

ADV Part 2A: FIRM BROCHURE



Arbor Investments Management, LLC
209 Phipps Plaza
Palm Beach, Florida 33480

Facsimile: (312) 981-3771
E-mail: info@arborpic.com
Web Address: www.arborpic.com

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This brochure (this “Firm Brochure”) provides information about the qualifications and business practices of Arbor Investments Management, LLC (hereinafter “Arbor”, the “Firm” or “we”). If you have any questions about the contents of this Firm Brochure, please contact us at (312)-981-3770 or at info@arborpic.com. The information in this Firm Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Arbor is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about Arbor is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Arbor is 157442.

Item 2. Material Changes

Since Arbor's last annual update to its Firm Brochure, dated March 29, 2023, the Firm filed an other-than-annual amendment to reflect a relocation of its principal office to Palm Beach, Florida. There have been no other material changes since that time.

Arbor routinely makes changes throughout its Brochure to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry best practices and Firm practices. In this year's filing, the following Items have been updated, in addition to certain immaterial changes and/or conforming changes related to the following:

- Item 4: updated to reflect regulatory assets under management as of December 31, 2023 and
- Item 8: updated to reflect additional risk factors and potential conflicts of interest.

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Item 4. Advisory Business

Our Business

Arbor Investments Management, LLC (collectively with its affiliates, “**Arbor**”, the “**Firm**”, “**we**”, “**our**” or any other such collective words) is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940 (the “**Advisers Act**”), with its principal place of business in Palm Beach, Florida. Arbor also maintains offices in Chicago, Illinois and New York, New York. Arbor was organized in 2006 and is principally owned by Gregory J. Purcell.

Arbor provides investment management services solely to its private equity and private debt fund clients (and their respective parallel funds and alternative investment vehicles), and any references throughout this Firm Brochure to “clients” and to Arbor’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly. These funds include (a) Arbor Investments III, L.P., which includes its parallel fund, Arbor Affiliates Fund III, L.P. (together, “**Arbor III**”), (b) Arbor Investments IV, L.P., which includes its parallel fund, Arbor Affiliates Fund IV, L.P. (together, “**Arbor IV**”), (c) Arbor Debt Opportunities Fund I, L.P. (“**Arbor DOF I**”), (d) Arbor Debt Opportunities Fund II, L.P., which includes its parallel fund, Arbor Debt Opportunities Fund II-A, L.P. (“**Arbor DOF II**”), and (e) Arbor Investments V, L.P. which includes its parallel fund, Arbor Investments V-A, L.P. (together, “**Arbor V**”). Arbor III, Arbor IV, and Arbor V, together with any future private equity investment fund to which Arbor or its affiliates provide investment management services, are referred to in this Firm Brochure each as an “**Equity Fund**,” and collectively as the “**Equity Funds**”. Arbor DOF I and Arbor DOF II, together with any future private debt investment fund to which Arbor or its affiliates provide investment management services, are referred to in this Firm Brochure each as a “**Debt Fund**,” and collectively as the “**Debt Funds**”. The Debt Funds and the Equity Funds are referred to herein each as a “**Fund**,” and collectively as the “**Funds**”. In certain circumstances, Arbor permits certain investors and third parties to invest alongside a Fund directly into portfolio company or its holding company. Such direct co-investments are not considered clients or Funds of Arbor.

The general partner of each Fund (each, a “**General Partner**,” and collectively, the “**General Partners**”) is affiliated with Arbor through common ownership and control as well as shared executive officers. Each General Partner is subject to the Advisers Act pursuant to Arbor’s registration in accordance with SEC guidance. This Firm Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with Arbor. The applicable General Partner of each Fund retains investment discretion and investors in the Funds do not participate in the control or management of the Funds. While the General Partners maintain ultimate authority over the respective Funds, Arbor has been designated the role of investment adviser. Each General Partner and the principals and certain investment professionals of Arbor generally participate in the Fund’s investments by investing assets directly in the Funds (through limited partner interests) or indirectly through investments in the General Partners, which in turn, invest in the Funds.

Advisory Services

Arbor specializes in managing private fund investments primarily in the food and beverage and related industries. Several of the senior investment professionals of Arbor have served as senior executives, entrepreneurs, investors and advisors to many of the world's leading food and beverage companies. We believe our specialization enables us to play a decisive role in portfolio company management and operations while maintaining perspective on valuations, financing parameters and exit/liquidation potential.

Arbor provides investment advisory services as a private equity fund manager to its Funds. The Funds invest through privately negotiated transactions in operating companies, generally referred to as "portfolio companies." Each portfolio company has its own independent management team responsible for managing its day-to-day operations, although for the Equity Funds, (i) members of Arbor or representatives appointed by the Firm are expected to serve on the boards of, or otherwise act to influence control of the management of, such portfolio companies and will therefore have a significant impact on the long-term direction of the company, including the selection of management team members and (ii) in some cases, Arbor will more directly influence the day-to-day management of a portfolio company by recruiting and installing certain individuals in various leadership roles, such as chief executive officer, chief operating officer, chief financial officer or in other roles. For each Fund, Arbor performs in-depth due diligence regarding proposed investments, structures and evaluates platform acquisitions and add-on acquisitions to portfolio companies, works closely with portfolio company management to provide strategic operating and financial advice, examines and implements succession planning, and identifies multiple exit options prior to an initial investment.

Arbor's investment advice and authority for each Fund is tailored to the investment objectives of that Fund; Arbor does not tailor its advisory services to the individual needs of investors in its Funds. Arbor's advisory services to the Funds are detailed in and governed by the relevant private placement memoranda or other offering documents, limited partnership, subscription agreements or other operating agreements of the Funds (collectively, the "**Governing Documents**") and are further described below in Item 8 under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in the Funds participate in the overall investment program for the applicable Fund, but in certain circumstances can be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents. In accordance with industry common practice, 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. Examples of Side Letters entered into include provisions whereby investors have expressed an interest in participating in co-investment opportunities, notification provisions, reporting requirements, advisory board representation and "most favored nations" provisions, among others. These rights, benefits or privileges are not always made available to all investors, consistent with the Governing Documents and general market practice. Commencing in September 2024, Arbor will make required disclosure of certain side letters to all investors (and in certain cases, to prospective investors) in accordance with the new Private Fund Rule. Side Letters are negotiated at the time of the relevant investor's capital commitment, and once invested in a Fund, investors generally cannot impose additional

investment guidelines or restrictions on such Fund. There can be no assurance that the Side Letter rights granted to one or more investors will not in certain cases disadvantage other investors.

Regulatory Assets Under Management

As of December 31, 2023, Arbor managed \$3.101 billion in discretionary regulatory assets under management. Arbor does not manage any assets on a non-discretionary basis.

Item 5. Management Fees, Expenses and Compensation

Arbor and its affiliated General Partners receive fees and compensation in exchange for advisory services provided to the Funds, including management fees, carried interest, additional compensation in connection with management services performed for the portfolio companies of the Funds and reimbursements from portfolio companies for certain expenses advanced on their behalf. Differences exist from Fund to Fund, and certain Funds do not charge certain fees, compensation or expenses that other Funds charge or charge them in different amounts. The following is a general description of fees, compensation and expenses of the Funds. Investors should refer to the Governing Documents of the applicable Fund for a complete understanding of how Arbor is compensated for its advisory services; the information contained herein is a summary only and is qualified in its entirety by such documents.

Management Fee and Portfolio Fees

For our services to the Funds, we charge the Funds an asset management fee (the “**Management Fee**”).

Subject to the Governing Documents of each Equity Fund, during the relevant investment period, the Management Fee that such Equity Fund pays to Arbor commences as of the effective date of each such Equity Fund and is equal to a percentage (typically 2.0%) of the aggregate capital commitments of the non-affiliated limited partners of the Equity Fund. Effective upon the termination or expiration of the Equity Fund’s investment period or certain other circumstances specified in the Governing Documents, the Management Fee payable by such Equity Fund is reduced to an annual amount equal to a percentage (typically 2.0%) of the unrealized investments of such Equity Fund (excluding the portion of unrealized investments attributable to the General Partner and its affiliates) with respect to investments that have not been disposed of minus the aggregate amount of any permanent write-downs that have not been disposed of.

The Management Fee payable to Arbor in respect of the Debt Funds commences as of the date of each such Debt Fund’s first investment and is equal to a percentage (typically 1.5%) of the aggregate unrealized investments of such Debt Fund (excluding the portion of unrealized investments attributable to the General Partner and its affiliates).

The General Partners are permitted, in their sole discretion, to reduce or waive all or a portion of the Management Fee and Management Fees can differ from one Fund to another, as well as among investors in the same Fund. Management Fees are generally waived for Arbor employees (including employees investing through a General Partner), and their respective families investing

in a Fund (although in each case, these investors generally pay their pro rata share of certain Fund expenses).

As per the provisions of certain Fund Governing Documents, Arbor is permitted to waive, defer, or reduce all or a portion of the Management Fee payable by certain Funds in full or partial satisfaction of any obligation of Arbor and certain employees and affiliates to invest in and alongside such Fund. Certain waived portions of the Management Fee are treated by the Governing Documents as deemed capital contributions by the relevant General Partner, which is effectively invested in the relevant Fund on the General Partner's behalf and operates to reduce the amount of capital the applicable General Partner would otherwise be required to contribute to such Fund. Investor capital contributions are generally accelerated due to waived, deferred, or reduced Management Fees and/or the timing of receipt of fees subject to offsets, and Fund investors could thus receive less than the full benefit of such reductions or offsets.

The Management Fee payable in respect of each Fund is paid in advance on a quarterly basis. 100% of the Management Fee is allocated to the limited partners of each Fund (other than affiliates of the General Partner) ratably in accordance with their respective capital commitments to such Fund. Installments of the Management Fee payable for any period other than a full twelve-month period is adjusted on a *pro rata* basis according to the actual number of days in such period. Arbor retains the flexibility to structure its compensation from investors and expects in certain circumstances to agree to invoice an investor directly through a capital call notice for Management Fees and other compensation or draw on a Fund's credit facility rather than deducting such amounts from the investor's capital account(s). Where the Governing Documents calculate Management Fees based on the amount of capital commitments or investment contributions, the amount of Management Fees generally will not be reduced based on reductions in investment value except where specified by the relevant Governing Documents. Specifically, the amount of Management Fees generally will not correspond with fluctuations in a Fund's net asset value, including following the stepdown date, and will not be reduced in connection with any write-downs (whether temporary or permanent), except following the stepdown date in the case of investments that have been permanently written down or written off, as applicable. Permanent write-down determinations are made in the discretion of the valuation committee in accordance with the relevant Governing Documents and the Firm's valuation policy. 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 or partial sales of investments. In addition, Management Fees generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions or partial write-downs that occur partway through the relevant calculation period. Further, where there has been a partial disposition or permanent write-down of a Fund's investment and the fair market value of the investment following such event exceeds the total amount of the Fund's investment contributions relating to the investment, the Governing Documents do not require Management Fees after the stepdown date to be reduced. As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with investors in the relevant Fund.

The Management Fee payable by a Fund is reduced by any Excess Organizational Expenses (as defined below) or placement fees paid or reimbursed by the Fund. In addition, to the extent that Arbor or its affiliates or employees receive any directors' fees, consulting or advisory fees,

monitoring fees, transaction fees or break-up or topping fees from portfolio companies of a Fund, a percentage of all such fees are applied to reduce the Management Fee payable by such Fund to the extent required by the Governing Documents. Generally, Arbor applies (i) 100% of any break-up or topping fees and directors' fees, (ii) a percentage (typically 80% that may be further prorated based on the ownership of the portfolio company by the Fund and the ownership of the Fund by non-affiliated partners) of any transaction fees and monitoring fees and (iii) Management Fee waivers to reduce the Management Fee payable by a Fund to Arbor. The remaining amount of any such fees will be retained by Arbor.

Arbor has historically charged, and expects to continue to charge, transaction fees and monitoring fees to portfolio companies. Arbor generally has discretion over whether to charge transaction fees, monitoring fees or other compensation 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. The Fund bears the cost of such supplemental fees, in proportion to its ownership interest in a portfolio company, subject to the offsets described above. In general, supplemental fees are not typically negotiated with portfolio companies on an arm's-length basis and such supplemental fees could adversely affect a portfolio company's financial performance. In most circumstances, such compensation is not reviewed or approved by an independent third party. There can be no assurance that the amount of fees charged will be proportional to the amount of hours performed on behalf of a portfolio company. On occasion, in certain circumstances (such as a portfolio company's liquidity needs or otherwise) Arbor determines in its discretion to waive, defer or renegotiate, in whole or in part, the amount of supplemental fees received from a portfolio company. Arbor endeavors to require the payment of such fees only to the extent permitted by the earnings or cash position of the applicable portfolio company, and Arbor will defer or forego the payment of such fees if too burdensome for the portfolio company or at such time a senior credit agreement prohibits the payment of such fees. In the case of amounts deferred, such payments will generally be payable in the future. Arbor makes such determinations on a case-by-case basis and reserves the right to take different actions (or no action) with respect to similarly situated portfolio companies.

For clarity, the following fees and expenses do not offset Management Fees, in each case as applicable: (i) any fees or compensation received by or on behalf of Operating Partner Team members, Functional Discipline Team members or Arbor as compensation for the services of Operating Partner Team members or Functional Discipline Team members; (ii) fees or compensation paid to the Office of General Counsel of Arbor (which includes the attorneys employed at Arbor), or affiliates thereof, in connection with the provision of certain legal services to portfolio companies; (iii) any amounts paid to affiliates of the General Partner of a Fund, including Arbor and its employees, in substitution for or replacement of services typically provided by a full-time employee of the portfolio company or outside consultant to the portfolio company as described below in "Affiliate Transactions"; (iv) reimbursements from a portfolio company; (v) fees or expenses borne by a Fund; (vi) Broken Deal Expenses; (vii) profits interests or compensation to an affiliate (such as an Operating Partner Team member) that was entered into prior to such person becoming an affiliate of Arbor, regardless of when the interests, compensation or amounts crystallize or vest; or (viii) any portfolio company directors' or board fees paid by a former portfolio company to an Arbor employee who remains on the company's board of directors following the Fund's disposition of its investment in the company. For certain Funds, the receipt

of supplemental fees received with respect to an investment or potential investment (including a transaction not consummated) are allocated to such Fund (and offset against the Management Fee as described above) only to the extent of the Fund's relative ownership (or anticipated ownership) of such investment or potential investment, except as otherwise set forth in the Governing Documents. Accordingly, such Fund will, in most such cases, only benefit from the Management Fee reduction described above with respect to its allocable portion of any such supplemental fees and not the portion allocable to any other person that holds an economic interest in (or, in the case of a transaction not consummated, would have held an economic interest in) the applicable investment (which could include co-investment vehicles managed by Arbor, third parties, portfolio company management or employees and/or others), which has the potential to be significant. For certain Funds, the receipt of supplemental fees received with respect to an investment or potential investment (including a transaction not consummated) are then further allocated to such Fund (and offset against the Management Fee as described above) only to the extent of the non-affiliated partners' interests in the Fund. Further, any such reduction of a Fund's Management Fee is only applicable to the extent a Management Fee is payable by a Fund currently or in the future. Receiving an allocable amount of supplemental fees that do not offset the Management Fee gives Arbor an incentive to maximize such amounts and to make and structure and potentially syndicate investments that could generate such amounts.

In the event that the amount of fees and expenses applied against the Management Fee exceeds the Management Fee due to Arbor for any applicable period, such excess is carried forward to reduce the Management Fee payable to Arbor in following periods. To the extent any such excess remains unapplied or is not otherwise utilized by Arbor for investments or expenses permitted under the a Fund's Governing Documents, upon (x) termination, or the final distribution, of such Fund's assets (as applicable) or (y) if permitted under such Fund's Governing Documents, at such earlier time(s) as determined by the relevant General Partner in its sole discretion, the excess amount will be distributed in accordance with the Fund's Governing Documents unless a limited partner has elected to waive such amount (e.g., where an adverse tax consequence potentially will result).

Fee Receipt Allocation

From time to time, Arbor, a Fund or a portfolio company agrees to pay all or a portion of a transaction fee, equity grant or other fee to a third party, such as a consultant, advisor, Operating Partner Team member, finder, placement agent, broker and/or investment banker. Similarly, on occasion certain members of a portfolio company management team receive additional cash and equity compensation, including bonus payments or incentive equity payments based on the applicable portfolio company meeting certain success hurdles. Such compensation, whether in the form of a profits or equity interest in a portfolio company or immediate holding company, generally has a dilutive impact on a Fund's investment and indirectly reduces the proceeds available for distribution to portfolio company investors at the time of such portfolio company's exit. None of these fees or compensation allocations offset Management Fees payable by a Fund.

Carried Interest

In addition to Management Fees, the respective General Partner of each Fund, an affiliate of Arbor through common ownership and control, is entitled to receive carried interest ("*Carried Interest*")

distributions from each Fund, a form of performance-based compensation, as described in Item 6 below and as more fully described in the Governing Documents.

Affiliate Transactions

Operating Partner Team

As further described herein and in the Governing Documents, it is Arbor's practice to use or retain certain Operating Partner Team (as defined in Item 8 below) members to provide services to (or with respect to) certain portfolio companies in which one or more Funds invest. Such Operating Partner Team members generally receive compensation (including, but not limited to, (i) cash fees, employment compensation and benefits, retainers, discretionary bonuses (whether or not based on pre-determined milestones), transaction fees, guaranteed minimums or other compensation from a portfolio company or holding company or Arbor or its affiliates, and/or (ii) a profits or equity interest in a portfolio company or holding company in each case the amount of which typically is determined according to one or more methods, including the value of the time of such Operating Partner Team members, 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 company) 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. Compensation in the form of profits or equity interests in a portfolio company or holding company generally has a dilutive impact on the relevant Fund's investment, and the relevant portfolio company typically will bear the costs of all Operating Partner Team member compensation as well as fees, costs and expenses of structuring Operating Partner Team member arrangements. In the event an Operating Partner provides work directly to a portfolio company in addition to board service, any such fees are paid by the portfolio company directly to the Operating Partner. Work performed by Operating Partner Team members for unconsummated transactions is borne by the Fund(s) that was to have participated in such transaction as part of Broken Deal Expenses. To the extent that Operating Partners 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 services at a time when fewer portfolio companies or Funds make use of such Operating Partner. Under many of these arrangements, 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 of work generated by the Operating Partner.

