

**INVESTMENT ADVISER BROCHURE**

**SANDBROOK CAPITAL MANAGEMENT LP**

**SANDBROOK CAPITAL MANAGEMENT LP**

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**March 26, 2024**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Sandbrook Capital Management LP. If you have any questions about the contents of this Brochure, please contact us at 475-268-1450. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

Sandbrook Capital Management LP is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding Sandbrook Capital Management LP is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 MATERIAL CHANGES**

Since its last annual update of its Brochure filed on March 31, 2023, Sandbrook Capital Management LP filed an other-than-annual update on July 12, 2023, to reflect a change in its legal form of organization and primary business name and an other-than-annual update on October 4, 2023, to reflect a change in Chief Compliance Officer. There are no other material updates to this Brochure since the annual update, filed on March 31, 2023.

Sandbrook Capital Management LP routinely makes changes throughout its Brochure to improve and clarify the descriptions of its and its affiliates' business practices and compliance policies and procedures or in response to evolving industry and firm practices.

We encourage all recipients to read this Brochure carefully in its entirety.

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## ITEM 4 ADVISORY BUSINESS

Sandbrook Capital Management LP, a Delaware limited partnership and a registered investment adviser, and its affiliates (collectively, “**Sandbrook**”) provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. Sandbrook commenced operations in November 2021 as “Sandbrook Capital Management LLC,” a Delaware limited liability company, and converted to a limited partnership in June 2023.

Sandbrook’s clients include the following (each, a “**Fund**,” and collectively, together with any future private investment fund to which Sandbrook and/or its affiliates provide investment advisory services, the “**Funds**”):

- **Sandbrook Climate Infrastructure Fund I LP**
- **Sandbrook Climate Infrastructure Fund I-B LP**
- **Sandbrook Climate Infrastructure Fund I-C LP** (together with Sandbrook Climate Infrastructure Fund I LP and Sandbrook Climate Infrastructure Fund I-B LP, “**Climate Infrastructure Funds**”)
- **Sandbrook Climate Infrastructure Fund Co-Investment I-A LP**
- **Sandbrook Climate Infrastructure Fund Co-Investment I-B LP**
- **Sandbrook Climate Infrastructure Fund Co-Investment I-C LP**
- **Sandbrook HF Co-Invest LP**
- **Sandbrook NxW Co-Invest LP**
- **Sandbrook NxW Co-Invest II LP**

The following general partner entities are affiliated with Sandbrook:

- **SCIF I GP LP**
- **Sandbrook Co-Invest GP I LLC**
- **Sandbrook Co-Invest GP II LLC**

(each, a “**General Partner**,” and collectively, together with any future affiliated general partner entities, the “**General Partners**”). Each General Partner is subject to the Advisers Act pursuant to Sandbrook’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with Sandbrook. Whenever from the context it appears appropriate, reference herein to Sandbrook includes the General Partners.

The Funds are private equity funds and invest through negotiated transactions in operating entities, generally referred to herein as “portfolio companies.” Sandbrook’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted, subject to the restrictions in each Fund’s respective Governing Documents (as defined below). Where such investments consist of portfolio companies, the senior principals or other personnel of Sandbrook or its affiliates generally serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

Sandbrook’s advisory services to the Funds are detailed in the relevant private placement memoranda or other offering documents (each, a “**Memorandum**”), limited partnership or other operating agreements of the Funds (each, a “**Partnership Agreement**” and, together with any relevant Memorandum, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in the Funds (generally referred to herein as “investors” or “limited partners”) participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between Sandbrook and any investor. The Funds or the General Partners have entered into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the Governing Documents with respect to such investors.

Additionally, as permitted by the Governing Documents, Sandbrook has provided and expects to provide (or agree to provide) investment or co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain current or prospective investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, portfolio company management or personnel, Sandbrook personnel and/or certain other persons associated with Sandbrook and/or its affiliates. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund) purchases a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment and within 180 days, unless the Fund’s advisory committee otherwise consents. Where appropriate, and in Sandbrook’s sole discretion, Sandbrook reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent any such amounts are not so charged or reimbursed (including charges or reimbursements required pursuant to applicable law), they generally will be borne by the relevant Fund.

As of December 31, 2023, Sandbrook managed \$2,147,908,316 in regulatory assets under management on a discretionary basis. Sandbrook is ultimately managed and controlled by Kenneth Ryan, Alfredo Marti, German Cueva, Christopher Hunt, and Carl Williams.

## ITEM 5 FEES AND COMPENSATION

In general, Sandbrook receives a management fee and a carried interest in connection with the provision of advisory services to its clients. Sandbrook or its affiliates receive additional compensation in connection with management and other services performed for portfolio companies of the Funds and such additional compensation will offset in whole or in part the Management Fees (as defined below) otherwise payable to Sandbrook to the extent provided by the Governing Documents. In addition, in certain circumstances Sandbrook receives compensation for management and other services performed in connection with co-investments made in portfolio companies of the Funds. Investors in a Fund also bear certain expenses.

### Management Fees

Each Fund generally pays Sandbrook, a management fee (the “**Management Fee**”) calculated in an amount equal to (i) during the investment period of the applicable Fund, 1.5% per annum of capital commitments of the limited partners, and (ii) after the earliest to occur of (x) the date that the investment period of the applicable Fund expires and (y) the final admission date of any successor fund, 1.0% of the applicable Fund’s funded commitments, including for, in each case payable quarterly in advance, portfolio investments which have not yet been realized or permanently written off. For the first and last quarters of the Fund, installments of the Management Fee payable are adjusted on a *pro rata* basis according to the actual number of days in such quarter. As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with investors.

As is generally the case in private equity funds, the Governing Documents provide that a Fund’s Management Fees will be calculated and charged on a basis that generally is not tied to the Fund’s then-current net asset value. As further specified in the Governing Documents, from the effective date of the relevant Fund until a date specified in the Governing Documents (the “**Stepdown Date**”), Management Fees generally will be charged based on a formula tied to the amount of the relevant Fund’s aggregate commitments. Further, after the Stepdown Date, Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions (including, where applicable, a Fund borrowing component) made by the relevant Fund relating to investments that have not been realized or permanently written off (such investments, “**Impaired Value Investments**”).

Under the Governing Documents, where the fair market value of an investment exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such investment contributions. Conversely, the Governing Documents do not require Management Fees to be reduced or refunded following the occurrence of a writedown, decrease (including a significant decrease) in fair value or other event not constituting a complete realization, such as a reorganization, roll-over investment in connection with a sale or dividend distribution, except in the case of investments meeting the

relevant Impaired Value Investment standard under the Governing Documents. For the avoidance of doubt, following the Stepdown Date, if the fair market value of an Impaired Value Investment is less than the total amount of investment contributions relating to such Impaired Value Investment, then the amount of Management Fees otherwise payable relating to such investment will be reduced solely based on the ratio of the fair market value of each relevant remaining investment(s) as compared against the amount of total investment contributions relating to such investment(s) as of the date of the relevant event.

As a result, and as is generally the case for private equity funds, the amount of Management Fees generally will not correspond with fluctuations in the net asset value of individual investments or of a Fund, including following the relevant investment period, and will not be reduced in connection with any write downs, except in the case of Impaired Value Investments. Except where the Governing Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions (*e.g.*, those resulting from a yielding investment or a dividend recapitalization) or reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions or in circumstances where one or more other Fund(s) divest their respective investment(s) (including credit investments) in the relevant portfolio company, whether in whole or in part, in each case in circumstances that do not result in the complete disposition of the relevant Fund's interest therein, and even in cases where the value of the Fund's investment or the Fund's ownership percentage in such investment has been reduced (including substantially reduced) as a result of such transaction.

In many circumstances, the post-Stepdown Date Management Fee base will include capitalized transaction-specific expenses of unrealized investments. Further, Management Fees generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions or partial write-downs or write-offs that occur partway through the relevant calculation period.

The Governing Documents set forth the full list of terms under which Management Fees will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified Management Fee rate in the Governing Documents until they are reduced in the circumstances and on the date(s) specified therein.

To the extent specified in a Fund's Governing Documents, Sandbrook will be permitted to receive certain supplemental fees and other amounts ("**Supplemental Fees**") consisting of applicable Fund's portion (based on the Fund's pro rata portion of the relevant portfolio investment, and if not consummated, such portion as determined by the General Partner in its reasonable discretion) of any directors', transaction, break-up, advisory or other fees paid to Sandbrook or any of their respective subsidiaries or related or affiliated persons by any third party in connection with any proposed or existing portfolio investments; provided that in each case, Supplemental Fees shall not include (i) any amounts paid as reimbursement for out-of-pocket expenses (excluding expenses related to any tax obligation) incurred in connection with providing services in respect of which Supplemental Fees were paid, (ii) any amounts paid to Service Providers (as defined below) or Operating Partners (as defined below) in connection with any portfolio investment, (iii) any amounts paid by any investor or investment vehicle making a co-investment with the Fund or investing alongside the Fund or (iv) fees that comprise or constitute Operating Expenses (as defined below). A Fund's Governing Documents generally will provide

that Supplemental Fees received by Sandbrook and attributable to the Fund's investment in a portfolio company will be credited against the Management Fee otherwise owed to Sandbrook in a specified percentage (*e.g.*, 100%). The remaining amount of such Supplemental Fees will be retained by Sandbrook. To the extent that such an offset credit would reduce the Management Fee for the relevant period below zero, the credit will be carried forward for future application against payable Management Fees and if a credit remains upon liquidation a payment will be made crediting limited partners unless a limited partner has elected to waive such amount (*e.g.*, where an adverse tax consequence potentially will result).

As a matter of practice, Sandbrook is typically paid fees of the type referred to in the preceding paragraph from, on behalf of or with respect to co-investors in an investment, as well as other fees relating to the structuring and administration of co-investment arrangements. The receipt of such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and, as a result, a Fund will, in most cases, only benefit with respect to the relevant allocable portion on a fully diluted basis of any such fee and not the portion of any fee related to: (i) General Partner or affiliated partner commitments; or (ii) co-investors or potential co-investors (which could include co-investment vehicles managed by Sandbrook, service providers, third parties, current or former portfolio company management or employees, sellers that have rolled their interest or reinvested proceeds in the portfolio company and/or others); or (iii) the value of profits, participation or equity interests in or relating to the relevant portfolio company, including interests owned by current or former portfolio company management, which have the potential to be significant. Unless otherwise agreed with investors, Supplemental Fees generally will be payable without further offset during term extensions, even if Management Fees are reduced or eliminated during the extended term, thus reducing the amounts of Management Fees actually offset. Supplemental Fees will be offset only to the extent they are paid during the holding period of the relevant Fund, and investors generally will not receive the benefit of Supplemental Fees paid prior to the Fund's acquisition, or following the Fund's disposition, of the relevant investment. Similarly, to the extent a former Sandbrook employee becomes a consultant to, or employed by, a portfolio company, no compensation earned by such former employee will offset the Management Fee, whether or not such former employee has a remaining interest in the relevant Fund's General Partner or affiliated entity. Conversely, in the event that Sandbrook employs a person that previously received compensation from a portfolio company, limited partners will receive the benefit of any applicable offset only beginning as of the relevant start date of the person's employment with Sandbrook, and not with respect to any compensation paid prior to such date, including equity grants made prior to the date of employment that vest thereafter. Additionally, as further described below and in the Governing Documents, it is Sandbrook's practice to use or retain certain Operating Partners (as defined below) to perform certain activities for the Funds or any portfolio investment, in which one or more Funds invest. Such Operating Partners generally receive compensation and other amounts described herein from the relevant portfolio companies or Funds to which they provide services, but no such amounts will offset or reduce the Management Fee. Each of the foregoing conditions is expected to reduce the amount of Supplemental Fees otherwise available to be offset against Management Fees, resulting in a potential material benefit to Sandbrook over the life of the relevant Fund, and the existence of such potential benefit creates an incentive for Sandbrook to seek to increase such amounts.

