

INVESTMENT ADVISER BROCHURE

BLACKSAND CAPITAL, LLC

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of BlackSand Capital, LLC (“BlackSand Capital” or the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (808) 738 - 8400. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

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

Additional information regarding the Management Company is also available on the SEC’s website at www.adviserinfo.sec.gov.

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MATERIAL CHANGES

The Management Company filed its most recent Brochure on March 31, 2023. This annual amendment updates the description of certain of the business practices of the Management Company and its affiliates.

ADVISORY BUSINESS

The Management Company (collectively with its affiliates, “**BlackSand**”), a Delaware limited liability company and a registered investment adviser, and its affiliated investment advisers provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. BlackSand Capital commenced operations in May 2010.

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

- BlackSand Capital Opportunity Fund I, L.P. (“**BSC I**”)
- BlackSand Capital Opportunity Co-Investment Fund I, L.P. (“**BSC Co-Invest**”)
- BlackSand Capital Opportunity Fund II, L.P. (“**BSC II**”)
- BlackSand Capital Opportunity Fund II-A, L.P. (“**BSC II-A**”)
- BlackSand CE (International) Co-Invest, L.P. (“**BS CEI**”)
- BlackSand CE (Domestic) Co-Invest, L.P. (“**BS CED**”)
- BlackSand PE Co-Invest, L.P. (“**BS PE**”)
- BlackSand RLR Domestic Co-Invest, LP (“**BS RLRD**”)
- BlackSand RLR International Co-Invest, LP (“**BS RLRI**”)

(BSC I, BSC II and BSC II-A each, a “**Main Fund**,” and collectively, the “**Main Funds**.” BSC Co-Invest, BS CEI, BS CED, BS PE, BS RLRD and BS RLRI each, a “**Co-Invest Fund**,” and collectively, the “**Co-Invest Funds**”).

The following general partner entities are affiliated with BlackSand Capital:

- BlackSand Capital Management I, LLC (“**BCM I**”)
- BlackSand Capital Management II, L.P. (“**BCM II**”)
- BlackSand Capital Management II-A, L.P. (“**BCM II-A**”)
- BlackSand Capital Management Co-Invest, L.P. (“**BCM Co-Invest**”)
- BSC RLR GP, LLC (“**BSC RLR**”)

(BCM I, BCM II, BCM II-A, BCM Co-Invest and BSC RLR each, a “**General Partner**,” and collectively, together with any future affiliated general partner entities, the “**General Partners**,” and collectively with BlackSand Capital and any affiliated advisory entities, each, an “**Adviser**,” and collectively, the “**Advisers**”).

BCM I is separately registered with the SEC as an investment adviser. Each of BCM II, BCM II-A, BCM Co-Invest and BSC RLR is subject to the Advisers Act pursuant to BlackSand Capital’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 BlackSand Capital.

The Funds invest through negotiated transactions primarily in Hawaii-based real estate and real estate-related assets, generally referred to herein as “**portfolio companies**” or “**portfolio investments**.” The Advisers’ 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. Where such investments consist of operating entities, the senior principals or other personnel of the Advisers or their affiliates generally serve on such operating entities’ respective boards of directors (or equivalent governing body) or otherwise act to influence control over management of operating entities and other assets in which the Funds have invested.

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

Additionally, as permitted by the Governing Documents, the Advisers expect to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain current or prospective investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, portfolio investment management or personnel, the Advisers’ personnel and/or certain other persons associated with or related to the Advisers and/or their affiliates (*e.g.*, a vehicle formed by the Adviser and/or Adviser personnel to co-invest alongside one or more Fund transactions). Such co-investments typically involve investment and disposal of interests in the applicable portfolio investment at substantially the same time and on substantially the same terms as the Fund making the investment. However, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund) purchases a portion of an investment from one or more Funds after such Funds have consummated their investment (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or the use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund’s initial purchase. Where appropriate, and in the applicable Adviser’s sole discretion, the Adviser reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek

reimbursement to the relevant Fund for related costs. However, to the extent any such amounts are not so charged or reimbursed (including charges or reimbursements required pursuant to applicable law), they generally will be borne by the relevant Fund.

As of December 31, 2023, BlackSand Capital managed approximately \$474,526,720 in client assets on a discretionary basis. BlackSand Capital is principally owned and controlled by Bert A. Kobayashi, Jr. and Ian MacNaughton (together, the “**Principals**”). While Mr. MacNaughton remains a Principal owner and control person of BlackSand Capital, he has delegated day-to-day management responsibilities and the authority to make investment decisions to Mr. Kobayashi, who serves as Chairman and Chief Executive Officer of BlackSand.

FEES AND COMPENSATION

In general, the Advisers receive a management fee and/or a carried interest in connection with the provision of advisory services to their clients. The Advisers and certain BlackSand Affiliates (as defined herein) receive additional compensation in connection with management and other services performed for portfolio investments of the Funds and such additional compensation will not offset, in whole or in part, the Management Fees (as defined below) otherwise payable to the Advisers to the extent provided by the Governing Documents. In addition, in certain circumstances, the Advisers receive compensation for management and other services performed in connection with co-investments made in portfolio investments of the Funds. Investors in a Fund also bear certain fund expenses.

Management Fees

The Main Funds generally pay the Advisers, quarterly in advance, a management fee (the “**Management Fee**”) equal to 2.0% on an annual basis of aggregate capital commitments (“**Commitments**”) (the Co-Invest Funds typically pay no or a reduced Management Fee compared to the Main Funds). Investors participating in a closing after the first closing (the “**Initial Closing**”) bear the Management Fee from the Initial Closing. Upon a date specified in the relevant Fund’s Governing Documents (the “**Stepdown Date**”), the Management Fee will equal 2% per annum of the aggregate funded Commitments, reduced by investments that have been completely written off for U.S. federal income tax purposes and distributions constituting returns of capital. The Management Fee will be payable until proceeds from all portfolio investments are distributed or until BlackSand’s relationship with the relevant Fund is terminated for other reasons (as described in the Governing Documents). Limited partners admitted or that increase their Commitments at any closing after the Initial Closing will be required to pay the Management Fee retroactively. Installments of the Management Fee payable for any period other than a full quarterly period are adjusted on a *pro rata* basis according to the actual number of days in such period. As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with investors in the relevant Fund.

The Governing Documents provide that a Fund’s Management Fees will be calculated and charged on a basis that generally is not tied to the Fund’s then-current net asset value. As further specified in the Governing Documents, from the effective date of the relevant Fund until the Stepdown Date, Management Fees generally will be charged based on a formula tied to the amount of the relevant Fund’s aggregate Commitments. Further, after the Stepdown Date, Management

Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions (including, where applicable, a Fund borrowing component (*e.g.*, bridge financing contributions)) made by the relevant Fund relating to the Fund's aggregate investment(s) in its portfolio investments that have not been realized or completely written off for U.S. federal income tax purposes (such investments, "**Impaired Value Investments**").

Under the Governing Documents, where the fair market value of an investment exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such investment contributions. Conversely, the Governing Documents do not require Management Fees to be reduced or refunded following the occurrence of a writedown, decrease (including a significant decrease) in fair value or other event not constituting a complete realization, such as a reorganization, roll-over investment in connection with a sale or dividend distribution, except in the case of investments meeting the relevant Impaired Value Investment standard under the Governing Documents. For the avoidance of doubt, following the Stepdown Date, if the fair market value of an Impaired Value Investment is less than the total amount of investment contributions relating to such Impaired Value Investment, then the amount of Management Fees otherwise payable relating to such Impaired Value Investment will be reduced solely based on the ratio of the fair market value of each relevant remaining investment(s) as compared against the amount of total investment contributions relating to such investment(s) as of the date of the relevant event.

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

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

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

As a matter of practice, an Adviser is typically paid fees from, on behalf of or with respect to co-investors in an investment, and, as applicable, is permitted to receive other fees relating to the structuring and administration of co-investment arrangements. The receipt of any such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment (which could include co-investment vehicles managed by BlackSand, service providers, third parties, current or former portfolio investment management or personnel, sellers that have rolled their interest reinvested proceeds in the portfolio investment and/or others), which have the potential to be significant. Additionally, as further described below and in the Governing Documents, it is the Advisers' practice to use or retain certain third parties (including, without limitation, the Founder Family Companies (as defined herein)) and/or BlackSand Affiliates to provide services to (or with respect to) certain Fund investments. Such BlackSand Affiliates, the Founder Family Companies and/or other third parties generally receive compensation and other amounts described herein from the relevant portfolio investment or Funds to which they provide services, but no such amounts will offset or reduce the Management Fee. For the avoidance of doubt, BlackSand also will not offset compensation received from outside sources, such as residual employee board seats at entities that are no longer Fund portfolio investments.

Certain Governing Documents permit BlackSand 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 Fund would, in such circumstances, be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution that would otherwise be required of BlackSand 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.