Operating Partner Team members typically incur expenses while working with Arbor portfolio companies or potential portfolio companies, including but not limited to, the cost of travel to portfolio companies and other out-of-pocket costs, and such expenses are paid or reimbursed by either the relevant portfolio company (generally in the case of consummated transactions) or the relevant Fund (generally in the case of unconsummated transactions). Some Operating Partners are also investors in the Arbor Funds.

From time to time the Operating Partner Team members will participate in events hosted by Arbor, including annual meetings of limited partners of the Arbor Funds, fundraising meetings and other

Arbor events. None of the Operating Partner Team members' time or other compensation will be reimbursed by Arbor to the portfolio company.

Operating Partner Team members are not generally expected to devote all of their time to the business of the applicable Arbor portfolio companies or potential portfolio companies. Operating Partner Team members will generally devote a portion of their business time and attention to outside business activities unrelated to Arbor or its Funds or portfolio companies or potential portfolio companies.

Office of the General Counsel

Each portfolio company of each Equity Fund will engage the General Counsel or Associate General Counsel of Arbor, or an affiliate thereof, to provide certain legal services to such portfolio company pursuant to a fixed-fee, monthly retainer arrangement. While a fixed-fee, monthly retainer arrangement affords each portfolio company the benefit of costs that are predictable, there is no guarantee that any portfolio company will utilize Office of General Counsel attorneys in any particular amount in any month or over the course of the Office of General Counsel program. Fees for the Office of General Counsel program are not benchmarked, and because of the fixed-fee nature of the program, Office of General Counsel attorneys do not track their time.

Functional Discipline Team

Affiliates of the General Partner of a Fund, including employees of Arbor (members of the “**Functional Discipline Team**”), will provide services to portfolio companies of a Fund in substitution for or replacement of services typically provided by a full-time employee of the portfolio company or outside consultant to the portfolio company. In such event, the portfolio company will reimburse Arbor or the relevant General Partner for the cost of such services in accordance with the Fund’s Governing Documents.

Fees for All Affiliate Transactions

In circumstances where Arbor commits or has committed to seek “market” or “arms-length” rates or terms, Arbor 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. Consequently, Arbor undertakes no minimum (or any) amount of benchmarking, and does not represent that any such benchmarking (if any) ultimately will be accurate, comparable or relate specifically to the assets or services to which such rates or terms relate. Where such rates or terms include hourly components, Arbor 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.

The Management Fee payable to Arbor by each Fund will not be offset or reduced by any of the compensation (including salaries, fees, bonuses, profits interests and other compensation), costs or expenses paid or borne by portfolio companies with respect to services described above for

Operating Partner Team members, Office of General Counsel attorneys, or Functional Discipline Team members.

Co-Investment Fees and Expenses

In certain circumstances, Arbor permits certain investors to co-invest directly in an investment alongside one or more Funds, subject to Arbor's related policies and procedures, the relevant Governing Documents and/or Side Letter(s) or similar arrangements. Notwithstanding anything to the contrary contained in this Firm Brochure, and in the absence of a contractual undertaking by the co-investor, in the event that a transaction in which a co-investment was planned ultimately is not consummated, all Broken Deal Expenses (as defined herein) 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. In other words, and in the absence of a contractual undertaking by the co-investor, in the event that a transaction in which a co-investment was planned ultimately is not consummated, the co-investors will not bear Broken Deal Expenses, regardless of the timing of any commitment by co-investors. As a result, the Fund(s) selected as proposed investors for such proposed transaction will bear more than what would otherwise have been its share of such broken deal expenses. However, to the extent that such co-investors have already invested in a portfolio company, then such co-investors are expected to bear their share of Broken Deal Expenses for transactions subsequent to such investment (which Broken Deal Expenses will generally be recorded at the portfolio company).

To the extent the 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 use of the facility.

Partnership Expenses

Each Fund is governed by its own Governing Documents, which details a description of expenses for such Fund. While differences exist among Funds, the following is a description of expenses generally charged to each Fund. Each Fund will bear all fees, costs, expenses, liabilities and obligations relating to such Fund's and/or its subsidiaries' activities, business, portfolio companies or actual or potential investments, including with respect to entities formed to effect the acquisition and/or holding of a portfolio company (to the extent not borne or reimbursed by a portfolio company, a potential portfolio company or another Fund), including all fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to originating, identifying and sourcing of investment opportunities for a Fund, including buy-side and sell-side finders' fees and other similar deal sourcing payments, meeting with consultants, finders, broker-dealers, investment banks and other sources of investments and developing an investment pipeline; (ii) activities with respect to the pursuing, structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals, databases and/or research services), acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding-up, liquidating, dissolving or otherwise disposing of, as applicable, any holding or financing subsidiary of a Fund and a Fund's actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals,

investment bankers, lenders, expert networks, third-party diligence and deal-sourcing software and service providers, consultants and similar professionals in connection therewith, closing dinners, social and entertainment costs, after-hours meals and transportation, and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (iii) indebtedness of, or guarantees made by, a Fund (and any financing or holding subsidiary of a Fund), Arbor, a General Partner or any affiliated partner on behalf of a Fund (including any credit facility, letter of credit or similar credit support), including the repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iv) financing, commitment, origination and similar activities; (v) broker, dealer, underwriting (including both commissions and discounts), loan administration, private placement, sales, investment banker, finder and similar services; (vi) brokerage, sale, custodial, depository, local paying agent, trustee, record keeping, account, registered office and similar services (including any depository appointed pursuant to the AIFMD and any Swiss representative or paying agent appointed pursuant to the Swiss Collective Investment Schemes Act (as amended), including any law, rule or regulation relating to the implementation thereof); (vii) legal, accounting, research, auditing, administration (including fees and expenses associated with compliance with any anti-money laundering laws and regulations and any third-party administrator (including any loan administrator) and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, fairness opinions, appraisals or pricing services), consulting (including expenses relating to hiring consultants (*e.g.*, headhunter fees, background checks and relocation expenses), consulting and retainer fees, salary and other compensation paid and benefits provided to the Operating Partners, consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies and other consultants), tax and other professional services (including costs related to the establishment or maintenance of such activities or services); (viii) reporting, filings and other ongoing compliance requirements contemplated by the AIFMD (excluding, for the avoidance of doubt, the initial and/or preliminary registrations, filings and compliance obligations related thereto), including secondary legislation, regulations, rules and/or associated guidance, and any related requirements; (ix) reverse breakup, termination and other similar arrangements; (x) insurance (including directors and officers liability, fidelity bond, portfolio company management liability, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses, including any costs and expenses related to any retention or deductibles and broker fees, costs and commissions) and the costs of any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance; (xi) filing, title, transfer, survey, registration and other similar activities; (xii) printing, communications, mailing, courier, marketing and publicity; (xiii) the preparation, distribution or filing of financial statements or other reports, tax returns, tax estimates, Schedule K-1s or similar forms or other communications with partners, any other administrative, compliance or regulatory filings or reports (including Form PF and Bureau of Economic Analysis Reports) or other information, including fees, costs and expenses of any third-party service providers and professionals related to the foregoing; (xiv) compliance with any tax or financial account reporting regime, including FATCA, the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard and any similar laws, rules and regulations, including any fees, costs and expenses of any third-party service providers and professionals related to the foregoing; (xv) developing, licensing, implementing, maintaining

or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting, ledger systems, financial management and cybersecurity) or other administrative or reporting tools (including subscription-based services); (xvi) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including any costs and expenses incurred in connection with the EU Data Protection Law or Freedom Of Information Act); (xvii) to the extent provided in relevant Governing Documents or otherwise approved by a General Partner in its sole discretion, activities or proceedings of an advisory board (including any reasonable out-of-pocket costs and expenses incurred by representatives of a General Partner, advisory board members, permitted observers and other persons in attending or otherwise participating in meetings of an advisory board); (xviii) indemnification obligations (including legal and any other fees, costs and expenses incurred in connection with indemnifying any partner or other person pursuant to the Governing Documents or otherwise and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Governing Documents), except as otherwise set forth in the Governing Documents; (xix) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs and expenses of any discovery related thereto and any judgment, other award or settlement entered into in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the Governing Documents; (xx) any annual, periodic or special meeting of the partners and any other conference, meeting or webcast or other video conference with any partner(s) (in each case, including any costs associated with set-up, room and board, dining, entertainment, gifts, honorarium or speakers and other meeting or conference related costs), in each case to the extent incurred by a Fund, a General Partner or any other affiliate of a General Partner; (xxi) the Management Fee; (xxii) except as otherwise determined by a General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense if it were incurred in connection with a Fund, any expenses incurred in connection with the formation, management, operation, termination, winding-up and dissolution of any feeder vehicles related to a Fund to the extent not paid by the investors investing in such entities and any other costs and expenses related to any past or anticipated structuring or restructuring of a Fund and/or its affiliated entities; (xxiii) the termination, liquidation, winding-up or dissolution of a Fund and any legal entities owned directly or indirectly by such Fund, including portfolio companies and related entities; (xxiv) defaults by partners in the payment of any capital contributions; (xxv) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of a Fund, a parallel Fund, a General Partner, a parallel Fund general partner, an ultimate general partner, Arbor, any entities owned directly or indirectly by a Fund (including portfolio companies) and any alternative investment vehicle of a Fund or a parallel Fund, including the preparation, distribution and implementation thereof (it being understood that amendments to, and waivers, consents or approvals pursuant to, the constituent documents of a General Partner, a parallel Fund general partner, an ultimate general partner and Arbor shall only be Fund expenses hereunder to the extent such amendments, waivers, consents or approvals relate to the affairs of such Fund, parallel Fund or any alternative investment vehicle thereof); (xxvi) (A) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations),

including any legal, administrator, consulting or other third-party service provider fees, costs and expenses related thereto, any regulatory expenses of a General Partner and/or any of its affiliates incurred in connection with the operation of a Fund and any costs and expenses related to compliance with any environmental, social or governance or other investment considerations and policies applicable to a Fund, a General Partner and/or any of their respective affiliates and/or (B) any costs and expenses related to the validation or other confirmation of any payments made to a Fund or a General Partner (including as a result of any anti-money laundering laws, rules or regulations); (xxvii) any litigation or governmental inquiry, investigation or proceeding, including any costs and expenses of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for the Governing Documents; (xxviii) any experts or advisors, including independent appraisers, engaged in connection with a Fund considering, making, holding or disposing of, directly or indirectly, an investment in the same entity as one or more investment vehicles (other than such Fund) managed or controlled by its General Partner or any of its affiliates; (xxxix) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer contemplated by the Governing Documents or any limited partner's name change, internal restructuring or change in trust, registered agent or custodian; (xxx) any taxes, fees and other governmental charges levied against a Fund and/or any alternative investment vehicle and all expenses incurred in connection with any tax audit, inquiry, investigation settlement or review of a Fund and/or any alternative investment vehicle (except to the extent that a Fund is reimbursed therefor by a reimbursing partner) and any costs and expenses of or related to a tax representative, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the Governing Documents; (xxxi) distributions to the partners and other expenses associated with the acquisition, holding and disposition of investments, including extraordinary expenses (including break-up or topping fees or other liabilities or obligations incurred in connection with transactions not consummated); (xxxii) unreimbursed expenses and unpaid fees of the Operating Partners or persons engaged by the Operating Partners; (xxxiii) compliance or regulatory matters (including obtaining necessary lending or similar licenses in jurisdictions in which a Fund makes investments), except as otherwise set forth in the Governing Documents, including compliance with the Governing Documents and/or any Side Letter and similar agreement; (xxxiv) amendments to, and waivers, consents or approvals pursuant to, Side Letters and similar agreements with limited partners; (xxxv) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of a General Partner or Arbor at any trade conference, including any applicable registration fees and exhibition, sponsorship or other presentation fees, costs and expenses; (xxxvi) the cost of hosting or attending training programs, meetings or other events for portfolio companies, their executives and/or their personnel; (xxxvii) any travel (including, where appropriate as determined by a General Partner, the cost of using or chartering private aircraft or other private air travel (at a cost above the cost of corresponding first class commercial airfare), other air travel, car or ride sharing services or other modes of transportation), lodging, meals and entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxviii) any of the items listed in clauses (i) - (xxxvii) above relating to any investment, restructuring, taking public or private, disposition or other opportunity not consummated, including any opportunity offered to co-investors ("**Broken Deal Expenses**");

(xxxix) any organizational expenses; (xl) any placement fees; and (xli) any other fees, costs, expenses, liabilities or obligations approved by a Fund's advisory board;

As a general matter, Broken Deal Expenses are allocated among Fund investors regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. To the extent such fees, costs and expenses are incurred for the account or for the benefit of more than one Fund, each such Fund will bear an allocable portion of any such fees, costs, and expenses in proportion to the size of the investment made or proposed to be made by each such Fund or in such other manner as Arbor or the General Partner believes is fair and equitable to the Funds under the circumstances over time. No Fund is responsible for or will otherwise directly incur any percentage of the organizational or operating, investment or financial reporting expenses of any other of the Funds. Notwithstanding the foregoing, similar to a third-party debt financing arrangement, it is expected that the fees and expenses associated with the investment activities of a Debt Fund, including due diligence, legal, structuring, documentation expenses incurred by such Debt Fund, generally will be paid for directly, or otherwise reimbursed, by the relevant Equity Fund.

Organizational Expenses

Each Fund pays or reimburses the relevant General Partner for all organizational expenses of such Fund, subject to a maximum amount specified in the Governing Documents. The amount and type of organizational expenses varies by Fund and is further detailed in the Governing Documents of such Fund. Organizational expenses in excess of such maximum amount ("***Excess Organizational Expenses***") are applied to reduce the Management Fee payable to Arbor by the relevant Fund.

Item 6. Performance-Based Fees and Side-By-Side Management

As disclosed in Item 5 of this Firm Brochure, the General Partner of each Fund, an affiliate of Arbor through common ownership and control, is entitled to receive Carried Interest distributions, which is a form of performance-based compensation structured as a profits interest. Such a performance-based profits interest is calculated based on a share of aggregate realized profits on assets of the Fund (which is generally also subject to achieving a preferred return on invested capital as set forth in the Governing Documents). The Carried Interest share is generally 20% of the realized profits, if any, earned from each investment made by the Fund; provided that investors in certain Funds may bear a higher Carried Interest percentage if certain performance thresholds are achieved, as described in the Governing Documents. Carried Interest distributions are calculated and made to the General Partner out of the proceeds of the relevant investment at the time of realization. Each Fund's Carried Interest calculation, as well as the clawback provisions of each Fund, is further described in the relevant Fund's Governing Documents received by each investor prior to investment in such Fund.

These performance fee arrangements have been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. The General Partner of each Fund, in its sole discretion, is permitted to waive or reduce the amount of Carried Interest for certain Funds or investors in a Fund. Specifically, if

principals and employees and their respective family members and/or Operating Partner Team members are investors in a Fund, they will generally pay reduced Carried Interest or none at all.

Investors in the Funds should note that a performance-based profits interest creates an incentive for an adviser such as Arbor to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. However, Arbor believes the long-term nature of private equity fund investing mitigates such risk because the Carried Interest is calculated over the life of the Fund on the basis of realized, but not unrealized, gains, leading Arbor to focus on fundamentals when making platform investments and add-on acquisitions for the Funds. In addition, the General Partner of each Fund, through its own investment in the Fund, also puts its own capital at risk. Also, because there is a fixed investment period after which capital from investors in a Fund is only permitted to 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 Arbor would not otherwise have done so in the absence of such conflicts of interest.

Arbor manages multiple Funds with similar investment strategies on a side-by-side basis. Management of multiple vehicles on a side-by-side basis has the potential to create conflicts of interest with regard to Arbor's allocation of investment opportunities, expenses, time and attention of advisory personnel and consideration for certain transactions. Although Arbor generally makes new investments for a Fund with the same investment objectives only after a predecessor Fund is substantially invested or committed as more fully described in the applicable Fund's Governing Documents, management of side-by-side Funds can create an incentive for the Firm or its personnel to favor a Fund in which Arbor or an affiliate has a greater financial interest. To the extent that Arbor has Funds with varying Carried Interest terms (including amount, timing waterfall conditions or other terms) and/or Arbor personnel are assigned varying percentages of Carried Interest from a Fund, Arbor and such personnel are subject to potential conflicts of interest to the extent they are involved in identifying investment opportunities as appropriate for a Fund from which they are entitled to receive a higher Carried Interest percentage.

To help minimize such conflicts of interest, Arbor allocates investment opportunities which satisfy the investment parameters of more than one Fund in accordance with Arbor's policies and procedures regarding investment allocation and the applicable Governing Documents and taking into consideration certain factors, as determined in the Firm's sole discretion, which include, but are not limited to: the amount of available capital commitments of the applicable Fund(s); anticipated future capital requirements of an investment opportunity; life-cycle of the applicable Fund(s); expected time to obtain liquidity; legal, tax and regulatory considerations; and any other factors deemed relevant by Arbor. Arbor's procedures are designed to ensure that all investment decisions are made in accordance with Arbor's fiduciary duties to its Funds and without consideration of Arbor's (or its affiliates' or employees') pecuniary interest. Arbor will not allocate investment opportunities based in whole or in part on the relative fee structure or amount of fees paid by any Fund or the profitability of any Fund. Investment allocation is determined by the investment committee.