Under applicable Governing Documents, Sandbrook reserves the right, in its sole discretion, to waive the Management Fee to which it is entitled in respect of any limited partner's



interest or to impose different fees (including fees that are higher, lower, calculated in a different manner or payable at a different time) in respect of any limited partner's interest, without notice to other limited partners, and to date has entered into such fee discount arrangements with certain limited partners. The Fund will reflect any difference in fees charged in respect of a limited partner in the drawdown of capital from, and/or distributions and allocations to, such limited partner. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by Sandbrook and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will be delayed.

### **Carried Interest**

The General Partners will receive a carried interest with respect to the Funds equal to 20% of the amount distributed to the investors in each Fund, after the return of capital contributions to the Fund (including amounts contributed to pay Management Fees, organizational expenses and other fund expenses) and subject to an 8% per annum preferred return, as more fully described in the Governing Documents. The carried interest distributed is subject to a potential clawback or giveback upon liquidation of a Fund if the applicable General Partner has received excess cumulative distributions as provided in the Governing Documents.

In general, with the exception of co-investment vehicles (which typically do not bear any Management Fees or carried interest and to which Sandbrook reserves the right to create future co-investment vehicles on different terms) Sandbrook receives a Management Fee and a carried interest in connection with the provision of advisory services to its clients.

### **Other Information**

Sandbrook is permitted to exempt certain current or former personnel of the General Partner, Sandbrook, or their affiliates or any other parties in the Funds from payment of all or a portion of Management Fees and/or carried interest. The relevant General Partner reserves the right to make any such exemption from Management Fees and/or carried interest by a direct exemption, a rebate by Sandbrook and/or its affiliates, or through other Funds which co-invest with a Fund. Additionally, to the extent permitted by the Governing Documents, certain General Partners have the right to permit investors, affiliated with the General Partner or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees and/or carried interest. In general, the Management Fee offsets described above apply only with respect to the commitments of fee-paying investors. Sandbrook retains flexibility to structure its compensation from investors and expects in certain circumstances to agree to invoice an investor directly for Management Fees or other compensation, rather than deducting such amounts from the investor's capital account(s).

The Funds generally invest on a long-term basis. Accordingly, Management Fees and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former personnel of Sandbrook generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by Sandbrook or its affiliates. For the avoidance of doubt, salaries, fees and expenses of Service Providers and Operating Partners (each as defined below) as well as advisory committee members are Operating Expenses (as defined below) and not borne by the General Partner or Sandbrook.

In addition to the Management Fee and carried interest payable to Sandbrook, each Fund bears certain expenses. As set forth more fully in the Governing Documents, a Fund bears its pro rata share of (i) all of its fees, costs, expenses and liabilities, all of its investment-related fees, costs, expenses and liabilities (including with respect to amounts incurred prior to the initial closing) and all of its other operating fees, costs, expenses and liabilities, including all fees, due diligence costs and other fees, costs, expenses and liabilities related to the identification, sourcing, evaluation, pursuit, acquisition, holding, valuation and appraisals, asset management, restructuring and disposing of investments (whether consummated or unconsummated), including all reasonable travel-related fees, costs, expenses and liabilities, including lodging and meals, all fees, costs, expenses and liabilities of legal counsel and financial and other advisers (including advisory committee members) incurred in connection therewith, all fees, costs, expenses and liabilities of information technology services relating to the ongoing management of investments, “broken deal” expenses, including legal and other advisory fees (and including without limitation broken deal expenses in respect of co-investors’ proportionate share of the applicable unconsummated investment) and all other investment-related fees, costs, expenses and liabilities (to the extent not reimbursed by the relevant portfolio company); (ii) all fees, costs, expenses and liabilities related to any audits or agreed upon procedures, tax forms and return preparations and filings, custodian fees and expenses, fund accounting, administrator services, ESG services, financial statement preparation and reporting, web services for the benefit of limited partners, delivery costs and expenses in connection with reporting obligations and communications and compliance services; (iii) all fees, costs, expenses and liabilities relating to insurance policies (including director and officer and errors and omissions liability insurance) maintained by or for the benefit of the Fund, including in respect of portfolio investments and/or personnel of Sandbrook, the advisory committee, any Service Providers and any Operating Partners; (iv) other administrative fees, costs, and liabilities; (v) all fees, costs, expenses and liabilities of brokers, transaction finders and other intermediaries, including brokerage commissions and spreads, and all other transaction-related fees, costs, expenses and liabilities, including reverse break-up fees; (vi) all fees, costs, expenses and liabilities relating to derivatives and hedging transactions; (vii) all principal amounts of, and interest expense on, borrowings and guarantees, and all other fees, costs, expenses and liabilities arising out of borrowings and guarantees, including the arranging and maintenance thereof, whether incurred by the Fund or incurred or facilitated by a special purpose vehicle that makes portfolio investments; (viii) Management Fees; (ix) all fees, costs, expenses and liabilities incurred through the use or engagement of Service Providers and Operating Partners; (x) all fees, costs, expenses and liabilities of annual and other Fund meetings (including meetings with any limited partners); (xi) all fees, costs and expenses of the limited partner advisory committee, including reasonable travel-related costs and expenses (such as lodging and meals) and other reasonable costs and expenses incurred by any member of the limited partner advisory committee in connection with such member’s service on the limited partner advisory committee; (xii) all taxes, fees, penalties and other governmental charges levied against the Fund (except to the extent reallocated to the partners) and all fees, costs, expenses, penalties and liabilities related to tax

compliance, including those of the partnership representative; (xiii) all fees, costs, expenses and liabilities of the Fund's legal counsel including those pursuant to the EU Alternative Investment Fund Managers Directive, and related to extraordinary matters, including expenses for any dispute resolution and regulatory examinations or proceedings (including litigation and regulatory-related legal expenses); (xiv) all fees, costs, expenses and liabilities relating to legal and regulatory filings, including securities law filings relating to portfolio investments; (xv) all fees, costs, expenses and liabilities related to the Fund's indemnification or contribution obligations; (xvi) all fees, costs, expenses and liabilities for subscription services; (xvii) all fees, costs, expenses and liabilities of liquidating the Fund; (xviii) transfer agent services; (xix) subject to any offsets, placement agent fees; (xx) the Fund's pro rata, allocable share of the fees, costs and expenses of the advisory committee, including reasonable travel-related costs and expenses (such as lodging and meals) and other reasonable costs and expenses incurred by any member of the advisory committee in connection with such member's service on the advisory committee; (xxi) all fees, costs, expenses and liabilities incurred in connection with establishing, implementing, monitoring and/or measuring the impact of ESG policies and programs with respect to the Fund or its investments or prospective investments or the ESG-related impact of its investments on the environment or society, (xxii) any other fees, costs, expenses and liabilities related to the Fund (whether related to its investments, operations or otherwise) not specifically assumed by Sandbrook, including all extraordinary expenses and all investment-related expenses and (xxiii) any other fees, costs, expenses and liabilities set forth in the Governing Documents (collectively, "**Operating Expenses**"). Each special purpose vehicle which makes portfolio investments will bear all of its own organizational and operating fees, costs, expenses and liabilities and, as a result, the Fund will indirectly bear these fees, costs, expenses and liabilities to the extent it uses such special purpose vehicle to directly or indirectly make a portfolio investment. For the avoidance of doubt, any Operating Expenses advanced by or paid by the General Partner or Sandbrook on behalf or for the benefit of the Fund will be reimbursed by the Fund.

In addition, in certain instances, a Fund will bear expenses in respect of an existing or prospective portfolio company that will not be borne by other owners or investors in such portfolio company (including co-investors or co-investment vehicles), where Sandbrook has determined such arrangement to be in the best interest of such Fund (e.g., a Fund engages or pays for a consultant for services in respect of a portfolio company without reimbursements by other owners of the portfolio company).

Sandbrook may advance to the Fund organizational fees, costs, expenses and liabilities of the Fund, including legal expenses, incurred in connection with the initial offering of interests and related regulatory filings and the formation and establishment of the Fund (including one or more feeder funds) as further described in the Governing Documents (the "**Organizational Expenses**"). Sandbrook will be reimbursed by the Fund and all parallel investment vehicles for such advanced Organizational Expenses in an amount (together with amounts so reimbursed by any parallel investment vehicles in respect of their organizational expenses) subject to a cap provided in the Governing Documents.

In certain circumstances, one Fund is expected to pay an expense or obligation common to multiple Funds and/or co-investors (including, without limitation, legal expenses for a transaction in which all such Funds and/or co-investors participate, or other fees or expenses in connection with services the benefit of which are received by other Funds and/or co-investors over time), and

be reimbursed by the other Funds for their share of such expenses or obligations, without interest. To the extent the paying Fund makes use of a credit facility to pay such expense, it generally will not be reimbursed separately by other Funds for the costs of establishing, negotiating or maintaining the facility as a whole. While Sandbrook believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, Sandbrook, the relevant General Partner or an affiliate thereof is expected to advance amounts related to the foregoing and receive reimbursement from the Funds, without interest, to which such expenses relate.

As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in “Brokerage Practices.”

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to Sandbrook’s related policies and practices and the Governing Documents and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, all broken deal expenses relating to such proposed transaction will be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction. To the extent that such co-investors have already executed definitive documentation to invest in such transaction, such co-investor is expected to bear its *pro rata* broken deal expenses. Sandbrook’s practice of allocating broken deal expenses among investing Funds is discussed under “Conflicts of Interest,” below. To the extent a Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for the costs of establishing, negotiating or maintaining the facility as a whole.

Sandbrook and/or its affiliates generally have discretion over whether to charge Supplemental Fees to a portfolio company and, if so, the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company’s holding or operating structure. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of Supplemental Fees generally will give rise to potential conflicts of interest between the Funds, on the one hand, and Sandbrook and/or its affiliates on the other hand.

