

Macquarie



MACQUARIE

Form ADV Part 2A: Firm brochure

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This brochure provides information about the qualifications and business practices of Macquarie Energy Partners Inc. If you have any questions about the contents of this brochure, please contact us at +1 212 231 1000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Macquarie Energy Partners Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Referring to Macquarie Energy Partners Inc. as a registered investment adviser does not imply a certain level of skill or training of its officers.

Item 2: Material Changes

This page lists the following material changes relevant to Macquarie Energy Partners Inc. (“MEP Inc.” or the “Relying Adviser”) since the completion of its last annual update to Form ADV Part 2A dated June 29, 2017.

This Brochure of the Relying Adviser has been updated to reflect substantial revisions to the existing risk factors in Item 8 and potential conflicts of interest in Item 11.

This Brochure describes the Relying Adviser’s expectations as to its business practices once operational.

The Relying Adviser, at any time, may update this Brochure and either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form).

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Item 4: Advisory Business

A. Advisory Firm

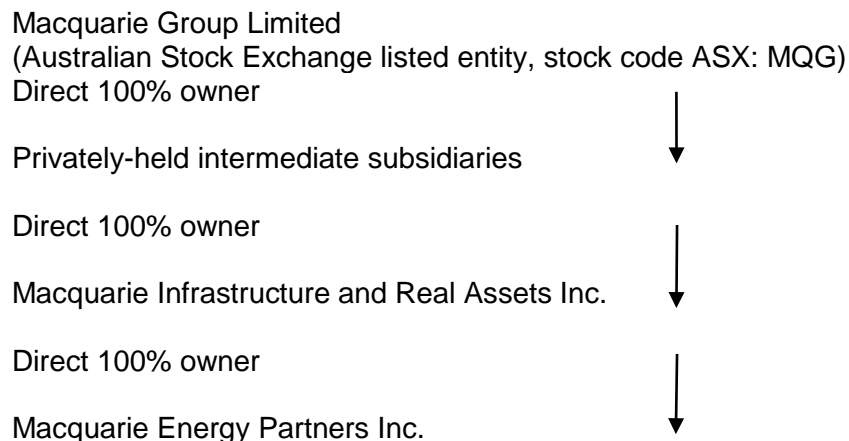
Macquarie Energy Partners Inc. ("MEP Inc." or the "Relying Adviser") is a Delaware corporation. It was incorporated on June 5, 2017. The Relying Adviser is registered with the SEC pursuant to the 2012 ABA No-Action Letter in reliance on the Form ADV of Macquarie Infrastructure Partners Inc. (the "Registrant").

MEP Inc. qualifies as a "relying adviser" because:

- it and the Registrant advise only private funds and separate account clients that are "qualified clients" as defined under the Investment Advisers Act of 1940 (the "Advisers Act");
- each of MEP Inc.'s "supervised persons" are "persons associated with" the Registrant, both as defined under the Advisers Act;
- the Registrant has its principal office and place of business in the U.S.;
- the advisory activities of MEP Inc. are subject to the Advisers Act and examination by the SEC; and
- the Registrant and MEP Inc. operate under a single Code of Ethics, written policies and procedures, and Chief Compliance Officer in accordance with the Advisers Act.

This Part 2A of Form ADV of MEP Inc. will be included in the annual Form ADV filing of the Registrant.

The Relying Adviser is ultimately owned by Macquarie Group Limited ("MGL"), the ultimate parent of the Macquarie Group, a multi-national financial services company, via the following holding structure:



B. Advisory Services Provided

The Relying Adviser's investment advisory services to the Fund (as defined below) will consist of providing day-to-day managerial and administrative services to the Fund and holding companies through which co-investors co-invest with the Fund or to co-investors directly ("Co-Investment Clients", and together with the Fund, "Clients", and each a "Client"), including investigating, analyzing, structuring and negotiating potential investments, monitoring the

performance of the portfolio companies of the Clients (the “Portfolio Companies”), and advising the Fund regarding disposition opportunities. These tailored services are outlined in the respective management agreements in place between the Relying Adviser and the Fund and for the Co-Investment Clients are outlined in the respective advisory agreements in place between the Relying Adviser and the Co-Investment Clients. Information described in this brochure relating to the terms of the Fund and each Co-Investment Client is not complete and is subject to and qualified in its entirety by reference to the limited partnership agreements of the Fund and each Co-Investment Client.

The Relying Adviser provides discretionary and non-discretionary investment supervisory services to Co-Investment Clients and discretionary investment supervisory services to private investment-related funds including:

Macquarie Energy Partners, L.P., a Delaware limited partnership (“MEP LP”) and any parallel funds or alternative investment vehicles then in existence in respect thereof are each referred to herein as a “Partnership” and collectively as the “Fund” or “MEP”.

The Fund invests in and divests interests in upstream energy and upstream energy-related assets and businesses primarily focused on the delineation and development of oil and gas reserves. Macquarie Energy Partners GP LLC, a Delaware limited liability company, is the general partner of MEP LP (“MEP General Partner”; together with the general partners of parallel funds or alternative investment vehicles of MEP LP and the general partners of other Co-Investment Clients, if any, each a “General Partner”, and collectively the “General Partners”). The General Partners are 100% commonly controlled affiliates of the Relying Adviser.

The Relying Adviser primarily advises on privately-negotiated acquisitions and dispositions of securities of energy and energy-related companies and the acquisition and disposition of upstream energy and upstream energy-related assets and businesses (“Portfolio Investments”). In the case of the Fund, target Portfolio Investments will generally include, but will not be limited to, (i) upstream oil and gas assets focused on the delineation and development of oil and gas reserves and (ii) businesses supporting the development of the foregoing projects. The Fund will seek to invest in upstream energy assets that are not yet fully producing and invest capital to optimize these resources through the delineation and development of these opportunities. The Relying Adviser expects to focus its investments primarily in delineation and development opportunities. Although the Fund will be focused primarily on delineation and development of upstream energy assets and businesses in the U.S. or Canada (“North America”), it will also consider energy-related investment opportunities involving: (i) projects that have unproven reserves; and (ii) associated gathering and processing.

The Relying Adviser intends for the Fund primarily to seek to acquire positions of control or significant influence in order to leverage the Relying Adviser’s technical expertise and drive the implementation of desired development strategies and value-enhancing initiatives. The Relying Adviser generally expects this to be achieved through control investments in equity and equity-like instruments, however the Fund may also make investments through other instruments such as convertible equity, preferred equity, mezzanine debt, warrants and net profits interests, total return swaps, traditional debt securities, or some combination thereof. For non-controlling investments, the Relying Adviser will seek to retain appropriate governance protections (such as joint or negative control rights) and/or non-governance protections (such as covenants, consent rights or profit distribution or capital priority rights) with regards to the Fund’s relative participation, in order to seek to position the Fund to exert significant influence on its

investment. However, with regard to certain debt investments, the Fund would not expect to have governance rights or other significant influence over the management and/or operations of the applicable Portfolio Company.

With respect to Portfolio Companies that the Fund has positions of control or significant influence, employees of the Relying Adviser or affiliates will typically serve on a Portfolio Company's board of directors (or similar governing body) or otherwise act to influence control or management of companies held by the Clients.

From time to time, the Relying Adviser may engage in short sales and other derivatives transactions for the Clients, including option, commodity, currency and similar transactions. Derivatives transactions will generally be used for hedging purposes and are intended to be minimis.

C. Tailored Advisory Services and Restrictions

The Relying Adviser provides services tailored to the specific needs of each Partnership based on the investment objectives, and applicable restrictions, set forth in each Partnership's limited partnership agreement and, in the case of Co-Investment Clients, the applicable restrictions set forth in individual advisory agreements. The Relying Adviser does not tailor its services to individual investors in the Fund.

D. Wrap Fee Programs

The Relying Adviser does not participate in wrap fee programs.

E. Assets under Management

As of the date of this Brochure, the Relying Adviser has \$0 assets under management.

Item 5: Fees and Compensation

A. Compensation

The Relying Adviser will be entitled to receive an asset-based management fee ("Management Fee") from the Fund as described in the private placement memorandum of the Fund.

The Relying Adviser is expected to agree to a reduced Management Fee rate with certain investors in the Fund, including employees of the Macquarie Group (as defined below) or a feeder fund formed therefor, based on factors such as, among other things, the timing of the investor's capital commitment to the Fund, the size of the investor's commitment or its investment relationship with the Macquarie Group or other funds managed by entities that are part of the Macquarie Group (see also *Co-Investment Arrangements* under Item 11). As used herein, the "Macquarie Group" means MGL and its worldwide subsidiaries and affiliates.

The Relying Adviser typically expects to charge Co-Investment Clients asset-based management fees that can be determined as a percentage of invested capital, which may vary over time ("Co-Investment Management Fee"). Co-Investment Management Fees are separately negotiated with each Co-Investment Client. The Relying Adviser's fees (if any) are

paid pursuant to advisory agreements entered into between the Relying Adviser and its Co-Investment Clients. Co-Investment Clients' Co-Investment Management Fees will vary based on factors such as the size of the investor's commitment to a transaction or its investment relationship with the Macquarie Group, including the Fund, or other funds managed by entities that are part of the Macquarie Group.

Refer also to Item 6 below for a discussion of performance based fees charged by affiliates of the Relying Adviser.

B. Payment of Fees

In the case of the Fund, Management Fees may be paid by drawing on the Fund's credit facility, if any, which causes the Fund to incur related expenses borne by its limited partners, or may also be paid out of current income and disposition of proceeds of the Fund and, to the extent necessary, from called capital commitments to the Fund. In the case of Co-Investment Clients, Co-Investment Management Fees are either paid by Co-Investment Clients or investors in the Co-Investment Clients.

C. Other Fees

The Relying Adviser or the General Partners (or, any of their affiliates within the Macquarie Infrastructure and Real Assets division ("MIRA") or any MIRA employee) may receive set-up, arranging, funding, monitoring, organization, directors', break-up, topping, commitment and other similar fees from persons in which the Fund acquires or holds investments (or seek to acquire or hold investments) ("Other Fees") but, for the avoidance of doubt, excluding fees, commissions and mark-ups paid to affiliates of the Relying Adviser (including, with respect to (a)-(d) below, the Commodities and Global Markets, Macquarie Capital, or any other operating group within the Macquarie Group, and with respect to (e) below those businesses currently conducting business under the Macquarie Insurance Facility business unit), with respect to (a) financial advisory, investment banking, commercial banking, mergers and acquisitions advice, (b) restructuring or other similar advisory services, (c) lending or providing debt facilities, (d) debt or equity underwriting services, hedging or other services related to foreign exchange, interest rates or commodities, (e) vendor, insurer or broker commissions, (f) payments for services provided by Macquarie, the General Partners, the Relying Adviser or any of their respective Affiliates to Portfolio Companies which, if such services had been provided to the Fund, would have constituted partnership expenses, and (g) any salary, bonus, stock options or other compensation granted or paid by Portfolio Companies to employees within the MIRA Division who serve in a bona fide, non-director management capacity at any such Portfolio Company. Such Other Fees are netted of amounts otherwise payable by the Fund, first by reducing reimbursed partnership expenses incurred by the General Partners or Relying Adviser, and second by reducing future Management Fees.

In addition, the Fund pays certain fees to third party consultants (including consultants or employees of legal or other advisers introduced or arranged by MIRA that regularly provide services to one or more Partnerships or Portfolio Companies or affiliates of the General Partners), and such fees, if related to the business of the Fund, a Portfolio Company thereof or the General Partner's or Relying Adviser's operations related thereto, are borne by the Fund or Portfolio Company, as applicable, without offset against the Management Fee as described herein and, thus, are not covered by the Management Fee. These third party consulting services may be provided exclusively from the offices of MIRA in a secondee, consultant or other similar structure or arrangement. In addition, third-parties co-investing with the Fund may pay (i) affiliates of the Relying Adviser a transaction-based fee and/or (ii) the Relying Adviser or

an affiliate of the Relying Adviser management, performance or other similar fees, which, in either case, would also not be subject to offset against the Management Fee.

The Co-Investment Management Fees (if any) will be offset in a manner separately negotiated with certain investors of the Co-Investment Client, and are expected to be typically similar to the arrangement described above for the Fund. For the sake of clarity, MEP Management Fees will not be offset by any Co-Investment Management Fees received by the Relying Adviser.

Moreover, the Relying Adviser and its affiliates can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Clients which will not be subject to the management fee offset or otherwise shared with the Clients and/or their limited partners. For example, airline travel or hotel stays incurred as Clients expenses typically may result in “miles” or “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to personnel of the Relying Adviser and its affiliates (and not the Clients or their limited partners) even though the cost of the underlying service is borne by the Clients and/or the Portfolio Companies.

In addition, a Partnership may obtain insurance which contains benefits to the Fund’s General Partner and the Relying Adviser as part of the overall package of terms offered by the provider to the Fund. The insurance provider may not be able to break out the cost of any such benefits to the General Partner and Relying Adviser so that those costs can be allocated to the General Partner and not the Fund. Thus, the Fund may bear the cost of insurance which includes a benefit to the General Partner and the Relying Adviser as part of the coverage provided. Other Clients (if any) will also share in the costs of insurance pro rata based on capital commitments to the Fund and such other Clients.

Furthermore, non-committed co-investors or co-investment vehicles generally do not bear broken-deal expenses for unconsummated transactions in which they would have participated if the relevant transaction had been consummated. As such, the full amount of any such expenses relating to such proposed but not consummated transaction would, therefore, be borne by the Fund, absent a specific agreement to the contrary with a prospective co-investor.

D. Payment of Fees in Advance

Management Fees and Co-Investment Management Fees are payable by Clients to the Relying Adviser quarterly in advance.

In the case of the Fund, the Management Agreement shall be terminated if the General Partner is removed with or without cause by the limited partners.

E. Compensation for Sale of Securities or Other Investment Products

Neither the Relying Adviser nor any of its supervised persons receives any compensation for the sale of securities or other investment products. All forms of compensation are outlined in Item 5.A and Item 5.C.

Item 6: Carried Interest and Side-By-Side Management

The General Partners or affiliates thereof are or may in the future become entitled to carried interest (“Carried Interest”) from each applicable Partnership (if any) pursuant to such

Partnerships' limited partnership agreements among the General Partner and the investors. The General Partner may agree to a reduced Carried Interest rate with certain investors in the Fund based on factors such as the timing of the investor's capital commitment to the Fund, the size of the investor's commitment, the amount of co-investment offered to or made by those investors or its investment relationship with other funds managed by entities that are part of the Macquarie Group. (See also *Co-Investment Arrangements* under Item 11).

In addition, in the event that interests in the Fund are listed on a United States or non-U.S. securities exchange or comparable trading market, MEP General Partner, the Relying Adviser or their affiliates shall have the right to be appointed as investment advisor or investment manager of such listed vehicle or other entity and in either case, with the consent of at least 66-2/3% in interest of the MEP investors, to earn fees and/or incentive compensation in connection therewith.

The existence of the General Partners' Carried Interest could be viewed as an incentive for a General Partner and the participants in such program, respectively, to make or recommend riskier or more speculative investments for a Client than would be the case in the absence of these arrangements. However, the capital commitment by Macquarie to the Clients should help to mitigate such incentive. In addition, the manner in which a General Partner's entitlement to Carried Interest is determined may result in a conflict between its interests and the interests of investors in the Clients with respect to the sequence and timing of disposals of investments. If distributions are made of property other than cash, the amount of any such distribution will be accounted for at the fair market value of such property as determined by the applicable General Partner in accordance with procedures set forth in the applicable partnership agreement. An independent appraisal may not be required or obtained. In certain circumstances, the amount of Carried Interest will be calculated based on the fair market value of in-kind distributions.

MEP General Partner or its designee will typically be entitled to Carried Interest from certain investors in the Co-Investment Clients. In addition, the manner in which MEP General Partner's or its designees' entitlement to performance compensation is determined may result in a conflict between the Relying Adviser's interests and the interests of Co-Investment Clients with respect to the sequence and timing of disposals of investments.

Item 7: Types of Clients

The only investment advisory service provided by the Relying Adviser is to act as the investment advisor to the Fund and other private Partnerships and Co-Investment Clients. The Partnerships currently consist of MEP LP, a Delaware limited partnership. Investment advisory services are provided directly to the Fund and not individually to the Fund's limited partners. The limited partners investing in Clients typically include unions and Taft Hartley plans, corporate, public and other pensions, insurance companies, foundations and endowments, other financial institutions and high net worth individuals, which, in the case of the Fund, are expected to include, directly or indirectly, senior executives or other employees of the Relying Adviser and its affiliates.

While the Relying Adviser does not impose a minimum balance as a condition to receiving advisory services, each Partnership generally imposes a \$10 million minimum investment for its investors, which may be waived in the sole discretion of the General Partners, including for Macquarie Group employees.

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

A. Methods of Analysis and Investment Strategies

The Relying Adviser has a well-defined process for evaluating investment opportunities and making investment decisions on behalf of Clients.

A. Investment Sourcing. The Relying Adviser expects that investment opportunities will be sourced both on a proprietary basis as well as through open and limited auction-style processes, but expects the majority of investment opportunities to be sourced on a proprietary basis, consistent with the experience of the former Macquarie Energy Capital business ("Macquarie Energy Capital"). The Relying Adviser expects the Investment Team to originate investment opportunities by identifying and approaching potential sellers through its network of management teams, the financial community servicing the energy sector and the industry at large. Finally, the Relying Adviser believes that several opportunities will be sourced by virtue of being part of the global MIRA platform. MIRA's investment teams have strong relationships with management teams, insights related to the production and consumption of energy globally and relationships with legal, financial, and market advisors active around the world. The Fund will have a priority allocation over privately-negotiated upstream energy and upstream energy-related investment opportunities originated by MIRA in MEP Target Geographies (as defined below).

B. Investment Screening. The key characteristics of prospective investments by the Fund are evaluated in a brief "Initial Investment Screening Memorandum", that is prepared by the Investment Team and reviewed by its Investment Committee (the "Investment Committee") prior to approving the engagement of significant resources or incurring transaction costs. Once an opportunity has passed the "Initial Investment Screening", the Relying Adviser will assign a deal team, typically including the investment professional responsible for originating the opportunity, an execution lead, a technical lead, and other team members as appropriate, including one or more associates and analysts. Once the Investment Committee determines that further due diligence on the prospective opportunity is warranted, the Investment Team will commence a detailed investment and technical analysis (described below), which will form the skeleton of a formal Investment Committee Memorandum ultimately required to approve an investment.

C. Detailed Investment and Technical Analysis.

Overview

Upon approval to proceed beyond the Initial Investment Screening stage, the Investment Team will commence a detailed investment and technical review and analysis of development plan assumptions and material risks associated with the potential investment. The Relying Adviser will draw on its investment experience gained from evaluating and managing other assets, including input from in-house reservoir engineering and geological professionals, to determine reserve estimates, forecast production and design of development plans. The Relying Adviser will also typically utilize internal, and when warranted, engage external subject matter experts on behalf of the Client to review legal, tax, accounting, insurance, and Environmental, Social and Governance ("ESG") matters, as well as to review any other risk areas which the Relying Adviser believes relevant to the investment. The due diligence process will typically include: (i) a review of available information including public information sources (including production

records, tax records, lease records, and public company information, among other sources) and confidential information supplied by the target management team or company, including third party engineering reports when available, from which the Investment Team will do a further comparative analysis; (ii) the Relying Adviser's knowledge and direct experience with the assets and the target basin; (iii) in-house analysis of key investment drivers and market dynamics; (iv) detailed discussions with management; and (v) a confirmatory review of material contracts, agreements, leases, easements, financial records and other relevant documents. Although it may do so in certain circumstances, the Relying Adviser does not typically engage third party reserve engineers to perform the technical review because the Relying Adviser believes that one of its key competitive advantages is the technical capabilities of its own investment team, which allows the Relying Adviser to act quickly to review investment opportunities and engage with operational management more comprehensively and effectively.

