

STOCKBRIDGE CAPITAL GROUP, LLC
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PART 2A of FORM ADV
FIRM BROCHURE

**STOCKBRIDGE CAPITAL GROUP, LLC
FORM ADV PART 2A
March 30, 2020**

ITEM 1 – COVER PAGE

This brochure provides information about the qualifications and business practices of:

**Stockbridge Capital Group, LLC
Four Embarcadero Center, Suite 3300
San Francisco, CA 94111
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If you have any questions about the contents of this brochure, please contact Daniel Newman, Chief Compliance Officer of our firm, at the telephone number indicated above or by email at newman@stockbridge.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Further, while we are a registered investment advisor, our registration does not denote, and should not be construed as implying, a certain level of skill or training on the part of our investment professionals.

Additional information about Stockbridge Capital Group, LLC (“Stockbridge,” “we” or “us”) is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our CRD number is 149002. Information about our firm is also available on our website at www.stockbridge.com.

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT STOCKBRIDGE OR ANY PRINCIPALS OR EMPLOYEES OF STOCKBRIDGE POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY OR ANY OTHER BUSINESS.

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ITEM 2 – MATERIAL CHANGES

Since the last annual update of this brochure on March 29, 2019, Stockbridge Capital Group, LLC (“Stockbridge,” “we” or “us”) has updated this brochure to disclose new sub-advisory relationships we entered into with an affiliate as well as certain other clarifying disclosures, but we do not believe these changes to be material. We recommend that you read this Brochure in its entirety.

ITEM 3 – TABLE OF CONTENTS

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ITEM 4 – ADVISORY BUSINESS

Stockbridge was formed in April 2003 and, as of December 31, 2019, provides investment advisory and supervisory services to the following funds and related co-investment partnerships or vehicles:

- Stockbridge Real Estate Fund, LP (“Fund I”), a Delaware limited partnership;
- Stockbridge Real Estate Fund II, consisting of six parallel Delaware limited partnerships¹, each designed to meet the differing tax and regulatory needs of investors (collectively, “Fund II”);
- Stockbridge Real Estate Fund III, consisting of two parallel Delaware limited partnerships², each designed to meet the differing tax and regulatory needs of investors (collectively, “Fund III,” and, together with Fund I and Fund II, the “Opportunity Funds”);
- Stockbridge Hollywood Park Co-Investors, LP (“HP Co-Invest”), a Delaware limited partnership;
- Stockbridge Real Estate Fund II Co-Investors LV, LP (“Sahara Co-Invest”), a Delaware limited partnership;
- YES Communities, LLC (“YES Communities”), a Delaware limited liability company;
- PSERS YES Holdings, LP (“PSERS YES Investor”), formerly known as PSERS YES EXP Investor, LP, a Delaware limited partnership;
- Stockbridge TI Fund, LP (“TI Fund”), a Delaware limited partnership;
- Stockbridge YBI Fund, LP (“YBI Fund”), a Delaware limited partnership;
- Stockbridge Strategic Industrial Venture, LLC (“SSIV”), a Delaware limited liability company;
- Stockbridge SIV Reno, LLC (“SIV Reno”), a Delaware limited liability company;
- Stockbridge NLP, LLC (“Stockbridge NLP”), a Delaware limited liability company; and
- NLP Investor, LP (“NLP Investor”), a Delaware limited liability company.

Sahara Co-Invest and HP Co-Invest are each a “Co-Investment Vehicle” and are collectively referred to as “Co-Investment Vehicles”.

¹ The six limited partnerships comprising Fund II are Stockbridge Real Estate Fund II-A, LP, Stockbridge Real Estate Fund II-B, LP, Stockbridge Real Estate Fund II-C, LP, Stockbridge Real Estate Fund II-D, LP, Stockbridge Real Estate Fund II-E, LP and Stockbridge Real Estate Fund II-T, LP (collectively, the “Fund II Constituent Funds”). The Fund II Constituent Funds invest alongside one another in all Fund II investments. References herein to Fund II include all of the Fund II Constituent Funds.

² The two limited partnerships comprising Fund III are Stockbridge Real Estate Fund III-A, LP and Stockbridge Real Estate Fund III-C, LP (collectively, the “Fund III Constituent Funds”). The Fund III Constituent Funds invest alongside one another in all Fund III investments. References herein to Fund III include all of the Fund III Constituent Funds.

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We refer to our existing Opportunity Funds, Co-Investment Vehicles, TI Fund, YBI Fund and any future funds we may raise collectively herein as our “Funds”. We refer to YES Communities, SSIV, SIV Reno and Stockbridge NLP as “Platforms”, which are investment vehicles built around specific investment themes, property type(s) and/or management expertise of any operating partner. Platforms are typically structured as pooled investment vehicles with a limited number of investors or members (as applicable), including in some cases affiliates of Stockbridge. We refer to our Funds, Platforms, PSERS YES Investor, NLP Investor and our separately managed accounts as “clients”.

Our investment advisory and supervisory services to clients are provided principally with respect to real estate properties and real estate-related assets and businesses. Like many other real estate investment managers, our investment activities can be separated into three broad investment categories: core, value-added and opportunistic.

The Opportunity Funds are closed-end Delaware limited partnerships organized to operate as private real estate opportunity funds. While the investment strategy of each Opportunity Fund differs slightly, the Opportunity Funds have generally pursued investments in real estate assets that generally require substantial renovation, repositioning, strategic or “ground-up” development, redevelopment or land entitlement.

The TI Fund, a Delaware limited partnership, was formed in 2016 to invest in a large mixed-use project and its sole Limited Partner is an affiliate of CITIC Capital Holdings Limited (“CITIC Capital Holdings”) (further described below).

The YBI Fund, a Delaware limited partnership, was formed in 2018 to invest in a single, large development project and four of five of its Limited Partners are affiliates of CITIC Capital Holdings.

The Co-Investment Vehicles were formed to provide opportunities for limited partners (“Limited Partners” or “investors”) of the Opportunity Funds and/or new investors to invest in specific real estate assets alongside the Opportunity Funds. Some Limited Partners may negotiate with Stockbridge for particular arrangements regarding access to investment opportunities in a Co-Investment Vehicle. Stockbridge will offer Limited Partners and outside investors investment opportunities in the Co-Investment Vehicles in its sole discretion.

HP Co-Invest is affiliated with both Fund I and Fund II and was open to investment from the Limited Partners of Fund I and Fund II or their affiliates. Sahara Co-Invest is affiliated with Fund II and Fund III and was only open to investment from the Limited Partners of Fund II and Fund III or their affiliates.

YES Communities, a Delaware limited liability company qualified to be taxed as a real estate investment trust (a “REIT”), was formed in 2016 to acquire approximately 98.5%

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of the interests in YES Communities OP, LP (the “YES OP”), which in turn acquired manufactured homes communities and a business. PSERS YES Investor, a Delaware limited liability company, was formed to invest in YES Communities.

SSIV, a Delaware limited liability company qualified to be taxed as a REIT, was formed in 2019. SSIV and its wholly-owned subsidiary, Stockbridge Strategic Industrial Venture OP, LP (“SSIV OP”), a Delaware limited partnership, were formed to acquire, manage and dispose industrial properties located in the United States.

SIV Reno, a Delaware limited liability company, was formed in 2019 in order to acquire, manage and dispose industrial properties located in the United States.

Stockbridge NLP, a Delaware limited liability company qualified to be taxed as a REIT, was formed in 2019. Stockbridge NLP and its wholly-owned subsidiary, Stockbridge NLP OP, LP (“NLP OP”), a Delaware limited partnership, were formed in order to acquire, manage and dispose of industrial properties located in the United States. NLP Investor, a Delaware limited liability company, was formed to invest in Stockbridge NLP.

With respect to SSIV, SIV Reno and Stockbridge NLP, Stockbridge entered into Services and Sub-advisory Agreements with an affiliate, Core and Value Advisors, LLC (“CVA”), for CVA to provide investment advisory services to each client. For further information, please refer to “Item 10 – Other Financial Activities and Affiliations”.