## **Service Providers and Operating Partners**

Sandbrook has hired employees or consultants, engaged third-party individuals either directly or through consulting companies with which such individuals are affiliated, or used affiliates of Sandbrook (including employees and consultants thereof, who may allocate all or part of their time to this function) (collectively, “**Service Providers**”), in each case, to perform certain activities for a Fund or any portfolio investment. For the avoidance of doubt, activities of Service

Providers are not intended to duplicate those services to be provided by Sandbrook in exchange for the Management Fee such as screening and evaluating potential portfolio investment prospects for a Fund, assisting the General Partner in connection with portfolio investment transactions, and maintaining the books and records of a Fund. Activities of such Service Providers include, without limitation, the following activities: (i) devising, analyzing, implementing and monitoring plans for optimizing the operational and/or financial performance of a particular portfolio investment or asset (whether or not consummated) as well as all related activities, (ii) devising, analyzing, implementing and monitoring plans for any exit strategy of a portfolio investment, and (iii) ongoing monitoring, management, and utilization of specialized experts to provide the services described above and making changes to the strategy and its implementation during the term of any portfolio investment. Service Providers include, without limitation, property and other asset managers, investment bankers, valuation agents, pricing service providers, appraisers, strategy consultants, ESG consultants, geologists, landmen, engineers, industry or sector experts, joint venture partners and development partners, contract employees, in-house or outside legal counsel and/or temporary employees (as well as secondees of any of the foregoing), whether working onsite or offsite. Costs and fees attributable to Service Providers are permitted to be based on the actual costs thereof, including, without limitation, such factors as the costs of retainer, salary and bonuses (which compensation could be paid as part of a fee sharing or incentive compensation arrangement, and may be calculated based on a profits interest or an allocation from a general partner, manager, or similar entity of a Fund, any feeder fund, any parallel investment vehicle, special purpose vehicle or any successor funds of any of the foregoing), and benefits payable to such persons employed to perform such functions on behalf of a Fund or any portfolio investment, recruiter costs, travel expenses and the costs of computer hardware and software that are used to perform such functions as well as occupancy and other expenses allocable to such persons, as determined by applicable General Partner in its sole discretion. Such costs and fees can be incurred by the relevant portfolio investments which are receiving the benefit of such Service Providers, the Fund, the General Partners, Sandbrook or their affiliates or a combination of any of the foregoing; provided, however, that a Fund shall not directly incur more than its proportionate share of such costs and fees as determined by the General Partner (which may include reimbursement to affiliates of the Sandbrook), for any time during which such Service Provider is not fully engaged by a portfolio investment or to the extent such fees or costs are not borne or paid by a portfolio investment.

Additionally, Sandbrook has hired employees or consultants, engaged third-party individuals either directly or through consulting companies with which such individuals are affiliated, or used affiliates of Sandbrook (including employees and consultants thereof, who may allocate all or part of their time to this function) (collectively, “**Operating Partners**”), in each case, to perform certain activities for a Fund or any portfolio investment. Operating Partners will assist Sandbrook in the origination, execution, and management of portfolio investments. Operating Partners bring their extensive professional experience and network to bear on multiple stages of the investment process. Operating Partners serve as an industrially seasoned resource for Sandbrook and for senior management of the portfolio investments, and may serve as a director of one or more portfolio investments. Costs and fees attributable to Operating Partners can be based on the actual costs thereof, including, without limitation, such factors as the costs of retainer, salary and bonuses (which compensation could be paid as part of a fee sharing or incentive compensation arrangement, and can be calculated based on a profits interest or an allocation from a general partner, manager, or similar entity of a Fund, any feeder fund, any parallel investment vehicle,

special purpose vehicle or any successor funds of any of the foregoing), and benefits payable to such persons employed to perform such functions on behalf of a Fund or any portfolio investment, recruiter costs, travel expenses and the costs of computer hardware and software that are used to perform such functions as well as occupancy and other expenses allocable to such persons, as determined by the applicable General Partner in its sole discretion. Such costs and fees can be incurred by the relevant portfolio investments which are receiving the benefit of such Operating Partners, the Fund, the General Partner, Sandbrook or their affiliates or a combination of any of the foregoing; provided, however, that a Fund shall not directly incur more than its proportionate share of such costs and fees as determined by the General Partner (which may include reimbursement to affiliates of Sandbrook), for any time during which such Operating Partner is not fully engaged by a portfolio investment or to the extent such fees or costs are not borne or paid by a portfolio investment.

Operating Partners receive compensation, including, but not limited to, cash fees, retainers, discretionary bonuses (whether or not based on pre-determined milestones), transaction fees, a profits, participation or equity interest in a portfolio company or holding company, incentive equity and stock awards, profits or equity interests in one or more Funds or General Partners, remuneration from Sandbrook and/or its Funds or affiliates, guaranteed minimums or other compensation, the amount of which typically is determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of such Operating Partners, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts believed to be charged by other providers for comparable services and/or a percentage of cash flows from such portfolio company. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the relevant Fund's investment, and has the potential to result in economic effects greater than the original amount of compensation, and the relevant Fund typically will bear the costs of all Operating Partner compensation as well as fees, costs and expenses of structuring Operating Partner arrangements. Service Providers and Operating Partners also generally will be reimbursed for certain travel and other costs in connection with their services. As described above, no such amounts will offset or reduce the Management Fee. The use of Service Providers and Operating Partners subjects the General Partners to potential conflicts of interest, as discussed under "Conflicts of Interest," below.

## **ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under "Fees and Compensation," the relevant General Partner generally receives a carried interest allocation on certain realized profits in the relevant Fund. Except for certain co-investment vehicles which are designed to invest alongside the Funds, subject to any limitations in the applicable Fund Governing Documents, Sandbrook currently advises only Funds that are subject to a carried interest. Sandbrook generally has the authority to waive carried interest with respect to certain current or former employees of the General Partners, the Sandbrook, or their affiliates or any other parties, as described under "Fees and Compensation."

Sandbrook seeks to address the potential for conflicts of interest in these matters with allocation policies that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund's investment guidelines and Governing Documents, as

well as other factors that do not include the amount of performance-based compensation received by Sandbrook or any personnel.

The existence of performance-based compensation has the potential to create an incentive for a General Partner to operate the relevant Fund in a riskier, more speculative or other manner that is less favorable to investors than it would otherwise make in the absence of such arrangement, although Sandbrook generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals.

## ITEM 7 TYPES OF CLIENTS

Sandbrook provides investment advice solely to its Fund clients, and references throughout this Brochure to "clients" and to Sandbrook's related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder (the "**Investment Company Act**"). The investors participating in the Funds generally include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and often include, directly or indirectly, principals or other employees of Sandbrook and its affiliates and members of their families, operating partners or other service providers retained by Sandbrook or a Fund, as well as executives of portfolio companies.

The relevant General Partner also generally is permitted to establish Funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the Governing Documents of the related Fund.

The Funds generally have a minimum investment amount of \$5 million for third-party investors. Generally, Funds interests are offered and sold solely to (i) "accredited investors" within the meaning of Rule 501(a) of Regulation D promulgated under the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "**Securities Act**"), and "qualified purchasers" for purposes of Section 3(c)(7) of the Investment Company Act, or "knowledgeable employees" or entities owned exclusively by "knowledgeable employees" for purposes of the rules promulgated thereunder. Sandbrook generally is permitted to waive such minimum investment amount in its sole discretion.

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

### General

Sandbrook is a private investment firm focused on private, control-oriented investments. Sandbrook's Funds focus on investments in businesses with resilient, typically long-dated cash flows produced by assets that Sandbrook believes can contribute to the global economy's transition away from fossil fuels ("**Climate Infrastructure**"). Sandbrook's investment advisory services consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for investments. Investments are predominantly in non-public companies, although investments in public companies are permitted.

The Funds pursue investments globally, with a specific focus on companies doing business in North America and Western Europe and a focus on five sectors within Climate Infrastructure: clean power generation, transmission and storage, energy use and efficiency, low carbon supply chain and low carbon services. The Funds' investment strategy targets investments that have the potential to produce returns through a combination of current income and equity value appreciation. Sandbrook seeks to manage Fund investments in an effort to drive accretive growth, innovative and prudent financings and recapitalizations, exits to, or partnerships with, strategic and financial counterparties and public markets transactions that have the potential to allow for access to lower cost capital and exit over time. Sandbrook focuses on investments that require equity capital of approximately \$200 million to \$500 million, although the required capital may be greater or less than such amounts.

Sandbrook seeks to utilize the following seven levers to source attractive investment opportunities, create value, manage risk throughout the investment life-cycle and maximize the return for its limited partners on exit: (i) developing a cogent investment thesis, (ii) cultivating and originating new opportunities through management teams, deep industry network, strategic partnerships and existing portfolio companies, (iii) creating innovative investment structures that aim to create asymmetric risk-return opportunities, (iv) applying Sandbrook founders' development capabilities, (v) identifying, measuring and mitigating risks and operational pressures, (vi) actively supporting management teams in the execution of each company's growth plan, and (vii) providing actionable liquidity alternatives for investments.

There can be no assurance that Sandbrook will achieve the investment objectives of any Fund and a loss of investment is possible.

### Investment Process and Operating Strategy

***Continuous pipeline review.*** Whether through the development of targeted investment theses, or through proactive origination via management teams, advisors or through Sandbrook's team of operating and investment professionals' (the "**Team**") own networks, the Team seeks to originate investment opportunities which will be cultivated by one or more Team members, before an opportunity is introduced to the broader Team for discussion. This pipeline, built over time, is typically reviewed at the weekly team meeting to help ensure that each pipeline investment is consistent with Sandbrook's current investment themes.



***Heads-up Investment Committee review.*** Generally, once an investment opportunity has been screened as an actionable target for a Fund, responsible Team member(s) and the deal team will present the potential investment to the Investment Committee on a “Heads-Up” basis. Heads-Up approval by the Investment Committee is required for the allocation of further material Sandbrook or Fund resources and is typically required for the submission of any non-binding offer, letter of intent or similar formal expression of interest.

***Detailed due diligence and structuring.*** Following Heads-Up approval, the deal team will often be supplemented by Operating Partners and external advisors, including subject matter experts for areas of high focus such as accounting, legal, environmental, human capital, information technology, operations, and commercial. The augmented team will conduct comprehensive due diligence, both investigative and confirmatory, on the potential investment. A detailed, risk-based financial analysis will endeavor to quantify prospective returns under a wide variety of outcomes relative to key risk factors, with a particular focus on ensuring preservation of principal in all reasonable scenarios. As part of the diligence and analysis, the deal team will develop a bespoke transaction structure in consideration of the specific industry, situation and risks.

***Climate impact and ESG Committee approval.*** The deal team will present the prospective investment opportunity to Sandbrook’s Climate Impact and ESG Committee for discussion, and approval. The Climate Impact and ESG Committee will assess the investment through the lens of Sandbrook’s Climate Impact Management System, and will typically consider other aspects of the investment’s impact on the environment, the community and society at large, and issues related to the past and intended go-forward governance of the underlying business.

***Investment Committee approval.*** Once due diligence is substantially completed, a transaction structure and valuation has been determined and after the Climate Impact and ESG Committee has provided approval, the deal team will present the investment for final approval to the Investment Committee.