Technical Underwriting Process

The Relying Adviser's technical underwriting process can be summarized as follows: (i) identify an area of potentially productive acreage through geological evaluation of the target formation's lithologic properties, hydrocarbon content, and thermal maturity; (ii) incorporate expected distribution of production results over a given resource area through engineering analysis of surrounding operations and production; (iii) delineate the lateral boundaries and target vertical zone(s) of the productive resource underlying a specific acreage position; and (iv) design a development plan to maximize the economic potential of the resource underlying a specific acreage position including well specifications, optimal lateral length, completion design, and appropriate surface equipment and operations.

Unconventional Delineation and Development

Resources that are exploited unconventionally are not homogeneous in their petrophysical attributes. While only a few of these variables are known or properly evaluated when an investment opportunity arises, the Relying Adviser has developed a rigorous technical evaluation process based upon Macquarie Energy Capital's process to address the risks of these variables changing from one area to another within the target's acreage. Details of this evaluation process include: (i) analysis of analog wells, (ii) understanding the geology, (iii) understanding well costs, (iv) experienced operator, (v) ability to drill in stages, and (vi) acreage cushion, as further described in detail in the private placement memorandum of the Fund. Based upon the inputs to this evaluation process as it relates to unconventional delineation and development, the Relying Adviser uses proprietary techniques to map economic viability, including "Economic Heat Mapping" which gathers historical production data for wells with similar drilling and completion techniques and normalizes production for lateral length and proppant loading. When combined with the Relying Adviser's accumulated data from analysis of comparable operating and capital costs, this is designed to seek to generate a projected gross internal rate of return ("IRR") at a given set of commodity prices. The Relying Adviser can then create contour maps using IHS PowerTools software applications.

Conventional Delineation and Development

Many aspects of evaluating a conventional delineation and development project are the same as for an unconventional delineation and development project, including well costs, operator expertise and capabilities, staged drilling, and acreage cushion. There are a few key differences emanating from the optimal types of techniques for discerning specific petro-physical properties and associating those with the potential of the project, including: (i) alternative reserve estimate techniques, (ii) geological interpretations, and (iii) acreage cushion, as further described in the private placement memorandum of the Fund in more detail. Within North America, the Relying Adviser expects to selectively target Enhanced Oil Recovery Projects ("EOR"), which may

include water flood projects, tertiary (CO₂) projects, and cyclic steam and steam flood projects. The due diligence approach that the Investment Team uses for EOR opportunities is essentially the same as the unconventional delineation and development approach, but with greater emphasis on deterministic relative to probabilistic reserve calculations. In addition, the Relying Adviser places more focus on operating costs, environmental effects, and sources of the enhanced recovery media (water, natural gas for steam, and CO₂) for EOR opportunities.

Financial Analysis and Investment Structuring

- Analytical Process. The risk-adjusted economic viability of the resource is generally the starting point for all investment and structuring decisions. The unique attributes of the underlying resource, in addition to balance sheet and operating condition of the target investment, will be an important consideration in investment decisions. The Relying Adviser incorporates its due diligence findings into the investment business plan and projected cash flows over an expected ownership period. Scenario and sensitivity analyses are performed on key value drivers to quantify risk and determine whether they are consistent with the applicable Client's investment objectives.
- Investment Structuring. The Relying Adviser expects the Fund to primarily focus on four key investment structures: Buy & Develop, Development Joint Ventures, Development Finance, and Balance Sheet Repair. The Relying Adviser expects to focus on a consistent set of goals when structuring investments regardless of which type(s) a given investment may be: (i) providing for the ability for the Fund to earn target returns on what the Relying Adviser believes is a favorable risk-adjusted basis; (ii) aligning incentives between the Fund and the management team operating the assets of the Portfolio Company; and (iii) creating scope for the Relying Adviser's investment team to seek to add value – particularly through its technical expertise – during the course of an investment. However, depending upon the opportunity—specifically the underlying risk and the capitalization of the target entity—the Relying Adviser may prefer to utilize different structural features. The Relying Adviser expects to draw on the Investment Team's experience and knowledge of market precedents in negotiating and completing upstream energy acquisitions. The Relying Adviser will directly negotiate all key documents required to complete an acquisition and engage advisors as necessary. The Relying Adviser will seek to leverage its access to global capital markets to identify efficient sources of debt financing, both at acquisition and during the ownership period for Fund investments. The Relying Adviser will draw on its considerable experience to determine a view as to the appropriate capital structures for investments, taking into account the development stage of the asset.

D. Investment Approval Process. Investments by the Fund will be approved by its Investment Committee as described herein. The Fund's Investment Committee members will be briefed throughout the investment screening and due diligence process as previously described, thereby providing them with the opportunity to effectively screen and evaluate investment opportunities. It is expected that the Investment Committee will meet formally on a regular basis to review the activities of the Fund, including both potential and existing investments. Prior to submitting a binding bid, offer, or executing definitive transaction documentation, the Investment Committee will have been briefed on all key aspects of the investment, including a comprehensive overview of the opportunity, due diligence findings, financial model results and forecast investment returns. Subject to Investment Committee approval, the Relying Adviser will determine whether to make a formal offer or a binding commitment to invest, or, if necessary, request additional information or conduct further negotiations. Where binding documents are executed, the Relying Adviser will endeavor to complete the acquisition within the approved

parameters. In seeking such an approval from the Investment Committee, the Investment Team will prepare a final Investment Memo. Approval may be granted by a majority of Investment Committee members but unanimous decision making is expected to be the norm in practice. MIRA policy also requires each investment in MIRA-managed funds to be approved by (i) the head of MIRA, (ii) the CEO of the Fund, and (iii) the Business Operational Risk Manager ("BORM"). This is designed to provide an additional layer of investment risk management by requiring confirmation from the Investment Team that the appropriate risks have been considered and addressed.

E. Active Investment Management. The Relying Adviser expects to leverage its industry and market expertise to insightfully challenge and support Portfolio Company management teams to achieve operational and financial improvements. The Relying Adviser will seek to apply its active investment management framework to implement and maintain appropriate business planning, performance reporting, governance and risk management. This framework is summarized below:

- Understand and engage with stakeholders.
- Set strategic vision.
- Put the right leadership in place.
- Focus on business operations with detailed plans aligning management goals with shareholder value.
- Optimize capital structures and funding arrangements.
- Manage risk.
- Establish clear governance.

F. Realization and Exit.

Exit strategy is a primary consideration in the evaluation leading up to making an investment with particular attention paid to the prospective timing of such exit, and the universe of forms and structures through which the exit could be accomplished. Financial analysis of how those various outcomes affect economic returns will be weighed against the relative risks of each potential option. The realization of interests is expected to be both opportunistic and systematic through well-managed divestment processes. The Relying Adviser expects to monetize a Client's investments through trade sales, auctions, or secondary sales, if the structure and market conditions are favorable. However, the Relying Adviser will also be open to negotiated transactions depending on the circumstances, especially if there are concerns with respect to timing and value capture that either enhance the ultimate liquidation consideration or preserve any deteriorating rights or assets.

The Investment Team expects to hold quarterly investment reviews with the Investment Committee to evaluate and potentially adjust the assumed exit strategies, in addition to discussing other portfolio management issues. However, the process for determining the right time to exit is an ongoing effort throughout the lifecycle of the investment influenced by the investment performance, contractual rights, actions triggered by the Portfolio Company, and outside market forces (including commodity prices and the mergers & acquisitions environment).

B. & C. Risk of Loss

The Relying Adviser will advise Clients primarily in the upstream energy and upstream energy-related assets and companies whose principal places of business are located in North America. Investments will be subject to the risks incidental to the ownership, development and operation

of upstream energy and upstream energy-related assets and companies, including risks associated with the general economic climate, geographic or market concentration, the ability of the Relying Adviser to manage the investment, technical problems, government regulations, and fluctuations in interest rates. Since investments in upstream energy and upstream energy-related assets and companies, like many other types of long term investments, have historically experienced significant fluctuations and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of a Portfolio Investment.

In addition, general economic conditions in the U.S. and Canada, as well as conditions of domestic and international financial markets, may adversely affect development and/or operations. In particular, because of the long lead-time between the inception of a project and its completion, a well-conceived project may, as a result of changes in investor sentiment, the financial markets, economic or other conditions prior to its completion, become an economically unattractive investment.

An investment in the Fund or Co-Investment Clients involves a high degree of risk. There can be no assurance that the Fund's or Co-Investment Client's investment objective will be achieved, or that an investor therein will receive a return of its capital. The following are some, but not all, of the considerations regarding risk factors that should be carefully evaluated related to an investment in the Fund or Co-Investment Clients.

Lack of Operating History

Each of the Fund, the General Partner, the Relying Adviser, and certain other affiliated entities are or will be newly formed entities which have not commenced operations and therefore have no operating history upon which prospective investors may evaluate its performance. The prior investment performance of Macquarie, its managed or sponsored investment funds, vehicles or accounts and Macquarie Energy Capital, as described herein, as with all performance data, can provide no assurance of future results. Certain members of the Fund's investment team, as well as the team as a whole, have not managed an investment fund for third party investors, and have limited experience making control-style equity investments. The investment experience of certain members of the Fund's investment team did not involve the investment of capital in upstream energy or upstream energy-related businesses or assets. Moreover, the Fund is subject to all of the business risks and uncertainties associated with any new fund, including the risk that it will not achieve its investment objective and that the value of an interest in the Client could decline substantially. Accordingly, prospective investors should not expect the Fund to achieve results similar to Macquarie Energy Capital or other Macquarie-managed or sponsored investment funds, vehicles or accounts.

Borrowings & Leverage

The Relying Adviser expects to utilize significant leverage in connection with the Client's operation (such as bridging capital calls) and investments. The Client's investments are expected to include investments in companies and projects whose capital structures may have significant leverage (including substantial leverage senior to the Client's investments), a considerable portion of which may be at floating interest rates. Utilization of the leverage will result in fees, expenses and interest costs to Clients. While investments in leveraged companies and the use of leverage in financing transactions offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. Although the General Partner will seek to use leverage in a manner it believes is prudent and consistent with upstream energy industry practice, such leverage will increase the exposure of an investment to adverse economic factors such as rising interest rates, downturns in the economy or further deteriorations in the financial condition of the company invested in or its industry. This leverage

may result in more serious adverse consequences to such companies (including their overall profitability or solvency) in the event these factors or events occur than would be the case for less leveraged companies. Such leverage may impair such investment's ability to finance its future operations and capital needs and result in restrictive financial and operating covenants, including those that may prevent distributions to the Client. These restrictive financial covenants may limit such investment's flexibility to respond to changing business and economic conditions. While interest rate risk can generally be reduced through hedging, such as interest rate swaps or other mechanisms, there is sometimes residual exposure. In any event, although the Relying Adviser may cause the Client hedge such interest rate risk, there is no assurance that it may do so and that, if undertaken, such hedging may be effective. Furthermore, the hedged debt only provides certainty for a specific time period, and there is no guarantee that future hedges will achieve the desired result. The Client's investments may be among the most junior financing in a company's capital structure. In the event such company cannot generate adequate cash flow to meet debt obligations, the company may default on its loan agreements or be forced into bankruptcy resulting in a restructuring or liquidation of the company, and the Client may suffer a partial or total loss of capital invested in the company, which could adversely affect the return of Clients. To the extent there is not ample availability of financing for leveraged transactions (e.g., due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders), the Client's ability to consummate certain transactions could be impaired. Such leverage, when combined with the fund-level leverage described herein, will serve to magnify both the Client's opportunities for gain and its risk of loss from a particular investment.

The Client's assets, including any investments made by the Client and any capital held by the Client, are available to satisfy all liabilities and other obligations of the Client. If the Client or a Portfolio Investment defaults on secured indebtedness, the lender may foreclose and the Client could lose its entire investment in the security for such loan. If the Client itself becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Client's assets generally and not be limited to any particular asset, such as the investment giving rise to the liability. Because the Client may engage in portfolio financings where several investments are cross-collateralized, multiple investments may be subject to the risk of loss. As a result, the Client could lose its interests in several performing investments in the event such investments are cross-collateralized with poorly performing or nonperforming investments. In addition, there can be no guarantee that debt facilities will be available at commercially attractive rates throughout the term of the Client or when due for refinancing, such that the Client will be exposed to less favorable terms or rates upon a refinancing, or that any facilities negotiated will be fully utilized by the General Partner.

The Client may, at any time before or after the end of the Investment Period, borrow funds to make investments on a leveraged basis and may withhold from distributions amounts necessary to repay such borrowings. The interest expense and other costs incurred in connection with such borrowings may not be recovered by income from investments purchased by the Client. If investment results fail to cover the cost of borrowings, the value of the portfolio held by the Client would decrease faster than if there had been no such borrowings. Additionally, if the investments fail to perform to expectation, distributions to the limited partners in the Fund will be subordinated to payments required in connection with such leverage, which will compound any such adverse consequences. Further, to the extent income received from investments is used to make interest and principal payments on such borrowings, Limited Partners may be allocated income, and therefore tax liability, in excess of cash received by them in distributions.

In addition, in certain circumstances, the General Partner shall have the right to cause the Fund to borrow money for the purpose of paying operational expenses, subject to the limitations described in the Fund's Partnership Agreement. The interest expense and other costs incurred in connection with such borrowings may not be recovered by appreciation in the Fund's investments.

In addition to a security interest in investments, borrowings may be secured by assignment of the obligations of the limited partners to make capital contributions to the Fund. In the event of a failure to pay or other event of default under any such credit facility, the lenders could require investors to fund their entire remaining unfunded capital commitments. In addition, in the event that the lenders require investors whose capital commitments have been pledged to fund their capital commitment to repay indebtedness, the failure of certain of those investors to honor their capital commitments could result in the remaining investors' repayment obligations exceeding their pro rata share of the indebtedness. Such borrowings may limit the partners' ability to pledge their interests in the Fund as collateral for other indebtedness and their ability to transfer their Interests, assuming the General Partner has permitted a partner to pledge such interests, which remains within the General Partner's sole discretion. In addition, the terms of a subscription credit facility may restrict the General Partner's ability to consent to a pledge by a limited partner of its interest in the Fund. A subscription credit facility may require lender consent for a limited partner to transfer its interest, the inclusion of the transferee in the borrowing base, or a repayment of the transferring limited partner's pro rata share of the Fund's indebtedness or other similar obligations.

U.S. tax-exempt investors should note that the use of leverage by the Client may create unrelated business taxable income as defined in Sections 512 through 514 of the Code ("UBTI").

Enhanced Scrutiny and Potential Regulation of the Private Investment Client Industry and the Financial Services Industry

A Client's ability to achieve its investment objectives, as well as the ability of a Client to conduct its operations, is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Future legislative, judicial or administrative action could adversely affect a Client's ability to achieve its investment objectives, as well as the ability of a Client to conduct its operations. Macquarie is subject to extensive regulation, including periodic examinations, by governmental agencies and self-regulatory organizations in the jurisdictions in which it operates around the world. These authorities have regulatory powers dealing with many aspects of financial services, including the authority to grant, and in specific circumstances to cancel, permissions to carry on particular activities. Many of these regulators, including U.S. and foreign government agencies and self-regulatory organizations, as well as state securities commissions in the United States, are also empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel, changes in policies, procedures or disclosure or other sanctions, including censure, the issuance of cease-and-desist orders, the suspension or expulsion of an investment adviser from registration or memberships or the commencement of a civil or criminal lawsuit against Macquarie or its personnel.

There continues to be significant legislative and regulatory developments affecting the regulation of the alternative asset management industry. On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was signed into law. A key feature of the Dodd-Frank Act is the extension of prudential regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve") to financial institutions that

are not currently subject to such regulation but that potentially pose risk to the financial system. The Dodd-Frank Act defines a “nonbank financial company” as a company that is substantially engaged in activities that are financial in nature. The Financial Stability Oversight Council (the “FSOC”), an interagency body created to monitor and address systemic risk, has the authority to subject such a company to regulation by the Federal Reserve (including capital, leverage and liquidity requirements) if the FSOC determines that such company is systemically important. The Dodd-Frank Act does not contain any minimum size requirements for such a designation, and it is possible that it could be applied to private funds, particularly large, highly leveraged funds.

The Dodd-Frank Act also imposes a number of restrictions on the relationship and activities of banking organizations with private equity funds and hedge funds and other provisions that will affect the alternative asset management industry, either directly or indirectly. Included in the Dodd-Frank Act is the so-called “Volcker Rule,” which takes the form of new Section 13 of the Bank Holding Company Act of 1956. Among other things, the Volcker Rule prohibits any “banking entity” (generally defined as any insured depository institution, any company that controls such an institution, a non-U.S. bank that is treated as a bank holding company for purposes of U.S. banking law and any affiliate or subsidiary of the foregoing entities) from sponsoring or acquiring or retaining an ownership interest in a private equity fund or hedge fund that is not subject to the provisions of the 1940 Act in reliance upon either Section 3(c)(1) or Section 3(c)(7) of the 1940 Act. The Volcker Rule also requires certain nonbank financial companies that have been designated as systemically important by the FSOC and subject to supervision by the Federal Reserve (as discussed above) to comply with additional capital requirements and comply with certain other quantitative limits on such activities, although such entities are not expressly prohibited from engaging in proprietary trading or sponsoring or investing in such funds. On December 10, 2013, the Federal Reserve and other federal regulatory agencies issued final rules implementing the principal components of the Volcker Rule. Prospective investors in the Fund that are banking entities should consult their bank regulatory counsel prior to making an investment. The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the private equity industry generally and/or on Macquarie or a Client, specifically. Therefore, there can be no assurance that any continued regulatory scrutiny or initiatives will not have an adverse impact on Macquarie or otherwise impede a Client’s activities. Other Macquarie divisions becoming subject to such regulations may also adversely affect a Client.

Enactment of these reforms and/or other similar legislation could nonetheless have an adverse effect on the private investment funds industry generally and on Macquarie and/or a Client specifically, and may impede a Client’s ability to effectively achieve its investment objectives. The Relying Adviser, as a registered investment adviser under the Advisers Act, will be required to comply with a variety of periodic reporting and compliance-related obligations under applicable federal and state securities laws (including, without limitation, the obligation of the Relying Adviser and its affiliates to make regulatory filings with respect to a Client and its activities under the Advisers Act (including, without limitation, Form PF by the Relying Adviser)). In light of the heightened regulatory environment in which a Client and the Relying Adviser operate and the ever-increasing regulations applicable to private investment funds and their investment advisors, it has become increasingly expensive and time-consuming for the Fund and the Relying Adviser and their affiliates to comply with such regulatory reporting and compliance-related obligations, including, without limitation, Form PF, Form BE-13, reports to be filed in connection with the requirements of the U.S. Commodity Futures Trading Commission (if such reports become required) and reports, disclosures, filings and notifications prepared in accordance with the Directive (as defined below) and/or other regulatory filings of the Relying

Adviser and its affiliates relating to the Fund's activities or a limited partner's jurisdiction. For example, Form PF requires that the Relying Adviser report the regulatory assets under management of the Client, and because the Fund will be required to bear the Fund's expenses relating to compliance-related matters and regulatory filings, the Fund will bear the costs and expenses of initial and ongoing Form PF compliance applicable to the Fund, including costs and expenses of collecting and calculating data and the preparation of such reports and filings. Such expenses are likely to be material, including on a cumulative basis over the life of the Fund. As part of a broader trend towards such increased scrutiny, the SEC has undertaken an exam initiative aimed at reviewing, among other things, the disclosure and allocation of fees and expenses by private fund advisers to their investors. The SEC is focused on uncovering material weaknesses in controls relating to the allocation and disclosure of fees and expenses. This enhanced scrutiny of private fund advisers may lead to further regulatory investigations and enforcement actions across the private investment funds industry generally, which will likely require the devotion of additional compliance-related resources by private fund advisers and make it increasingly costly for funds like the Fund to conduct their business. Any further increases in the regulations applicable to private investment funds generally or the Fund and/or the Relying Adviser in particular may result in increased expenses associated with the Client's activities and additional resources of the Relying Adviser being devoted to such regulatory reporting and compliance-related obligations, which may reduce overall returns for the limited partners and/or have an adverse effect on the ability of the Fund to effectively achieve its investment objective.