We may form and manage additional investment funds in the future. We also advise separately managed accounts (“SMAs” or individually an “SMA”) for real estate investors (each an “SMA Client”, and collectively “SMA Clients”); currently we have one SMA Client with separate advisory agreements for two assets. We provide advice to SMA Clients regarding investment of client funds in real estate assets based on such client’s individual investment needs. We work closely with SMA Clients to understand their goals and objectives and develop investment strategies that address the needs of the individual SMA Clients. SMA Client investment advisory agreements may provide for services relating to a single asset, may provide for services for a portfolio of assets, and may include investment guidelines, restrictions, and parameters designed to meet the client’s desired investment strategy and risk tolerance, which may limit investments to certain locations or types of assets and may also limit the extent of leverage. We typically produce an Annual Business Plan designed to implement the client’s goals, and also provide clients with quarterly and annual reporting concerning the investments, income and expenses of the account.

The organization of the assets within an SMA differs with each SMA Client, but typically includes one or a series of partnerships, limited liability companies or corporations (or a combination of the foregoing) owning real estate properties and other real estate and real estate-related assets and businesses. Stockbridge or an affiliated entity may serve

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directly or indirectly as general partner of one or more of the partnerships holding the assets within an SMA, or as Managing Member or Manager of one or more of the limited liability companies holding the assets within an SMA. Our investment professionals may also serve as officers of any such entities, or as officers and/or directors of one or more corporations holding assets within an SMA. We may also assume management of an existing SMA that was previously managed by an unaffiliated manager.

Stockbridge tailors its advisory services to the specific investment objectives and restrictions of each client account as set forth in such client account's confidential private placement memorandum, limited partnership agreement, limited liability company agreement, investment management agreement and/or other governing documents (collectively, the "Governing Documents"). Investors and prospective investors of each Fund, Platform or SMA should refer to the applicable Governing Documents for complete information on the investment objectives and investment restrictions with respect to such Fund, Platform or SMA. There is no assurance that any of the client accounts' investment objectives will be achieved or that their investment strategies will be successful.

Terrence E. Fancher holds a 52% interest in Stockbridge and is the Executive Managing Director and Managing Partner of the firm. GRYPHON HOLDINGS (UK) LIMITED, a UK limited company and wholly-owned subsidiary of Gryphon Investment Limited, a Cayman Islands limited company and wholly-owned subsidiary of CITIC Capital Holdings, a Hong Kong limited company, holds the remaining 48% interest in Stockbridge. The firm has a Board of Directors of Stockbridge which consists of Terrence E. Fancher (Chairman) and Kristin H. Renaudin of Stockbridge, and Yichen Zhang and Annie Fung of CITIC Capital Holdings.

As of December 31, 2019, our firm managed \$8,209,863,130 of client assets, including \$3,928,419,667³ of client assets managed on a discretionary basis and \$4,281,443,463 managed on a non-discretionary basis.

ITEM 5 – FEES, COMPENSATION AND EXPENSES

FEES

Different Funds, Platforms and SMA Clients are subject to different management fees and performance-based compensation arrangements. In certain circumstances, the advisory fees payable to Stockbridge by individual investors in the Funds or Platforms (including affiliates of Stockbridge) may be negotiable and/or waived. Investors and prospective investors in each Fund, Platform and SMA should note that similar advisory

³ This amount includes 100% of the asset values of the Platforms co-managed with CVA. CVA also includes these amounts in regulatory assets under management.

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services may (or may not) be available from other investment advisers for similar or lower fees. In addition to this Brochure, all investors should review the Governing Documents for each Fund, Platform or SMA for more complete information on the fees and compensation.

Funds

Management Fees: Generally, for our services as Manager of the Funds, we charge each of the Funds a management fee quarterly in arrears, which represents the cumulative total of the management fees paid by the Limited Partners in such Fund. The management fee paid by Limited Partners varies by Fund and by the size of a Limited Partner's investment therein, and is subject to negotiation in certain circumstances. We have also agreed to group the investments of several smaller investors together for the purposes of determining the applicable annualized fee.

Generally, annual management fees range from 0.75% to 1.50% and are calculated based on total capital commitment, invested capital, or unreturned capital contributions, depending on the Fund.

Carried Interest Distributions: The general partners of the Opportunity Funds, TI Fund and YBI Fund are each entitled to receive Carried Interest distributions. Carried Interest distributions for each of the Opportunity Funds, TI Fund and YBI Fund is equal up to 20% of profits⁴, but are calculated based on a distribution priority formula, such that no Carried Interest distributions are paid unless the Limited Partners have achieved a return of their invested capital and a specified annual "preferred" return rate. After achievement of this, or in certain cases a subsequent, higher "preferred" return rate, the distribution priority formula typically provides a "catch-up" mechanism, whereby the applicable general partner receives disproportionate distributions so as to "catch up" to its 20% share of the profits previously paid to the Limited Partners. With respect to Fund II, proceeds from the operation, disposition and/or refinancing of investments (including Carried Interest distributions, if any) are distributed on an investment-by-investment basis, however an escrow account and "clawback" mechanism are in place to generally ensure that the general partner does not receive cumulative Carried Interest distributions greater than those it would have received had the applicable distribution formula been applied on an aggregate basis covering all investments in the Opportunity Fund.

The Co-Investment Vehicles may pay Carried Interest up to 30%, but are calculated based on a distribution priority formula, such that no Carried Interest distributions are paid unless the Limited Partners have achieved a return of their invested capital and a specified annual "preferred" return rate.

⁴ As used herein, "profits" refers to distributions in excess of return of capital.

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Our clients invest in assets with unaffiliated joint venture partners and/or managers (the “Partners”) that generally manage the day-to-day investment activities. Typically, a promoted interest is negotiated with the Partners at the outset of any transaction. This promoted interest, paid by the applicable joint venture and varying significantly by asset, is indirectly borne by the applicable client holding such asset.

Development Fee: The Fund III limited partnership agreement provides that the Fund III GP (as defined below) may provide pre-development, development, construction management, entitlement management or other similar services (collectively, “Development Services”) with respect to investments of Fund III, and may also contract with its affiliates (including Stockbridge) or third parties for the provision of such services. The Fund III GP or its affiliates (as applicable) is entitled to receive a Development Fee equal to 4% of all costs incurred by Fund III (or a Fund III portfolio company, as applicable) for the development, redevelopment or renovation of the properties with respect to which such services were rendered by the Fund III GP or its affiliates, excluding expenses incurred for land acquisition and financing. No Development Services have been provided by the firm, or any of its affiliates, nor is it anticipated that such services will be provided.

Platforms

Management Fees: For our services under the Investment and Asset Management Agreements for the Platforms, we charge management fees quarterly in arrears of up to 0.60% of the aggregate committed capital of the shareholders.

Carried Interest Distributions: Affiliates of Stockbridge have a promoted interest in our Platforms and are entitled to receive Carried Interest distributions. The Carried Interest distribution varies by Platform but is up to 15% of profits above a specified return hurdle.

Separately Managed Accounts

Stockbridge may earn fees on an investment-by-investment basis, including acquisition and disposition fees, financing fees, asset management fees and development fees (collectively “Investment Fees”). Fees may be collected monthly or quarterly, may be collected in arrears or in advance, and may be invoiced to the SMA Client or debited from an SMA Client’s account. All relevant terms will be agreed with the SMA Client in connection with entering into an SMA advisory agreement. Investment Fees may be fixed, a set percentage, or negotiated at the time of the applicable event. Percentage fees may be based on investment cost, project cost, financing proceeds, sales proceeds or another agreed basis.

Management fee arrangements may also include payment of an up-front “transition” or other fee in circumstances where we assume management of an existing SMA from an

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unaffiliated manager.

We may earn milestone, performance and/or incentive fees from SMA Clients (collectively, "Performance Fees"). Performance Fees may be computed based on a percentage of (i) realized or appraised appreciation (as applicable), (ii) cash flow and/or (iii) distributions from a property or portfolio, subject to (a) return of capital, (b) certain specified "hurdle" rates and/or (c) designated time periods. Performance fees may be assessed on an asset by asset basis based on milestones defined with the SMA Client and may be a fixed rate or variable rate. Rates may vary between SMA Clients.

For our services, we may charge fees to an SMA Client in any or all of the manners described above, depending on the type and amount of assets contained in the SMA, the individual circumstances of the SMA Client and other relevant factors. All such fees will be subject to negotiation between the SMA Client and us.

