
Mill Road Capital Management LLC

Part 2A of Form ADV: Firm Brochure



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March 31, 2021

Item 1 Cover Page

This brochure, dated March 31, 2021 (the "Brochure"), provides information about the qualifications and business practices of Mill Road Capital Management LLC. If you have any questions about the contents of this Brochure, please contact us at: 203-987-3500, or by email at: investorrelations@millroadcapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC or a state securities authority does not imply a certain level of skill or training.

Additional information about Mill Road Capital Management LLC also is available on the SEC's website at www.adviserinfo.sec.gov

Item 2 Material Changes

This Brochure, dated March 31, 2021, replaces our previous brochure, dated March 30, 2020. This Brochure makes minor changes when compared to the brochure dated March 30, 2020. Mill Road Capital Management LLC (“Mill Road” or the “Firm”) will update this Brochure no less than annually.

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Item 4 Advisory Business

Firm Description

Mill Road is a Delaware limited liability company founded in 2004 by Thomas Lynch. Senior investment professionals have been with Firm over ten years. Two of which have been with the Firm since 2006 while the other joined in 2008.

Principal Owners

The owners of Mill Road are set forth on Schedule A of Part 1A of the Firm's Form ADV. Thomas Lynch is a principal owner of the Firm.

Types of Advisory Services

Mill Road provides investment advice to closed-end private investment funds that are not registered under the Investment Company Act of 1940, as amended. Currently, the Firm provides investment advisory services to three funds, Mill Road Capital, L.P. ("Fund I"), which had its final closing in 2008, Mill Road Capital II, L.P. ("Fund II"), which had its final closing in 2013, and Mill Road Capital III, L.P. ("Fund III"), which had its final closing in 2020 (each a "Fund," and collectively, the "Funds"). Fund I and Fund II are structured as Delaware limited partnerships. Fund III is structured as a Cayman Islands exempted limited partnership. Mill Road Capital GP LLC ("Fund I GP") serves as Fund I's general partner, Mill Road Capital II GP LLC ("Fund II GP") serves as Fund II's general partner and Mill Road Capital III GP LLC ("Fund III GP") serves as Fund III's general partner (each a "GP," and collectively, the "GPs"). Each of Fund I GP, Fund II GP and Fund III GP is an affiliate of Mill Road.

Pursuant to investment management agreements among the Firm and the individual Funds and their respective GPs, Mill Road assists the GPs with the management of the Funds' investments. Fund I GP, Fund II GP and Fund III GP are special purpose vehicles of Mill Road, as defined in the SEC's Division of Investment Management American Bar Association no action letter dated as of January 18, 2012.

The Firm provides investment advice to closed-end private investment funds that are not registered under the Investment Company Act of 1940, as amended. Mill Road focuses on making private investments in and/or taking private publicly-traded micro-cap companies in North America. Mill Road may also make investments in private companies which are otherwise similar in nature to the publicly-traded micro-cap companies in which it generally invests. The Firm believes that its investment process enhances return and mitigates risk, with the goal of generating long-term value creation. The current portfolio consists of companies in a broad range of industries, including retail, manufacturing, business services, commercial services and consumer products and services.

Tailored Relationships

Mill Road provides its advisory services to the Funds in accordance with the investment objectives, investment guidelines and restrictions set forth in the relevant Fund's confidential private placement memorandum, limited partnership agreement, investment management agreement and other formation and operating documents pertaining to the Fund (collectively, the

“Governing Documents”). Mill Road’s advisory services for each Fund are detailed in the Fund’s Governing Documents and are further described below under “Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.”

Mill Road may give certain persons, including existing investors in the Funds and third parties, an opportunity to co-invest alongside a Fund. The terms of any such investment would be set by Mill Road at the time of such investment.

Wrap Fee Programs

Mill Road does not participate in wrap fee programs.

Assets Under Discretionary and Non-Discretionary Management

As of December 31, 2020, Mill Road had approximately \$1.035 billion in discretionary assets under management which amount includes uncalled capital commitments as of that date. Mill Road does not currently manage any assets in a non-discretionary manner.

