

**Item 1 – Cover Page**

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**Part 2A of Form ADV: Firm Brochure**

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**March 28, 2024**

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Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of Excelsior Renewable Energy Management Company L.P. If you have any questions about the contents of this Brochure, please contact us at (330) 620-1478 or [compliance@excelsiorcapital.com](mailto:compliance@excelsiorcapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Excelsior Renewable Energy Management Company L.P. is an investment adviser that registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration of an investment adviser does not imply any level of skill or training.

Additional information about Excelsior Renewable Energy Management Company L.P. also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. The information set forth herein is qualified in its entirety by reference to applicable offering and governing documents. In the event of a conflict between the information set forth in this Brochure and the information in the applicable governing and/or offering documents, the governing and/or offering documents shall control.

## **Item 2 - Material Changes**

This is an annual update to the previous Brochure filed by Excelsior Renewable Energy Management Company L.P. with the Securities and Exchange Commission in March 2023. The following is a summary of changes since the last annual update:

Excelsior Renewable Energy Management Company L.P. updated information regarding client regulatory assets under management in Item 4.

In this Item, we will periodically identify and discuss material updates to the Brochure. This is intended to inform current and prospective Clients of important developments that may take place in our business practices.

Since the last Brochure filed with the Securities and Exchange Commission as referenced above, other than the changes to our regulatory assets under managements as outlined in Item 4, the Adviser has not undergone any material changes.

*The information set forth in this Brochure is qualified in its entirety by reference to a Client's Governing Documents (as defined herein) and/or offering documents. In the event of a conflict between the information set forth in this Brochure and the information set forth in a Client's Governing Documents and/or offering documents, the Client's Governing Documents and/or offering documents shall take precedence.*

### **Item 3 - Table of Contents**

Item 2 - Material Changes .....	ii
Item 3 - Table of Contents.....	iii
Item 4 - Advisory Business .....	4
Item 5 - Fees and Compensation .....	5
Item 6 - Performance-Based Fees and Side-By-Side Management.....	10
Item 7 - Types of Clients .....	10
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	11
Item 9 - Disciplinary Information.....	24
Item 10 - Other Financial Industry Activities and Affiliations.....	24
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.	24
Item 12 – Brokerage Practices.....	26
Item 13 - Review of Accounts.....	27
Item 14 – Client Referrals and Other Compensation .....	27
Item 15 - Custody .....	27
Item 16 - Investment Discretion .....	27
Item 17 - Voting Client Securities.....	28
Item 18 - Financial Information .....	28

#### **Item 4 - Advisory Business**

Excelsior Renewable Energy Management Company L.P. (the “Adviser”), a Delaware limited partnership formed in July 2017 is an investment advisory firm with its headquarters in Excelsior, Minnesota. The Adviser is also known as Excelsior Energy Capital. The Adviser is led and managed by Christopher Moakley, Anne Marie Denman, Alexander Ellis, and Ryan Fegley (the “Founding Partners” or “Principals”).

The Adviser is a private equity firm and invests in renewable energy projects in North America that often require tax equity investments to invest alongside the project. The Adviser provides investment advisory, management and other services on a discretionary basis to private investment funds (each a “Fund” or “Client”, and collectively, the “Funds” or “Clients”), for sophisticated, qualified investors (“Investors” or “Limited Partners”).

The general partner or equivalent of each Fund is, or will be, an affiliate of the Adviser (each a “General Partner”). Each General Partner is, or will be, subject to the Investment Advisers Act of 1940, as amended (the “Advisers Act”) pursuant to the Adviser’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with the Adviser. The Governing Documents (defined below) of each Client may also provide for the establishment of parallel or other alternative investment vehicles in certain circumstances. Investors may participate in such vehicles for the purposes of certain investments, and if formed, such vehicles would also become Clients of the Adviser. In this Brochure, because it is uncertain whether such additional parallel or alternative investment vehicles will be classified as Clients of the Adviser, when we refer to a Fund or Client, we are also referring to such additional parallel or alternative investment vehicles, if any.

The Funds are structured as private equity funds that invest through negotiated transactions in renewable energy projects and related tax equity investments. The private equity funds that invest through renewable energy projects will be referred to as the “Renewables Funds”. The Adviser’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. The Funds invest in equity in wind and solar power plants and related assets in the United States and Canada with stable, long-term contracted cash flows which the Adviser believes will deliver attractive risk-adjusted returns. The Funds target local markets (e.g., counties, towns), U.S. states and Canadian provinces and regional power markets which enjoy a strong rule of law, clear regulatory regimes and market structures. The Adviser seeks to develop a geographically diverse portfolio of projects across the U.S. and Canada to appropriately manage concentration risk for the Funds. In addition to geographic diversification, the Adviser seeks to diversify around other investment features such as cash flow profiles, majority versus minority ownership, project-level counterparties or offtakers of plants’ power and other products and technologies. The Adviser principally is focused on majority ownership positions but may selectively invest in passive minority positions alongside established partners and with the right controls and governance.

The Adviser’s advisory services to the Funds are detailed in the applicable private placement memoranda or other offering documents, investment management agreements, limited partnership or other operating agreements (each, a “Partnership Agreement”), subscription agreements or similar governing documents (collectively, referred to as the “Governing Documents”), and are further described below under “Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.” While it is anticipated that each of its Clients will follow the strategy described above, the Adviser may tailor

the specific advisory services with respect to each Client to the individual investment strategy of that Client. In addition, the Governing Documents of Clients may, in certain limited circumstances, impose restrictions on investing in certain securities or types of securities, for example in connection with regulatory or compliance reasons.

Investors in the Funds participate in the overall investment program for the applicable Fund but may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Governing Documents. The Funds and the General Partners have, and may in the future, 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 relevant Governing Documents with respect to such Investors. See also “Side Letters” under Item 8. below.

Additionally, from time to time and as permitted by the relevant Governing Documents, the Adviser expects to provide (or to agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to Limited Partners, third party co-investors, other Clients or any of their respective affiliates (including, without limitation, one or more successor funds) (“Other Clients”) and/or one or more accounts maintained for the benefit of the Adviser, the Principals, or one or more of their respective affiliates (“Principal Accounts”); provided, however, that any co-investment by any General Partner, any Other Clients or any Principal Accounts not otherwise permitted pursuant to the Governing Documents shall be subject to the prior approval of the Limited Partner advisory committee (“LP Advisory Committee”); and provided further, that any co-investment in any entity by any co-investor shall be made and divested at the same time and upon substantially identical terms and conditions as the investment in such entity by the Renewables Funds, except to the extent that the General Partner, relying on advice from counsel to the General Partner or the Renewables Funds, determines that it is necessary for legal, tax or regulatory reasons for such divestment to be undertaken on different terms and conditions. The Adviser and its affiliates must act in a manner that they consider to be fair, reasonable and equitable in allocating investment opportunities between and among the applicable Renewables Fund and any co-investors. In particular, the Adviser and its affiliates intend to provide the Renewables Funds with first priority allocation of each investment opportunity that the Adviser determines is consistent with the underwriting criteria up to the full amount of its Renewable fund share as is set forth in the Partnership Agreement. Except as provided in the Governing Documents, no Limited Partner has the right to participate in any co-investment opportunities.

As of December 31, 2023, the Adviser manages approximately \$1,306,786,222 in Client assets on a discretionary basis through the Funds.

## **Item 5 - Fees and Compensation**

In general, the Adviser receives a management fee from each of the Funds that it manages as compensation for the investment advisory services rendered to the applicable Fund. The Adviser also typically receives performance-based compensation or carried interest pursuant to the applicable Governing Documents for such Fund; see also Item 6. “Performance-Based Fees and Side-By-Side Management” below.