***Execution and onboarding.*** Once an investment receives ‘final approval’ at Investment Committee and the deal is consummated on the agreed terms, Sandbrook will then implement its “100-day plan,” with management. This process will involve the close working of the deal team and management during this period of time, and aims to ensure that a complete picture of the company is created, through data, and that KPIs which will be critical to the measurement of success during the period of investment are recorded and processes established to collect the required data.

***Monitoring, oversight, and value enhancement.*** Management and deal teams will typically arrange recurring monthly meetings to formally discuss progress versus the company’s agreed strategy and Sandbrook’s approved internal plan. Based on the specific investment, management and Sandbrook will arrange supplementary meetings to address specific topics on a recurring and ad hoc basis, though the relationship built between the deal team and management team generally results in frequent interactions, which can be as frequently as daily during the first 100 days of an investment. Monthly reports will be required to be automatically submitted to Sandbrook, and major milestones will then typically be reviewed more formally at board level on a quarterly basis. These meetings, and close communication between management and the deal

team, are designed to proactively identify pinch points between progress made to-date and achievement of the investment plan. Monthly and quarterly meetings can in many cases serve as a fail-safe for regular communication, and also allow advisors or external parties to be introduced to discussions more formally, as required. Each investment will be formally reviewed every quarter by the Performance and Growth Committee to ensure it is performing at or above plan and determine if additional action is needed.

***Exit.*** While portfolio companies will be monitored on an ongoing basis, and exit opportunities discussed in real-time as they arise (e.g., the potential for a long-term relationship with a strategic investor, or interest from an industrial buyer), the formal decision to both explore and act on a potential liquidity event rests with Sandbrook’s Investment Committee.

## **Risks of Investment**

Each Fund and its investors bear the risk of loss that Sandbrook’s investment strategy entails. The risks involved with Sandbrook’s investment strategy and an investment in a Fund include, but are not limited to:

***Business Risks.*** A Fund’s investment portfolio is expected to consist primarily of securities issued by private companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk, which can result in substantial losses.

***Concentration of Investments.*** Each Fund will participate in a limited number of investments (and may seek to make several investments in one industry or one industry segment or within a short period of time) and, as a consequence, the aggregate return of a Fund may be materially affected by the performance of a single investment or a single industry segment.

***Lack of Sufficient Investment Opportunities.*** It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. However, regardless of the extent to which the commitments of the limited partners are invested (or drawn down to be invested), the limited partners will be required to bear Management Fees through such Fund during the investment period based on the entire amount of the limited partners’ commitments to such Fund and other expenses as set forth in the Governing Documents.

***Environmental, Social and Governance (“ESG”) Matters.*** As described in the Funds’ Governing Documents, Sandbrook has established a Climate Impact and ESG Policy and Climate Impact Management System (collectively the “**Climate Impact and ESG Framework**”) that it intends to apply as applicable across a Fund’s investment portfolio, consistent with and subject to its fiduciary duties and applicable legal, regulatory or contractual requirements. Depending on the investment, the impact of developments connected with ESG factors—including greenhouse gas (“**GHG**”) emissions, energy management, human rights, community relations, workforce health and safety, and business ethics and transparency—could have a material effect on the return and risk profile of the investment. The relevant General Partner will endeavor to consider material climate impact and ESG factors in connection with a Fund’s investment activities and seek to

identify companies that it believes will have a positive climate impact or ESG outcome. However, the act of selecting and evaluating material climate impact and ESG factors is subjective by nature, the relevant General Partner may be subject to competing demands from different investors and other stakeholder groups with divergent views on ESG matters, including the role of ESG in the investment process and there is no guarantee that the criteria utilized or judgment exercised by the relevant General Partner or a third-party climate or ESG specialist will reflect the beliefs, values, internal policies or preferred practices of any particular limited partner or align with the beliefs or values or preferred practices of other asset managers or with market trends. For example, investors may differ in their views of what constitutes positive or negative societal impact outcomes. Considering climate impact and ESG factors when evaluating an investment may, to the extent material economic risks associated with an investment are identified, cause the relevant General Partner not to make an investment that it would have made or to make a management decision with respect to a portfolio company differently than it would have made in the absence of such consideration. Additionally, climate impact and ESG factors are only some of the many factors that the relevant General Partner may consider in making an investment. Although Sandbrook considers application of the Climate Impact and ESG Framework to be an opportunity to enhance or protect the performance of investments over the long-term while also producing beneficial impacts for both society and the environment, Sandbrook cannot guarantee that its Climate Impact and ESG Framework, which depends in part on qualitative judgments, will positively impact the financial, climate, or ESG performance of any individual portfolio company or the Funds as a whole. Similarly, to the extent the relevant General Partner or a third-party ESG specialist engages with portfolio companies on climate impact or ESG related practices and potential enhancements thereto, there is no guarantee that such engagements will improve the financial or climate impact/ESG-related performance of the investment. Successful engagement efforts on the part of a Fund will depend on such Fund's ability to properly identify and analyze material ESG, impact metrics and other factors and their value, and there can be no assurance that the strategy or techniques employed will be successful.

In general, the application of Sandbrook's Climate Impact and ESG Framework will affect a Fund's exposure to certain companies, issuers, industries, sectors, regions, and countries and may impact the relative financial performance of a Fund—positively or negatively—depending on whether such investments are in or out of favor. Investing primarily in climate impact and ESG-conscious investments carries the risk that, under certain market conditions, a Fund may underperform funds that do not seek to invest in companies based on expected societal impact outcomes or screen out certain companies or industries, such that a Fund's financial results may be lower than these other funds. An investment's climate impact or ESG performance, or Sandbrook's assessment of such performance, may change over time, which could cause a Fund to temporarily hold investments that do not comply with the Climate Impact and ESG Framework.

The materiality of sustainability risks and impacts on an individual asset or issuer and on a portfolio as a whole depends on many factors, including the relevant industry, country, asset class and investment style. In evaluating a prospective portfolio company, the relevant General Partner often depends upon information and data provided by the entity or obtained via third-party reporting or advisors, which may be incomplete or inaccurate and could cause the relevant General Partner to incorrectly identify, prioritize, assess or analyze the entity's ESG practices and/or related risks and opportunities. The General Partners do not intend to independently verify certain of the ESG information reported by investments of a Fund, and may decide in its discretion not to utilize,

report on, or consider certain information provided by such investments. Any ESG reporting will be provided in the relevant General Partner's sole discretion. To the extent that Sandbrook or a General Partner provides material ESG reports to investors, such reports will be based on Sandbrook's, the relevant General Partner's or applicable portfolio company management team's sole and subjective determination of whether a material ESG issue has occurred in respect of an investment.

In implementing the Climate Impact and ESG Framework, Sandbrook and its personnel will be required to devote time and resources to the analysis, monitoring and support of underlying portfolio companies consistent with the framework, as well as regulatory expectations. This may cause a Fund to incur expenses that would not otherwise be required which may have an adverse impact on the overall performance of a Fund.

In addition, Sandbrook's Climate Impact and ESG Framework may change over time. Sandbrook may determine in its discretion that it is not feasible or practical to implement or complete certain of its climate or ESG initiatives based on cost, timing or other considerations. It is also possible that market dynamics or other factors will make it impractical, inadvisable or impossible for the relevant General Partner to adhere to all elements of a Fund's investment strategy, including with respect to ESG risk and opportunity management and impact, whether with respect to one or more individual investments or to a Fund's portfolio generally. Sandbrook's ESG-related statements, initiatives and goals with respect to a Fund's investment strategy, portfolio, and investments are aspirational and not guarantees or promises that all or any such initiatives will be achieved.

Further, ESG integration and responsible investing practices as a whole are evolving rapidly and there are different principles, frameworks, methodologies and tracking tools being implemented by other asset managers and Sandbrook's adoption of and adherence to such principles, frameworks, methodologies and tools may vary over time. For example, Sandbrook's Climate Impact and ESG Framework does not represent a universally recognized standard for assessing ESG considerations. Sandbrook is currently a signatory to the United Nations Principles for Responsible Investment, a supporter of the Impact Management Project and the Task Force on Climate-Related Financial Disclosures, has made a specific commitment under the Science-Based Targets Initiative, and incorporates the principles of other frameworks into its Climate Impact Management System. These initiatives may not align with the approach used by other asset managers or preferred by prospective investors or with future market trends. There is no guarantee that Sandbrook will remain a signatory, supporter or member of these initiatives or other similar industry frameworks.

Finally, there is also growing regulatory interest, particularly in the U.S., United Kingdom ("UK"), and the European Union (the "EU") (which may be looked to as models in growth markets), in improving transparency around how asset managers define and measure ESG performance, in order to allow investors to validate and better understand sustainability claims. On August 23, 2023, the SEC adopted its final rule engaging the regulation of private fund advisers, which includes requirements with respect to the disclosure of certain information to investors that could affect the way certain ESG-related information is shared. There may also be an increase in related enforcement through efforts such as those of the SEC's Climate and ESG Enforcement Task Force, established in March 2021. Conversely, anti-ESG sentiment has also gained

momentum across the U.S., with several states and Congress having proposed or enacted “anti-ESG” policies, legislation or initiatives or issued related legal opinions. Additionally, asset managers have been subject to recent scrutiny related to ESG-focused industry working groups, initiatives and associations, including organizations advancing action to address climate change or climate-related risk. Such anti-ESG related policies, legislation, initiatives, legal opinions and scrutiny could expose Sandbrook to the risk of antitrust investigations or challenges and enforcement by state or federal authorities, result in penalties and reputational harm and require certain investors to divest or discourage certain investors from investing in the Funds. The Climate Impact and ESG Framework, Sandbrook, the General Partners or the Funds could become subject to additional regulation, regulatory scrutiny, penalties or enforcement in the future. The need to comply with such regulation is expected to create additional administrative burdens and costs, and the General Partners cannot guarantee that its current approach will meet future regulatory requirements, reporting frameworks or best practices, increasing the risk of related enforcement. Compliance with new requirements may lead to increase management burdens and costs.

***Impact of Government Regulation, Reimbursement and Reform.*** Certain industry segments in which a Fund may invest, including various segments of the Climate Infrastructure industry, are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While each Fund intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries, including, in particular, the Climate Infrastructure industry, is complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Fund may invest.

Additionally, the SEC has proposed and enacted significant rules that will impact the business of Sandbrook and the Funds. In particular, the SEC has adopted a number of new rules that impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose and/or adopt additional rules in the future. Such current and future rulemaking is expected to materially impact Sandbrook and its affiliates, the Funds and/or their investments. In addition, the Funds are expected to bear significant increased costs as a result of such rules, including costs relating to investor reporting and disclosures. Significant time and resources are expected to be required to comply with the new regulations, which potentially will detract from the time and resources dedicated to the Funds. Certain rules are or may become subject to legal challenge from private fund industry groups and others, and to the extent such legal challenges are successful, investors will not be afforded some or all of the protections provided by these rules.

