or review of the Funds and any costs of or related to the "partnership representative" of a Fund;
- costs associated with the acquisition, holding and disposition of a Fund's investments;

- any travel (including, where appropriate as determined by the General Partners, the cost of using private air travel at a cost equal to the cost of first-class commercial airfare), lodging or meals relating to any of the foregoing, including in connection with consummated and unconsummated investments and disposition opportunities;
- any excess organizational expenses subject to any applicable organizational expense caps set forth in the Governing Documents;
- developing, structuring, operating and winding-up administrative structures in other countries and elsewhere that are put in place to operate the Funds' investment activities;
- costs incurred in connection with joint venture arrangements;
- costs involving amendments to, and waivers, consents, or approvals pursuant to the Governing Documents;
- costs incurred in connection with a defaulting Limited Partner or investor;
- any costs arising from any foreign exchange or other currency transaction;
- costs incurred in connection with making distributions to Limited Partners; and
- any other costs approved by the board of advisors representing Limited Partners of a Fund.

Other Expenses

Each Fund will pay all out-of-pocket costs and expenses relating to its activities, including legal, technical, tax, financial, auditing, consulting, administration, custodian and accounting fees and expenses, insurance and other expenses associated with the investigation, acquisition, holding and disposition of its investments, extraordinary expenses (such as indemnification and litigation) and all debt service obligations, including principal, interest, premium, if any, fees, expenses and other amounts payable in respect of indebtedness of the Funds.

AIP Advisors has adopted procedures to govern the allocation of expenses that are shared by more than one Fund or between AIP Advisors and any Fund. If any expenses are incurred jointly by more than one Fund managed by an AIP Advisors or its affiliates, such expenses are generally allocated among the Funds in proportion to the size of the investment made by each in the activity or entity to which the expense relates, or in such other manner as AIP Advisors considers to be fair and reasonable. None of AIP, AIP Advisors nor any of their employees accepts compensation for the sale of securities or other investment products.

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

Affiliates of AIP Advisors, known as Special Limited Partners or General Partners, receive carried interest with respect to the Funds as a percentage of net profits subject to the terms of each Fund's Governing Documents. Carried interest (also referred to commonly as "promote" or "incentive

fees” or “incentive compensation”) is generally equal to a percentage of net profits, subject to a preferred return or hurdle rate, as more fully described in the relevant Fund’s Governing Documents. Invested capital and applicable preferred return are generally distributed to Limited Partners prior to distributing performance-based compensation. As described in Item 5 above, AIP Advisors or an affiliate generally accepts performance-based compensation from each Fund.

It should be noted that the potential to receive performance-based compensation creates a potential conflict of interest in that the AIP Advisors and its affiliates may have the incentive to make investments that are riskier or more speculative than they would make in the absence of performance-based compensation. Additionally, AIP Advisors may have the incentive to favor accounts that pay a higher performance-based fee. AIP Advisors recognizes that it has a fiduciary duty and as such must act in the best interests of Funds.

As is described in further detail in Item 12 below, AIP Advisors has adopted policies and procedures governing the allocation of investment opportunities in order to ensure that such allocation is fair and equitable to all Funds. Fund Limited Partners and Funds are provided with clear disclosure in the applicable Governing Documents and other agreements as to how the performance-based compensation is charged.

Each U.S. Limited Partner in any of the Funds that is charged a performance-based allocation must also satisfy the eligibility requirements of a “qualified client” as set forth in Rule 205-3 under the Advisers Act.

Item 7 Types of Clients

AIP Advisors’ clients consist of the Funds and similar investment structures which are private investment vehicles. Each Fund establishes investment requirements as detailed in each Fund’s respective Governing Documents. The investors participating in the Funds may include high net-worth individuals, banks or thrift institutions, sovereign wealth funds, pension and profit-sharing plans, trusts, estates, charitable organizations or other corporations or business entities and also may include, directly or indirectly, past or current service providers, principals or other employees of AIP. Clients may also be insurance companies or other institutional investors.

Limited Partners in the Funds are generally required to make minimum initial investments. The Funds’ General Partners may waive the minimum initial investment amount at its discretion.

Any interests in the Funds will be offered and sold generally to investors that are (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended and (ii) “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act, or other “knowledgeable employees” of AIP Advisors and its affiliates.

The General Partners or Adviser, without notice to or consent from existing or prospective Limited Partners in the Funds, may enter into side letters or similar separate agreements with one or more Limited Partners that alter the terms and conditions described in the Governing Documents.

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

Investment Strategies

The Funds generally pursue aviation-related investment opportunities, including, without limitation, investments in commercial passenger and freighter jet aircraft and related equipment (including, but not limited, to engines), and certain equity, debt and debt-like securities and instruments. AIP Advisors carefully reviews and conducts due diligence to identify attractive investment opportunities and seek stable cash flows and strong risk adjusted and predictable returns. The Funds can use leverage directly and/or indirectly. There can be no assurance that the Advisers will achieve the investment objectives of the Funds and a loss of investment is possible.

The methods of analysis, investment strategies and risks are described in further detail in each Fund's Governing Documents. AIP Advisors may take advantage of opportunities with respect to certain other assets or instruments that are not presently contemplated or available, but that may be developed. Special risks could apply to instruments that are invested in by the Funds in the future that cannot be determined at this time or until such instruments are developed or invested in by the Funds.

Methods of Analysis

AIP Advisors employs a variety of techniques to determine the value of potential aircraft investments, considering market conditions and the quality and reliability of data, including without limitation, the price of substantially similar assets ; the price of recent dispositions of substantially similar assets, industry valuation benchmarks, including third-party appraisals from appraisers certified by the International Society of Transport Aircraft Trading ("ISTAT"); discounted cash flows ("DCF"), using assumptions and estimations of expected future cash flows and terminal value, discounted to a risk-adjusted rate intended to capture the risk inherent in such cash flow projections; and indicative offers received by the Funds or other AIP managed or serviced vehicles for the asset or substantially similar assets. AIP Advisors exercises its judgment to select the valuation technique or techniques most appropriate for non-aircraft investments, including securities, considering market conditions and the quality and reliability of available data. The valuation techniques used for non-aircraft investments, including securities, may be similar to those used to value aircraft investments. In addition, when appropriate, AIP Advisors use other valuation techniques, including, without limitation, the use of available market prices when quoted market prices reflecting normal market transactions are readily and regularly available.

Investment Strategy Risks

Limited Partners should note that investing in securities and other assets involves risk of loss that the Limited Partner should be prepared to bear. Below is a summary of the material risks associated with the Adviser's investment strategy and types of investments. Prospective Limited Partners should refer to the Governing Documents of the relevant Fund for a full description of risks.

Discretion of Adviser; New Strategies and Techniques. The Adviser has considerable discretion in the types of securities in which Funds may trade and may have the right to modify the trading strategies or hedging techniques of Funds without the consent of the investor(s). Any of these new trading techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the Funds. In addition, any new investment strategy or hedging technique developed by the Adviser may be more speculative than earlier techniques and may increase the risk of an investment.

Nature of Investment. Given the nature of certain of the proposed assets, it is expected that current income on certain of the Funds' investments will not occur for several years, if at all. The Funds' portfolios are subject to a high degree of industry risk and poor performance by a few of the investments that could significantly affect the total returns to Limited Partners. Furthermore, the Funds can invest in assets and conduct business with companies that experience severe financial difficulties, which may never be overcome.

Lack of Management Rights. The Limited Partner interests in the Funds are passive investments and the Limited Partners will have no opportunity to control the day-to-day operations, including investment and disposition decisions, of the Funds. The Limited Partners will not have the opportunity to evaluate the relevant economic, financial, and other information that will be utilized by the General Partners in their selection of investments and will not receive the detailed financial information regarding investments that is available to the General Partners. Limited Partners must rely entirely on the General Partners and the Adviser to conduct and manage, respectively, the affairs of the Funds. In addition, to the extent that a Limited Partner is not represented by a member of the board of advisors, such Limited Partner will have no influence over matters submitted to the board of advisors for review or approval. The voting rights of certain large Limited Partners may be limited in order to comply with relevant offering requirements.

Reliance on the General Partners and AIP Principals. Control over the operation of the Funds will be vested entirely with the General Partners, and a Fund's future profitability will depend largely upon the business and investment acumen of members of AIP's senior management team (the "AIP Principals"). Should any of these individuals become incapacitated or in some other way cease to participate in the activities of AIP, a Fund's performance could be adversely affected. Further, the loss or reduction of service of one or more of the AIP Principals could have an adverse effect on a Fund's ability to realize its investment objectives. The AIP Principals intend to devote sufficient time to the Funds so they can carry out their proposed activities. In addition, to the extent permitted or otherwise not prohibited in the Governing Documents, the AIP Principals will manage other accounts and may need to devote substantial amounts of their time to the investment activities of such other accounts, which could pose conflicts of interest in the allocation of their time. In addition, certain changes in the General Partners or the AIP Principals or circumstances relating to

the General Partners or AIP could have an adverse effect on the Funds or one or more of its aircraft or related equipment investments, including potential acceleration of debt facilities.

Restrictions on Transfers and Withdrawal. Participation in the Funds will generally be an illiquid investment. The interests in the Funds are not assignable or transferable without the prior written consent of the General Partners. Limited Partners may not withdraw capital from the Funds, except to the extent set forth in the Governing Documents. Consequently, Limited Partners may not be able to liquidate their investments prior to the end of a Fund's term, which given the asset class is expected to be lengthy and must be prepared to bear the risks of an investment in the Funds for an extended period of time. Distributions are made at the discretion of the General Partners, subject to the requirements of the Governing Documents. There will be no public market for interests in the Funds and none is expected to develop. Further, each Limited Partner must represent that it will only sell or transfer its interest with the prior written consent from the General Partners to a qualified investor under applicable securities laws and in a manner permitted by the Governing Documents and consistent with such laws.

Mandatory Withdrawal. In certain limited circumstances, the General Partners have the authority to require a Limited Partner to withdraw from the Funds prior to the termination and liquidation of the Funds, including if the General Partners determine that the continued participation in the Funds of such Limited Partner could materially adversely affect the Funds (e.g., by causing the Funds to be registered as an investment company under the Investment Company Act). A Limited Partner required to withdraw early from the Funds could suffer a material loss on its investment and this could have an adverse effect on the Funds or the Limited Partners as a whole.

Special Limited Partners' Carried Interest. The fact that the Special Limited Partners' carried interest is based on a percentage of net profits and is not proportionate to the Adviser's capital contributions to the Funds could create an incentive for the General Partners to cause the Funds to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case. Current U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the Funds have held the asset which generated such gain for more than three years. This could reduce the after-tax returns of individuals associated with the Adviser who are granted direct or indirect interests in carried interest, which could make it more difficult for the Adviser and its affiliates to incentivize, attract and retain individuals to perform services for the Funds. This could also create an incentive for the General Partners to cause the Funds to hold investments for a longer period than would be the case if such three-year holding period requirement did not exist.

Limited Access to Information. Limited Partners' rights to information regarding the Funds will be limited as specified in the Governing Documents. In particular, it is anticipated that the General Partners will obtain certain types of material information with respect to a Fund's investments that will not be disclosed to Limited Partners because such disclosure is prohibited for contractual, legal or similar obligations, which may be outside of the General Partners' control, or because the level of detail is deemed inappropriate or unnecessary by the General Partners in their sole discretion. Decisions by the General Partners not to present certain information may have adverse consequences for Limited Partners in a variety of circumstances. Certain Limited Partners could have more information about the Funds than other Limited Partners, and the General Partners will have no duty to ensure all Limited Partners seek, obtain, or process the same information regarding

the Funds and their investments. The Funds and the General Partners could provide additional information to certain Limited Partners and prospective Limited Partners that is not distributed to other Limited Partners and prospective Limited Partners. Such information may affect a prospective investor's decision to invest in the Funds or take actions or make decisions as an investor.

Repayment of Certain Distributions and Liability of the Limited Partners. Generally, a Limited Partner will not be personally liable for the debts of the Funds and the total liability of a Limited Partner is generally limited to the amount of its commitment, except in certain circumstances and as set forth under applicable law or in the Subscription Agreement. However, if a Fund is otherwise unable to meet its obligations, the Limited Partners may, under applicable law and pursuant to the Governing Documents, be obligated to return to such Fund or to pay to creditors of the Fund distributions previously received by them. In addition, a Limited Partner may be liable under applicable bankruptcy law to return distributions made during a Fund's insolvency, and Limited Partners may be required to pay to such Fund amounts that are required to be withheld by such Fund for tax purposes.

Service Providers and Limited Partners' Rights. Limited Partners in the Funds generally have no direct rights against a Fund's service providers, including the Adviser. Where wrongdoing is alleged to have been committed against the Funds, such wrongdoing would generally only be actionable by one or both of the General Partners. In the absence of any direct contractual relationship between the Limited Partners and a Fund's service providers, there are only very limited circumstances in which a Limited Partner may bring a direct claim against any such service provider, including the Adviser.

Feeder Vehicles as General Partners. In certain cases, feeder fund vehicles may hold, directly or indirectly, a general partner interest in its respective master fund and therefore be liable for all debts and obligations of such master fund in the event the assets of such master fund are inadequate.