Furthermore, various federal, state and local agencies have been examining the role of placement agents, finders and other similar service providers in the context of investment by public pension plans and other similar entities, including investigations and requests for information, and in connection therewith, new and/or proposed rules and regulations in this arena may increase the possibility that the General Partner and its affiliates may be exposed to claims and/or actions that could require a limited partner to withdraw from the Fund. Relatedly, Macquarie may be required to provide certain information regarding some of the investors in the Fund to regulatory agencies and bodies in order to comply with applicable laws and regulations. In addition, as a publicly traded global alternative asset manager whose broad range of businesses includes the management of direct and secondary private equity funds, hedge funds, real estate funds, credit-oriented funds, mutual funds, and other private investment funds, as well as the provision of various financial advisory, restructuring and fund placement services, Macquarie is from time to time subject to litigation and claims relating to its businesses, as well as governmental and/or regulatory inquiries, investigations and/or proceedings. While it is difficult to predict what impact, if any, the foregoing may have, there can be no assurance that any of the foregoing, whether applicable to Macquarie generally and/or the Fund and/or the Relying Adviser specifically, would not have a material adverse effect on the Fund and its ability to achieve its investment objectives.

The current regulatory environment in the United States may be impacted by future legislative developments, such as amendments to key provisions of the Dodd-Frank Act. On January 20, 2017, Mr. Donald J. Trump became President of the United States. The full scope of President Trump's short-term legislative agenda is not yet fully known, but it may include certain deregulatory measures for the U.S. financial services industry, including changes to the Volcker Rule. On February 3, 2017, President Trump signed an executive order calling for the administration to review U.S. financial laws and regulations in order to determine their consistency with a set of core principles identified in the order.

Alternative Investment Fund Managers Directive

The European Union Alternative Investment Fund Managers Directive (the “Directive”), as transposed into national law within the member states of the European Area (the “EEA”), imposes requirements on non-EU alternative investment fund managers (“AIFM”) which market alternative investment funds (“AIF”) within the EU.

The Directive allows member states to permit the marketing of non-EEA AIFs by non-EEA AIFMs to professional investors in accordance with local laws, provided that local laws meet the requirements of article 42 (the so-called national private placement regimes). There is no requirement for member states to operate or maintain a national private placement regime and, if they do, the member state is free to impose stricter rules than the minimum requirements of article 42. Where national private placement is permitted, among other things:

- the AIFM must comply with article 22 (requirements relating to an annual report), article 23 (pre-investment and periodic disclosure to investors), article 24 (periodic reporting to regulators), and articles 26 to 30 if applicable (the provisions relating to the acquisition and control of non-listed companies and issuers, including the anti-asset-stripping rules which apply restrictions on early distributions or reductions in capital in respect of EEA Portfolio Companies); and
- appropriate cooperation arrangements¹ must be in place for the purposes of systemic risk oversight between the competent authorities of the member states where the f is marketed and the supervisory authorities of the third country where the Relying Adviser is established and, if applicable, those of the country where the Fund is established.

At present, some EEA states do not operate a national private placement regime at all; some EEA states apply the minimum requirements described above; others require the minimum plus, e.g., the appointment of a depositary; and some require compliance with substantially all of the Directive. Because each national private placement regime is a matter of national law, a non-EEA AIFM must comply with different regulatory requirements in different member states, both in respect of the initial process for seeking to market in that member state and, to some extent, with respect to ongoing compliance.

The Directive’s requirements may not apply to other funds which closed before the expiry of the transitional period (July 22, 2014) and they do not apply to vehicles which are not structured as AIFs. Where the Relying Adviser has marketed the Fund in a member state in compliance with the national private placement regime resulting in investors from that member state investing in the Fund, the Relying Adviser’s ongoing compliance with the laws of that member state will continue until all of such investors dispose of their interests in the Fund.

These requirements have the potential to adversely affect the operations of the Fund, including by (i) affecting the range of investment and realization strategies that the Fund is able to pursue, (ii) limiting the territories in which the Fund may seek investors, and (iii) materially adding to the costs associated with compliance, monitoring and reporting over the life of the Fund.

In the future the Relying Adviser may be compelled to seek, or it may determine that it should seek, authorization as an AIFM in an EEA member state (should that option become available) or under a similar regime elsewhere. Alternatively, it might be determined in the future that the Fund should be managed by an associate of the Relying Adviser that is an authorized AIFM and has its registered office in an EEA member state. Authorization would enable the Fund to be marketed within the EEA pursuant to a pan-European marketing “passport” instead of under

¹ A table of the Cooperation Agreements currently in place can be found here: <http://www.esma.europa.eu/content/AIFMD-MoUs-signed-EU-authorities-updated>.

national private placement regimes, but it would entail full compliance with the Directive (or with similar requirements of a similar regime). In such circumstances, the AIFM would become subject to additional requirements, such as rules relating to remuneration, minimum regulatory capital requirements, restrictions on the use of leverage, restrictions on investment in securitization positions, requirements in relation to liquidity and risk management, valuation of assets, etc. As a result, the Directive could in the future have other adverse effects in relation to the Fund and the Relying Adviser's business by, among other things, increasing the regulatory burden and costs of operating and managing the Fund and its investments, and potentially requiring changes to compensation structures for key personnel, thereby affecting the Relying Adviser's ability to recruit and retain these personnel.

The Fund will bear the costs and expenses of compliance with the Directive and any related regulations, including costs and expenses of collecting and calculating data and the preparation of regular reports to be filed with EEA member states and other reports, disclosures, filings and notifications prepared in accordance with the Directive. Compliance with the Directive could expose the Relying Adviser and / or the Fund to conflicting regulatory requirements in the United States.

General Economic and Market Conditions

The success of a Client's investment activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Partnership's investments), trade barriers, currency exchange controls, and national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts or security operations). Macquarie's financial condition may be adversely affected by a significant general economic downturn, and it may be subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on Macquarie's business and operations and thereby could impact the Client. Moreover, a recession, slowdown and/or sustained downturn in the U.S. or global economy (or any particular segment thereof) could adversely affect a Client's profitability, impede the ability of a Client's Portfolio Investments to perform under or refinance their existing obligations and impair the Client's ability to effectively exit Portfolio Investments on favorable terms. Any of the foregoing events could result in substantial or total losses to a Client in respect of certain Portfolio Investments, which losses will likely be exacerbated by the presence of leverage in a portfolio entity's capital structure.

A Client's investment strategy and the availability of opportunities satisfying a Client's risk-adjusted return parameters rely in part on the continuation of certain trends and conditions observed in the financial markets and in some cases the improvement of such conditions. Trends and historical events do not imply, forecast or predict future events and, in any event, past performance is not necessarily indicative of future results. There can be no assurance that the assumptions made or the beliefs and expectations currently held by the Relying Adviser will prove correct and actual events and circumstances may vary significantly. An economic downturn could adversely affect a Client's investments, may impair a Client's ability to consummate transactions and may cause a Client to enter into transactions on less attractive terms than those enjoyed by Macquarie Energy Capital and Macquarie's other funds.

Brexit

The UK formally notified the European Council of its intention to leave the European Union ("EU") on March 29, 2017. Under the process for leaving the EU contemplated in article 50 of the Treaty on the European Union ("TEU"), the UK will remain a member state until a withdrawal agreement is entered into, or failing that, two years following the notification of the intention to

leave, unless the European Council in agreement with the UK, decides to extend this period. Under guidelines published by the European Council pursuant to article 50, the negotiations will be conducted broadly in two phases. The first phase is intended to ensure an orderly withdrawal from the EU. The second phase of negotiations will be directed toward a framework for a future relationship between the UK and the EU—although the future relationship can only be finalized once the UK becomes a third country. Assuming it will take two years to negotiate a withdrawal agreement and outline a framework for a future relationship, the UK will remain a member state subject to EU law with privileges to provide services under the single market directives until at least March 29, 2019. However, given the size and importance of the UK's economy, uncertainty or unpredictability about its legal, political and economic relationship with the EU may be a source of instability, create significant currency fluctuations, and/or otherwise adversely affect international markets, arrangements for trading or other existing cross-border co-operation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future including during negotiations and beyond the date of the UK's withdrawal from the EU. For these reasons, the decision of the UK to leave the EU could have adverse consequences on a Client, the performance of its investments and its ability to fulfil its investment objectives.

Advance Funding

The General Partner may fund the making of investments and other capital needs with proceeds from drawdowns under one or more credit facilities (the collateral for which can be, for example, one or more assets of the Client, *i.e.*, asset-backed facilities, or the undrawn capital commitments of investors, *i.e.*, subscription lines) prior to calling Capital Commitments. There is no limitation on the amount of time any such borrowing may remain outstanding, and the interest expense and other costs of any such borrowings will be Client expenses including the cost of borrowings for Corporations in which only some Partners participate, and, accordingly, may decrease net returns of the Client. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the Preferred Return, which will begin accruing when Capital Contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the Client.

In addition, calculations of net IRR and gross IRRs in respect of investments, and with respect to the Fund, as reported to limited partners from time to time, are expected to be based on the payment date of capital contributions received from limited partners. This treatment also applies in instances where the Fund utilizes borrowings under the Fund's subscription-based credit facility in lieu of capital contributions or in advance of receiving Capital Contributions from limited partners to repay any such borrowings and related interest expense. Use of a subscription-based credit facility (or other long-term leverage) with respect to investments will result in higher reported net IRRs and gross IRRs than if the facility had not been utilized and instead the limited partners' capital had been contributed at the inception of an investment and may present conflicts of interest as a result of certain factors, including the interest rate on such borrowings typically being less than the rate of the preferred return and that such preferred return does not accrue on such borrowings, and only accrues on capital contributions when made. As a result, use of such long-term leverage arrangements with respect to investments may reduce or eliminate the preferred return received by the limited partners and accelerate or increase distributions of Carried Interest to the General Partner, providing the General Partner an incentive to fund investments with the proceeds of such borrowings in lieu of drawing down capital commitments on a just-in-time basis, and, accordingly, capital contributions to repay such borrowings may be required significantly after acquisition of an investment (or never if principal and interest on such borrowings are repaid out of disposition proceeds). Additionally, the General Partner expects that borrowings for management fees will be based on gross

management fee amounts, rather than taking into account any rebates limited partners may receive at the time such borrowing is incurred. As such, the Fund will incur additional interest expense on the difference between gross and rebated management fee amounts. Subject to the limitations in the Fund Partnership Agreement, the use of a subscription-based credit facility by the Fund is within the General Partner's discretion.

To the extent that the Fund is unable to obtain a subscription line or an asset-backed facility, the General Partner determines that the terms of such facility would not be appropriate for the Fund or otherwise determines not to use such facility or access to such facility otherwise becomes unavailable, the General Partner may determine to draw down capital commitments in advance and hold them in reserve in order to make investments, satisfy fees and expenses and other capital needs as such needs arise in the future.

Currency and Exchange Rate Risks

Certain of the Client's Portfolio Investments and the income received by the Fund with respect to all such investments, may be denominated at least in part in currencies other than Dollars. However, the books of the Fund will be maintained, and contributions to and distributions from the Fund, including in respect of Carried Interest, generally will be made in Dollars. Accordingly, changes in currency exchange rates, costs of conversion and exchange control regulations may adversely affect the dollar value of investments, interest and dividends received by the Fund, gains and losses realized on the sale of investments and the amount of distributions, if any, to be made by the Fund. For example, any significant depreciation in the exchange rate of the Canadian Dollar, or any other currency in which the Fund makes direct or indirect investments, against the Dollar, could adversely affect the value of distributions or proceeds on investments denominated in Canadian Dollars, or such other currencies. In addition, certain countries in which the Fund may invest have implemented or may implement strict controls on foreign exchange which may result in artificially pegged exchange rates that may distort the results of and returns on investments in such countries. Moreover, the Fund will incur costs in, and may experience substantial delays when, or be prohibited from, converting investment proceeds from one currency into another. While the Relying Adviser may, but is not required to, enter into hedging transactions designed to reduce such currency risks, there can be no assurance that any such transactions would happen and/or achieve their intended results. Further, such hedging transactions could result in diminished returns (or increased losses on capital) to the extent overall returns are less than the Fund's costs or losses associated with such hedging transactions. The Fund may also experience gains attributable solely, or in large part, to favorable movements in exchange rates as of any date of valuation or realization of an investment, even despite a relatively adverse performance of the relevant investment.

Risks Arising from Provision of Managerial Assistance

The General Partner will use reasonable efforts to avoid having the assets of the Partnership constitute "plan assets" of any plan subject to Title I of ERISA or Section 4975 of the Code and may, in this regard, elect to (i) operate the Partnership as a "venture capital operating company" (a "VCOC") or "real estate operating company" (a "REOC") each within the meaning of the regulations promulgated under ERISA or (ii) limit investment in the Partnership by "benefit plan investors" (within the meaning of Section 3(42) of ERISA and the regulations thereunder) to less than 25% of the total value of each class of equity interest in the Partnership. Operating the Partnership as a VCOC would require that the Partnership obtain rights to substantially participate in or influence the conduct of the management of a number of the Portfolio Investments. The Partnership may designate one or more directors to serve on the board of directors of one or more Portfolio Companies as to which it obtains such rights. The designation of directors and other measures contemplated could expose the assets of the Partnership to

claims by a Portfolio Investment, any external security holders and its creditors. While the General Partner intends to minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Certain ERISA Considerations

In the event the Partnership is operated to qualify as a VCOC or REOC in order to avoid holding “plan assets” within the meaning of ERISA, the Partnership may be restricted or precluded from making certain investments. In addition, it could be necessary for the General Partner to liquidate Portfolio Investments at a disadvantageous time in order to avoid holding ERISA “plan assets,” resulting in lower proceeds to the Fund than might have been the case without the need to qualify as a VCOC or REOC.

If the assets of the Partnership were deemed to be “plan assets” under ERISA, this would result, among other things, in (i) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by the Partnership and (ii) the possibility that certain transactions in which the Partnership might seek to engage could constitute “prohibited transactions” under ERISA and/or the Code. If a prohibited transaction occurs for which no exemption is available, the General Partner, the Relying Adviser and/or any other fiduciary that has engaged in the prohibited transaction could be required to (i) restore to the ERISA Plan (as defined below) any profit realized on the transaction and (ii) reimburse the ERISA Plan for any losses suffered by the ERISA Plan as a result of the investment. In addition, each disqualified person (within the meaning of Section 4975 of the Code) involved could be subject to an excise tax equal to 15% of the amount involved in the prohibited transaction for each year the transaction continues and, unless the transaction is corrected within statutorily required periods, to an additional tax of 100%. ERISA plan fiduciaries who decide to invest in the Partnership could, under certain circumstances, be liable for prohibited transactions or other violations as a result of their investment in the Partnership or as co-fiduciaries for actions taken by or on behalf of the Partnership or the General Partner. With respect to an IRA that invests in the Partnership, the occurrence of a prohibited transaction involving the individual who established the IRA, or his or her beneficiaries, would cause the IRA to lose its tax-exempt status.

Misconduct of Employees and of Third-Party Service Providers

There have been a number of highly publicized cases involving fraud or other misconduct by employees in the financial services industry in recent years, and there is a risk that employee misconduct could occur with respect to a Client. Misconduct by employees or by third-party service providers could cause significant losses to a Client. Employee misconduct may include binding a Client to transactions that exceed authorized limits or present unacceptable risks and other unauthorized activities or concealing unsuccessful investments (which, in either case, may result in unknown and unmanaged risks or losses). In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting a Client's business prospects or future activities. Furthermore, because of Macquarie Group diverse businesses and the regulatory regimes under which they operate and the Relying Adviser expects to conduct the business of Clients, misdeeds by a Macquarie Group entity may result in foreclosing Clients' ability to conduct its activities in the manner otherwise intended (e.g., a “bad act” within the meaning of Rule 506 under Regulation D promulgated under the 1933 Act by another Macquarie entity could foreclose Clients' ability to engage in a private placement under Regulation D). It is not always possible to deter misconduct by employees or service providers, and the precautions the General Partner takes to detect and prevent this activity may not be effective in all cases.

Cyber Security Breaches and Identity Theft

Macquarie's and Portfolio Companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, Macquarie, a Client and/or a Portfolio Company may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Macquarie's, a Client's and/or a Portfolio Company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm Macquarie's, a Client's and/or a Portfolio Company's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance. In addition, the SEC has made cyber security an area of regulatory focus. Among items that may be reviewed by the SEC inspection staff are advisers' policies and procedures designed to address computer security, identity theft and business continuity. The growing threat posed by cyber security breaches, coupled with expanding regulatory oversight, may increase expenses associated with a Client's activities and reduce overall returns for the limited partners.

Development Risks

The successful development, including the drilling and completion of oil and gas wells and construction of new, or expansion of existing, energy or energy-related assets such as product processing, gathering and transportation systems entails a variety of risks and may require or result in the involvement of a broad and diverse group of stakeholders who will either directly influence or potentially be capable of influencing the nature and outcome of the project. Such factors may include: political or local opposition, governmental regulation, government macroeconomic policies, receipt of regulatory approvals or permits, site or land procurement, environment related issues, labor disputes (such as work stoppages), acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, counterparty non-performance, defective design or construction, geological risk, risk of well bore failure, bankruptcy or financial difficulty of a major supplier, working interest owner or operator dealings with and reliance on third-party consultants, slower than projected development progress and the unavailability or late delivery of necessary equipment, legal action from special interest groups, adverse weather conditions, unexpected drilling and completion conditions, and other development risks. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on a Client. When making an investment, value may be ascribed to energy or energy-related projects (new or expansion) that do not achieve successful implementation, potentially resulting in a lower than expected internal rate of return over the life of the investment. In addition, there are significant capital expenditures associated with the development of oil, gas and NGLs assets generally. Drilling, completion and development costs may exceed estimates for various reasons, including inaccurate engineering and planning, oilfield services costs in excess of expectations, and unanticipated problems with project startup. Delays in completion of a project can result in an increase in total project development costs through additional oilfield services expenses and, consequently, insufficient funds to complete such project. Delays may also result in adverse effects on the scheduled flow of project revenues necessary to cover the scheduled operations-phase debt service costs, lost opportunities, increased operations and maintenance expenses. Investments under development or investments acquired to be

developed may receive little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. Market conditions and laws may change during the course of development that makes such development less attractive than at the time it was commenced.

Risk Associated with Delineation

Clients are expected to be primarily focused on making investments in upstream oil, gas and NGLs assets that are not yet fully producing and investing capital to optimize these resources through the delineation and development of these opportunities. Delineation upstream energy opportunities are generally earlier stage assets than development upstream energy assets, with few, if any, wells drilled and very limited existing production, if any, and may also involve components of land aggregation, therefore, these investments are generally considered to involve higher risk than development upstream energy assets. To the extent that a Client is not able to execute its investment strategy regarding delineation energy assets and businesses, returns to a Client will be adversely affected.