Item 7. Types of Clients

We provide investment management services to several private funds as disclosed in Item 4 of this

Firm Brochure, each of which is exempt from registration under the Investment Company Act. The Funds limit their respective investors to: (i) “accredited investors” as defined in the Securities Act of 1933, and (ii) “qualified purchasers” or “knowledgeable employees,” each as defined in the Investment Company Act, or (iii) if applicable, “qualified clients,” as defined in the Advisers Act. Investors in the Funds must also meet certain other suitability qualifications prior to making an investment in a Fund. The Funds are not registered or required to be registered under the Investment Company Act, are not made available to the general public, their securities are not registered or required to be registered under the Securities Act of 1933 and Fund interests are privately placed to qualified investors. Qualified investors include individuals or entities to which Fund interests are permitted to be sold, which generally includes (i) in the United States, people or organizations who meet certain net worth, income and/or financial sophistication requirements as described above or (ii) in other countries, as permitted by the relevant securities laws in such jurisdiction and in compliance with any foreign offering provisions applicable to Arbor and/or the Funds. The Funds typically require capital commitments from each investor of \$1 million to \$10 million, depending on the Fund, although the applicable Fund’s General Partner has, in its sole discretion, accepted lesser amounts.

The investors participating in the Funds include high net worth individuals, other investment entities, university endowments, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations, fund of funds, corporations, limited partnerships, limited liability companies or other business entities, Operating Partner Team members or other service providers retained by Arbor, and typically include, directly or indirectly, principals or other employees of Arbor and its affiliates and members of their families.

Arbor will generally pursue all appropriate investment opportunities through its Fund vehicles, subject to certain limited exceptions. Arbor, from time to time, requires additional capital in order to complete a portfolio company transaction and frequently reaches out to select investors and third parties for additional capital. These co-investments are not managed by Arbor, are not subject to custody by Arbor and are not deemed to be clients of Arbor. Nevertheless, Arbor will perform management, advisory and other services for the portfolio companies in which these co-investment vehicles invest alongside the Funds, generally at no additional cost to such vehicles except portfolio company fees and expenses (which such expenses are recorded at the portfolio company).

More specifically, opportunities to participate in co-investment transactions arise when Arbor has the opportunity for an investment in an existing or prospective portfolio company and Arbor determines that (i) an investment requires additional capital, (ii) all or a portion of the applicable opportunity is not required to be offered to a Fund, (iii) the full investment opportunity is not appropriate for a Fund, whether due to concentration restrictions contained in the Fund’s Governing Documents or otherwise or (iv) it is advantageous to offer co-investment to third parties, including Operating Partner Team members and management or founders of the applicable portfolio company. Such determinations are based on the provisions of the applicable Governing Documents, Side Letters, agreements with lenders and such other factors as Arbor will consider in its sole discretion, including those specified in its policies on investment allocation and co-investments. Subject to any restrictions contained in the Governing Documents of the relevant Fund or any Side Letter or other terms negotiated with respect to such Fund, in general no investor has a right to participate in any co-investment opportunity. Arbor’s exercise of discretion in

allocating co-investment opportunities will not always result in proportional allocations among such co-investors and such allocations can be more or less advantageous to some co-investors relative to other co-investors. When co-investment opportunities are permitted, it is possible that the size of the investment opportunity otherwise available to Arbor's Fund(s) will be less than it would otherwise have been without the inclusion of such co-investors.

While one or more investors in the Funds are on occasion invited to co-invest in a Fund's portfolio companies, Arbor is authorized in its sole discretion to offer any or all of a co-investment opportunity to investors that are not investors in the Funds. Co-investment opportunities may be made available to select Fund investors and third parties, including, without limitation, management or founders of the applicable portfolio company, co-sponsors, strategic investors, lenders, investment bankers, deal sources (including finders and consultants), other sponsors (including other private equity or venture capital firms), service providers, Operating Partner Team members, sector experts, strategic advisors, other persons or entities affiliated, associated or otherwise known to Arbor or its personnel. Certain service providers, including lenders and individuals who source transactions, are expected in the future to negotiate co-investment rights or co-investment priority rights as a component of their compensation in connection with the services provided.

Co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as a Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor purchases a portion of an investment from a Fund after such Fund has consummated its investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment; however, in certain instances, a post-closing sell-down or transfer could occur well after the Fund's initial purchase. When co-investors purchase their interest from a Fund after the Fund has consummated the investment, the price paid by co-investors is typically determined by the Fund's General Partner in its sole discretion. Where appropriate, and in Arbor's sole discretion, Arbor 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 such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund. The price may not reflect the full cost incurred by the Fund in connection with the investment, any interest charge on the co-investment amount, the cost of establishing the credit facility utilized to acquire the portfolio company (if applicable) or the risk borne by the Fund in connection with purchasing and warehousing the investment. The Funds will bear the risk that any co-investors acquiring an interest in an investment after the closing of such investment will acquire such interest on terms that do not reflect the then-current value of such investment.

As fees paid by or on behalf of co-investors in portfolio companies are not subject to a Management Fee offset and are thus retained by Arbor, the opportunity to receive such fees presents a conflict of interest in that Arbor could be incentivized to allocate a greater portion of an investment to a co-investor than it would have otherwise allocated absent such an arrangement. Arbor seeks to address any such potential conflict of interest by investing in accordance with its policies and procedures governing investment allocation and co-investments. In addition, to the

extent that Arbor engages in a secondary liquidity transaction in connection with an investment, co-investors will not necessarily receive the same liquidity options as investors in a Fund and may therefore be compelled to receive cash or continue to hold an interest in the investment, depending on the particular facts of the transaction.

In the event Arbor is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, it is possible that a Fund will consequently hold a greater concentration and have greater exposure in the related investment opportunity than was originally intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto and would result in a greater concentration of risk as a result. To mitigate such risk, each investment is subject to concentration limits as described in the relevant Fund Governing Documents. Despite these concentration limits, it is possible an investment that is not syndicated to co-investors as originally anticipated could result in a significant impact to a Fund's overall investment returns.

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

Methods of Analysis and Investment Strategies

Arbor believes its senior professionals' frequent interaction with owners and senior executives of various companies help us to identify investment opportunities for the Funds. In addition, Arbor has gathered seasoned executives and others to act as advisors and consultants to the Funds and their portfolio companies (hereinafter, the "*Operating Partner Team*"). These individuals typically have had long and established careers and background in the food and beverage industries. From time to time, Arbor reserves the right to engage traditional investment banks or brokers to generate investment opportunities and/or sales of portfolio companies. Finally, due, in our view, to our reputation as one of the largest food and beverage-focused investment firms and a value-added partner to our portfolio companies, food and beverage entrepreneurs from time to time proactively approach Arbor as a resource for financing.

As an adviser to the Funds, Arbor primarily, though not exclusively, invests in securities issued by private companies. As such, traditional securities analysis is generally not possible when formulating investment recommendations. Instead, we rely on a robust due diligence process of prospective portfolio companies in determining which to invest in on behalf of the Funds.

Arbor employs a disciplined investment process in evaluating potential investments and performs rigorous analysis of the historical and prospective performance of potential portfolio companies. Our due diligence investigation is comprehensive and includes: (a) detailed financial and operational analyses; (b) extensive face-to-face management meetings; (c) primary industry, served market, technology and competitive research; (d) customer calls and reference checks; and (e) additional company and sector specific analyses. The due diligence process is designed to verify our investment thesis by thoroughly understanding the company's strategy, market position, operations and management experience. In addition, the due diligence process includes the identification of both acquisition candidates and potential strategic buyers. Prior to any investment, we will seek to identify multiple potential exit options.

Our due diligence process is designed to ensure that each deal team benefits from the experience of our senior management and from additional Arbor colleagues who have devoted substantial portions of their careers to the particular business activity in which the prospective portfolio company is engaged. In addition, Arbor has built a network of lawyers, accountants, information technology and due diligence professionals and consultants with experience in the food and beverage industry who work in tandem with Arbor to advise on certain Fund investments from time to time.

In connection with investments in portfolio companies, the Funds generally will seek to secure board representation and appointment rights. Through this board participation right and management services provided to the portfolio companies, Arbor professionals also provide guidance to portfolio companies based upon the collective experience of our team of investment professionals. Arbor believes its depth of industry experience makes us a preferred partner for a middle-market food and beverage company. Through their prior experiences as owners, operators and advisors, we believe Arbor professionals are able to add insight and value through strategic, operating and financial recommendations to maximize growth and profit potential. Arbor often introduces add-on acquisition candidates, provides advice on the timing of asset/subsidiary divestitures and exit strategies, consults on financial structuring issues and generally provides a knowledgeable, yet objective, perspective to operating decisions. We believe this wealth of knowledge and experience can be leveraged to assist a portfolio company in defining strategic direction, refining product line expansion, identifying add-on acquisitions, evaluating competitors and facilitating strategic introductions and alliances.

Risk of Loss

Securities investments are not guaranteed and it is possible an investor in a Fund will lose money on its investments. An investment in the Funds is speculative, illiquid and long-term in nature, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in the Funds. Different or new risks not addressed below can arise in the future and, therefore, the following list is not intended to be exhaustive. Investors or prospective investors should carefully review the detailed explanation of the many risks associated with investments in the Funds as provided in the Governing Documents, which include, but are not limited to:

Investments in Private Companies

The Funds' investment portfolios are expected to consist primarily of a number of securities issued by non-public companies, and operating results in a specified period often will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Investment in Junior Securities

The securities in which the Funds will invest will likely 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 the Funds' investments once made.

Concentration of Investments; Lack of Diversification

The Funds will participate in a limited number of investments and are expected to seek to make several investments in one industry or one industry segment or within a short period of time. As a result, the Funds' investment portfolios will become highly concentrated in one sector, and the performance of one or a few holdings or of a particular industry could substantially affect their aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds will potentially invest in fewer portfolio companies and thus be less diversified.

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

Unspecified Investments

Except for the general investment guidelines of the Funds, there is no information as to the nature and terms of any future investments of the Funds that a prospective investor can evaluate when determining whether to invest in the Funds. Investors will not have an opportunity to evaluate for themselves or to approve a Fund's investments. Investors will be relying on the ability of Arbor to locate and evaluate the investments to be made by the Funds using the proceeds of this offering. The activity of identifying, structuring, completing and realizing private equity investments involves a high degree of uncertainty and is subject in some cases to the prevailing capital market, regulatory or political environment. There can be no assurance that Arbor will be able to identify, or the Funds will be able to complete, portfolio investments that satisfy the Funds' rate of return objectives or, if completed, realize such investments for fair or attractive values or that the Funds will be able to fully invest its committed capital.

Lack of Sufficient Investment Opportunities; Competition

The activity of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. The Funds will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds, investing directly or through affiliates, and other private equity funds. Over the past several years, an ever-increasing number of investment funds have been or are being formed, and many existing funds have grown in size. Other funds with similar investment objectives to the Funds likely will be formed in the future by other unrelated parties. Some of these competitors will have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than Arbor, the Funds and their respective affiliates.

In a highly competitive environment, valuations of potential target companies often will rise to historically high levels (as measured by multiples of EBITDA). Arbor expects that competition for appropriate investment opportunities will often increase, which in certain cases will also require a Fund to participate in auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to a Fund and/or adversely affecting the terms

upon which investments in portfolio companies can be made. Additionally, the Funds are likely to incur bid, due diligence or other costs on unconsummated investments. As a result, the Funds will potentially be unable to recover such costs, which would adversely affect returns.

To the extent that the Funds encounter significant competition for investments, returns to investors can decrease. In addition, it is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified and consummated. Regardless of the extent to which commitments are invested (or drawn down to be invested), investors will be required to bear the Management Fee through a Fund during the commitment period based on the entire amount of investors' commitments and other expenses as set forth in the relevant Governing Documents.

In addition, the food and beverage industry is highly competitive and there can be no assurance that the Funds' investments can compete successfully with other companies in the industry. Numerous brands and products compete for shelf space and sales, with competition based on, among other things, product quality, convenience, price, brand recognition and loyalty, customer service, effective advertising and promotional activities and the ability to identify and satisfy emerging consumer preferences. The companies the Funds expect to acquire will compete with a significant number of companies of varying sizes, including divisions or subsidiaries of larger companies. A number of these competitors will have broader product lines, substantially greater financial and other resources available to them, lower fixed costs and/or longer operating histories than the companies the Funds acquire. There can be no assurance that the companies the Funds acquire can compete successfully with such other companies. Competitive pressures, escalating commodity costs, or other factors can cause the products produced by the companies the Funds acquire to lose market share or result in significant price erosion, which can have a material adverse effect on the Funds' business, financial condition and results of operations.

Dynamic Investment Strategy

While Arbor generally intends to seek attractive returns for the Funds primarily through the investment strategy and methods described herein, Arbor reserves the right to pursue additional investment strategies, methods, processes and/or techniques and/or modify or depart from its initial investment strategies, method processes and/or techniques to the extent it determines appropriate and consistent with the relevant Governing Documents. Arbor reserves the right to pursue investments outside of the industries and sectors in which the principals have previously made investments or have internal operational experience.

Impact of Government Regulation, Reimbursement and Reform

Certain industry segments in which the Funds are permitted to invest are (or have the potential to 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 are also highly dependent upon various government (or private) programs or policies. While the Funds and their portfolio companies will seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries are complex, can be ambiguous and/or can 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, programs or policies, can have a material adverse effect on the operations and/or financial performance of the Funds and their portfolio companies.

The SEC has proposed and enacted significant rules that will impact the business of Arbor 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 Arbor and its affiliates, the Funds and/or their investments. In addition, the Funds are expected to bear increased and significant costs as a result of such enacted and proposed rules, including costs related to investor reporting and disclosures to investors. 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. In addition, following the applicable compliance date, such regulations will require Arbor to disclose to prospective investors and/or investors certain preferential terms negotiated by investors in connection with their investment in the Funds, which has the potential to result in Arbor being less willing to agree to any such preferential terms with any potential investor. Certain rules are or can 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 such rules.

Illiquidity; Lack of Current Distributions

An investment in the Funds should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments can be realized before gains on successful investments are realized. The Funds' ability to dispose of investments can be limited for several reasons. Illiquidity can result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale by the Funds. Dispositions of investments can be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In view of these limitations on liquidity, the Funds generally will not be able to return capital or realize gains, if any, on an investment in a privately-held entity until the partial or complete disposition of such entity. While an investment can 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 will be no current return on the investment. Furthermore, the expenses of operating a Fund (including the Management Fee payable to Arbor) can exceed its income, thereby requiring that the difference be paid from a Fund's capital, including unfunded commitments.

Leveraged Investments; Borrowing

The Funds are permitted to make use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance a portion of its investment. Leverage generally magnifies both the Funds' 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 can be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it can be difficult to obtain or maintain the desired degree of leverage.

The use of leverage will likely impose restrictive financial and operating covenants on a company, in addition to the burden of debt service, and can impair 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 can accelerate and magnify declines in the value of a 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 Funds. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, the Funds can suffer a partial or total loss of capital invested in the portfolio company, which can adversely affect the returns of the Funds. 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, it is possible such Fund will not achieve an exit multiple or enterprise valuation consistent with its forecasts. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, a Fund will hold a larger than expected equity investment in such portfolio company and can realize lower than expected returns from such portfolio company which would adversely affect a Fund's ability to generate attractive returns for such Fund as a whole. Furthermore, the companies in which the Funds will invest generally will not be rated by a credit rating agency. Except where otherwise required by the Governing Documents, the Funds will not be obligated to borrow on behalf of their respective portfolio companies, even in circumstances where the Funds' creditworthiness would permit borrowing at a lower rate than is available to the applicable portfolio company.

The Funds are also permitted to borrow money or guaranty indebtedness (such as a guaranty 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 the Funds would be compensated for providing such guarantee or exposure to such liability. The use of leverage by the Funds generally also will result in fees, interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of its investments. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage is permitted to remain outstanding. The Funds generally are permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other investment funds and/or other entities managed by or otherwise affiliated with Arbor or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and can 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 Funds will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent the Funds incurs leverage (or provides such guaranties), such amounts are permitted to be secured by the commitments of the Funds' investors and such investors' contributions can be required to be made directly to the lenders instead of the applicable Fund. The inability of a Fund to repay any leverage secured by the commitments of a Fund's investors can enable a lender to issue a capital call on behalf of Arbor. Certain U.S. tax-exempt investors can recognize "unrelated business taxable income" within the meaning of Section

512 of the relevant tax code (“UBTI”) as a result of borrowings or guarantees by a Fund or certain entities in (or through) which a Fund invests.

Bridge Financings

The Funds are permitted to lend or make other contributions to one or more of its properties or investments on a short-term, unsecured basis in anticipation of a future issuance of more permanent, long-term equity or debt securities. However, for reasons not always in the Funds’ control, such long-term securities could potentially not be issued, and such bridge loans can remain outstanding. In such event, the interest rate, coupon or other return on such loans or other contributions generally would not adequately reflect the risk associated with the unsecured position taken by the Funds.