Consulting and Administrative Services

We may provide consulting and administrative services to real estate investors with respect to real estate assets, properties and portfolios that are not owned by the Funds. Our consulting and administrative services may include, among other things, (i) assessment of assets, properties or portfolios based on evaluation criteria agreed to with the client, (ii) assessment of managers, joint venture or operating partners, (iii) recommendations with respect to future actions, including capital investment, strategic planning and hold/sell decisions, (iv) debt management, and (v) assistance with accounting and administrative support functions.

Our consulting and administrative services will be provided for fees based on the client's specific circumstances. Our fees for consulting and administrative services may be based on hourly, daily, weekly, monthly or annual rates for our services generally or for the services of specific professionals of firm or may involve an overall fee for services rendered with respect to a particular asset or portfolio.

Consulting and administrative services fees will be agreed upon prior to entering into a consulting or administrative services arrangement with any client. Consulting and administrative services clients may be invoiced in arrears or in advance (as provided for in the applicable agreement). We may also require an up-front retainer from consulting and administrative services clients in certain circumstances, however in no event will advance payment be accepted for consulting and administrative services work that will not be completed within six months.

Stockbridge has one current consulting agreement which is not for investment advisory services.

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Negotiability of Fees and Investment Minimums

All fees and investment and account minimums may be negotiable and we have in the past and may in the future reduce or waive fees and account minimums by agreement with SMA Clients, Limited Partners or members (as applicable) in our Funds and Platforms, or otherwise at our discretion. Additionally, Stockbridge may in its discretion agree to group certain investors or clients together for the purposes of achieving a minimum account size or determining an annualized fee. Investment and account minimums may also be reduced or waived for our affiliates and employees.

In accordance with common industry practice, the Opportunity Funds entered into separate agreements, commonly referred to as “side letters,” with certain Limited Partners to modify certain terms or add different terms than those specifically described in the applicable Governing Documents. These terms may consist of differing fee arrangements, co-investment rights or specific statutory or reporting requirements for an individual Limited Partner, among other things.

Termination of Relationship

Limited Partners or members (as applicable) in the Funds, Platforms, PSERS YES Investor and NLP Investor are requested to refer to the applicable Governing Documents for complete information on withdrawal of funds and the applicable commitment period and term of investment vehicle. Withdrawal of funds from, or transfer of interests in the Funds, Platforms, PSERS YES Investor and NLP Investor are also generally prohibited, while transfers are restricted by the terms of the applicable Governing Documents.

For SMA Clients, the terms associated with the termination by either party of an SMA will be negotiated and contained in the SMA advisory agreement and, to the extent Stockbridge or its affiliates serves as general partner of any partnership and/or Managing Member of any limited liability company holding assets within an SMA, may also be contained in the applicable partnership agreement or limited liability company agreement for such entities. Upon termination of an SMA advisory agreement, any prepaid, unearned fees will be determined pursuant to the SMA advisory agreement and promptly refunded, and any earned, unpaid fees will be due and payable.

For consulting and administrative services clients, the terms associated with the termination by either party of a consulting or administrative services arrangement will be contained in the agreements establishing the arrangement.

EXPENSES

Fund Expenses: To the extent applicable, the Funds (and therefore, indirectly, the investors in such Fund) are responsible for paying all organizational, partnership and

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administrative expenses and all other Fund expenses up to amounts indicated within the Fund's offering documents or limited partnership agreements. These expenses vary by Fund, but typically will include, among other things: (i) administrative expenses related to the operation of the Fund (e.g., the fees and expenses of accountants, lawyers and other professionals incurred in connection with the Fund's annual audit, legal compliance, financial reporting, legal opinions, tax strategy and tax return preparation), including expenses of the Advisory Committee; (ii) all fees, costs and expenses related to the acquisition, holding, leasing, financing, refinancing, re-development, development, management, repairs, improvements, monitoring and sale or other disposition of investments (including any legal, audit, travel, financing, appraisal, insurance, consulting, brokerage, engineering, environmental inspection, indemnification costs and expenses) and the identification, evaluation and negotiation of potential investments (including any due diligence costs or expenses of any third parties and the general partner or Stockbridge) regardless of whether the potential investments, dispositions, improvements, re-developments or developments are consummated; (iii) any custodial expenses for the safekeeping of cash, securities and other property and any expenses related to making temporary investments and any interest expenses; (iv) all fees, costs and expenses related to the offering of Fund Interests as indicated within the Fund's offering documents or limited partnership agreement; (v) the costs of forming, organizing and maintaining each subsidiary of the Fund; (vi) any extraordinary administrative or operating fees or expenses (e.g., litigation or indemnification expenses); (vii) expenses incurred in connection with the dissolution and liquidation of the Fund; (viii) management fees; (ix) expenses incurred in connection with the provision and maintenance of any director and officer liability insurance policies, general partnership liability insurance policies or other liability insurance policies relating to the Fund; and (x) any other customary expenses. The Opportunity Funds may from time to time make political contributions to support pro-business and pro-real estate development candidates and ballot measures in various jurisdictions where it does business. Such fees may be borne by the portfolio company or property and therefore indirectly by the Opportunity Funds. Salary and benefit expenses of employees of Stockbridge are borne by Stockbridge.

SMA Expenses: Each SMA Client negotiates with Stockbridge regarding the expenses that such client will pay, but these expenses may include all fees, costs and expenses related to the acquisition, holding, leasing, financing, refinancing, development, management, repairs, improvements, monitoring and sale or other disposition of investments (including any legal, audit, financing, appraisal, insurance, consulting, brokerage, engineering, environmental inspection and indemnification costs and expenses) and the identification, evaluation and negotiation of potential investments (including any due diligence costs or expenses of any third parties and Stockbridge). In certain cases, the SMA Client will bear the cost of travel related to the acquisition, monitoring, and disposition of investments. Also, to the extent negotiated with the SMA Clients, such clients may also bear such costs regardless of whether the potential investments, dispositions, improvements or developments are consummated. The

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expenses that will be paid by each SMA Client may include additional or different expenses than the ones described herein and are documented in the relevant Governing Documents.

Platform Expenses: Pursuant to Stockbridge's agreements with YES Communities, SSIV, SIV Reno and Stockbridge NLP, the Platforms have agreed to reimburse Stockbridge for any expenses that may be incurred by Stockbridge on behalf of the Platforms and for its reasonable out-of-pocket expenses incurred in providing investment and asset management services to the Platforms. The agreements provide that the Platforms will not reimburse for any costs and expenses relating to the general operation of Stockbridge's business, including but not limited to administrative expenses, employment expenses, office expenses and rent. However, in the case of SSIV and SIV Reno, and subject to approval by the Board of Directors, SSIV and SIV Reno may reimburse Stockbridge for certain employment and employment related expenses for employees fully dedicated to providing services to SSIV and SIV Reno.

If the expenses are associated with more than one client, Stockbridge will allocate the expenses in good faith and in a manner that is fair to all the clients incurring such expenses.

Other Fee and Expense Matters: While we do not anticipate that mutual funds will be included in any client portfolio, money market mutual funds may be used to "sweep" unused cash balances until they can be appropriately invested. Accordingly, Limited Partners or members (as applicable) in the Funds, Platforms, PSERS YES Investor, NLP Investor and SMA Clients should be aware that all fees paid to us are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each mutual fund's prospectus. These fees will generally include a management fee, other fund expenses and, in certain cases, a distribution fee.

The Funds, Platforms, PSERS YES Investor, NLP Investor and SMA Client(s), as applicable, are also responsible for the fees and expenses charged by custodians and imposed by broker dealers. Such fees may include, but are not limited to, any transaction charges, fees for duplicate statements and transaction confirmations, and fees for electronic data feeds and reports.

Fees and expenses paid by vary by client and share class. Limited Partners or members (as applicable) should review the Governing Documents. SMA Clients should review their particular SMA advisory agreement (including, if applicable, our right to deduct fees directly from the SMA).

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ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We accept performance-based fees from certain of the Funds and Platforms (in each case, in the form of Carried Interest distributions) and may accept such fees from SMA Clients and, under certain circumstances, from consulting clients. Clients with performance and incentive fees are managed side-by-side and have similar investment strategies as clients that do not pay such fees. Further information regarding performance-based fees with respect to each type of client is provided in “Item 5 – Fees and Compensation” above. Additionally, please refer to the Governing Documents of each client for more complete information on the performance-based allocation arrangements.