The Adviser or its affiliates expect to receive additional compensation in connection with management and other services performed for portfolio investments of the Funds, and such additional compensation generally will offset in whole or in part the management fees otherwise payable to the

Adviser in accordance with the relevant Governing Documents. Investors in a Fund also bear certain expenses, as set forth in the Governing Documents of such Fund. For the avoidance of doubt, any Project Administration Fees received by the Adviser or its affiliates will not offset in whole or in part the management fees discussed herein.

The precise amount, the manner of calculation and the manner and timing of payment of any such management fee, carried interest, or performance-based compensation for each such Fund are established by the Adviser, as modified by negotiations with Investors in the applicable Fund, and are set forth in such Fund's Governing Documents provided to each Investor prior to investment in such Fund. Nonetheless, the structure of the management fee and carried interest which the Adviser currently employs and which the Adviser expects to employ with respect to future Funds going forward is summarized below.

### **Management Fees**

A Fund generally will pay the applicable General Partner a management fee (the "Management Fee") equal to a fixed percentage per annum of each Investor's capital commitments ("Commitments") during the investment period and generally equal to the same fixed percentage per annum of each Investor's invested assets after the investment period, as applicable. The Management Fee will be due quarterly in advance. Investors participating in a closing after the initial closing of a Fund generally will bear the Management Fee from the date of the initial closing of such Fund plus interest. The Management Fee will be payable until all portfolio investments are distributed or until such General Partner's relationship with the applicable Fund is terminated for other reasons (as described in the Fund's Governing Documents). Installments of the Management Fee payable for any period other than a full three-month period generally are adjusted on *pro rata* basis according to the actual number of days in such period.

The Management Fee generally is reduced by a specified percentage of a Renewables Fund's share of any directors fees, management fees, advisory fees, consulting fees, monitoring fees, brokers' and finders' fees, transaction fees, investment banking fees and net break-up fees, and litigation payments, if any, from broken deals, (ii) the expected share as determined by a General Partner in its reasonable discretion) of any fees (net of any related expenses) received by the Adviser, a General Partner, the Principals or any affiliate thereof from potential portfolio investments, including directors fees, management fees, advisory fees, consulting fees, monitoring fees, brokers' and finders' fees, transaction fees, investment banking fees and net break-up fees, and litigation payments, if any, from broken deals, and (iii) any fees paid to placement agents, brokers, or finders by a Renewables Fund in connection with solicitation of Commitments from Limited Partners ("Other Fees"), as more fully detailed and subject to the terms set forth in the relevant Governing Documents. In the event that Other Fees with respect to any year exceed the amount of Management Fees payable with respect to such year, then such excess Other Fees shall be applied against future Management Fees until fully used but shall not be carried back to prior periods. If, upon liquidation of a Renewables Fund, there are any Other Fees that have not been applied against the Management Fee pursuant to the applicable Governing Documents, then the Adviser will return such excess Other Fees to the Fund for distribution to the Limited Partners that elect, by providing notification to the General Partner, to receive such excess Other Fees pro rata based on their respective Capital Commitments. Additionally, as further described below and in the applicable Partnership Agreement of the Fund, the Advisers' may retain certain Consultants (as defined herein) to provide services to (or with respect to) certain portfolio investments in which a Fund invests. Such Consultants generally receive compensation and other amounts described herein, but no such amounts will result in additional offsets to the Management Fee.

The Adviser may receive compensation of the type referred to in the preceding paragraph from, or on behalf of or with respect to co-investors in an investment. The receipt of such compensation will not reduce any Management Fee payable by any Renewables Fund that have also invested in such investment, and as a result a Renewables Fund will, in most cases, only benefit with respect to its allocable portion of any such compensation and not the portion of any compensation that relates to such co-investors which have the potential to be significant. Similarly, in certain circumstances, the Adviser expects that co-investors or other parties will negotiate the right to share a portion of such fees from a particular investment, and the above-described offset will be applied after excluding any amounts paid to such persons. Additionally, as further described below under “Consultants” and in the applicable Governing Documents of each Fund, it is the Adviser’s practice to use or retain certain Consultants (as defined below) to provide consulting services to a Fund or its portfolio investments, including, without limitation, strategic and operational advice. Such Consultants generally would receive compensation, which may include, but is not limited to, fees in connection with transactions and other items detailed herein from the relevant portfolio investments or Funds to which they provide services, and any such compensation would not result in additional offsets to any Management Fee.

Certain Governing Documents permit the Adviser to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the Governing Documents as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner’s behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the Fund. The Limited Partners of the Funds may be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution that would otherwise be required of the Adviser in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of Investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by the Adviser and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will be delayed.

### **Carried Interest**

The Adviser will receive a carried interest with respect to Renewables Funds equal to a fixed percentage of all realized profits subject to a fixed percentage compound preferred return, as more fully described in the applicable Governing Documents. The carried interest distributed to the Adviser is subject to a potential giveback at the end of life of the Renewables Funds if the Adviser has received excess cumulative distributions and at certain interim intervals as provided in the Governing Documents.

It is expected that any future Renewables Funds will have a similar fee structure.

Fund interests are offered and sold solely to “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Investment Company Act”) (or qualified knowledgeable Adviser personnel), and, as such, information regarding the fees and compensation payable by Clients is not required to be provided herein.

### **Other Information**

In certain circumstances, the Management Fees payable to the Adviser by individual Investors in the Funds can vary among such Investors (*e.g.*, based on size of commitment, aggregate commitments to the Funds, timing of admission or other strategic or relationship factors) and may be negotiable. Moreover, the Adviser is permitted to exempt certain “affiliated partner” Investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including the Adviser and any other person designated by the Adviser, such as “friends and family” and certain business associates of the Adviser or its personnel, or other Investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by the Adviser and/or its affiliates, or through other Funds which co-invest with a Renewables Fund. For example, in instances where an Adviser professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Governing Documents, the Adviser has the right to permit Investors, affiliated with the Adviser or otherwise, to invest through vehicles that do not bear Management Fees, carried interest, or performance-based compensation. In general, the Management Fee offsets described above apply only with respect to the capital commitments of fee-paying Investors.

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

Principals or other current or former employees of the Adviser generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by the Adviser or its affiliates.

In addition to the Management Fee and carried interest allocable to the Adviser, the Funds will pay all other fees, costs, expenses, liabilities, and obligations relating to the Funds and their activities, business or actual or potential investments (to the extent not borne or reimbursed by a portfolio investment) (such expenses, “Partnership Expenses”) including, but not limited to: (i) All expenses incurred in connection with Fund operations, including the purchase, holding, sale or proposed sale of any portfolio investments (including legal and accounting fees), unless paid for by the company that is the subject of the investment, and including, without limitation, the Management Fee; legal, filing, auditing, consulting, engineering, operational compliance, administration, accounting and other professional fees and expenses for services other than those of a type ordinarily expected to be provided by the general partner or manager of similar funds for which management fees are paid, a Fund’s proportionate share of fees paid by a portfolio investment, Project Entity (as defined below) or other person to the Adviser or any of its affiliates for providing accounting, tax audit, reporting, compliance (including, but not limited to, regulatory compliance and vendor and claim management), engineering and/or other similar management or administrative services to the relevant portfolio investment or Project Entity, expenses associated with a Fund’s reporting and Limited Partner annual meeting expenses (excluding expenses of individual Limited Partners) and expenses of loan servicers and expenses and other service providers; (ii) Expenses associated with the evaluation, acquisition, holding, monitoring, settlement and disposition of a Fund’s portfolio investment (including, without limitation, reasonable and customary travel, lodging and meal expenses, any brokerage, custody or hedging costs, private placement fees, sales commissions, appraisal fee, commitment fees, commissions and underwriting costs), the costs and expenses of any custodians, lenders, investment banks and other financing sources; (iii) Costs and