Subscription Lines

The Funds generally are permitted to enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Funds’ investments). The Funds’ use of such facilities will be determined by Arbor, and the performance of the Funds can be impacted by how Arbor causes the Funds to utilize such facilities. Although the use of such a facility has the potential to increase the Funds’ ability to swiftly invest capital, it also will cause the Funds to incur interest expense and other costs and subject investors to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of Arbor’s right to call capital from investors, investors can be obligated to contribute capital on an accelerated basis if a Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any investor claim against a Fund would likely be subordinate to a 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 a Fund’s investors and the terms of the relevant Governing Documents, it could be higher than the interest rate an investor could obtain individually. To the extent a particular investor’s cost of capital is lower than a Fund’s cost of borrowing, Fund-level borrowing can negatively impact an investor’s overall individual financial returns even if it increases a 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 investors to make contributions to a Fund, or result in short-term gains to a Fund, which in certain circumstances enhances such Fund’s internal rate of return calculations and thereby can be deemed to benefit the marketing efforts of Arbor and its affiliates and increases the likelihood that any hurdle or preferred return component in a Fund’s Carried Interest arrangements will be met. 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. 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 commitment period, and cause

or defer a related change in the basis of a Fund's Management Fee calculation under the relevant 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 Arbor 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 Funds nor investors are required to be compensated for providing the relevant guarantee(s) or be subject to the related costs, expenses and/or liabilities in their entirety, including co-investors' or potential co-investors' proportionate share of such amounts, which are expected to be borne exclusively by the Funds.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of the Funds and investors or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on Arbor's ability to consent to the transfer of an investor's interest in a Fund or impose concentration or other limits on a Fund's investments, and/or financial or other covenants, that could affect the implementation of such Fund's investment strategy. In addition, in order to secure a subscription line, Arbor is permitted to request certain financial information and other documentation from investors to share with lenders. Arbor will have significant discretion in negotiating the terms of any subscription line and can agree to terms that are not the most favorable to one or more investors. 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 a Fund, resulting in 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 Arbor to fund investments and pay Fund expenses without calling capital, potentially for extended periods of time. To the extent provided in the Governing Documents, any such borrowing is permitted to remain outstanding for such time as Arbor deems appropriate, potentially including through disposition of such investment, and the interest expense and other costs of any such borrowings will be Fund expenses that decrease net returns of a Fund. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line has the potential to cause short-term liquidity concerns for investors that would not arise had Arbor called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for an investor 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 an investor to meet the accumulated, larger capital calls at the same time. Arbor is authorized to use Fund-level borrowing to pay Management Fees and to reimburse Arbor for expenses incurred on behalf of the Funds. The Funds are also permitted to utilize Fund-level borrowing when Arbor expects to repay the amount outstanding through means other than investor capital, including as a bridge for equity or debt capital with respect to an investment. If the Funds ultimately are unable to repay the borrowings through those other means, investors would end up with increased exposure to the underlying investment, which can result in greater losses.

If an investment appreciates in value and is disposed of prior to repayment, a Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, the absence

of invested capital funded by investors potentially will result in 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 investors and increase the potential Carried Interest for Arbor, as reduced by the interest incurred by such Fund. Subject to the limitations in the relevant Governing Documents, this scenario potentially incentivizes Arbor to permanently fund the acquisition and ongoing capital needs of investments of the Funds 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 can 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).

No Market for Interests; Restrictions on Transfer; No Right of Withdrawal

Investor interests in the Funds generally are not permitted to be, directly or indirectly, transferred, sold, assigned, pledged or otherwise encumbered without the prior written consent of Arbor, which is permitted to be withheld pursuant to the Governing Documents, and the volume of transfers permitted in any calendar year will be restricted in order to comply with certain safe harbors under the tax regulations promulgated under the relevant tax code. Voluntary withdrawals from the Funds will not be permitted except in very limited circumstances generally involving situations where retaining an interest in the Funds would violate certain applicable laws, rules or regulations, or otherwise have a detrimental effect on the Funds. In addition, interests in the Funds are not redeemable. There is no public market for interests in the Funds, and none is expected to develop. Interests in the Funds have not been registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any non-U.S. jurisdiction and therefore cannot be resold unless they are subsequently registered under the Securities Act and any other applicable securities laws, or unless an exemption from such registration is available. It is not contemplated that registration of the interests in the Funds will ever be effected. Investors will potentially not be able to liquidate their investments prior to the end of a Fund's term and must be prepared to bear the risks of an investment in a Fund for an indefinite period of time.

Investments Longer than Term

A Fund could make investments that are not advantageously disposed of prior to the date such Fund is dissolved, either by expiration of a Fund's term or otherwise, and a Fund's term may be extended to facilitate the wind-down of such Fund. Although Arbor generally expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, Arbor has a limited ability to extend the term of a Fund, and such Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. To the extent that such investments are held in trust, the trust can incur operating and formation expenses. In addition, there can be no assurances with respect to the timeframe in which the winding-up and the final distribution of proceeds to investors will occur.

Reliance on the General Partner and Portfolio Company Management

Control over the operation of the Funds, including decisions with respect to structuring, negotiating and purchasing, financing and eventually divesting investments on behalf of the Funds, as such decisions will be vested with Arbor. Consequently, the Funds' future profitability and investment performance will depend largely upon the business and investment acumen of the principals and other investment professionals employed or retained by Arbor. The loss or reduction of service of

one or more of the principals can have an adverse effect on the Funds' ability to realize its investment objectives – in particular, given that a key person event will be triggered under the relevant Governing Documents if Gregory Purcell fails to meet the time and attention requirements set forth therein, the loss or reduction of service of Mr. Purcell alone would likely have a detrimental impact on the Funds. In addition, the success of the Funds will depend, in large part, upon the skill and expertise of Arbor's investment professionals. Over the life of the Funds, Arbor expects to hire additional investment professionals and expects that certain of its existing investment professionals will leave the Firm. There is competition among alternative asset firms, financial institutions, private equity firms, investment managers and other industry participants with respect to hiring and retaining qualified investment professionals. If Arbor is unable to hire qualified investment professionals, or if any of Arbor's existing investment professionals join or form a competing firm, become incapacitated or in some other way cease to participate in investment activities of the Funds, the Funds' performance can be adversely affected.

Moreover, the principals currently manage, and expect in the future to manage or advise, other investments (including family office investments) and/or investment funds besides the Funds, and the principals expect that they will need to devote substantial amounts of their time to the investment activities of such other investments (including family office investments) and/or funds, which will pose potential conflicts of interest in the allocation of the time of the principals. Investors generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend on the actions of Arbor. In addition, certain changes in Arbor or circumstances relating to the Firm can have an adverse effect on the Funds or one or more of its portfolio companies, including potential acceleration of debt facilities. Furthermore, there can be no assurance that a Fund's investments will achieve results similar to those attained by previous investments of the principals. In addition, a Fund's investments could potentially differ from previous investments made by the principals in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure and holding period.

The success of many of the Funds' portfolio companies is heavily dependent on the management of such companies. Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Additionally, Arbor generally will establish the capital structure of companies in which the Funds invest on the basis of financial projections for such companies, which will contain significant judgment and input from the portfolio company management team. Although Arbor will be responsible for monitoring the performance of each portfolio company, and the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the existing management team, or any successor, will be able or willing to successfully operate a company in accordance with a Fund's objectives. Portfolio companies are expected to attract, retain and develop executives and members of their management teams. The market for executive talent can be extremely competitive. There can be no assurance that the management team of a portfolio company on the date a portfolio investment is made will remain the same or continue to be affiliated with the company throughout the period the portfolio company is held by a Fund. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain

suitable members of its management team and, as a result, the Funds can be adversely affected thereby.

Projections

The Funds are permitted to use financial projections to help analyze potential investments, future capital raises and financing for portfolio companies or other transactions. 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 Arbor 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. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values. There can be no assurance that the results set forth in the projections will be attained, and actual results can be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Risks in Effecting Operating Improvements

In some cases, the success of a Fund's investment strategy will depend, in part, on the ability of a Fund to effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. In addition, executing operational improvements is expected to divert the attention of key personnel and disrupt normal business. There can be no assurance that a Fund will be able to successfully identify and implement such improvements or that any such successfully implemented improvements will result in a return on invested capital with respect to such portfolio company.

Risks Relating to Due Diligence of and Conduct at Portfolio Companies; Expedited Transactions

Before making investments, Arbor will typically conduct such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence entails evaluation of important and complex business, financial, tax, accounting, technical, environmental, regulatory and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties can be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto, and Arbor reserves the right to rely on the advice received from such third parties. Investment analyses and decisions by Arbor will often be undertaken on an expedited basis in order for the Funds to take advantage of investment opportunities and/or consummate investments. In such cases, the information available to Arbor at the time of an investment decision can be limited, and the Arbor may not have access to the detailed information necessary for a full evaluation of the investment opportunity. The due diligence investigation carried out with respect to any investment opportunity will not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return on invested capital.

Conflicting Investor Interests

Investors are expected, from time to time, to have conflicting investment, tax, and other interests with respect to their investments in the Funds, including conflicts relating to the structuring and timing of investment acquisitions and dispositions. As a consequence, conflicts are expected to arise in connection with decisions made by Arbor regarding an investment that could be more beneficial to one investor than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, Arbor generally will consider the investment, tax and other relevant objectives of the Funds and its investors as a whole, not the investment, tax, or other objectives of any investor individually.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes

There continues to be discussions regarding enhanced governmental scrutiny and/or increased regulation and examination of, and enforcement and similar action taken against, the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve their investment objectives.

The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the 2007-2008 downturn in the U.S. and global financial markets, could complicate or prevent the Funds' efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, the Funds can potentially invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than they otherwise would have.

In perhaps the most sweeping of rulemaking changes, on August 23, 2023, the SEC adopted new rules and amendments (collectively, the "Private Fund Rule") to existing rules under the Advisers Act specifically related to advisers to private funds. In particular, the Private Fund Rule (i) requires quarterly reporting by registered private fund advisers to investors concerning performance, fees and expenses; (ii) requires registered investment advisers to obtain an annual audit for private funds; (iii) requires registered investment advisers to obtain a fairness opinion or a valuation opinion and make certain disclosures in connection with adviser-led secondary transactions; (iv) imposes limitations and new disclosure requirements regarding preferential treatment of investors in private funds in side letters or other arrangements with the adviser; and (v) prohibits advisers to private funds from taking certain actions without providing disclosures to investors and, in some cases, without obtaining investor consent. The Private Fund Rule is expected to have a significant effect on Arbor, the Funds and their operations, including increased compliance burdens and associated regulatory costs, increased investor reporting and disclosures to investors, enhanced risk of regulatory action and additional regulatory uncertainty. Significant time and resources are expected to be required to comply with the Private Fund Rule, which potentially will detract from the time and resources dedicated to the Funds.

In addition, in recent years, the Antitrust Division of the Department of Justice and the Federal Trade Commission have been more aggressive in evaluating potential anti-competition concerns

with respect to certain strategies of private equity sponsors, including “roll-up” strategies where a sponsor ultimately acquires a significant share of an industry through a series of smaller transactions. Such regulatory focus (including enforcement activity) could result in additional costs in connection with acquisitions and dispositions and other adverse impacts to a Fund’s investments.

In light of the heightened regulatory environment in which the Firm operates and the ever-increasing regulations applicable to private investment funds and their investment advisers, it has become increasingly expensive and time-consuming for Arbor and its affiliates to comply with such regulatory reporting and compliance-related obligations. Any further increases in the regulations applicable to private investment funds generally or the Funds or Arbor in particular can result in increased expenses associated with the Funds’ activities and additional resources of Arbor being devoted to such regulatory reporting and compliance-related obligations, which can reduce overall returns for investors in the Funds or have an adverse effect on the ability of the Funds to effectively achieve their investment objective. Increased reporting, registration and compliance requirements could divert the attention of personnel and the management teams of Arbor and can furthermore place the Funds at a competitive disadvantage to the extent that Arbor is required to disclose sensitive business information.

As private equity firms and other alternative asset managers become more influential participants in the U.S. and global financial markets and economy generally, the private equity industry has recently been subject to criticism by some politicians, regulators and market commentators. Elements of organized labor and other representatives of labor unions have embarked on a campaign targeting private equity firms on a variety of matters of interest to organized labor, including with respect to affording favorable treatment or significant deference to organized labor and labor unions in dealings with portfolio companies. There can be no assurance that the foregoing will not have an adverse impact on Arbor or the Funds or otherwise impede the Funds’ activities.

Need for Follow-On Investments

Following its initial investment in a given portfolio company, a Fund is expected to decide, from time to time, to provide additional funds to such portfolio company or will have the opportunity to increase its investment in a successful 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 the Funds will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments can have a substantial negative effect 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). Additionally, such failure to make such investments can result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of a Fund’s ownership in a portfolio company if a third party or co-investor is permitted to invest in such portfolio company.

Over-Commitment

In order to facilitate the acquisition of a portfolio company, the Funds are permitted to make (or commit to make) an investment in such company with a view to selling a portion of such

investment to co-investors or other persons prior to or within a brief period after the closing of the acquisition. In such event, the Funds will bear the risk that any or all of the excess portion of such investment will potentially not be sold or will only be sold on unattractive terms, including, for example, the risk that a portion of the investment will be syndicated at a reduced cost, at cost, or at a lower amount at a time when Arbor 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 syndication is made, Arbor's interest in limiting a 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, a Fund would be required to: (i) bear the entire portion of any breakup, 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.

Significant Adverse Consequences for Default

The Governing Documents provide for significant adverse consequences in the event an investor defaults on its commitment or any other payment obligation. In addition to losing its right to potential distributions from a Fund, Arbor reserves the right to cause a defaulting investor to transfer its interest in a Fund for an amount that is less than the fair market value of such interest and be paid over a period of up to ten (10) years, without interest. Whether and how to exercise Arbor's remedies against a defaulting investor will be in the sole discretion of Arbor, and Arbor reserves the right to require the non-defaulting investors to contribute capital to make up for the shortfall created by such defaulting investor. In addition, if an investor fails to pay installments of its commitment when due, and the contributions made by non-defaulting investors and borrowings by a Fund are inadequate to cover the defaulted amount, such Fund may be unable to pay its obligations when due. As a result, a Fund can be subjected to significant penalties that can materially adversely affect the returns to investors (including non-defaulting investors).

Dilution

Investors admitted to a Fund or that increase their respective commitments to a Fund at subsequent closings generally will participate in then-existing investments of a Fund, thereby diluting the interest of existing investors in such investments. Although any such new investor will be required to contribute its pro rata share of previously made capital contributions plus an additional amount thereon as set forth in the applicable Governing Documents, there can be no assurance that this contribution will reflect the fair value of a Fund's existing investments at the time of such contributions.

Transfer by General Partner

To the extent Arbor, its partners, the principals and/or their respective affiliates commit to make a direct or indirect investment in or alongside a Fund, a material participation in or a portion of such investment is permitted to thereafter be transferred to others, subject to any express limitations thereon in the Governing Documents.

Minority Investors

It is possible that a third-party could acquire a minority ownership interest in Arbor or an affiliate thereof. The existence of a minority investor can raise certain potential conflicts of interest. Specifically, a minority investor can be an investor, or subsequently invest, in the Funds and have minority economic interests in Arbor and, in such capacity, would be entitled to receive a portion of the Carried Interest and/or a portion of the net fee income to which Arbor would otherwise be entitled. Arbor does not expect that any minority investor would be involved in the management of the Funds or Arbor. The existence of these minority economic interests has the potential to diminish the alignment of a minority investor's interests with the other applicable Fund investors. Additionally, a minority investor can have relationships with other investment vehicles and accounts that could give rise to potential conflicts of interest. For example, a minority investor and/or its affiliates can sponsor, advise, underwrite, manage or invest in other investment vehicles and accounts that pursue investment strategies similar to those of the Funds. Such activities can adversely affect the Funds; for example, a minority investor and/or its affiliates can compete with a Fund for investment opportunities, and Arbor expects that a minority investor would be under no obligation to share any investment opportunity, idea or strategy with such Fund or Arbor.

Recycling; Reinvestment

Arbor generally has the right to recall certain capital returned or distributed to investors. Accordingly, during the term of a Fund, an investor is expected to be required to make capital contributions in excess of its commitment (with certain limitations), and to the extent such recalled or retained amounts are reinvested in investments, an investor will remain subject to investment and other risks associated with such investments.

Fees and Expenses

The Funds will pay and bear all expenses related to its operations, including Management Fees and the costs of acquiring, holding, monitoring, maintaining and disposing of portfolio companies, including investment banking fees and consulting fees, whether or not the Funds make any profits. While it is difficult to predict the future expenses of a Fund, such expenses are expected to be substantial and have the potential to surpass a Fund's operating income. The amount of these Fund expenses will reduce the actual returns realized by investors on their investment in a Fund (and can, in certain circumstances, reduce the amount of capital available to be deployed by a Fund for investments). Fund expenses include recurring and regular items, as well as extraordinary expenses for which it can be hard to budget or forecast. As a result, the amount of Fund expenses ultimately called or called at any one time can exceed expectations.

Control Person Liability

The Funds are expected to have controlling interests in a number of their respective portfolio companies. The exercise of control over a company will impose additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws and regulations) and other types of liability, for which the limited liability generally afforded to investors can be ignored. In particular, if determined to be a direct owner or operator of any of the portfolio company's facilities or operations, the Funds could face strict, joint and several liability under environmental laws for hazardous substance or contamination-related liabilities. If any such liabilities were to arise, the Funds will likely suffer significant losses. While Arbor intends to

manage the Funds in a manner that will minimize the exposure of these risks, the possibility of successful claims against the Funds and/or their affiliates cannot be precluded.

Public Company Holdings

The Funds' investment portfolios are permitted to contain debt and/or equity securities issued by publicly held companies. Such investments subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the principals, and increased costs associated with each of the aforementioned risks.