Carried Interest

The Advisers generally receive a carried interest with respect to a Main Fund equal to 20% of all realized profits subject to a 9% compound preferred return, as more fully described in the Governing Documents. The carried interest distributed to an Adviser is subject to a potential clawback or giveback at the end of the life of a Fund if the Adviser has received excess cumulative distributions.

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

Other Information

The Advisers are 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 Advisers and any other person designated by an Adviser, such as "friends and family" of the Advisers or their personnel, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. The relevant General Partner reserves

the right to make any such exemption from Management Fees and/or carried interest by a direct exemption, a rebate by the Advisers and/or their affiliates, or through other Funds that co-invest with a Fund.

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

Principals or other current or former personnel of BlackSand 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 Advisers or their affiliates.

In addition to the Management Fee and carried interest payable to the Advisers, each Fund bears certain expenses. As set forth more fully in the Governing Documents of each Fund, a Fund bears all fees, costs, expenses, liabilities and obligations relating to the Fund's (and its subsidiaries' and intermediate entities') activities, investments and business to the extent not reimbursed by an investment or potential investment or applied to reduce Management Fees, including all fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to the structuring, organizing, negotiating, designing, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals, databases and/or research services), acquiring, bidding on, owning, managing, constructing, renovating, repositioning, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, leasing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, the Fund's investments and its actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party diligence and deal-sourcing software and service providers, consultants and similar professionals in connection therewith, closing dinners, social and entertainment costs, after-hours meals and transportation, and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (ii) indebtedness of, or guarantees made by, the Fund, the General Partner or any "affiliated partner" on behalf of the Fund (including any credit facility, letter of credit or similar credit support), including the repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination and similar fees and expenses; (iv) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker and similar services; (v) brokerage, sale, custodial, depository, trustee, record keeping, account and similar services; (vi) legal, accounting, research, auditing, administration (including fees and expenses associated with compliance with any anti-money laundering laws and regulations and any third-party administrator and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services), property management, development, consulting (including expenses relating to hiring consultants (e.g., headhunter fees, background checks or relocation expenses), consulting and retainers, fees and other compensation (including participations, promotes and carried interest) paid to any BlackSand Affiliates, Founder Family Companies, consultants, property managers and developers), tax and other professional services;

(vii) reverse breakup, termination and other similar fees; (viii) insurance (including directors and officers liability, cyber-security, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses, including any costs and expenses related to any retention or deductibles and broker fees, costs and commission) and any consultants or other advisors utilized in the procurement, review and analysis of insurance policies; (ix) filing, title, transfer, registration and other similar fees and expenses; (x) printing, communications, mailing, courier, marketing and publicity; (xi) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s, or similar forms or other communications with limited partners, any other administrative, compliance or regulatory filings or reports (including Form PF and any filings or reports contemplated by the Corporate Transparency Act, the Alternative Investment Fund Managers Directive or any similar law, rule or regulation), or other information, including fees and costs of any third-party service providers and professionals related to the foregoing; (xii) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting, ledger systems, financial management and cybersecurity) or other administrative or reporting tools (including subscription-based services) for the benefit of the Fund or the limited partners; (xiii) any activities with respect to protecting the confidential or non-public nature of any information or data; (xiv) to the extent provided in the Governing Documents, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of any advisory committee of the Fund (including any costs and expenses incurred by representatives of the General Partner, the advisory committee members, permitted observers and other persons and entities in attending or otherwise participating in meetings of the advisory committee); (xv) indemnification obligations (including legal and any other fees, costs and expenses incurred in connection with indemnifying any partner or other person pursuant to the Governing Documents and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Governing Documents), except as otherwise set forth in such Governing Documents; (xvi) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs and expenses of any discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xvii) any annual limited partner meeting or other periodic, if any, meetings of the limited partners and any other conference, meeting or webcast with any limited partner(s), and any periodic executive forum of portfolio investment management and other persons; (xviii) except as otherwise determined by the General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, investments or actual or potential investments (to the extent not borne or reimbursed by an investment of such alternative investment vehicle) that would be a Fund expense or organizational expense if it were incurred in connection with the Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to the Fund to the extent not paid by the investors investing in such entities and any other costs and expenses related to any past or anticipated Fund structuring or restructuring; (xix) the termination, liquidation, winding up or dissolution of the Fund; (xx) defaults by partners in the payment of any capital contributions; (xxi) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Fund, the General Partner and related entities and any alternative investment vehicle of the Fund, including the preparation, distribution and implementation thereof; (xxii) complying with any law or regulation related to the activities of the Fund (including

regulatory expenses of the General Partner incurred in connection with the operation of the Fund and legal fees and expenses); (xxiii) any litigation or governmental inquiry, investigation or proceeding involving the Fund, including any costs and expenses of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except as set forth in the Governing Documents; (xxiv) any third-party experts, including independent appraisers, engaged by the General Partner in connection with the Fund considering, making, holding or disposing of, directly or indirectly, an investment in the same entity as one or more other clients; (xxv) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer by a limited partner; (xxvi) any taxes, fees and other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, inquiry, investigation settlement or review of the Fund (except to the extent that the Fund is reimbursed therefor by a partner or such tax, fee or charge is treated as having been distributed to the partners pursuant to the Governing Documents); (xxvii) all fees (including break-up or topping fees), costs, expenses, liabilities and obligations incurred by a Fund, its relevant General Partner or any other BlackSand Capital person relating to investment and disposition opportunities for such Fund not consummated (including legal, accounting, auditing, insurance, commercially reasonable travel, consulting, brokerage, finders', financing, appraisal, filing, printing, real estate title, survey, reverse breakup, termination and other fees and expenses) (collectively, "**Broken Deal Expenses**"); (xxviii) distributions to the partners and other expenses associated with the acquisition, holding and disposition of the Fund's investments, including extraordinary expenses; (xxix) unreimbursed expenses and unpaid fees of the BlackSand Affiliates or Founder Family Companies; (xxx) compliance or regulatory matters related to the Fund, except as set forth in the Governing Documents; (xxxi) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of the General Partner at any trade conference, including any applicable registration fees and exhibition, sponsorship of other presentation fees, costs and expenses; (xxxii) costs of conferences (including related travel lodging and/or meals) relating to specific investment opportunities and/or the relevant industries or strategies in which the Funds invest; (xxxiii) any travel, lodging, meals or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxiv) any organizational expenses; (xxxv) any placement fees; and (xxxvi) any other fees, costs, expenses, liabilities or obligations with the consent of the applicable advisory committee, to the extent so required.

Except where the relevant Governing Documents or Side Letter(s) expressly provide to the contrary, Broken Deal Expenses and other expenses relating to the diligence or evaluation of a prospective investment generally are allocated among investors within a Fund regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. The Funds also bear expenses indirectly to the extent a portfolio investment (or intermediate entity) pays expenses, including expenses of the Founder Family Companies and BlackSand Affiliates; the relative percentage of these expenses that are borne by various stakeholders (including the relevant Fund, any co-investors, portfolio investment management and other persons) is expected to depend upon the level at which such expenses are charged or incurred. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, these or similar expenses are expected to be charged to portfolio

investments, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio investment. Excluded from Fund expenses are ordinary administrative and overhead expenses incurred in connection with maintaining and operating the Advisers' office(s), including salaries of personnel, rent and equipment expenses, except as otherwise provided in the Governing Documents. Each Fund also generally will bear the costs of implementing, reporting (as applicable), monitoring and complying with investment guidelines and directives relating to the Fund's strategy, including in Side Letters relating thereto. Additionally, subject to the Governing Documents, a Fund typically will bear certain unreimbursed expenses of portfolio investments and intermediate holding vehicles through which the Fund invests. As is typical for private real estate funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in "Brokerage Practices."