Operations and Maintenance Risk

As a general matter, the operation and maintenance of upstream energy and upstream energy-related assets and businesses involve significant capital expenditures and various risks, many of which may not be under the control of the owner/operator, including labor issues, political or local opposition, failure of technology to perform as anticipated, increasing fuel prices, structural failures and accidents, environment related issues, counterparty non-performance and the need to comply with the directives of government authorities. Optional or mandatory improvements, upgrades or rehabilitation of upstream energy and upstream energy-related assets may cause delays or result in closures or other disruptions subjecting the investment to various risks including lower revenues. The operations of upstream energy and upstream energy-related assets and businesses may also be exposed to unplanned interruptions caused by significant catastrophic events, such as cyclones, earthquakes, landslides, floods, explosions, fires, terrorist attacks, major plant breakdowns, pipeline or electricity line ruptures or other disasters. Operational disruption could adversely impact the cash flows available from these assets. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged interruption may result in permanent loss of revenue, failure to make physical delivery of commodities as agreed under hedging or marketing arrangements, substantial litigation or penalties for regulatory or contractual non-compliance. Industrial action involving employees or third parties may also disrupt the operations of upstream energy and upstream energy-related projects. Upstream energy and upstream energy-related projects are exposed to the risk of accidents that may give rise to personal injury, loss of life, damage to property, disruption to service, and economic loss.

A Client's upstream investments may be in the form of a "non-operated", direct ownership interest in the project oil and gas properties, in which case a Client (typically through a special purpose, project-specific subsidiary or similar acquisition vehicle) would take record title to, and own, an undivided percentage interest in the oil and gas leases and other mineral interests comprising the project. An ownership interest of this nature is referred to in the oil and gas industry as a "working interest", meaning that the interest holder is responsible for its participating interest share of the costs of development and operations, and has a right to a proportionate share of the benefits from such development and operations. The several owners of working interests in oil and gas projects typically nominate one of the owners as operator of the project, generally the owner of the largest undivided working interest ownership share, and the parties' contractual relationship is governed by an industry standard form of joint operating agreement (a "JOA"). The American Association of Professional Landmen (AAPL) publishes a

model form JOA, which is widely used in practice in the onshore U.S. upstream industry. The AAPL JOA is revised from time to time, with the 1982 and 1989 version being most commonly utilized.

Non-operators may face the following risks arising out of a JOA (based on the AAPL model form):

- A JOA limits the ability of non-operators to hold the operator liable for its activities unless the liability-causing conduct is due to gross negligence or willful misconduct. This limitation also applies to breach of contract and breach of fiduciary duty claims; however, a JOA does not in and of itself give rise to a fiduciary relationship. The ability to remove the operator is generally limited to instances of “good cause”, such as gross negligence, willful misconduct, material breach of contract or failure or inability to perform as a reasonable product operator.
- Third parties may seek to rely on the JOA to impose liability on non-operators notwithstanding that the JOA provides that the liability of the parties is several, not joint or collective. The typical JOA provides that each party is responsible for its share of the costs, and no party has any liability to third parties to satisfy the debts of the other party. The JOA disclaims liability of the parties through partnership, joint venture, or agency theories of liability. However, the JOA provides that each party must contribute, to the extent of its participating share, to cover loss sustained by the operator in the conduct of joint operations, unless the loss was caused by the gross negligence or willful misconduct of the operator.

Demand/Usage Risk

Demand and usage risk can affect the performance of upstream energy and upstream energy-related assets and businesses. Demand and usage depend on, and may be affected by, a wide variety of factors, such as demographic changes, economic conditions, commodity prices, government macroeconomic policies, tariffs, other usage or throughput-related fees, social instability, political or local opposition, technical obsolescence, acts of God, war, terrorism, changes in demand for products or services, slower than projected development progress and adverse weather conditions. To the extent that a Client’s assumptions regarding demand and usage prove incorrect, returns to a Client could be adversely affected. Some investments may be subject to seasonal variations, including greater revenues and profitability during different seasons of the year. Accordingly, a Client’s operating results for any particular investment in any particular quarter may not be indicative of the results that can be expected for that investment throughout the year.

Land Title Risk

Certain investments may involve acquiring mineral resources in large areas of land or require large areas of land to drill and operate the wells, equipment and associated infrastructure attendant to field development. The rights to use the necessary land and the specific mineral interest under the land may be obtained through the direct acquisition of minerals, easements, oil and gas leases taken from private mineral interest owners or governmental agencies and other rights of use. Different jurisdictions adopt different systems of mineral and land title, and in some jurisdictions it may not be possible to ascertain definitively who has the legal right to enter into mineral and land use arrangements with investments.

In acquiring oil, gas and NGLs leases or interests, the Portfolio Companies may rely upon the judgment of oil, gas and NGLs lease brokers or landmen who perform the fieldwork in examining records in the appropriate governmental office or country courthouse before

attempting to acquire, or completing the acquisition of, a mineral interest or a lease in a specific mineral interest. Leases in certain regions may be particularly vulnerable to title deficiencies due to the long history of land ownership in such region, resulting in extensive and complex chains of title. Additionally, there may be claims against a Portfolio Company alleging that certain acquired leases that are held by production are invalid due to production from the producing horizons being, or having been, insufficient to hold title to the formation rights that are purchased. The existence of a material title deficiency can render a lease worthless and can adversely affect the Portfolio Company's results of operations and financial condition. The failure of title may not be discovered until after a well is drilled, in which case the Portfolio Company may lose the lease and the right to produce all or a portion of the minerals under the property.

In addition, the grantor's fee interests in the land which is the subject of such easements and leases are or may become subject to mortgages securing loans, other liens (such as tax liens), and other lease rights of third parties (such as leases of other oil, or gas, or NGLs or coal or other mineral rights). As a result, an investment's rights under such leases or easements are or may be subject and subordinate to the rights of third parties. It is also possible that a default by the grantor under any mortgage could result in a foreclosure on the grantor's interest in the property which, absent a subordination agreement with the mortgagee, could adversely affect the oil and gas lease. Similarly, it is possible that a government authority, as the holder of a tax lien, could foreclose upon a parcel and take possession of the portion of the investment located on such parcel. The rights of a third party pursuant to a superior lease (such as leases of other oil, or gas, or NGLs, or coal or other mineral rights) could also result in damage to or disturbance of the physical assets of an investment or require relocation of investment assets. The locations of the Portfolio Companies' assets may also be subject to government exercise of eminent domain power or similar events. The expiration of an oil and gas lease or a surface lease, or the failure to obtain an extension, will adversely affect the Portfolio Company's operations on such property. If any investments were to suffer the loss of all or a portion of their underlying leasehold or other property interests or equipment as a result of a foreclosure by a mortgagee or other lienholder of a land parcel, or damage arising from the conduct of superior leaseholders, such investment's operations and revenues may be adversely affected. Investments by a Client may also involve components of land aggregation, thereby exhibiting a generally higher risk profile.

State laws, and in some cases federal laws, regulate the size and shape of drilling and spacing units or proration units governing the pooling of oil and gas properties. Some states allow forced pooling or integration of tracts to facilitate development while other states rely on voluntary pooling of lands and leases. In some instances, forced pooling or unitization may be implemented by third parties and may reduce a Portfolio Company's interest in the unitized properties. In addition, state conservation laws establish maximum rates of production from oil and gas wells, generally restrict the venting or flaring of gas and impose requirements regarding production rates. These laws and regulations may limit the amount of oil and gas a Portfolio Company can produce from the Portfolio Company's wells or limit the number of wells or the locations that the Portfolio Company can drill. Moreover, each state generally imposes a production or severance tax with respect to the production and sale of oil, NGLs and gas within its jurisdiction. Neither the U.S. federal government nor any States regulate wellhead prices or engage in other similar direct regulation, but there can be no assurance that they will not do so in the future. The effect of such future regulations may limit the amounts of oil and gas that may be produced from a Portfolio Company's wells, negatively affect the economics of production from these wells or limit the number of locations a Portfolio Company can drill.

Additionally, a Client may acquire assets in jurisdictions where indigenous rights (e.g., with respect to tribes or other dispossessed people/communities) to land exist. Any declaration of native title or other indigenous rights in respect of land on which investments are located may adversely affect the owner or occupier of that land. While a Client will generally conduct due diligence in such jurisdictions to determine the extent to which investments may be affected by such rights, it may not be possible to mitigate against or remove a risk associated with indigenous claims. Additionally, any declaration of title in respect of government protected land on which upstream energy and upstream energy-related assets or businesses are located may negatively affect the operation of those assets or businesses.

Environmental Regulatory Risk

Upstream energy and upstream energy-related assets are subject to numerous statutes, rules and regulations relating to environmental protection, and national and local environmental laws, regulations and regulatory initiatives have a substantial impact on the operations of upstream energy and upstream energy-related projects and companies and investments in this industry. For example, global initiatives to minimize pollution have played a major role in the increase in demand for natural gas and alternative energy sources, creating numerous new investment opportunities. Conversely, required expenditures for environmental compliance have adversely impacted investment returns in a number of segments of the industry. A Client may invest in investments that are subject to changing and increasingly stringent environmental and health and safety laws, regulations and permit requirements, and there can be no guarantee that all costs and risks regarding compliance with environmental laws and regulations can be identified. Standards are set by these laws and regulations regarding certain aspects of health and environmental quality, and they provide for penalties and other liabilities for the violation of such standards, and establish, in certain circumstances, joint and several obligations to investigate and clean up current and former facilities and locations where operations are, or were, conducted or where materials were disposed of. New and more stringent environmental and health and safety laws, regulations and permit requirements, or stricter interpretations of current laws or regulations, could impose substantial additional costs on investments or potential investments, including delays as the waiting periods to receive permits and other regulatory approvals have also become longer, and could create liabilities which did not exist at the time of acquisition and that could not have been foreseen. Upstream energy and upstream energy-related industries will continue to face considerable oversight from environmental regulatory authorities and significant influence from non-governmental organizations and special interest groups.

Compliance with such current or future environmental requirements does not ensure that the operations of the Portfolio Companies will not cause injury to the environment or people or damage to property or that the portfolio companies will not be required to incur additional unforeseen environmental expenditures. In particular, the oil, gas and NGLs industry is subject to environmental hazards, such as oil and/or NGLs spills, oil, gas and NGLs pipeline leaks and ruptures, discharges of petroleum products and hazardous substances and potential liability associated with historic disposal activities. These environmental hazards could expose a Client's investments to material liabilities for property damages, personal injuries or other environmental harm, including costs of investigating and remediating contaminated properties.

Moreover, failure to comply with any regulatory or legal requirements could lead to, among other things, government fines and stop-work injunctions and could have a material adverse impact on the financial performance of a Portfolio Company, and there can be no assurance that portfolio companies will at all times comply with all applicable environmental laws, regulations and permit requirements. Past practices or future operations of Portfolio Companies could also

result in material personal injury or property damage claims. Any noncompliance with these laws and regulations could subject a Client and its investments to material administrative, civil or criminal penalties or other liabilities.

Under certain circumstances, environmental authorities and other parties may seek to impose personal liability on the limited partners of a partnership (such as the Fund) subject to environmental liability. However, a limited partner investor in the Fund may reduce its risk of such personal liability by avoiding activities with respect to the Portfolio Investments other than as specifically contemplated by the Fund's Partnership Agreement.

Acquisition Contractual and Tort Risks

Any new entry into a third party's upstream oil and gas project will require a Client, its acquisition vehicle or Portfolio Company to become party to a purchase and sale agreement, share purchase agreement, joint venture/participation agreement, farmin/farmout or similar acquisition agreement (a "PSA"). The PSA will entail contractual risks for the buyer or project participant, particularly with respect to the assumption (by contract) of legacy liabilities and the breach of the seller's or project sponsor's representations and warranties, which may be viewed as being somewhat more acute than in non-upstream M&A transactions.

- Assumption of Legacy Liabilities. The typical PSA provides that from and after the closing, the buyer or project participant assumes all risks, whether accruing prior to or following the acquisition date, associated with title defects (unless caused by, through or under the seller) and unknown environmental problems (if any) attendant to the acquired ownership interest, although prior to closing the buyer or project participant has the right to conduct a due diligence review (including on-site inspection) of the assets and make a claim under the PSA for a pre-closing adjustment to the purchase price or other acquisition consideration, limited by negotiated *de minimis* thresholds and deductibles, and often subject to walk away rights. The assumption of other contingent legacy liabilities – e.g., disputes over past mispayment of lessor royalty as to developed oil and gas leases – is a matter for negotiation between the parties but often the buyer or project participant will assume some liability in this regard, particularly in respect of plugging and abandonment of existing wells and the decommissioning of existing infrastructure.
- Representations and Warranties. The buyer or project participant may bring a breach of representations and warranties claim against the seller or project sponsor provided the representations survive past the closing date of the PSA. Claim survival periods of six to twelve months are typical. Generally the PSA will prescribe that any recovery for surviving representations and warranties is limited by *de minimis* claim thresholds, aggregate deductibles and caps.
- Primary Reliance on Due Diligence. As summarized above, under the typical construct for upstream oil and gas acquisition transactions, the buyer or project participant is required to rely more heavily on its pre-acquisition due diligence than on PSA representations, warranties and indemnification rights.
- Oil and Gas Leases. Depending on deal structure, after it has acquired an oil and gas leasehold position, a Client, its acquisition vehicle or Portfolio Company may also become involved in disputes with lessors or other royalty owners, or other producers, or product purchasers, as well as in other land use and lease rights disputes. Some of the litigation trends in this area include underpayment/non-payment of royalty claims (often involving alleged excessive or unauthorized post-production expense deductions), breach of implied covenants in oil and gas leases, failure to produce in paying quantities, and surface use disputes or damage claims.

- **Tort Actions.** Owners of working interests also face a variety of potential tort claims arising out of and related to operations. A Client, its acquisition vehicle or Portfolio Company risks financial exposure to personal injury claims arising out of workplace accidents; negligence claims; subsurface trespass; nuisance claims; and potentially other business torts, and certain environmental claims arise under tort theories. These may include nuisance and trespass claims also arising out of contamination events, and property damage claims relating to alleged drilling-or oilfield wastewater disposal-induced seismic activity.

Risk of Limited Number of Investments; Lack of Diversity

A Client may participate in a limited number of investments, and, as a consequence, the aggregate return of a Client may be substantially and adversely affected by the unfavorable performance of even a single investment. If certain investments perform unfavorably, for the Client to achieve above-average returns, one or a few of its investments must perform very well. There are no assurances that this will be the case. Other than set forth in the Relying Adviser's fund memorandum, investors have no assurance as to the degree of diversification of a Client's investments, either by geographic region, asset type or sector. To the extent a Client concentrates investments in a particular company, security, asset type, sector, geographic region or currency, its overall performance may become more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto. As a consequence, the aggregate return of a Client may be adversely affected by the unfavorable performance of one or a small number of investments. Such concentration may involve risks greater than those generally associated with more diversified funds, including significant fluctuations in returns.

Change of Law and Sovereign Risk

Clients expect to operate in an environment with increasing regulatory scrutiny and heightened potential for material changes in laws and / or regulations, which could affect Clients and its investments. Any further legal, tax and / or regulatory changes during the term of Clients may adversely affect Clients. In addition to the risks regarding regulatory approvals, it should be noted that government counterparties or agencies may have the discretion to change or increase regulation of an investment's operations, or implement laws or regulations affecting the Portfolio Company's operations, separate from any contractual rights it may have. A Portfolio Company also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company.

In addition, governments have considerable discretion in implementing regulations that could impact an investment's business, and because its business may provide energy, an essential commodity, or because extraction and delivery of oil, gas and NGLs resources may be considered a strategic or national interest area, governments may be influenced by political considerations and may make decisions that adversely affect an investment's business. There can be no assurance that the relevant governmental entities will not legislate, impose regulations or change applicable laws or act contrary to the law in a way that would materially and adversely affect the business of Clients' investments or Clients' return on investment with respect to the Portfolio Company.

Furthermore, because Clients may pay certain taxes imposed on the Management Fee, there is a risk that future changes in law or regulation, or in interpretation or enforcement thereof, in the

tax regimes of the United States, Canada or other jurisdictions may increase the tax liabilities of Clients.

Competing Assets

Portfolio Companies may face competition from other energy or energy-related assets and businesses in the vicinity of the assets and businesses they operate and from energy or energy-related assets and business globally, the presence and competitiveness of which may depend in part on governmental plans and policies. The development of a new (or improved) competing energy or energy-related asset and businesses may compete with the Portfolio Company. If Portfolio Companies are unable to compete successfully with such alternatives, a Client's business, financial condition, and results of operations could be materially and adversely affected.

Legal Documentation and Other Legal Risks

Upstream energy and upstream energy-related assets, and investments in or financing thereof, are usually governed by a complex series of legal documents and contracts. As a result, the risk of dispute over interpretation or enforceability of the documentation may be higher than for other investments. It is not uncommon for upstream energy and upstream energy-related assets and businesses to be exposed to a variety of other legal risks including, but not limited to, legal actions from special interest groups and other actions and/or litigation relating to the acquisition, ownership, operation and disposition of a Client's investments that may adversely affect operations of an investment or the value thereof. Interest groups may use legal processes to seek to impede particular projects to which they are opposed.

Litigation Risks

Financial performance of Portfolio Companies in which a Client has invested may be affected from time to time by litigation such as contractual claims, occupational health and safety claims, public liability claims, environmental claims, industrial disputes, tenure disputes and legal action from special interest groups. Such litigation could materially reduce the value of a Client's investments. The performance of a Client may also be affected in the event that litigation is commenced against one or more members of the Macquarie Group, which litigation may restrict such members from performing their functions and duties in relation to a Client. Assuming control or co-control positions in Portfolio Companies or otherwise holding interests in Portfolio Companies may expose a Client to legal and/or regulatory proceedings, disputes, claims and/or actions in respect of the activities of one or more Portfolio Companies which may adversely affect the value of a Client's interests in such Portfolio Companies and the value of an investor's interests in a Client, as well as resulting in reputational damage and/or other liabilities for a Client by virtue of its holding interests in such Portfolio Companies. Investors should be aware that any such legal and/or regulatory proceedings, disputes, claims, actions, reputational damage and/or other liabilities may result from the activities of such Portfolio Companies and their management boards which are not reasonably within the control of, or known to, Clients, the General Partner or the Relying Adviser.

Capital Expenditures Risk

The energy and natural resources industries are capital intensive. The Portfolio Companies will make substantial capital expenditures for the development and acquisition of oil, gas and NGLs reserves. The actual amount and timing of the Portfolio Companies' future capital expenditures may differ materially from estimates as a result of, among other things, commodity prices, actual drilling results, the availability of drilling rigs and other services and equipment, as well as regulatory, technological and competitive developments. A sustained period of commodity

prices at levels that do not support the development or operation of oil, gas and NGLs properties may result in a decrease in the Portfolio Companies' actual capital expenditures, which would negatively impact a Client's ability to grow production. The Portfolio Companies' cash flows and access to capital are subject to a number of variables, including, among other factors, proved reserves, the level of hydrocarbons able to be produced from existing wells, the prices at which production is sold, the ability to acquire, locate and produce new reserves and the ability to borrow. If a Portfolio Company's revenues or ability to borrow decreases as a result of lower oil, gas and NGLs prices, operating difficulties, declines in reserves or for any other reasons, the Portfolio Company may have limited ability to obtain the capital necessary to sustain operations. If additional capital is needed, the Portfolio Company may not be able to obtain debt or equity financing on terms acceptable to it, if at all. If cash flow generated by a Portfolio Company's operations or cash from available borrowings is not sufficient to meet capital requirements, the failure to obtain additional financing could result in a curtailment of the operations relating to development of the Portfolio Company's properties, which in turn could lead to a decline in reserves and production, and adversely affect a Client and the returns of its investors.

Commodity Price Risk

Clients' investments will be subject to commodity price risk, including, without limitation, the price of oil, gas, NGLs and other commodities and the differential between prices of specific commodities that are a primary factor in the profitability of certain conversion activities such as enhanced oil recovery (related to the use of gas to generate steam used for oil production). The results of operations and cash flows of any investment may depend, in some cases to a significant extent, upon prevailing or improving market prices for energy commodities (such as oil, gas and NGLs).