Cyber Security Breaches and Identity Theft. Cyber-attacks and other malicious Internet-based activity continue to increase in frequency and magnitude. Techniques used to sabotage, or to obtain unauthorized access to, systems or networks change frequently and generally are not recognized until launched against a target. Cyber-attacks may also take the form of socially engineered frauds, such as "phishing". There have been reports of alleged government and non-government-sponsored hacking attempts on American corporate intellectual property. AIP and its Limited Partners or the Funds' customers or their respective personnel may be at risk of cyber-attacks. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of AIP's systems to disclose sensitive information in order to gain access to AIP's data or that of the Funds, the Limited Partners or the Funds' customers or their respective personnel. Companies and service providers have also been subject to "ransomware" attacks. As further evidence of the increasing and potentially significant impact of cyber security breaches, the U.S. government, and several multinational companies, including financial institutions and retailers, have reported cyber security breaches affecting their computer systems that resulted in the personal information of millions of citizens, customers and employees being compromised. Although AIP has implemented various measures to manage risks relating

to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, AIP and/or the Funds may have to incur significant time and/or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in AIP's and/or a Fund's operations and result in corruption, deletion, or destruction of data; physical damage and repairs to systems; disruptions of operations; and a failure to maintain the security, confidentiality or privacy of sensitive data, including confidential or proprietary client information and/or personal information relating to Limited Partners (and the beneficial owners of Limited Partners). Such a failure could harm AIP's and/or a Fund's reputation, subject any such entities and their respective affiliates to legal claims, regulatory penalties or otherwise affect their business and financial performance.

Expedited Transactions. Investment analyses and decisions by the General Partners and the Adviser may be undertaken on an expedited basis in order for the Funds to take advantage of investment opportunities. In such cases, information available to the General Partners and the Adviser at the time of an investment decision may be limited, and the General Partners and the Adviser may not have access to the detailed information that is necessary for a full evaluation of the investment opportunity. In addition, the General Partners and the Adviser may rely upon independent consultants or advisors in connection with the evaluation of proposed investments. There can be no assurance that these consultants or advisors will accurately evaluate such investments. Further, the Funds may conduct its due diligence activities in a very brief period and may assume the risks of obtaining certain consents or waivers under contractual obligations. While the General Partners expect to negotiate purchase price adjustments, termination rights and other protections with respect to such risks, such rights may not be available or, if available, the General Partners may elect not to exercise them.

Availability of, and Competition for, Suitable Investments. The activity of identifying, completing, and realizing attractive investments has from time to time been highly competitive, and involves a high degree of uncertainty. Although AIP has been successful in identifying investments in the past, the Funds will be competing for investments with many other parties, including, other investment partnerships and corporations, strategic industry acquirers, institutional limited partners, and other financial limited partners, including hedge funds, credit funds and private equity funds investing directly or through affiliates. Further, over the past several years, an ever-increasing number of alternative asset funds have been or are being formed (and many existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources and/or purchasing power, greater negotiating power, a greater willingness to take on risk, a lower cost of capital, beneficial regulatory structures and/or more personnel or more local resources than the General Partners, the Funds, and their respective affiliates. The Funds may also incur significant expenses identifying, investigating, and attempting to make potential investments that are ultimately not consummated.

Regulations Relating to Climate Change, Noise Restrictions, and Greenhouse Gas Emissions. Regulations relating to climate change, noise restrictions and greenhouse gas emissions are expected to have a negative effect on the airline industry and, in turn, the Funds. Governmental regulations regarding noise and emissions levels apply based on where the relevant aircraft is registered and operated. The United States and certain other jurisdictions regulate emissions of certain greenhouse gases, such as nitrogen oxide, as well as noise levels of engines manufactured

or certified on or after a certain date. Even if a jurisdiction does not require any phase-out of aircraft that meet standards applicable to engines manufactured or certified prior to the effective date of the new regulations, there is no guarantee there will not be any impositions of operating limitations on aircraft that is not consistent with new standards set in the future. In addition, concerns over global warming could result in more stringent limitations on the operation of aircraft powered by older, noncompliant engines, as well as newer engines. European countries generally have relatively strict environmental regulations that can restrict operational flexibility and decrease aircraft productivity. Such regulation could possibly distort the air transport market, leading to higher ticket prices and ultimately a reduction in demand for air travel.

Concerns over global warming also could result in more stringent limitations on the operation of aircraft. Any of these regulations could limit the economic life of a Fund's aircraft and engines, reduce their value, limit a Fund's ability to lease or sell the non-compliant aircraft and engines or, if engine modifications are permitted, require a Fund to make significant additional investments in its aircraft and engines to make them compliant. Compliance with current or future regulations, taxes or duties imposed to deal with environmental concerns could cause lessees to incur higher costs and to generate lower net revenues, resulting in an adverse impact on their financial conditions. Consequently, such compliance is expected to affect lessees' ability to make rental and other lease payments and reduce the value a Fund receives for the aircraft upon any disposition, which could negatively affect a Fund's ability to make distributions to investors.

International and EU Regulatory and Market Initiatives on Emissions from Aviation. There are sustainability risks involved in investing in the aviation sector, including the regulatory obligations and financial burdens imposed by the European Union (the "EU") regulation surrounding carbon emissions specific to the aviation sector. These currently include Directive 2008/101/EC which sought to include aviation activities in the system for greenhouse gas emission allowance trading ("EU ETS"), which imposes both an annual "cap" on emissions and an obligation on market participants to monitor, report and verify emissions in respect of flights within the European Economic Area ("EEA"). These obligations are expected to impact the performance of the Funds when making investments in that sector, particularly in light of the rising price of carbon credits and offsets in recent years.

Pursuant to the EU Green Deal, there is potential for increased EU regulation to be implemented impacting the aviation sector. Proposals currently include a revision to the Energy Taxation Directive (Directive 2003/96/EC), which proposes to end the tax exemption for aviation fuel, and the ReFuelEU Aviation Initiative, which could mandate the percentage of sustainable aviation fuel on a per flight basis. In addition, the potential impact on costs of the European Union's Emissions Trading Scheme ("ETS") and the International Civil Aviation Organization's new Carbon Offset and Reduction Scheme for International Aviation (known as "CORSIA"), which calls for a carbon offsetting measure to help the aviation industry meet its goal of carbon neutral growth, is not yet known with certainty. Schemes to reduce emissions such as the EU ETS and CORSIA could favor younger, more fuel-efficient aircraft since they generally produce lower levels of emissions per passenger, which could adversely affect a Fund's ability to remarket or otherwise dispose of older, less fuel-efficient aircraft on a timely basis, at favorable terms, or at all.

Separately, the global market-based mechanism (GMBM) known as the Carbon Offsetting and Reduction Scheme for Internal Aviation aims to stabilize CO₂ emissions at 2019 and 2020 levels by requiring airlines to offset the growth of emissions above 2020 levels by (i) monitoring emissions on all international routes and (ii) purchasing eligible emission units generated by

projects that reduce emissions such as those for the generation of renewable energy.

The Adviser continues to monitor the complex and developing international and European regulatory and market initiatives governing the management of emissions from aviation.

Leverage. The Funds will use leverage to finance their investment activities and for certain other purposes in managing the Funds (including a credit facility, non-recourse or limited recourse leverage, and recourse asset-secured leverage). Leverage generally magnifies both the Funds' opportunities for gain (including through greater diversification) and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. For instance, during times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. No assurance can be given that financing for the Funds' investments will be obtained by the Funds, or obtained on favorable or acceptable terms, including terms which reflect the financing provided by the Funds. In addition, once initial financing is obtained by the Funds, no assurance can be given that such financing will subsequently be available throughout the life of the Funds. The use of leverage will also result in material interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of investments. In addition, this leverage will increase the exposure of the Funds' investments to any deterioration in an asset's condition, the aviation industry, competitive pressures, an adverse economic environment and rising interest rates and could accelerate and magnify declines in the value of the Funds' investments in a down market.

Risks related to the use of leverage are generally expected to increase as interest rates rise, including in circumstances where an asset-owning company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. Except where otherwise required by the relevant governing documents, a Fund will not be obligated to borrow on behalf of an asset-owning company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the asset-owning company.

Capital Calls and Use of Subscription Lines and Asset-Backed Facilities. Capital calls will be issued by the General Partners from time to time at the discretion of the General Partners, based upon the General Partners' assessment of the needs and opportunities of the Funds. To satisfy such capital calls, Limited Partners may need to maintain cash or other assets that can be readily converted to cash equal to all or a substantial portion of their commitments. Except as specifically set forth in the Governing Documents or under applicable law, each investor's obligation to satisfy capital calls will be unconditional. An investor's obligation to satisfy capital calls will not in any manner be contingent upon the performance or prospects of the Funds or upon any assessment thereof provided by the General Partners. Capital calls may not provide all of the information a Limited Partner desires in a particular circumstance, and such information may not be made available and will not be a condition precedent for a Limited Partner to meet its funding obligation. Additionally, and notwithstanding the foregoing, General Partners will not be obligated to call 100% of an investor's commitment during the Funds' term. Even if a capital call is issued and capital contributions are made pursuant to such capital call, in the event that the General Partners determine that such capital contribution will not be invested in any investment or used to pay expenses for any reason as set forth in the Governing Documents, the General Partners may retain such amounts or refund to the Limited Partners the unutilized amounts without interest. The General Partners expect to cause the Funds to incur indebtedness to finance investments and to

pay Funds expenses (the collateral for which can be, for example, one or more assets of the Funds (i.e., asset-backed facilities)), or the undrawn commitments (i.e., subscription lines) prior to calling commitments. For administrative convenience, capital calls, including those used to pay interest on subscription lines, asset-backed facilities, and other indebtedness, may be “batched” together into larger, less frequent capital calls, with the Funds’ interim capital needs being satisfied by the Funds borrowing money from such credit facilities. The interest expense and other costs of any such borrowings will be the Funds’ expenses and, accordingly, may decrease net returns of the Funds. In addition, the batching of capital calls may increase the magnitude of potential defaults by Limited Partners as a result of there being fewer but larger capital calls. To the extent a subscription facility is due upon demand by a lender, such a demand may be issued at an inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of liquidity constraints on Limited Partners and/or Limited Partners facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. Finally, the existence of a subscription facility may impair an investor’s ability to transfer its interest in the Funds as a result of restrictions imposed on such transfers by the lender. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return. As a result, the use of a subscription facility with respect to investments and ongoing capital needs could reduce or eliminate the preferred return received by the Limited Partners and accelerate or increase distributions of carried interest to the Special Limited Partners. As a general matter, use of leverage in lieu of drawing down commitments amplifies internal rates of return (either negative or positive) to Limited Partners. In light of the foregoing, General Partners have an incentive to fund the acquisition and ongoing capital needs of investments and the Funds with the proceeds of such borrowings in lieu of drawing down commitments on a just- in-time basis. Borrowings by the Funds could be secured by a pledge of, or the grant of security over, the right to issue drawdown notices in the name of the General Partners and related rights with respect to commitments and capital contributions. The exercise by the lenders under such facility of their drawdown right would reduce the amount of capital otherwise available to the Funds for making investments and therefore reduce the ability of the Funds to make further investments and may negatively impact the Funds’ investment objectives and returns.

In-House Asset Servicing Team. The Adviser expects that servicing with respect to certain assets will be performed in-house by AIP employees. Although AIP seeks to recruit and retain talented and skilled employees, there can be no assurance that AIP currently has, or will in the future be able to attract, train, develop, integrate or retain, suitable employees with the skills required to provide such servicing, and, as a result, the Funds could be adversely affected thereby. Qualified personnel, in particular aviation servicing professionals, technical consultants and engine experts, are in great demand throughout the aviation industry. Competitors and other entities could attempt to recruit AIP’s employees. The loss of such personnel, the inability to identify, attract or retain qualified personnel in the future or delays in hiring qualified personnel, particularly aviation servicing professionals, technical consultants, and engine experts, may make it difficult to manage the Funds and its assets. Although the Adviser believes that their in-house servicing team, technical consultants, and engine experts differentiate AIP from many other financial aircraft sponsors, one or more of its competitors may establish a dedicated servicing platform which may, now or in the future, be able to replicate AIP’s model, partially or entirely, on a more efficient and effective basis. Competitors seeking to develop similar in-house services could also hire AIP’s key employees. Such third parties may compete with the Funds for investment opportunities. AIP relies on trade secrets and other similar laws and confidentiality agreements with employees and third parties to protect its proprietary aircraft and portfolio modeling approach, all of which offer only limited

protection. AIP's intellectual property rights may be invalidated, or competitors may develop a similar aircraft and portfolio modeling approach independently. Legal proceedings to enforce AIP's intellectual property rights or the contractual or other rights of the Funds or other AIP managed or serviced vehicles may be unsuccessful and could also be expensive and divert AIP management's attention.

Co-Investments. The Funds could co-invest with third parties (including in certain instances co-investing with Limited Partners or entities formed for them) through partnerships, joint ventures or other entities or arrangements. There are risks in connection with such third-party involvement, including the possibility that a third-party co-investor may have at any time financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take (or block) action in a manner contrary to the Funds' investment objectives. In addition, the Funds could in certain circumstances be liable for the actions of its third-party co-investor or partner. In those circumstances where such third parties involve a management group, such third parties could receive compensation arrangements relating to such investments, including incentive compensation arrangements, regardless of the investment results of the Funds as a whole. Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities could be made to one or more persons for any number of reasons, which may not be in the best interests of the Funds or any individual investor. The allocation of co-investment opportunities will in many or all cases coincide with a benefit to the Adviser and/or its affiliates including, without limitation, fees (e.g., management fees, advisory fees, priority profit share, servicing fees and one-time funding fees) or carried interest from the co-investment opportunity, capital commitments to the Funds, other AIP managed or serviced vehicles or pending, expected or future potential capital commitments to other AIP managed or serviced vehicles, or the facilitation of other business opportunities for AIP. The actual number of co-investment opportunities made available to any Limited Partner could be higher or lower than those made available in connection with such investor's investment in any other AIP managed or serviced vehicle. The performance of co-investments will not be aggregated with that of the Funds, including for purposes of determining the Special Limited Partners' carried interest or the Management Fees paid to the Adviser. Moreover, there can be no assurance that the Funds' return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction. Co-investors generally will not share in broken-deal expenses, and such expenses attributable to co-investments will be borne by the Funds.