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

Certain Services

Additionally, as further described herein and in the Governing Documents of each Fund, the Advisers or their affiliates ("**BlackSand Affiliates**"), the Kobayashi Group, LLC ("**Kobayashi Group**"), MacNaughton Inc. ("**The MacNaughton Group**"), and/or MK Development, LLC, a joint venture of Kobayashi Group and The MacNaughton Group, ("**MK**" and, collectively with Kobayashi Group, The MacNaughton Group and their respective affiliates, the "**Founder Family Companies**") are expected 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 that would otherwise be performed by third parties (including, without limitation, development, entitlement, sales, marketing, brokerage, construction management, asset management, property management and leasing services, design and retail consulting services, and/or other similar services). In such event, BlackSand Affiliates or the Founder Family Companies, as applicable, will receive compensation for performing such services (including, without limitation, cash fees, retainers, discretionary bonuses (whether or not based on pre-determined milestones), transaction fees, a

profits, participation or equity interest in a portfolio investment or holding company, carried interest, incentive equity and stock awards, profits or equity interest in one or more Funds or General Partners, remuneration from BlackSand Capital and/or its Funds or affiliates, guaranteed minimums or other compensation) as further described herein and in the Governing Documents of each Fund, the amount of which can be determined according to one or more methods, including, but not limited to, the value of the time (including an allocation for overhead and other fixed costs) of such persons, a percentage of the value of the portfolio investment, the invested capital exposed to such portfolio investment, amounts believed to be charged by other providers for comparable services and/or a percentage of cash flows from such portfolio investment. Compensation in the form of profits or equity interests in a portfolio investment or intermediate holding company generally has a dilutive impact on the relevant Fund's investment, and has the potential to result in economic effects greater than the original amount of compensation, and the relevant Fund typically will bear the costs of all such persons' compensation as well as fees, costs and expenses of structuring such arrangements. Members of the Founder Family Companies also generally will be reimbursed for certain travel and other costs in connection with their services. As described above, no such amounts will offset or reduce the Management Fee. The Principals have interests in, and will participate in the management of, the Founder Family Companies, and in the case of Mr. MacNaughton, will serve as CEO of The MacNaughton Group, and the use of BlackSand Affiliates and/or the Founder Family Companies subjects the Advisers to potential conflicts of interest, as discussed under "Conflicts of Interest," below.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under "Fees and Compensation," the Advisers generally receive a carried interest allocation on certain realized profits in the Funds. The Advisers also manage accounts that are not charged performance-based compensation, or are charged performance-based compensation in lower percentages or with higher preferred return amounts that must be met before an Adviser is compensated. This practice presents a conflict of interest because the Advisers have an incentive to favor accounts for which they receive the highest performance-based compensation. Additionally, to the extent that the Advisers' personnel are assigned varying percentages of carried interest from the Funds, the Advisers and such personnel are subject to potential conflicts of interest to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

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

The existence of performance-based compensation has the potential to create an incentive for a General Partner to operate the relevant Fund in a riskier, more speculative or other manner that is less favorable to investors than it would otherwise make in the absence of such arrangement, although BlackSand generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Governing Documents

include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals..

TYPES OF CLIENTS

BlackSand Capital provides investment advice solely to its Fund clients, and references throughout this Brochure to "clients" and to BlackSand Capital's related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder. The investors participating in the Funds generally include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and often include, directly or indirectly, principals or other personnel of the Advisers, BlackSand Affiliates, the Founder Family Companies and members of their respective families, other third parties or service providers retained by the Advisers.

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

The Funds generally have a minimum investment amount of \$1,000,000 for third-party investors, which amount is permitted to be waived by the General Partners of such Funds. Fund interests are generally offered and sold either solely to qualified purchasers (or qualified knowledgeable employee Adviser personnel) or solely to accredited investors who are also qualified clients (or qualified knowledgeable employee Adviser personnel).

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

Formed in 2010, BlackSand Capital is an SEC-registered investment adviser founded by the Principals, who are real estate investment and development professionals with experience leading two long-standing Hawaii-based real estate firms, Kobayashi Group and The MacNaughton Group. As further described below and in the applicable Memorandum for each Fund, the Funds seek to invest in real estate and real estate-related assets primarily in the State of Hawaii.

Investment and Operating Strategy

Target Investment Categories

The Funds seek to primarily target opportunistic real estate and real estate-related investments in Hawaii where the applicable General Partner sees favorable risk profiles and believes that it can add value through the entitlement, development, renovation or redevelopment, re-tenanting, change in use, repositioning, and improved operation of such investments. The Advisers expect to evaluate investments at all levels of the capital structure and for each Fund the relevant General Partner intends to seek to construct a portfolio that appropriately balances current cash yield with the potential for long-term capital appreciation. The Funds will consider both marketed and non-marketed opportunities as potential investments, but will seek to capitalize on the lack of competition in privately-negotiated and complex transactions. The Funds generally will not be prohibited from investing in any real estate asset class or type to provide the relevant General Partner with the flexibility to adapt the applicable Fund's strategy to changing market conditions, as well as be an active participant across a range of property sectors in both the equity and debt markets, which the Advisers believe maximizes access to deal flow and market insights. Without limiting the foregoing, the Funds generally intend to focus investment activities primarily on the following categories: (i) direct real estate; (ii) structured finance; (iii) development; (iv) land acquisition; (v) operating real estate companies; and (vi) joint ventures.

Investment Process

The Advisers believe that discipline in assessing both asset-level and macroeconomic risk for any investment opportunity is critical to making sound investment decisions and generating attractive risk-adjusted returns for investors. As a result, the Advisers intend to employ a comprehensive diligence process that is expected to include a review of the industry, competitive landscape, and returns on capital invested. The findings from this process, coupled with the Advisers' insights on the market, will be used to perform extensive financial analysis, which is expected to include scenario analyses to test asset performance under various economic conditions. As part of the diligence process, the Advisers also intend to evaluate the capital structure position where it believes the most attractive risk-adjusted returns can be achieved and intends to seek to structure its investment accordingly.

Asset Management

BlackSand's team is experienced in improving under-utilized real estate assets in an effort to maximize value. As part of the due diligence and investment process, the Advisers intend to devise an asset management strategy for each investment, including a plan to add value via entitlement, development, renovation or redevelopment, re-tenanting, change in use, or repositioning strategies, or through improved sales and leasing and operational or other improvements, as appropriate. The Advisers expect to implement the business plan for each asset as soon as possible after acquisition. Day-to-day asset management functions will typically be performed by the BlackSand team, although property management services, and in certain cases, asset management services, may be outsourced to a third-party provider. Where appropriate, the Advisers also plan to draw upon the design, entitlement, construction, development, management and leasing expertise that the Founder Family Companies possess in the local market.

Throughout the hold period of a Fund investment, the Advisers expect to actively monitor and evaluate overall economic, real estate and capital market conditions, as well as opportunities

for additional value creation and demand for the asset in the marketplace. In combination with the asset management plan, the Advisers expect to develop an exit strategy for each investment and to continuously re-evaluate that strategy during the hold period. The Advisers intend to seek to achieve a Fund's investment objective by acquiring assets at an attractive cost basis and/or by adding value to the asset to mitigate the impact of broader market conditions. The Advisers intend to determine when to dispose of the investment after consideration of all relevant factors, including prevailing market conditions, the value and financial performance of the asset, the status of completion of the asset's business plan, and overall portfolio objectives.

Risks of Investment

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

General Real Estate Risks. The Funds' investments will be subject to the risks incidental to the ownership and operation of real estate and real estate-related businesses and assets, including changes in the general economic climate, local, national or international conditions (such as an oversupply of space or a reduction in demand for space), the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties and changes in the relative popularity of property types and locations, changes in the financial condition of tenants, buyers and sellers of properties, changes in operating costs and expenses, uninsured losses or delays from casualties or condemnation, changes in applicable laws, government regulations (including those governing usage, improvement and zoning) and fiscal policies, the availability of financing, interest rate levels, environmental liabilities, contingent liabilities, successor liability for investments in existing entities (*e.g.*, buying out a distressed partner or acquiring an interest in an entity that owns a real property), acts of God, acts of war (declared or undeclared), terrorist acts, disease outbreaks, epidemics, pandemics, work stoppages, shortages of labor, strikes, union relations and contracts, fluctuating prices and supply of labor and/or other labor-related factors and other factors beyond the control of the General Partners, the Funds and their respective affiliates. The cost of operating a property may exceed the rental income thereof, and a Fund may have to advance funds to protect an equity investment or forego the receipt of interest income on debt investments, or may be required to dispose of investments on disadvantageous terms if necessary to raise needed funds. Moreover, while the General Partners generally intend to purchase or to cause to be purchased insurance to cover casualty losses and general liability, such insurance may not be available or may be available only at prohibitive costs to cover losses from ongoing operations, catastrophic losses and other risks such as earthquake, flood or environmental contamination.

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

Dynamic Investment Strategy. While each General Partner generally intends to seek attractive returns for the relevant Fund primarily through the investment strategy and methods described herein, the relevant General Partner is permitted to pursue additional investment strategies and/or modify or depart from its initial investment strategy, investment process and/or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the Governing Documents. A General Partner is permitted to pursue investments outside of the sectors or regions in which BlackSand or its investment professionals have previously made investments.

Economic Conditions. The real estate industry generally and the success of the Funds' investment activities in particular will both be affected by general economic and market conditions in the State of Hawaii, the rest of the United States and other countries, as well as by changes in applicable laws, trade barriers, currency exchange controls, and national and international political and socioeconomic circumstances in respect of such jurisdictions. These factors may affect the level and volatility of prices and liquidity of the Funds' investments, which could impair a Fund's profitability and result in losses. Further, any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the Funds' investments. A Fund's performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective and the level of profitability achieved on realizations of investments. In addition, general fluctuations in the market prices of investments and interest rates may affect a Fund's investment opportunities and the value of such Fund's investments.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of a Fund to effectively and timely address such regulations, execute its investment strategy or achieve its investment objectives.