The acceptance of performance-based fees may create an incentive for us to recommend investments or actions which may be riskier or more speculative than those that would be recommended under a different fee arrangement. Additionally, as certain of our investment professionals may manage one or more accounts that are charged a performance-based fee and others that are not charged such a fee, it may create an incentive for such investment professionals to favor the accounts in which we may receive a performance-based fee over those in which we do not receive such a fee. To address the circumstance when we advise multiple clients with substantially similar investment strategies and available capital, we adopt an Investment Allocation Policy which is further described below.

Investment Allocation Policy: The firm does not currently have multiple clients with available capital that are pursuing substantially similar investment strategies. Should we foresee that these circumstances will change, we will implement an investment allocation policy that is equitable and ensures that all clients are treated fairly.

PERFORMANCE-BASED FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF RULE 205-3 OF THE INVESTMENT ADVISERS ACT OF 1940 AND/OR APPLICABLE STATE REGULATIONS.

ITEM 7 – TYPES OF CLIENTS

We provide our services principally to institutional investors, including public and private pension funds, endowments, foundations and corporations or other businesses. In addition, we also provide services to certain high net worth individual investors.

Presently, all of the Opportunity Funds and Co-Investment Vehicles are closed to new investors, thus there is no applicable minimum investment. There is no stated minimum investment with respect to investment in TI Fund, YBI Fund or the Platforms.

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With respect to new SMA Clients, we generally require a minimum \$50,000,000 capital commitment to establish an SMA, but may waive this requirement under certain circumstances. Additionally, we may agree to group certain related SMA Client accounts together for the purposes of achieving the minimum account size.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

METHODS OF ANALYSIS

Our selection of target markets for investment opportunities is based on our review of real estate and macroeconomic research and the views of our investment professionals regarding the potential for favorable investment returns in various geographic markets and property types. We also consider input from prospective joint venture partners and real estate service providers (*i.e.*, property management firms, real estate brokerage firms, developers, construction managers, etc.) who have broad experience in particular regions, markets or property types.

Prospective investment opportunities are generally sourced through the network of relationships our firm and our investment professionals have developed throughout the real estate industry, including existing operating and development partners, potential new operating partners, real estate brokerage and lending contacts, as well as relationships with various other real estate professionals. We expect to proactively identify investment opportunities that are not broadly marketed for sale and endeavor, where possible, to identify and execute real estate transactions outside of a competitive bidding process.

Our due diligence review of prospective investments includes a financial review of the asset or portfolio, including an assessment of the market or markets in which the investment is located. Our financial analysis may utilize various valuation benchmarks, including estimated internal rates of return, expected cash-on-cash yields, projected investment yields on either a leveraged or unleveraged basis or both, testing of expected debt service coverage ratios and sensitivity analyses to consider investment returns based on a variety of potential scenarios. Where appropriate, we will utilize standardized financial, accounting and/or real estate software, such as ARGUS, to assist us in the development of financial forecasts and projections.

INVESTMENT STRATEGIES – GENERAL

Funds, Platforms and SMAs managed solely by Stockbridge pursue a value-added or opportunistic investment strategy. However, Stockbridge may pursue other investment strategies. Funds and SMAs solely managed by our affiliated advisor, CVA, will typically pursue a core or value-added strategy, though may also pursue other investment strategies. Our Platforms that are jointly managed by Stockbridge and CVA pursue a core

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strategy. Additionally, Funds, Platforms or SMAs may focus on investments within one or more selected property types (such as office, industrial, residential, retail or hotel properties) or geographic regions, or those meeting other selected criteria. All of our Funds, Platforms and SMA Clients will focus their investments principally on real estate properties, but certain clients may also invest in real estate-related assets and businesses.

Core: A core investment strategy generally involves the pursuit of real estate assets that are operationally stable and demonstrate high occupancy at acquisition, with low near-term rollover in leases. Core investments are generally located in primary markets (such as large cities or their suburbs) and are typically acquired in structures involving low to moderate levels of indebtedness. While a core portfolio will typically include a preponderance of core assets, it may also include certain non-core assets.

Value-added: A value-added investment strategy generally involves the pursuit of real estate assets that demonstrate somewhat greater volatility than core assets. Such assets are often moderately to well-leased, but may require additional capital investment, renovation or repositioning to achieve greater occupancy. Additionally, value-added portfolios may include selected development or redevelopment assets, “distressed” assets or assets acquired from “distressed” sellers. Value-added assets may be located in primary or secondary markets and are typically acquired in structures involving higher levels of indebtedness than core assets. A value-added portfolio will typically include a preponderance of value-added assets, but may also include assets outside this category.

Opportunistic: An opportunistic investment strategy involves the pursuit of assets demonstrating higher volatility and risk than either core or value-added assets. Such assets may include both traditional and non-traditional property types, as well as “ground-up” development projects and land. Opportunistic assets may have minimal or no occupancy at acquisition and/or a high concentration of near-term lease rollover. Opportunistic assets may be located in any geographic market and are typically acquired in structures involving higher levels of indebtedness. An opportunistic portfolio will typically include a preponderance of opportunistic assets, but may also include assets outside this category.

While certain real estate investment strategies are intended to minimize risk, investing in real estate and real estate-related assets and businesses will involve the risk of loss that our clients and investors (or members as applicable) in our Funds or Platforms must be prepared to bear.

INVESTMENT STRATEGIES – FUNDS

We pursue a value-added and opportunistic investment strategy on behalf of the Funds. This strategy includes the use of significant leverage and thus involves a high degree of risk. While the investment strategy of each of Fund differs slightly, each Fund pursues

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investments in real estate assets that generally require substantial renovation, repositioning, strategic development, redevelopment or land entitlement. Investments include large, complex transactions requiring expertise across multiple property types and real estate disciplines, and may include real estate related businesses. The Funds invest in real estate development projects, including in “ground-up” developments (*i.e.*, development projects on raw land on which there are no existing improvements). The Funds do not have specific diversification requirements as to property type or geographic region, although each of Fund I, Fund II and Fund III has restrictions as to the portion of capital commitments that may be invested in any single asset.

INVESTMENT STRATEGY – PLATFORMS

YES Communities invests in manufactured homes community assets and businesses in the United States. SSIV, SIV Reno and Stockbridge NLP invest in industrial assets in the United States. Each Platform is structured as a pooled investment vehicle and includes a limited number of investors or members (as applicable). The Platforms will seek to maximize total returns to investors through a combination of cash distributions and capital appreciation. The Platforms are managed by Stockbridge and CVA on a non-discretionary basis.

INVESTMENT STRATEGIES – SEPARATELY MANAGED ACCOUNTS

The investment strategy of SMAs will vary based on the goals and objectives of the SMA Client. Through personal discussions with an SMA Client, in which the SMA Client’s goals and objectives with respect to the SMA are established, we will develop an investment strategy for the SMA and then create and manage the SMA based on that strategy. In certain cases, prospective SMA Clients may already have an investment strategy in mind (or in circumstances where we are assuming control over an existing SMA, a strategy for the SMA may already be in place) and we will implement that strategy, subject to modifications agreed to between the SMA Client and us. We may manage certain SMAs on a discretionary basis and others on a non-discretionary basis (in each case, subject to discussions with the SMA Client) and (as applicable) customize SMAs based on an SMA Client’s investment guidelines and restrictions, leverage expectations and risk tolerance.

RISK FACTORS

Investments in real estate properties and real estate-related assets and businesses involve various risks, and we make no guarantees or assurances that our Funds, Platforms or SMAs will achieve their investment or return objectives. Risk factors associated with the investments of our Funds, Platforms and SMAs include the following:

Highly Competitive Market for Investment Opportunities: The business of identifying and structuring real estate investments is highly competitive and involves a high degree

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of uncertainty. Our Funds, Platforms and SMAs compete for investments with other real estate investment vehicles, as well as individuals, financial institutions and other institutional investors which may have greater financial and other resources. In addition, the availability of investment opportunities is subject to market conditions as well as, in some cases, the prevailing regulatory or political climate.