Non-Controlling Investments

The Funds are permitted to hold meaningful minority stakes in privately held companies and in some cases will have limited minority protection rights. In addition, during the process of exiting investments, the Funds at times can hold minority equity stakes of any size such as can occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that the Funds can hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where the Funds hold a minority stake, it can be more difficult for the Funds to liquidate their interests than it would be had the Funds owned a controlling interest in such company. Even if a Fund has contractual rights to seek liquidity of the Fund's minority interests in such companies, it can be very difficult to sell such interests or seek a sale of such company upon terms acceptable to such Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it will not have unilateral control of such portfolio company. To the extent a Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio companies can be controlled or influenced by persons and/or entities who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of a Fund or its investors. Such third parties will potentially be in a position to take action contrary to a Fund's business, tax or other interests, and a Fund will likely not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, the Funds generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that the Funds will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

Director Liability

Arbor expects that the Funds will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests (each, a "Board Representative"). In those instances where a Fund is not the sole shareholder of the applicable portfolio company, a Board Representative may have duties to

persons and/or entities other than such Fund. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Board Representative, and ultimately a Fund, to potential liability. It is possible that not all portfolio companies will obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain could be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from a Fund's investment activities.

Liability of Limited Partners

The Funds have been organized as Delaware limited partnerships. Generally, an investor should not be personally liable for the obligations of a Fund or required to make contributions to a Fund in excess of its commitment, except to the extent required by the relevant Governing Documents or the Delaware Revised Uniform Limited Partnership Act (the "Partnership Act"). In addition, any investor's commitment is susceptible to risk of loss as a result of any liability of a Fund irrespective of whether such liability is attributable to an investment to which such investor did not contribute any capital.

Litigation

The transactional nature of the business of the Funds exposes the Funds, Arbor and their respective affiliates generally to the risk of third-party litigation. As such, in the ordinary course of its business, the Funds can be subject to litigation from time to time. Additional regulation could also increase the risks of third-party litigation. Under the relevant Governing Documents, the Funds generally will be responsible for indemnifying Arbor, certain of its affiliates and certain other persons and entities for costs they may incur with respect to such litigation not covered by insurance. The outcome of such proceedings can materially and/or adversely affect the value of the Funds and can continue without resolution for long periods of time. Any litigation has the potential to consume substantial amounts of Arbor's and the principals' time and attention, and that time and the devotion of these resources to litigation will, at times, be disproportionate to the amounts at stake in the litigation.

Advisory Board

Arbor will appoint one or more investor representatives to the Advisory Board. The Governing Documents will provide that to the fullest extent permitted by applicable law, none of the Advisory Board members in respect of the activities of the Advisory Board shall owe any fiduciary duties to the Funds or any other investor. Members of the Advisory Board are expected to have potential conflicts of interest that do not disqualify such members from voting or consenting to matters submitted by the Advisory Board for consideration or review. Members of the Advisory Board are permitted to have various business and other relationships with Arbor and their respective members, partners, managers, directors, officers, employees and affiliates. These relationships have the potential to influence their decisions as members of the Advisory Board. To the extent that an investor is not represented by a representative of the Advisory Board, such investor will have no influence over matters submitted to the Advisory Board for review or approval.

To the extent members of the Advisory Board vote regarding conflicts or otherwise participate in matters involving a vote or action, such members may not vote solely in accordance with their interests related to a Fund and may vote in a manner that is beneficial to such members' other

interests at the expense of Fund, including, for example, if such a member has an investment in another investment vehicle and may be required to vote on issues regarding conflicts between such Fund, on one hand, and such other investment vehicle, on the other hand. Such members are unrestricted from voting and have the potential to affirmatively vote in a manner that is in their own interest and adverse to the interest of other investors. To the extent members of an advisory board vote regarding conflicts or otherwise participate in matters involving a vote or action, such members may not vote solely in accordance with their interests related to one Fund vis a vis another Fund, including for example, if such a member is required to vote on issues regarding conflicts between the Funds. Such members are unrestricted from voting and have the potential to affirmatively vote in a manner that is in their own interest and adverse to the interest of other limited partners. Finally, advisory board members may choose to abstain from voting on certain issues, which means that certain votes and issues could be decided only by non-abstaining members and less than a complete group of advisory board members.

For example, a conflict of interest could arise in the event the Advisory Board or the advisory board of another Arbor-advised fund on which such members serve is requested to provide consent with respect to a transaction involving a conflict of interest between two or more Arbor-advised funds. Advisory Board members and members of the advisory boards of other Arbor-advised funds are not required nor are they likely to recuse themselves from any such vote. However, Advisory Board members can choose to abstain from voting on certain issues, which means that certain votes and issues will be decided only by non-abstaining members and less than a complete group of Advisory Board members.

Tax Considerations Differ for Each Limited Partner

It is expected that investors in the Funds will be residents, for tax purposes, in many different jurisdictions. No attempt is made herein to summarize the tax consequences for each prospective investor of acquiring, holding or disposing of an interest in a Fund depending on such investor's particular tax characteristics. The tax position of investors in a Fund can differ according to an investor's particular financial and tax situation and accordingly the structure of a Fund and its investments will potentially not be tax efficient for any particular prospective investor. No undertaking is given that amounts distributed or allocated to investors will have any particular tax characteristics or that any specific tax treatment will be enjoyed. Further, no assurance is given that any particular investment structure in which a Fund has a direct or indirect interest will be suitable for all investors and, in certain circumstances, such structures can lead to additional costs or reporting obligations for some or all of investors. Each prospective investor should consider its own tax position in relation to acquiring, holding and potentially disposing of an interest in a Fund, consulting its tax advisor as appropriate.

Uncertain Economic, Social and Political Environment

Consumer, corporate and financial confidence has the potential to be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, virus or disease epidemics or other sources of political, social or economic unrest. Such erosion of confidence can lead to or extend a localized or global economic downturn. A climate of uncertainty can 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 investments, in an uncertain environment or economic downturn can have an adverse effect on the economy generally, on the ability of the Funds and their portfolio companies to execute their respective operations and to receive an attractive multiple of earnings on the disposition of businesses. This could slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn can have an adverse effect upon the Funds' portfolio companies.

Market Conditions

The capital markets have experienced great volatility and financial turmoil. The private equity industry generally, and the success of the Funds' investment activities specifically, will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls and national and international political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by Arbor. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) can have an adverse effect on market conditions. General fluctuations in the market prices of securities, commodities and economic conditions generally can reduce the availability of attractive investment opportunities for the Funds and could affect the Funds' ability to make investments. Instability in the markets and economic conditions generally (including a slowdown in economic growth and/or changes in interest rates or foreign exchange rates) have the potential to increase the risks inherent in the Funds' investments and can have an adverse impact on the performance and/or valuation of the Funds' portfolio companies. The Funds' performance can be affected by deterioration in the capital markets and by market events, such as the ongoing Russia-Ukraine Conflict, the ongoing tension between China and Taiwan arising from China's "One China" principle, the ongoing conflict between Israel and Hamas, the COVID 19 pandemic in 2020, the onset of the credit crisis in the summer of 2007 and the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value certain privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates can adversely affect the value of investments in portfolio companies and the Funds' performance. Volatility and illiquidity in the financial sector could have an adverse effect on the ability of the Funds to sell and/or partially dispose of their portfolio company investments. Such adverse effects could include the requirement of the Funds to pay break-up, topping, termination or other fees and expenses in the event the Funds are not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Funds to dispose of investments at prices that Arbor believes reflect the fair value of such investments. The impact of market and other economic events can also affect the Funds' ability to raise funding to support its investment objective. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in an investment's capital structure.

Increase in Market Interest Rates

If interest rates increase, so could the Funds' interest costs for new debt, including variable-rate debt obligations under any credit facility or other financing. This increased cost can make the financing of any development or acquisition more costly. Rising interest rates have the potential to limit a Fund's ability to refinance existing debt when it matures or cause it to pay higher interest

rates upon refinancing, which would adversely impact liquidity and profitability. In addition, an increase in interest rates can decrease the access third parties have to credit or the amount they are willing to pay for a Fund's assets.

Inflation and Deflation

As inflation increases, the real value of the Funds' respective investments can decline. Deflation could have an adverse effect on the creditworthiness of portfolio companies in which the Funds invests and can make defaults more likely, which can result in a decline in the value of the Funds' respective investments.

Inflation can potentially affect the Funds' performance in a number of ways. During periods of rising inflation, interest rates of any floating-rate instruments held by a Fund or issued by its subsidiaries could increase, which would tend to reduce returns for investors. The market value of a Fund's investments could potentially decline in value in times of higher inflation rates. Some of a Fund's investments could have income linked to inflation, whether by regulation or contractual arrangement or other means. However, as inflation can affect both income and expenses, any increase in income could potentially not be sufficient to cover increases in expenses.

In an attempt to stabilize inflation, governments will likely impose wage and price controls or otherwise intervene in a country's economy. Governmental efforts to curb inflation, including by increasing interest rates or reducing fiscal or monetary stimuli, often have negative effects on the level of economic activity. Certain countries, including the United States, have recently seen significantly increased levels of inflation, and persistently high levels of inflation can have a material and adverse impact on the Funds' respective investments and their aggregated returns. For example, if a portfolio company were unable to increase its revenue while the cost of relevant inputs were increasing, the company's profitability would likely suffer. Likewise, to the extent a portfolio company has revenue streams that are slow or unable to adjust to changes in inflation, including by contractual arrangements or otherwise, the portfolio company could increase revenue by less than its expenses increase. Conversely, as inflation declines, a portfolio company may see its competitors' costs stabilize sooner or more rapidly than its own.

Moreover, as inflation increases, the real value of the interests in the Funds and distributions therefrom can decline. If the Funds are unable to increase the revenue and profits of their investments at times of higher inflation, it can be unable to pay out higher distributions to investors to compensate for the relative decrease in the value of money, thereby affecting the expected return of investors. Because the preferred return is not linked to the rate of inflation, as the rate of inflation increases, the proportion of real returns (i.e., the nominal rate of return less the rate of inflation) treated as preferred return decreases and the proportion of real returns subject to performance-based compensation increases. The Funds can also be adversely affected if the market value of its investments declines during times of higher inflation.

Financial Institution Risk; Distress Events

An investment in the Funds 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 Funds' (or any portfolio company's) assets fail 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, Arbor, the Funds and/or any of their respective 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 Arbor to manage the Funds and their investments, and on the ability of Arbor, the Funds or any portfolio companies to maintain operations, which in each case has the potential to result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses can include: a loss of funds; an obligation to pay fees and expenses in the event the Funds are 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 Funds to access capital contributions or otherwise); the inability of the Funds to acquire or dispose of investments, including at prices that Arbor believes reflect the fair value of such investments; and/or the inability of portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access a Financial Institution’s services, it is also possible that Arbor will experience operational burdens and expenses, and the Funds or the portfolio companies 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 Arbor 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 the Funds 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 the Funds, 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 Arbor and/or the Funds maintain all or a set amount or percentage of their respective accounts or assets with such Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although Arbor seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, Arbor is under no obligation to use a minimum number of Financial

Institutions with respect to the Funds, or to maintain account balances at or below the relevant insured amounts.

Material, Non-Public Information

As a result of the operations of Arbor and its affiliates, as well as in connection with officerships and directorships of Arbor's personnel, Arbor is likely to come into possession of confidential or material, non-public information. Therefore, Arbor and its affiliates are likely to have access to material, non-public information that could be relevant to an investment decision to be made by the Funds. Consequently, the Funds could be restricted from initiating a transaction or selling an investment which, if such information had not been known to them, could have been undertaken on account of applicable securities laws or Arbor's internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

Potential Conflicts of Interest

The material conflicts of interest that a Fund encounters include those discussed below and elsewhere in this Brochure. The following summary is not intended to be an exhaustive list of all conflicts or their potential consequences. Identifying potential conflicts of interest is complex and fact intensive and it is not possible to foresee every conflict of interest that will arise during a Fund's life. Investors should be aware that various actual and potential conflicts will arise from the overall investment activities of the Fund, Arbor and their respective affiliates. The following discussion identifies certain potential conflicts of interest that should be carefully considered before making an investment in the Funds. In addition, investors should be aware that Arbor and their respective personnel can in the future engage in further activities that will result in additional conflicts of interest not addressed below. There can be no assurance that Arbor will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Funds. To the extent that Arbor identifies conflicts of interest in the future, the Firm can, but is under no obligation, to disclose these conflicts and their implications to investors through a variety of channels, including in subsequent Brochures or in other written or oral communications to the advisory committees or to investors more generally. However, investors are not entitled to receive notice or disclosure of the actual occurrence of conflicts nor do investors have any right to consent to conflicts as they arise except as otherwise required by law or in the Governing Documents.

Time Commitment

In connection with managing investment funds other than the Funds (including the Arbor Debt Fund (as defined below)), the principals expect to spend a portion of their business time and attention pursuing investment opportunities for such other investment funds and other than on behalf of the Funds. Without limiting the generality of the foregoing, Gregory J. Purcell and other principals and employees of Arbor will devote time and attention to the Family Office (as further described below). The principals and Arbor's investment staff will continue to manage and monitor such other investment funds and investments. Arbor believes that the significant investment of the principals in the Funds, as well as the principals' interest in the Carried Interest, operate to align, to some extent, the interest of the principals with the interest of investors, although the principals have, and expect in the future to have, economic interests in such other investment funds and investments as well and receive management fees and carried interest relating to these interests.

Such other investment funds and investments that the principals expect from time to time to control or manage generally have the potential to compete with the Funds or companies acquired by the Funds. At such time as Arbor is permitted to raise a successor investment fund to the Funds, the principals will continue to manage the Funds' investments, but also likely will focus investment activities on other opportunities and areas unrelated to the Funds' investments. Certain investments are permitted to be allocated between a Fund, the Arbor Debt Fund and any successor or predecessor Fund in a manner as set forth in the Governing Documents. Arbor 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. Unless restricted by the Governing Documents, Arbor personnel are permitted to serve on boards or act in other roles unaffiliated with Arbor, 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 the Management Fee.

Allocation of Investment Opportunities

Over time, certain investment opportunities suitable for the Funds are likely also to be suitable for other future funds sponsored by Arbor or its affiliates. In determining which Funds should participate in such investment opportunities, subject to the Governing Documents, Arbor, the principals and their affiliates are subject to potential conflicts of interest among investors in the Funds and investors. To determine whether the Funds will participate in the relevant investment opportunity, Arbor generally assesses whether an investment opportunity is appropriate for each relevant Fund based on the terms of such Fund's Governing Documents, as well as factors including: each Fund's investment restrictions and objectives (including those set forth in the relevant Fund's Governing Documents, where applicable), strategy, capital structure, risk profile, sourcing, structural and operational considerations of the relevant Fund, investment limitations, target rate of return, composition of each Fund's portfolio, target investment size, suitability as a follow-on investment for current investors, time horizon, tax sensitivity, tolerance for turnover, asset composition, diversification considerations, cash level (if any), tax and regulatory considerations, life cycle, structure size and nature of investment, anticipated duration/hold period, structure and other relevant factors (including agreements with co-sponsors). The Funds are authorized to invest together in the manner set forth in the relevant Governing Documents. Arbor will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable to the Funds under the circumstances over time and consistent with Arbor's obligations and is permitted to take into consideration factors such as those set forth above. In the event that the available amount of an investment opportunity in which the Funds will invest exceeds an amount Arbor determines to be appropriate for the Funds, Arbor reserves the right to offer such excess to one or more potential co-investors.

Arbor's allocation of investment opportunities among the Funds will not be proportional. Therefore, such allocations generally will be more advantageous to a Fund relative to one or all of the Funds or other co-investment vehicles, or vice versa. While Arbor will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to the Funds, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or terms on

which the allocation is made, will be as favorable as they would be if the conflicts of interest to which Arbor will be subject to did not exist.

Additionally, potential conflicts of interest are expected to arise when and to the extent a Fund makes an investment in a portfolio company in conjunction with an investment made by another Fund, or if it were to invest in the securities of a company in which another Fund already made an investment. For instance, it is possible that a Fund will not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such other Fund. This has the potential to result in differences in price, investment terms, leverage and associated costs between the Funds. Where multiple Funds invest in the same company at different times, the first Fund to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than the later Funds; similarly, to the extent a transaction does not proceed, the first Fund to invest typically will bear the full amount of broken deal expenses relating to the transaction, regardless of whether other Funds could or would have invested in the company in potential future transactions. Further, there can be no assurance that the Funds exit such investment at the same time or on the same terms. Arbor and its affiliates reserve the right from time to time to express inconsistent views of commonly held investments or of market conditions more generally, including in instances where different portfolio managers or personnel express different views of the same investment. There can be no assurance that a Fund's return on such an investment will be the same as the returns achieved by any other Fund participating in the transactions. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to any one Fund. In that regard, actions taken for one or more Funds can adversely affect another Fund.

Expense and Fee Allocation

Arbor will be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to the Funds. Arbor, in its sole discretion, will allocate fees and expenses in accordance with the Governing Documents and in a manner that it believes in good faith is fair and equitable to the Funds under the circumstances and considering such factors as it deems relevant. The allocations of such expenses often will not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate (i) pro rata based on the number of Funds or (ii) co-investors receiving related benefits or proportionately in accordance with asset size.

Portfolio Company Board Service

The Funds intend to primarily make controlling investments in portfolio companies. As a result of these significant investments, the Funds anticipate that it will have the right to appoint portfolio company board members (including current or former Arbor personnel or persons serving at their request), or to influence their appointment, and to determine or influence the determination of their compensation. Additionally, from time to time, portfolio company board members approve compensation and other amounts payable to Arbor in connection with services provided by Arbor and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the Governing Documents' offset provisions, such amounts are in addition to the Management Fee and Carried Interest discussed herein. Arbor's authority to appoint or influence the appointment of portfolio company board members who are involved in approving compensation payable to Arbor subjects the Firm and any such portfolio company board appointees to potential conflicts of

interest. Serving in such capacity can give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director conflicts with the interests of a Fund in general; however, as the Funds will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned. Any fees earned for sitting on such portfolio company boards by employees (except for those fees paid Operating Partners) are offset against Management Fees; such fees earned by third parties appointed by Arbor (such as Operating Partners) are not offset against Management Fees.