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

Additionally, the SEC has proposed and enacted significant rules that will impact the business of BlackSand and the Funds. In particular, the SEC has adopted a number of new rules that impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose and/or adopt additional rules in the future. Such current and future rulemaking is expected to materially impact BlackSand and its affiliates, the Funds and/or

their investments. In addition, the Funds are expected to bear significant increased costs as a result of such rules, including costs relating to investor reporting and disclosures. Significant time and resources are expected to be required to comply with the new regulations, which potentially will detract from the time and resources dedicated to the Funds. Certain rules are or may become subject to legal challenge from private fund industry groups and others, and to the extent such legal challenges are successful, investors will not be afforded some or all of the protections provided by these rules.

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, virus or disease epidemics 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 investments, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its investments to execute their respective operations and to receive an attractive multiple of earnings upon disposition. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's investments.

Real Estate Risks - Hawaii. The Funds will invest primarily in real estate and real estate-related investments within the geographical limits of the State of Hawaii. Accordingly, a Fund will be exposed to greater economic risks than if the Fund owned a more geographically dispersed portfolio. The Funds will be susceptible to adverse developments in the economic and regulatory environment in Hawaii (such as business layoffs or downsizing, industry slowdowns, relocations of businesses, increases in real estate and other taxes, costs of complying with governmental regulations or increased regulation and other factors) as well as natural disasters that occur in these areas (such as volcanic activity, earthquakes, floods and other weather-related disasters, wildfires and other events). Any adverse developments in the economy or real estate market in Hawaii, including any decrease in demand for office space resulting from the regulatory or business environment in Hawaii or any decrease in demand for hotel space resulting from a decline in the tourism industry, could adversely impact the financial condition of a Fund's investments. Further, Hawaii historically has taken a longer time to recover from economic downturns than the mainland United States and may not recover from future economic downturns as quickly as other U.S. states or the mainland generally. No assurances are made as to the continued growth of the economy in Hawaii or of its tourism industry, nor are any assurances made that the economy in Hawaii or its tourism industry will not experience a downturn.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing attractive real estate investments is highly competitive and involves a high degree of uncertainty. The Funds will be competing for investments with other real estate investment vehicles, as well as individuals, publicly traded real estate investment trusts ("**REITs**") as defined in the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), financial institutions (such as mortgage banks and pension funds), hedge funds and other institutional

investors. Further, over the past several years, many real estate funds and publicly traded REITs have been formed (and many such existing funds have grown in size) for the purpose of investing in real estate assets, including distressed real estate assets. Additional real estate funds and REITs with similar investment objectives may be formed in the future by other unrelated parties and further consolidations may occur (resulting in larger funds and vehicles). There can be no assurance that a Fund will be able to locate, complete and exit investments which satisfy the Fund's rate of return objectives, or realize upon their values, or that the Fund will be able to invest fully its committed capital.

Without limiting the generality of the prior paragraph, due to, among other factors, the limited size of the real estate market in Hawaii, the number of attractive investment opportunities in the State is limited. Certain local investors, as well as a number of investors outside the State, are very active in the real estate market in Hawaii and may present significant competition with respect to investments in residential and commercial space. As a result, the Funds will be competing with a number of developers, owners and operators of real estate, many of which own properties similar to the properties held by the Funds. Further, certain real estate asset classes in Hawaii are highly concentrated with a few property owners controlling much of the asset class in certain areas. In addition, there are relatively few available parcels of undeveloped entitled land. Such factors (among others) may significantly affect a Fund's ability to acquire desired properties.

Development Activities. A Fund may invest, directly or indirectly, in undeveloped land and certain development properties. Undeveloped land and development properties may involve more risk than properties on which development has been completed. Undeveloped land and development properties do not generate operating revenue while costs are incurred to develop the properties and may also generate certain expenses, including property taxes and insurance. Development activities include the risks that development projects may be abandoned after expending resources, construction costs of a project may exceed original estimates, occupancy and rental rates at a newly completed property may be lower than anticipated and construction and leasing of a property may not be completed on schedule. Development activities are also subject to risks relating to the inability to obtain, or delays in obtaining, all necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations. Contingencies in development activities beyond the control of the General Partners and their affiliates could occur.

Additionally, the development process in Hawaii can be burdensome. Developers may encounter opposition from local community groups and often must apply for various entitlement and construction permits before obtaining permission to develop "raw" unentitled land. Construction costs in Hawaii are often significantly higher than in other U.S. states since building materials are typically shipped from the mainland. Various factors, including those beyond the General Partners' control (e.g., unfavorable weather conditions, labor disputes or delays, or construction or building material shortages), could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the completion of development activities once undertaken, thereby having a material adverse impact on the profit potential of the Funds.

Distressed Investments. A Fund generally is permitted to invest in, directly or indirectly, investments (including assets, securities and obligations, including debt obligations that are in covenant or payment default) that are experiencing significant financial or business distress,

including securities, companies or real estate assets that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or other liquidation processes. Many of these investments ordinarily remain unpaid unless and until the investment is reorganized and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time. A wide variety of considerations, including, for example, the possibility of litigation between the participants in a reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others may affect the value of these investments. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations which limit the relevant General Partner's access to reliable and timely information concerning material developments affecting an investment, or which cause lengthy delays in the completion of the liquidation or reorganization proceedings. Such investments involve a substantial degree of risk that is generally higher than the risk involved in investments that are not in such distress. Given the heightened difficulty of the financial analysis required to evaluate distressed investments, there can be no assurance that the relevant General Partner will correctly evaluate the value of the assets of a distressed investment securing its debt and other obligations or correctly project the prospects for a successful restructuring, recapitalization or liquidation of such investment. Therefore, in the event that an investment does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, a Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original investment in which such Fund invested.

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

Any Distress Event has a potentially adverse effect on the ability of BlackSand to manage the Funds and their investments, and on the ability of BlackSand, any Fund or any portfolio investment to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund is unable to close a transaction

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

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

Hedging Arrangements; Related Regulations. A General Partner is authorized (but not obligated) to endeavor to manage the relevant Fund's or any portfolio investment's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Fund is permitted to incur costs related to such hedging arrangements, which are permitted to be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for a General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the "CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio investment to hedge its exposures becomes limited by such requirements.

Investments in Real Estate Debt. A Fund is generally permitted to hold direct or indirect investments in certain real estate-related debt instruments. In addition to the risks of borrower default (including loss of principal and nonpayment of interest) and the risks associated with real estate investments generally, real estate-related debt investments are subject to a variety of risks, including the risks of illiquidity, lack of control, mismanagement or decline in value of collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or statutory restrictions on the exercise of contractual remedies for defaults of such investments. Debt investments have special inherent risks relative to collateral value. In the event of default, the source of repayment is limited to the value of the collateral and could be subordinate to other lien holders (and the collateral value of the property could be less than the outstanding amount of the investment). Real estate loans acquired by a Fund could be at the time of their acquisition, or could become after origination, participation or acquisition, non-performing for a wide variety of reasons. Non-performing real estate loans are likely to require a substantial amount of workout negotiations and/or restructuring, which could entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loan. To the extent that a Fund purchases partial interests in non-performing loans, such Fund could potentially not have control over the workout process and the management of the real estate assets. It could be necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by a Fund, and the foreclosure process can be lengthy and expensive.

In Hawaii, foreclosure actions often take more than a year to conclude and, in certain instances, several years to conclude. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property.

Defects Relating to Properties. Investment properties acquired by a Fund may have design, construction, environmental or other defects or problems that may require additional capital expenditures, special repair or maintenance expenses or damages or other obligations to third parties despite the due diligence investigations prior to such Fund's acquisition. The engineering and other reports that a Fund may rely upon as part of its investigations of these properties may be subject to inaccuracies or deficiencies, as defects may be difficult to ascertain with certainty due to the limitations inherent in the scope of the inspections and the techniques used therein.

Harmful Mold and Other Air Quality Issues. Some of the Funds' properties could potentially contain or develop harmful mold or suffer from other air quality issues, which could lead to liability for adverse health effects and costs of remediation. When excessive moisture accumulates in buildings or on building materials, mold may grow, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of the Funds' properties could require a Fund to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor

ventilation. In addition, the presence of significant mold or other airborne contaminants could expose a Fund to liability from its tenants, employees of its tenants and others if property damage or health concerns arise.

Casualty and Condemnation. Investments in real estate are subject to the risks of partial or total condemnation in accordance with applicable law or regulation and casualty, whether arising from destruction by fire, earthquake, flood, hurricane or otherwise. In either case, a Fund's investments (depending on such investments' status as lender, borrower or equity owner) could be subject to one or more of the following liabilities: (i) lenders could require prepayments of outstanding loans with any proceeds arising from a casualty or condemnation recovery event (*i.e.*, insurance coverage), (ii) insurance coverage could potentially not be sufficient to cover renewal of an investment, (iii) renovations or developments with respect to an investment could be delayed and (iv) a seller could bear the risk of loss for such casualty or condemnation in connection with the disposition of an investment through the date of disposition.