General Economic and Real Estate Considerations: Real estate investments are subject to a variety of inherent risks that may have an adverse impact on the values of, and returns (if any) from, such investments, including changes in the general economic climate, local conditions (such as an oversupply of space or a reduction in demand for space), competition based on rental rates, attractiveness and location of the properties, the financial condition of tenants, buyers and sellers of properties, the quality of maintenance, insurance and management services, changes in operating costs and taxes, government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, the availability of financing, potential liability under environmental and other laws, energy prices, the ongoing need for capital improvements, tenant default or distress, construction risks, as well as natural catastrophes, acts of war, civil unrest, uninsurable losses and other factors beyond our control.

Risks Relating to Tenants: Our Funds, Platforms and SMAs may not be able to attract credit-worthy tenants for their properties or replacement tenants at rental rates equal to or greater than the rents paid under previous leases. Increased competition for tenants may require capital improvements to properties which would not have otherwise been planned. Any unbudgeted capital improvements that are undertaken may divert cash from that which would otherwise be available for distributions to clients/investors or may require unanticipated borrowings. Furthermore, at any time, a tenant may seek the protection of bankruptcy or insolvency laws, which could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the distributable cash flow to clients/investors.

Potential Environmental Liabilities: Under various federal, state and local laws, ordinances and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such enactments often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore is generally not limited under such enactments and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell such property or to borrow using such property as collateral. A Fund, Platform or SMA could also be held liable for any and all consequences arising out of past and future releases of, or exposure to, such hazardous or toxic substances or other environmental damage.

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Risks Associated with Development, Redevelopment and Renovation: Depending on their individual investment strategies, our Funds, Platforms and SMAs may acquire properties in need of substantial renovation or redevelopment and may also develop new properties. New project development, redevelopment and major renovation work are subject to a number of risks, including risks of construction delays or significant cost overruns that may increase project costs, risks that the properties will not achieve anticipated sales prices or occupancy levels or sustain anticipated rent levels, and new project commencement risks, such as the failure to obtain entitlement, zoning, occupancy and other required governmental permits and authorizations and the incurrence of development costs in connection with projects that are not pursued to completion.

Lack of Liquidity and Long-Term Nature of Investments: Real estate investment are often illiquid, and this fact will tend to limit our ability to vary the portfolios of our Funds, Platforms and SMAs promptly in response to changes in economic or other conditions. Illiquidity may result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on resale. As a result, a Fund, Platform or SMA may be unable to realize its investment objectives by sale or other disposition at attractive prices, or may otherwise be unable to complete an exit strategy for its investments. Additionally, while the expected holding period for real estate investments will vary, such investments are generally longer term in nature. Accordingly, our Funds, Platforms and SMAs face risks of changes in long-term interest rates and adverse changes in the real estate markets over the holding period of their investments.

Third-Party Involvement: Our Funds, Platforms and SMAs may hold investments in partnerships, joint ventures or other entities with third parties. Joint venture investments involve various risks, including the risk that we will not be able to implement investment decisions or exit strategies because of limitations on our control of the property under applicable agreements with joint venture partners, the risk that a joint venture partner may experience financial difficulties or may at any time have economic or business interests or goals which are inconsistent with ours, the risk that joint venture partners may be in a position to take action contrary to our objectives, the risk of liability based upon the actions of a joint venture partner and the risk of disputes or litigation with such partners.

Leverage: Our Funds, Platforms and SMAs may leverage their investments with debt financing in amounts which are significant relative to the costs of the investments. Incurring mortgage debt increases the risk of loss because defaults on indebtedness secured by properties may result in foreclosure actions initiated by lenders and ultimately a Fund, Platform or SMA's loss of properties securing any loans for which it is in default. A foreclosure could also cause a Fund, Platform or SMA to recognize taxable income, even in the absence of any cash proceeds.

In certain circumstances, financing may be recourse to the underlying Fund, Platform or SMA, which may expose the client to the loss of other assets not directly securing the

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loan. Funds, Platforms and SMAs pursuing value-added and opportunistic investment strategies will tend to use progressively higher levels of leverage. Though this may enhance returns and increase the number of investments that can be made, it may also substantially increase the risk of loss and exposure to adverse economic factors such as rising interest rates.

Interest Rate Risks: Changes in interest rates may adversely affect the investments of our Funds, Platforms and SMAs. For example, a Fund, Platform or SMA may finance one or more investments with “floating rate” indebtedness, where interest charges rise with increases in interest rates. Increased interest charges could reduce or eliminate the income the client realizes from its investments and/or result in default on outstanding indebtedness. Even if a Fund, Platform or SMA is not exposed to “floating rate” indebtedness, increases in interest rates may reduce the value of its investments and its ability to realize gains from their sale. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors.

Government Regulation: The real estate industry is extensively regulated and subject to frequent regulatory change. The adoption of new legislation or changes in existing laws or new interpretations of existing laws can have a significant impact on methods of doing business, costs of doing business and amounts of reimbursement from governmental and other agencies.

Investments in Real Estate Debt: While we expect that most of the investment in our Funds, Platforms and SMAs will be equity investments in real estate assets, our clients may also invest in real estate and real-estate debt instruments. Direct or indirect investment in real estate or real estate-related debt instruments involves the risk of borrower default, risks associated with real estate investments generally, illiquidity, lack of control, mismanagement or decline in value of the underlying collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or statutory restrictions on the exercise of contractual remedies for defaults of such investments.

Non-Performing Loans; Foreclosure Process: Real estate or real estate-related loans may be or become non-performing for a variety of reasons. Non-performing loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal amount of such loans. Further, it may be necessary or desirable to foreclose on collateral securing one or more real estate loans. The foreclosure process can be lengthy and expensive, and borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses (including lender liability claims and defenses) and/or by filing for bankruptcy, which may delay or stay the

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foreclosure process. Foreclosure litigation also tends to create a negative public image of the collateral property, which may disrupt ongoing leasing and management.

Cybersecurity and Operational Risks: The Funds, Platforms, SMA Clients, assets and properties of these clients, and their service providers, including, but not limited to, their custodians, consultants, property managers, legal counsel and auditors, are subject to risks associated with a breach in cybersecurity. Such breaches could include external malicious attacks or internal personnel misuse. Any damage or interruptions to information technology systems may cause losses to the Funds, Platforms (or individual investors/members in the Funds or Platforms) and SMA Clients by interfering with the operations of Stockbridge and/or the Funds, Platforms and SMAs. The Funds, Platforms and SMA Clients may also incur costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose the Funds, Platforms, SMA Clients and Stockbridge to civil liability as well as regulatory inquiry and/or action. Similar types of cybersecurity risks exist for certain properties or assets in which the Funds, Platforms or SMA Clients invest, which could affect their business and financial performance, potentially resulting in material adverse consequences and causing such investments to lose value. Stockbridge's ability to conduct its business effectively is subject to a variety of other operational risks and is dependent on the ability to process Fund, Platform (and Fund or Platform investors/members) and SMA Client transactions. Notwithstanding the precautionary measures Stockbridge has in place, if any of Stockbridge's controls or systems fail, Stockbridge could suffer business disruption, financial loss, or regulatory or reputational issues.

COVID-19 Outbreak: The continuing spread of a new strain of coronavirus, which causes the viral disease known as COVID-19, may adversely affect the investments and operations of Stockbridge's clients. Since its discovery in December 2019, COVID-19 has spread from China to many other countries, including the United States. The outbreak has been declared to be a pandemic by the World Health Organization, and in the United States the Health and Human Services Secretary has declared a public health emergency and the President has declared a national emergency in response to the outbreak. The global impact of the outbreak has been rapidly evolving, and as cases of the virus have continued to be identified in additional countries, many countries have reacted by instituting quarantines and restrictions on travel. Such actions are creating disruption in global supply chains, and adversely impacting a number of industries, such as transportation, hospitality, retail and entertainment. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of the novel coronavirus. Nevertheless, the novel coronavirus presents material uncertainty and risk with respect to the performance

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and financial results of the Funds, Platforms and SMA Clients.

Certain tenants and potential tenants of office, industrial, multifamily or retail properties owned by the Funds, Platforms and SMA Clients may operate in, or work for, industries that could be adversely affected by the disruption to business caused by the global outbreak of COVID-19. Many manufacturers of goods in China and other countries have seen a downturn in production due to the suspension of business and temporary closure of factories in an attempt to curb the spread of the illness. This may lead to a decline in imported goods from these countries, which may negatively impact the business or income of certain tenants and potential tenants of certain properties and thus may adversely affect the performance and financial results of the Funds, Platforms and SMA Clients.