Illiquidity of Investments. The Funds will invest in assets for which no (or only a limited) market exists. The market prices, if any, for such assets tend to be volatile, and may fluctuate due to a variety of factors that are inherently difficult to predict, including, but not limited to, changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic or international economic or political events, developments or trends in the aviation industry, COVID-19 (as defined below), and the financing condition of the obligors on the Funds' assets. In the absence of a readily available market for the Funds' investments, most of the Funds' investments will be difficult to value. In addition, the Funds may not be able to sell assets when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. Since the Funds are permitted to make a limited number of investments, and many of the Funds' investments are expected to involve a high degree of risk, poor performance by a few of the investments can have a significant negative impact on the Funds' performance. No assurance can be given that

Funds' investments can be acquired, converted, leased, or disposed of at favorable prices or that the market for such assets will either remain stable or, as applicable, recover or improve, because this will depend upon events and factors outside the control of the General Partners or the Adviser.

No Guarantee of Current Distributions. Investment in the Funds requires a long-term commitment, with no certainty of return. Although the Funds' investments generally are expected to generate rental income on a current basis there can be no guarantee that there will be any near-term cash flow available to the Limited Partners, and, in addition, the General Partners may retain or otherwise recall certain distributions made to the Limited Partners, which can further reduce cash flow to the Limited Partners (see "Recycling; Reinvestment" below). Many of the Funds' investments will be highly illiquid and there can be no assurance that the Funds will be able to realize returns on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to Limited Partners. The Funds may not be able to sell assets when it desires to do so or to realize what it perceives to be their fair value in the event of a sale.

Projections. The Funds will make investments relying upon projections developed by the Adviser concerning future performance of the relevant assets and cash flow. In all cases, projections are only estimates of future results that are based upon information received by third parties and assumptions made at the time the projections are developed. Projections are inherently uncertain and subject to factors beyond the control of the General Partners and the Adviser and the investment in question. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of unforeseen events could materially impair the ability of the Funds to realize projected values and/or cash flow. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Investments. Generally, the Funds do not directly enter into contracts to acquire any of the particular investments they will make. Accordingly, a Limited Partner must rely upon the ability of the General Partners and the Adviser to identify, structure and make investments consistent with the Funds' investment objectives and policies. The Funds may be unable to find a sufficient number of attractive opportunities to invest its commitments or meet its investment objectives.

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

Investments Longer than Term. The Funds may make investments which may not be advantageously disposed of, or have liabilities that may not be resolved, prior to the date that the Funds will be terminated, either by expiration of the Funds' term or otherwise. For example, the Funds may invest in aircraft on an operating lease for a term longer than the Funds' term. Although the General Partners expect that investments will be disposed of prior to winding up and termination or be suitable for in-kind distribution at the winding up and termination and the General Partners have a limited ability to extend the term of the Funds, the Funds may have to sell,

distribute or otherwise dispose of investments or resolve litigation or other contingent liabilities at a disadvantageous time as a result of the winding up and termination. In addition, 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 Partners will occur. The Governing Documents permit Limited Partners to vote to dissolve the Funds prior to their stated term; in such event, the risk of loss from early liquidation of investments would be greatly magnified.

Recycling; Reinvestment. The General Partners have the right to recall certain capital returned or distributed to the Limited Partners. Accordingly, during the term of the Funds, a Limited Partner may be required to make capital contributions in excess of its commitment (with certain limitations), or amounts may be deemed distributed but be reinvested, and to the extent such recalled or retained amounts are reinvested in investments, a Limited Partner will remain subject to investment and other risks associated with such investments. Delays in receiving distributions or realizing investments due to market or other conditions may result in a lack of available capital for recycling which could affect the Funds.

Distributions in Kind. Although it is not the Funds' intention to distribute investments in-kind to the Limited Partners, it is possible that the Funds may do so, and that it may be difficult to liquidate such investments at a price or within a time period that is determined to be ideal by such Limited Partners. After a distribution in-kind is made to the Limited Partners, many Limited Partners may decide to liquidate such investment within a short period of time, which could have an adverse impact on the price of such investment. The price at which such investments may be sold by such Limited Partners may be lower than the value of such investment determined pursuant to the Funds agreements, including the value used to determine the amount of carried interest distributed to the Special Limited Partners with respect to such investment.

U.S. Dollar Denomination of Interests. Interests in the Funds are, and the Limited Partners' capital accounts will be, denominated in U.S. dollars. Prospective Limited Partners subscribing for interests in any country in which U.S. dollars are not the local currency should note that changes in the rate of exchange between U.S. dollars and such currency may have an adverse effect on the value, price or income of the investment to such investor. There may be foreign exchange regulations applicable to investments in foreign currencies in certain jurisdictions. Each prospective investor should consult with its, his or her own counsel and advisors as to all legal, regulatory, ERISA, tax, investment, financial and related matters concerning an investment in the interests.

Non-U.S. Investments and Currencies. The Funds could make investments on a global basis and could invest a portion of its capital in non-U.S. investments. Foreign investments may be restricted or controlled to varying degrees. Such investments require consideration of certain additional risks typically not associated with U.S. investments, among other things, trade balances and imbalances and related economic policies, potential price volatility in, and relative illiquidity of, some non-U.S. markets, unfavorable currency exchange rate fluctuations, potentially unsettled points of applicable governing law, capital repatriation regulations (as such regulations may be given effect during the term of the Funds), imposition of exchange control regulation by the United States or foreign governments, U.S. and non-U.S. withholding taxes, the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Funds and/or the Limited Partners with respect to the Funds' income and possible non-U.S. tax return filing requirements for the Funds and/or the investors, limitations on the removal of funds or other

assets from other jurisdictions, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations. Laws and regulations of foreign countries may impose restrictions that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States.

Interest Rate Risk. The nature of the Funds' business exposes it to market risk arising from changes in interest rates. Changes, both increases and decreases, in the Funds' cost of borrowing directly impact its net income and cash flows. The Funds' lease rental stream generally will be fixed over the life of its leases, whereas the Funds may use floating rate debt to finance a portion of its aircraft acquisitions. As the Funds incur fixed-rate debt in the future, increased interest rates prevailing in the market at the time of the incurrence of such debt would increase its interest expense. The Funds also may have interest rate risk associated with forward lease placements. This would be caused by the Funds setting a fixed lease rate at the time the lease is executed, which is generally in advance of the delivery date of the aircraft subject to such lease. The delivery date is when a majority of the financing for an aircraft typically is arranged. The Funds may not be able to effectively mitigate the risk of an increasing interest rate environment between the lease signing date and the delivery date of the aircraft.

Disclosure of Information. Certain Limited Partners will be subject to U.S. state public records or similar U.S. and non-U.S. freedom of information laws, which may compel public disclosure of confidential information regarding the Funds, its investments, and its investors. The amount of information about their investments that is required to be disclosed has increased in recent years, and that trend may continue. To the extent that disclosure of confidential information relating to the Funds or their investments results from interests being held by public investors, the Funds may be adversely affected. The General Partners may, in order to prevent any such potential disclosure, withhold information otherwise to be provided to such public investors. Conversely, potential future regulatory changes applicable to investment advisers and/or the accounts they advise could result in the General Partners, the Adviser and/or the Funds becoming subject to additional disclosure requirements, the specific nature of which is as yet uncertain.

Electronic Delivery of Certain Documents. Pursuant to the Governing Documents entered into by an investor, as well as the Governing Documents, such Limited Partner will (a) consent to the electronic delivery of communications, reports, proposed amendments or waivers, privacy notices and any other documents or information to be provided to such Limited Partner that relate to the Funds or an investment therein (collectively, the "Investment Documents") and (b) agree that such electronic delivery will be in place of delivery of such documents in paper form. The term of this consent will be indefinite, but none of the General Partners, the Adviser or their affiliates will be obligated to deliver communications, reports, or other documents electronically. This consent to electronic delivery will extend to delivery of Investment Documents now and in the future, whether such delivery is (now or in the future) required by law or is not required but is made by the Funds to provide a Limited Partner with additional information. Investment Documents may be delivered via (i) one or more designated websites (access information for which is provided investors) or (ii) e-mail to the address provided by such Limited Partner in its Subscription Agreement. There are certain costs (e.g., internet access) and possible risks (e.g., slow downloading time and system outages) associated with electronic delivery. Moreover, neither the General Partners nor the Adviser can provide any assurance that these communication methods are secure, and neither the Adviser nor their affiliates will be responsible for any computer viruses, problems or malfunctions

resulting from any computer viruses or related problems that may be associated with the use of an internet-based system. See “Cyber Security Breaches and Identity Theft” above.

Side Letters. The General Partners and/or the Funds could enter into other written agreements (“Side Letters”) with one or more investors. These Side Letters could establish rights or entitle a Limited Partner to make an investment in the Funds on terms other than those described herein. Such rights or terms could include, without limitation, (i) more favorable management fee, carried interest, general partner “catch-up” and other economic arrangements (including discounts and terms applicable in exchange for closing by a specified deadline, making a certain size capital commitment or other parameters) with respect to such investors; (ii) excuse or exclusion rights applicable to particular investments or withdrawal rights (with the consent of the General Partners) from the Funds, including without limitation, as a result of an investor’s specific policies or certain violations of U.S. federal, state or non-U.S. laws, rules or regulations, such as so-called “pay-to-play” rules with respect to public pension plan Limited Partners (which may materially increase another investor’s pro rata interest in that particular investment (in the case of an opt-out) or all future investments (in the case of a withdrawal) and may reduce the overall size of the Funds); (iii) the General Partners’ agreement to extend certain information rights or additional or modified reporting (including customized reports) to such investor, including, without limitation, to accommodate special regulatory or other circumstances of such investor, which will be time-consuming, divert the attention of personnel and the management teams of the General Partners, the Adviser and their respective affiliates and the costs of which will be borne by the Funds and are likely to be material, including on a cumulative basis over the life of the Funds; (iv) prior consent of the General Partners to certain transfers by such Limited Partner or other exercises by the General Partners of their discretionary authority under the Governing Documents for the benefit of such investor; (v) special priorities, rights and economic and other terms with respect to co-investment allocation and participation; (vi) waiver of certain confidentiality obligations; (vii) consent rights to certain amendments to the Governing Documents; (viii) certain obligations or restrictions on the General Partners with respect to the exercise of its discretion on certain matters, including amendments, exercising default remedies and waiving confidentiality or terms; (ix) restrictions on, or special rights of such Limited Partner with respect to the activities of the General Partners; (x) rights or terms necessary in light of particular legal, regulatory or policy characteristics of an Limited Partner (including with respect to limitations on the ability to provide indemnification); (xi) certain other adjustments with respect to economic provisions (including potential mandatory waivers of compensation as a result of certain violations of law with regard to public pension plan investors); (xii) additional obligations and restrictions of the General Partners and the Funds with respect to the structuring of any particular investment in light of the legal, tax and regulatory considerations of particular Limited Partners (including with respect to separate investment entities); (xiii) agreements to assist with the taking or defending of tax positions; (xiv) the right of the General Partners to waive any requirements of Limited Partners to execute acknowledgements or other documents in connection with any subscription line or other credit facility; (xv) agreement to various sovereign immunity, jurisdiction and venue provisions applicable to certain governmental, sovereign, or other types of Limited Partners on behalf of the General Partners and/or the Funds (which could limit the ability to initiate or maintain legal proceedings against certain Limited Partners in certain jurisdictions); (xvi) agreements to withhold certain distributions from or otherwise delay the making of certain distributions to one or more Limited Partners (for the avoidance of doubt, with such investors’ consent) such that distributions to the Limited Partners may not be made at the same time or on the same terms; or (xvii) any other matters determined appropriate by the General Partners, which may be more favorable than those

offered to any other investors. The General Partners shall not be, to the fullest extent permitted by applicable law, under any obligation to give the Limited Partners notice of any Side Letters entered into absent an agreement with a Limited Partner to the contrary.

COVID-19 Pandemic. In March 2020 there was an outbreak of a highly contagious form of coronavirus (“COVID-19”), which the World Health Organization declared a global pandemic. Continued increases in reported cases of COVID-19 (including additional variants of COVID-19) as well as outbreaks of Severe Acute Respiratory Syndrome, Ebola, H1N1, Zika, measles or other epidemic diseases such as avian influenza, swine flu or the fear of such events, have in the past and are expected in the future to prompt additional restrictions and precautionary measures to be put in place, which would be expected to adversely impact global commercial activity and contribute to significant volatility in equity and debt markets, and consequently adversely impact the Funds and their portfolio investments. Responsive measures by governments and regulatory authorities, as well as the general uncertainty surrounding the dangers and impact of COVID-19, have created significant disruption in supply chains and economic activity and have had a particularly adverse impact on the aviation, transportation, hospitality, tourism and other industries. Certain businesses and activities have been, and are expected in the future to be, temporarily or permanently halted as a result of government or other quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors, including the potential adverse impact of COVID-19 on the health of key personnel. As COVID-19 continues to spread (including via the emergence of new and more transmissible variants), the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

Access to Deposits. The Adviser maintains the majority of their and the Funds’ cash and cash equivalents in accounts with major U.S. financial institutions, and the Adviser’s and the Funds’ deposits at these institutions are expected to, from time to time, exceed insured limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where the Adviser maintains its and the Funds’ cash and cash equivalents, there can be no assurance that the Adviser would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect the Adviser’s or the Funds’ business and financial positions.

Uncertain Economic and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social, or economic unrest (including COVID-19 and other global health crises). Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners, and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally, on air travel in particular, and on the ability of the Funds to execute its strategy. This may slow the rate of future investments by the Funds and result in longer holding periods for the Funds’ investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon investments in which the Funds invests. Other factors, such as changes in U.S. federal or state tax laws, U.S. federal or state securities laws, bank regulatory policies or accounting standards, may make asset acquisitions less desirable. Similarly, legislative

acts, rulemaking, adjudicatory or other activities of the United States Congress, the SEC, the Federal Reserve Board, the New York Stock Exchange, FINRA (as defined below) or other governmental or quasi-governmental bodies, agencies and regulatory organizations may make the business of the Funds less attractive.