In late 2014, global energy commodity prices declined precipitously as a result of several factors, including an increase in worldwide commodity supplies, a stronger U.S. dollar, relatively mild weather in large portions of the U.S. during winter months, and strong competition among oil producing countries for market share. While prevailing market prices have recovered from their recent historical lows in early 2016, commodity prices have been, and are likely to continue to be, volatile and subject to wide fluctuations (as evidenced by the most recent precipitous decline in the price of oil throughout 2015 and early 2016) and such volatility may continue in response to any of the following factors: (i) relative changes in the supply of and demand for oil, gas, NGLs or other commodities and inputs; (ii) market uncertainty and the condition of various economies (including interest rates, levels of economic activity, the price of securities and the participation by other investors in the financial markets); (iii) political conditions in the United States and other international commodity producing regions; (iv) the extent of domestic production and importation of oil, natural gas, NGLs or coal in certain relevant markets; (v) the foreign supply of oil, gas and NGLs; (vi) the prices of foreign imports; (vii) the level of foreign and domestic consumer demand; (viii) the price and availability of alternative electricity generation options; (ix) weather conditions; (x) the competitive position of oil, gas or NGLs as a source of energy as compared with other energy sources; (xi) the industry-wide or local refining, transportation or processing capacity for oil, gas or NGLs; (xii) the effect of United States and non-U.S. federal, state and local regulation on the production, transportation and sale of commodities; (xiii) breakthrough technologies (such as hydraulic fracturing and other methodologies to extract shale oils, improved storage or clean coal technologies) or government subsidies, tax credits or other support that allow alternative fuel generation projects to produce more reliable electric energy or lower the cost of such production compared to natural gas fueled electric generation projects; (xiv) with respect to the price of oil, actions of the Organization of Petroleum Exporting Countries ("OPEC"), including in reaction to political

developments, international conflicts and regional strife, and other large petroleum exporting countries that are not a member of OPEC, such as Russia; (xv) international political conditions including those in the Middle East; (xvi) terrorist acts; (xvii) overall economic conditions; (xviii) changes in law, governmental regulations; (xix) the strength of the U.S. dollar relative to other currencies; (xx) levels of crude oil inventories in storage and changes (or expectations of changes) therein; and (xxi) a variety of additional factors that are beyond the control of Macquarie or Clients, including force majeure events. For example, volatile oil, gas or NGLs prices make it difficult to estimate the value of developed or in development properties that are the subject of financing and often cause disruption in the market for oil, gas and NGLs developed properties, as buyers and sellers have difficulty agreeing on transaction values. Price volatility also makes it difficult to budget for and project the return on acquisition and development project financings. Although Clients intend to partially mitigate commodity risk through hedging contracts with parties that it deems to be creditworthy, there can be no assurances that Clients will be able to enter into contracts covering any or all of each project's output and the term of such contracts are likely to vary leaving open commodity risk at the end of such contract terms.

Operational Risk

Market conditions or the unavailability of satisfactory oil, gas and NGLs gathering, transportation and processing arrangements may hinder a Portfolio Company's access to oil, gas and NGLs markets, or delay production. The availability of a ready market for oil, gas and NGLs production depends on a number of factors, including the demand for and supply of oil, gas and NGLs and the proximity of reserves to pipelines and terminal facilities. A Portfolio Company's ability to market production depends in substantial part on the availability and capacity of gathering systems, pipelines or trucks, and processing facilities owned and operated by third parties. The failure to obtain such services on acceptable terms could materially harm a Portfolio Company's business, and a Portfolio Company may be required to shut in wells due to lack of a market or inadequacy or unavailability of oil, gas and NGLs pipelines or gathering system capacity. In addition, if oil, gas and NGLs quality specifications for the third-party oil, gas and NGLs pipelines change so as to restrict the Portfolio Company's ability to transport oil, gas and NGLs, access to oil, gas and NGLs markets could be impeded. If production becomes shut in for any of these or other reasons, a Portfolio Company would be unable to realize revenue from those wells unless other arrangements can be made to deliver the products to market.

Competition in the Upstream Energy Industry

There is substantial competition for resources and for capital available for investment in the oil, gas and NGLs industry, each of which could have a material adverse effect on the Portfolio Companies and Clients. A Portfolio Company's ability to acquire additional prospects and to acquire and develop reserves in the future will depend on its ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment for acquiring properties, marketing oil, gas, NGLs and securing trained personnel. Competitor companies may possess and employ financial, technical and personnel resources substantially greater than those of the Portfolio Companies and may be able to pay more for properties and development projects and to evaluate, bid for and purchase a greater number of properties and development projects. In addition, competitors may be able to offer better compensation packages to attract and retain qualified personnel, and the cost to attract and retain qualified personnel may increase substantially in the future.

Unavailability or Cost of Equipment and Personnel

The demand for qualified and experienced field personnel, geologists, geophysicists, engineers, and other professionals can fluctuate significantly, often in correlation with oil, gas and NGLs prices, causing periodic shortages. Historically, there have been periods during which shortages of drilling and workover rigs, pipe and other equipment have occurred as demand for rigs and equipment has increased along with the number of wells being drilled. It cannot be predicted whether such conditions will exist in the future and, if so, what their timing and duration will be. Such shortages could delay or cause a Portfolio Company to incur significant expenditures and result in a material adverse effect on its business, financial condition and/or results of operations.

Operational and Catastrophe Risks

The operations of upstream energy and upstream energy-related and natural resources assets and businesses are subject to many hazards and force majeure events inherent in the gathering, transporting, processing, storing, production or marketing of oil, gas and NGLs or in the development, operation or production of such commodities including: damage to production facilities, pipelines, storage tanks or related equipment and surrounding properties caused by hurricanes, tornadoes, floods, earthquakes, blowouts, uncontrollable flows of oil, gas, NGLs or well fluids, fires and other natural disasters or by acts of terrorism; inadvertent damage from construction and farm equipment; leaks of oil, gas, NGLs, refined petroleum products or other hydrocarbons; and fires and explosions. Any offshore sea-based operations of investments will be subject to a variety of operating risks peculiar to the marine environment, such as hurricanes or other adverse weather conditions. These risks could result in substantial losses due to personal injury or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage and may result in the curtailment or suspension of their related operations. Public awareness of such risk, potential publicity and related reputational risk to the operators and owners of such facilities have been significantly amplified by recent coal mine accidents in West Virginia and the Deepwater Horizon offshore rig catastrophe. There can be no assurance that all Portfolio Companies will be fully insured against all risks inherent to their businesses. If a significant accident or event occurs that is not fully insured, it could adversely affect a Portfolio Company's operations and financial condition, with liabilities potentially exceeding the value of the Portfolio Company involved. Clients may seek to maintain insurance coverage for the operations of its investments, but insurance coverage for environmental damages that occur over time or insurance coverage for the full potential liability that could be caused by sudden environmental damages may not be available at a reasonable cost, and Clients may be subject to liability or may lose substantial portions of its invested and anticipated profits in the event of certain environmental damages.

Weather and Climatological Risks

Certain upstream energy companies may be particularly sensitive to weather and climate conditions.

Regulation of Greenhouse Gases

There is a growing consensus in the United States and globally that emissions of greenhouse gases ("GHGs") are linked to global climate change and this consensus may lead to more stringent regulation of GHGs in the future. Increased public concern and mounting political pressure may result in more international, United States federal or United States regional or state requirements to reduce or mitigate the effects of GHGs. For example, the United States Environmental Protection Agency ("EPA") has adopted regulations under existing provisions of the Clean Air Act that, among other things: require preconstruction and operating permits for certain large stationary sources; require the monitoring and reporting of GHG emissions from specified onshore and offshore oil and natural gas production sources in the United States on

an annual basis, which may include operations on the Client's properties; and establish new emissions standards for methane and additional standards for volatile organic compounds from certain new, modified and reconstructed equipment and processes in the oil and natural gas source category. In addition, the United States Supreme Court in *Massachusetts v. Environmental Protection Agency* ruled that the United States Clean Air Act authorizes regulation of GHGs. While the newly appointed EPA administrator and the Trump administration more generally have indicated their interest in scaling back or rescinding regulations that inhibit the development of the U.S. oil and gas industry, it is difficult to predict the extent to which such policies will be implemented or the outcome of any litigation challenging such implementation. While the General Partner will endeavor to take into account existing and anticipated future applicable GHG regulation in its investment decisions, changes in the regulation of GHGs could impact an investment or make future investments undesirable. A number of state and regional efforts have emerged that are aimed at tracking or reducing GHG emissions by means of cap and trade programs. These programs typically require major sources of GHG emissions to acquire and surrender emission allowances in return for emitting those GHGs. For example, states in the Northeast United States, under the Regional Greenhouse Gas Initiative ("RGGI"), are in the process of implementing rules to stabilize and reduce emissions of GHGs. RGGI allows each state flexibility in the distribution of its carbon dioxide allocations. Although it is not possible at this time to predict reliably how legislation or new regulations that may be adopted to address GHG emissions would impact Clients, any future laws and regulations imposing reporting obligations on, or limiting emissions of GHGs from, operators' equipment and operations could require them to incur costs to reduce emissions of GHGs associated with their operations. In addition, substantial limitations on GHG emissions could adversely affect demand for the oil and natural gas produced from properties of Clients. Restrictions on emissions of methane or carbon dioxide that may be imposed in various states, as well as state and local climate change initiatives, could adversely affect the oil and natural gas industry, and, at this time, it is not possible to accurately estimate how potential future laws or regulations addressing GHG emissions would impact oil and gas assets. See "*Environmental Risks*" above.

Hydraulic Fracturing Risks

The Relying Adviser expects that Clients will invest in Portfolio Companies or projects that utilize hydraulic fracturing techniques. In recent years, some experts and environmental interest groups have warned that hydraulic fracturing could adversely affect groundwater, among other environmental problems. While hydraulic fracturing is not a new practice, its applications in recent years have changed considerably and there is a heightened degree of scrutiny surrounding hydraulic fracturing operations. New environmental problems associated with hydraulic fracturing may be asserted or discovered, or environmental problems already asserted may be substantiated, at any time. To the extent that such assertions are made with respect to oil and gas assets, they could have an adverse effect on such assets. Hydraulic fracturing involves the injection of water, sand and chemicals under pressure through a cased and cemented wellbore into targeted subsurface formations to fracture the surrounding rock and to stimulate oil, gas and NGLs production. A Portfolio Company's inability to locate sufficient amounts of water, sand and chemicals, or dispose of water after drilling, at a commercially reasonable price, could adversely impact such Portfolio Company's operations. Moreover, the adoption and implementation of new environmental regulations could result in restrictions on the Portfolio Companies' ability to conduct certain operations such as hydraulic fracturing, or in the imposition of new requirements pertaining to the management and disposal of wastes generated by the Portfolio Companies' operations, including, but not limited to, produced water, drilling fluids and other wastes associated with the exploration, development or production of oil and natural gas. Furthermore, new environmental regulations and permit requirements

governing the withdrawal, storage and use of surface water or groundwater necessary for hydraulic fracturing of wells may also increase operating costs and cause delays, interruptions or termination of operations, the extent of which cannot be predicted, all of which could adversely affect the Portfolio Companies', and Clients', financial conditions and results of operations.

Hydraulic fracturing typically is regulated by state oil and gas commissions, but some federal agencies have asserted federal regulatory authority over certain aspects of the process, including the EPA's publication of guidance regarding hydraulic fracturing activities involving the use of diesel fuels. In addition, Congress has considered legislation to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the hydraulic fracturing process. At the state level, several states have adopted or are considering legal requirements that could impose more stringent permitting, disclosure, and well-construction requirements on hydraulic fracturing activities. Local governments also may seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular. Some states and municipalities have banned hydraulic fracturing altogether. There are also a number of governmental bodies, including the EPA, the White House Council on Environmental Quality, a committee of the U.S. House of Representatives, the U.S. Department of Energy, and a number of other federal agencies that have reviewed a variety of environmental issues associated with hydraulic fracturing. These on-going or proposed studies could spur initiatives to further regulate hydraulic fracturing under the SDWA or other regulatory programs. The adoption of any future federal, state or local laws or regulations imposing reporting obligations, additional permitting requirements, or limiting or banning, the hydraulic fracturing process could lead to operational delays or increased operating costs in the production of oil and natural gas or make it more difficult for the Portfolio Companies to complete oil, gas and NGLs wells and could have a material adverse effect on Clients and the Client's Portfolio Companies.

Disposal of Water and Waste

Water is an essential component of oil, gas and NGLs production during the drilling, and in particular, hydraulic fracturing, process. Inability to locate sufficient amounts of water, or dispose of or recycle water used in a Portfolio Company's development and production operations, could adversely impact its operations. Moreover, the imposition of new environmental initiatives and regulations could include restrictions on a Portfolio Company's ability to conduct certain operations such as hydraulic fracturing or disposal of waste associated with the development or production of oil, gas or NGLs (including, but not limited to, produced water, drilling fluids and other materials used in the drilling and completion process). The Clean Water Act and other state and federal laws and regulations impose restrictions regarding the discharge of produced waters and other oil, gas and NGLs waste into navigable waters, and provide for civil, criminal and administrative penalties for any unauthorized discharges of pollutants and unauthorized discharges of reportable quantities of oil, gas, NGLs and other hazardous substances. In addition, to the extent litigation challenging recent EPA and U.S. Army Corps of Engineers rules is not successful, a Portfolio Company could face increased costs and delays with respect to obtaining permits for activities in wetland areas. Compliance with current and future environmental regulations and permit requirements governing the withdrawal, storage and use of surface water or groundwater necessary for hydraulic fracturing of wells may increase operating costs and cause delays, interruptions or termination of operations, the extent of which cannot be predicted.

Induced Seismic Activity

State and federal regulatory agencies recently have focused on a possible connection between the disposal of wastewater in underground injection wells and the increased occurrence of seismic activity, and regulatory agencies at all levels are continuing to study the possible linkage between oil and natural gas activity and induced seismicity. In 2015, the United States Geological Study identified eight states, including Texas, with areas of increased rates of induced seismicity that could be attributed to fluid injection or oil and natural gas extraction. In addition, a number of lawsuits have been filed in other states, most recently in Oklahoma, alleging that disposal well operations have damaged neighboring properties or otherwise violated state and federal rules regulating waste disposal. In response to these concerns, regulators in some states are seeking to impose additional requirements, including requirements in the permitting of produced water disposal wells or otherwise to assess any relationship between seismicity and the use of such wells. For example, in October 2014, the Railroad Commission of Texas published a new rule governing permitting or re-permitting of disposal wells that would require, among other things, the submission of information on seismic events occurring within a specified radius of the disposal well location, as well as logs, geologic cross sections and structure maps relating to the disposal area in question. If the permittee or an applicant of a disposal well permit fails to demonstrate that the produced water or other fluids are confined to the disposal zone or if scientific data indicates such a disposal well is likely to be or determined to be contributing to seismic activity, then the agency may deny, modify, suspend or terminate the permit application or existing operating permit for that well.

A Portfolio Company may dispose of, or need to dispose of, large volumes of produced water pursuant to permits issued by governmental authorities with authority over such disposal activities. While these permits may be issued pursuant to existing laws and regulations, such legal requirements are subject to change, which could result in the imposition of more stringent operating constraints or new monitoring and reporting requirements, owing to, among other things, concerns of the public or governmental authorities regarding such gathering or disposal activities. The adoption and implementation of any new laws or regulations that restrict the ability to use hydraulic fracturing or dispose of produced water gathered from drilling and production activities by limiting volumes, disposal rates, disposal well locations or otherwise, or requiring the shutdown of disposal wells, could make it more difficult for the Portfolio Companies to complete oil, gas and NGLs wells and could have a material adverse effect on Clients and Clients' Portfolio Companies.

Drilling and Development Risks

The Relying Adviser expects Clients will invest in companies or projects that engage in oil, gas and NGLs development and production, a speculative business involving a high degree of risk. Oil, gas and NGLs drilling may involve unprofitable efforts, not only from dry holes, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Acquiring, developing and drilling for oil, gas and NGLs involves many risks. These risks include encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, equipment failures and other accidents in completing wells and otherwise, cratering, sour gas releases, uncontrollable flows of oil, gas, NGLs or well fluids, adverse weather conditions, pollution, fires, spills and other environmental risks. Such risks may be more pronounced with respect to drilling in newer or emerging formations and areas that have limited or no production history, which may result in a Portfolio Company having a more limited ability to assess such risks. Drilling activities involve the risk that no commercially productive oil or gas reservoirs will be found or produced. The operator of the properties owned by Clients may drill or participate in new wells that are not productive. The operator may drill wells that are productive but that do not produce sufficient net revenues to

return a profit after drilling, operating and other costs, in which case, Clients would not receive any return on its investment. Whether a well is productive and profitable depends on a number of factors, many of which are beyond the Clients' control. If the operators of the properties owned by Clients do not drill productive and profitable wells in the future, the financial condition and results of operations of Clients will be materially and adversely affected. Accordingly, there can be no assurance that Clients' rate of return objectives will be realized if and to the extent, any such risks materialize.

Terrorist Activities

U.S. activities in Iraq, Afghanistan and terrorist attacks of unprecedented scope have caused instability in the world financial markets and may generate global economic instability. The continued threat of terrorism and the impact of military or other action have led to and will likely lead to increased volatility in prices for oil, gas and NGLs and could affect Clients' financial results. Further, the United States government has issued public warnings indicating that energy assets might be a specific target of terrorist organizations. Portfolio Investments may involve significant strategic assets having a national or regional profile. The nature of these assets could expose them to a greater risk of being the subject of a terrorist attack than other assets or businesses. Any terrorist attacks that occur at or near such assets would likely cause significant harm to employees, property and, potentially, the surrounding community, and may result in losses far in excess of available insurance coverage.

New Technology Risk

Historically, technology changes in the energy sector have resulted in gradual incremental improvements with no disruptive technology impacts. However, there are currently a number of scientific research institutions (including those supported by major venture capital firms and corporations) seeking to develop disruptive technologies designed to reduce dependence upon large scale fossil fuel generation. In the event that a disruptive technology in the transportation or power generation sectors were successfully developed and implemented, Clients' investments might be adversely affected. While Clients' investments may benefit from such technologies, there can be no assurance that technology innovation will not favor properties of a type not held by Clients, which would place Clients in a competitive disadvantage and drive down the value of its assets.

Portfolio Company Management

Each Portfolio Company's day-to-day operations will be the responsibility of such Portfolio Company's management team unless contracted to third party managers. There can be no assurance that such management team will be able to operate the Portfolio Company in accordance with Clients' plans and objectives, or that each Portfolio Company is able to recruit and retain qualified personnel for its management team. Failure to attract qualified management personnel may impair the Portfolio Company's operational and financial performance.

Alternatively, the day-to-day operational management of a Portfolio Company's business may be contracted to a third-party management company unrelated to the General Partner or the Relying Adviser. Although the Portfolio Company would generally have the ability to replace any such operator, the failure of such an operator to adequately perform operations, an operator's breach of the applicable agreements, or an operator's failure to act in ways that are in the Portfolio Company's best interest, could have a material adverse effect on the Portfolio Company's financial condition or results of operations. The failure of the third-party operator to make decisions, perform its services, discharge its obligations, deal with regulatory agencies or comply with laws, rules and regulations affecting the particular business, including

environmental laws and regulations, in a proper manner could result in material adverse consequences to the Portfolio Company and adversely affect the Portfolio Company's financial condition or results of operations. Should a third-party manager fail to perform under any applicable agreements between it and the Portfolio Company, the Portfolio Investment may need to find a replacement manager, which replacement manager may be subject to governmental approval. A Portfolio Company may not be able to replace the manager, or do so on a timely basis, or if the Portfolio Company is able to find a replacement manager, the replacement manager may demand terms that are unfavorable to the Portfolio Company.