fees relating to the preparation of financial and tax reports, portfolio valuations and tax returns of a Fund and each intermediate entity formed for the purpose of accommodating certain tax, regulatory, legal or accounting considerations of one or more investors or co-investors (each, a “Intermediate Fund Entity”) and each entity formed for the purpose of holding a particular portfolio investment or group of related portfolio investments (each, a “Project Entity”), and the audit of the Fund and each Intermediate Fund Entity and Project Entity; (iv) Costs of prosecuting or defending any legal action for or against a Fund, any Intermediate Fund Entity or any Project Entity, the costs of director and officer liability or other insurance of a Fund, each Intermediate Fund Entity, each Project Entity, the Adviser and the General Partner and the cost of a Fund’s indemnification of the indemnified parties as set forth in the applicable Governing Documents; (v) Interest on and fees and expenses arising out of all permitted borrowings made by a Fund, any Intermediate Fund Entity or any Project Entity; (vi) All unreimbursed out-of-pocket costs related to investment or divestment transactions that are not consummated, including, legal, accounting and consulting fees, reduced by all break-up and similar income (such net amount, “Broken Deal Expenses”); provided that the Adviser shall use best efforts to cause each prospective co-investor in a proposed Renewables Fund portfolio investment to agree to bear such co-investor’s pro rata share of any Broken Deal Expenses, as determined by reference to the initial proposed allocation of such portfolio investment; (vii) Extraordinary professional fees payable to third parties in connection with the business or management of a Fund, any Intermediate Fund Entity or any Project Entity; (viii) All expenses of liquidating a Fund, any Intermediate Fund Entity or any Project Entity; and (ix) Any taxes, fees or other governmental charges levied against a Fund, any Intermediate Fund Entity or any Project Entity and all expenses incurred in connection with any tax, audit, investigation, settlement or review of a Fund, any Intermediate Fund Entity or any Project Entity.

To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth below in “Item 12. Brokerage Practices.”

As described above, in certain circumstances, the relevant General Partner is expected to permit certain Investors to co-invest in portfolio investments alongside one or more Funds, subject to the Adviser’s related policies and the relevant Partnership Agreement(s) and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned ultimately is not consummated, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, or would otherwise be beneficial, Broken Deal Expenses relating to such proposed transaction may be paid solely by the Fund(s) to the extent any such potential co-investors do not agree to bear any portion of such Broken Deal costs and expenses. 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 Broken Deal Expenses.

### **Consultants**

Additionally, as further described herein and in the applicable Governing Documents of each Fund, the Adviser is permitted to use or retain certain consultants, senior industry advisors, strategic partners, operating partners, experts, and other specialists (“Consultants”) to provide services to (or with respect to) one or more Funds or certain current or prospective portfolio investments in which one or more Funds invest. Such Consultants generally provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio investments, including operational aspects of such companies. Consultants receive compensation, including, but not limited to, cash fees, retainers, diligence fees, transaction fees, a profits or equity interest in a portfolio investment, profits

or equity interests in one or more Funds, co-investment opportunities, remuneration from the Adviser and/or Funds or affiliates or other compensation, which typically is determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of such Consultants, a percentage of the value of the portfolio investment, the invested capital exposed to such portfolio investment, amounts charged by other providers for comparable services and/or a percentage of cash flows from such investment. Consultants also generally will be reimbursed for certain travel and other costs in connection with their services. As described above, no such amounts will offset the Management Fee. The use of placement agents subjects the Adviser to conflicts of interest, as discussed under “Conflicts of Interest” in Item 11. below. See also Item 14. “Client Referrals and Other Compensation.”

#### **Item 6 - Performance-Based Fees and Side-By-Side Management**

As described above in Item 5 “Fees and Compensation,” the Adviser or its affiliates may receive a carried interest allocation on certain realized profits in the Renewables Funds. These payments are 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 Adviser generally has the authority to waive carried interest with respect to certain partners as described above in Item 5 “Fees and Compensation.”

Additionally, to the extent that the Adviser’s personnel are assigned varying percentages of carried interest from the Renewables Funds, such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Renewables Funds from which they are entitled to receive a higher carried interest percentage.

The existence of carried interest and performance-based compensation has the potential to create an incentive for the Adviser to make more speculative investments on behalf of a Renewables Fund than it would otherwise make in the absence of such arrangement, although the Adviser generally considers performance-based compensation to better align its interests with those of its Investors.

The Adviser seeks to address the potential for conflicts of interest in these matters with allocation policies and/or practices that provide that transactions and investment opportunities will be allocated to the Renewables Funds in accordance with each fund’s investment guidelines and Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by the Adviser or any personnel.

#### **Item 7 - Types of Clients**

As described in Item 4 “Advisory Business,” the Adviser provides investment advisory services only to Funds, which are investment partnerships, or similar entities, which are exempt from registration under the Investment Company Act. The Investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, Principals or other employees of the Adviser and its affiliates and members of their families, and Consultants or other service providers retained by the Adviser.

Each Fund will generally have a minimum investment amount between \$5 million and \$10 million for third-party Investors in the Funds, and Fund interests will be offered and sold solely to

qualified purchasers or qualified knowledgeable personnel of the Adviser. Such minimum investment amounts may be waived by the Adviser.

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

Private equity investing involves the origination of a specific asset or pool of assets, and the subsequent underwriting, due diligence, negotiating and structuring of the investment to be held in a Client's portfolio. A recommendation is then made to an investment committee to purchase the asset or pool of assets per the terms outlined. Post investment, direct investments are monitored on a timeline appropriate for the complexity, degree of control and liquidity of the asset.

The Adviser is a privately held alternative asset management firm focusing on North American renewable asset classes. The Adviser invests in the form of equity investments in established North American projects in the renewable energy sectors, with a particular emphasis on projects that possess a naturally strong wind or solar resource, and/or an attractive market for power, capacity and environmental attributes. The projects that provide these solutions often are regionally oriented and compete in fragmented markets, creating opportunities for the Adviser to consolidate the projects onto a best-in-class operations and optimization platform.

### **Investment Strategy**

The Renewables Funds focus primarily on equity investments in wind and solar power plants and related assets located in the United States and Canada. The Renewables Funds' equity investments in each power plant or portfolio of plants usually will range from 20%-40% of the total capital stack, with tax equity and project-level non-recourse debt making up the balance of the investment capitalization.

The Renewables Funds strategy focuses on:

- Aggregating small- to mid-sized assets currently under served by large buyers;
- Partnering with high-quality developers to acquire repeat projects at Commercial Operation Date and/or Notice to Proceed, as appropriate;
- Pursuing non-core asset sales from large Original Equipment Manufacturers, Engineer Procure Construction projects and unregulated utilities;
- Acquiring select passive equity interests in projects, such as tax equity preferred positions; and
- Moving quickly on distressed opportunities where the underlying assets are fundamentally strong and where ownership by the Renewables Fund and management by the Adviser and its personnel can add value.

Across these strategies the Renewables Funds targets local markets (e.g., counties, towns), U.S. states and Canadian provinces and regional power markets which enjoy a strong rule of law, clear regulatory regimes and market structures. Each of these markets must also fundamentally possess a naturally strong wind or solar resource, or an attractive market for power, capacity and environmental attributes (e.g., Renewable Energy Credits). The Adviser seeks to ultimately develop a geographically diverse portfolio across the U.S. and Canada to appropriately manage concentration risk. In addition to

geographic diversification, the Adviser seeks to diversify around other investment features such as cash flow profiles, majority versus minority ownership, project-level counterparties or offtakers of plants' power and other products and technologies. The Adviser principally is focused on majority ownership positions but may selectively invest in passive minority positions alongside established partners and with the right controls and governance.