Russian-Ukraine Conflict and Related Sanctions. There is currently an ongoing conflict between Russia and the Ukraine which, in a relatively short period of time, has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine conflict could have a significant adverse impact and result in significant losses to the Funds. Such impact is expected to include significant reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It is expected to also limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) are expected to cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which the Funds intends to pursue, all of which could adversely affect the Funds' ability to fulfill its investment objectives.

United States Government Shutdown Risk. The United States federal government historically has undergone various shutdowns. There can be no assurance that future funding impasses will not occur again. A government shutdown could give rise to various risks and uncertainties that could negatively impact the performance of the Funds, which is beyond the control of the General Partners and the Adviser. To the extent the U.S. Federal Aviation Administration (the "FAA") reduces staffing of air traffic controllers during a shutdown, or, to the extent the U.S. Transportation Security Administration (the "TSA") reduces staffing of security agents or other airport-related workers, such actions could result in increased delays, reduced arrival rates and increased flight cancellations, which could, in turn, reduce the demand for aircraft. Further, portions of the federal government deemed nonessential may be shut down, including the FAA and/or the TSA. Because aircraft operations are regulated by governmental agencies, a government shutdown may have an adverse impact on the Funds' operations. A prolonged government shutdown also could impact inspections, regulatory review and certifications or cause other situations that could impede the Funds' ability to effectively register and/or lease aircraft. For example, a government shutdown could delay the Funds' efforts to seek certifications of aircraft from governmental agencies, which could have a material adverse effect on the Funds' financial condition.

Financial Markets and Regulatory Change. The laws and regulations affecting businesses continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving taxation, investment, and trade, applicable to the Funds' activities can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of the Funds. The Funds, the General Partners, the Adviser and their respective affiliates may be or may become subject to unduly burdensome and restrictive

regulation. In particular, the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) significantly increased regulation of U.S. and non-U.S. private fund advisers and contains the framework for sweeping reforms in other market areas (e.g., enhanced regulation of swaps). Similar regulatory reforms to address the financial crisis have been implemented in foreign countries. New regulations could adversely affect the way the Funds conducts its operations and profitability of its investment activities and will result in increased regulatory compliance expenses borne by the Funds. 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.

Increased Political and Regulatory Scrutiny. As alternative asset managers become more influential participants in the United States and global financial markets and economy generally, the private funds industry has been subject to criticism by some politicians, regulators, and market commentators. For instance, various federal, state, and local agencies have examined the role of placement agents, finders and other similar alternative asset service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information. Moreover, as a result of highly publicized financial scandals, certain market participants have expressed concerns over the integrity of the U.S. financial markets. There has been an active debate both nationally and internationally over the appropriate extent of regulation and oversight of private investment funds and their managers. Any changes in the regulatory framework applicable to the Funds may impose additional expenses, require the attention of senior management or result in limitations in the manner in which the Funds’ business is conducted.

Data Privacy and Protection. Data protection laws and regulations related to privacy, data protection and information security could increase costs for the Funds, and a failure to comply could result in fines, sanctions, or other penalties, which could materially and adversely affect the Funds’ results of operations. The Funds are subject to regulations related to privacy, data protection and information security in the jurisdictions in which they do business (collectively “Privacy Laws”). As new and existing privacy, data protection and information security laws are enacted, implemented, interpreted, and applied across the relevant jurisdictions, compliance costs may increase and require the dedication of additional time and resources, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Fair Processing Information. Limited Partners should be aware that, in considering and/or making an investment in the Funds, and interacting with the Funds, its affiliates, agents, advisers and/or delegates by: (i) submitting the Subscription Agreement and related documents, (ii) communicating through telephone calls, written correspondence and emails (all of which may be recorded); or (iii) providing personal data concerning individuals connected with the Limited Partner (such as directors, officers, trustees, employees, representatives, shareholders, investors, clients, beneficial owners, advisers and/or agents), they will be providing the Funds, its affiliates, agents, advisers and/or delegates with personal data. The General Partners have prepared privacy notices, which provide further information regarding the personal data collected and used by them including in relation to the Funds, and the purposes for which such personal data is processed. The privacy notices will be made available to investors. Prospective Limited Partners should read the privacy notices carefully before sharing any personal data in accordance with the steps described above. If you have any questions or concerns regarding the processing of personal data by the Funds, please contact General Partners.

Foreign Investment Clearance Considerations. Certain investments by the Funds involving the acquisition of a business or assets with a nexus to U.S. interstate commerce may be subject to review and approval from the Committee on Foreign Investment in the United States (“CFIUS”), an inter-agency committee authorized to review transactions involving U.S. businesses and a foreign person. Significant CFIUS reform legislation and regulations, which became effective on February 13, 2020, among other things, expand the scope of CFIUS’ jurisdiction to cover more types of transactions and empowers CFIUS to scrutinize more closely investments in U.S. “critical technology” and “critical infrastructure” companies, as well as companies that collect “sensitive personal data” of U.S. citizens, including investments involving foreign limited partners that may be deemed “non-passive.” Moreover, other countries outside of the United States are increasingly taking action to strengthen their national security review regimes, and as a result, certain investments in foreign countries may likewise be subject to similar foreign investment clearance and national security review regimes if the investments are perceived to implicate national security policy priorities. The Funds’ failure to notify CFIUS of a transaction where such notification was required or otherwise warranted based on the national security considerations would expose the Funds to potential legal penalties, costs, and/or other adverse reputational and financial effects. In the event that CFIUS reviews one or more of the Funds’ investments, CFIUS may recommend that the President block transactions, or CFIUS may impose conditions on transactions, certain of which may materially and adversely affect the Funds’ ability to execute its investment strategy. In addition, CFIUS may seek to impose limitations on one or more such investments that may prevent the Funds from maintaining or pursuing investment opportunities that the Funds otherwise would have maintained or pursued, which could adversely affect the performance of the Funds’ investments and thus the performance of the Funds. However, there can be no assurance that any restrictions implemented on any such limited partner(s) will allow the Funds to maintain, or proceed with, any investment. Legislative and regulatory changes, including changes to agency practice, in the future may negatively impact the ability of the Funds to realize value from certain existing and future investments, including by limiting exit opportunities or causing the Funds to favor buyers that it believes are less likely to require CFIUS review, even in circumstances where other buyers may offer better terms or more consideration.

Compliance with Anti-Money Laundering Requirements. In response to increased legal and regulatory concerns with respect to the sources of funds used in investments and other activities, the General Partners will request Limited Partners to provide additional documentation verifying, among other things, such investors’ identity, the identity of their beneficial owners/controllers (where applicable) and source of funds used to purchase the interests. General Partners may decline to accept a subscription on the basis of the information that is provided or if such information is not provided. Requests for documentation and additional information may be made at any time during which a Limited Partner holds an interest. The General Partners may be required to provide this information or report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the Limited Partners that the information has been provided. The General Partners will take such steps as it determines in its sole discretion are necessary, advisable, desirable, or incidental thereto in order to comply with applicable law, regulations, rules, orders, guidance, directives or special measures. These steps may include prohibiting a Limited Partner from making further contributions of capital to the Funds, depositing distributions or other funds or assets to which a Limited Partner would otherwise be entitled to in an escrow account or causing the withdrawal of a Limited Partner from the Funds. Limited Partners should be aware that the failure to provide such information in a timely manner (or at all) may

have a negative effect on Limited Partners as a whole.

Economic Sanctions Laws. Economic and trade sanctions laws in the United States and other jurisdictions, including the EU and the United Kingdom, may prohibit AIP, the General Partners, the Adviser, the AIP Principals and the Funds from transacting with or in certain countries and with certain individuals and companies. Additionally, AIP may be obligated to comply with certain anti-boycott laws and regulations, which prevent AIP and the Funds from engaging in certain discriminatory practices that may be allowed or required in certain jurisdictions. AIP's failure to discriminate in this manner could make it more difficult for the Funds to pursue certain investments and engage in certain business activities.

Pay-to-Play Laws. The SEC, a number of U.S. 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 those seeking investments by public retirement funds. If AIP, the General Partners, any of their respective employees, affiliates or any service provider acting on their behalf, fails to comply with such laws, regulations or policies, such non-compliance could have an adverse effect on the Funds. Limited Partners may also seek to pursue individual remedies, including withdrawal rights, which may be included in Side Letters or otherwise imposed by law.

Alternative Investment Funds Managers. The AIFMD regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to Limited Partners within the EEA or the United Kingdom (the "UK"). To the extent the Funds are actively marketed to Limited Partners domiciled or having their registered office in the EEA or the UK: (a) the Funds and the General Partners will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which will result in the Funds incurring additional costs and expenses, (b) the Funds and the General Partners may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions or the UK, which would result in the Funds incurring additional costs and expenses or may otherwise affect the management and operation of the Funds, (c) the General Partners will be required to make detailed information relating to the Funds and its investments available to regulators and third parties, and (d) the AIFMD will also restrict certain activities of the Funds in relation to EEA or UK investments including, in some circumstances, the Funds' ability to recapitalize, refinance or potentially restructure an asset-owning company within the first two years of ownership, which may in turn affect operations of the Funds generally.

EEA Risks In addition to specific national concerns, the EEA is subject to continuing instability in the aftermath of a collective debt crisis. Ongoing concerns regarding the sovereign debt of various EEA countries, including the potential for Limited Partners to incur substantial write-downs, reductions in the face value of sovereign debt and/or sovereign defaults, as well as the possibility that additional countries may leave the EU, or the EEA create risks that could materially and adversely affect the Funds' investments. The consequences of any sovereign default would likely be severe and wide-reaching, including significant exchange rate volatility or even an abolition of the Euro. This could have a severe negative impact on the financial and other markets, not only within Europe but globally and could result in the Funds' inability to successfully carry out its investment program, especially with respect to European investments. The EEA is also subject to severe geopolitical pressures in light of the ongoing refugee resettlement crisis. Investor

confidence in certain EU member states has been impacted, threatening capital markets throughout the EEA.

United Kingdom Exit from the EU. The legal, political, and economic uncertainty generally resulting from the UK's exit from the EU may adversely affect both EU and UK-based businesses. This uncertainty may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States. Furthermore, as a result of Brexit, other European countries may seek to conduct referenda with respect to their continuing membership with the EU. It is difficult to predict what the economic, tax, fiscal, legal, regulatory, and other implications will be for the asset management industry, the broader European and global financial markets generally and for private pooled investment vehicles such as the Funds and their investments. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having services or other significant relationships in, the UK or the EU, including companies or assets held or considered for prospective investment by the Funds. Brexit may also have an adverse effect on the tax treatment of the Funds and their investments.

Systems and Operations Risk. The Adviser relies on certain financial, accounting, data processing and other operational systems and services that are employed by the Adviser and by third-party service providers, including prime brokers, third-party administrators, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems could be subject to certain defects, failures or interruptions. For example, the Adviser and the Funds could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by the Adviser and third-party service providers to safeguard information in these systems, the Adviser, the Funds and their third-party service providers are subject to risks associated with a breach in cybersecurity that could result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions could lead to financial losses, liability under applicable law, regulatory intervention or reputational damage.

Aviation Industry Risks

Investments in Undervalued and Distressed Assets. The Funds may, from time to time, invest in undervalued and distressed aviation assets, including aircraft on lease to, or securities issued by, airlines or air cargo carriers that are experiencing or are expected to experience severe financial difficulties which may never be overcome, and in aviation assets involved in bankruptcy or other reorganization and liquidation proceedings. The identification of investment opportunities in such assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued or distressed assets offer the opportunity for attractive capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Funds' undervalued investments may not adequately compensate Limited Partners for the business and financial risks assumed. The Funds may incur a substantial loss if the assets which the Adviser believes are undervalued are not in fact undervalued and may be forced to sell such assets at a substantial loss. In addition, the Funds may be required to hold such assets for a substantial period of time before

realizing their anticipated value. Once purchased, these assets will often require additional ongoing maintenance capital from the Funds. During this period, a portion of the Funds' funds would be committed to the assets purchased, thus possibly preventing the Funds from investing in other opportunities. There can be no assurances that exits with respect to any distressed or undervalued assets would be successful.

Concentration of Investments. The Funds anticipate participation in a limited number of investments. As a result, a Fund's investment portfolios could become highly concentrated in certain types of assets. To the extent the Funds concentrate investments in a particular aircraft, the value of a Fund's investments and, therefore, the value of the Limited Partners' interests in the Funds, could be negatively affected if the market demand for the aircraft acquired by the Funds declines in the future, or if any of them is redesigned or replaced by its manufacturer. To the extent the Funds concentrate investments in aircraft on lease to a particular airline or airlines, or in securities issued by a particular airline or airlines, the risks described under "Lessee Credit Risk" below will be exacerbated. And, to the extent the Funds concentrate investments in a particular geographic region or other sector, their investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. Over time, the risks associated with asset, lessee and country or geographic concentration may be exacerbated as the Funds purchase, sell and release aircraft or engines, or purchase and sell securities. Furthermore, if a Fund co-invests with other alternative asset funds or if Investors otherwise co-invest alongside a Fund, an Investor may have exposure to one or more portfolio investments through more than one fund.

Aircraft Leasing Risks. The aircraft leasing market is affected by various cyclical factors that are not within the control of the Adviser such as: (i) interest rates; (ii) the availability of credit; (iii) fuel costs and general economic conditions affecting lessee operations; (iv) manufacturer production level; (v) retirement and obsolescence of aircraft models; (vi) manufacturers merging or exiting the industry or ceasing to produce aircraft types; (vii) re-introduction into service of aircraft previously in storage; (viii) governmental regulation; (ix) air traffic control infrastructure constraints; (x) the particular maintenance and operating history of specific aircraft; (xi) the number of operators using a type of aircraft; (xii) import restrictions; and (xiii) existing supply of parked aircraft. The availability of aircraft for lease or sale has periodically experienced cycles of oversupply and undersupply, producing sharp decreases and increases in aircraft values and lease rates.