Failure to Maintain REIT Qualification. A General Partner reserves the right, but is not obligated, to organize one or more entities treated as a real estate investment trust for U.S. federal income tax purposes (each, a "**REIT Subsidiary**") through which the relevant Fund may make investments. Qualification as a REIT for U.S. federal income tax purposes involves the application of highly technical and complex provisions of the Code, for which there are only limited judicial or administrative interpretations, and the determination of various factual matters and circumstances not entirely within the REIT Subsidiary's control. If any REIT Subsidiary fails to maintain its qualification as a REIT in any taxable year, and certain relief provisions do not apply, the REIT Subsidiary would be subject to tax on its taxable income at regular corporate rates (including any applicable alternative minimum tax), and distributions by the REIT Subsidiary to the Fund or its limited partners would, to the extent of the REIT Subsidiary's earnings and profits, be taxable to the limited partners as ordinary dividends. Any such corporate tax liability could be substantial and would reduce the amount of cash available for distribution to such REIT Subsidiary's shareholders. If a REIT Subsidiary's status as a REIT is terminated, such entity generally may not be eligible to elect REIT status again prior to the fifth taxable year following the year in which it fails to qualify under the Code as a REIT. The requirements for qualification as a REIT are extremely complex, and each REIT Subsidiary's compliance with such requirements may depend on factors that are outside of such REIT Subsidiary's control or upon the resolution of legal issues for which guidance is lacking. Future legislation, new regulations, administrative interpretations or court decisions may significantly change the tax laws or the application of the tax laws with respect to qualification as a REIT. Any such change could adversely affect each REIT Subsidiary's ability to qualify as a REIT or the U.S. federal income tax consequences of such qualification. Even if each REIT Subsidiary entity qualifies as a REIT, such REIT Subsidiary may be subject to U.S. federal income tax in certain circumstances.

Participation in REIT Subsidiaries. The employees, officers and other affiliates of a General Partner and other nonaffiliated third parties are permitted to participate in the ownership of any REIT Subsidiary formed by the relevant Fund in connection with the 100-shareholder test applicable to REITs under the Code. While the participation of such persons is expected to be less than 1% of the outstanding equity of any REIT Subsidiary, such participation is expected to (i) be through the ownership of preferred shares that are senior to the equity held by the Fund and/or (ii)

entitle them to receive distributions that will not be subject to the fees or carried interest or a preferred return on their investment.

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

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

A Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio investment's debt, a letter of credit or other forms of promise to provide funding, in

each case subject to certain limitations in the Governing Documents) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantees or exposure to such liability. The use of leverage by a Fund generally also will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings generally will be subject to limitations set forth in the Governing Documents and interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding.

A Fund generally is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and entities managed by BlackSand Capital or any of its affiliates, including through Fund subsidiaries and other intermediate entities and may have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by Commitments made by such Fund's investors and such investors' contributions may be required to be made directly to one or more lenders instead of such Fund. The amount of leverage which a Fund is permitted to utilize at any time may be large in relation to its capital. Finally, leverage may include so-called "balloon" payments at maturity if leverage is not fully amortized by maturity and such "balloon" payments may be difficult or even impossible to refinance on attractive terms, thus potentially magnifying losses in respect of leveraged investments.

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

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

In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an up-front fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing

facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the relevant Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. A portfolio investment financing from a subscription line, rather than from a Fund-level equity commitment, has the potential to increase such returns, particularly in instances where the relevant amount has been drawn for an extended period of time. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. Because Management Fees are incurred whether an investment is financed through capital calls or borrowings, and a Fund's preferred return typically does not accrue on outstanding borrowings, the relevant General Partner has an incentive to cause the Fund to make investments and/or pay such amounts using a subscription line rather than making capital calls. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Governing Documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds) as, to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

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

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

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

Investment- and Intermediate Entity-Level Borrowing. Under the Governing Documents, each Fund is generally authorized to incur indebtedness that is secured by any assets of the Fund (e.g., asset-based borrowing, as well as “back leverage” and net asset value (NAV) facilities), and is permitted directly or indirectly through one or more intermediate entities (e.g., special purpose vehicles) to incur indebtedness, including to borrow money from any person, to make guarantees or provide other credit support to any person or to incur any other obligation (including other extensions of credit). Indebtedness is generally permitted to be incurred for any purpose relating to the activities of the Fund, including without limitation to: finance any investment-related activities of the Fund; increase the buying power of the Fund; provide interim financing to the extent necessary to consummate the purchase of investments prior to the receipt of permanent financing or capital contributions or distributions (as applicable); pay for Fund expenses or fund the payment of Management Fees; make, hold or dispose of investments; provide financing or refinancing; fund the payment of amounts to withdrawing limited partners; fund distributions to the partners; and/or provide collateral to secure outstanding letters of credit or to create reserves, in each case in accordance with the Governing Documents. Additionally, a Fund is expected to enter into letters of credit in support of one or more of its investments, including for the purpose

of such Fund agreeing to fund additional equity financing or capital expenditures into a portfolio investment (regardless of who the beneficiary to such letter of credit may be) at a certain time or upon the occurrence of a certain event. Although in many cases the Governing Documents impose limits on borrowings at the Fund level, portfolio investments and intermediate entities generally do not have such limits on their ability to engage in borrowings or incur leverage with respect to all or a portion of the relevant investments.

Potential Restrictive Covenants. A Fund is permitted to enter into a credit facility with one or more lenders to bridge capital calls. Any such credit facility may contain a number of covenants that, among other things, might restrict the ability of such Fund to: acquire or dispose of assets or businesses; incur additional indebtedness; make expenditures, distributions or capital calls; create liens on assets; enter into leases, investments or acquisitions; consent to transfers of interests in the Fund; make amendments to the Governing Documents of the Fund; or engage in certain transactions with affiliates, and otherwise restrict activities of the Fund without the consent of the lenders. In addition, such a credit facility would likely require a Fund to maintain specified financial ratios and comply with tests, including minimum interest coverage ratios, maximum leverage ratios, minimum net worth and minimum equity capitalization requirements.

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

Certain Non-Competition Restrictions. MK Kapolei Commons LLC ("MKKC") is the owner and developer of Kapolei Commons Shopping Center located in city of Kapolei on the island of Oahu, State of Hawaii. Affiliates of Kobayashi Group and The MacNaughton Group own a majority and controlling interest in MKKC. The operating agreement of MKKC restricts any of its members from engaging in the development or operation of a factory outlet mall on the island of Oahu, State of Hawaii, or owning, investing in, participating in, or partnering with, either directly or indirectly, a person or entity that owns, develops or operates a factory outlet mall on the island of Oahu, State of Hawaii. This restriction applies to the Principals, as indirect beneficial owners of one of the members of MKKC, and in turn the General Partners and the Funds. A Fund will not be able to purchase, invest in or develop a factory outlet mall on Oahu. It is unlikely that another factory outlet mall will be developed or sold on the island of Oahu. The only other factory outlet mall on Oahu is the Waialeale Premium Outlets located in Waipahu, Hawaii. This restriction is limited to factory outlet malls and not applicable to other types of shopping centers or retail properties.

Co-Investments. A General Partner reserves the right, in its sole discretion, to provide or commit to provide co-investment opportunities to one or more limited partners and/or other persons, in each case on terms to be determined by the General Partner in its sole discretion.

Potential conflicts of interest are expected to arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which are permitted to be made to one or more persons for any number of reasons as determined by the General Partner in its sole discretion, may not be in the best interests of the relevant Fund or any individual limited partner. In exercising its sole discretion in connection with such co-investment opportunities, the General Partner reserves the right to consider some or all of a wide range of factors. Although a General Partner reserves the right to consider a prospective co-investor's willingness to invest in a future Fund sponsored by the General Partner or its affiliates, such willingness generally will not be the sole determining factor considered by such General Partner in identifying co-investors.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities are permitted to be made by the General Partner or its related persons in consultation with other participants in the relevant transactions, such as a joint venture partner. Co-investment opportunities typically will be offered to some and not to other limited partners. The General Partner's allocation of co-investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations are expected to be more or less advantageous to some such persons relative to others.