### **Methods of Analysis**

The Adviser's process requires the team to assess deal quality and risk *versus* expected returns, diligence costs, investment team time allocation and other factors at multiple points in the deal review process. The investment approval process starts with a pre-letter of intent ("LOI") screening memo and Principal approval of LOI submission, a formal investment committee meeting and approval to enter into a binding LOI and begin expending diligence dollars, and a final investment committee memo and meeting to approve entering into any purchase and sale agreement for an investment.

Throughout the sourcing, diligence, negotiation, closing, and integration of the investment, strategy and process integrates distinct competitive advantages, which include:

- *Relationships:* The Adviser's management team collectively has ~70 years of experience in the wind and solar industry and has developed extensive relationships with a broad range of market participants.
- *Target Investment Size:* Adviser seeks to target a segment of the market which is too small for the largest asset managers and strategic investors with direct investment teams, and too big for many of the less sophisticated companies and investors focused on residential and small commercial projects.
- *Speed and Flexibility:* Adviser is a small team with significant experience, having screened hundreds of deals over the years and executed on many. Adviser's size and experience allows it to move quickly and flexibly through a transaction.
- *Operational Expertise:* Adviser's operational expertise allows the team to quickly drill down on the most important issues and evaluate transactions through the lens of a long-term owner.
- *No Project Development:* Adviser is primarily focused on projects which have completed development and does not try to develop wind and solar power plants.

### **Risks Involved with an Investment in a Fund and Portfolio Investments**

The purchase of a limited partnership interest in the Funds involve a number of significant risks and other important factors relating to investments in limited partnerships generally and relating to the structure and investment objectives of the Funds in particular. Prospective investors should carefully review the risks associated with investing in the Funds with their financial, tax and legal advisers.

*Risk of Loss; No Past Performance.* Investors may lose all or substantially all of their investment in the Funds. The Funds and the Adviser have a limited operating history. The Adviser's previous experience in the renewable energy industry is not necessarily indicative of the Adviser's potential performance managing the Funds. There can be no assurance the Funds will achieve its investment objective.

*Availability of Investments; Limited Capacity Investment Strategy.* The Funds' investment strategies are constrained by limited investment opportunities available in the marketplace. There can be no assurance that the Adviser will be able to leverage the Principals' relationships in order to obtain access to adequate desirable investments. There is no certainty that any assets will be available for the Funds to purchase or meet the Funds' investment criteria or underwriting criteria. In the event that the Funds are unable to secure any opportunities, or where the opportunities are of lower quality, more costly and/or take longer to secure than expected, the Funds may not be in a position to source sufficient attractive opportunities or the ones sourced may be of lower quality, more expensive and may take more time to secure, which could adversely impact the Funds' performance.

*Nature of Investments.* The Adviser has broad discretion in seeking out portfolio investments. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Funds' activities and the value of its investments.

*Competition.* The Funds face significant competition for assets in the solar and wind power sectors from a variety of potential buyers, including potentially from certain service providers who may provide services to the Funds. Many of these competitors are well-established and have a longer track record in identifying, developing and operating solar assets or wind assets than the Funds. In addition, some of these competitors possess greater in-house technical, human and other resources than the Adviser. Competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available to, and adversely affecting the terms upon which investments can be made by, the Funds. The ability of the Funds to achieve their investment objective depends upon the Adviser's identifying, selecting and executing investments which offer the potential for satisfactory returns. The availability of suitable investment opportunities will depend, in part, upon conditions in the solar and wind markets. There can be no assurance that the Adviser will be able to identify and secure investments that satisfy the Funds' investment criteria.

*Reliance on Co-Investors.* The Renewables Funds have limited capital available to make portfolio Investments and may, therefore rely on co-investors to invest alongside the funds in their portfolio investments. The process for obtaining commitments and investments from co-investors can be complicated and may not prove successful. Failure to obtain such commitments and investments may require the Renewables Funds to limit their portfolio investments and/or to abandon potential portfolio investments that may be more successful.

The Adviser may agree to different economic terms with one or more co-investors on a particular portfolio investment in order to align economic terms with benefits received by the co-investor in connection with its investment in the co-investment (as opposed to if such co-investor had invested in the applicable Fund). In addition, the Adviser may have to agree to provide co-investors

with certain operational or management rights with respect to a portfolio investment, which could limit the discretion of the Adviser to operate and manage a portfolio investment. While the Adviser will use commercially reasonable efforts to avoid providing any co-investor with a priority right to liquidate its interest in a portfolio investment, the Adviser may need to provide a co-investor with such a right in order to obtain sufficient capital to execute on a portfolio investment. If such a co-investor utilizes such a right to liquidate its interest in a portfolio investment in advance of the Fund, it may delay (or prevent) the Fund's ability to liquidate its interest in such portfolio investment. No Indemnified Party will have any liability to the Fund or any Limited Partner (or any direct or indirect investor therein) if the Adviser provides co-investors with any such rights.

Failure to obtain sufficient co-investor interest in a portfolio investment could result in the applicable Fund failing to execute on a particular portfolio investment and cause the Fund to incur Broken-Deal Expenses. While the Adviser will use best efforts to cause prospective co-investors to agree to bear such co-investor's *pro rata* share of Broken Deal Expenses, it is possible that the Adviser will be unable to get co-investors to agree to bear any portion of such Broken Deal Expenses.

*Uncertain Exit Strategies.* Due to the less liquid and long-term nature of most of the investments in which the Funds will invest, the exit strategies are limited and the Adviser is unable to predict with confidence that any particular exit strategy will be available. Solar assets and wind assets generally are illiquid, have natural lives longer than the Funds' term and may be difficult to sell, all of which factors suggest that it may take a considerable amount of time following the expiration of the term to liquidate the Funds' assets, thereby delaying distributions to Limited Partners. There can be no assurance that the Funds' assets will be liquidated prior to, or even shortly after, the expiration of the term or that Limited Partners will receive distributions in a timely fashion following the expiration of the term.

*Possible Positive Correlation with Stock and Bonds.* One of the goals in incorporating non-traditional investment strategies such as those utilized by the Funds into a portfolio is to provide a potentially valuable element of diversification. However, there can be no assurance, particularly during periods of market disruption and stress, when the risk control benefits of diversification may be most important, that the Funds will, in fact, be negatively or non-correlated with a traditional portfolio of stocks and bonds.

*Financing Arrangements; Availability of Credit.* One or more Intermediate Fund Entities or Project Entities may be required to obtain debt or other non-equity financing in order to complete and/or continue to effectively operate a portfolio investment. There can be no assurance that the Funds will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the banks and dealers that provide financing to the Funds can often adjust financing, security and collateral valuation policies. Changes by banks and dealers in such financing policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action, may result in loss of financing. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could undermine the Fund's ability to execute portfolio investments or continue to effectively operate a portfolio investment.

*Reliance on Corporate Management and Financial Reporting.* The Adviser may rely on the financial information made available by sponsors of solar assets and wind assets to evaluate the attractiveness of a portfolio investment. The Adviser could be limited in its ability to independently verify the financial information disseminated by these third parties and is dependent upon the integrity of both the management of these third parties and the financial reporting process in general. Recent events have demonstrated the material losses that investors such as the Funds can incur as a result of corporate mismanagement, fraud and accounting irregularities.