***Illiquidity; Lack of Current Distributions.*** An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such

time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including any Management Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded commitments.

***Leveraged Investments.*** A Fund is permitted to make use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance all or a portion of certain investments, whether on a temporary or long-term basis. Leverage generally magnifies both such Fund's opportunities for gain 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 (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and potentially will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Governing Documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

A Fund is also permitted to borrow money or guarantee indebtedness (such as a guarantee of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund generally also will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings generally will be subject to limitations set forth in the Governing Documents and interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding.

A Fund generally is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and entities managed by Sandbrook or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and may have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll-over investors and/or third-

party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

To the extent a Fund provides bridge financing to facilitate portfolio company investments, it is possible that all or a portion of such bridge financing will not be recouped within the time period specified in the Governing Documents, in which case the investment would be treated as a permanent investment of the Fund. As a result, the relevant Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations.

***Subscription Lines.*** A Fund generally is permitted to enter into a subscription line with one or more lenders in order to finance its operations, including the acquisition, financing or refinancing of the Fund's investments, as well as to consolidate or make less frequent capital calls to limited partners. Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the relevant Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. A portfolio company financing from a subscription line, rather than from a Fund-level equity commitment, has the potential to increase such returns, particularly in instances where the relevant amount has been drawn for an extended period of time. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. Because Management Fees are incurred whether an investment is

financed through capital calls or borrowings, and a Fund's preferred return typically does not accrue on outstanding borrowings, the relevant General Partner has an incentive to cause the Fund to make investments and/or pay such amounts using a subscription line rather than making capital calls. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Governing Documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds) as, to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in a Fund or impose concentration or other limits on the Fund's investments, and/or financial or other covenants, that could affect the implementation of the Fund's investment strategy. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in a potential net benefit to the Fund, or additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows a General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse Sandbrook for expenses incurred on behalf of the relevant Fund. A Fund is also permitted to utilize Fund-level borrowing when a General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.



If an investment appreciates in value and is disposed of prior to repayment, the relevant Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, the absence of invested capital funded by limited partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to limited partners and increase the potential carried interest for the relevant General Partner, as reduced by the interest incurred by the relevant Fund. Subject to any limitations in the Governing Documents, this scenario potentially incentivizes the relevant General Partner to permanently fund the acquisition and ongoing capital needs of a Fund's investments and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never, if principal and interest on such borrowings are always repaid out of disposition proceeds).

***Investment- and Intermediate Entity-Level Borrowing.*** Under the Governing Documents, each Fund is authorized to incur indebtedness that is secured by any assets of the Fund (e.g., asset-based borrowing, as well as “back leverage” and net asset value (NAV) facilities), and is permitted directly or indirectly through one or more intermediate entities (e.g., special purpose vehicles) to incur indebtedness, including to borrow money from any person, to make guarantees or provide other credit support to any person or to incur any other obligation (including other extensions of credit). Indebtedness is permitted to be incurred for any purpose relating to the activities of the Fund, including without limitation to: finance any investment-related activities of the Fund; increase the buying power of the Fund; provide interim financing to the extent necessary to consummate the purchase of investments prior to the receipt of permanent financing or capital contributions or distributions (as applicable); pay for Fund expenses or fund the payment of Management Fees; make, hold or dispose of investments; provide financing or refinancing; fund the payment of amounts to withdrawing limited partners; fund distributions to the partners; and/or provide collateral to secure outstanding letters of credit or to create reserves, in each case in accordance with the Governing Documents. Additionally, a Fund is expected to enter into letters of credit in support of one or more of its investments, including for the purpose of such Fund agreeing to fund additional equity financing or capital expenditures into a portfolio company (regardless of who the beneficiary to such letter of credit may be) at a certain time or upon the occurrence of a certain event. Although in many cases the Governing Documents impose limits on borrowings at the Fund level, portfolio investments and intermediate entities generally do not have such limits on their ability to engage in borrowings or incur leverage with respect to all or a portion of the relevant investments.

***Restricted Nature of Investment Positions.*** Generally, there will be no readily available market for a substantial number of each Fund's investments and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners of a Fund and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the Governing Documents, including the value used to determine the amount of carried interest available to Sandbrook with respect to such investment.

***Non-U.S. Investments.*** A Fund may invest in companies that are organized, headquartered and/or have substantial sales or operations outside of the United States, its territories and possessions. Such investments may be subject to certain additional risks due, among other things, to potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates and capital repatriation regulations (as such regulations may be given effect during the term of a Fund) and the application of complex tax rules to cross border investments, possible imposition of non-U.S. taxes on a Fund and/or the partners with respect to such Fund's income, and possible non-U.S. tax return filing requirements for such Fund and/or the partners.

***Distressed Investments.*** A Fund may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that Sandbrook will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, a Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which such Fund invested.

***Uncertain Economic, Social 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. 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 increases 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 and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.

***Public Health Emergencies; COVID-19.*** Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19, have resulted in historic market disruptions, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

The ultimate impact of any such health emergency — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds' and their portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio companies, the General Partners and Sandbrook may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

***Projections.*** Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by Sandbrook in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. 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. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

***Need for Follow-On Investments.*** Following its initial investment in a given portfolio company, Sandbrook is permitted to decide to provide additional funds to such portfolio company or consider the opportunity to increase its investment in a portfolio company, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons. There can be no assurance that any Fund will make add-on investments or that any Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make add-on investments or its inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made), result in a lost opportunity for such Fund to increase its participation in a successful operation or the dilution of the relevant Fund's ownership in a portfolio company if a third party or co-investor is permitted to invest.

***Investment in Junior Securities.*** The securities in which a Fund will invest may be among the most junior in a portfolio company's capital structure, and thus subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

***Lack of Unilateral Control.*** Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent a Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or is subject to terms and conditions imposed by portfolio company lenders, the relevant portfolio company may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the relevant Fund or its limited partners. Such third parties may be in a position to take action contrary to a Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment.

***Limited Access to Information.*** Limited partners' rights to information regarding a Fund, the relevant General Partner or Sandbrook generally will be specified, and in many cases strictly limited, by the Governing Documents. In particular, it is anticipated that the General Partner and its affiliates will obtain certain types of material information from or relating to a Fund's investments that will not be disclosed to limited partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of Sandbrook's control. Decisions by Sandbrook or its affiliates to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a limited partner to monitor Sandbrook and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Fund's advisory committee generally may, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and Sandbrook reserves the right to withhold certain information from investors subject to such laws for reasons relating to Sandbrook's public reputation, business strategy or other reasons.

***Material, Non-Public Information; Other Regulatory Restrictions.*** As a result of the operations of Sandbrook and its affiliates, as well as in connection with officerships or directorships of Sandbrook personnel, Sandbrook frequently comes into possession of confidential or material, non-public information. Sandbrook and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Sandbrook's internal policies and practices.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent Sandbrook or the Funds from entering into transactions with certain individuals or jurisdictions. The United States Department

of the Treasury's Office of Foreign Assets Control ("**OFAC**") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the U.S. Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of Sandbrook's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by Sandbrook or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

***Sanctioned Investors.*** If after subscribing to a Fund a limited partner is included on a list of prohibited persons maintained by a relevant regulatory or governmental authority (including OFAC or equivalent non-U.S. authorities) (a "**Sanctions List**"), the relevant General Partner will have the sole discretion to determine the resolution, remedy and manner of compliance of the Fund with applicable laws, including without limitation a "freeze" on distributions and/or capital calls from the relevant limited partner and reporting to the relevant authorities. Adverse actions by any such authorities, including temporary or permanent stays or holds on the Fund's activities, could materially and adversely affect the Funds.

***CFIUS and National Security Clearance Considerations.*** Certain investments are expected to be subject to or require review and approval by the U.S. Committee on Foreign Investment in the United States ("CFIUS"), such as where CFIUS-related laws, regulations or guidance deem non-U.S. persons or entities under their control (such as a Fund, co-investors and/or rollover sellers) to be acquiring a U.S. business (including a business with assets, employees, facilities, and/or operations in the United States). CFIUS has the authority to review proposed or existing transactions or investments or to seek to impose limitations on or prohibit investments, and CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty and costs. In certain circumstances, CFIUS considerations have the potential to prevent a Fund from maintaining or pursuing investments, or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect a Fund's performance, and the likelihood that CFIUS considerations will be implicated is expected to increase where non-U.S. limited partners comprise a substantial percentage of a Fund. Under the Governing Documents, the relevant General Partner generally is authorized, although not required, to excuse or otherwise limit non-U.S. limited partners' ability to invest in U.S. businesses (or to exercise voting or advisory committee rights with respect thereto) in order to anticipate or comply

with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow a Fund to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

***Financial Institution Risk; Distress Events.*** An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a “**Financial Institution**”) of some or all of the Fund’s (or any portfolio company’s) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty (each, a “**Distress Event**”). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, Sandbrook, any General Partner, the Funds and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of Sandbrook to manage the Funds and their investments, and on the ability of Sandbrook, any Fund or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Fund to access capital contributions or otherwise); the inability of the Fund to acquire or dispose of investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the inability of Sandbrook or portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution’s services, it is also possible that Sandbrook will experience operational burdens and expenses, and a Fund or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that Sandbrook will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a Fund or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a Fund, its investors or such portfolio companies, including the risk of investor defaults.

Many Financial Institutions require, as a condition to using their services (including lending services), that Sandbrook and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although Sandbrook seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, Sandbrook is under no obligation to use a minimum number of Financial Institutions with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

***Hedging Arrangements; Related Regulations.*** A General Partner is authorized (but not obligated) to endeavor to manage the relevant Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Fund is permitted to incur costs related to such hedging arrangements, which are permitted to be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for a General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the "CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

***Unfunded Pension Liabilities of Portfolio Companies.*** Certain court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although Sandbrook intends to manage each Fund's investments to minimize any such exposure, a Fund is permitted to invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Fund owns an 80% or greater interest in such portfolio company. If such Fund (or other 80%-owned portfolio companies of such Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which such Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

***Valuation of Investments.*** Generally, the relevant General Partner will determine the value of all the related Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Fund's

investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and not quoted on any exchange. Each General Partner will determine the value of all the relevant Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification and management of such Fund's portfolio of investments.

**Cybersecurity Risks.** Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company, Fund, General Partner, Sandbrook or one or more of their respective service providers is subject to cyber-attack or other unauthorized access is gained to their systems, substantial losses may occur in the form of stolen, lost or corrupted: (i) data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, Sandbrook, the General Partners, the Funds and/or portfolio companies may incur significant time 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 Sandbrook's, the General Partners', the Funds', portfolio companies' and/or service providers' operations, including the ability to make distributions to limited partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). In certain events, a failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Sandbrook or one of its service providers holding its financial or investor data, Sandbrook, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under Sandbrook's policies and practices.



***Privacy and Data Protection Law Compliance Risk.*** The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, “**Privacy Laws**”) could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of Sandbrook, the General Partners, the Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties or litigation, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for Sandbrook, the General Partners, the Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Certain jurisdictions, including U.S. states, have proposed, adopted or are considering similar Privacy Laws, which if enacted could impose significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include Sandbrook, the General Partners, the Funds and/or their portfolio companies.