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

Significant threats to used aircraft asset values and lease rates are the supply effects that would be caused by one or both of the OEMs increasing its production of new widebody aircraft, restarting production of new standardbody aircraft, increasing the supply of new or converted widebody or standardbody aircraft; significant numbers of used aircraft potentially entering the market as a

result of airline or air cargo carrier reorganizations and insolvencies; and potential reductions to market lease rates for new and used aircraft. Decreases in the values and rental rates achievable on new and used aircraft as a result of the above factors may have a material adverse effect on a Fund's operations and cash flows, as well as a Fund's investment returns.

Effects of Fuel Costs. Fuel costs represent a major expense to aircraft operators, including lessees. Fuel prices fluctuate widely depending primarily on international market conditions, conflicts, war, geopolitical and environmental events and regulation and currency/exchange rates. Although having declined from historical peaks, fuel prices tend to fluctuate. For instance, geopolitical disruption in certain regions or countries can generate uncertainty regarding the world's future fuel supply and lead to significant increases in fuel costs. Other events can also significantly affect fuel availability and prices, including natural disasters, decisions by the Organization of the Petroleum Exporting Countries regarding its members' oil output, and changes in global demand for fuel from key countries. As a result of all these factors, fuel costs are not within the control of lessees and significant changes in fuel prices could materially and adversely affect their operating results. Long or short-term fluctuations may (i) affect the ability of operators to make rental and other lease payments; (ii) result in lease restructurings and reposessions; (iii) impair a Fund's ability to re-market or otherwise dispose of aircraft on a timely basis and/or at favorable terms; and (iv) reduce the value received for its aircraft upon any disposition.

Changes in Aircraft Supply and Demand. The aviation leasing and sales market is cyclical and, in the case of the Funds, is tied to the larger market which itself is cyclical. Fluctuations in the demand for and supply of aircraft available for purchase or lease (and for specific types of aircraft) are likely to influence lease rates and used aircraft prices of all or some types of aircraft. For example, the oversupply of a specific type of aircraft could depress the value of that type of aircraft. Such fluctuations may occur for a variety of reasons including changes in the following: (i) the volume and structure of cargo transportation; (ii) the number of manufacturers and their pricing and supply strategies; (iii) the number of operators of certain types of aircraft and the operational efficiency and durability of certain types of aircraft; (iv) the lessees' demand for certain types of aircraft such as widebody, standardbody and regional; (v) fuel costs and general economic conditions affecting the operations of operators of aircraft; (vi) government regulation, including airworthiness directives and operating restrictions; (vii) financing interest rates; (viii) the availability of credit; (ix) manufacturer production levels; (x) the retirement and obsolescence of aircraft models; (xi) the re-introduction into service of aircraft previously in storage; (xii) air traffic control infrastructure constraints; (xiii) cancellations of orders for aircraft; (xiv) accuracy of estimates relating to future supply and demand made by manufacturers and lessees; and (xv) availability and cost of credit. The ability to sell aircraft will depend on market conditions, and a Fund's ability to sell aircraft may be adversely affected by some of the risks described herein, including fluctuations in aircraft supply and demand. These cycles may produce decreases or increases in aircraft values and lease rates. Further, when aircraft leases expire, industry conditions may prevent the aircraft from being sold on satisfactory terms. As a result, any decreases in the values of and lease rates for aircraft that may result from various industry or other unanticipated factors may have an adverse effect on the Funds' operations and cash flow and may impair its investments and the Limited Partners' respective investments in the Funds.

Competition with Other Cargo Transportation. The air cargo industry is affected by the risk of competition from other methods of cargo shipping, such as by road (truck), sea and rail. Lower transportation costs and higher cargo capacity of other methods of cargo shipping may reduce the

demand for air cargo shipments. In particular, the North American air cargo market has diminished over the last decade in favor of trucking. Additionally, the completion of the widening of the Panama Canal in early-2016, and the advent of the “fast ship” has led to additional cargo traffic flow by sea for certain types of goods. Accordingly, the air cargo industry may be negatively affected by competition from other methods of cargo shipping which can reduce the need for air cargo shipments and may materially adversely affect the business operations and prospects of cargo operators and, therefore, may negatively affect a Fund and its returns.

Cyclicalities of Supply and Demand for Shipment of Air Cargo. The supply of and demand for air cargo is affected by various cyclical factors including, but not limited to, general economic conditions affecting consumers and businesses, including demand for goods, manufacturer order and production levels and the availability of capital and the cost of such capital. As a result of the foregoing and other factors, the availability of, or demand for, shipment of air cargo may lead to an oversupply of aircraft for lease or sale. These cycles may produce decreases or increases in aircraft values and lease rates, and when leases for the investments expire, industry conditions may prevent the investments from being re-leased on equivalent terms or, where applicable, sold on satisfactory terms.

Changes in Consumer Demand. A portion of certain Funds’ lessees are expected to be comprised of airlines and other air cargo companies that transport or are otherwise involved in the shipment of consumer products, among other goods. The business, operations and productivity of such lessees may be affected by the demand for consumer products and the productivity of the consumer products industry in general. If there is a decrease in demand for consumer products or a decline in the productivity of the consumer products industry, and air cargo companies will transport fewer consumer products, (which, among other things, means that they will need fewer aircraft and that their existing aircraft fleet may be more durable thereby mitigating the need to re-lease such aircraft). Certain risks associated with the consumer products industry may lead to a decrease in demand for consumer products or a decline in the productivity of the consumer products industry. For example, the consumer products industry is highly susceptible to competition because a company’s ability to remain competitive is largely based upon its ability to accurately anticipate consumer and market requirements, which is difficult to do. Consumer product companies that cannot remain competitive typically experience a decline in demand for their consumer products and the shipment of their consumer products. In addition, given that the consumer products industry is largely dependent upon the commercial acceptance of its products, consumer product companies that conduct voluntary or involuntary product recalls arising primarily from defectively manufactured products or packaging may experience a decline in demand for their consumer products and a decline in productivity. Accordingly, both competition and product recalls can reduce the need for the shipment of consumer products and may materially adversely affect the business operations and prospects of a Fund’s lessees. Adverse developments in the operations of a Fund’s lessees may have an adverse effect on such Fund’s operations and cash flow and may impair its investments and the Limited Partners’ respective investments in such Fund.

Supply and Demand of the Air Cargo Industry. It is anticipated that a portion of certain Funds’ lessees will be air cargo companies. As such, such Fund is indirectly impacted by the risks facing the air cargo industry. The cargo industry is particularly susceptible to macro-economic risks. The primary business of air cargo companies is to transport goods, so their business levels are directly tied to the purchase and production of goods—all key macro-economic measurements. When individuals and companies purchase and produce fewer goods, air cargo companies transport fewer

goods, and as companies expand the number of distribution centers and move manufacturing closer to consumer markets, air cargo companies transport goods shorter distances (which, among other things, means that they will need fewer aircraft and that their existing aircraft fleet may be more durable thereby mitigating the need to re-lease such aircraft). In addition, air cargo companies have a relatively high fixed-cost structure, which is difficult to quickly adjust to match shifting volume levels. Moreover, the air cargo industry is increasingly affected by the health of the global economy and the typically more volatile economies of emerging markets. Any decreases in the productivity of the air cargo industry may cause an oversupply of potential aircraft thereof which may drive lease rates downward or delay such Fund's leasing or retaining of such aircraft.

Air cargo companies are also subject to other risks and uncertainties that affect their businesses, including, but not limited to, (i) increases in operating costs, including the availability and cost of fuel and labor costs; (ii) competition; (iii) labor disputes; (iv) lawsuits and other administrative proceedings; (v) governmental regulation of, or affecting, the air transportation business, including noise and emissions regulations, climate change initiatives and age limitations; (vi) geopolitical and other events, including war, acts of terrorism, civil unrest, outbreaks of epidemic diseases and natural disasters; (vii) changes in interest and foreign exchange rates; (viii) dependence on reputation; and (ix) potential disruptions in technology networks. Because a Fund will depend, in part, on air cargo companies as its lessees, adverse developments in their operations or in the air cargo industry could have a material adverse effect on the returns of the Funds.

Issues with Used Aircraft. Unlike new aircraft, used aircraft typically do not carry warranties as to their condition. As a result, the Funds may not be able to claim any warranty-related expenses on used aircraft assets. Although General Partners may inspect an existing aircraft and its documented maintenance, usage, lease and other records prior to acquisition, it may not discover all defects during an inspection. Repairs and maintenance costs for existing aircraft are difficult to predict and generally increase as aircraft age and can be adversely affected by prior use. These costs could decrease a Fund's cash flow and reduce its returns.

Aircraft are long-lived assets, requiring long lead times to develop and manufacture, with particular types and models becoming obsolete and less in demand over time when newer, more advanced aircraft are manufactured. By acquiring existing aircraft, the Funds have greater exposure to more rapid obsolescence of the Funds' fleet, particularly if there are unanticipated events shortening the life cycle of such aircraft, such as government regulation or changes in the Funds' customers' preferences. This may result in a shorter life cycle for the Funds' fleet and, accordingly, declining lease rates, impairment charges or increased depreciation expense.

In general, the costs of operating an aircraft, including maintenance expenses, increase with the age of the aircraft. Further, variable expenses like fuel, crew size or aging aircraft corrosion control or modification programs and related airworthiness directives could make the operation of older aircraft more costly to the Funds' lessees and may result in increased lessee defaults or renegotiation of lease terms. The Funds also may incur some of these increased maintenance expenses and regulatory costs upon acquisition or re-leasing of its aircraft. Any of these expenses or costs would have a negative impact on a Fund's returns.

Risk of Decline in Aircraft Value, Rental Rates and Part Prices. In addition to factors linked to the aviation industry, other factors that may affect the value of aircraft and lease rates, as the case may be, include, without limitation: (i) manufacturers merging or exiting the industry or ceasing to produce certain aircraft models; (ii) the particular age, maintenance, damage, records and operating history of the aircraft; (iii) the number of operators using a type of aircraft and the compatibility of the aircraft configurations or specifications with other aircraft operated by operators of that type of aircraft; (iv) whether the aircraft is subject to a lease, and, if so, whether the lease terms are favorable to the lessor; (v) any regulatory and legal requirements that must be satisfied before the aircraft asset can be converted and operated, sold or re-leased, including airworthiness directives; (vi) compatibility of aircraft parts and layout of the aircraft among operators of particular aircraft; (vii) any renegotiation of a lease on less favorable terms; (viii) manufacturing production levels and technological innovation; (ix) import restrictions; (x) retirement and obsolescence of aircraft models; (xi) traffic growth; (xii) fuel prices; (xiii) existing supply of parked aircraft; (xiv) reintroduction into service of aircraft previously in storage; (xv) technological innovation, including introduction of new generation aircraft and (xvi) regulatory changes impacting the used parts market. Any decrease in values of and lease rates for used commercial aircraft which may result from the above factors or other unanticipated factors may have a material adverse effect on the Funds' operations and cash flow and may adversely affect its investments and, therefore, the value of the Investors' interests in the Funds.

Effects of Technological Change. As manufacturers introduce technological innovations and new types of aircraft and engines, current generation aircraft and engines may become less desirable to potential lessees, manufacturers or purchasers. Such technological innovations may increase the rate of obsolescence of currently deployed aircraft and engines faster than currently anticipated by the Funds or accounted for in its accounting policy. Certain "next generation" aircraft are expected to improve fuel consumption and to reduce noise, emissions and maintenance costs as compared to current models. It is not certain how these new aircraft offerings will impact the demand and liquidity of existing equipment. In addition, the imposition of more stringent noise or emissions standards and the development of more fuel-efficient engines could make currently deployed aircraft and engines less attractive for potential lessees and less valuable in the marketplace. Any of these risks could adversely affect the value of the Funds' investments and, therefore, the value of the Investors' interests in the Funds.

Lessee Credit Risk. The Adviser will evaluate the credit risk associated with each of the prospective operators/lessees, and their respective ability to properly maintain the leased aircraft and comply with the lease. On the basis of such review, the Adviser will assess the credit rating of the operator and weigh that credit evaluation against the asset risk, the lease rate, and the lease structure, in determining whether the operator meets the Funds' investment criteria. Nonetheless, many factors can dramatically and quickly impact an individual lessee's viability. These include fuel prices, pandemics, labor disruptions, air crashes, and new or intensified competition. Should a lessee file for a re-organization under bankruptcy statutes, there is the added risk that the lessor/owner may be at least temporarily prohibited from foreclosing on or repossessing the leased asset. Most developed countries, like the United States (which affords lessors and other secured parties certain protections and certain rights pursuant to Section 1110 of the Bankruptcy Code), have specific laws that determine how and when a secured party or a lessor in a bankruptcy can repossess an aircraft. Although the process is

improving due to the approval of, and certain parties joining, the Cape Town Convention on International Interests in Mobile Equipment and the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment, the process can be slow, expensive, and in some instances may result in lost revenue and thus negatively impact the proceeds that would otherwise be received by the Funds.