*Concentration.* The Funds will invest in solar assets and wind assets. As such, the Funds' portfolio will be concentrated in the renewable energy industry and may also be relatively concentrated with respect to types of securities and issuers. In addition, the Funds' investment portfolio will be relatively concentrated with respect to a particular geographic market or markets (*i.e.*, the U.S. and Canada) and may be relatively concentrated with respect to certain types of solar and wind assets. From time to time multiple geographic markets could move in tandem against the Funds' positions, and the Funds could suffer substantial losses. Accordingly, the investment portfolio of the Funds may be subject to more rapid change in value than would be the case if the Funds were required to maintain a wider diversification among types of securities, issuers and geographic areas. The Funds also may be unable to achieve the diversity it seeks with respect to investment features, including cash flow profiles, majority *versus* minority ownership, project-level counterparties or offtakers of plants' power and other products and technologies. Because the Funds' focus is relatively narrow, the portfolio of the Funds will be more concentrated than the portfolios of multi-strategy alternative investment vehicles which may expose the portfolio of the Funds to higher volatility, greater mark-to-market fluctuations and greater risk of loss than other investment vehicles with portfolios that are not as concentrated.

*Dependence on Personnel.* The General Partner's ability to successfully manage the Funds' affairs depends on the Principals and employees of the Adviser. The General Partner will be relying extensively on the experience, relationships and expertise of these persons. There can be no assurance that these persons will remain with the Adviser through each closing of the Funds or will otherwise continue to be able to carry on their current duties throughout the term of the Funds or that the Adviser will be able to retain replacements when needed.

*Reliance on Operations and Management Personnel.* The Funds' investment strategy is dependent on the Adviser sourcing and overseeing qualified operations and management ("O&M") operators in order to perform day-to-day oversight over the solar assets and wind assets acquired by the Funds. The availability of qualified O&M operators is limited, especially in certain regions and the Adviser may not be able to source sufficient qualified O&M operators to oversee portfolio investments. The inability to source qualified O&M operators may require the Funds to limit investments or pass on certain prospective portfolio investments. In addition, even if the Funds are able to retain O&M operators at the outset of a portfolio investment, the success of each portfolio investment is highly dependent on the continued availability of, and performance by, O&M operators. The loss of one or more O&M operators (or their respective key personnel) could have a negative impact on the performance of one or more portfolio investments or could require the Funds to dispose of a portfolio investment on a different schedule than initially anticipated.

The fees and expenses of qualified O&M operators may increase dramatically due to increases in the penetration of solar and wind assets in the energy markets. It is impossible to predict with certainty whether such costs will increase due to unexpected developments in the

energy markets. Unexpected increases in such costs will directly affect the profitability of portfolio investments.

*Reliance on Tax Equity Financing.* Solar assets and wind assets often utilize tax equity to finance projects. “Tax equity financing” involves operating a renewable project through a joint venture that makes priority allocations of certain tax items (e.g., deductions and credits) to certain investors in exchange for such investors’ provision of equity financing. While the volume of tax equity investors has increased over the past few years, the arrangements used to structure tax equity financing are complex and can result in high administrative and financing costs. In addition, the availability of tax equity financing is dependent upon tax legislation at the state and federal levels, which is subject to change, as well as interpretations by various tax regulators.

In particular, certain recently enacted U.S. tax legislation may have a material adverse impact on the market for tax equity financing of solar assets and wind assets. Among other things, such legislation lowers the U.S. federal corporate income tax rate, creates a new alternative tax on large multi-national corporations and imposes limitations on the deductibility of interest. These changes may erode the expected benefit of tax credits and adversely impact the after-tax yields that investors in tax equity financing were expecting, which may reduce the demand for such investments and/or have an adverse impact on the terms of such financing.

The Funds may be subject to certain other risks relating to the structuring of tax equity financing arrangements.

*Power Purchase Agreement Defaults.* The Funds intend to acquire projects which will often have entered into power purchase agreements (“PPAs”) or other offtake agreements. In certain cases, portfolio investments may enter into new or amended PPAs and offtake agreements during the life of the investment. PPAs have an inherent counterparty default risk. If a counterparty to a PPA were to default, despite being credit-worthy at the time of acquisition of the project, the Funds may not be able to substitute an equally profitable agreement in the defaulting PPA’s place. Nor can it be assumed that the Funds will be successful in obtaining recourse from the breaching party. If the Funds are able to obtain recourse, such recourse may not outweigh the costs associated with negotiating a substitute PPA. Moreover, it is possible that the Funds themselves may default. Defaults by the Funds of a PPA could result in significant costs associated with replacing the PPA, as well as the risk that the Funds may be unable to negotiate an equally profitable PPA.

*Asset Acquisition Risk.* Before making investments, the applicable General Partner or one of its designated affiliates will use reasonable efforts to ensure that appropriate legal and technical due diligence is undertaken on behalf of the Funds in connection with any proposed acquisition of solar assets and wind assets, the Adviser may not be able to surface all the facts and risks that may be relevant in connection with an investment. In particular, if the operation of a project has not been duly authorized or permitted, it may result in closure, seizure, enforced dismantling or other legal action in relation to such projects. Certain issues, such as failure in the construction of a plant (e.g., faulty components or insufficient structural quality), may not be evident at the time of acquisition or during any period during which a warranty claim may be brought against the contractor. Such issues may result in loss of value without full or any recourse to insurance or construction warranties. Further, construction delays may occur during the construction of any such project due to either a delay or shortage of critical path project components. Such delays could affect the time in



which the project becomes operational or could even lead to the project being prevented from ultimately being constructed.

*Possibility of Fraud or Other Misconduct of Employees and Service Providers.* Misconduct by employees of the General Partner, portfolio investment officers or employees, service providers to the foregoing and/or their respective affiliates could cause significant losses to the Funds. Misconduct may 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 may result in reputational damage, litigation, business disruption and/or financial losses to the Funds. No assurances can be given that the General Partner will be able to identify or prevent such misconduct.

*Limitation of Recourse and Indemnification.* The Partnership Agreement will limit the circumstances under which the General Partner, the Adviser, each of their respective directors, their respective directors, officers, partners, members, employees and affiliates (and each director, officer, partner and member and employee of each such affiliate), including each Principal, and each of their respective assigns and each member of the LP Advisory Committee, as applicable (collectively, the "Indemnified Parties") will be held liable to the Funds. As a result, Limited Partners may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the Partnership Agreement will provide that the Funds will indemnify the General Partner and its affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of the Funds. Such indemnification obligations could materially impact the returns to Limited Partners. The indemnification obligations of the Funds would be payable from the assets of the Funds, including the unfunded Commitments of the Limited Partners. Additionally, the General Partner may recall certain distributions previously made to the Limited Partners. Further, each Limited Partner will also be required to indemnify the Funds and each indemnitee against certain taxes attributable to such Limited Partner.

*Litigation.* In the ordinary course of its business, the Funds may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of the Funds and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the General Partner's and the Principals' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

*Advisory Board.* The General Partner will appoint one or more Limited Partner representatives to the Advisory Board. The Partnership Agreement may provide that to the fullest extent permitted by applicable law, none of the Advisory Board members shall owe any fiduciary duties to the Funds or any other partner. In addition, representatives of the Advisory Board may have various business and other relationships with the Adviser and its partners, employees and affiliates. These relationships may influence their decisions as members of the Advisory Board.

*Delayed Tax Information.* The Funds may not be able to provide final tax filing information to Limited Partners for any given fiscal year until after the initial tax filing deadlines for Limited Partner tax returns. Accordingly, Limited Partners should plan to obtain extensions of the filing dates for their income tax returns. Each prospective investor should consult with its own adviser as to the advisability and tax consequences of an investment in the Funds.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Funds to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Funds' portfolio investments.