***UK Exit from the EU.*** The UK formally left the EU on January 31, 2020 (“**Brexit**”). After a transition period that ended on December 31, 2020, EU rules ceased to apply in the UK. Although the terms of the UK’s future relationship with the EU were agreed in a trade and cooperation agreement, the agreement does not include an agreement on financial services and, as a result, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to many of the same rules and regulations as prior to Brexit. However, the UK Government has stated its intention to recast onshored EU legislation as part of UK legislation and regulation, which could result in substantive changes to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. It is possible that the EU may respond to UK initiatives by restricting third-country access to EU markets. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on any Fund and its investments, including the ability of a Fund to achieve its investment objectives in whole or in part (for example, owing to increased costs and complexity and/or new restrictions in relation to cross-border access between the EU and non-EU jurisdictions). There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

The legal, political and economic uncertainty and disruption generally resulting from Brexit may adversely affect both EU- and UK-based businesses, including Sandbrook and Fund portfolio companies, as applicable. Brexit has already led to disruptions in trade as businesses attempt to adapt cross-border procedures and rules applicable in the UK and in the EU to their activities, products, customers, and suppliers. Continuing uncertainty and the prospect of further disruption may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.

***International Conflicts.*** Wars and other international conflicts, such as the Israeli-Palestinian conflict and the ongoing military conflict between Russia and Ukraine, have caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place sanctions and other severe restrictions or prohibitions on certain of the countries involved, as well as related individuals and businesses. However, the ultimate impact of these conflicts and their 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.

These conflicts may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund 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) may 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 any Fund intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives.

***U.S. Taxation of Carried Interest.*** 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 partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership's income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a Fund, its General Partner, or Sandbrook who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This creates potential incentives for Sandbrook to cause a Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

***Changes to Benchmark Rates.*** To the extent that a Fund's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on benchmark or reference rates, including the London Interbank Offered Rate ("**LIBOR**"), Secured Overnight Financing Rate ("**SOFR**") or other rates (each, a "**Benchmark Rate**"), the Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases

to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants have transitioned historical instruments and contracts away from LIBOR to new Benchmark Rates. This transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Funds and their portfolio companies; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

## **Conflicts of Interest**

Sandbrook and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, legal, management and other services to Funds and portfolio companies. Sandbrook will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the Governing Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of Sandbrook conducting its activities, the interests of a Fund likely will conflict with the interests of Sandbrook, one or more other Funds, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, Sandbrook will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

During the investment period of a Fund, all appropriate investment opportunities will be pursued by Sandbrook principals through such Fund, subject to certain limited exceptions set forth in the Governing Documents and Sandbrook's Investment Allocations / Co-Investment Policy. Without limitation, Sandbrook principals currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing, and expect to direct certain relevant investment opportunities or resources to those investments. Sandbrook personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. Sandbrook's principals and Sandbrook's investment staff will continue to manage and monitor such investments until their realization. Such other investments that Sandbrook principals expect to control or manage have the potential to compete with companies acquired by a Fund. Following the investment period of a Fund, Sandbrook principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments. To the extent an investment opportunity is received that is unsuitable for a Fund, in Sandbrook's sole discretion, Sandbrook and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by the Governing Documents, Sandbrook personnel are permitted to serve on boards or act in other roles unaffiliated with Sandbrook, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive

compensation in connection with such services and roles, none of which will offset or otherwise reduce Management Fees.

Sandbrook expects to be presented with certain investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of Sandbrook. In determining which investment vehicles should participate in such investment opportunities, Sandbrook and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the Governing Documents, Sandbrook is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of Sandbrook in a portfolio company also have the potential to raise the risk of using assets of a client of Sandbrook to support positions taken by other clients of Sandbrook.

Sandbrook must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. Sandbrook generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Governing Documents, as well as factors including, but not limited to, investment restrictions and objectives (including those set forth in the Governing Documents and other operating documents (including Side Letters), where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, diversification limitations, cash level (if any), applicable tax and regulatory considerations, life cycle, structure size and nature of the investment, anticipated duration/hold period, and other relevant factors. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund generally reserves the right to invest together with other Funds advised by an affiliate of Sandbrook in the manner set forth in the Governing Documents and Sandbrook's Investment Allocations / Co-Investment Policy. Sandbrook will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable to its clients under the circumstances over time consistent with Sandbrook's obligations and reserves the right to take into consideration factors such as those set forth above. In other circumstances, during the period that a portfolio company is owned by a Fund, it could become a suitable investment for one or more other Funds due to size, revenue, earnings, change in business focus or other characteristics.

Following such determination of allocation among Funds, Sandbrook reserves the right to offer co-investment opportunities to one or more potential co-investors, including Operating Partners, vendors, Service Providers and/or other third parties, as determined by the Governing Documents, Side Letters and Sandbrook's Investment Allocations / Co-Investment Policy. Co-investment opportunities will be allocated as determined by the General Partner in its sole discretion whether a prospective co-investor is eligible to participate in any co-investment opportunity and may also consider other factors including, but not limited to: (i) the ability of the prospective co-investor to react promptly to a co-investment opportunity; (ii) any strategic advantages that may result from the prospective co-investor's participation in a co-investment opportunity; (iii) a prospective co-investor's commitment to a Fund; (iv) the likelihood that a prospective co-investor may invest in a Fund; (v) the prospective co-investor's investable assets relative to the size of the co-investment opportunity; (vi) whether the prospective co-investor has expressed an interest in evaluating co-investment opportunities, including the perceived intensity of that interest; (vii) the expertise, knowledge and sophistication of the proposed prospective co-investor with respect to the issuer, segment, industry, geographic region or other characteristics

that are relevant to the investment; (viii) the prospective co-investor's perceived ability to approve the investment pursuant to any applicable internal approval processes (including the predictability of the prospective co-investor's investment process), and to otherwise execute the transaction, in a timely manner with respect to the timeframe in which Sandbrook believes favorable transaction terms may be achieved; (ix) any tax, regulatory, securities laws and/or other legal considerations with respect to the prospective co-investor (*e.g.*, qualified purchaser or qualified institutional buyer status); (x) confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; (xi) Sandbrook's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting, or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair Sandbrook's ability to execute the relevant transaction in the desired time or on desired terms, (xii) the size of the investment allocation available to Sandbrook (and not being allocated to the Funds), and the practicality of splitting the allocation into smaller tranches; (xiii) the ability of the prospective co-investor to invest an amount of capital that is consistent with the needs of the investment, taking into account the amount of capital reasonably expected to be needed (including for potential add-on acquisitions and other potential additional investments) and the maximum number of investors that can realistically participate in the transaction; (xiv) any requirements of any third-party lenders as to the identity of any investors participating as co-investors, or as to the creditworthiness of any co-investors, or as to the number of co-investors, or as to other matters with respect to the investors in the transaction; (xv) whether the prospective co-investor is considered "strategic" to the investment because it is able to offer a Fund or Sandbrook certain benefits, including, but not limited to, the ability to help consummate the investment, the ability to aid in operating or monitoring the investment, or whether Sandbrook believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or Sandbrook; (xvi) whether the prospective co-investor has a history of consummating co-investment opportunities with Sandbrook; (xvii) whether the prospective co-investor has the financial and operational resources and other relevant wherewithal to evaluate and participate in a co-investment opportunity; (xviii) the likelihood that the prospective co-investor would require governance rights (including, but not limited to, board or observer rights, access to the management team of the underlying portfolio company, or material informational rights) that would complicate or jeopardize the transaction (or, alternatively, where the investor would be willing to defer to Sandbrook and assume a more passive role in governing the investment); (xix) whether the prospective co-investor has any interests in any competitor of the underlying investment; (xx) the expected investment holding period; (xxi) the services provided by the prospective co-investor to the issuer of the investment (or otherwise provided by the prospective co-investor with respect to the investment); (xxii) the size of the prospective co-investor's interest to be held in the underlying portfolio company as a result of a Fund's investment (which is likely to be based on the size of the prospective co-investor's capital commitment and/or investment in such Fund); (xxiii) whether the prospective co-investor has any known investment policies and restrictions, guideline limitations or investment objectives that are relevant to the transaction, including the need for early or recurring distributions; (xxiv) the extent to which the prospective co-investor has previously been provided a greater amount of co-investment opportunities relative to other prospective co-investors; (xxv) the prospective co-investor's current priority in any rotation-based list maintained by Sandbrook, to the extent that Sandbrook otherwise deems the prospective co-investor to

otherwise be eligible to participate pursuant to any other applicable co-investment allocation factors; (xxvi) the likelihood that the prospective co-investor may invest in a future Fund and other factors that Sandbrook considers important in connection with the specific transaction or investment; (xxvii) the prospective co-investor's willingness to pay or otherwise bear fees (including management and transaction fees), costs and expenses (including broken deal expenses), and/or be subject to carried interest or similar performance-based compensation, in respect of the co-investment; and (xxviii) other factors that Sandbrook considers important in connection with the specific transaction or investment.

Sandbrook is permitted to grant certain limited partners a priority right to participate in co-investment opportunities. Additionally, Sandbrook expects certain Service Providers and Operating Partners, their affiliates and personnel to invest in, or co-invest alongside, one or more Funds, and due to the nature of the Service Provider and Operating Partners relationships and the timing of services these persons have the potential to have information advantages relative to other investors or co-investors, and likely will be offered co-investment opportunities before such opportunities are presented to other interested prospective co-investors.

Furthermore, Sandbrook or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other Fund investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and Sandbrook expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons in a manner not subject to the "most-favored nation" provisions of a Fund's Governing Documents and (iii) co-investors' proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund's Governing Documents. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio

company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. When and to the extent that personnel and related persons of Sandbrook and its affiliates make capital investments in or alongside certain Funds, Sandbrook and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Sandbrook's allocation of investment opportunities among the persons and in the manner discussed herein has the potential to not result in proportional allocations among such persons, and such allocations could be more or less advantageous to some such persons relative to others. While Sandbrook will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which Sandbrook expects to be subject, discussed herein, did not exist.

In certain cases, Sandbrook will have the opportunity (but, subject to any applicable restrictions or procedures in the Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Sandbrook will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on eligibility and other factors similar to those employed in selecting co-investors, and unless required by the Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Potential conflicts are expected to arise when and to the extent a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. Sandbrook and its affiliates reserve the right to express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions taken for one or more Funds may adversely affect other Funds.

Subject to any relevant restrictions or other limitations contained in the Governing Documents, Sandbrook will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case, in its sole discretion. In exercising such discretion, Sandbrook expects to be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles receiving the benefit of such expenses (in the relevant General Partner's sole discretion) and eligible to reimburse expenses of that kind. In all such cases, subject to applicable law and legal, contractual or similar restrictions, expense allocation decisions generally will be made by Sandbrook or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion to be fair and equitable across these vehicles. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining which Funds or co-invest vehicles benefit (or the extent to which they benefit) from the relevant service relating to the expense, or whether to allocate pro rata based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or Sandbrook. The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected in certain cases to result in the Funds bearing different levels of expenses with respect to the same investment.