Lessee Defaults and Other Credit Problems. The ability of each lessee to perform its obligations under its lease will depend primarily on the lessee's financial condition, which may be affected by factors beyond the Funds' control, including competition, air cargo rates, air cargo demand, operating costs (including the price and availability of jet fuel and labor costs), labor difficulties, economic conditions in the countries in which the lessee operates and governmental regulation of or affecting the air transportation business. Airlines and air cargo carriers with weaker capital structures, in general, are more likely than well-capitalized airlines and air cargo carriers to seek operating leases, and, at any point in time, a varying number of lessees may experience payment difficulties. In addition, many lessees are exposed to currency risk due to the fact that they earn revenues in their local currencies and certain of their liabilities and expenses are denominated in U.S. dollars, including lease payments to the Funds. As a result of their poor financial condition, a large portion of lessees over time may consistently be significantly in arrears in their rental payments or maintenance payments. The Funds can give no assurances that lessees will be able to perform their financial and other obligations under future lease agreements. A lessee may also experience periodic difficulties that are not financial in nature, which could impair its performance of its maintenance obligations under a lease agreement. These difficulties may include deferring the performance of scheduled aircraft maintenance. The Funds cannot assure that, in the event that a lessee defaults under a lease, the security deposit paid or the letter of credit provided by the lessee, if any, will be sufficient to cover the outstanding or unpaid obligations accrued under the applicable lease agreement or other lessee obligations such as navigational charges and landing and/or airport fees which may give rise to lien rights in favor of applicable creditors. If such amounts are insufficient, the Funds' ability to make distributions to Investors will be adversely impacted. Moreover, the Funds may be unable to profitably redeploy or dispose of aircraft repossessed from defaulting lessees.

Higher Costs Resulting from Lease Default. Upon a lessee default, the lessor typically has the right to terminate the lease, repossess the relevant aircraft and to exercise other remedies under the lease and applicable law. Repossession of aircraft after a lessee default may result in the Funds incurring costs in excess of those incurred with respect to aircraft returned at the end of the lease. Those costs include legal and other expenses of court or governmental proceedings (particularly if the lessee is contesting the proceedings or is in bankruptcy) to obtain possession and/or re-registration of the aircraft and flight and export permissions. Delays resulting from any of these proceedings would also increase the period of time during which the relevant aircraft is not generating revenue pursuant to a lease agreement. In addition, the Funds may incur substantial maintenance or repair costs (that a defaulting lessee has failed to pay) and may need to pay off liens, taxes and governmental charges in order to obtain unencumbered possession and to re-lease the repossessed aircraft effectively. The Funds may incur costs in connection with the physical repossession of the aircraft. Any of these costs or delays will adversely impact the returns of the Funds. The rights of the Funds upon a lessee default may be subject to limitations of applicable law, including the need to obtain a court order for repossession of aircraft and/or consents for deregistration or re-export of aircraft. When a defaulting lessee is in bankruptcy, protective administration, insolvency or similar proceedings, additional limitations may apply. Certain jurisdictions will give

rights to the trustee in bankruptcy or a similar officer to assume or reject the lease or to assign it to a third-party, or will entitle the lessee or another third-party to retain possession of the aircraft (without performing all or some of the obligations under the relevant lease or consignment, as the case may be). Accordingly, the Funds may be delayed in or prevented from, or may incur additional costs including legal costs, enforcing certain of the Funds' rights under a lease agreement and in selling the affected aircraft. Such delays and costs may adversely impact the returns of the Funds.

Restructuring of Leases. Under certain circumstances, including when a lessee is late in making payments or fails to make payments in full under the lease or is subject to an insolvency or reorganization proceeding, the Funds may be requested to restructure a lease. Restructuring may involve anything from a simple rescheduling of payments, a reduction of rental or other payments, or an easing of return conditions upon the termination of a lease, in each case without receiving all or any portion of the past due amounts. If any leases are restructured, the Funds expect that the reduced or deferred rental payments would be payable over all or some part of the remaining term of the lease. The Funds may have no alternative but to agree to such rental reductions in the event no viable substitute lessee is available. The Funds may be unable to agree upon acceptable terms for some or all of the requested restructurings and as a result may exercise its remedies under those leases. If the Funds, in the exercise of their remedies, repossesses the aircraft, the Funds cannot assure that it will be able to re-lease the aircraft promptly or at favorable rates. Restructurings with some lessees might occur in the future. The terms and conditions of possible lease restructurings may result in significant reductions of rental payments and adversely impact the returns of the Funds.

Re-Leases. Upon termination of any lease, the Funds will attempt to re-lease or sell the related aircraft. To the extent that the Funds elect to re-lease rather than sell aircraft, the lease terms will be effected by, among other things: (i) the supply and demand for a given aircraft model at any point in time; (ii) the economic condition of the airline industry; (iii) cyclical changes in interest rates and the availability of credit; (iv) fluctuations in the cost of fuel and other materials; (v) the supply of competing aircraft; (vi) the ability to repossess the aircraft from a defaulted lessee; (vii) the ability to export an aircraft from or import the aircraft to a given jurisdiction; (viii) competition from aircraft manufacturers, aircraft leasing companies, financial institutions, aircraft brokers and special purpose leasing vehicles that may have greater financial resources and greater legal and financial flexibility to structure and offer more favorable leasing alternatives; and (ix) a default by the servicer of such aircraft or its inability to perform its obligations under any applicable servicing agreement.

Failure to Appropriately Discharge Aircraft Liens. In the normal course of business, liens that secure the payment of airport fees and taxes, custom duties, fuel liens, air navigation charges (including charges imposed by Eurocontrol), landing charges, crew wages, maintenance charges, salvage or other liens ("Aircraft Liens") are likely, depending on the jurisdiction, to attach to the aircraft. Aircraft Liens may secure substantial sums that may, in certain jurisdictions or for limited types of Aircraft Liens (particularly fleet liens), exceed the value of the particular aircraft to which the Aircraft Liens have attached. In some jurisdictions, Aircraft Liens may give the holder thereof the right to detain or, in limited cases, sell or cause the forfeiture of the aircraft. In some cases, it may be difficult to obtain "clear title" to the assets acquired (including all aircraft documentation) unless an expensive title search is undertaken prior to acquisition. Such Aircraft Liens or clouded title could, until discharged, impair the Funds' ability to repossess or sell aircraft. Although the financial obligations relating to these Aircraft Liens are the responsibilities of the

lessees, if lessees fail to fulfill their obligations, Aircraft Liens may attach to a Fund's aircraft and ultimately become such Fund's responsibility. In some jurisdictions, Aircraft Liens may give the holder thereof the right to detain or, in limited cases, sell or cause the forfeiture of the aircraft. In such cases, the Funds may find it necessary to pay the claims secured by such liens in order to repossess the aircraft or to obtain the aircraft or engines from a party holding a lien in respect thereof.

Maintenance of Aircraft During Lease Term; Funding of Maintenance; Maintenance Reserves. Under most leases, the lessee is primarily responsible for maintaining the aircraft and complying with all governmental requirements applicable to the lessee and the aircraft including operational, maintenance, and registration requirements and airworthiness directives. Failure of a lessee to perform required maintenance with respect to an aircraft during the term of a lease could result in a diminution in value of such aircraft's parts upon termination of such lease. The Funds will not be in possession of any aircraft while such aircraft is subject to lease. A continuous failure by a lessee to meet its maintenance obligations under the relevant lease (i) could result in a grounding or inoperability of the aircraft asset; (ii) in the event of a re-leasing of the aircraft asset, could cause the Funds to incur integration and other costs, which may be substantial, in restoring the aircraft asset to an acceptable maintenance condition; (iii) could result in a lower rental rate or shorter term under any new lease which the Funds might enter into following repossession of the aircraft asset; and (iv) would be likely to adversely affect the value of the aircraft asset. There can be no assurance that the Funds' operational cash flow and available liquidity reserves will be sufficient to fund maintenance requirements, particularly as aircraft assets age. Actual rental and maintenance payments by lessees and other cash that the Funds receive may be significantly less than projected as a result of numerous factors, including defaults by lessees and the Funds' possible inability to obtain satisfactory maintenance provisions in lease agreements. In some cases, a lessee may be entitled to substitute a letter of credit for maintenance reserve payments. Some leases do not provide for any maintenance reserve payments or letters of credit to be made or pledged, as the case may be, by lessees as security for their maintenance obligations, and there can be no assurance that future lease agreements will contain such requirements. Maintenance reserves may be insufficient to cover the scheduled maintenance expenses they are intended to fund. In addition, maintenance reserves typically cover only certain scheduled maintenance requirements and do not cover all required maintenance and all scheduled maintenance. Also, there can be no assurance that lessees will meet their obligations to pay maintenance reserves or perform required scheduled maintenance. If lessees fail to meet their obligation to fund reserves or perform required scheduled maintenance, the Funds may be required to make such payments which may adversely affect the Investors' investment in the Funds.

In addition, for an aircraft to be airworthy and available for service, all records, logs, evidence of serviceability, licenses, and other documentation relating to maintenance and operations of the aircraft ("Records") must be maintained in accordance with the requirements of the relevant civil aviation authority and manufacturer specifications. Under the leases, the Adviser will require the lessee to be responsible for maintaining the Records and complying with such requirements and directives. Failure of a lessee to perform maintain the Records during the term of a lease or deliver the Records (or failure to deliver the Records in the required condition) to the lessor at the expiry of a lease could result in a diminution in value of such aircraft and an inability to lease such aircraft at market rates, if at all, until the Records are retrieved or recreated. As a result, an aircraft may be off-lease for a significant period of time while the Records are being restored. The cost to recreate the Records prior to sale or re-leasing could be substantial and have an impact on the overall returns

for the Funds. Moreover, incorrect Records with respect to aircraft purchased by the Funds can also be problematic. For instance, the Funds may purchase aircraft relying on the accuracy of such aircraft's Records. However, after purchasing the aircraft (including during the conversion process), the Adviser may uncover issues with the aircraft that were not included in the Records. In other words, Records may be inaccurate, incomplete or otherwise unreliable. This in turn could prevent or delay the Funds from executing its investment strategy or otherwise increase the costs in doing so (e.g., conversion costs may be higher than anticipated when based, at least in part, on a review of the Records) which may have an impact on the overall performance of the Funds.

Liabilities, Loss and Insurance. Operators are required under most leases to indemnify the related lessor for, and insure against, liabilities arising out of use and operation of the aircraft, including third-party claims for death or injury to persons and damage to property for which the Funds may be deemed liable. Operators are also required to maintain public liability, property damage and aircraft hull insurance on the aircraft at agreed upon levels. They are not, however, required to maintain political risk insurance and there are other types of events that may or may not be insurable by an operator (e.g., direct and/or indirect consequences resulting from seizure of aircraft assets by a government official or regulatory body in connection with alleged or actual illegal activity in respect of such aircraft assets in the possession of a lessee irrespective of such lessee's or the lessor's liability therefor). The operators may, in some instances, have fleet-wide deductibles for liability insurance. Any hull insurance in respect of such claims will generally be paid to the lessee (in some circumstances up to a cap with the balance going to the lessor), in the event of a partial loss of or damage to the aircraft asset, to effect repairs, unless there is a total loss with respect to aircraft assets in which case insurance proceeds are paid to the lessor or, in the case of liability insurance, to each of the insured parties for indemnification of third-party liabilities. In the event of a total loss, the lessor will usually be entitled to receive insurance proceeds equal to an amount agreed to at the commencement of the lease, and subject to the terms of the applicable lease, the balance of any hull insurance proceeds after deduction for all amounts due and payable by the lessee under such lease, may remain with the lessee. There can be no assurance that insurance of operators, including any available governmental supplemental coverage, will cover all types of claims that may be asserted against the Funds. Any inadequate insurance coverage, default by an insurer or default by operators in fulfilling their indemnification or insurance obligations or the lack of political risk insurance will affect the proceeds that would be received by the Funds upon an event of loss under the relevant lease agreement or upon a claim under the relevant liability insurance policy.

Aircraft Accidents. An aircraft crash or other serious accident could expose the Funds to significant liability and reduce the demand for certain of the Funds' Invested Assets. In addition, aircraft operators and/or aviation authorities may ground aircraft due to safety concerns. As a result, the Funds may be forced to bear substantial losses stemming from an accident. For example, until the first half of 2021, aircraft operators and aviation authorities in the United States, Europe, China, Canada and other countries had suspended the use of Boeing's 737 MAX 8 aircraft over concerns about its safety, after an Ethiopian Airlines flight of the same model crashed in March 2019 (shortly after another crash by the same model). The Boeing 737 MAX 9, which has nearly identical design features as the Boeing 737 MAX 8, was also grounded across the globe until the beginning of 2021. Any crash or serious accident involving aircraft that the Funds are expected to acquire could adversely impact a Fund's business, results of operations and financial condition or create an adverse public perception, which could result in consumers being reluctant to use operators with such aircraft. Accidents involving aircraft assets are not expected to target may also

result in increased competition for the Funds' target assets, which in turn may limit supply and increase costs for the Funds.

Liability Risk as Lessor. Aircraft lessors have several legal and contractual protections from liability for damages arising from the operation of their aircraft by lessees. In many, but not all, jurisdictions, relevant laws provide safe harbors shielding aircraft lessors that are not in possession or operational control of an aircraft from liability arising from operational incidents. In the United States, Section 44112 of Title 49 of the United States Code ("Section 44112") provides that lessors of aircraft or engines generally will not be liable for any personal injury or death, or damage to or loss of property (collectively, "Loss" or "Losses"), provided that such lessor is not in actual possession or operational control of the equipment at the time of such Loss. Section 44112 preempts state law and provides a safe harbor that protects lessors from liability under the strict liability laws of most states, under which damage awards can be substantial. However, certain case law interpreting Section 44112 has narrowly construed this safe harbor, providing that lessors of aircraft or engines may be liable for Losses under certain circumstances. Therefore, there can be no assurance that the provisions of Section 44112 would fully protect the lessor and the Funds from all liabilities in connection with any Losses that may be caused by any aircraft or engine it owns. It should be noted that this description is limited to U.S. law, and to the extent that the law in foreign jurisdictions is applicable (e.g., in a jurisdiction where an accident occurs), different rules may apply. For example, some foreign jurisdictions may impose strict liability upon an owner of an aircraft or an engine.