Construction projects may incur delays due to federal, state or local laws or guidelines which may impact the ability of development managers, contractors, subcontractors and other development-related personnel to perform work under normal circumstances. In many cases, schools and certain retail establishments have been closed and bans on public events have been instituted. These conditions may be in place for a considerable period of time and may cause significant economic disruption, which could adversely affect the performance and financial results of the Funds, Platforms and SMA Clients.

Market Volatility Could Increase the Risk of Default by Investors: The outbreak of the novel coronavirus in many countries continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The outbreak and related government actions intended to curb the spread of COVID-19 are expected to have a continued adverse impact on economic and market conditions in the short term and potentially the long term, and could trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any definitive prediction as to the ultimate adverse impact of the novel coronavirus on the individual portfolios of existing or prospective investors. If the liquidity of investors were to be adversely impacted, then a Fund or Platform could experience an increased rate of default amongst investors on their respective Capital Commitments above that which could be reasonably expected under normal market conditions. If existing or prospective investor fail to fund their respective Capital Commitments in the normal course of business, a Fund's or Platform's ability to continue its investment program or to otherwise continue operations may be significantly impaired. Notwithstanding the contractual remedies provided in a Fund's or Platform's Governing Documents, a default by a substantial number of such investors, or by one or more of such investors who have made substantial equity commitments could limit a Fund's or Platform's ability to develop and acquire properties and otherwise take advantage of investment opportunities, and significantly reduce returns to a Fund or Platform.

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ITEM 9 – DISCIPLINARY PROCEEDINGS

Stockbridge and its senior investment professionals have no reportable disciplinary events to disclose.

ITEM 10 – OTHER FINANCIAL ACTIVITIES AND AFFILIATIONS

Registered Investment Advisor: In 2010, Stockbridge formed an affiliated investment advisor, Core and Value Advisors, LLC (“CVA”; CRD File # 156093), to expand the core and value-added segments of our business. CVA is 49% owned by Stockbridge and 1% by Terrence E. Fancher, with the remaining 50% owned by certain of our (and CVA’s) investment professionals. While Stockbridge and CVA operate as independent businesses, Stockbridge and CVA share personnel responsible for finance and operating functions such as compliance, accounting, human resources and technology.

For additional information regarding certain relationships between Stockbridge personnel and CVA, see “Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” below.

Funds: The Funds are controlled by the general partner for each client (the “General Partners”), which are affiliates of Stockbridge. Stockbridge Capital Partners, LLC (the “Fund I GP”) is the General Partner of Fund I, Stockbridge Real Estate Partners II, LLC (the “Fund II GP”) is the General Partner of Fund II, HP Co-Invest and Sahara Co-Invest, Stockbridge Real Estate Partners III, LLC (the “Fund III GP”) is the General Partner of Fund III, Stockbridge TI Partners, LLC (the “TI Fund GP”) is the General Partner of TI Fund, and Stockbridge YBI Partners, LLC (the “YBI Fund GP”) is the General Partner of YBI Fund. Stockbridge provides investment advisory services to the Funds and Terrence E. Fancher is the Managing Member of the General Partners.

In 2018, Stockbridge and the YBI Fund GP entered into service agreements (the “Services Agreements”) with subsidiaries of CITIC Capital Holdings for the affiliates’ assistance with investor relations and marketing activities relating to the YBI Fund. All fees associated with the Services Agreements are borne by Stockbridge and/or the YBI Fund GP.

YES Communities and YES OP: YES Communities is the General Partner of YES OP. Stockbridge YES Partners, LLC (“Stockbridge YES Partners”) is an affiliate of Stockbridge formed to invest in YES Communities and PSERS YES Investor. Stockbridge provides investment and asset management services to YES Communities and Terrence E. Fancher is the Managing Member of Stockbridge YES Partners.

PSERS YES Investor: Stockbridge PSERS YES GP, LLC (“PSERS YES GP”) is an

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affiliate of Stockbridge and was formed to serve as the General Partner of PSERS YES Investor, which in turn invests in YES Communities. Terrence E. Fancher is the Managing Member of PSERS YES GP.

Jointly Managed Platforms: With respect to SSIV, SIV Reno and Stockbridge NLP, Stockbridge has entered into Services and Sub-advisory Agreements with CVA for CVA to provide investment advisory services to each client. These services vary by Platform but include Board of Director and Investment Committee participation, portfolio and asset management, and sourcing investment opportunities.

NLP Investor: Stockbridge NLP Investor GP ("NLP Investor GP") is an affiliate of Stockbridge and was formed to serve as the General Partner of NLP Investor, which in turn invests in Stockbridge NLP. Stockbridge provides investment and asset management services to Stockbridge NLP and Terrence E. Fancher is the Managing Member of NLP Investor GP.

Other: Employees of Stockbridge may have family members and/or friends that are employed with, or are otherwise affiliated with, entities that provide services or engage in business transactions with Stockbridge and/or our clients. Examples of such relationships may include entities that are our clients' investors, joint venture partners, operating partners, real estate or securities brokers, consultants, lenders, and/or tenants in buildings owned by our clients. No discounts are afforded to employees of Stockbridge, or their family members, should they tenant a building owned by a client. Employees are required to report certain relationships to the Compliance Department to review for conflicts of interest.

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

CODE OF ETHICS

We have adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Our Code of Ethics requires high standards of business conduct and compliance with applicable federal and state securities laws. Our Code of Ethics stresses that no person employed by us shall prefer his/her own interests to those of our investment advisory clients, and prohibits the use of material non-public information. To supervise compliance with our Code of Ethics, we require supervised persons to provide annual securities holdings reports and quarterly transaction reports of all reportable transactions to our Chief Compliance Officer. We also require prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code of Ethics provides for sanctions when appropriate. Clients, investors and prospective clients or investors may obtain a copy of our Code of Ethics upon request by contacting our Chief

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Compliance Officer.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

As general partners, limited partners, members or managing members of the general partners (or of other entities established for the purpose of investment in the Funds or Platforms) of each of the Funds or Platforms, Stockbridge and its related persons will have indirect beneficial interests in the securities owned by the Funds or Platforms and may share in any profits and losses generated by the Funds' or Platforms' investments. Moreover, in certain situations, related persons of Stockbridge may hold or purchase interests in the same portfolio investments held by one or more Funds or Platforms. All such transactions are subject to compliance with Stockbridge's Code of Ethics as described above and the Governing Documents of the applicable Funds or Platforms. Any access person who has or acquires ownership of an issuer through a private placement (excluding any indirect investment in an issuer via a direct or indirect interest in a Fund) must affirmatively disclose that interest to the Chief Compliance Officer if such access person is involved in considering or determining any subsequent investment decision regarding an investment by a Fund or Platform in any security of that issuer or an affiliate.

Stockbridge and/or certain related persons of Stockbridge may, on rare occasions, directly or through one or more entities, sell securities in which they have a direct or indirect ownership interest to certain clients in connection with certain "warehousing" or investment transactions, provided that the sale is consistent with Stockbridge's fiduciary obligations to the client. Such transactions will be fully disclosed and the written consent of the appropriate Fund or Platform (which, in certain circumstances, may be provided by the Fund's Advisory Committee) will be obtained prior to the consummation of any such transactions in accordance with Section 206(3) of the Advisers Act to the extent that such transactions constitute "principal transactions" under Section 206(3).

Moreover, Stockbridge may, in limited instances, cause a Fund or Platform to engage in "cross transactions" via the purchase or acquisition of a security from, or the sale or transfer of a security to, another Fund or Platform, provided that the transfer is consistent with Stockbridge's fiduciary obligations to each Fund or Platform participating in the cross transaction.

While Stockbridge endeavors at all times to act in the best interests of its clients, such transactions described above create a potential conflict of interest.

Funds: Through the General Partners, Stockbridge investment professionals have made capital commitments to the Funds (collectively, the "Fund GP Commitments"). However, Stockbridge, its members and its investment professionals have not made, or are expected to make, capital contributions to the Co-Investment Vehicles. The Fund GP Commitments that have been called for investment have been funded by Terrence E.