*Side Letters.* The General Partner and the Adviser may enter into Side Letters with one or more Limited Partners, which provide such Limited Partner(s) with additional and/or different terms from those which such Limited Partner(s) have pursuant to the Partnership Agreement, including but not limited to, different fees or expenses, allocations, notice provisions (including provisions relating to regulatory actions, investments by the Principals and "change in control" provisions), access to information, waiver of all or a portion of a Limited Partner's obligation to contribute capital to the applicable Fund, or determination to accept a late contribution without declaring a Limited Partner to be in default, and capacity and transparency rights. As a result of Side Letters, certain Limited Partners may benefit from arrangements that do not apply to other Limited Partners. Neither the General Partner nor the Adviser is required under the Partnership Agreement to notify such other non-party Limited Partners of any Side Letters or any of the terms thereof, nor will the General Partner or the Adviser be required under the Partnership Agreement to offer any of the terms set forth in any Side Letter(s) to other Limited Partners that are not parties thereto.

*Electronic Delivery of Certain Documents.* Pursuant to the subscription agreement entered into by a Limited Partner, such Limited Partner may consent to electronic delivery (including email, facsimile or posting on the Funds' web-based investor reporting site or other internet service in accordance with the Partnership Agreement) of (i) any notices or communications required or contemplated to be delivered to such Limited Partner by the Funds, the General Partner or any of their respective affiliates, pursuant to applicable law or regulation, at the option of the person making such delivery, and (ii) capital demand notices and other notices, requests, demands or consents or other communications and any financial statements, reports, schedules, certificates or opinions required to be provided to such Limited Partner under the Partnership Agreement or under any side letter with such Limited Partner. There are certain costs (e.g., on-line time) and possible risks (e.g., slow downloading time and system outages) associated with electronic delivery. Moreover, the General Partner cannot provide any assurance that these communication methods are secure and will not be responsible for any computer viruses, problems or malfunctions resulting from any computer viruses or related problems that may be associated with the use of an internet-based system.

*Cybersecurity Risks.* Cyber-attacks and other malicious Internet-based activity continue to increase in frequency and magnitude. Recent events have illustrated such ongoing cybersecurity risks to which operating companies are subject. Techniques used to sabotage, or to obtain unauthorized access to, systems or networks change frequently and generally are not recognized until launched against a target. Therefore, companies, as well as their third-party partners (including vendors), may be

unable to anticipate these techniques, react in a timely manner, or implement adequate preventive measures. The General Partner's and its portfolio investments' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, denial-of-service attacks, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Any of such circumstances could subject a portfolio investment, or the Funds, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the Adviser or one of its service providers holding its financial or Investor data, the Adviser, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks.

*General Economic Conditions.* The success of any investment activity is influenced by general economic and financial conditions that may affect the level and volatility of equity prices, interest rates, general levels of economic activity, and the extent and timing of investor participation in the markets for both equity and interest-rate-sensitive securities. Unexpected volatility, illiquidity, governmental action, currency devaluation, or other events in global markets in which Clients directly or indirectly holds positions, or national and international circumstances (such as terrorist acts, wars, or security operations) or acts of God (including tornadoes, hurricanes, epidemics, and earthquakes), could impair the ability of the Adviser to carry out its business and could cause its Clients to incur substantial losses. In recent years, U.S. and non-U.S. securities markets and exchanges experienced high volatility, market disruption and substantial losses and resulted in governmental reform affecting the hedge fund industry. Prospective investors should be aware that similar market conditions in the future may present significant challenges to investors, including managers with past success under other market conditions. Private investment funds are likely to be further impacted by the recent events in financial markets around the world.

*Acts of God and Geopolitical Risks.* The performance of our Clients could be impacted by acts of God or other unforeseen and/or uncontrollable events (collectively, "Disruptions"), including, but not limited to, natural disasters, public health emergencies (including any outbreak or threat of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, ebola, or other existing or new pandemic or epidemic diseases), terrorism, social and political discord, geopolitical events, national and international political circumstances, and other unforeseen and/or uncontrollable events with widespread impact. These Disruptions may affect the level and volatility of security prices and liquidity of any investments. There is risk that unexpected volatility or lack of liquidity will impair an investment's profitability or result in its suffering losses. Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or securities industry participants in other countries or regions. The extent of the impact of any such Disruptions on the Adviser, its Clients, and any underlying portfolio company's operational and financial performance will depend on many factors, including the duration and scope of such Disruptions, the extent of any related travel advisories and restrictions implemented, the impact of such Disruptions on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its interference with important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. A Disruption may materially and adversely impact the value and performance of any investment, the Adviser's ability to source, manage and divest investments, and our ability to achieve its Clients' investment objectives, ultimately resulting in significant losses to Clients and investors. In addition, there is a risk that a Disruption will significantly impact the operations of the Adviser, its Clients, and their underlying portfolio companies, or even temporarily or permanently halt their operations.

***Political and Economic Considerations.*** Changes in political, social and economic conditions could have substantial impact on the investments made in a Client's portfolio. Such potential changes include, but are not limited to, (a) currency exchange rate fluctuations, (b) exchange control regulations, (c) risks associated with different (and lower quality) information being available, (d) higher rates of inflation, (e) greater governmental involvement in the economy, (f) stricter or more expansive governmental regulations in the healthcare services, business services and/ industrial sectors, or (g) contraction of economies, in particular, loss of consumer confidence and an economic slowdown in the markets in which Clients are invested in, which may impact a Client's financial performance and the value of its investments. In addition, laws and regulations of non-U.S. countries may impose restrictions or approvals that would not exist in the U.S. and may require financing and structuring alternatives that differ significantly from those customarily used in the U.S. Foreign countries may also impose taxes on a Fund or its investors.

***Future Legal, Tax and Regulatory Risks for Private Funds.*** Future legal, tax and regulatory changes could occur that may adversely affect the Adviser or its Clients. The regulatory environment for private funds is evolving, and changes in regulations that impact private funds may adversely affect the value of investments held by Clients and the ability of a Client to pursue its investment strategy. The SEC, other regulators and self-regulatory organizations and exchanges have taken various extraordinary actions in connection with recent and past market events and may take additional actions. A Client may also be adversely affected by changes in the enforcement or interpretation of existing laws, rules and regulations, including tax laws, by federal, state and non-U.S. agencies, courts, authorities or regulators. The effect of any future regulatory changes on a Client or the Adviser could be substantial and potentially adverse.

### **Risks Associated with Solar and Wind Energy-Related Assets**

***General Risks Relating to Investments in the Solar and Wind Energy Industries.*** Companies engaged in the solar or wind energy industry may be significantly affected by increased competition from new and existing market entrants, technological developments, obsolescence of technology and short product cycles. In addition, the solar and wind energy industries are at relatively early stages of development and the extent to which solar and/or wind energy will be widely adopted is uncertain. Companies in this industry may also be significantly affected by general economic conditions such as varying prices and profits, commodity price volatility, changes in exchange rates, imposition of import controls, depletion of resources, fluctuations in energy prices and supply and demand of alternative energy fuels, energy conservation, labor relations and tax and other government regulations. Investments in companies involved in the solar or wind energy industry have historically been more volatile than investments in companies operating in more established industries. If government subsidies and economic incentives for alternative energy sources, particularly solar and/or wind power, are reduced or eliminated, or if there is uncertainty as to whether such subsidies and incentives will be continued, the demand for solar and/or energy may decline and cause corresponding declines in the revenues and profits of companies engaged in the solar and/or wind energy industries. In addition, changes in government policies towards solar and/or wind energy technology also may have an adverse effect on the Funds' performance.

***Risks Associated with Projecting Electricity Generation.*** The Adviser's projections of potential solar asset and wind asset electricity generation potential are based on historical data, assumptions and

variables that are inherently uncertain. In projecting an operating project's future performance, the Management Company will rely on historical data that may be limited to the period of time the potential asset has been operational or may rely on historical data of similar assets that may prove materially different from the performance of a portfolio investment. In projecting future performance of pre-construction and construction stage projects, the Adviser will rely on historical data that may only span limited time periods and may not accurately reflect the potential impact of topographical factors, turbine placement, solar panel placement and vegetation. Historical data may inaccurately reflect the strength and consistency of future sun and wind resources, be inaccurate and have been incorrectly compiled. Because of this inherent data uncertainty, actual production of a given solar asset or wind asset may vary significantly from the Adviser's projections.