As a result of the Funds' controlling interests in portfolio companies, Sandbrook and/or its affiliates typically have the right to appoint portfolio company board members (including current or former Sandbrook personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. Portfolio company board members frequently approve compensation and/or other amounts payable to Sandbrook and/or its affiliates. Except to the extent such amounts are subject to the Governing Documents' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to Sandbrook.

Additionally, a portfolio company typically will reimburse Sandbrook or Service Providers or Operating Partners retained at Sandbrook's discretion for expenses (including, without limitation, travel expenses) incurred by Sandbrook or such Service Providers or Operating Partners in connection with its performance of services for such portfolio company. Service Provider expenses are required to be reimbursed whether or not there is overlap in expertise, function or services performed by Sandbrook personnel. This subjects Sandbrook and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Sandbrook determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements.

In connection with its services to the Funds and their investments, Sandbrook, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of Sandbrook's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Sandbrook and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "**Sandbrook Information**"). In many cases, Sandbrook Information will include tools, procedures and resources developed by Sandbrook to organize or systematize Sandbrook Information for ongoing or future use. Although Sandbrook expects its



Funds and their portfolio companies generally to benefit from Sandbrook's possession of Sandbrook Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies (or by Sandbrook and its personnel) and not by the Fund or portfolio company from which Sandbrook Information was originally received or derived. Sandbrook Information will be the sole intellectual property of Sandbrook and solely for the use of Sandbrook. Sandbrook reserves the right to use, share, license, sell or monetize Sandbrook Information, without offsetting or otherwise reducing Management Fees, and the relevant Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio companies 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 programs are expected to vary over 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 companies, the Funds or their respective investors; no such rewards will offset or reduce Management Fees.

Portfolio companies of the Funds are permitted to be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Funds that, although Sandbrook determines to be consistent with the requirements of such Funds' Governing Documents, may not have otherwise been entered into but for the affiliation with Sandbrook. In such cases there could be conflicts of interest between the Funds or portfolio companies and Sandbrook will seek to resolve such conflicts as it deems appropriate. In other cases, Sandbrook may not be aware or involved in such transactions between portfolio companies.

Additionally, Sandbrook generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with certain service providers, and such service providers are expected to include: (i) Sandbrook or a related person of Sandbrook (which is permitted to include a portfolio company of such Fund); (ii) an entity with which Sandbrook or its affiliates or current or former personnel has a relationship or from which Sandbrook or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Sandbrook personnel are seconded, or from which Sandbrook receives secondees; or (iii) certain limited partners or their affiliates. For example, Sandbrook expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related business. This discretion subjects Sandbrook to conflicts of interest, because, although Sandbrook selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, Sandbrook has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that Sandbrook, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or Sandbrook), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Sandbrook will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although Sandbrook generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector

competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Based on the foregoing factors, limited partners should not expect service providers to Sandbrook or any Fund to provide services that will be the most beneficial to any limited partner.

In certain circumstances where Sandbrook commits or has committed to seek “market” or “arms-length” rates or terms, Sandbrook will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Sandbrook reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is “arms-length.” Consequently, Sandbrook undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets, services, geographies or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, Sandbrook reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not Sandbrook has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In addition, as described above, portfolio companies typically pay certain fees to, and reimburse expenses of, Operating Partners and other consultants (including Service Providers and other consultants introduced or arranged by Sandbrook and/or its affiliates that regularly provide services to one or more portfolio companies), and such amounts do not offset or reduce the Management Fee as described herein. Operating Partners generally make use of Sandbrook resources or otherwise are associated with Sandbrook. Sandbrook and/or its affiliates reserve the right to agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. Operating Partners are expected to include former personnel of Sandbrook or certain portfolio companies, and in some circumstances former Operating Partners are expected to become Sandbrook personnel or personnel of portfolio companies. Consequently, the determination of whether individuals are Operating Partners is expected to vary and/or be revisited, which poses potential conflicts of interest where certain changes in status or categorization would reduce costs that Sandbrook otherwise would be required to bear. Operating Partners generally receive investment opportunities, reimbursements and other compensation that do not offset or reduce the Management Fee of any Fund, as described herein, and the use of Operating Partners is expected to fluctuate and/or expand over time. To the extent that Operating Partners or Service Providers are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of the Operating Partner’s or the Service Provider’s services at a time when fewer portfolio companies or Funds make use of such Operating Partner or Service Provider. Under many of these arrangements, including where Operating Partners or Service Providers are paid a flat fee, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount or tangible work product generated by the Operating Partner or Service Provider. Although the use of Operating Partners and Service Providers and the allocation of compensation paid to them by Sandbrook, its affiliates and/or the portfolio companies subjects Sandbrook and/or its affiliates to potential conflicts of interest,

Sandbrook believes that such potential conflicts have the potential to be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Operating Partner or Service Provider is lower than market rates for the services provided and/or if the services of the Operating Partner or Service Provider align with Sandbrook's model for the portfolio company and improve portfolio company performance. Although Sandbrook seeks to retain Operating Partners and Service Providers with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. Sandbrook also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Sandbrook believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain only Operating Partners and Service Providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other Operating Partner or Service Provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Sandbrook reserves the right to cause a Fund to enter into a transaction whereby the Fund (i) purchases securities from, or sells securities to, other Funds managed by Sandbrook, or co-investors or co-investment vehicles or (ii) co-invests alongside such other Funds or co-investors. Such transactions may arise in the context of automatic or other re-balancing of an investment among parallel investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. Any of these transactions raise potential conflicts of interest, including where: (i) the investment of one Fund supports the value of portfolio companies owned by another Fund; or (ii) the transaction allows Sandbrook or its affiliates to realize carried interest or receive future management fees or other compensation with respect to such investments. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the Governing Documents or otherwise in the sole discretion of Sandbrook, Sandbrook reserves the right to seek to mitigate such conflicts by seeking input from an unaffiliated third party (including the use of a consultant or investment banker paid for by the relevant Fund(s) to opine as to the fairness or "arm's-length" nature of a purchase or sale price, whether or not part of a formal fairness opinion, "request for proposal" process, or proposal or quotation provided exclusively for the benefit of Sandbrook) or by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each Fund's advisory committee) to such transactions. Sandbrook reserves the right to determine that the willingness of a third party to make an investment on the same or similar terms demonstrates the fairness of the relevant transaction (including its value) to the Fund under then-current market conditions and therefore determine not to obtain a consent or fairness opinion (except where required by applicable law). Sandbrook intends that any such transactions be conducted in a manner that it believes to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund. Further, cross transactions are expected to arise in the context of automatic or other re-balancing of investments among parallel investing entities, and in such circumstances Sandbrook generally will not seek a fairness opinion or advisory committee consent given that such transactions typically are effected close in time to the initial Fund's investment or pursuant to authorizing provisions in the relevant Governing Documents.

Sandbrook and/or its affiliates reserve the right to employ or engage personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Sandbrook and/or its affiliates; conversely, former personnel or executives of Sandbrook and/or its affiliates are expected to serve in significant management roles at portfolio companies or service providers recommended by Sandbrook. Similarly, Sandbrook, its affiliates and/or personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, including, but not limited to, managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, former personnel, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Sandbrook and/or its affiliates and/or the Funds or other investment vehicles they advise. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through Sandbrook entities, whether or not relating to financing Sandbrook personnel obligations to fund General Partner commitment obligations) to Sandbrook personnel and their estate planning vehicles. Sandbrook expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Sandbrook information about markets and industries in which Sandbrook operates (or is contemplating operations) or will provide other services that are beneficial to Sandbrook or one or more other Funds. Sandbrook expects to be subject to a potential conflict of interest in making such recommendations, in that Sandbrook has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to a Fund or its portfolio companies.

Sandbrook, its affiliates, and equity holders, officers, principals and personnel of Sandbrook and its affiliates reserve the right to buy or sell securities or other instruments that Sandbrook has recommended to a Fund. In addition, officers, principals and personnel reserve the right to buy securities in transactions deemed unsuitable for a Fund, but will not in such circumstances be required to share in, reimburse or compensate the relevant Fund for due diligence or other expenses (including broken deal expenses) incurred by the Fund in connection with the Fund's consideration of the relevant investment opportunity. Any such transactions are subject to any restrictions in the Governing Documents and any related policies and procedures set forth in Sandbrook's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Personnel and related persons of Sandbrook have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expect to have additional potential conflicting interests in connection with these investments.

A Fund's General Partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of distribution). In such circumstances, there is a potential

conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's limited partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than Sandbrook deems suitable for the Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's pro rata interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Fund or its limited partners.

Except to the extent prohibited by the Governing Documents, Sandbrook and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles, accounts or special purpose acquisition companies, the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto. Subject to any limitations imposed by the Governing Documents and anti-"assignment" provisions of the Advisers Act, Sandbrook and its personnel are also permitted to offer, restructure and monetize interests in Sandbrook.

Because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when Sandbrook may not otherwise have done so.

The Governing Documents provide Sandbrook with wide-ranging authority to make determinations, including those related to investment purchases and dispositions (and their timing), valuation and other matters that in each case have the potential to affect Sandbrook's compensation. In making such determinations, Sandbrook is subject to potential conflicts of interest. For example, the potential to earn additional compensation creates an incentive for Sandbrook or its affiliates to make investments and to hold investments longer than otherwise would be the case in the absence of the relevant Fund's Management Fee and carried interest compensation arrangements. Sandbrook expects to be incentivized to cause a Fund to make, hold, value and/or dispose of investments (and to delay or forego a determination that the investments are Impaired Value Investments) in order to receive greater ongoing Management Fees and, potentially, earlier and/or larger carried interest distributions than would otherwise be the case.

Where the Management Fee is calculated taking into account the valuation of an investment, Sandbrook will have incentives to make determinations that result in the continued payment of, or a higher, Management Fee. Where the Governing Documents do not require Management Fees to be reduced in connection with investment reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions, Sandbrook is incentivized to pursue such transactions. Additionally, the amount of carried interest owed to the relevant

General Partner is dependent in part on the amount and timing of investment dispositions, as well as in certain instances determinations that investments are Impaired Value Investments, and the relevant General Partner expects to be subject to related potential conflicts of interest in determining whether and when to dispose of investments, make distributions, and/or determine that an investment is an Impaired Value Investment, within the requirements of the relevant Governing Documents.