To address this uncertainty, aircraft operating leases typically require lessees to indemnify the lessor and/or its owners for, and to insure the lessor and/or its owners against, claims by third parties arising from operational incidents. Nonetheless, it is possible that a lessee may not agree to such contractual provisions or, having agreed to such contractual provisions may not have financial resources or insurance sufficient to fulfill its indemnity obligations in the event that Losses arise from an operational incident, resulting in losses to the Funds. In addition, it is possible that the scope and amount of insurance coverage available to operators for liability to third persons may decrease while the premiums for such third-party risk insurance may simultaneously or otherwise increase. This situation may result in the operators, and/or the Funds not obtaining sufficient insurance coverage to cover all types of claims that may be asserted against the operators or the Funds. Such insufficient insurance coverage amounts or defaults by operators in fulfilling their indemnification or insurance obligations or the lack of third-party liability insurance may increase the loss amounts for which the operators or the Funds are ultimately liable.

The Adviser will typically seek to require lessees to maintain those types of insurance customary and appropriate in the air transportation industry, including liability insurance and aircraft hull insurance. However, there can be no assurance that insurance will cover all types of claims that may be asserted against the Funds. Any inadequate insurance coverage, default by an insurer or default by lessees in fulfilling their indemnification or insurance obligations will negatively affect the proceeds that would be received by the Funds, and ultimately, the Investors, upon an event of loss under the respective leases or upon a claim under the relevant liability insurance.

Control on Investment Repatriation Limitation. In the course of sale of the aircraft of the Funds or a restructuring of the aircraft portfolio, it is typically necessary to transfer the aircraft or change the registration of aircraft or transfer substantial amounts of capital from one jurisdiction to another in the context of such events. In some jurisdictions, such transfer, or the transfer or repatriation of

capital or the repossession of the aircraft may be or may become legally impaired or may be subject to approval by local authorities.

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

Aircraft manufacturers have come under criminal and civil scrutiny in recent years by regulators such as the FAA due to lapses in adequate quality-control, hazardously designed flight-control systems, and non-compliance with mandatory production rules and safeguards. Increased government regulation and enforcement may limit the supply and/or increase the cost of aircraft assets available to purchase by the Funds. Failure by manufacturers of aircraft assets to comply with applicable law and regulation may result in the grounding of certain aircraft assets or may result in an accident involving aircraft assets.

Effect of Airworthiness Directives, Services Bulletins and Operating Restrictions. The maintenance and operation of aircraft and engines are strictly regulated in the United States by the FAA in the U.S. and similar governmental authorities in foreign jurisdictions. These rules and regulations govern such matters as certification, registration, inspection, operation and maintenance procedures, personnel certification and record keeping. Periodically, the FAA issues airworthiness directives requiring changes to aircraft or engine maintenance programs and procedures. An aircraft may also be subject to mandatory service bulletins issued by aircraft manufacturers, which may require the lessees to make more frequent inspections of the aircraft or particular parts in the aircraft. Future regulatory changes may also increase the cost of operating and/or maintaining aircraft and engines, which may adversely affect their residual value and the profitability of the Funds' investments, as can the failure of a lessee to comply with the maintenance provisions as set forth in the lease. The cost of compliance with such requirements may be significant.

Requirement for Certain Licenses, Consents and Approvals. Some lease or sale transactions may require that the Funds and/or the lessee obtain licenses, consents or approvals from governmental or other regulatory authorities with respect to the importing, exporting and deregistration of aircraft. Subsequent changes in applicable law or administrative practice may increase such requirements. In addition, a governmental consent, once given, might be withdrawn, revoked or expire without renewal. The Funds may have difficulty acquiring the licenses, consents or approvals needed in connection with aircraft leasing or sale. Any of these events could adversely affect the Funds' ability to lease or sell aircraft assets and could negatively affect the Funds' ability to make distributions to Investors.

Registration of Aircraft. Appropriate registration of aircraft is a material obligation of both the lessee and the holder of title of an aircraft and an indispensable precondition for operating the

aircraft. If an aircraft were to be operated without a valid registration, the lessee operator or, in some cases, the owner or lessor (such as the Funds) might be subject to penalties, which could constitute or result in a lien being placed on such aircraft. Lack of registration could also restrict the ability of the owner or lessee to operate the aircraft, negatively affect insurance premiums or cause the loss of insurance. The foregoing adverse effects could cause lessees to incur higher costs and to generate lower net revenues, resulting in an adverse impact on their financial conditions, affecting lessees' ability to make rental and other lease payments to the Funds.

Aviation Debt Instruments Risks

Aircraft Asset-Backed Securities. The Funds are permitted to invest in various forms of aviation related debt, such as equipment trust certificates ("ETCs"), ALRs (as defined below), EETCs (as defined below), aircraft asset-backed securities and private placements or bank loans secured by aircraft or other aviation assets (together referred to herein as "aircraft mortgage debt"). Investing in aircraft mortgage debt entails many of the same risks as investing in aircraft directly. However, there are several additional risks, including the complex structures involved in such aircraft mortgage debt and the fact that the Funds generally would not have a controlling position with respect to the aircraft when it invests in aircraft mortgage debt.

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

Aircraft Lease Receivables ("ALRs"). The Funds are permitted to invest in airline/aircraft assets, which are expected to include ALRs. ALRs are asset-backed securities that are generally structured as pass-through trusts. The aircraft is sold to the trust which leases it to the airline companies. Unlike receivables backed by loans or interest rates, however, ALRs will entail a higher risk because of the nature of the underlying assets, which are expensive to maintain and operate and are difficult to sell. In addition, aircraft are subject to many laws in different jurisdictions, and the repossession of aircraft from lessees will be difficult and costly.

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

Aviation Debt. Certain of the Funds' investments are permitted, and expected, to consist of providing financing to airlines and other participants in the aviation finance and lease markets (each, a "Borrower" and collectively, the "Borrowers"), including, but not limited to, through senior, mezzanine, and/or other debt instruments, or interests in pools of securities and/or other

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

Furthermore, financings could be made to Borrowers that are airlines or other similar participants in the aviation finance or lease markets where the underlying collateral securing the debt is not aviation assets. Although in such cases the Adviser would generally seek an airline guarantee or similar credit support from a participant in the aviation finance or lease markets, there can be no assurance that such guarantee or similar credit support will be obtained. The ability of subordinated debt holders (such as the Funds) to influence a Borrower's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. Accordingly, the Funds may not be able to take the steps necessary to protect their investments in a timely manner or at all. Further, the unsecured debt in which the Funds are expected to invest is not expected to be protected by financial covenants or limitations upon additional indebtedness, could have limited liquidity and is not expected to be rated by a credit rating agency.

Aviation Credit Risk. Lending and acquiring debt have significant credit risk with respect to the ability of the borrower to make interest and principal payments on the loan or security as they become due. Given that the Funds are expected to consider opportunities to gain additional exposure to underlying aircraft assets through lending to or acquiring debt from or issued by leasing companies or airlines, in such cases, if the borrower fails to pay interest, the Funds' income might be reduced. If the borrower fails to repay principal, the value of that investment and the value of the Funds might be reduced. The Funds' interests in loans or in the debt of a leasing company or airline are subject to risks of default and the Funds will be exposed to losses resulting from default. In any reorganization or liquidation proceeding relating to a leasing company or airline in which the Funds has made loans to, the Funds would be expected to lose all or part of the amounts advanced to such leasing company or airline. The Funds cannot guarantee the adequacy of the protection of the Funds' interests, including the validity or enforceability of the loan. Furthermore, the Funds cannot assure that other claims will not be asserted that might interfere with enforcement of the Funds' rights. In the event of a default, the Funds or an affiliate of the Funds would be expected to assume direct ownership of the underlying assets of the leasing company or airline. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss to the Funds. Any costs or delays involved in a default or a liquidation of the underlying asset will further reduce the proceeds and thus increase the loss.

Lending and acquiring debt also have significant liquidity risks and market value risks since they are generally not publicly-traded in organized exchange markets but are traded by banks and other institutional investors engaged in loan syndications. Because loans are privately syndicated and

loan agreements are generally privately and heavily negotiated and customized and subject to offering restrictions, loans are not purchased or sold as easily as other investments. Due to their illiquid nature, the Funds may not be able to dispose of its interest in a loan to or in the debt of a leasing company or airline in a timely manner and/or at a fair price. The inability to dispose of a loan could result in losses to the Funds, including the loss of its entire investment. If the leasing company or airline is in default or its debt is highly leveraged, such debt will be less liquid than other debt. If the Funds voluntarily or involuntarily sold its interests in those types of debt instruments, it might not receive the full value it expected. In particular, these risks could arise from changes in the financial condition or prospects of the leasing companies or airlines whose borrowings underlie the Funds' investments, changes in national or international economic or political conditions (including acts of war, terrorism or other calamity or crisis), adverse conditions in national or global financial or capital markets, or changes in laws or regulations affecting the aviation industry, fiscal policies or political conditions of countries in which investments are made.

Conflicts of Interest

Investment in AIP. In addition to owning an interest in AIP Capital LLC, the parent of AIP Advisors, A-CAP may become a Limited Partner in one or more of the Funds and/or own an interest in one or more of the General Partners or Special Limited Partners. A-CAP is operationally independent from AIP Capital and AIP Advisors and does not participate in the day-to-day control of AIP. However, A-CAP generally is entitled to vote on all matters in which an investor vote is solicited, one or more representatives of A-CAP may sit on the board of advisors and, in addition, may have certain informational and other rights that are not available to Limited Partners with respect to their investments in the Funds. A-CAP has various investment holdings which may include financial services companies that provide services or engage in transactions with the Funds and their investments, which AIP expects to be on an arms-length basis. In addition, AIP expects to offer co-investment opportunities to A-CAP and third parties that may invest in AIP in the future, subject to and in accordance with its co-investment policies.

Relationships with Other Accounts. AIP provides management, origination, remarketing, disposition, and asset management services to other aircraft assets outside of the Funds including a newly-formed corporate lessor vehicle called Phoenix Aviation Capital LLC (including its affiliates "PAC"). An affiliate of AIP will be the exclusive servicer to PAC but AIP is not an owner of PAC. A conflict of interest exists when AIP identifies an aircraft acquisition opportunity that would meet a Fund's investment objectives as well as those of PAC or other clients of AIP. The Funds may purchase in the future aircraft from A-CAP, PAC or other entities in which the AIP Principals, AIP or A-CAP has an ownership or other financial interest. The pricing and other terms of these transactions may be less advantageous to the Funds than if they had been the result of transactions among unaffiliated third parties.

Servicing Agreements. Various Fund entities and third parties maintain servicing agreements with AIP or its affiliates to provide asset-level services, whereby AIP or an affiliate are entitled to receive and retain fees for providing such services. Under these agreements with AIP, if a conflict of interest arises as to an aircraft owned by the Funds and other aircraft managed by AIP, AIP must perform the services in good faith, and, to the extent that the Funds' aircraft and the other aircraft managed by AIP have substantially similar characteristics that are relevant for purposes of the particular services to be performed, AIP will not discriminate among a Fund's aircraft and any other AIP-managed aircraft on an unreasonable basis. Nevertheless, despite these undertakings,

AIP as servicer may favor its own interests and the interests of other managed entities over the interests of the Funds. Conflicts may arise when Funds' aircraft are leased to entities that also lease other aircraft managed by AIP and decisions affecting some aircraft may have an adverse impact on others. For example, when a lessee in financial distress seeks to return some of its aircraft, AIP may be required to decide which aircraft to accept for return and may favor its or another managed entity's interest over those of the Funds. Conflicts also may arise, for example, when Funds' aircraft are being marketed for re-lease or sale at a time when other aircraft managed by AIP are being similarly marketed.

Allocation of Fees and Expenses. The General Partners may be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses among the Funds. The General Partners, in their sole discretion, will allocate fees and expenses in accordance with the Governing Documents and in a manner that they believe in good faith is fair and equitable to each Fund under the circumstances and considering such factors as they deem relevant. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate *pro rata* based on number of funds or co-investors receiving related benefits or proportionately in accordance with asset size.

The General Partners will cause the Funds to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for, insurance to insure the Funds, the General Partners, the Adviser, AIP and/or their respective owners, shareholders, managers, members, directors, officers, employees, agents, representatives, members of the Board of Advisors and other indemnified parties, against liability in connection with the activities of the Funds. This includes a portion of any premiums, fees, costs and expenses for one or more "umbrella" or other insurance policies maintained by the Adviser that cover the Funds, the Adviser and/or AIP (including their respective owners, shareholders, managers, members, directors, officers, employees, agents, representatives, members of the board of advisors and other indemnified parties). The General Partners will make judgments about the allocation of fees, costs and expenses for such "umbrella" or other insurance policies among the Funds, the Adviser and/or AIP on a fair and reasonable basis, in its sole discretion, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in the Funds bearing less (or more) premiums, fees, costs and expenses for insurance policies.

Investments in Transactions by Multiple Accounts. Any co-investment by a Fund with any other accounts managed by the Adviser in private transactions is expected to be made through collectively owned special purpose vehicles ("SPVs") or otherwise as determined by the Adviser in its discretion (provided that the Funds will not effectively bear any additional management fees or incentive compensation in favor of the Adviser in connection with its investment in any such SPVs, it being acknowledged and agreed that all or a portion of the management fees determined with respect to the Funds may be debited at the level of any such SPV and any such amounts shall offset the Management Fees payable by the Funds on a dollar-for-dollar basis). Investment through an SPV with other accounts managed by the Adviser can expose the Funds to the risk of claims involving one or more of the other accounts. The Adviser intends to mitigate such risks as it deems appropriate from time to time, such as through cross-indemnification arrangements among participating clients, but there can be no guarantee that such risks can be mitigated in full. The Adviser will be subject to a potential conflict of interest when acting on behalf of multiple clients with divergent interests.