Reimbursements; Fees from Portfolio Companies

A portfolio company typically will reimburse Arbor or service providers retained at Arbor's discretion for expenses (including travel expenses) incurred by Arbor or such service providers in connection with the performance of services for such portfolio company. This subjects the Firm 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. Subject to the relevant Governing Documents and its internal reimbursement policies and practices, Arbor determines the amount of these reimbursements for such services in its own discretion.

Additionally, as mentioned in Item 5 above, Arbor, the principals or any of their respective affiliates including, in some cases, Operating Partners, subject to certain limitations, earn cash fees, employment compensation and benefits, retainers, discretionary bonuses (whether or not based on pre-determined milestones), transaction fees, guaranteed minimums or equivalent compensation, from portfolio companies and from other persons or entities in connection with potential or actual portfolio investments. Such fees shall be for the sole account of Arbor, the principals or any of their respective affiliates. The receipt of such fees can create a conflict of interest with respect to the role of Arbor, the principals or any of their respective affiliates in connection with the Funds. Except for the Management Fee offset described in Item 5 above, investors will receive no benefit from such fees.

Industry Relationships

Arbor and/or its affiliates also reserve the right to employ or engage personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by the Funds or other investment vehicles advised by Arbor or an affiliate; conversely, former personnel or executives of Arbor are expected, from time to time, to serve in significant management roles at portfolio companies or service providers recommended by Arbor. Similarly, Arbor, its affiliates and/or its personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, and their respective affiliates and personnel, including managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees 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, Arbor and/or its affiliates, and/or the Funds or other investment vehicles the Firm or an affiliate advises. 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 Arbor entities,

whether or not relating to financing Arbor personnel obligations to fund Arbor commitment obligations) to Arbor personnel and their estate planning vehicles. Arbor expects to be subject to a potential conflict of interest with the Funds in recommending the retention or continuation of a third-party service provider to the Funds or a portfolio company owned by the Funds 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 the Firm or an affiliate advises, will provide Arbor information about markets and industries in which the Firm operates (or is contemplating operations) or will provide other services that are beneficial to the Arbor or one or more Funds. Arbor expects to be subject to a potential conflict of interest in making such recommendations, in that Arbor has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the Funds or their portfolio companies.

Over the life of a Fund, Arbor generally expects to exercise its discretion to recommend to a Fund or to a portfolio company thereof that it contracts for services with certain service providers, and from time to time such service providers are expected to include: (i) the Firm or a related person of Arbor (which is permitted to include a portfolio company of the Funds or other investment vehicles sponsored by Arbor and/or its affiliates); (ii) an entity with which Arbor or its affiliates or current or former members of their personnel has a relationship, or from which Arbor or its affiliates or their personnel otherwise derives a financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Arbor personnel are seconded, or from which Arbor receives secondees; or (iii) certain investors (or an investor of another Fund) or their affiliates. For example, Arbor expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain investors or their affiliates that are engaged in lending or a related business. This discretion subjects Arbor to potential conflicts of interest, because although it intends to select service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance and, relatedly, returns of the Funds, Arbor has a potential incentive to recommend the related or other person (including an investor) because of its financial or business interest. Additionally, there is a possibility that Arbor, 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 Firm or the Funds), will favor such retention or continuation even if a better price and/or quality of service provider could be obtained from another person. Arbor will not necessarily seek out the lowest cost options when incurring (or causing the Funds or its portfolio companies to incur) such expenses. Although Arbor 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. Additionally, from time to time Arbor expects certain service providers, their affiliates and personnel to invest in, or co-invest alongside, the Funds, and due to the nature of the service provider relationships these persons have the potential to have information advantages relative to other investors or co-investors. Whether or not Arbor has a relationship with 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 will provide such services at lesser cost.

Carried Interest

The fact that Arbor's Carried Interest is based on a percentage of net profits creates an incentive for Arbor to cause the Funds to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case, although Arbor generally considers performance-based compensation to better align its interests with those of its investors, particularly since the relevant Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the Funds' life if Arbor has received excess cumulative distributions. This risk is exacerbated by the fact that Arbor has the ability to earn more Carried Interest in the event that the increased carried interest hurdle, which does not include an internal rate of return component, is exceeded. In addition, because the Funds have a fixed commitment period after which capital from investors generally can only be drawn down in limited circumstances, and because the Management Fee is, at certain times during the life of the Funds, calculated based upon the amount of capital invested by the Funds, the Management Fee structure creates an incentive for Arbor to deploy capital when it would not otherwise have done so.

Arbor generally is permitted to receive a distribution in-kind from the Funds, including in connection with investment dispositions or the payment in-kind of amounts owed to Arbor as Carried Interest (which generally will be made using the value of the relevant securities on the date of contribution). In such circumstances, there is a potential conflict of interest between Arbor (and its beneficial owners) and the investors. For example, Arbor can intend to hold the investment for a different time period than Arbor deems suitable for a Fund. Although Arbor bears the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following a Fund's disposition thereof, neither such Fund nor its investors will benefit from the increase, and over time the economic benefit to Arbor can exceed the value of Arbor's *pro rata* interest in a Fund and the amount of Carried Interest owed. To the extent Arbor contributes 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 a Fund or its investors.

Management Fee

Because the Funds have a fixed commitment period after which capital from investors generally can only be drawn down in limited circumstances, and because the Management Fee is, at certain times during the life of the Funds, calculated based upon the amount of capital invested by the Funds, the Management Fee structure creates an incentive for Arbor to deploy capital when it would not otherwise have done so.

As is generally the case in private equity funds, the Governing Documents provide that the Funds' Management Fees will be calculated and charged on a basis that generally is not tied to the Funds' then-current net asset value. As further specified in the Governing Documents, from the effective date of a Fund until the earliest to occur of certain events set forth in the Governing Documents (such date, the "Stepdown Date"), Management Fees generally will be charged based on a formula tied to the amount of a 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 and bridge financing contributions made by the Funds that have not been realized or permanently written down.

Under the Governing Documents, where the fair market value of an investment exceeds the total amount of investment contributions and bridge finance 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 and bridge financing contributions. Additionally, where there has been a partial distribution, partial writedown or partial sale of an investment and the fair market value of such investment following such event exceeds the total amount of investment contributions and bridge financing contributions relating to such investment, the Governing Documents do not require Management Fees after the Stepdown Date to be reduced.

As a result, the amount of Management Fees generally will not correspond with fluctuations in a Fund's net asset value, including following the commitment period, and will not be reduced in connection with any write downs, except in the case of investments permanently written down. 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 dividend recapitalization) or partial sales of investments or in circumstances where a Fund divests a credit investment in the relevant portfolio company, whether in whole or in part.

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

The Governing Documents sets 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 relevant Governing Documents until they are reduced in the circumstances and on the date(s) specified therein.

Debt Fund

Arbor will provide services with respect to a pooled investment vehicle (the "Arbor Debt Fund") established and maintained for the principal purpose of investing in subordinated debt or other debt securities (including those acquired in connection with mezzanine financings) or investments, securities or other instruments, which, at the time of initial investment, have attributes such as liquidation or other preferences or interest obligations, coupon, or other debt-like features, including instruments (which may be equivalent to securities held by a Fund) issued in respect of warrants or conversion rights or mechanisms applicable thereto, issued by portfolio companies of a Fund (collectively, "Subordinated Debt Securities"). The Arbor Debt Fund will be permitted to invest all or the substantial majority of its assets available for long-term investments in Subordinated Debt Securities.

Investments in which both the Funds and the Arbor Debt Fund participate can involve the allocation between the Funds and the Arbor Debt Fund of expenses incurred and fees generated in

the course of evaluating and making such investments. However, all fees, costs, expenses, obligations and liabilities relating to or attributable to unconsummated investments in a prospective portfolio company in which it was contemplated that the Arbor Debt Fund can participate with the Funds will be allocated solely to the Funds and not the Arbor Debt Fund.

In instances where the Arbor Debt Fund participates in debt issuances, the Arbor Debt Fund will receive its pro rata share of arranger economics that would otherwise have been paid by the issuing portfolio company to arranging banks in addition to the market fee paid to lenders investing in the credit facilities of such portfolio companies. In connection with any such issuances, the Arbor Debt Fund will generally benefit from receiving a pro rata share of any such fees or other economics and such arranger fees will not be offset against or reduce the Management Fee payable by the Funds.

Any Portfolio Fees received by Arbor from a portfolio company in which the Arbor Debt Fund has also invested will generally be applied solely against a Fund's Management Fee in the manner set forth in the relevant Governing Documents, except to the extent such portfolio fees are instead allocable to the Arbor Debt Fund or the general partner or manager of the Arbor Debt Fund as determined by Arbor (and such fees will not be offset against a Fund's Management Fee).

Moreover, the Funds and the Arbor Debt Fund are likely to invest in different parts of the capital structure of the same portfolio company and will face potential conflicts of interests when doing so. For example, questions can arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, will raise conflicts of interest. In the event that a portfolio company in which the Funds and the Arbor Debt Fund have made investments defaults on a payment obligation to the Funds or the terms of any investment in such portfolio company held by the Arbor Debt Fund are proposed to be amended or restructured in a manner that the general partner of the Arbor Debt Fund reasonably determines in good faith is materially adverse to the limited partners of the Arbor Debt Fund (taken as a whole), the general partner of the Arbor Debt Fund can take certain actions with respect to such portfolio company that are detrimental to the Funds and shall not be deemed to have violated any duty to the Funds in such scenario. Because of the different legal rights associated with debt and equity of the same portfolio company, the Management Company is expected to face potential conflicts of interest in respect of the advice it gives to, and the actions it takes on behalf of the Funds relative to the Arbor Debt Fund (*e.g.*, the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies), and the action taken for the Arbor Debt Fund can be adverse to the Funds, particularly in the case of financial distress of a company. Given the nature of such potential conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both the Funds and the Arbor Debt Fund. In a bankruptcy proceeding, the Funds' interest can be subordinated or otherwise adversely affected by virtue of the Arbor Debt Fund's involvement and actions relating to their debt investment. This has the potential result in loss or substantial dilution of the Funds' investment, while the Arbor Debt Fund recovers all or part of amounts due to it. In addition, where the Arbor Debt Fund is a creditor of a portfolio company in which the Funds hold more junior securities, the Arbor Debt Fund is

permitted to take actions in its own interests with respect to its rights as a creditor (*e.g.*, with respect to breaches of covenants) that can be adverse to the interests of the Funds as an equity holder.

Possibility of Fraud or Other Misconduct of Employees and Service Providers

Misconduct by (i) Arbor employees, (ii) portfolio company directors, officers or employees and (iii) service providers to the foregoing and/or their respective affiliates can undermine the due diligence efforts of the Funds and/or Arbor and cause significant losses to the Funds. Misconduct can include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by the Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting the Funds' business prospects or future marketing activities, and non-compliance with applicable laws or regulations (and the concealing of any of the foregoing). Such activities have the potential to result in reputational damage, litigation, business disruption, market or industry segment volatility and/or financial losses to the Funds. Arbor has controls and procedures through which it seeks to minimize the risk of such misconduct occurring; however, no assurances can be given that such misconduct will be able to be identified or prevented.

Other Benefits

In connection with its services to the Funds and its investments, Arbor, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of Arbor's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Arbor and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to the Funds or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "Arbor Information"). In many cases, Arbor Information will include tools, procedures and resources developed by Arbor to organize or systematize Arbor Information for ongoing or future use. Although Arbor expects the Funds and their portfolio companies generally to benefit from Arbor's possession of Arbor Information, it is possible that any benefits will be experienced solely by other or future Arbor-advised funds or portfolio companies (or by Arbor and its personnel) and not by the Funds or portfolio company from which Arbor Information was originally received or derived. Arbor Information will be the sole intellectual property of Arbor and solely for the use of Arbor. Arbor reserves the right to use, share, license, sell or monetize Arbor Information, without offsetting or otherwise reducing the Management Fees, and the Funds or relevant 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 their 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 terms are expected to vary from time to time, and any such rewards (whether or not *de minimis* or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or their respective investors; no such rewards will offset or otherwise reduce the Management Fees.

Certain Consultants

Arbor employs, uses and retains on behalf of the Funds and/or the portfolio companies, as applicable, operators and other individuals and companies, as applicable (“Special Consultants”), which are permitted to be affiliates of Arbor, employees of such affiliates, portfolio companies of other Arbor-advised funds, third party consultants (including Operating Partners, Functional Discipline Team members, consultants and external executives), “strategic partners,” “executive partners” or “senior advisors.” Certain Special Consultants serve as directors (or in a similar capacity) of portfolio companies and are expected to provide manufacturing, sales, marketing, legal, finance and accounting, consulting, product management, engineering, information technology, customer success, human resources, leadership, general management, acquisition integration and/or rationalization, supply chain, logistics, sourcing and/or other operations services, identification, acquisition, holding, improvement or disposition or other due diligence and other services to Arbor, the Funds, any alternative investment vehicle or any portfolio company or prospective portfolio company of the Funds or any alternative investment vehicle, as applicable, and/or support Arbor and/or their respective investment professionals in connection with their investment activities on behalf of the Funds and/or the alternative investment vehicles (collectively, the “Services”).

Pursuant to the Governing Documents, compensation, fees and certain expenses associated with Services provided to the Funds, any alternative investment vehicle or any portfolio company or prospective portfolio company of the Funds or any alternative investment vehicle (collectively, “Consulting Fees and Expenses”), are intended to be paid and/or reimbursed by such portfolio company or prospective portfolio company, the Funds and/or such alternative investment vehicle, as applicable, including in certain circumstances, directly to the applicable Special Consultant(s), and Consulting Fees and Expenses are not included as “Portfolio Fees” and do not reduce or offset the Management Fee. Consulting Fees and Expenses are expected to include cash fees, retainers, transaction fees, exit fees, finders fees, profits or equity interests in the Funds, Arbor or a portfolio company, a share of proceeds upon sale of a portfolio company, incentive equity or other stock awards, profits or equity interests in the Funds or Arbor, remuneration from Arbor and/or the Funds or their respective affiliates, guaranteed minimums and/or other compensation, benefits or reimbursement of certain travel and other costs related to such services to the Special Consultant, which will be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Special Consultant, 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 company.

Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on a Fund’s investment and has the potential to result in economic effects greater than the original amount of compensation, and such Fund typically will bear the cost of all Special Consultant compensation as well as fees, costs and expenses of structuring Special Consultant arrangements. Special Consultants are expected from time to time to include former employees of Arbor or certain portfolio companies, and in some circumstances former Special Consultants are expected to become Arbor employees or employees of portfolio companies. Consequently, the determination of whether individuals are Special Consultants is expected to vary and/or be revisited from time to time, which poses potential

conflicts of interest where certain changes in status or categorization would reduce costs that Arbor otherwise would be required to bear. Special Consultants generally receive investment opportunities, reimbursements and other compensation that do not offset or reduce the Management Fees of the Funds, as described herein, and the use of Special Consultants is expected to fluctuate and/or expand over time. To the extent that Special Consultants are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or the Funds will bear a greater share of such compensation due to the utilization of the Special Consultant's services at a time when fewer portfolio companies or the Funds make use of such Special Consultants. Under many of these arrangements, 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 Special Consultants. In such cases, where Arbor believes the services of the Special Consultants will benefit a portfolio company, it is authorized to cause the Funds to bear such costs directly, resulting in the Funds bearing a disproportionate share of those costs vis-à-vis other equity holders of a portfolio company, notwithstanding that other equity holders in that portfolio company will receive the benefit of any returns that result from Special Consultant services. Although the use of Special Consultants and the allocation of compensation paid to them by Arbor, its affiliates and/or the Funds' respective portfolio companies subjects Arbor and/or its affiliates to potential conflicts of interest, Arbor 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 Funds) that will result if the cost of the Special Consultants is lower than market rates for the services provided and/or if the services of the Special Consultants align with Arbor's model for the portfolio company and improve portfolio company performance.

Additionally, portfolio companies are expected, from time to time, to provide opportunities for Special Consultants to invest in one or more portfolio companies and reimburse costs and expenses incurred by Special Consultants. A Special Consultant also can receive remuneration from Arbor and/or the Funds or affiliates and/or be entitled to other forms of compensation, including equity grants in portfolio companies. Such investment opportunities, reimbursements and other compensation paid to a Special Consultant will not offset or otherwise reduce the Management Fee. Special Consultants are permitted to have a limited partnership or profit interest in the Funds, Arbor, one or more other investment funds sponsored or advised by Arbor or in an affiliate of the Firm. Although Arbor intends to retain Special Consultants with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors can result in limited or no cost savings from such retention. In addition, Arbor also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Arbor believes will align such persons' interests with those of investors, and seeks to retain only such Special Consultants 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 service provider is more qualified to provide the applicable services or can provide such services at lesser cost.

In addition, certain portfolio companies of the Funds pay Special Consultants to perform Services that, directly or indirectly, benefit Arbor, its affiliates, the Funds and their portfolio companies. Consequently, it is possible Arbor, its affiliates and/or portfolio companies of other Funds will receive Services without being charged or at rates that are lower than the rates borne by a Fund or

its portfolio companies. Conversely, portfolio companies of a Fund can benefit from Services that are paid for by Arbor, its affiliates and/or portfolio companies of other Funds. Likewise, certain other Funds can pay Special Consultants (including individual Functional Discipline Team members and Operating Partners) to perform Services that, directly or indirectly, benefit Arbor, its affiliates, a Fund and/or portfolio companies of such Fund. There can be no assurance that any particular Fund or its portfolio companies will receive benefits paid for by other Funds or their portfolio companies that are commensurate to the benefits received by such other Funds and their portfolio companies that are paid for by a particular Fund or its portfolio companies.