Illiquid and Long-Term Investments

Investments in upstream energy and upstream energy-related assets are generally considered illiquid and long-term. Illiquidity may result from the absence of an established market for investments as well as legal or contractual restrictions on their resale. Investments in unlisted companies or projects can be difficult or impossible to realize. The return of capital and the realization of gains, if any, from an investment may not occur until the partial or complete disposition of such investment. While a Portfolio Investment may be sold at any time (subject to lock-up periods or other transfer restrictions that may be agreed to with third parties), it is not typically expected that this will occur for several years after such Portfolio Investment is made and in some cases, where the Portfolio Investment is comprised of securities, may occur through an in-kind distribution to investors at dissolution and liquidation of a Client. It is unlikely that there will be a public market for the securities or interests held by Clients at the time of their acquisition. To the extent that there is no trading market for a Portfolio Investment, Clients may be unable to liquidate that Portfolio Investment or may be unable to do so at a profit. Moreover, there can be no assurances that private purchasers of Clients' Portfolio Investments will be found. Therefore, no assurance can be given that, if Clients are determined to dispose of a particular Portfolio Investment, it could dispose of such investment at a prevailing market price, and there is a risk that disposition of such investments may require a lengthy time period or may result in distributions in-kind to investors, where the Portfolio Investment is comprised of securities. Clients will generally not be able to sell the securities underlying Portfolio Investments 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 Clients may be prohibited by contract or regulatory reasons from selling certain securities or instruments for a period of time. Similarly, due to the nature of the underlying Portfolio Investments, the sale of such Portfolio Investments may be subject to various regulatory approvals. Furthermore, upstream energy and upstream energy-related investments by their nature are subject to industry cyclicalities, downturns in demand, market disruptions and the lack of available capital for potential purchasers and are therefore often difficult or time-consuming to liquidate. Investors should expect that they will not receive a return of capital for several years even if Clients' investments prove successful. In addition, there can be no assurance that the distributions, if any, from the Client to its investors will be sufficient to cover any investor's tax obligations arising from taxable income of the Client. Upon dissolution of a Client or as otherwise provided in the Fund Partnership Agreement, Portfolio Investments in securities may be distributed in-kind so that investors may then become minority shareholders in a number of unlisted companies (and, as a consequence, be unable to protect their interests effectively). Moreover, current income on mezzanine securities acquired by a Client may be in the form of payment-in-kind ("PIK") interest, thereby delaying the receipt of cash proceeds from such investment.

Investments Longer Than Term

The Fund may make investments that may not be disposed of prior to the date the Fund will be dissolved, either by expiration of the Fund's term or otherwise. Although the General Partner

expects that investments will be disposed of prior to termination or be suitable for in-kind distribution at dissolution and the General Partner has a limited ability to extend the term of the Fund, the Fund may be required to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. In addition, there can be no assurance with respect to the time frame in which the winding-up and the final distribution of proceeds to the investors will occur. The Fund may be listed on a stock exchange in the future and may continue to be managed by Macquarie.

Control Position Risk

Although non-control investments may also be made (as noted above), Clients generally intend to make investments from time to time that allow the Client to acquire control (either positive or negative) or otherwise exercise significant influence over management and the strategic direction of Portfolio Companies. The exercise of control over a company imposes additional risks of liability for environmental damage, workplace accidents, failure to supervise management and other types of liability in which the limited liability characteristic of business operations generally may be ignored. The exercise of control over a Portfolio Company could expose the assets of Clients to claims related to such Portfolio Company, its shareholders and its creditors. While the Relying Adviser intends to manage Clients in a manner that will minimize the exposure of these risks, the possibility of successful claims cannot be precluded. Clients may make and pursue investments and bear costs as Fund expenses in connection therewith with the expectation of offering a portion of its interests therein as a co-investment opportunity to investors and/or other third parties. In the event that a Client is not successful in transferring such co-investment, in whole or in part, such Client may consequently hold a greater concentration and have more exposure in the related Portfolio Investment than initially was intended, which could make such Client more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. Moreover, a Portfolio Investment by a Client that is not transferred to co-investors on the terms originally anticipated or at all could significantly reduce such Client's overall investment returns.

Investment in Restructurings

The success of a Client's investment strategy will, in some cases, depend, in part, on the ability of such Client to restructure and effect improvements in the operations of a Portfolio Company or expand the operations of a Portfolio Company. The activity of identifying and implementing restructuring programs and operating improvements at Portfolio Companies entails a high degree of uncertainty. There can be no assurance that a Client will be able to successfully identify and implement such restructuring programs and improvements.

In addition, a Client may make investments in restructurings that involve Portfolio Companies that are experiencing or are expected to experience financial difficulties. These financial difficulties may never be overcome and may expose a Client to loss or cause such Portfolio Companies to become subject to bankruptcy proceedings. Security interests held by creditors are closely scrutinized and frequently challenged in bankruptcy proceedings and may be invalidated for a variety of reasons. For example, security interests may be set aside because, as a technical matter, they have not been perfected properly under the Uniform Commercial Code or other applicable law. If a security interest is invalidated, the secured creditor loses the value of the collateral and because loss of the secured status causes the claim to be treated as an unsecured claim, the holder of such claim will be more likely to experience a significant loss of its investment. There can be no assurance that the security interests securing the Client's claims will not be challenged vigorously and found defective in some respect, or that the Client will be able to prevail against the challenge. Such investments could, in certain circumstances, subject the Client to certain additional potential liabilities that may exceed the value of the

Client's original investment therein. For example, under certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to a Client and distributions by a Client to the investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by statutes relating to, among other things, fraudulent conveyance, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-structure investments made in the form of debt as equity contributions.

Bridge Financings

From time to time, a Client may lend funds to Portfolio Companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such bridge loans typically would be convertible into a more permanent, long-term security; however, for reasons not always in a Client's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by a Client. A Client's bridge financings may be entered into based on prospective returns that are below such Client's target investment returns. Therefore, a bridge financing that is not exited as originally anticipated, even if successfully recovered by a Client, could significantly reduce such Client's overall investment returns.

Additional Capital

Certain Portfolio Companies, especially those in a development phase, can be expected from time to time to require additional financing to satisfy their working capital or capital expenditure requirements or acquisition strategies. The amount of such additional financing needed will depend upon the maturity and objectives of the particular Portfolio Company. Each round of financing (whether from a Client or other investors) is typically intended to provide a Portfolio Company with enough capital to achieve specific corporate objectives or to reach the next major corporate growth or development milestone. As a result, a Portfolio Company may have to raise additional capital, which may occur at a price or on terms unfavorable to the existing investors, including Clients. In addition, a Client may make additional debt and equity investments or exercise warrants, options or convertible securities that were acquired in the initial investment in such company in order to preserve the Client's proportionate ownership when a subsequent financing is planned, or to protect such Client's investment when such Portfolio Company's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of the Client or any Portfolio Company. There can be no assurance that Portfolio Companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. Failure to make a capital expenditure may reduce a Portfolio Company's future prospects, or under an oil and gas lease or other agreement, result in a reduction in revenue or the loss of the lease or other applicable rights or interests.

Risk Associated with Development Finance Investments

A Client may also invest in companies that own a productive acreage position and are in reasonably solid financial condition but do not have immediate access to development capital. A Client's investments in such companies typically are in the form of structured equity or mezzanine debt coupled with an equity interest (net profits interest, warrants, or a royalty). In these instances, although a Client will seek to hold capital budget and development plan

approval rights through the transaction documents and associated covenants or shareholders' agreement provisions, such Client generally would not have control over the Portfolio Company's board or the ability to exert influence through board-level governance.

Risk Associated with Development Joint Ventures Investments

As part of its investment strategy, a Client is expected to in some cases partner with other joint venture partners whereby such joint venture partner would contribute the undeveloped assets and such Client would contribute development capital to a joint venture. Investments in joint ventures will involve additional risks that may not be present in investments where a joint venture partner is not involved, including the possibility that a joint venture partner may have interests or objectives that are inconsistent with those of a Client or may be in a position to take actions contrary to such Client's investment objectives or may become bankrupt or otherwise default on its financial obligations; and such investment may involve risks in connection with such third-party involvement, including the possibility that a third party may be in a position to take (or block) action in a manner contrary to such Client's investment objectives or may have financial, legal or regulatory difficulties resulting in a negative impact on such investment. In addition, a Client may in certain circumstances be liable for the actions of its joint venture partners. Investments made with third parties in joint ventures also may involve Carried Interests/performance fees and/or other fees payable to such third-party joint venture partners. See "*Operations and Maintenance Risk*" and "*Development Risks*" above.

Operator Insolvency Risks

In the event a Client, its acquisition vehicle or Portfolio Company holds working interests acquired from an operator-debtor in a joint venture transaction, pursuant to which the project developer is the operator under a JOA and subsequently becomes subject to U.S. Chapter 11 bankruptcy proceeding, if such Client, its acquisition vehicle or Portfolio Company has not received and recorded appropriate conveyancing instruments documenting its record title ownership of its working interests, those working interests may be alleged to be property of the operator-debtor's estate. However, assuming such instruments have been properly delivered and recorded, a Client, its acquisition vehicle or Portfolio Company will maintain its working interest in the oil and gas leases and other mineral interests it owns jointly with the operator-debtor notwithstanding a bankruptcy proceeding involving the operator-developer. While the JOA is an executory contract for US bankruptcy law purposes, and thus susceptible to "rejection" by the operator-debtor, unless the jointly owned property has no value, the JOA is routinely "assumed" by the operator-debtor. The filing of a bankruptcy petition by the operator will not divest the operator of its right to act as such under the JOA and the non-operators may not move to remove the operator solely on account of the bankruptcy filing, and in no event unless the bankruptcy court enters an order lifting the automatic stay to permit exercise of the removal remedy when otherwise available. Disbursements due from a bankrupt operator-debtor to non-operating working interest owners (e.g., if the operator-debtor is marketing those owners' production entitlements and receiving and remitting, for their account, the sale proceeds) will generally not be considered property of the operator-debtor's estate, as such funds would be considered proceeds attributable to real property owned by another. However, the bankruptcy of a third party operator of oil and gas properties in which a Client, its acquisition vehicle or Portfolio Company owns a non-operating working interest would require the non-operator to expend time and resources to protect its interests in the case, and the administrative burden imposed on the operator-debtor and its management and operations personnel may impact the operator-debtor's ability to execute any development plan in a timely manner. In addition, the operator-debtor's ability to conduct and participate financially in the timely post-petition execution of the development plan will be dependent upon its access to capital resources and liquidity, whether through access to post-petition financing or a cash collateral order, and other

creditors or parties in interest may object to such efforts or use of proceeds to prosecute the development plan.

Risk Associated with Balance Sheet Repair Investments

A portion of a Client's investment strategy includes potentially purchasing upstream energy and upstream energy-related assets from developers with overextended balance sheets or tight cash positions or financially distressed developers. The activity of identifying and implementing any such restructuring programs and operating improvements entails a high degree of uncertainty. There can be no assurance that a Client will be able to successfully identify and implement such restructuring programs and improvements. In certain limited cases (e.g., in connection with a workout, restructuring and/or foreclosure proceedings involving one or more debt investments by a Client), the success of a Client's investment strategy with respect thereto will depend, in part, on the ability of such Client to effectuate loan modifications and/or restructure and improve the operations of its Portfolio Companies. See "*Risk Associated with Delineation*" and "*Development Risks*" above.

Total Return Swap

A Client may invest in total return swaps or other derivative contracts, instruments or similar arrangements. Such transactions are subject to high volatility risk, market risk, liquidity risk, counterparty risk and risk of imperfect correlation between the value of such instruments and the underlying assets and may involve commissions or other costs. Generally in a total return swap, if a Client is a total return swap buyer (receiver), then the credit risk for an underlying asset is transferred to such Client in exchange for its receipt of the return (appreciation) on that asset. If a Client is a total return swap seller (payer), it is hedging the downside risk of an underlying asset but it is obligated to pay the amount of any appreciation on that asset. Total return swap agreements would allow a Client to obtain exposure to a Portfolio Company without owning or taking physical custody of the securities of such company or investing directly therein. Such total return swap agreements could be structured to effectively add leverage to such Client's portfolio because, in addition to its total net assets, such Client could be subject to investment exposure on the notional amount of the swap while not being required to pay for all (or a portion) of the Portfolio Investment to which it gains exposure (though it will likely be required in such instance to make interest payments on the embedded leverage provided by the total return swap). The leverage provided by such instruments would magnify the gains and losses experienced by a Client and cause the value of such Client's assets to be subject to wider fluctuations than would be the case if such Client did not use the leverage feature in such instruments. Total return swap agreements entered into by a Client would be subject to the risk that one or more counterparties thereto would default on their payment obligations to such Client, due to such counterparty's insolvency, bankruptcy or other factors that are outside of the control of the General Partner and such Client. Swap agreements also bear the risk that a Client will not be able to meet its obligation to such counterparty and therefore be subject to various remedies, including cross-defaults to other transactions with the same counterparty. Defaults by either a Client or a counterparty with respect to any such total return swap could cause such Client to lose all or a portion of its assets. In addition, if a Client fails to maintain sufficient collateral to support its obligations under any total return swap or if certain specified events occur with respect to such Client, then the swap contract will be terminated early and the Client will lose access to the leverage provided by such swap and, to the extent the Client owes payment obligations to its swap counterparty upon such early settlement of the swap, the Client will be required to make such payment at a time earlier than the scheduled settlement of the swap. Any total return swap will mostly likely not be traded on an exchange and, therefore, the risk to a Client of nonperformance by the counterparty to such an instrument may be greater, and the ease with which such Client can dispose of or enter into closing transactions with

respect to such an instrument may be less, than in the case of an exchange traded instrument. The absence of liquidity may make it more difficult for a Client to ascertain a market value for such instruments. The inability to close derivatives transactions positions also could have an adverse impact on a Client's ability to effectively hedge its portfolio. Total return swaps are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

Net Profits Interests

Certain Portfolio Investments may be structured as "net profits interests," which are property interests that generally entitle their owners to a share of gross production from a property or the proceeds therefrom, measured as a percentage of the gross revenues from hydrocarbon production less specified costs and expenditures. Net profits interests are typically carved out of "working interests," which are rights granted to the lessee of a property to explore for and to produce and own oil, gas or other minerals. As a general matter, working interest owners bear exploration, development and operating costs (on either a cash, penalty or carried basis), whereas owners of net profits interests generally do not (except to the extent that the terms of the interests provide for an offset against profits).

Prepayment Risk

The value of a Client's assets may be affected by prepayment rates on loans made to Portfolio Companies (*i.e.*, debt investments). Prepayment rates are influenced by a variety of economic and other factors beyond a Client's control. Therefore, the frequency at which prepayments (including voluntary prepayments by borrowers and liquidations due to defaults and insolvency) occur on a Client's Portfolio Investments can adversely impact such Client and prepayment rates cannot be predicted with certainty making it impossible to insulate the Client from prepayment or other such risks. Early prepayments give rise to increased re-investment risk, and a Client may be unable to re-invest cash in a new Portfolio Investment with an expected rate of return at least equal to that of the Portfolio Investment prepaid.

Item 9: Disciplinary Information

A. Criminal or Civil Action

There is no such action with respect to the Relying Adviser or any of its management persons.

B. Administrative Proceedings before a Regulatory Agency

There are no such proceedings with respect to the Relying Adviser or any of its management persons.

C. Proceedings before a Self-Regulatory Agency

There are no such proceedings with respect to the Relying Adviser or any of its management persons.

Item 10: Other Financial Industry Activity and Affiliations

A. & B. Other Registrations

Neither the Relying Adviser nor any of its management persons are registered, or have an application pending to register, as a broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor, or a registered representative or associated person of the foregoing entities.

C. Affiliations

Broker-dealers

Macquarie Asset Management Solutions ("MAMS"), a division of Delaware Distributors, L.P., an affiliated broker-dealer and FINRA member, primarily seeks third parties to invest in MIRA-managed funds. In the regular course of business, MAMS may assist the Registrant in advising on the sourcing, funding and executing private transactions in the U.S. and, potentially also in raising funds from third party investors to co-invest alongside other MIRA-managed funds, including the underlying funds. From time-to-time, the Registrant may also use affiliated entities in foreign jurisdictions for similar purposes, including the following: (i) Canada – Macquarie Infrastructure and Real Assets (Sales) Canada Ltd., (ii) the European Union and the UK – Macquarie Infrastructure and Real Assets (Europe) Ltd., (iii) Hong Kong – Macquarie Funds Management Hong Kong Limited (iv) Korea – Macquarie Securities Korea Ltd. (v) Japan – Macquarie Asset Management Japan Co., Ltd. and (vi) Australia – Macquarie Fund Advisers Pty Limited.

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Other investment advisers

Certain clients of Macquarie Infrastructure and Real Assets Inc. ("MIRA Inc."), the parent company of the Relying Adviser, may invest in and co-invest alongside the Fund in certain investments. Certain employees of MIRA Inc. are seconded to the Relying Adviser. The Macquarie Group controls other related persons that may meet the definition of investment adviser and are listed in Form ADV Part 1, Schedule D, Section 7A, but are not referenced herein because the relationship or arrangement is not material, nor does it create a conflict, to the Relying Adviser's business or its Clients.

Banking or thrift institution

The Clients may borrow from Macquarie Bank Limited, an Australian bank affiliated with the Relying Adviser.

Refer to Item 11 B., C. & D.: Potential Conflicts of Interest, for a description of material conflicts potentially created by these relationships and how such conflicts are addressed by the Relying Adviser.

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

A. Code of Ethics

All officers, directors and employees of the Relying Adviser are subject to the provisions contained in the Relying Adviser's Code of Ethics ("Code"). The Code outlines the Relying

Adviser's policies and procedures regarding standards of conduct, personal investment transactions, and handling of material, non-public information.

The Code contains several restrictions and procedures designed to eliminate conflicts of interest surrounding personal investment transactions including: (i) filing of initial and annual holdings reports; (ii) a prohibition against personally acquiring securities in an initial public offering or private placement without prior approval; (iii) a prohibition against supervised persons purchasing or selling any security on a day during which there is a "buy" or a "sell" order from a client for that security until such order is executed or withdrawn; (iv) a prohibition against supervised persons purchasing or selling a security within seven days before or after that security is bought or sold by a client; and (v) a prohibition against supervised persons profiting from the purchase and sale, or sale and purchase, of the same (or equivalent) securities within 30 days.

If an employee possesses non-public price-sensitive information about or affecting a financial product, or the issuer of any financial product, that employee is prohibited from buying or selling such financial product, or advising or procuring any other person to buy or sell such financial product.

A copy of the Code will be provided to any client or prospective client upon request.

B., C. & D. Potential Conflicts of Interest

The Relying Adviser is a wholly-owned subsidiary of Macquarie Group Limited, the ultimate parent of the Macquarie Group. As a diversified global investment, financial, advisory and funds management firm, the Macquarie Group engages in a broad range of financial activities including securities underwriting, sales and trading, lending, financial advisory services, investment research, asset management and other activities. Notwithstanding the Macquarie Group's commitment to the Clients, investors should be aware that in the ordinary course of business, the Macquarie Group engages in activities where its interests or the interests of its clients may conflict with the interests of a Client or an investor therein, and that such conflicts may not always be resolved in favor of a Client or an investor therein.

Furthermore, as the Relying Adviser will provide advisory services to the Fund and Co-Investment Clients related to the same investments, Clients and investors therein should be aware that in the ordinary course of business, the interests a Partnership or an investor therein may conflict with the interests of an investor in a Co-Investment Client, and that such conflicts may not always be resolved in favor of a Client or an investor in a Partnership.

Macquarie manages, on an independent and autonomous basis, several public and private equity funds, vehicles and accounts which it is currently investing on behalf of third-party investors, Macquarie and/or eligible employees, and will raise other public and private funds and other investment funds, vehicles and accounts in the future. The Registrant, Macquarie Infrastructure Partners Inc., provides advisory services to certain other investment funds, vehicles and accounts that invest in core and core-plus infrastructure and infrastructure-related businesses and assets, including without limitation, midstream energy and related businesses and assets.