Third Party Co-Investment Reliance on Third Party Joint Venture Partners and Managers. A Fund is generally permitted to co-invest through partnerships, joint ventures or other entities with one or more third parties as a co-venturer or partner, including with the seller (or an affiliate thereof) of the property, a person involved in the selling or acquisition of the property, an investor in such Fund, the Founder Family Companies or other third parties. Such investments involve potential risks not present in investments where a third party is not involved, including the possibility that: (i) a Fund and such co-venturer may reach an impasse on a major decision that requires the approval of both parties; (ii) a co-venturer or partner of the Fund may at any time have economic or business interests or goals that are inconsistent with those of the Fund; (iii) the co-venturer or partner may encounter liquidity or insolvency issues or may become bankrupt; (iv) the co-venturer or partner may be in a position to take action contrary to the Fund's investment objective; (v) the co-venturer or partner may take actions that subject the property to liabilities in excess of, or other than, those contemplated; or (vi) in certain circumstances the Fund may be liable for actions of its co-venturers or partners. The General Partners, their affiliates, the Founder Family Companies, a co-venturer or a partner may be a joint venture partner or interest holder in another joint venture or other vehicle in which BlackSand or its affiliates has an interest or otherwise controls. The co-venturer or partner may also be entitled to receive payments from, or allocations or performance-based compensation (e.g., carried interest) in respect of, a Fund as well as such investments, and in such circumstances, any such amounts may be treated as a Fund expense and will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by BlackSand, be deemed paid to or received by BlackSand or reduce the Management Fee. This may be in connection with a joint venture in which a Fund participates or other similar arrangements with respect to assets or other interests retained by a seller or other commercial counterparty with respect to which the Manager performs services. In addition, a Fund is generally permitted to co-invest with co-investors or partners (including the Founder Family Companies) whose ability to influence the affairs of the companies in which the Fund invests may be significant, and even greater than that of the Fund and as such, the Fund may be required to rely upon the abilities and management experience of such co-venturer or partner. It may also be more difficult for a Fund to sell its interest in any joint venture, partnership or entity with other owners

than to sell its interest in other types of investments (and any such investment may be subject to a buy-sell right). A Fund may grant co-venturers or partners (including the Founder Family Companies) approval rights with respect to major decisions concerning the management and disposition of the investment, which would increase the risk of deadlocks or unanticipated exits from an investment. A deadlock could delay the execution of the business plan for the investment or require a Fund to engage in a buy-sell of the venture with the co-venturer or partner or conduct the forced sale of such investment or require alternative dispute resolution in order to resolve such deadlock. As a result of these risks, a Fund may be unable to fully realize its expected return on any such investment. Further, to the extent that a Fund offers any co-investment opportunity to any limited partners or third parties, some or all of the risks described above may also apply to such co-investments.

Further, a Fund will likely rely to a significant extent on third parties (including the Founder Family Companies), some of which may also become co-investment partners with the Fund, to act as developers or joint venture partners in connection with the acquisition, development, construction, renovation or operation of its properties. This reliance on third-party developers or joint venture partners may increase the costs to a Fund through the payment of development fees, incentive fees, management fees and other amounts and may increase the risks to the Fund if, and to the extent, such a developer or operator fails or is unable to comply with agreed-upon plans, budgets or timetables. Although the relevant General Partner intends to monitor the performance of each investment, it will primarily be the responsibility of third-party property managers to manage certain properties on a day-to-day basis. A Fund's results of operations, including its ability to make payments on any indebtedness, will depend in large part on the ability of these third-party managers to operate and lease such properties on economically favorable terms. There can be no assurance that such third-party management firms will be able to operate each investment successfully. Moreover, the risks of dependence on third-party management firms are different by property type and by investment stage (for example, properties in development or redevelopment will have a greater dependence on the leasing abilities of a third-party manager or leasing agent). Property managers may provide management and leasing services to properties owned by others that compete with one or more investments. As a result, these property managers may at times face conflicts of interests in the management and leasing of investments and properties owned by third parties. Property managers may receive a base management fee based upon gross revenues. Such fee arrangements with a property manager may create an incentive for the relevant investment to be managed in a manner that is not consistent with a Fund's objectives.

Illiquid and Long-Term Investments. An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition or refinancing of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after such investment is made. In addition, the Fund generally will not be able to sell its securities publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Fund may be prohibited by contract or legal or regulatory reasons from selling certain securities for a period of time. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the Management Fee payable to the General Partner (or an affiliate

thereof)) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded Commitments.

Restrictions on Transfer and Redemption; Lack of Liquidity. There will be no public market for the interests in a Fund, and none is expected to develop. In addition, without the prior written consent of the relevant General Partner, which may be withheld in its sole and absolute discretion, no limited partner may sell, assign, or in any manner dispose of, or create, or suffer the creation of, a security interest in such limited partner's interest in a Fund, in whole or in part, nor enter into any agreement as the result of which any person, firm or corporation shall become interested with such limited partner therein. Notwithstanding the foregoing, a General Partner will not unreasonably withhold its consent to the assignment of interests in the relevant Fund by limited partners to their affiliates. In no event may a limited partner's interest in a Fund, or any part thereof, be assigned or transferred to any person unless (A) such transferee meets the Fund's investor eligibility criteria, as set forth in the relevant subscription agreement (and as the same may be revised in accordance with changes in applicable law), and completes such transfer documentation as the relevant General Partner requires, (B) the investment by such transferee in the Fund will not cause the assets of the Fund to become "plan assets" under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (C) the investment by such transferee in the Fund will not cause the Fund to become a "publicly traded partnership" within the meaning of Section 7704 of the Code and the Treasury Regulations promulgated thereunder, (D) such transfer will not cause the Fund to violate any law, rule or regulation applicable to the Fund, and, unless such conditions are met, no attempted assignment or transfer of a limited partner's interest in the Fund, or part thereof, will be valid and binding on the Fund and (E) if required by the relevant General Partner, the transferor or transferee has paid, or made arrangements to pay, all reasonable expenses incurred by the Fund in connection therewith (and such payment will not constitute a capital contribution to the Fund).

Subject to certain limited exceptions set forth in the Governing Documents, there is no right of withdrawal from a Fund and no right to be excused from participating in a Fund investment, although the relevant General Partner may compel the withdrawal of all or any portion of any limited partner's interest in the Fund, the transfer of all or any portion of any limited partner's interest in the Fund to another partner or to a qualified third party, or the exclusion of any limited partner from one or more Fund investments, in each case, in certain limited circumstances as described in the Governing Documents.

Impact of Government Regulation, Reimbursement and Reform. Government authorities at all levels are actively involved in the regulation of land use and zoning, environmental protection and safety and other matters affecting the ownership, use and operation of real property. Regulations may be promulgated that could restrict or curtail certain usages of existing structures, or require that such structures be renovated or altered in some manner. The promulgation and enforcement of such regulations could increase expenses, and lower the income or rate of return, as well as adversely affect the value of any of a Fund's investments. Operators are also subject to laws governing their relationship with employees, including minimum wage requirements, overtime, working conditions and work permit requirements. Compliance with, or changes in, these laws could reduce the revenue and profitability of a Fund. In addition, regulation of the leasing of residential property by many state and local governments includes controls over rents

that may be charged to tenants. Such regulations often impose limits on rent increases and may require that properties comply with specified requirements as a precondition for rent increases.

Significant Costs Associated with Complying with Laws, Regulations and Covenants. Certain of a Fund's assets are expected to be subject to various covenants, local laws and regulatory requirements, including permitting and licensing requirements. Local regulations, including municipal or local ordinances, zoning restrictions and restrictive covenants imposed by community developers may restrict the use of a Fund's properties and may require the relevant General Partner to obtain approval from local officials or community standards organizations at any time with respect to the Fund's properties, including prior to acquiring a property or when undertaking renovations. Among other things, these restrictions may relate to fire and safety, seismic, asbestos-cleanup or hazardous material abatement requirements. There can be no assurance that existing regulatory policies will not adversely affect a Fund's investments or the timing or cost of any future acquisitions or renovations, or that additional regulations will not be adopted that increase such delays or result in additional costs. A Fund's investment strategy may be affected by the relevant General Partner's ability to obtain permits, licenses and zoning relief, and the failure to obtain such permits, licenses and zoning relief could have a material adverse effect on the Fund's performance.

Americans with Disabilities Act and Similar Laws. Under the Americans with Disabilities Act of 1990 (the "ADA"), commercial facilities and public accommodations must meet federal requirements related to access and use by disabled persons. If one or more of the properties in a Fund's portfolio does not comply with the ADA, then the Fund would likely be required to incur costs to bring the property into compliance, which potentially were not foreseen at the time of acquisition. Future changes to federal, state and local laws also could require modifications to a Fund's properties, or restrict the Fund's ability to renovate its properties. BlackSand cannot predict the ultimate cost of compliance with the ADA or other legislation. If a Fund incurs substantial costs to comply with the ADA and any other similar legislation, the Fund's financial condition, operations, cash flow, cash available for distribution and ability to satisfy its debt service obligations could be adversely affected.

Environmental Risks. As is the case with any holder of real estate investments, a Fund could face substantial risk of loss from claims based on environmental problems associated with the Fund's investments. Under various federal, state and local laws, ordinances and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Certain federal and state laws and regulations impose liability, often regardless of fault, on various parties (jointly and severally), including owners and operators, associated with real estate affected by a release of a regulated environmental contaminant. Such liability may also be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on a Fund's return from such investment. Environmental claims with respect to a specific investment may exceed the value of such investment, and under certain circumstances, subject the other assets of the Fund to such

liabilities. To minimize the risk of such liability, prior to acquiring any property, a Fund generally will employ, or cause to be employed, an environmental engineering consultant to inspect each property so as to assure the Fund that the risk of regulated environmental contaminants being present at such property is minimal or relatively low when weighted against the potential gain. Additionally, a Fund generally will seek to purchase appropriate insurance to protect the Fund from such risks. Nevertheless, it is possible that the engineer's inspection could overlook certain areas of a property which are contaminated with regulated environmental contaminants, that the Fund could be subject to liability because of the presence of such hazards, or that insurance may not be available or if available, the cost may be higher than the relevant General Partner believes appropriate.