Unfunded Pension Liabilities of Portfolio Companies

In at least one circuit, a court found that, in certain circumstances, an investment fund could be treated as a “trade or business” for purposes of determining pension liability under ERISA. Therefore, where a Fund owns 80% or more (or possibly, 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 a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. The Funds can, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where the Funds can own an 80% or greater interest in such a portfolio company. If the Funds (or other 80%-owned portfolio companies of the Funds) were deemed to be liable for such pension liabilities, this can have a material adverse effect on the operations of the Funds and the companies in which the Funds invest. This discussion is based on current court decisions, statutes and regulations regarding control group liability under ERISA, as in effect as of the date of this Brochure, which can change in the future as the case law and guidance develops.

Valuation of Assets

Generally, Arbor will determine the value of all of the Funds’ investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for many of the Funds’ investments because, among other things, the securities of portfolio companies held by the Funds generally will be illiquid and not quoted on an exchange. When estimating fair value, Arbor will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. There can be no assurance that Arbor will have all the information necessary to make valuation decisions with respect to 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 Arbor with respect to an investment will represent the value realized by the Funds 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 Arbor can cause it to ineffectively manage the Funds’ investment portfolios and risks and can also affect the diversification and management of the Funds’ portfolio. Additionally, the exercise of discretion in valuation by Arbor gives rise to potential conflicts of interest, including in connection with determining the amount and timing of distributions of Carried Interest and the calculation of the Management Fees. In particular, where the Management Fee is calculated based on the valuation of an investment, or a determination of whether an investment has been written-off or otherwise permanently impaired, Arbor will have an incentive to make determinations that result in the continued payment of the, or a higher, Management Fee. In situations where the Management Fee is calculated based on committed capital, contributed

capital or the cost basis of investments, the Management Fee generally will not be reduced based on reductions in investment value. Absent bad faith or manifest error, valuation determinations in accordance with Arbor's valuation policy will be conclusive and binding. Moreover, because Arbor will determine in its discretion the value of any such assets, Arbor will have an apparent conflict of interest in making that determination, given the potential impact of such valuations on a Fund's performance results.

Co-Investments

Arbor reserves the right, in its sole discretion, to provide or commit to provide co-investment opportunities to one or more investors, prospective investors and/or other persons (including other sponsors, market participants, finders, consultants and other service providers and/or other persons associated with Arbor and/or its affiliates), in each case on terms to be determined by Arbor in its sole discretion. Potential conflicts of interest are expected to arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which are permitted to be made to one or more persons for any number of reasons as determined by Arbor in its sole discretion, may not be in the best interests of the Funds or any individual investor. In exercising its sole discretion in connection with such co-investment opportunities, including with respect to allocating a particular investment to and among potential co-investors and determining the terms thereof, Arbor reserves the right to consider some or all of a wide range of factors (some or all of which have the potential to benefit Arbor or its affiliates), including, but not limited to: (i) the ability of a potential co-investor to react promptly to a co-investment opportunity; (ii) any strategic advantages that can result from a potential co-investor's participation in a co-investment opportunity; (iii) a potential co-investor's commitment to a Fund and/or commitment to one or more Funds; (iv) the likelihood that a potential co-investor can invest in a Fund and/or future Funds (provided that such willingness generally will not be the sole determining factor considered by Arbor in identifying co-investors); (v) the potential co-investor's investable assets relative to the size of the co-investment opportunity; (vi) tax, regulatory and/or securities law considerations (e.g., qualified purchaser or qualified institutional buyer status); (vii) confidentiality concerns that can arise in connection with providing the potential co-investor with specific information relating to the co-investment opportunity; (viii) whether the potential co-investor's participation in an investment opportunity can subject the potential co-investor to legal, regulatory, reporting or other burdens that make it less likely that the potential co-investor would act upon the investment opportunity if offered or would impair Arbor's ability to execute the relevant transaction in the desired time or on desired terms; (ix) the size of the investment allocation available to Arbor (and not being allocated to Arbor's funds), and practicality of splitting the allocation into smaller tranches; (x) third-party lender requirements; and/or (xi) whether Arbor believes that allocating investment opportunities to the potential co-investor will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to Arbor and the Funds. Furthermore, decisions regarding whether and to whom to offer co-investment opportunities will be made by Arbor in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Additionally, from time to time, certain service providers (e.g., lenders) are expected to seek to negotiate co-investment rights as a component of their compensation or in exchange for granting better terms to Arbor, the Funds or a portfolio company in connection with the services provided. Co-investment opportunities typically will be offered to some and not to other investors. Arbor's allocation of co-investment opportunities generally will not result in allocations that are proportional to the amounts committed, if any, by

the relevant potential co-investors to the Funds or any other co-investment vehicles, and such allocations generally will be more or less advantageous to some persons or entities than to others. Subject to the terms of the relevant Governing Documents, Arbor is permitted to also permit Arbor and its affiliates and their respective members, partners, employees and/or affiliates to co-invest in investments made by the Funds during any fiscal year, up to an amount not to exceed, in the aggregate, 1% of the Funds' and such co-investors' aggregate equity investment in such investments during such fiscal year.

The Funds are permitted to co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Arbor reserves the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have a priority in co-investment opportunities. Such investments involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner will potentially at any time have economic or business interests or goals that are inconsistent with those of a Fund, or may be in a position to take action contrary to the investment objectives of a Fund. In addition, the Funds in certain circumstances can be liable for actions of its third-party co-venturer or partner. There can be no assurance that the Funds' return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction.

Arbor reserves the right, from time to time, to form a co-investment vehicle in connection with the consummation of a transaction and such entity generally will bear expenses related to its formation and operation. 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 to the transaction, ultimately is not consummated, the full amount of any broken deal expenses and fees and expenses generated in the course of evaluating any such proposed transaction generally would be borne by the Funds and not by any potential co-investors that were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such expenses where permitted by such vehicle's governing documents.

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

From time to time, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund) can purchase a portion of an investment from a Fund after such Fund has consummated its 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 will occur shortly after a Fund's completion of the investment to avoid any changes in valuation of the investment, but in certain instances can be well after a Fund's initial purchase. Where appropriate, and in Arbor's sole discretion, Arbor 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 a Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the Funds. To the extent the Funds 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 use of the facility.

Contingent Liabilities Upon Disposition

In connection with the disposition of an investment, the Funds and/or Arbor can be required to make (and/or be responsible for another person's or entity's breach of) certain representations and warranties (e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses), and can be responsible for the content of disclosure documents under applicable securities laws. The Funds and/or Arbor can also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements have the potential to result in contingent liabilities, which would be borne by the Funds and, ultimately, its investors. In such a situation, investors can be required to return distributions received by them to pay such indemnification obligations, subject to certain limitations provided in the Governing Documents. Furthermore, under the Partnership Act, each investor that receives a distribution in violation of such Act will, under certain circumstances, be obligated to recontribute such distribution to the applicable Fund.

Limited Access to Information

Investors' rights to information regarding the Funds or Arbor generally will be specified, and in many cases strictly limited, by the Governing Documents. In particular, it is anticipated that Arbor and its affiliates will obtain certain types of material information from or relating to a Fund's investments that will not be disclosed to investors because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of Arbor's control. Decisions by Arbor or its affiliates to withhold information can have adverse consequences for investors in a variety of circumstances. For example, an investor that seeks to transfer its interest in a Fund can have difficulty in determining an appropriate price for such interest. Decisions to withhold information can also make it difficult for an investor to monitor Arbor and its performance. Additionally, it is anticipated that investors that designate representatives to participate on the Advisory Board generally can, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other investors. Investors 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 Funds succeed

in asserting confidentiality for requested documents and other materials, and Arbor reserves the right to withhold certain information from investors subject to such laws for reasons relating to Arbor's public reputation, business strategy or other reasons.

Cybersecurity Risks and Identity Theft

Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. The Funds and their portfolio companies' information and technology systems have the potential to be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquake. To the extent that a portfolio company, the Funds, Arbor 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 can occur in the form of stole, 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, Arbor, the Funds and/or their portfolio companies can incur specific 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 have the potential to cause significant interruptions in Arbor's, the Funds', their portfolio companies' and/or service providers' operations, including the ability to make distributions to investors, 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). Such a failure could harm Arbor's, the Funds' and/or their portfolio companies' reputations, subject any such entity and its respective affiliates to legal claims and/or regulatory actions or otherwise affect their business and financial performance. In certain events, a failure or deemed failure to address and mitigate cybersecurity risks can 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 Funds, to substantial losses, including losses relating to: (a) misappropriation of assets, intellectual property or confidential information; (b) corruption, deletion or destruction of data; (c) physical damage and repairs to systems; (d) reputational harm; (e) financial losses from remedial actions; and/or (f) disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, can 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 Arbor or one of its affiliates or service providers holding its financial or investor data, Arbor, its affiliates or the Funds will likely also be at risk of loss. Any of such circumstances can subject a portfolio company or a Fund to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Arbor or one of its affiliates or service providers holding its financial or investor data, Arbor, its affiliates or the Funds will likely also be at risk of loss.

Side Letters

Arbor and/or its affiliates reserve the right to enter into side letters with certain investors in the Funds 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 Arbor's compensation), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on the Funds' 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 the relevant Governing Documents.

Arbor is likely to have its own economic and/or other business incentives to provide certain terms to certain investors (e.g., based on commitment amount to the Funds or the timing thereof, the ability of an investor to provide sourcing or other services to Arbor, its affiliates and personnel or the other Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Arbor, its affiliates and personnel, or the Funds). Further, side letters can also relate to strategic relationships under which an investor agrees to make capital commitments to multiple Funds. Except where required by the relevant Governing Documents 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 the Funds, Arbor 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 Arbor to potential conflicts of interest, including in circumstances where an investor's right to serve on the Advisory Board results in such 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 can 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 investors at the expense of the Funds or of investors 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 Funds.

As a consequence of one or more investors being excused or excluded from, or for 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 investors can be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event an investor defaults on a drawdown in respect of an investment. Although Arbor believes it to be unlikely, excuse or other rights requested or received by one or more investors (or such regulatory, tax or other factors applicable to such investors) representing a substantial percentage of a Fund have the potential to create significant variations in investor investment returns or exposure to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by Arbor on behalf of a Fund as a whole. An investor'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 investors' voting rights generally will increase the voting rights percentage of other investors in a Fund. Further, investors with different domiciles or tax categorizations can 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.

Disclosure of Confidential Fund and Investor Information

Investors are expected to include entities that are subject to public disclosure requirements, including state public records or similar freedom of information laws which can compel public disclosure of confidential information regarding the Funds, their investments and their investors. There has been a recent increase in the number of requests under such laws for contracts (including relevant Governing Documents, subscription agreements and side letters) that investors in private equity funds that are subject to such laws have in place with private equity funds. The Funds are permitted to incur expenses in connection with responding to any such disclosure requests, even if the Funds ultimately succeed in asserting confidentiality for any requested documentation. Moreover, notwithstanding the obligation that investors will have pursuant to the relevant Governing Documents to maintain the confidentiality of the Funds information, there can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement or otherwise. Arbor also reserves the right, in certain circumstances, in an effort to protect any such potential disclosure, to withhold all or any part of the information otherwise to be provided to such investor, as more fully described in the relevant Governing Documents. There can be no assurance that such information will not be disclosed by the Funds, Arbor, their affiliates and personnel, portfolio companies or service providers to any of them, including to comply with laws, regulations or policies to which they are or can become subject to. In addition, under the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC has the authority to require private equity fund advisers, such as Arbor, to file additional reports with the SEC regarding their funds and investment activities. Any public disclosure of the Funds information can have an adverse effect on the Funds and its investors, for example, by affecting the Funds’ competitive advantage in finding attractive investment opportunities.

Secondaries and other Arbor-Led Transactions

There continues to be a significant market in the private fund sector for secondary sales, general partner-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments, and Arbor reserves the right to dispose of (or seek additional capital for) a Fund’s investment through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase a portion of one or more investments that will continue to be managed by Arbor following the transaction. Such transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing investors and maintaining exposure to an asset where Arbor believes there is the potential for additional value generation. Where undertaken, existing investors typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple funds sponsored by Arbor and its affiliates), often on different terms than the original investment. However, certain of such transactions are expected to require: an investor to invest additional capital in an existing Fund and/or other investment vehicles; a greater exposure to one or more particular portfolio company; and/or a delay in the full liquidation of its investment. In other circumstances, even investors that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (*i.e.*, a portion of such interest will be allocated to the

relevant general partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of the Funds or investors and those of Arbor or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where Arbor or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by Arbor on the sale of an asset from a Fund in such transaction), their incentives are expected to diverge from those of investors who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, Arbor and any buyer group relating to the valuation and consideration offered for the investment(s) subject to the transaction. To the extent Arbor requires existing investors and/or new buyers to commit capital to a continuation fund or another fund managed by Arbor in addition to the purchase amount paid in a transaction, such requirement is expected to have a dilutive effect on the purchase price for the selling Fund and its investors. There can be no assurance that any such transaction will accurately reflect the fair market value of a Fund investment(s) being sold. Further, Arbor is expected to be incentivized to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as investors in a Fund, and in such circumstances, Arbor reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain investors will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to investors and/or the relevant Advisory Board prior to the closing of the transaction, there can be no assurance that Arbor will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of a Fund or any individual investor or group of investors. However, Arbor reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the Governing Documents. Arbor is permitted to seek the consent of the Advisory Board to waive conflicts associated with such transactions and accordingly not all investors will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Fund investments, to the extent such transactions are not consummated, a Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

Write-Offs

Allocations of distributions between investors and Arbor (Carried Interest) are based off of realized investments. Realized investments are securities or portions thereof of each portfolio company which have been disposed of or permanently written-off or written-down by Arbor. As a result, writing down or writing off of any portfolio company investments creates a conflict of interest whereby Arbor has an incentive to not reduce (*i.e.*, not make write-offs to) valuations of portfolio companies as may otherwise be dictated by available market data and prudent fair valuation techniques.

To seek to address this conflict, we have adopted detailed Valuation Policies and Procedures which are reviewed on a periodic basis by Arbor's Chief Financial Officer. Investments are valued quarterly by Arbor's investment professionals and the valuation results are communicated to the respective Fund's investors on a quarterly basis. Also, the respective Advisory Board of each Fund, comprised of representatives of certain limited partners of such Fund, receives Arbor's valuations of investments of such Fund and on an annual basis can object to any valuation and cause an independent valuation expert to determine such valuation. In addition, our portfolio company valuations are reviewed in connection with the annual audit of each Fund by an independent certified public accountant that is both registered with and subject to regular inspection by the Public Companies Accounting Oversight Board (PCAOB), and a copy of the audited financials are sent to each of the Funds' investors within 90 days of such Fund's fiscal year end.

Products or Services Received by Arbor from Portfolio Companies

From time to time, certain portfolio companies of the Funds provide Arbor and its affiliates, employees, employee's friends and families, Operating Partner Team members or board members of such portfolio companies appointed by Arbor with products or services that such portfolio companies regularly produce or provide as part of their business operations at reduced rates or without charge. Because its portfolio investments offer such discounts to customers other than Arbor and/or portfolio investments as part of their standard commercial practices in an effort to expand their respective customer bases, Arbor believes that the potential for conflicts of interest relating to such discounts is mitigated.

Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements

The Governing Documents of each Fund and related documents are detailed agreements that establish complex arrangements among Arbor, investors, the Funds and other entities and individuals. Questions can arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, can be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While Arbor will construe the relevant agreements in good faith and in a manner consistent with its legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations Arbor adopts will not necessarily be, and need not be, the interpretations that are the most favorable to the Funds or their investors.

Employee Investors

It is expected that certain of Arbor's employees and personnel will invest in a Fund directly or as part of a General Partner's commitment to a Fund. Subject to applicable law, the terms of an investment by an employee differ from, and are more favorable than, those of an investment by an external Fund investor. For example, employee investors generally will not be subject to a

Management Fee and/or Carried Interest with respect to their investment and receive information regarding investments at different times than other investors.

Item 9. Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Neither Arbor nor any of our management personnel have any legal or disciplinary events required to be disclosed in this Firm Brochure.

Item 10. Other Financial Industry Activities and Affiliations

Our Firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations. As mentioned in Item 5, above, our general counsel maintains a law firm from which services are provided to the Arbor portfolio companies and our associate general counsel provides legal services to the Arbor portfolio companies. We do not believe this presents a conflict of interest and the relationship with Arbor and the fees charged to Arbor's portfolio companies are fully disclosed to the limited partners in Arbor's Funds. Gregory J. Purcell and other principals and employees of Arbor will devote time and attention to the Family Office (as further described below). We do not believe this presents a conflict of interest.

As described under Item 4, "Advisory Business" above, Arbor is affiliated with the General Partners which are deemed registered under the Advisers Act pursuant to Arbor's registration in accordance with SEC guidance. The General Partners and Arbor operate as a single advisory business and typically share many of the same owners, executive officers, partners, employees, Operating Team members, consultants or persons occupying similar positions. The General Partners do not have employees of their own.

Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics and Personal Trading

Our Firm has adopted a Code of Ethics pursuant to Rule 204A-1 of the Advisers Act which sets forth high ethical standards of business conduct that we require of our supervised persons, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of personal securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm's supervised persons. Our Code of Ethics provides for oversight, enforcement and recordkeeping. In addition, the Code of Ethics requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material, non-public information. A copy of our Code of Ethics is available to our advisory clients and prospective clients, including investors and prospective investors in one or more of the Funds, upon request to: Chief Compliance Officer, info@arborpic.com or (312)-981-3770.