Furthermore, such funds, vehicles and accounts managed by any division of Macquarie outside of MIRA may from time to time make investments that would be suitable for the Fund. Certain former members of the Macquarie Energy Capital team that are not part of the Fund's

investment team are employed within the Energy and Markets Division of CGM, and may continue to make investments in upstream energy and upstream energy-related assets and businesses.

Clients should be aware that in the ordinary course of business, the interests of Clients may conflict with the Relying Adviser, the Registrant and other funds, vehicles and accounts managed by any division of Macquarie and that such conflicts may not always be resolved in favor of a Client.

Investment by the Relying Adviser, Macquarie Investment Vehicles and Macquarie Group Clients

Under certain circumstances, the Clients may be offered an opportunity to make an investment in which the Macquarie Group, a Macquarie Group client or a specialized investment vehicle managed by the Macquarie Group ("Macquarie Investment Vehicle") is expected to, seeks to or already has, or concurrently will invest. Conflicts of interest may exist between the Clients' interests and the interests of such co-investors in managing these investments and approving significant corporate matters. For example, the other Macquarie Investment Vehicle may have a term that expires before or after that of a Partnership and therefore may have a differing interest regarding the timing of disposition of a shared Portfolio Investment. In addition, the other Macquarie Investment Vehicle may have a different capability to participate in follow-on investments and otherwise provide financial support for the Portfolio Company. In addition, conflicts may arise in determining the amount of an investment, if any, to be allocated among potential investors and the respective terms thereof. There can be no assurance that the return on a Client's investment will be equivalent to or better than the returns obtained by the other affiliates participating in the transaction.

In certain instances, the Clients make an equity or other subordinated investment in a Portfolio Investment that has issued or is issuing a senior mezzanine or debt security to the Macquarie Group, a Macquarie Group client or a Macquarie Investment Vehicle. For example, another Macquarie Investment Vehicle with a similar investment objective may make a mezzanine investment or a loan to a Portfolio Investment in which the Clients have an equity investment. In negotiating the terms and conditions of any such mezzanine investment or loan or in addressing any subsequent amendments, such Macquarie Investment Vehicle will have interests that will conflict with those of the Clients (see also *Conflicts with Portfolio Investments* below).

If an issuer in which the Clients (directly or through Holding Companies) and the Macquarie Group, a Macquarie Group client or a Macquarie Investment Vehicle hold different classes of securities encounters financial problems, decisions over the terms of any workout will raise conflicts of interest (including conflicts over proposed waivers and amendments to debt covenants). For example, a debt holder may be better served by a liquidation of the issuer in which it will be paid in full, whereas an equity holder would prefer a reorganization that could create value for the equity holders.

Co-investment arrangements typically include pre-emption and tag-along and drag-along rights in favor of other members of the Macquarie Group or a Partnership, including rights which are triggered on removal of the Macquarie Group companies as manager or advisor or if the manager or advisor ceases to be part of the Macquarie Group. Where such arrangements are put in place they are approved by the Clients (but not the investors therein or any limited partner advisory committee thereof). In addition, contract counterparties such as lenders may impose similar conditions of ongoing involvement by the Macquarie Group and its removal may have adverse consequences such as an acceleration of loan repayments.

Conflicts Related to Portfolio Investments

Officers and employees of Macquarie will serve, and certain Combined Limited Partners may serve, as directors of certain Portfolio Investments and, in that capacity, will be required to make decisions that consider the best interests of such Portfolio Investment and its shareholders. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a Portfolio Investment, actions that may be in the best interest of the Portfolio Investment may not be in the best interests of the Client, and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individual's duties as an officer or employee of Macquarie, or as a Combined Limited Partner, and such individual's duties as a director of the Portfolio Investment. Conflicts will also arise in cases where the Client makes an equity or other subordinated investment in a Portfolio Company that has issued or is issuing a senior mezzanine or debt security to Macquarie or one or more of its clients or a Macquarie-managed or -sponsored fund or other investment vehicle. In negotiating the terms and conditions of any such mezzanine investment or loan or in addressing any subsequent amendments, Macquarie or such client, fund or investment vehicle will have interests that will conflict with those of the Client. If an issuer in which the Client and Macquarie or one or more of its clients or a Macquarie-managed or -sponsored fund or other investment vehicle hold different classes of securities encounters financial problems, decisions over the terms of any workout will raise conflicts of interest (including conflicts over proposed waivers and amendments to debt covenants and other terms).

The officers, directors, members, managers and employees of the General Partner and the Relying Adviser may trade in securities for their own accounts, subject to (i) the Relying Adviser's Code of Ethics which outlines the Relying Adviser's policies and procedures regarding standards of conduct, personal investment transactions, and handling of material non-public information and (ii) restrictions and reporting requirements as may be required by law or otherwise as determined from time to time by the General Partner or the Relying Adviser, as applicable. In addition, as a consequence of Macquarie's status as a public company, the officers, directors, members, managers and employees of the General Partner and the Relying Adviser may take into account certain considerations and other factors in connection with the management and advice with respect to of the business and affairs of the Client and its affiliates that would not necessarily be taken into account if Macquarie were not a public company. For the avoidance of doubt, the Client may sell investments to any third party, including Limited Partners in the Client, other investment vehicles managed or sponsored by Macquarie and investors in any such vehicles.

Principal & Affiliate Transactions and Brokerage

The Macquarie Group or a Macquarie Investment Vehicle may sell securities or other financial instruments to or buy them from a Client or act as a counterparty to a Client or Holding Company in foreign exchange, financing, swap and derivative transactions ("Principal Transactions"). Generally, the Fund shall not purchase or sell any Portfolio Investment to or from, as the case may be, Macquarie Group and its affiliates or any Macquarie Investment Vehicle, unless consent of either the the Fund's LPAC or a majority in interest of the Fund's investors is obtained.

Apart from (i) transactions (including service contracts) that are expressly contemplated or approved by the applicable partnership agreements (including, without limitation, co-investment, the receipt of, or contracts providing for, the Management Fee and Carried Interest, vendor/issuer/broker commissions described in Item 5.C herein and any transaction approved by the relevant LPAC or the applicable Partnership's investors holding a majority of such

Partnership's interests ("majority in interest of the applicable Partnership investors")) and (ii) purchases of interests in any Portfolio Investment from Macquarie or acceptance by the Fund of contributions, in each case at Carrying Cost (as defined in the limited partnership agreement of the Fund), from the MEP General Partner and/or its affiliates of interests in any Portfolio Investment that was initially made by the General Partner and/or its affiliates in exchange for interests in the Fund, where such Partnership's purchase of, or acceptance of contribution of, such investment was made with the prior written consent of a majority in interest of the applicable Partnership's investors or the relevant LPAC, the applicable General Partner shall cause such Partnership and any controlled Portfolio Investment not to engage in any transaction with Macquarie (including services or contracts for which advisory fees are received by Macquarie and its affiliates) that (x) provides for a cash payment or exchange of other consideration with Macquarie or an affiliate having a value in excess of a certain threshold as set forth in the applicable partnership agreement or (y) is otherwise reasonably determined by the applicable General Partner to be material, with Macquarie and its affiliates, unless, in each case of clauses (x) and (y), approved by the LPAC or a majority in interest of the applicable Partnership investors.

Allocation of Investment Opportunities

Macquarie manages, on an independent and autonomous basis, several public and private equity funds which it is currently investing on behalf of third-party investors, Macquarie and/or eligible employees, and will raise other public and private funds and other investment funds, vehicles and accounts in the future.

Except under limited exceptions set forth in the applicable limited partnership agreements of the Partnerships, the MEP General Partner, the Relying Adviser and their affiliates within MIRA will not invest outside the Fund in any privately-negotiated investments in upstream energy and upstream energy-related assets and businesses in MEP Target Geographies (focusing primarily on delineation and development opportunities), as determined in good faith by the Relying Adviser, until the earlier of the end of the Fund's investment period or the time at which more than over 75% of the Fund's commitments are invested, applied or reserved for investments, fees and expenses.

Investment opportunities sourced by or presented to any Macquarie entity outside of MIRA will not be required to be presented to the Fund and may be made (in whole or in part) away from the Fund.

Co-Investments

Prospective investors in a Client should note that the Relying Adviser may offer co-investment opportunities in its sole discretion and is not expected to offer co-investment with respect to all of the Client's investments. Prospective investors should also note that investors are not required to participate in co-investments offered by the Relying Adviser and that the Relying Adviser may not offer all investors the opportunity to invest in any co-investments. Moreover, transaction-specific returns, and an investor's overall returns from its exposure to the Client's investments, may be affected significantly by the extent to which such investor is offered and chooses to participate in co-investment opportunities and the economic and other terms offered to such investor. There is no guarantee, prediction or projection of the availability of future co-investment opportunities. Investing in the Client does not give Limited Partners any rights, entitlements or priority to co-investment opportunities. The performance of co-investments is not aggregated with that of the Client, including for purposes of determining the General Partner's Carried Interest or management fees under the Partnership Agreement.

Co-investment in a Portfolio Company with another Macquarie-managed or -sponsored investment fund, vehicle or account may present conflicts of interest for the Relying Adviser. Macquarie's relationship with such other coinvesting funds, vehicles or accounts could influence the decisions made or the advice provided (as applicable) by the General Partner, the Relying Adviser and/or the personnel responsible for the affairs of the Client with respect to such investments. For example, it is possible that as a result of legal, tax, regulatory, accounting or other considerations, the terms of such investment (including with respect to price and timing) for the Client and/or such other coinvesting funds, vehicles or accounts may not be the same. Additionally, the other MIRA-sponsored investment fund, vehicle or account may have a term that expires before or after that of the Client and therefore may have a differing interest regarding the timing of disposition and/or investment objectives (including return profiles) of a shared Portfolio Investment. In addition, the other fund, vehicle or account may have a different capability to participate in follow-on investments and otherwise provide financial support for the Portfolio Company. Similarly, there may be instances where capital available for investment with respect to a particular co-investment opportunity from other sources (due to the attractiveness of such co-investment opportunity to potential co-investors) is limited, and therefore a larger percentage of such co-investment opportunity may be offered to the Client as a Portfolio Investment than would have otherwise been offered to it had additional capital been available from other sources. The allocation of co-investment opportunities may involve a benefit to Macquarie including, without limitation, fees or Carried Interest from the co-investment opportunity.

The Client may seek to make investments with the expectation of offering a portion of its interests therein as a co-investment opportunity to Limited Partners and/or other third parties. Macquarie may seek to cause the Client or MIRA to incur bid and diligence costs on behalf of potential co-investors, and the party underwriting such costs may receive a premium or cost mark up if the transaction is consummated. MIRA will typically seek for any co-investors or potential co-investors to bear their share of Broken Deal Expenses, although MIRA may not be able to achieve this result, which may result in the Client bearing a larger percentage of Broken Deal Expenses.

Advisory Activities

In the regular course of business, the Relying Adviser or its affiliates may be engaged to act, or may seek to act, as a financial advisor to third parties in connection with the sale or purchase of securities or businesses meeting the Clients' investment objectives. If a Client acted as a buyer, notwithstanding the retention of the Relying Adviser or an affiliate by any other party to the transaction, certain conflicts of interest would be inherent in the situation, including those involved in negotiating a purchase price. Macquarie will be under no obligation to decline such engagements in order to make the investment opportunity available to a Client. In certain sale assignments, the seller may permit a Client to act as a buyer or investor, which would raise certain conflicts of interest inherent in such a situation. Macquarie and the Relying Adviser have long-term relationships with a significant number of corporations and their senior management. In addition, Macquarie advises and provides debt and equity capital market and other services to a large number of institutional clients, including leveraged buy-out and other private equity funds with investment objectives similar to or the same as those of the Clients and strategic buyers, both of which may be in a position to compete with the Clients for an investment opportunity. Moreover, the Macquarie Asset Management Group, an operating group within Macquarie, manages private equity and hedge fund-of-funds, and as a result Macquarie and the Relying Adviser maintain a number of relationships across the alternative asset class, including with potential buyers and sellers in private equity transactions. In determining whether to pursue a particular transaction on behalf of a Client, these relationships will be considered by

Macquarie and the Relying Adviser, and there may be certain potential transactions which will not be pursued on behalf of a Client in view of such relationships. For example, when Macquarie represents a buyer seeking to acquire a particular business, a Partnership may be precluded from investing in that business. There can be no assurance that all potentially suitable investment opportunities which come to the attention of Macquarie and the Relying Adviser will be made available to Clients.

Macquarie may provide a broad range of pre- and post-acquisition advisory and consulting services to the Clients and companies in which Clients invests, and may receive compensation from purchasers, sellers or other parties prior to or upon the closing of certain investments by a Client as compensation for services, including advice on valuing, structuring, negotiating and arranging financing for such transactions and may earn fees in connection with unconsummated transactions. Other compensation may include warrants to purchase an equity interest or other securities in the company for which the transaction is being undertaken. In addition, certain MIRA professionals may be seconded to a Client's Portfolio Companies, with their compensation paid directly by such Portfolio Company to Macquarie, and therefore borne indirectly by the Limited Partners. Generally, none of Macquarie's fees for any of the foregoing (including the compensation of seconded MIRA professionals) will be shared with any Client. In addition, Macquarie may act as underwriter or placement agent in connection with an offering of securities by investments in which a Client has invested or as underwriter, placement agent or financial advisor in connection with the public or private sale of a Client's investments and Macquarie generally will be paid customary fees for such services. A General Partner, the Relying Adviser or any of their affiliates within MIRA or any other Macquarie entity may engage and retain strategic advisors, consultants and other similar professionals who are employees or affiliates of Macquarie and who may, from time to time, receive payments from, or allocations with respect to, investments. In such circumstances, such amounts will not be deemed paid to or received by such General Partner, the Relying Adviser and their affiliates or personnel within MIRA and will not be subject to a Management Fee offset. The Macquarie Group typically receives arms-length fees for such services, which may be paid by Clients or the Portfolio Investments.

In addition, to the extent not disclosed in the quarterly or annual reports to investors, after the end of each fiscal year, the MEP General Partner shall send to the LPAC an expense report describing the services rendered to the applicable Client by the Relying Adviser, such General Partner or any affiliate thereof during such fiscal year and the amounts billed for such services.

Other Activities of Management

The Client does not have a team solely dedicated to the Client. Macquarie personnel responsible for the affairs of the Client intend to devote such time as is reasonably necessary to conduct the business affairs of the Client in an appropriate manner and otherwise as may be required in accordance with the Partnership Agreement. However, Macquarie personnel, including all of those responsible for the affairs of the Client, have commitments to, and will work on other projects unrelated to, the Client, including Macquarie's existing investments, other investment funds and future activities. In particular, the Investment Team members who managed investments on behalf of Macquarie Energy Capital continue to provide advisory services, pursuant to an investment advisory agreement, in connection with the existing investments made by Macquarie Energy Capital held by the Commodities and Global Markets division of Macquarie ("CGM"), which, pursuant to the terms of the services agreement by and between MIRA and CGM, may include deal and client relationship management, ongoing transaction negotiations, engineering analysis, commercial analysis, relationship support, and, market-related advice pertaining to divestiture activity and commodity price and differential

outlooks. The Investment Team provides such services solely in an advisory capacity. Accordingly, conflicts will arise in the availability and allocation of management and other professional resources between the Client and these other matters and there can be no assurance that Client investments will be prioritized over existing CGM investments or other Macquarie activities. The Relying Adviser shall be at all times free, in its discretion, to make recommendations to the Client which may be the same as, or may be different from those made by Investment Team members to or on behalf of CGM. Actions with respect to securities and assets of the same kind may be the same as or different from the action which the Relying Adviser, or any of its affiliates, or any officer, director, stockholder, employee or any member of their families, or other investors may take with respect thereto. The possibility exists that the companies with which one or more of such persons is involved could engage in transactions that would be suitable for the Client, but in which the Client might be unable to invest.

Officers, employees and affiliates of the Relying Adviser may invest, directly or indirectly, and in some cases have invested, in certain Partnerships and Portfolio Investments. Macquarie Insurance Facility ("MIF"), a facility run by affiliates of the Relying Adviser, seeks to leverage the combined purchasing demand of Macquarie, Macquarie-managed funds and their portfolio businesses (which may include Clients and their Portfolio Companies) to negotiate agreements with unaffiliated vendors such as insurance companies and brokers. When the Client or its Portfolio Company utilizes MIF, MIF may receive a commission from the vendor and/or a broker involved in obtaining the business, subject to, a cap on such commission of 5% of the premium paid. The amounts received by MIF will not be subject to the offset provisions as provided in the Relying Adviser's or relevant Partnership's constituent documents. For Portfolio Investments, the applicable Portfolio Company and not the Relying Adviser makes the decision whether to use MIF. MIF operates in the U.S. through the legal entity, Commerce and Industry Brokerage, Inc.

MIF also has the ability to write insurance policies on behalf of certain insurance companies (the "MIF Insurance Program"). The only insurance company currently participating in the MIF Insurance Program is AIG, although in the future other insurers may be added and AIG may cease to participate. The Client or its Portfolio Company, as applicable, will engage an independent third party broker to canvas the insurance market to obtain bids from non-affiliated insurance companies for the placement of the Client's or such Portfolio Company's insurance policies, as applicable, and MIF may determine in its discretion that the MIF Insurance Program will participate in such bidding process (but MIF is under no obligation to so participate). The Client or such Portfolio Company will select the most attractive overall package among the bids received. If the Client or its Portfolio Company chooses a package that includes insurance policies through the MIF Insurance Program (the Client or such Portfolio Company in such capacity, a "Participating Company"), the Participating Company will receive a 15% premium reduction on the portion of the premium on the insurance policy written by MIF on behalf of the insurance companies participating in the MIF Insurance Program (but the insurance policy written by unaffiliated insurance companies outside the MIF Insurance Program will not receive this premium reduction). The insurance written as part of the MIF Insurance Program will mirror the pricing, terms and conditions set for the Participating Company by nonaffiliated insurance companies outside of the MIF Insurance Program before applying the 15% premium reduction; MIF does not set the pricing or other terms of the insurance written as part of the MIF Insurance Program. A Participating Company will pay the entire premium to its independent third party broker, who will then distribute such premium, less any amounts retained by the third party broker as its fee pursuant to its agreement with the Participating Company, to MIF and the non-affiliated insurance companies writing insurance outside of the MIF Insurance Program; MIF will then periodically distribute its share of such premium to its participating insurance companies, less an average expected fee of 10% to 12.5% of such premium, which MIF will retain in return

for administering and managing the MIF Insurance Program. The amounts received by MIF will not be subject to the offset provisions. Fees earned by MIF under the MIF Insurance Program will vary depending on whether the independent third party broker is paid a flat fee separate from the premium or a commission based fee retained from the premium. Where the independent third party broker is paid a flat fee, the maximum fee available to MIF under the MIF Insurance Program will be 18% of the MIF Insurance Program policy premium. Where the independent third party broker is paid a commission based fee, MIF currently expects the average expected fee range available to MIF under the MIF Insurance Program to be 0% to 8% of the MIF Insurance Program policy premium. When the Client or a Portfolio Company utilizes the MIF Insurance Program, the fee available to MIF under the MIF Insurance Program will not, in the case of the Client, without consent of the relevant LPAC, exceed 18% of the MIF Insurance Program policy premium. MIF currently expects that its average expected fee under the MIF Insurance Program will be 10% to 12.5% of the MIF Insurance Program policy premium, which is based on MIF's expectation that approximately 50% of Participating Companies will agree on a flat fee structure with their independent third party broker. Irrespective of the fee paid to MIF under the MIF Insurance Program, the Participating Company will always receive a 15% premium reduction on the portion of an insurance policy written by the MIF Insurance Program compared to the premium paid to non-affiliated insurance companies outside of the MIF Insurance Program. MIF could be incentivized to seek flat fee third party broker structures to maximize the returns to it under the MIF Insurance Program. Any fee payable to MIF under the MIF Insurance Program is in addition to any commission or other payment received by MIF under the preceding paragraph.