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

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

Controlling Person Liability. The exercise of control over an entity can impose additional risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in which the limited

liability characteristic of business ownership may be ignored. If these liabilities were to arise, a Fund might suffer a significant loss.

Reliance on the General Partner. Control over the operation of a Fund will be vested with the relevant General Partner, and the Fund's future profitability will depend largely upon the business and investment acumen of Mr. Kobayashi and BlackSand's other investment professionals. The loss or reduction of service of Mr. Kobayashi and/or other senior BlackSand investment professionals could have an adverse effect on the Funds' ability to realize their investment objectives. In addition, BlackSand's investment professionals currently, and expect to in the future, manage other investment funds besides the Funds and expect that they will need to devote substantial amounts of their time to the investment activities of such other funds, which is expected to pose potential conflicts of interest in the allocation of the time of BlackSand's investment professionals. Limited partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of a Fund will depend on the actions of the relevant General Partner. In addition, certain changes in the General Partners or circumstances relating to the General Partners may have an adverse effect on the Funds or one or more of their real estate and real estate-related assets including potential acceleration of debt facilities.

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

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

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

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

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

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. To the extent that an operating portfolio investment, Fund, General Partner, BlackSand or one or more of their respective service providers is subject to cyber-attack or other unauthorized access is gained to their systems, substantial losses may occur in the form of stolen, lost or corrupted: (i) data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, BlackSand, the General Partners, the Funds and/or portfolio investments may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in BlackSand's, the General Partners', the Funds', portfolio investments' and/or service providers' operations, including the ability to make distributions to limited partners, and result in a failure to maintain the security, confidentiality or privacy of

sensitive data, including personal information relating to investors (and the beneficial owners of investors). In certain events, a failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Any of such circumstances could subject a portfolio investment, or the relevant Fund, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio investments or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the Advisers or one of their service providers holding their financial or investor data, the Advisers, their affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under the Advisers' policies and practices.

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

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

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

particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

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

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

Changes to Benchmark Rates. To the extent that a Fund's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on benchmark or reference rates, including the London Interbank Offered Rate ("**LIBOR**"), Secured Overnight Financing Rate ("**SOFR**") or other rates (each, a "**Benchmark Rate**"), the Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants have transitioned historical instruments and contracts away from LIBOR to new Benchmark Rates. This transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Funds and their investments; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

Secondaries and other General Partner-Led Transactions. There continues to be a significant market for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions, and BlackSand reserves the right to dispose of (or seek additional capital for) Fund investments through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to

purchase all or a portion of one or more investments that will continue to be managed by BlackSand following the transaction. Such transactions are permitted to be undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where BlackSand believes there is the potential for additional value generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by BlackSand and its affiliates), often on different terms than their original investment in the Fund. However, certain of such transactions are expected to involve: a limited partner investing (or being required to invest) additional capital in the existing Fund and/or other investment vehicles; a greater exposure to one or more particular portfolio investments; and/or a delay in the full liquidation of the Fund's investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio investment will have their interest adjusted as if distributed (i.e., a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of BlackSand or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where BlackSand or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by the relevant General Partner on the sale of an asset from an existing Fund in such transaction), their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, BlackSand, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the subject investment(s). To the extent BlackSand requires existing limited partners and/or new buyers to commit capital to a continuation fund or another Fund managed by BlackSand in addition to the purchase amount paid in a transaction (including commitments to the relevant Fund in specified rations to the purchase price), such requirement is expected to have a dilutive effect on the purchase price for the selling Fund and its limited partners. There can be no assurance that any such transaction will accurately reflect the fair market value of the investment(s) being sold. Further, the relevant General Partner is expected to be incentivized, including through the possibility of receiving additional compensation, to make investments in portfolio investments with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant Fund, and in such circumstances BlackSand reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that BlackSand will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of a Fund or any individual limited partner or group of limited partners. However, BlackSand reserves the right, in

its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. BlackSand is permitted to seek the consent of the relevant Fund advisory committee(s) to waive conflicts associated with such transactions and accordingly not all limited partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Fund investments, to the extent such transactions are not consummated, the relevant Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

Social Media and Publicity Risk. The use of social networks, message boards, internet channels and other platforms has become widespread within the United States and globally. As a result, individuals now have the ability to rapidly and broadly disseminate information or misinformation, without independent or authoritative verification. Any such information or misinformation regarding BlackSand, the Funds or one or more portfolio investments could have a material and adverse effect on the value of the Funds.

Conflicts of Interest

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

As further described in the Governing Documents, during a Fund's exclusivity period, the Governing Documents will require that all Hawaii real estate investment opportunities that are suitable for investment by such Fund which are sourced by Approved Executive Officers of BlackSand (as defined in the Funds' Governing Documents) in any capacity be presented to such Fund.

In addition, the Founder Family Companies generally are expected to enter into an investment opportunities sourcing agreement with BlackSand Capital and certain Funds pursuant to which the Founder Family Companies agree to offer certain investment opportunities to such Fund during the applicable exclusivity period. Upon presentation, the Fund's General Partner will then determine in good faith whether or not to pursue the opportunity.

To the extent required by the applicable Fund's Governing Documents, Hawaii real estate investment opportunities that are sourced by Kobayashi Group or The MacNaughton Group,

independently of an Approved Executive Officer, will be offered in good faith to the Funds, if they meet certain criteria as provided in the Governing Documents.

Existing investments of the Founder Family Companies, follow-on investments in such investments and proprietary investment opportunities offered solely to a Founder Family Company in which such Founder Family Company does not have the discretion or ability to offer such opportunity, as reasonably determined by such Founder Family Company, generally are not subject to the foregoing requirements. If an Approved Executive Officer receives notice of a potential investment opportunity solely in his capacity as an owner of a Founder Family Company, as reasonably determined by such Approved Executive Officer, then such opportunity shall be treated as sourced by the Founder Family Company and not such Approved Executive Officer. If an opportunity sourced by a Founder Family Company does not meet any of the relevant criteria described in the Governing Documents, such Founder Family Company is permitted to pursue the opportunity without the Fund and may obtain equity capital from other sources.

If a Fund elects to invest in an opportunity sourced by a Founder Family Company, such Founder Family Company is permitted to invest alongside the Fund in such opportunity on a *pari passu* basis.

If a Founder Family Company, on the one hand, and a Fund, on the other hand, are not able to work out an agreement with respect to the investment opportunity sourced by a Founder Family Company within 30 days after presentment, then such Founder Family Company is permitted to pursue the investment opportunity without the Fund and obtain equity capital from other sources. The Founder Family Companies reserve the right to solicit other proposals during the 30-day period, but may not make or accept any offers from other parties until the 30-day period expires.

If a Fund elects to pursue a real estate development opportunity, the Fund may offer a Founder Family Company the opportunity to serve as the development manager for the project, subject to the limitations set forth in the Governing Documents.

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

The Advisers must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. The Advisers generally assess whether an investment opportunity is appropriate for a particular Fund based on the Fund's Governing Documents, as well as factors including, but not limited to: available capital, risk limits, size or other reasons. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund generally reserves the right to invest together with other

Funds advised by an affiliate of BlackSand Capital in the manner set forth in the Governing Documents and the Advisers' investment allocations policy.

Following such determination of allocation among Funds, the Advisers reserve the right to offer co-investment opportunities to one or more potential co-investors, including vendors, service provider and/or other third parties, as determined by the Governing Documents, Side Letters and the Advisers' procedures regarding allocation.

Furthermore, the Advisers or their related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or joint venture partner. Co-investment opportunities typically will be offered to some and not to other Fund investors, and likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Although a prospective co-investor's willingness to invest in future Funds may be considered by the Advisers, it generally will not be the sole determining factor considered by the Advisers in identifying co-investors. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and BlackSand expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons in a manner not subject to the "most-favored nation" provisions of a Fund's Governing Documents and (iii) co-investors' proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund's Governing Documents. In order to facilitate the acquisition of a portfolio investment, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio investment, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment.. When and to the extent that personnel and related persons of the Advisers and their affiliates make capital investments in or alongside certain Funds, the Advisers and their affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in

the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

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

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

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

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

expected in certain cases to result in the Funds bearing different levels of expenses with respect to the same investment.

A portfolio investment typically will reimburse the Advisers or service providers retained at the Advisers' discretion for expenses (including, without limitation, travel expenses) incurred by the Advisers or such service providers in connection with its performance of services for such portfolio investment. Service provider expenses are required to be reimbursed whether or not there is overlap in expertise, function or services performed by BlackSand personnel. This subjects the Advisers and their affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. The Advisers determine the amount of these reimbursements for such services in their own discretion, subject to their internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to the Advisers or such service providers generally is subject to a review and approval process, which helps to mitigate related potential conflicts of interest.