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Fancher and certain other individuals, either directly or through borrowings. Additionally, certain of our senior investment professionals are entitled to receive distributions from the Fund I GP in respect of contributions made by Terrence E. Fancher.

In addition to distributions associated with their capital commitments, the Fund I GP, Fund II GP, Fund III GP, TI Fund GP and YBI Fund GP are entitled to receive Carried Interest distributions from Fund I, Fund II, Fund III, TI Fund and YBI Fund, respectively. The Fund II GP is also entitled to receive Carried Interest distributions from HP Co-Invest. Terrence E. Fancher and other Stockbridge investment professionals have participated in the Carried Interest distributions paid to the Fund I GP. The members and investment professionals of Stockbridge, and certain other individuals, may participate in the Carried Interest distributions (if any) paid to the Fund II GP, Fund III GP, TI Fund GP and YBI Fund GP.

YES Communities and YES OP: Stockbridge YES Partners is entitled to receive Carried Interest distributions from YES OP and has committed capital to YES Communities. Stockbridge YES Partners has received capital contributions from Terrence E. Fancher and certain other senior Stockbridge investment professionals who are also members. These members are entitled to distributions associated with their capital contributions. Stockbridge YES Partners has also admitted members, all Stockbridge investment professionals, who are granted the right to participate in the Carried Interest distributions (if any) paid to Stockbridge YES Partners.

PSERS YES Investor: PSERS YES GP manages PSERS YES Investor for no fee, has no Committed Capital or Carried Interest. Stockbridge YES Partners has committed capital to PSERS YES Investor. Terrence E. Fancher and certain other Stockbridge investment professionals are members of and have contributed capital to Stockbridge YES Partners. Each member is entitled to distributions associated with the capital contributions, but no Carried Interest distributions are payable with respect to capital committed to PSERS YES Investor.

SSIV and SIV Reno: Stockbridge SIV Partners, LLC ("SIV Partners") is an affiliate of Stockbridge formed to invest in SSIV and SIV Reno. Stockbridge is the Managing Member of SIV Partners. SIV Partners has received capital contributions from its members which include Terrence E. Fancher, certain other Stockbridge investment professionals and an affiliate of CITIC Capital Holdings. Each member is entitled to distributions associated with their capital contributions, but no Carried Interest distributions are payable with respect to capital committed to SIV Partners. SIV Promote, LLC ("SIV Promote") is an affiliate of Stockbridge formed to earn Carried Interest (if any) with respect to SSIV and SIV Reno. Stockbridge is the Managing Member (and sole member) of SIV Promote. SIV Promote has not committed capital to SSIV or SIV Reno. Stockbridge has sole discretion to admit new members and grant allocations of future Carried Interest distributions to members of SIV Promote.

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Stockbridge NLP: Stockbridge NLP Partners (“NLP Partners”) is an affiliate of Stockbridge formed to invest in Stockbridge NLP and NLP Investor. Stockbridge is the Managing Member of NLP Partners. NLP Partners has received capital contributions from its members which include Stockbridge and CVA investment professionals, and an affiliate of CITIC Capital Holdings. Each member is entitled to distributions associated with their capital contributions, but no Carried Interest distributions are payable with respect to capital committed to NLP Partners. Stockbridge NLP Promote, LLC (“NLP Promote”) is an affiliate of Stockbridge formed to earn Carried Interest (if any) with respect to Stockbridge NLP. Stockbridge is the Managing Member (and sole member) of NLP Promote. NLP Promote has not committed capital to Stockbridge NLP. Stockbridge has sole discretion to admit new members and grant allocations of future Carried Interest distributions to members of NLP Promote. A client of CVA, Smart Markets Fund, LP (“Smart Markets Fund”), holds a 10% interest in Stockbridge NLP.

NLP Investor: NLP Investor GP manages NLP Investor for no fee, has no Committed Capital or Carried Interest. NLP Investor has two investors, one unaffiliated investor and NLP Partners, which have committed capital to NLP Investor. NLP Partners has received capital contributions from its members which include Stockbridge and CVA investment professionals, and an affiliate of CITIC Capital Holdings. Each member is entitled to distributions associated with their capital contributions, but no Carried Interest distributions (if any) are payable with respect to capital committed to NLP Investor.

CVA Clients: Other than with respect to SSIV, SIV Reno and Stockbridge NLP which are clients of both Stockbridge and CVA, described above, certain of Stockbridge’s investment professionals have invested in other CVA clients. Certain Stockbridge investment professionals invested their own capital and are members of a limited liability company (the “TLF LLC”), which has invested in a limited partnership (“TLFII”) in which a SMA Client of CVA is the largest investor. CVA provides investment management services to TLFII and controls its General Partner. The TLF LLC (and, through them, the investment professionals who have invested therein) are entitled to receive distributions from TLFII in the same manner as the SMA Client. In addition, the limited partnership agreement for TLFII contains certain buy/sell provisions giving the SMA Client the right to purchase TLF LLC’s interest in TLFII, and gives TLF LLC the right to sell such interest to the SMA Client in certain circumstances, including if the General Partner of TLFII is removed or CVA is removed as Investment Manager. In the future, we and/or our investment professionals may make similar arrangements to invest alongside our SMA Clients (and/or SMA Clients of CVA) in the investments of SMAs.

CVA and certain of our professionals have invested their own capital and are members of two limited liability companies (the “Value Fund II SLP” and “Value Fund III SLP”) which have invested in two limited partnerships (the “Value Fund II” and “Value Fund III”). CVA provides investment management services to Value Fund II and Value Fund III and controls the General Partner of each. The Value Fund II SLP and Value Fund III SLP are

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entitled to receive distributions relating to their capital contributions, and Carried Interest distributions from the Value Fund II and Value Fund III, respectively. CVA and the Stockbridge investment professionals may also participate in the Carried Interest distributions (if any) paid by these funds. Stockbridge has not invested any capital in, or is entitled to any Carried Interest distributions from, Value Fund II SLP and Value Fund III SLP or the General Partners of Value Fund II and Value Fund III. Certain of our investment professionals have invested their own capital to acquire partnership interests in the Smart Markets Fund, a limited partnership. Finally, an affiliate of CITIC Capital Holdings has invested in the Smart Markets Fund. CVA provides investment management services to the Smart Markets Fund and controls its General Partner. The investment professionals and the affiliate of CITIC Capital Holdings have the same rights as the other limited partners in the Smart Markets Fund. Stockbridge has not invested any capital in or is entitled to any Carried Interest distributions from the Smart Markets Fund or its General Partner.

SMA Client Investment in Funds: As we receive compensation for providing managerial services to our Funds and Platforms, we may have a conflict of interest in soliciting our SMA Clients (or those of CVA) to invest in our Funds or Platforms. However, SMA Clients are under no obligation to participate in such investments and we will disclose our affiliation with the Funds and Platforms to those SMA Clients who are solicited to invest. While we endeavor at all times to put the interest of SMA Clients first as part of our fiduciary duty, SMA Clients should be aware that the receipt of additional compensation may itself create a conflict of interest, and may affect our judgment when making such solicitations.

ADVISORY COMMITTEES

Advisory Committees are in place for the Opportunity Funds, TI Fund and YBI Fund, and consist of Limited Partners appointed in accordance with the Governing Documents. The Advisory Committee generally advises the General Partner on and helps resolve issues involving conflicts of interest and may perform other agreed-upon responsibilities described in the Governing Documents or with each Advisory Committee.

ITEM 12 – BROKERAGE PRACTICES

As our Funds, Platforms and SMAs invest principally in real estate assets, we are rarely required to select or recommend broker-dealers for client securities transactions. In circumstances where securities brokers or dealers are required, we will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services that will help us in providing investment management services to clients. We may therefore use

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the broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. With respect to the purchase or sale of securities for client accounts, we do not aggregate the purchase or sale of securities for our clients as each client holds distinct investments that are consistent with its investment objectives. Research services may be useful in servicing all of our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

ITEM 13 – REVIEW OF ACCOUNTS

THE FUNDS, PLATFORMS, PSERS YES INVESTOR AND NLP INVESTOR

Reviews: The underlying investments of the Funds, Platforms, PSERS YES Investor and NLP Investor are regularly monitored and reviewed by Managing Directors of our firm in the context of their investment objectives and guidelines. All investments are subject to an annual capital and operating budget process and financial results for investments are reviewed generally on a monthly, quarterly and annual basis. Further, asset valuations are reviewed regularly, with write-ups or write-downs taken pursuant to GAAP accounting procedures. Our investment professionals visit properties (or, in the case of portfolios containing a large number of smaller properties, a selection thereof) generally at least once each calendar year. Larger properties, as well as those undergoing renovation, development or redevelopment, are typically visited on a more frequent basis.