From time to time Macquarie may provide interim acquisition financing or other forms of credit in connection with an investment by, or otherwise act as a lender to, an entity in which a Client, directly or indirectly, invests. A Partnership may also borrow money from Macquarie from time to time subject to certain restrictions set forth in the applicable partnership agreement. In addition, a Client also may participate as a counterparty with or as a counterparty to Macquarie or an investment vehicle formed by it in connection with currency and interest rate hedging, derivatives (including but not limited to swaps and forwards of all types), and other transactions.

Resolution of Conflicts

To the extent that the Relying Adviser exercises any discretion on behalf of the Fund in these transactions, any conflicts of interest that arise between the Fund, on the one hand, and the Macquarie Group, any existing or future Macquarie Investment Vehicle or any of the Macquarie Group's clients, on the other hand, (i) will be resolved as set forth in the limited partnership agreement of the relevant Partnership, the Related Party Transactions Policy of the Relying Adviser and/or the corresponding policies of a Macquarie affiliate, or (ii) if not addressed by such agreements or procedures, will be discussed and resolved on a case-by-case basis by the relevant parties. Any such discussions will take into consideration the interests of the relevant parties and the circumstances giving rise to the conflict.

Any actual conflicts of interest that arise in relation to the relevant Client will be resolved in accordance with the Relying Adviser's conflicts management procedures, including, where required, by referral to the LPAC. If any matter arises that the relevant General Partner determines in its good faith judgment constitutes an actual conflict of interest, such General Partner may take such actions as it determines in good faith may be necessary or appropriate to ameliorate the conflict (and upon taking such actions to the fullest extent permitted by law such General Partner will be relieved of any liability for such conflict and be deemed to have satisfied its fiduciary duties and acted in good faith with respect to such conflict). These actions may, but are not required to, include (i) disposing of the security giving rise to the conflict of interest, (ii)

appointing an independent fiduciary to act with respect to the matter giving rise to the conflict of interest or (iii) in connection with a matter giving rise to a conflict of interest with respect to an investment, consulting with the LPAC regarding the conflict of interest and either obtaining a waiver from the LPAC of the conflict of interest or acting in a manner, or pursuant to standards or procedures, approved by the LPAC with respect to such conflict of interest. In addition, MEP investors should note that the MEP partnership agreement contains provisions that, subject to applicable law, reduce or eliminate fiduciary duties, to the Fund and the investors therein, provisions that waive or consent to conduct on the part of the relevant General Partner or the Relying Adviser, and provisions that limit the remedies of the Fund's investors with respect to breaches of such duties. Pursuant to the relevant partnership agreement, an LPAC will be established and the General Partner or the Relying Adviser may in certain situations choose to consult with or obtain the consent of the LPAC with respect to any specific conflict of interest, including, but not limited to, certain affiliate transactions. If the LPAC waives the conflict of interest or the General Partner or the Relying Adviser acts in a manner, or pursuant to the standards and procedures, approved by the LPAC with respect to the conflict of interest, then the General Partner, the Relying Adviser and their affiliates will not have any liability to the Fund or investors therein for such actions taken by them, including actions in pursuit of their own interests, and will be deemed to have satisfied their fiduciary duties and to have acted in good faith with respect to such actions (see Principal Transactions and Brokerage above).

Related Party Transaction Policy

Related party transactions involving Clients will be disclosed to and approved by investors, clients or their representatives if required under the limited partnership agreements of such Clients or standing policies and procedures.

Joint Venture Partners

Some of the third-party operators and joint venture partners with whom the Relying Adviser may elect to co-invest the Client's capital have preexisting investments or other commercial arrangements with Macquarie. The terms of these preexisting investments or other commercial arrangements may differ from the terms upon which the Client invests with such operators and partners. To the extent a dispute arises between Macquarie and such operators and partners, the Client's investments relating thereto may be affected. These risks may be more pronounced in the case of development joint ventures investments made by the Client.

Service Providers

Certain service providers or their affiliates (including, without limitation, any accountants, developers, property managers, administrators, lenders, bankers, brokers, attorneys, consultants, investment or commercial banking firms and certain other advisors and agents) of the Client, Macquarie or any of their affiliates may be investors in the Client and/or sources of investment opportunities and co-investors or counterparties therewith and may also provide goods or services to or have business, personal, political, financial or other relationships with Macquarie. These service providers and their affiliates may contract or enter into any custodial, financial, banking, advising or brokerage, placement agency or other arrangement or transaction with the Client, the General Partner, the Relying Adviser or any Combined Limited Partner in the Client or any entity in which the Client has made an investment. Similarly, these service providers and their affiliates may engage in competitive activities and may earn fees from or receive other consideration from such persons or entities, and may provide different advice or services, take different action from the advice or services they provide, or action they take, for the Client. Moreover, certain service providers (or their affiliates, including project developers, lenders, brokers, attorneys, consultants and investment banking firms) to the Client

and its Portfolio Companies may also provide services to or have other relationships with Macquarie. These other services and relationships may influence the Relying Adviser in deciding whether to select such a provider to perform services for the Client and its Portfolio Companies (the cost of which will generally be borne directly or indirectly by the Client). At times, including if unrelated officers of a Portfolio Company have not yet been appointed, Macquarie may be negotiating and executing agreements between Macquarie parties on the one hand and the Portfolio Company or its affiliates on the other hand, including management services agreements or similar agreements, which could entail a conflict of interest in relation to efforts to enter into terms that are arm's-length. Notwithstanding the foregoing, investment transactions for the Client that require the use of a service provider, will generally be allocated to service providers on the basis of best execution, the evaluation of which may include, among other considerations, such service provider's provision of certain investment-related services and research that the Relying Adviser believes to be of benefit to the Client, but it should be noted such service providers may not necessarily be the most cost effective or necessarily the best for every particular situation.

In addition, the General Partner may engage one or more fund administrators to perform certain functions in relation to the Client, including but not limited to, coordination of the Client's legal entity management function, execution and recordkeeping associated with applicable tax elections and filings, support for the General Partner's valuation process and support of certain investor correspondence, investor data management and reporting requests as well as data collection required for various regulatory reporting that the Client is obligated to comply with. Certain employees of such fund administrators may dedicate substantially all of their time to Macquarie investment funds and spend all or a significant majority of their business time at the Macquarie offices. In certain circumstances, advisors and service providers, or their affiliates, may have different arrangements for services provided to Macquarie, the General Partner, the Relying Adviser or their affiliates as compared to services provided to the Client and its Portfolio Companies, due to a variety of factors, including, without limitation, volume of work, complexity of the overall transaction or matter, time commitment and/or seniority of staff involved, which may result in more favorable arrangements than those payable by the Client or such Portfolio Companies.

Co-Investment Arrangements

The Relying Adviser may in its sole discretion give certain persons an opportunity to co-invest in one or more Portfolio Investments alongside the Fund. The Relying Adviser will have sole discretion to determine (i) when investment opportunities are available to co-investors and (ii) if applicable, the amount of such opportunity to allocate among co-investors. The terms of any such co-investment, including the fees and Carried Interest applicable to such co-investment, if any, and access to co-investment opportunities will be separately negotiated by the MEP General Partner (or an affiliate thereof) and the potential co-investor. The Relying Adviser may determine in its sole discretion what constitutes a co-investment opportunity of the Fund and any allocation thereof.

Certain co-investors may receive preferential or priority access to co-investment opportunity before any other MEP limited partners. In exercising its discretion to allocate co-investment opportunities with respect to a particular investment among potential co-investors, the General Partner considers a wide range of factors.

In addition, the MEP management fee and Carried Interest, as well as any transaction-based fees earned by an affiliate of the Relying Adviser, payable by certain MEP limited partners may be based in part on the amount of co-investment offered or made by those MEP limited

partners. The relevant General Partner's exercise of its discretion in allocating investment opportunities with respect to a particular investment among various potential investors in the manner discussed above may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While the General Partner will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Client's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the General Partner and its affiliates are subject, discussed herein, did not exist. In each case, the General Partner has an incentive to offer co-investment opportunities to certain MEP limited partners rather than offering such opportunities to other MEP limited partners or the Fund. MEP limited partners or other investors making investments alongside the applicable Client pursuant to the principles set forth above will typically be investors in Co-Investment Clients of the Relying Adviser or Holding Companies.

The appropriate allocation between funds managed by the Relying Adviser and any Co-Investment Clients (including underlying investors in a Co-Investment Client) of expenses and fees generated in the course of evaluating potential investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by the Relying Adviser and its affiliates in their good faith discretion, consistent with the limited partnership agreement (or analogous organizational documents) of the relevant funds managed by the Relying Adviser and equity commitment letters entered into by co-investors, as applicable.

The Fund, at the Relying Adviser's discretion, or the Relying Adviser or an affiliate thereof is permitted to underwrite the transaction costs of any MEP co-investors, and will bear such co-investors' portion of broken deal expenses if the transaction is not consummated.

Side Letters; Other Arrangements

The General Partner and/or its affiliates will enter into a side letter or other similar agreement with a particular Limited Partner or group or category of Limited Partners with respect to the Client without the approval of any other Limited Partner, which would have the effect of establishing rights under, altering or supplementing the terms of the Partnership Agreement with respect to such Limited Partner or group or category of Limited Partners in a manner different or more favorable to such Limited Partner or group or category of Limited Partners than those applicable to other Limited Partners. Such rights or terms in any such side letter or other similar agreement may include, without limitation, (i) excuse rights applicable to particular investments or investments in certain jurisdictions (which may increase the percentage interest of other Limited Partners in, and contribution obligations of other Limited Partners with respect to, such investments), (ii) additional informational rights for a Limited Partner or additional reporting obligations of the Client to such Limited Partner, including, without limitation, to accommodate special regulatory or other circumstances of such Limited Partner, (iii) waiver or modification of certain confidentiality obligations and/or documentation that might be requested by the General Partner for the benefit of lenders or other persons extending credit to or arranging financing for the Client, (iv) consent of the General Partner to certain transfers by such Limited Partner or other exercises by the General Partner of its discretionary authority under the Partnership Agreement for the benefit of such Limited Partner, (v) restrictions on, or special rights of such Limited Partner with respect to the activities of the General Partner, (vi) withdrawal rights due to legal, regulatory or policy matters, including matters related to political contributions, gifts and other such policies, (vii) other rights or terms necessary in light of particular legal, regulatory or public policy characteristics of a Limited Partner, (viii) economic rights, for example, with respect

to any Carried Interest and/or management fees to be charged to the Limited Partners (including fee rebates), (ix) matters regarding such Limited Partner's right to participate in co-investment opportunities (including, without limitation, preferential allocation thereof and the terms and conditions related to such participation (including any Carried Interest and/or management fees that might have to be charged with respect thereto)), which may be structured through one or more co-investment vehicles established by the General Partner for the benefit of such Limited Partners or their affiliates and which will not be viewed as affiliates of the General Partner under the Partnership Agreement and which may participate in co-investments alongside the Client relating to some or all of the co-investment opportunities available with respect to the Client, (x) additional obligations and restrictions of the General Partner and the Client with respect to the structuring of any Portfolio Investment (including with respect to alternative investment vehicles) in light of the legal, tax and regulatory considerations of particular Limited Partners, and (xi) preferential and/or priority access to, and economic and other terms applicable to, co-investment opportunities, including management fee and Carried Interest reductions in respect of the Client if a Limited Partner does not invest in a specified amount of Client or MIRA co-investments, which may incentivize the General Partner to present an investment opportunity as a co-investment to such Limited Partner and other investors with priority access co-investment rights rather than to the Client. Similar rights or terms may be granted with respect to Parallel Clients. Such side agreements may permit such Limited Partners to take actions on the basis of information not available to other Limited Partners (or the Client) that do not have the benefit of such agreements. A copy of the applicable provisions of each side letter (without duplication) that is entered into by the Client with the Limited Partners will be distributed in connection with the most-favored-nations side letter election process that will take place following the Final Closing Date. Moreover, notwithstanding the fact that a Limited Partner may have such a most-favored-nations provision in its side letter, such Limited Partner will not have the right to elect any rights or benefits: (a) unless such Limited Partner agrees to be bound by any obligations, restrictions or other terms related to such rights or benefits that have been agreed to with the investor initially granted such rights or benefits; (b) contained in any side letter entered into in connection with the admission of an investor and one or more of its affiliates to the Client and one or more other investment vehicles and/or managed accounts sponsored or advised by MIRA of an overall arrangement with MIRA and which are provided in consideration for such overall relationship (which may involve a Limited Partner making a capital commitment to the Client and a capital commitment to another investment vehicle managed by MIRA, including, for greater certainty, one or more funds or investment vehicles established and/or managed by MIRA for such Limited Partner's benefit), which agreement, for greater certainty, may remain confidential and not shared with any other Limited Partners; (c) that relate to the LPAC; (d) established in favor of another investor by reason of the fact that such other investor is subject to any laws, rules, regulations or policies to which such Limited Partner is not also subject; (e) that are personal to another investor based solely on the place of organization or headquarters of, organizational form of, or other particular restrictions or considerations applicable to, such investor; (f) granted to an affiliate of MIRA (including, for this purpose, MIRA's professionals and employees (current and former), advisors and operating partners, any other fund or investment vehicle managed by MIRA and/or any related entities, vehicles and/or accounts associated with the foregoing, including Feeder Clients), (g) with respect to co-investment rights and related arrangements, (h) granted to Limited Partner because of its relationship with another Limited Partner (e.g., because both such Limited Partners are represented by the same consultant with respect to their investment in the Client), (i) granted to another Combined Limited Partner and its affiliated investors (as agreed to by the General Partner) with a greater aggregate capital commitment to the Client and/or (j) granted on or before a certain date.

Any rights or terms so established in a side letter or other similar agreement with a Limited Partner will govern solely with respect to such Limited Partner (but not any of such Limited Partner's assignees or transferees unless so specified in such side letter) and will not require the approval of any other Limited Partner notwithstanding any other provision of the Partnership Agreement.

Item 12: Brokerage Practices

Due to the nature of the investments made by the Clients, broker-dealers are not generally used for Client investment transactions. However, when executing investment transactions on behalf of a Client through a broker-dealer, the Relying Adviser, will seek to obtain a combination of the most favorable commission and the best price obtainable on each transaction. Broker-dealers are selected primarily on the basis of their execution capability and trading expertise consistent with the effective execution of the transaction. Client referrals are not relevant to broker-dealer selection, given the nature of the Relying Adviser's clients. If the broker-dealer is a member of the Macquarie Group, approval of the relevant Partnership's LPAC is required, except to the extent that the limited partnership agreement of the Fund permits the use of such brokers-dealers for certain transactions without such approval, generally if certain conditions are met.

The Relying Adviser does not engage in soft dollar or directed brokerage arrangements.

To the extent an investment is made for more than one Partnership, as described in Item 11, "Allocation of Investment Opportunities" above, the Relying Adviser may combine orders on behalf of a Partnership with orders for other funds managed by its affiliates or in which it or its affiliates have an economic interest. In such cases, the Relying Adviser and its affiliates generally aggregate orders so that each participating vehicle will receive the average price for each execution of a transaction. If an order for more than one Partnership cannot be fully executed, allocation shall be made based upon the Relying Adviser's procedures for allocation of investment opportunities, as described in Item 11 above.

To the extent an investment is made for Clients, as described in Item 11, "Co-Investment Arrangements" above, the Relying Adviser may combine orders on behalf of such Clients and/or with orders for other funds managed by its affiliates or in which it or its affiliates have an economic interest. In such cases, the Relying Adviser and its affiliates generally aggregate orders so that each participating vehicle will receive the average price for each execution of a transaction. If an order for Clients and/or for other funds managed by its affiliates or in which it or its affiliates have an economic interest cannot be fully executed, allocation shall be made by the Relying Adviser on a reasonable and appropriate basis and in accordance with Relying Adviser's allocation policy.

Item 13: Review of Accounts

A. & B. Account Review

The Relying Adviser manages and supervises the accounts of the Fund and Co-Investment Partnerships. These accounts and investment positions are monitored on a current basis, and a complete list of the investment positions are more formally reviewed as necessary. The Relying Adviser's Board of Directors (composed of three Directors) meets regularly to review new investment opportunities and monitors the Clients' investments.

C. Client Reporting

The Relying Adviser assists Macquarie Energy Partners GP LLC, the general partner of the Fund in the preparation of the following reports to each limited partner thereof:

- (a) Financial statements (audited in the case of a fiscal year-end report and unaudited in the case of a quarterly report);
- (b) Schedule of changes in capital account balances for each limited partner; and
- (c) With respect to the Fund, a schedule and summary description of each Portfolio Investment owned by the Fund.

In addition, investors in the Fund have access to a third-party administrator's website, which contains copies of the reports and information described above, constituent Partnership documents, a corporate directory and related items.

Item 14: Client Referrals and Other Compensation

A. Other Compensation

The Relying Adviser does not receive any economic benefit from anyone who is not a client in relation to the provision of investment advisory services to its clients.

B. Compensation for Client Referrals

From time to time the Relying Adviser and its affiliates may utilize both affiliated and non-affiliated third party placement agents. Payment of a referral fee does not result in additional cost to the client. In the event the Relying Adviser does enter into such arrangements it intends to comply with disclosure and other requirements applicable to such relationships under applicable laws, including but not limited to Rule 206(4)-3 under the Advisers Act.

Item 15: Custody

The Relying Adviser will maintain custody of the Clients' assets and certain direct and indirect subsidiaries of the Partnerships in the applicable Partnerships' or subsidiaries' name with the Bank of New York Mellon.

Account statements are sent from the custodians to the Relying Adviser, where they are reconciled with the Relying Adviser's accounts before financial information is disseminated to Clients.

Item 16: Investment Discretion

The Relying Adviser has the authority to determine, without obtaining specific Partnership consent, the securities or interests and the amount thereof to be bought or sold. Such authority is subject to the limitations set forth in the applicable Partnership's limited partnership agreements. The Relying Adviser generally has the authority to determine, without obtaining specific Co-Investment Client consent, whether and when to sell the Co-Investment Client's interests or securities.

Item 17: Voting Client Securities

The Clients are primarily invested in private entities that typically do not issue proxies. For the limited circumstances where a Client may hold publicly traded securities and receive proxies in connection with them, the Relying Adviser has adopted proxy voting policies and procedures contained in its Portfolio Management Policy (the "Policy") to address how the Relying Adviser will vote proxies for its clients. The Policy seeks to ensure that, if applicable, the Relying Adviser votes proxies (or similar instruments) in the best interest of its clients, consistent with the client's investment objective including when there may be material conflicts of interest in voting proxies. If the Relying Adviser determines that it is not in the best interests of a client to vote or that it is not in the best interests to vote on a particular proxy, it will document its reasons for such determinations. In the event that the Relying Adviser determines it has a material actual or potential conflict of interest, it will document it and ensure that such conflict is appropriately avoided, managed and/or disclosed. If you would like a copy of the Relying Adviser's complete Policy or, if applicable, information regarding how the Relying Adviser voted proxies, please contact the Chief Compliance Officer and it will be provided to you at no charge.

Item 18: Financial Information

A. Balance Sheet

Management Fees are payable by Clients to the Relying Adviser quarterly in advance. The Relying Adviser does not permit the prepayment of fees earlier than this. As such, it is not required to provide a balance for the most recent fiscal year.

B. Financial Conditions

There are no financial conditions likely to impair the Relying Adviser's ability to meet its contractual obligations to its clients.

C. Bankruptcy

The Relying Adviser has never been the subject of a bankruptcy petition.