The Advisers generally exercise discretion to recommend to a Fund or to a portfolio investment thereof that it contract for services with (i) an Adviser, a BlackSand Affiliate, the Founder Family Companies, or a related person of the Advisers (which is permitted to include a portfolio investment of such Fund); (ii) an entity with which the Advisers or their affiliates or current or former personnel have an investment in, a relationship with or from which the Advisers or their affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers or relationships where BlackSand personnel are seconded, or from which BlackSand receives secondees; or (iii) certain limited partners or their affiliates. For example, the Advisers expect to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related businesses. This discretion subjects the Advisers to conflicts of interest because, although the Advisers intend to select service providers that they believe are aligned with their operational strategies and will enhance investment performance and, relatedly, returns of the relevant Fund, the Advisers have a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that an Adviser, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or the Advisers), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. BlackSand will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio investments to incur) such expenses. Although BlackSand generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Whether or not an Adviser has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. Additionally, the Advisers expect certain service providers, their affiliates and personnel to invest in, or co-invest alongside, one or more Funds, and due to the nature of the service provider relationships and the timing of services these persons have the potential to have information advantages relative to other investors or co-

investors, and likely will be offered co-investment opportunities before such opportunities are presented to other interested prospective co-investors. Based on the foregoing factors, limited partners should not expect service providers to the Advisers or any Fund to provide services that will be the most beneficial to any limited partner.

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

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

therefore expect to have additional potential conflicting interests in connection with these investments.

A Fund's General Partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of distribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's limited partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than BlackSand deems suitable for the Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's pro rata interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Fund or its limited partners.

It is expected that a Fund will, where appropriate, engage or partner with a BlackSand Affiliate, the Founder Family Companies and/or other third parties to perform certain real estate services for the Fund and its investments for a fee, or partner with a BlackSand Affiliate, the Founder Family Companies and/or other third parties in an investment (including, without limitation, development, entitlement, sales, marketing, brokerage, construction management, asset management, property management and leasing services, design and retail consulting services, and/or other similar services). Any compensation or fees paid in connection with such services will not be offset against, or otherwise cause a reduction of, the Management Fee of the applicable Fund(s).

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

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

the case if such investment had not been made or held (or if such determination had not been made, including because of the possibility that the investments' values will appreciate in the future).

Where the Management Fee is calculated taking into account the valuation of an investment, including a determination of whether an investment has become an Impaired Value Investment, the Advisers will have incentives to make determinations that result in the continued payment of, or a higher, Management Fee. Where the Governing Documents do not require Management Fees to be reduced in connection with investment reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions, the Advisers are incentivized to pursue such transactions. Additionally, the amount of carried interest owed to the relevant General Partner is dependent in part on the amount and timing of investment dispositions, as well as in certain instances determinations that investments are Impaired Value Investments, and the relevant General Partner expects to be subject to related potential conflicts of interest in determining whether and when to dispose of investments, make distributions, and/or determine that an investment is an Impaired Value Investment, within the requirements of the relevant Governing Documents.

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

The Advisers and/or their affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of BlackSand's compensation, information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, right to serve on the Fund's advisory committee, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of

default remedies, as well as economic, procedural and other terms, many of which will be subject to the “most-favored nation” provisions of a Fund’s Governing Documents.

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

As a consequence of one or more limited partners being excused or excluded from, or for regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment. Although BlackSand believes it to be unlikely, excuse or other rights requested or received by one or more limited partners (or such regulatory, tax or other factors applicable to such limited partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Fund as a whole. A limited partner’s voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more limited partners’ voting rights generally will increase the voting rights percentage of other limited partners in the relevant Fund. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, *e.g.*, based on tax savings or ownership of alternative investment vehicle, “blocker” or other structures used to facilitate their investments in, through or below a Fund.

Although the Governing Documents generally contain broad exculpation and indemnification provisions, BlackSand will not interpret such provisions to constitute a waiver of

any person's non-waivable federal fiduciary duties to the relevant Fund under the Advisers Act. The relevant liability standards under insurance coverage procured by BlackSand are expected to vary by carrier, and such standards are expected to vary depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Documents, regardless of whether the liability and/or indemnity standards in BlackSand's insurance coverage are higher or lower than that set forth in the Governing Documents.

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

DISCIPLINARY INFORMATION

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

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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

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

The Advisers have adopted a Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of the Adviser's personnel and addresses conflicts that arise from personal trading. The Code requires certain Adviser personnel to report their personal securities transactions, prohibits or requires pre-clearance for such personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits such personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from

the Advisers' Chief Compliance Officer. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material, non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to Nicole Chang, the Advisers' Chief Compliance Officer, at (808) 738-8400. Personal securities transactions by personnel who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

The Advisers and their affiliated persons may come into possession of material, non-public or other confidential information about public companies, which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Advisers and their affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Advisers.

Accordingly, should the Advisers or any of their affiliated persons come into possession of material, non-public or other confidential information with respect to any public or non-public company, the Advisers generally would be prohibited from communicating such information to clients, and the Advisers 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 the Advisers' personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

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

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

A Fund will be permitted to make loans and other advances to, or receive advanced funds from, Founder Family Companies or BlackSand Affiliates. It is expected that any such loans or

advances by or to a Fund will be limited to the conduct of the business of the Fund in the ordinary course, taking into account, among other things, the holding structure of the Fund for its investments.

In borrowing and making loans on behalf of a Fund, each Adviser is subject to conflicts of interest, including a conflict 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.

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

BROKERAGE PRACTICES

Given the nature of the Advisers' business, they do not intend to regularly 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 the Advisers engage in public securities transactions, they follow the brokerage practices described below.

If the Advisers sell publicly traded securities for a Fund, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Advisers. In such event, the Advisers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Advisers reserve the right to consider a variety of factors, including: (i) a broker's execution capabilities with respect to the relevant type of order; (ii) the commissions charged by a broker, which may be based on the size of the order, the price of the security and whether the receipt of products or services is involved; (iii) the broker's reputation and responsiveness to requests for trade data and other financial information; and (iv) other factors suggested by the SEC for determining best execution.

The Advisers have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of

the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Advisers generally seek competitive commission rates, they may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time and have not made use of such services since their inception.

The Advisers do not anticipate engaging in significant public securities transactions; however, to the extent that the Advisers engage in any such transactions, orders for purchase or sale of securities placed first will be executed first and within a reasonable amount of time of order receipt.

In connection with private securities transactions on behalf of the Funds, the Advisers reserve the right to retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio investments. In determining to retain such parties, the Advisers reserve the right to 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 Advisers 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.

REVIEW OF ACCOUNTS

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

Each Fund generally will provide to its limited partners (i) audited financial statements annually commencing with the first year in which it either is in operation for the full year or makes an investment, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each partner's U.S. tax returns, and (iv) descriptive investment information for each portfolio investment periodically.

CLIENT REFERRALS AND OTHER COMPENSATION

The Advisers and/or their affiliates, including BlackSand Affiliates, intend to provide certain business or consulting services to a Fund and investment vehicles through which a Fund invests and expect to receive compensation from these entities in connection with such services. The compensation paid by a Fund for these services are in addition to the Management Fee.

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

CUSTODY

BlackSand generally expects that it will be deemed to have "custody" (within the meaning of Rule 206(4)-2 of the Advisers Act (the "**Custody Rule**")) of funds or securities held in the name of one or more Funds, subject to certain exceptions set forth in the Custody Rule and related guidance and intends to maintain such assets with Bank of Hawaii, a qualified custodian located in Honolulu, Hawaii.

INVESTMENT DISCRETION

Each General Partner has discretionary authority to manage investments on behalf of the Fund(s) it advises and the Funds' portfolio investments. As a general policy, General Partners do not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, each General Partner has entered and expects to enter into Side Letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Each General Partner assumes this authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of such Fund.

VOTING CLIENT SECURITIES

The Advisers have adopted a proxy voting policy (the "**Proxy Policy**") to address how they will vote proxies, as applicable, on behalf of a Fund. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of a Fund, including where there may be material conflicts of interest in voting proxies. The Advisers generally believe their interests are aligned with those of each Fund's investors, for example, through the Principals' beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Advisers may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory committee on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's advisory committee is authorized to approve an Adviser's vote in a particular solicitation. The Advisers do not consider service on portfolio investment boards by Adviser personnel or any Adviser's receipt of management or other fees from portfolio investments to create a material conflict of interest in voting proxies with respect to such companies.

Clients or investors that would like a copy of the Advisers' complete Proxy Policy or information regarding how an Adviser voted proxies for particular portfolio investments may contact Nicole Chang, the Advisers' Chief Compliance Officer, at (808) 738-8400, and it will be provided to you at no charge.

FINANCIAL INFORMATION

The Advisers do not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.