Reports: We furnish quarterly unaudited financial statements (including a balance sheet, income statement, and statement of cash flow) to all Limited Partners or members (as applicable) of the Funds and Platforms. With respect to the YES Communities, these statements are furnished to the YES Communities members by the day-to-day operating partner of YES OP. We furnish annual audited financial statements (including a balance sheet, income statement, and statement of cash flow) to all Limited Partners or members (as applicable) of the Funds, Platforms, PSERS YES Investor and NLP Investor. With respect to the YES Communities, these annual audited statements are furnished to YES Communities' members by the day-to-day operating partner of YES OP. On a quarterly and annual basis, Limited Partners or members (as applicable) are also provided a summary of applicable activities, including all acquisitions and dispositions. With respect to YES Communities, we assist the operating partner of YES OP in the preparation of detailed monthly and quarterly reports that are furnished to the YES Communities members in the addition to the financial statements referred to above. The YES Communities members are also provided information about the performance of the business including actual-to-budget reporting, capital investment and occupancy trends. All of the statements and reports described above are in written form.

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SEPARATELY MANAGED ACCOUNTS

Reviews: The firm currently manages two assets for one SMA Client under separate advisory agreements. Generally, underlying investments within SMAs are regularly monitored and reviewed by one or more Managing Directors of our firm in the context of their investment objectives and guidelines. An Annual Business Plan is prepared for all investments and financial results for investments are reviewed generally on a monthly, quarterly and annual basis. If required by the SMA Client advisory agreement, asset valuations are periodically prepared and write-ups or write-downs taken pursuant to GAAP accounting procedures (or otherwise, as agreed with an SMA Client). Our investment professionals visit properties at least annually, and always as required under each SMA Client advisory agreement. Larger properties, as well as those undergoing renovation, development or redevelopment will typically be visited on a more frequent basis.

Reports: Generally, we provide SMA Clients with written quarterly and annual reports summarizing account performance, balances and holdings and any additional reports as specified and contracted for with an SMA Client in the applicable SMA advisory agreement.

CONSULTING AND ADMINISTRATIVE SERVICES

Reviews: Reviews with respect to consulting and administrative services clients will be undertaken as contracted for in the applicable consulting or administrative services agreement.

Reports: Consulting and administrative services clients receive reports in oral or written form as contracted for in the applicable consulting or administrative services agreement.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

At such time that Stockbridge directly or indirectly compensates any affiliate or non-affiliate for client referrals, compensation and disclosures will be in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940 and any other applicable regulations.

We or our affiliates employ the services of placement agents (*i.e.*, external consultants who specialize in finding institutional investors to invest in private placements or companies issuing securities). These placement agents will approach prospective investors in our Funds, Platforms and/or prospective SMA Clients on our behalf and will typically charge a fee based on the percent of the funds they raise plus reimbursement of certain out-of-pocket expenses. With respect to prospective investors in our Funds or

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Platforms, placement fees and expenses may be paid by the applicable Fund or Platform and then deducted from Management Fees payable by the Fund or Platform. With respect to SMA Clients, placement fees will typically be paid by us directly, unless otherwise negotiated between the SMA Client and us. The receipt of compensation by the placement agents creates a potential conflict of interest and may affect the judgement of placement agents when referring potential investors to the Funds, Platforms or SMAs.

In 2018, Stockbridge and the YBI Fund GP entered into Services Agreements with subsidiaries of CITIC Capital Holdings for the affiliates' assistance with investor relations and marketing activities relating to the YBI Fund. All fees associated with the Services Agreements are borne by Stockbridge and/or the YBI Fund GP.

In 2019, Stockbridge entered into three agreements with unaffiliated parties to source prospective investors relating to TI Fund and Fund III (and related follow-on Funds) and a new Platform. All fees associated with the services will be borne by Stockbridge, an affiliate of Stockbridge, and/or the existing or new investment vehicles.

No party (other than our clients) provides an economic benefit to us for providing Investment advice or other advisory services to our clients.

ITEM 15 – CUSTODY

As described under “Item 13 – Review of Accounts,” we provide quarterly unaudited financial statements both to SMA Clients and to Limited Partners and members (as applicable) in our Funds and Platforms. The Funds, Platforms, PSERS YES Investor and NLP Investor are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements, prepared in accordance with generally accepted accounting principles, are distributed to each Limited Partner or member (as applicable) within 120 days of the fiscal year end. Additionally, client cash balances and working capital may be invested in bank deposits, money market funds or similar cash-equivalent instruments with qualified custodians and such qualified custodians, to the extent required, will send periodic statements directly to our clients (including, in the case of SMA Clients, to the specific legal entities created to hold the investments in the SMA). To the extent they receive such information, SMA Clients are urged to carefully review and compare the statements they receive from qualified custodians, as applicable, with those they receive from us.

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ITEM 16 – INVESTMENT DISCRETION

FUNDS

The General Partners of the Funds have discretion to determine the portfolio composition and which investments are to be bought or sold (in the case of the Opportunity Funds), and have the discretion to acquire, hold, develop, reinvest in, manage and ultimately dispose of Fund investments. The investment discretion of the General Partners is provided in and subject to the terms and conditions contained in the relevant organizational documents of these entities.

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SMA advisory agreements may provide investment discretion to us to determine the portfolio composition of such SMA and which investments are to be bought or sold. Such discretion may include various limitations, including the size of the assets to be acquired or sold, the property type, location or other features of such assets and/or the amount and terms of indebtedness that may be placed on such assets. In all cases, we would request that SMA Clients granting us discretionary authority do so in writing. Further, to the extent that any SMA Client wishes to impose limitations on our discretionary authority, we will request that such limitations be included in the written authority statement. If a SMA Client wishes to amend or change our discretionary authority, we will request that such amendment or change also be in writing.

ITEM 17 – VOTING CLIENT SECURITIES

As our clients invest principally in real estate assets, we are rarely required to vote client securities in a proxy process. However, if we are required to vote proxies for any of our Funds or Platforms, we will do so in the interest of maximizing value for the investors. To that end, we will endeavor to vote proxies in the manner that we determine in good faith will be the most likely to cause the investments of the applicable Fund to increase the most or decline the least in value. Consideration will be given to both the short and long-term implications of the proposal to be voted on when considering the optimal vote. We will also be responsible for voting the proxies in the best interest of the applicable Fund, Platform and its investors, and submitting the proxies promptly and properly. Stockbridge does not accept direction from Fund investors or Platform members with respect to proxy voting. To the extent that Stockbridge determines a material conflict of interest exists, the applicable Portfolio Manager will determine with the firm's Conflicts Committee whether it is appropriate to disclose the conflict to the effected clients, to give the investors an opportunity to vote the proxies themselves or to address the voting issue through other objective means, such as receiving an independent third-party voting recommendation.

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SMA Clients may elect to delegate their proxy voting authority to us. Alternatively, SMA Clients may choose to receive proxies related to their SMAs, in which case we will consult with clients with respect to such proxies as requested. When we have discretion to vote proxies of an SMA Client, we will vote those proxies in the manner we believe to be in the best interests of such SMA Client and in accordance with our established policies and procedures. With respect to ERISA accounts of SMA Clients, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies.

SMA Clients and investors may obtain a copy of our complete proxy voting policies and procedures by contacting our Chief Compliance Officer using the contact information on the cover page of this document. Clients and investors may also request, in writing, information on how proxies were voted.

Stockbridge does not typically participate in class action suits on behalf of the Funds, Platforms and SMA Clients. If documents are received by an SMA Client, Stockbridge will gather any requisite information and forward it to the SMA Client to enable the SMA Client to file the "Class Action" at the SMA Client's discretion.

ITEM 18 – FINANCIAL INFORMATION

We are not aware of any financial condition that is reasonably likely to impair our firm's ability to meet its contractual commitments to clients. Our firm is not, and has not been, subject to any bankruptcy petition.