*Weather-Related Risks.* Weather events beyond the control of the Funds such as fires, floods, earthquakes, storms, hurricanes or other natural disasters and weather phases such as El Nino and La Nina could materially adversely affect returns. Natural disasters, severe weather or accidents could damage investment assets or the ability of engineers to access the relevant site, which could have a material adverse effect on the Funds. Earthquakes, lightning strikes, tornadoes, extreme winds, severe storms, wildfires and other unfavorable weather conditions or natural disasters may damage, or require the shutdown of, solar modules, wind turbines, related equipment or facilities and the grid which would decrease electricity production levels and results of operations. The occurrence of such events may have a variety of adverse consequences for the assets in which the Funds invest, including risks and costs related to the damage or destruction of property, suspension of operation and injury or loss of life, as well as litigation related thereto. Such risks may not be insurable or may be insurable only at uneconomical rates. Revenues generated by wind assets in which the Funds may invest are correlated to the amount of electricity generated, and therefore a sustained decline in wind conditions could lead to a material adverse impact on such wind assets. Moreover, changing wind patterns or lower than expected wind resources could degrade equipment, resulting in considerable expense to the Funds. The profitability of a solar asset is dependent, in part, on the meteorological conditions at the particular site. Levels of sunlight and cloud cover may fluctuate on a daily, monthly and seasonal basis, and over the long-term as a result of more general changes in climate, which may bring variations in meteorological conditions. Accordingly, the revenues of the solar assets in which the Funds may invest will depend upon, in part, the meteorological conditions at the relevant solar plants. Solar plants rely upon adequate ultraviolet light from solar radiation to produce power. Although statistics show that variance in annual solar radiation is statistically low compared to other renewable energy sources, the amount of solar radiation received annually or during any shorter or longer period of time in locations where the Funds' solar assets may be located could be affected by temporary, semi-permanent or permanent changes in weather patterns. In addition, certain adverse weather conditions, including hotter ambient temperatures and extreme weather (such as flooding, storms and/or high winds), could also reduce the efficiency of solar energy and impact the operation of a solar asset. The occurrence of any of these conditions could result in a reduction in the electricity generated by a solar asset in which the Funds invest, which could have a material adverse effect on the Funds.

*Other Generation Risks.* In addition to wind reduction, levels of sunlight and cloud cover, the performance of the solar assets and wind assets in which the Funds invest could be affected by any reduction in wind turbine aerodynamic efficiency and/or solar module efficiency over time due to wear and tear, icing and/or soiling on wind turbine blades and solar panels and wind turbine contact with insects and birds. On occasion portfolio investments may need to be shut down entirely for maintenance or to avoid damage due to extreme weather conditions. Poor asset-performance, or complete lack of performance in the case of a temporary shutdown, may result in a material adverse impact on the Funds.

*Risks Relating to Investing in Solar Assets and Wind Assets at the Pre-Construction and Construction Stages.* Investing in solar assets and wind assets at the pre-construction and construction stages involves certain incremental risks, including the risk that necessary permitting will be delayed, components will not be available and labor shortages, all of which may cause the project not to be completed on time, on budget or to specification. Even upon project completion, the project may fail to be “grid-connected” or power output may fall below expected specification. In addition, investing in pre-construction and construction solar and wind power projects subjects the Funds to the risk that a project may fail to receive all necessary accreditations and thereby be ineligible for certain government subsidies. Investments in solar assets and wind assets at the operation stage are subject to risks of breakdowns and outages, latent defects, equipment that performs below expectations and system failures.

*Uncertain Regulation Concerning Solar Assets and Wind Assets.* The solar and wind sectors currently rely upon specific regulatory support to provide preferential treatment, including premium prices on electricity production, for solar and wind producers. Such support has been legislated, in part, based upon a growing public and political support for solar, wind and other renewable energy sources, due in particular to increasing public and political concerns about climate change, environmental sustainability and energy security. A change in public attitude to solar, wind or renewable energy installations may result in an increase in regulatory risk to operating solar and wind installations, due to, among other things, opposition to the cost burden created by solar and wind production relative to alternative conventional energy sources, the appearance or environmental impact of solar and wind plants or the benefits to certain investor groups, perceived to be granted at the expense of the public. There can be no guarantee that changes in public attitude will not result in a loss of actual or perceived value of investments or to a reduced number of attractive investment opportunities available to the Funds.

### **Risks Associated with Tax Equity Investments**

*Tax Equity Investments.* The Funds are organized with the express purpose of making “tax equity” investments that will be used to finance the acquisition and development of solar and wind projects. “Tax equity” financing generally involves a commitment to contribute capital to a joint venture that will own and operate a renewable energy project in exchange for a disproportionate allocation of certain tax items (e.g., deductions and credits) and a negotiated share of operating cash flow. The principal tax benefits available to tax equity investors in solar and wind projects include the federal investment tax credit (“ITC”) for solar projects, the federal production tax credit (“PTC”) for wind projects, and the ability to depreciate the project on an accelerated basis (and potentially in a single year). The arrangements used to structure tax equity investments are complex and can result in high administrative and financing costs. Further, these Funds’ ability to claim tax benefits from renewable energy projects and allocate them to Limited Partners is subject to complicated tax rules and structuring guidance set forth in the Internal Revenue Code of 1986, as amended, regulations issued by the US Department of the Treasury, court cases and administrative guidance, all of which are subject to change. There can be no assurance that these Funds will be able to claim such tax benefits or allocate them to its Limited Partners.

### **Conflicts of Interest**

Various potential and actual conflicts of interest may arise from the overall investment activities of the General Partner and the Adviser. The following briefly summarizes some of these conflicts, but is not intended to be an exclusive list of all such conflicts. Any references to the General Partner and the Adviser in this section will be deemed to include their respective affiliates and their respective members, directors, officers, partners, shareholders, employees, agents and representatives.

*Compensation.* The Management Fee and the Carried Interest have not been negotiated at arm's-length. The Management Fee payable to the Adviser is payable without regard to the overall success of or income earned by the Funds. Because the General Partner will receive the Carried Interest based on distributions of profits, the Carried Interest may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation.

*Allocation of Investment Opportunities; Co-Investments.* When the General Partner deems it appropriate and consistent with the interests of the Renewables Funds, it may provide Limited Partners and/or co-investors the opportunity to co-invest with the Renewables Funds in a co-investment.

In addition to Limited Partners, co-investors may include Other Clients and/or one or more Principal Accounts; provided, however, that any co-investment by any General Partner, any Other Clients or any Principal Accounts not otherwise permitted pursuant to the Governing Documents shall be subject to the prior approval of the LP Advisory Committee; and provided further, that any co-investment in any entity by any co-investor shall be made and divested at the same time and upon substantially identical terms and conditions as the investment in such entity by the Renewables Funds, except to the extent that the General Partner, relying on advice from counsel to the General Partner or the Renewables Funds, determines that it is necessary for legal, tax or regulatory reasons for such divestment to be undertaken on different terms and conditions. The Adviser and its affiliates must act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities between and among the applicable Renewables Fund and any co-investors. In particular, the Adviser and its affiliates intend to provide the Renewables Funds with a first priority allocation of each investment opportunity that the Adviser determines is consistent with the underwriting criteria up to the full amount of its Renewable fund share as is set forth in the Partnership Agreement.