Sandbrook's wide-ranging authority on the determination of Impaired Value Investments, and the criteria used by the relevant General Partner or its affiliates in valuing an investment, or determining whether an investment is an Impaired Value Investment, have the potential to be subjective, to be influenced by market information and other factors and to vary over time. There can be no assurance that a third party or investor would agree with the substance or timing of the relevant General Partner's determination that an investment is an Impaired Value Investment, and except as set forth in the Governing Documents, neither the General Partner nor its affiliates is obligated to follow any third-party methodology in making its determination on whether an investment meets the relevant standards or whether value can be recovered or retained during the Fund's holding period. The General Partner is entitled to make its own determination taking into account all facts and circumstances it deems relevant, subject to the provisions of the Governing Documents. As a general matter, the standards for determining Impaired Value Investments are intended to be high, and are not intended to apply to investments experiencing partial or temporary declines in value. Because the amount of Sandbrook's compensation is dependent in part on an investment's status as an Impaired Value Investment, the relevant General Partner faces potential conflicts of interest in determining whether an investment meets, or continues to meet, the relevant criteria. Although Sandbrook intend to operate in accordance with the Governing Documents, as well as its valuation policy, in order to mitigate the potential for subjectivity in making such determinations, there can be no assurance that such policy will address all of the necessary factors to do so, or completely eliminate all potential conflicts of interest in such determinations.

Since Sandbrook is permitted to retain certain Supplemental Fees (as described under "Fees and Compensation") in connection with Fund investments, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. In many cases, Supplemental Fees are based on enterprise value or other metrics relating to a portfolio company, but also have the potential to be charged on a flat-fee basis or based on another metric, and there can be no assurance that the amount of Supplemental Fees charged will be proportional to the amount of hours of work performed or tangible work product generated on behalf of the portfolio company. Additionally, Sandbrook, its personnel, affiliates or others designated by Sandbrook expect to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the Governing Documents are applied (typically based on the then-present value of such securities), Sandbrook and/or such other recipients will be permitted to retain such securities, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or Sandbrook) or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund. In addition, because portfolio company securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has

the result of diluting a Fund's relative ownership of the portfolio company awarding such compensation.

In certain circumstances, such as those relating to short- or long-term portfolio company cash or liquidity needs, and regardless of whether the portfolio company is undergoing financial stress, Sandbrook reserves the right to accrue, defer or forego payments of Supplemental Fees, and reserves the right to charge interest at then-available rates with respect to such amounts. In such cases, in accordance with the Governing Documents, investors will not receive the benefit of Management Fee offsets with respect to such amounts until they are actually received.

Sandbrook and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of Sandbrook's compensation), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on the Fund's advisory committee, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, as well as economic, procedural and other terms, many of which will not be subject to the "most-favored nation" provisions of a Fund's Governing Documents.

Sandbrook is likely to have its own economic and/or other business incentives to provide certain terms to certain limited partners, *e.g.*, based on commitment amount to a Fund or the timing thereof, the ability of a limited partner to provide sourcing or other services to Sandbrook, its affiliates and personnel or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Sandbrook, its affiliates and personnel, or the Funds. Further, Side Letters also are expected to relate to strategic relationships under which an investor agrees to make commitments to multiple Funds. Except in the circumstances and on the timing required by Governing Documents and/or applicable law, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, Sandbrook, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. Side Letters subject Sandbrook to potential conflicts of interest, including in circumstances where an investor's right to serve on the relevant Fund's advisory committee results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant limited partner at the expense of the relevant Fund or of limited partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund.

As a consequence of one or more limited partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner

defaults on a drawdown in respect of an investment. Although Sandbrook believes it to be unlikely, excuse or other rights requested or received by one or more limited partners (or such regulatory, tax or other factors applicable to such limited partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Fund as a whole. A limited partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more limited partners' voting rights generally will increase the voting rights percentage of other limited partners in the relevant Fund. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, *e.g.*, based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund.

Sandbrook has incentives to use or to recommend products or services of one portfolio company to another, which generally will involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as Sandbrook has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option. In most cases, the relevant Fund(s) will not consent, participate in the negotiations or be directly involved in such arrangements.

Although the Governing Documents generally contain broad exculpation and indemnification provisions, Sandbrook will not interpret such provisions to constitute a waiver of any person's non-waivable federal fiduciary duties to the relevant Fund under the Advisers Act. The relevant liability standards under insurance coverage procured by Sandbrook are expected to vary by carrier, and such standards are expected to vary depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Documents, regardless of whether the liability and/or indemnity standards in Sandbrook's insurance coverage are higher or lower than that set forth in the Governing Documents.

Any of these situations subjects Sandbrook and/or its affiliates to potential conflicts of interest. Sandbrook attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Sandbrook's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a manner it believes to be fair and equitable to the Funds under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, Sandbrook will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Sandbrook consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund(s) and such other investment vehicles.



## **ITEM 9 DISCIPLINARY INFORMATION**

Sandbrook and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

## **ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Sandbrook is affiliated with other Sandbrook investment advisers, including General Partners and equivalent entities formed and subject to the Advisers Act pursuant to Sandbrook's registration in accordance with SEC guidance. These entities operate as a single advisory business together with Sandbrook and serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, personnel, consultants or persons occupying similar positions.

Sandbrook is also affiliated with Sandbrook Capital UK LLP ("**Sandbrook UK**"), an English limited liability partnership organized under the laws of England and Wales. Sandbrook UK provides advice to Sandbrook Capital Management LP and its registered affiliates on behalf of U.S. based clients. Sandbrook UK is not required to be registered under the Advisers Act, but operates in compliance with certain related requirements and undertakings as prescribed by the SEC.

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

Sandbrook has adopted the Sandbrook Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of Sandbrook principals and personnel and addresses conflicts that arise from personal trading. The Code requires certain Sandbrook personnel to report their personal securities transactions, prohibits or requires pre-clearance for directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits Sandbrook personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from Sandbrook's Chief Compliance Officer. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material, non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to Sandbrook's Chief Compliance Officer at 475-268-1450. Personal securities transactions by personnel who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

Sandbrook and its affiliated persons may 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, Sandbrook 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 Sandbrook.

Accordingly, should Sandbrook or any of its affiliated persons come into possession of material, non-public or other confidential information with respect to any public or non-public company, Sandbrook generally would be prohibited from communicating such information to

clients, and Sandbrook will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and/or procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Sandbrook personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

Principals and personnel of Sandbrook and its affiliates generally are expected to directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles are expected to invest in one or more of the same portfolio companies as a Fund. Co-invest opportunities generally are also expected to be presented to certain affiliates of Sandbrook, as well as third party investors and other persons, and such co-investments may be effected through co-invest vehicles, directly in a particular portfolio company or through an intermediate entity in a portfolio company's structure. Such co-investment opportunities generally will be allocated in the manner described under "Methods of Analysis, Investment Strategies and Risk of Loss."

Sandbrook and its affiliates, principals and personnel expect to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in a Fund, as well as give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The Governing Documents and investment programs of certain Funds generally restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds or be subject to limitations (*e.g.*, by time or percentage of capital deployed).

In borrowing on behalf of a Fund, Sandbrook is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. The relevant General Partner generally will not participate in a Fund-level borrowing facility, and generally will not bear the related costs attributable thereto, including interest expenses or costs payable, in which case such amounts will be borne solely by the limited partners. In addition, when the Management Fee is calculated as a percentage of invested capital, a limited partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment

and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

Sandbrook will effect such borrowings consistent with a Fund's Governing Documents and in a manner it believes to be fair and equitable under the circumstances to the relevant Fund.

## **ITEM 12 BROKERAGE PRACTICES**

Sandbrook focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, Sandbrook reserves the right to distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, such as where a public trading market exists. Although Sandbrook does not intend to regularly engage in public securities transactions, to the extent it does so, it intends to follow the brokerage practices described below.

If Sandbrook sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Sandbrook. In such event, Sandbrook will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Sandbrook reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

Sandbrook has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although Sandbrook generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with Sandbrook seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although Sandbrook generally does not make use of such services at the current time and has not made use of such services since its inception. As a general matter, research provided by these brokers may be shared between Sandbrook and its affiliates used to service one or more of Sandbrook's Funds, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund. Research services may be shared between Sandbrook and its affiliates.

Sandbrook does not anticipate engaging in significant public securities transactions; however, to the extent that Sandbrook engages in any such transactions, orders for the purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Funds are completed independently, Sandbrook also

reserves the right to purchase or sell the same securities or instruments for several Funds simultaneously. Sandbrook is permitted, but not obligated, to purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of Sandbrook is favored over any other Fund.

### **ITEM 13 REVIEW OF ACCOUNTS**

The investments made by the Funds generally are private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Sandbrook monitors companies in which the Funds invest, and Sandbrook’s Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund generally will provide to its limited partners (i) annual GAAP audited financial statements and (ii) annual tax information necessary for each limited partner’s tax return. In addition, on a quarterly basis, each limited partner will generally be furnished with a good faith, unaudited statement as to its capital account.

In addition to the information provided to all investors, Sandbrook provides certain investors with additional information or more frequent reports that other investors will not receive (*e.g.*, in connection with due diligence requests from certain investors).

### **ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION**

Sandbrook and/or its affiliates intend to provide certain business or consulting services to companies in a Fund’s portfolio and expect to receive compensation from these companies in connection with such services. As described in the Governing Documents, this compensation in many cases will offset a portion of the Management Fees paid by such Fund. However, in other cases (*e.g.*, reimbursements for out-of-pocket expenses directly related to a portfolio company), these fees are in addition to Management Fees. *See* “Fees and Compensation.”

Sandbrook reserves the right to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. These arrangements generally are disclosed in the relevant Fund’s Form D. Any fees payable to any such placement agents generally will be borne by Sandbrook indirectly through an offset against the Management Fee under the Governing Documents, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including, but not limited to, placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

### **ITEM 15 CUSTODY**

Sandbrook generally expects that it will be deemed to have “custody” (within the meaning of Advisers Act Rule 206(4)-2 (the “**Custody Rule**”)) of funds or securities held in the name of one or more Funds, subject to certain exceptions set forth in the Custody Rule and related guidance,

and intends to maintain such assets with the following qualified custodian: JPMorgan Chase Bank, N.A.

#### **ITEM 16 INVESTMENT DISCRETION**

Sandbrook has discretionary authority to manage investments on behalf of each Fund. As a general policy, Sandbrook does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, Sandbrook and/or its affiliates have entered, and expect to enter, into Side Letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Sandbrook assumes this authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of such Fund.

#### **ITEM 17 VOTING CLIENT SECURITIES**

Sandbrook has adopted the Sandbrook Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for the Funds’ (and any Fund’s) portfolio investments. The Proxy Policy seeks to ensure that Sandbrook votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Sandbrook generally believes its interests are aligned with those of each Fund’s investors, for example, through the principals’ beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Sandbrook may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund’s advisory committee on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund’s advisory committee is authorized to approve Sandbrook’s vote in a particular solicitation. Sandbrook does not consider service on portfolio company boards by Sandbrook personnel or Sandbrook’s receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Sandbrook when voting proxies on behalf of a Fund. Clients or investors that would like a copy of Sandbrook’s complete Proxy Policy or information regarding how Sandbrook voted proxies for particular portfolio companies may contact Sandbrook’s Chief Compliance Officer at 475-268-1450, and it will be provided at no charge.

#### **ITEM 18 FINANCIAL INFORMATION**

Sandbrook does not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.