The personal trading policy for Arbor supervised persons is set forth in our Code of Ethics and is

acknowledged as received and understood by each supervised person. Arbor's personal trading policies are designed to ensure that no Fund is disadvantaged by the transactions executed by a supervised person and that supervised persons do not misappropriate any benefit properly belonging to a Fund.

With respect to third parties that are not subject to the trading restrictions under Arbor's Code of Ethics and that may otherwise obtain sensitive and nonpublic information relating to a Fund deal (*e.g.*, co-investors, legal, financial, diligence, public relations and other similar service providers), such persons typically are subject to contractual provisions in confidentiality agreements or professional obligations that prohibit the misuse of any such information.

Because our business focuses primarily on private market investments, Arbor expects that instances of supervised persons having access to material nonpublic information regarding publicly-traded securities will be relatively infrequent. Arbor's supervised persons and their covered family members are prohibited from trading, either personally or on behalf of others, in securities while in possession of material nonpublic information regarding publicly traded securities or communicating material nonpublic information about such securities to others. The Code of Ethics establishes guidelines for personal trading requirements, insider trading and reporting of personal securities transactions, including certain pre-clearance and reporting obligations. Arbor maintains a restricted list of issuers about which it has or may have material nonpublic information. Supervised persons are permitted to make securities transactions in their personal accounts, subject to certain limitations. Pre-clearance is required by supervised persons and their covered family members for certain personal securities transactions, including trading in restricted list securities, initial public offerings and certain limited offerings. In addition, supervised persons are required to file certain reports and link their brokerage accounts to Arbor's compliance software to enable monitoring of personal trading by the Chief Compliance Officer or his designee.

The principals and employees of Arbor will occasionally carry on investment activities for their own account and for family members, and in connection therewith, can potentially give advice and recommend securities which differs from advice given to, or securities recommended or bought for, the Funds, even if their investment objectives are the same or similar. In addition, principals and employees are permitted to buy securities in transactions offered to, but rejected by, the Funds or that are outside the investment mandate of the Funds, including through family offices and family investment vehicles. All such employee private investments are subject to pre-approval and/or review by the Chief Compliance Officer.

Gregory J. Purcell, the principal owner of Arbor, also devotes his time and attention to his family office and investments, including The Purcell Companies (collectively, the "Family Office"). Subject to the restrictions in the applicable Governing Documents, the time and attention devoted by Mr. Purcell to his Family Office may be substantial. Other principals and employees of Arbor will also devote time and attention to the Family Office. Further, Arbor provides administrative and other services to the Family Office.

Participation or Interest in Client Transactions

As disclosed in Item 5, above, certain executive officers and/or other employees of Arbor have invested in one or more of the Funds, either through the General Partner or as a Fund investor. Arbor generally reduces all or a portion of the Management Fee and Carried Interest related to investments held by such persons. In addition, Arbor reserves the right to offer its employees and Operating Partner Team the opportunity to co-invest in portfolio companies with the Funds. Arbor does not believe these arrangements present any material conflict of interest since the General Partners' interests are aligned with the interests of limited partners in such Funds.

Section 206(3) of the Advisers Act generally prohibits investment advisers from engaging in principal, cross and agency cross transactions without the appropriate disclosure and consent. Arbor will only enter into a principal, cross or agency cross transaction with the appropriate disclosure and consent.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, knowingly buys from or sells a security to an advisory client. This applies to any affiliates or controlling persons of the adviser (*i.e.*, an owner, employee or affiliate of the adviser, such as a Fund General Partner). Cross trades between funds can also be deemed to be principal transactions if the adviser (and/or its affiliates, owners, or controlling persons) own, in the aggregate, 25% or more of either fund. In the context of Arbor's business, a principal transaction would most likely refer to the practice of warehousing an investment for the formation of a future fund or Arbor or a Fund General Partner purchasing the interest of an existing investor. Cross transactions occur when an adviser or an affiliate arranges a transaction (*i.e.*, acts as broker) between two or more funds or accounts that are managed by that same adviser or an affiliate. An adviser is not "acting as a broker" if the adviser receives no compensation (other than the advisory fee earned in the ordinary course of managing the assets) for effecting the transaction and therefore is not considered to be conducting a cross transaction under Section 206(3) of the Advisers Act. In the context of Arbor's business, a cross transaction would occur when selling a portfolio company, investment or other asset from one Fund to another. Agency cross transactions occur when an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer, which is not applicable to Arbor.

In the event Arbor were to recommend a principal transaction or cross transaction, it would only be after: (i) the Firm has determined the transaction to be in the best interest of participating clients; (ii) the transaction is permitted by the relevant Governing Documents; (iii) proper disclosure is given to the relevant General Partner, advisory board or investors, as appropriate; (iv) consent is obtained from the appropriate parties; and (v) the Firm ensures that best execution is achieved for the transaction.

Conflicts of Interest

If any matter arises that Arbor determines in its good faith constitutes an actual conflict of interest, Arbor will take such actions as are necessary or appropriate, and as permitted by any applicable Fund's Governing Documents, to address the conflict. The Governing Documents of each Fund include a description of what Arbor believes to be the most significant conflicts of interest

associated with an investment in that Fund. Some of these conflicts are summarized in Item 8 above.

Item 12. Brokerage Practices

Typically, the Funds' investments in portfolio companies are private transactions directly negotiated between prospective portfolio companies (or their representative) and Arbor and are not facilitated by broker-dealers engaged by Arbor or the Funds. However, portfolio companies periodically engage broker-dealers or investment bankers to perform various services, such as assisting in capital raising, merger and acquisition activity or the sale of a portfolio company. Arbor has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker-dealer or investment banker, if any, to be used to effect transactions for the Funds. Arbor, directly or in conjunction with each General Partner or other affiliates, is responsible for all parts of the investment cycle, including deal sourcing and origination, investment decision-making, deal negotiation and transaction structuring, portfolio management (the act of overseeing the investments that we have made) and exit strategies. Arbor will typically make direct investments on behalf of the Funds in privately-held companies. Rarely will any Fund acquire securities of publicly traded companies, except, perhaps, in connection with a merger of a privately held portfolio company with a company that is publicly traded. In executing all transactions, Arbor will seek best execution of the transaction. Best execution is a qualitative assessment that takes into account the full range and quality of a broker-dealer or investment banker's services and is satisfied by obtaining the most advantageous overall terms for the Fund(s) when weighing all factors relevant to the transaction. Best execution is therefore not necessarily determined by lowest possible commission rates.

Each direct investment is carefully structured through negotiations by members of the relevant General Partner and Arbor's investment professionals and analysts (the "*deal team*"), as well as various professionals employed or engaged by the Firm to facilitate a particular deal, as appropriate. These professionals include attorneys, accountants, consultants, information technology and due diligence professionals, among others. Arbor will utilize the expertise of these professionals in evaluating each deal, including negotiating the pricing and other terms for the transaction under the circumstances. Transactions in securities that are made by Arbor for the Funds, therefore, are generally discreetly negotiated deals which may or may not involve the participation of an investment bank or broker dealer (hereinafter, collectively, "*Brokers*").

The initial factor considered by Arbor in determining whether or not to enter into a transaction on behalf of a Fund through a Broker will depend, in part, on whether we are seeking to acquire securities or exit a position. If a Broker is involved in a Fund transaction involving an acquisition or other new investment, it is typically because the selling company has engaged a Broker to assist it in negotiating and structuring the terms of a particular deal on its behalf including organization of an auction or otherwise. In this way, the selling company hopes to obtain the best possible terms for its sale. Under these circumstances, the fee and expenses of the Broker are typically paid by the selling company or its equityholders as a seller transaction expense. In connection with identifying investment opportunities and deal sourcing activities, from time to time, Arbor may engage a buy-side Broker. In circumstances where Arbor has retained a buy-side Broker, the fees and expenses of the Broker are typically paid by the portfolio company as a buyer transaction

expense. Furthermore, Arbor has entered into retention arrangements with Brokers. Under these retention arrangements, Arbor agrees to pay an agreed-upon retainer and expense reimbursement to the Broker and in exchange the Broker agrees to undertake efforts to identify suitable investment opportunities for the Fund and its portfolio companies. In connection with any such opportunity that is consummated by the Fund or a portfolio company, the portfolio company pays a finders fee to the Broker in an amount equal to an agreed upon percentage of the transaction value. Fees and expenses paid to buy-side Brokers, including finder fees paid to any retained Broker, will not offset or reduce the Management Fee otherwise paid to Arbor.

Of course, each Equity Fund's ultimate goal when investing is to sell or "exit" its investments in portfolio companies for a return in excess of the price paid. When selling a portfolio company, in order to seek to obtain the best possible selling price, and depending on the particular circumstances of the proposed deal, Arbor reserves the right to engage a Broker to assist in the sale if Arbor determines that such third party has a broader reach than our Firm alone and that engaging the Broker will be in the best interests of the applicable Equity Fund.

Whether for private or public securities transactions, Arbor selects a Broker based on Arbor's judgment regarding a variety of factors, including but not limited to: Arbor's prior experience in working with the Broker; the Broker's execution capability, financial responsibility, reputation and expertise within the industry; the Broker's responsiveness to the Firm; the Broker's expertise in dealing with investments that are restrictive or illiquid in nature; the type and size of the transaction involved; the value of any research services providers; and the commission rates, among other factors.

Due to the nature of private fund investing, Arbor does not typically aggregate investments or trades for more than one Fund other than parallel Funds that are intended to invest together. However, if Arbor has determined that an underlying investment is to be made on behalf of two or more of the Funds, Arbor will typically enter into a single transaction, aggregating the investments for each Fund, as well as any co-investor that was allocated a percentage of the trade. On the date of the initial investment, each participant will participate in the applicable investment or trade at the same time and on the same terms. It is possible that any follow-on investment or trade will be made by one or more, but less than all, of the participants, or by additional Funds or other participants. Transaction costs will typically be borne by the portfolio company whose securities are being acquired.

Arbor does not have any formal or informal soft-dollar arrangements nor do we receive any soft-dollar benefits from any broker, dealer or other counterparty. The receipt of research services or other soft dollar benefits is not a factor when selecting an executing broker in the instances where such a broker is required for a public trade. Additionally, Arbor's policy is not to permit clients to direct brokerage to any particular executing broker.

Item 13. Review of Accounts

Arbor monitors the portfolio companies of each Fund on an ongoing basis. As part of the terms of investment, Arbor also arranges, if possible or applicable, for the Funds to have one or more representatives serving on the board of directors of many portfolio companies.

The deal team for each prospective investment will review the investment and disposition thereof and will be actively involved in analyzing each investment and reviewing those investments on an on-going basis.

This team meets regularly to review ongoing monitoring activities and to evaluate potential new platform investments and add-on acquisitions. The deal team also meets once per quarter to determine quarterly carrying values of each Fund's respective investments, which are then reviewed and approved by Arbor's Chief Financial Officer and the Management Committee. Other investment professionals are often included in meetings of the investment management team who review investment materials, due diligence materials and provide valuable industry insight.

Arbor regularly reviews the Funds' accounts and various financial and operating statements. In addition, the Funds are audited annually by an independent, certified public accountant and a copy of the audited financials are sent to each investor on a timely basis.

In addition to annual audited financials, investors in each Fund receive, at least quarterly, operations summary reports, capital account statements and unaudited consolidated financial statements containing valuation and performance information for the relevant Fund. The Firm also has contact with investors (*e.g.*, personal visits, video conference, telephone and email) throughout the year as requested and/or as conditions warrant.

In the course of conducting due diligence, investors periodically request information pertaining to Arbor's investments and track record. Arbor responds to these requests, and in answering such requests, provides information that is not always made available to other investors who have not requested such information. Additionally, as it pertains to existing investors, upon request or pursuant to contractual obligations, certain investors receive additional information and reporting that other investors do not receive. As a result, certain investors will have more information about a Fund than other investors. Arbor will ensure that the disclosure of preferential information rights complies with the Private Fund Rule commencing with its effective date in September 2024.

Item 14. Client Referrals and Other Compensation

As described in Item 5 above, Arbor receives supplemental fees and reimbursements from the portfolio companies held by the Funds. These fees are paid pursuant to separate agreements entered into with the portfolio companies to provide certain consulting services that Arbor believes will ultimately enhance the value of the companies and benefit the Funds and their investors.

These types of fee arrangements present potential conflicts of interest and provide Arbor with an incentive to recommend investments based on compensation received rather than the best interests of the Funds. To help mitigate this potential conflict of interest, an allocable portion of such benefits received by Arbor or its employees (but not Operating Partner Team members) in connection with services rendered to portfolio companies or transactions of the Funds are offset against Management Fees payable by the Funds, to the extent described above in Item 5 and as detailed in each Fund's Governing Documents.

Other than as described above, Arbor does not receive any monetary compensation or any other

economic benefit from a non-client for Arbor's provision of investment advisory services to a client.

When raising capital for a new Fund, Arbor typically engages the services of a placement agent for the sale of Fund units. Placement agent fees are payable by the Funds and offset dollar-for-dollar against the Management Fee, 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 as part of its organizational expenses.

Item 15. Custody

Because we act as investment adviser to the Funds and are affiliated with each Fund's General Partner through common ownership and control and have access to client funds or securities, we are deemed to have custody of client assets under current applicable regulatory interpretations. To comply with Advisers Act Rule 206(4)-2 (the "Custody Rule"), Arbor has elected to undergo an annual GAAP financial statement audit by an independent public accountant registered with and subject to examination by the Public Company Accounting Oversight Board for each of the Funds over which it is deemed to have custody, copies of which are (or will be, for newly closed Funds) delivered to the Funds and their respective investors within 120 days of fiscal year end (or earlier as agreed to in the relevant Governing Documents). In addition, upon the final liquidation of a Fund, Arbor will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all underlying investors promptly upon completion of the audit. Investors are encouraged to carefully review such financial statements.

Arbor does not accept physical custody of Fund assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Called capital is directly deposited or wired into the relevant Fund's bank account maintained with a qualified custodian and, if applicable, public securities are held with broker-dealers or transfer agents who act as custodians for such securities. Arbor receives monthly statements from each of its qualified custodians on behalf of the Funds. For more information about Arbor's qualified custodians, please see Form ADV Part 1, Schedule D, Section 7.B.(1).

Item 16. Investment Discretion

As investment adviser to the Funds, Arbor is granted the discretionary authority in the Governing Documents to determine which securities and the amounts of securities that are to be bought or sold on behalf of the Funds. Investment advice is provided directly to the Funds, subject to the discretion and control of the relevant General Partner, and not to investors in the Funds individually. To become an investor in a Fund, an investor must execute, among other documents, a subscription agreement and a limited partnership agreement (or similar agreement) with a Fund. Such documents generally contain a power of attorney that grants Arbor or the applicable Fund's General Partner certain powers related to the orderly administration of the affairs of the Fund.

Once an investor executes these documents, with limited exceptions discussed elsewhere in this Brochure, Arbor is not required to contact such investor prior to transacting business in a Fund.

Generally, Arbor's only restrictions with respect to managing a Fund, such as, but not limited to, the type of securities in which a Fund invests, will be contained in the relevant Fund's Governing Documents. However, an investor can seek to impose limitations on Arbor's authority through a Side Letter, and the Firm and/or the relevant General Partner can choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon Arbor's investment authority with respect to an investor's investment must be presented to Arbor and the relevant Fund's General Partner in writing and agreed to by all applicable parties.

Item 17. Voting Client Securities

By virtue of the applicable Governing Documents, Arbor has the authority to vote proxy statements on behalf of the Funds. However, given the nature of Arbor's advisory business, the Funds seldom hold public securities; the majority of "proxies" received by Arbor are written shareholder consents or similar instruments for private companies owned by the Funds. Specifically, from time to time, portfolio companies request Arbor (usually through the General Partner of the applicable Fund) to consent to certain issues pertaining to the portfolio company's business and requiring equity owner approval. In these cases, Arbor considers factors that could affect the value of the investment and will act in the manner that it believes maximizes the value of its long-term investment in portfolio companies.

Arbor has adopted proxy voting policies and procedures pursuant to Advisers Act Rule 206(4)-6. Arbor's proxy voting policy seeks to ensure that it votes proxies in the best interest of the Funds with the goal of maximizing value for the Funds and the investors in the Funds. To that end, Arbor endeavors to vote proxies in the manner that it determines in good faith will be the most likely to cause the Funds' investments to increase the most or decline the least in value. Consideration is given to both the short and long-term implications of the proposal to be voted when considering the optimal vote.

Arbor generally believes its interests are aligned with those of the Funds' investors through the principals' beneficial ownership interests in the Funds. However, in the event that there is a conflict of interest in voting proxies, Arbor's proxy voting policy provides that the Firm can address the conflict using several alternatives, including by seeking the approval or concurrence of an Advisory Board on the proposed proxy vote, or through other alternatives as set forth in Arbor's proxy voting policy. Investors in the Funds cannot direct how we vote proxies or shareholder consents, nor are we required to seek investor approval or direction when voting proxies or when giving consent on any matter requiring the consent of shareholders. Arbor has adopted a proxy voting policy pursuant to Advisers Act Rule 206(4)-6 to describe how it votes the Fund's proxies, which is available for investors to review upon request to: Chief Compliance Officer, info@arborpic.com or (312)-981-3770.

Firm principals and affiliated or unaffiliated third parties appointed by Arbor often sit on the boards of portfolio companies to which Arbor provides operational, management and consulting services and, as such, exercise authority with respect to various issues faced by the portfolio companies.

Arbor does not consider service on portfolio company boards by the aforementioned persons or their receipt of nominal board fees, if any, to create a material conflict of interest in voting proxies with respect to such companies.

Item 18. Financial Information

Arbor does not require prepayment of client fees more than six (6) months in advance of services rendered, therefore, we are not required to include a balance sheet with this Firm Brochure.

Arbor has not been the subject of a bankruptcy petition at any time during the past ten (10) years.