Except as provided in the Governing Documents, no Limited Partner has a right to participate in any co-investment opportunities. The generally long-term committed capital structure of the Fund may cause the Adviser not to allocate certain opportunities with shorter-term investment horizons to the Renewables Fund but rather to Other Clients.

*Material Non-Public Information.* From time to time, the Adviser and its affiliates may come into possession of material non-public information concerning specific companies. Under applicable securities laws, this may limit the Adviser's flexibility to buy or sell portfolio securities issued by such companies. The Funds' investment flexibility may be constrained as a consequence of the Adviser's inability to use such information for investment purposes. Alternatively, the Adviser and their affiliates may decline to receive material non-public information which it is entitled to receive on behalf of a Fund or other clients, in order to avoid trading restrictions for the Fund as well as other accounts under its management, even though access to such

information might have been advantageous to the Fund and other market participants are in possession of such information.

*Placement Agent Compensation.* Placement agents and their representatives may receive up-front commissions and ongoing fees. Thus, they will have a conflict of interest in offering investors the opportunity to purchase interests in a Fund. Ongoing compensation may differ for different investors and different Funds managed by the Adviser and different placement agents may receive different amounts of compensation.

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

*In no event should this Brochure be considered to be an offer of interests in the Funds or relied on in determining to invest in the Funds. It is also not an offer of, or agreement to provide, advisory services directly to any recipient of the Brochure. Rather, this Brochure is designed solely to provide information about the Adviser for the purpose of compliance with certain obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in the Governing Documents and/or offering documents for the Funds.*

## **Item 9 - Disciplinary Information**

If there are any legal or disciplinary events that would be material to an investor's evaluation of an adviser or the integrity of an adviser's management, registered investment advisers are required to disclose all material facts regarding such events.

The Adviser and its Principals have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

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

The Adviser is affiliated with the General Partners, which are investment advisers subject to the Adviser's SEC registration under the Advisers Act in accordance with SEC guidance. These entities operate, for registration purposes, as a single advisory business together with the Adviser and serve as general partners to the Funds and generally share with the Adviser common owners, officers, partners, employees, consultants or persons occupying similar positions.

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



The Adviser has adopted a written Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser’s employees. The Code contains policies and procedures that are reasonably designed to ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid any actual, potential or perceived conflicts of interest or abuse of an individual’s position of trust and responsibility. The Adviser prohibits personal trading on restricted securities; requires pre-clearance of personal trades in any security pertaining to a publicly traded entity within the renewable energy sector, of an IPO, a new private placement, and other limited offerings; requires periodic reporting of employees’ personal securities transactions and holdings; and requires prompt internal reporting of Code violations. Personal securities transactions by employees who manage Client accounts are required to be conducted in a manner that prioritizes the Client’s interests in Client eligible investments. A copy of the Code will be provided to any investor or prospective investor upon request to Anne Marie Denman, Adviser’s Chief Compliance Officer, at (330) 620-1478 or adenman@excelsiorcapital.com.

As part of its Code, the Adviser has established procedures reasonably designed to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the Adviser has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, access persons of the Adviser are deemed to be in receipt of material, non-public information, in all instances where any access person of the Adviser has received material, non-public information and, therefore, such access person(s) may not trade on the basis of that information.

Accordingly, should the Adviser or any of its affiliated persons come into possession of material non-public or other confidential information with respect to public and non-public company, the Adviser generally would be prohibited from communicating such information to Clients, and the Adviser will have no responsibility or liability for failing to disclose such information to Clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Adviser personnel serving as directors of public companies and may restrict trading on behalf of Clients, including a Fund.

Principals and employees of the Adviser and its affiliates may directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles may invest in one or more of the same portfolio investments as a Fund. Co-invest opportunities may also be presented to certain affiliates of the Adviser, as well as third-party Investors and other persons, and such co-investments may be effected through co-invest vehicles or directly in a particular portfolio investment. Such co-investment opportunities generally will be allocated in the manner described under Item 8 “Methods of Analysis, Investment Strategies and Risk of Loss.”

The Adviser and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in a Fund, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain Funds may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or may give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds.

From time to time, the Adviser or any Partner may advance funds on behalf of a Fund and contribute such amounts to the relevant Fund as a special interim capital contribution for investment, to be redeemed at a later date. The amounts of any such advances shall be a debt of the Fund to such party and shall be payable or collectible only out of the assets of the Fund in accordance with the terms and subject to the conditions upon which such advances are made, consistent with the Governing Documents.

In borrowing on behalf of a Fund, the Adviser is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the Limited Partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. In addition, when the Management Fee is calculated as a percentage of invested capital, a Limited Partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to Limited Partners will be commensurate with such costs.

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

## **Item 12 – Brokerage Practices**

The Adviser focuses on securities transactions of private investments and generally purchases and sells such investments through privately negotiated transactions in which the services of a broker-dealer may, but are not expected to, be retained. However, the Adviser may, but does not expect to, also distribute securities to Investors in a Fund or sell such securities, including through using a broker-dealer if a public trading market exists. To the extent that the Adviser engages in public securities transactions, it follows the brokerage practices described below.

In the Adviser's private company securities transactions on behalf of the Funds, the Adviser may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund. In determining to retain such parties, the Adviser may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although the Adviser generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

### **Item 13 - Review of Accounts**

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

Each Fund generally will provide to each of its Limited Partners (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each Limited Partner's tax return and (iii) at the time of delivery of the financial statements, reports providing a description of all investments held by the Funds and a narrative summary of the status of each such investment.

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

The Adviser and/or its affiliates may provide certain business or consulting services to a Fund's portfolio investments and may receive compensation from these companies in connection with such services. As described in the applicable Partnership Agreements, this compensation may offset a portion of the Management Fees paid by a Fund. However, in other cases (*e.g.*, reimbursements for out-of-pocket expenses directly related to a portfolio investment), these fees may be in addition to Management Fees, as described in Item 5 "Fees and Compensation."

The Adviser has entered and, from time to time, may further enter into solicitation arrangements pursuant to which it compensates third parties (generally referred to as "placement agents") for referrals that result in a potential investor becoming a Limited Partner in a Fund. Placement agents and their representatives may receive up-front commissions and ongoing fees. Ongoing compensation may differ for different investors and different funds advised by the General Partner and different placement agents may receive different amounts of compensation. Any fees payable to any such placement agents will be borne by the Adviser indirectly through an offset 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(s).

### **Item 15 - Custody**

The Adviser maintains custody of assets held in the name of the Funds with qualified custodians. As noted in Item 13 above, Fund investors will receive annual financial statements audited by an independent public accounting firm registered with the Public Company Accounting Oversight Board (PCAOB). Fund investors are urged to carefully review these statements.

### **Item 16 - Investment Discretion**

The Adviser has discretionary authority to manage investments on behalf of each Fund. As a general policy, the Adviser does not allow Clients to place limitations on this authority. Pursuant to the terms of the Partnership Agreement, the Adviser and/or its affiliates may enter into Side Letters with certain Limited Partners whereby the terms applicable to such Limited Partner's investment in a

Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. The Adviser assumes this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the Investors in each Fund.

#### **Item 17 - Voting Client Securities**

The Adviser's investment strategy involves private equity investments. As a result, the Adviser does not generally hold Fund investments in public equity securities and therefore does not generally receive proxies on behalf of its Clients.

#### **Item 18 - Financial Information**

The Adviser does not require the prepayment of Management Fees six months or more in advance, nor does it have any other events requiring disclosure under this item of the Brochure.

Registered investment advisers are required in this Item to provide certain financial information or disclosures about their financial condition. The Adviser has no financial condition that impairs its ability to meet contractual and fiduciary commitments to its Clients, and has not been the subject of any bankruptcy proceedings.