Pooled Aviation Asset Purchases. The General Partners or their respective affiliates may, in some cases, have the opportunity to acquire a portfolio of aviation assets from a seller on a pooled basis (i.e., a pool of assets), whether required by the seller or deemed advisable by the General Partners in light of commercial and/or other considerations. Accordingly, there may be circumstances where there is a seller who is seeking to dispose of a pool or combination of assets where the Funds and certain other accounts managed by the Adviser participate as a buyer in a single or related transactions with a particular seller where all or certain of such assets are specifically allocated (in whole or in part) to the Funds and/or such other accounts managed by the Adviser as part of the same transaction or related transactions. The allocation of such assets generally would be based on the General Partners' and/or their respective appropriate affiliates' determination and in any such case the asset-specific purchase price paid to a seller would be allocated among the Funds and the other accounts managed by the Adviser based on a determination by, and/or negotiations between or among, the seller and/or the General Partners (or their respective affiliates).

Given that only certain of the assets in the portfolio may be suitable for the Funds, such transactions raise potential conflicts of interest, including where the investment of the Funds is necessary or otherwise being used to support the value (or may support the value) of the other account's assets in the portfolio. These conflicts are heightened to the extent the relevant assets do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into, or the price allocated to the assets that the Funds will acquire, represents what would ultimately be the asset's fair value. The foregoing paragraphs also hold true with respect to collective dispositions by the Funds and one or more of the other accounts managed by the Adviser of a pool of assets.

Transactions with Affiliates. From time to time, a Fund may purchase, sell or lease aircraft parts or other components from or to one or more other accounts managed by the Adviser or other affiliates and one or more other entities in which the AIP Principals have an ownership interest including other accounts managed by the Adviser.

Furthermore, a Fund may exit or partially exit investments or a series of related investments through contribution of underlying aircraft to an affiliated ABS-like or similar vehicle established by AIP in which a Fund would, among other investment structures and types of holdings, typically retain a relatively small investment in a junior tranche on a non-recourse basis while the senior tranches would typically be offered to third parties, including banks. Other accounts managed by the Adviser also may contribute aircraft to such vehicles alongside a Fund, with the asset-specific disposition price to be received by each seller being determined by AIP in its discretion. Other accounts managed by the Adviser also may be issued interests in such vehicles. AIP may be engaged by such vehicles as asset manager, servicer or otherwise.

While these transactions with related parties are expected to expand the universe of opportunities that are available to the Funds, the determination as to whether a Fund will derive a benefit from each such transaction will be made by AIP, the Funds and any other accounts managed by the Adviser that is a party to a particular transaction may have divergent interests. The pricing and other terms of these transactions (which will be on arms'-length terms) may be less advantageous to a Fund than if they had been the result of transactions among unaffiliated third parties.

Benefits from Services to the Funds and Their Investments. In connection with their services to the Funds and its portfolio investments, AIP, its affiliates and their personnel expect to receive the

benefit of certain tangible and intangible benefits. For example, in the course of AIP's operations, including research, due diligence, investment monitoring, operational and maintenance improvements and investment activities, AIP and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to the Funds or the portfolio investment (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "AIP Information"). In many cases, AIP Information will include tools, procedures and resources developed by AIP to organize or systematize AIP Information for ongoing or future use. Although AIP expects the Funds and its portfolio investments generally to benefit from AIP's possession of AIP Information, it is possible that any benefits will be experienced solely by other accounts managed by the Adviser and not by the Funds or the portfolio investment from which AIP Information was originally received. AIP Information will be the sole intellectual property of AIP and solely for the use of AIP. AIP reserves the right to use, share, license, sell or monetize AIP Information, without offset to technical and lease management fees, and a Fund or portfolio investment will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to a Fund or portfolio investments are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not de minimis or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio investments, a Fund or its investors; no such rewards will offset the Management Fee.

Item 9 Disciplinary Information

The Adviser and its employees have not been involved in any legal or disciplinary events that would be material to an investor's evaluation of the company or its personnel other than as described below which does not involve a violation of any investment-related law, rule, statute or regulation.

Pursuant to a FINRA Letter of Acceptance, Waiver and Consent No. 2019064916001, dated April 2, 2021 (the "AWC"), Mr. Jared Ailstock, based on advice from his legal counsel at Olshan Frome and Wolosky LLP, and without admitting or denying any finding of fact, consented to the finding by FINRA that he violated FINRA Rules 8210 and 2010 by failing to comply with a request by FINRA to appear for on-the-record testimony relating to a matter involving his prior employment with Goldman Sachs & Co. Pursuant to the AWC, Mr. Ailstock, based on advice of his legal counsel at Olshan Frome and Wolosky LLP, voluntarily consented to FINRA's imposition of a bar from association with any FINRA member in any capacity. Mr. Ailstock was not and has never been fined by FINRA nor does he have any other disciplinary history.

Item 10 Other Financial Industry Activities and Affiliations

The Adviser provides investment advice to the Funds. The General Partners of the Funds are affiliated with the Adviser by common ownership. The General Partner plans to register as an investment adviser registered in accordance with SEC guidance under the Advisers Act pursuant to AIP Advisors' registration. The General Partners and the Advisers operate together as a single advisory business and serve as managers or general partners of private investment funds and other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions. All of these advisers are under common control and subject to AIP Advisors' code of ethics and compliance programs adopted pursuant to the requirements of the Advisers Act.

The Adviser is not registered as a broker-dealer and does not have any application pending to register as a broker-dealer or registered representative of a broker-dealer.

The Adviser and its management persons are not registered, and do not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

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

The Adviser will adopt a Code of Ethics (the "Code"), which sets forth standards of conduct that are expected of their employees and addresses conflicts that arise from personal trading.

The Code will be based on the principle that the Adviser, and the affiliated General Partners, owe a fiduciary duty to the Funds. The Code establishes that the Adviser's employees must (i) place the interest of the Funds ahead of their own personal interests, (ii) conduct personal securities transactions in full compliance with the Code, (iii) not take inappropriate advantage of his or her position with the Adviser, (iv) have a reasonable, independent basis for his or her investment advice, and (v) comply with applicable federal securities laws and regulations. Employees are required to provide a written acknowledgement of their receipt of the Code and any amendments. Funds may request a copy of the Code by contacting the Adviser at the address or telephone number listed on the first page of this Brochure.

The Adviser's employees are required to pre-clear certain transactions and disclose reportable accounts, holdings, and transactions on a periodic basis.

Shareholders, principals, and employees of AIP may directly or indirectly own an interest in one or more Funds or may own interests or shares of securities held by the Funds. Such investments in the Funds or securities held by Funds can help align interests of the shareholders, principals, and employees of AIP with the interests of the Funds, encourage prudence and diligence during the investment process, and demonstrate confidence in the Adviser's investment processes. However, these investments could present conflicts of interest if not properly structured and monitored. For example, AIP and its affiliates may make different investment decisions than if such parties did not have a financial ownership interest in the Funds or securities. As such, the Code seeks to establish monitoring of personal trading by the Adviser's employees to mitigate these conflicts.

Co-Investment Opportunities

Principals and employees of AIP may directly or indirectly own an interest in one or more Funds, including certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles typically invest in one or more of the same asset-owning companies as the Funds. Co-investment opportunities have been and will continue to be presented to certain affiliates of AIP, including third party investors and other persons. Principal and employee participation in co-investments can help align interests with those of the Funds, encourage prudence and diligence during the investment process, and demonstrate confidence in AIP's investment processes. However, co-investments could present conflicts of interest if not properly structured and monitored. As such, the Code seeks to establish monitoring of co-investments and personal trading by the Adviser's principals and employees. The Adviser may allocate any co-investment opportunities among interested parties in its sole discretion, on the basis of such factors as it determines appropriate based on the relevant facts and circumstances, which may include among other things, stated desire to participate in co-investments, the ability of a Limited Partner to commit to invest and execute on such investment in a time period acceptable, the economic terms on which an investor may agree to participate, whether an investor provides strategic value in respect of such investment, the size of an investor's commitment to the Funds, whether and to what extent an investor has accepted prior co-investment opportunities, or any other legal, regulatory or tax considerations.

On occasion, the Adviser may determine that it would be in the best interests of the Funds to transfer an investment from one Fund to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Funds, or to reduce transaction costs that may arise in an open market transaction. If the Adviser decides to engage in a Cross Trade, the Adviser is required to determine if the trade is in the best interests of each Fund involved and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Funds. To the extent any Cross Trade would be deemed a principal transaction, the board of advisors of the relevant Fund or Funds is required to sign off on such trade.

Risk of Receiving Confidential Information

During the course of its business, the Adviser's employees or affiliates could come into possession of material non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Adviser and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Adviser. The Code requires such persons to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. Restrictions on behalf of the Funds may arise as a result of the Adviser's personnel serving as directors of public companies.

Other Conflicts

Investors should refer to the Governing Documents of the Funds for more detailed descriptions of

additional conflicts and risk factors.

The General Partners of each of the Funds has established a board of advisors for each of the Funds to advise them regarding conflicts of interest and other issues.

Item 12 Brokerage Practices

The Adviser has both discretionary and non-discretionary authority to manage certain accounts and Funds. In respect of those accounts and/or Funds over which it has discretionary authority, the Adviser is entitled to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

In selecting brokers for relevant transactions, the Adviser considers factors such as price, execution capabilities, including efficiency of execution and willingness to execute difficult transactions, financial strength and stability, positioning capabilities, reputation, infrastructure, reliability, quality of research products or services and other value-added services.

The Adviser considers all the services provided by the brokers that are of benefit to the Funds in selecting a broker for trade execution. As a result, selected brokers may charge higher commissions or markups/markdowns than those charged by other brokers who do not offer such services or by the same broker if it only provides execution services. As a result, the Adviser may not solicit competitive bids and may not seek the lowest available commission cost.

The Adviser does not utilize soft dollar arrangements (that is, arrangements under which research and certain other services are acquired in connection with brokerage arrangements).

The Adviser does not receive client referrals from any broker-dealer. The Adviser also does not take broker direction from a client.

Item 13 Review of Accounts

The Adviser monitors the Funds' investments on a regular basis to ensure investments are made in accordance with Funds objectives and within the terms of agreements and relevant Governing Documents. Members of the investment team generally perform quarterly and periodic reviews of each client's portfolio. A review of a client account may also be triggered by any unusual activity or unique circumstances.

Reports provided to Limited Partners are set forth in the applicable Governing Documents and generally include quarterly financial reports and annual investment information. Additionally, Limited Partners receive copies of audited annual financial statements of the Funds within 120 days of the fiscal year end and Limited Partners in the United States will generally receive annual tax information for US. Federal income tax as promptly as practicable after the end of each fiscal year.

Item 14 Client Referrals and Other Compensation

The Adviser expects to engage one or more third-party placement agents who introduce prospective investors to the Funds. The amount paid to a placement agent/solicitor is generally based on a percentage of the capital raised and/or retainer and will generally be borne by the Adviser either directly or, in the case of the Funds, indirectly through a dollar-for-dollar offset against the Management Fee as described in Item 5, “*Fees and Compensation*” above.

Any such placement agents soliciting third-party investors in the U.S. will be registered as broker-dealers with the SEC and placement agents soliciting third-party investors outside the U.S. will be registered with a non-U.S. regulatory body to the extent such registration is required in the applicable non-U.S. jurisdiction.

Investors should consult with their own internal and external advisors before taking action with respect to any services, material, or information provided to them by the placement agent. Placement agents may also seek to do business with and earn fees from affiliates of the Adviser or the General Partners and its investments, as well as with other third-party fund sponsors that have similar or different investment objectives as the Funds. Examples of such business include provision of financing or investment banking services; lending or arranging credit; provision of prime brokerage; and placement services. Accordingly, potential investors should recognize that the placement agents are influenced by its interest in such current or future fees and commissions, including differentials in the placement fees that are offered by other third-party fund sponsors for which the placement agent acts as placement agent. Potential investors should also be aware that certain affiliates or employees of the placement agent might invest in the funds on their own behalf and/or on behalf of their clients. Potential investors should consider these potential conflicts in making their investment decisions.

Item 15 Custody

The Adviser will use a qualified, unaffiliated third-party custodian to hold the Funds’ funds and, to the extent required pursuant to the Advisers Act and SEC guidance, certificated securities. Per Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), the Adviser is deemed to have custody of the assets of the Funds. In accordance with the Custody Rule, the Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to, regular inspection by the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each Limited Partner. The audited financial statements will be prepared in accordance with U.S. GAAP and will be distributed to each Limited Partner within 120 days of each Funds’ fiscal year-end.

Item 16 Investment Discretion

The Adviser provides investment advisory services on both a discretionary and non-discretionary basis to certain Funds, separately managed accounts and other investment vehicles. For discretionary accounts, the Adviser will have full discretionary authority to manage the Funds’ assets, including authority to make decisions with respect to which assets are purchased and sold,

the amount and price of those assets, the brokers, or dealers to be used for a particular transaction, and commissions paid. The Adviser's authority is detailed in each of the Funds' Governing Documents or investment management agreements.

Pursuant to the terms of the applicable partnership agreement and as previously described, however, the Adviser expects to enter into Side Letters with certain limited partners (including A-CAP or affiliates thereof) whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, to provide for reduced fees or the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Such Side Letter provisions may be provided without obtaining the consent of any other investor in such Funds.

Item 17 Voting Funds Securities

AIP does not take discretion with respect to voting proxies on behalf of its clients. AIP will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of AIP supervised and/or managed assets. In no event will AIP take discretion with respect to voting proxies on behalf of its clients. Except as required by applicable law, AIP will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject to legal proceedings, including, but not limited to, bankruptcies.

A copy of the Adviser's voting policies and procedures is available upon request.

Item 18 Financial Information

The Adviser does not require or solicit prepayment of fees. Accordingly, the Adviser is not required to provide a balance sheet in response to this Item 18.

The Adviser has never filed for bankruptcy and is not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.