Item 5 Fees and Compensation

For services provided to each Fund, Mill Road charges a management fee, which is generally computed at a rate of 2.0% per annum of the investors’ aggregate commitments until the end of the Investment Period (as described in the Fund’s operating documents), and, thereafter, 2.0% per annum of the cost basis of all investments then held by the Fund which were funded by limited partner capital contributions, provided that the cost basis would be reduced by investments written off or permanently written down, as applicable, by such Fund. Fees are payable by the Fund quarterly, in advance. If Mill Road ceases to provide services to the Fund, the unearned portion of the management fee (computed on the basis of the number of days elapsed) will be refunded to the Fund.

The management fees paid by each Fund, and any capital contributions called to pay such expenses, are allocated to the limited partners in Fund I and Fund II in proportion to their respective capital contributions and Fund III in proportion to their respective capital commitments. Mill Road may agree with any investor in a Fund to waive or reduce these management fees at its discretion, and the allocation of the management fee expense of the Fund reflects any such reductions or waivers.

The management fee for each Fund is reduced and offset by the full amount of any advisory, monitoring, commitment, director’s, financial consulting, transaction, break-up or similar fees Mill Road or its affiliates receive from existing or prospective portfolio companies, to the extent apportionable to the activities of such Fund. In Fund II and Fund III, the management fee is also reduced by any placement agent fees paid by the Fund.

Fund III was responsible for paying the expenses of organizing Fund III, including Fund III GP, the aggregate amount of these expenses in excess of \$1.5 million was to reduce/offset Fund III’s management fee. Fund III’s expenses were not in excess of the \$1.5 million amount. Fund I and Fund II were responsible for paying or reimbursing the first \$1 million in aggregate expenses of organizing Fund I and Fund II, respectively, including Fund I GP and Fund II GP, and the remainder of these expenses were borne by the Firm.

As permitted by their respective Limited Partnership Agreements, the Funds bear their respective operating costs and expenses, including the following: (i) expenses for legal services, (ii) expenses for third party services in connection with custody, administration, bookkeeping and recordkeeping, and in the case of Fund III any portion of compensation of the Firm that is attributable to services that would otherwise be provided by a third-party fund administrator, (iii) expenses for auditing, accounting, tax and other services of independent registered public accountants, (iv) expenses for consulting (including the use of expert networks and research consultants) and all other professional services (including in Fund III services for licensing, implementing or maintaining of any internet portal), (v) brokerage fees, commissions, discounts and all other expenses incurred in connection with the purchase, holding or sale of securities by the Funds and in the case of Fund II and Fund III for Investments (as defined in the limited partnership agreements) or prospective Fund II Investments (whether or not consummated), (vi) travel, lodging and other expenses incurred directly in connection with a transaction or proposed transaction (whether or not consummated) by the Funds that are payable by the Funds or Mill Road to unaffiliated third parties, (vii) filing fees, (viii) taxes, fees, assessments and all other governmental charges levied or assessed against the Funds including all expenses relating to the compliance-related matters and regulatory filings of the Funds including all filings required by Sections 13(d), (f) or (g), and Section 16 of the United States Securities Exchange Act of 1934 and expenses incurred in connection with the registration or exemption from registration of the Securities held by any Fund under the United States Securities Act of 1933 (the "Securities Act"), (ix) expenses of any lenders, investment banks and other financing sources incurred by the Funds, (x) expenses of providing reports and other information to the Funds' Limited Partners and expenses of holding meetings of the Funds' Limited Partners, (xi) expenses and fees incurred by the tax matters partner of the Funds (the general partner of each Fund currently is the tax matters partner of the Fund), (xii) expenses and fees incurred by the advisory committees and their members, (xiii) the cost of insurance coverage associated with the operation of the Funds including the reasonable premiums of liability insurance, and (xiv) other than those to be borne by a Fund's general partner or Mill Road, all other liabilities and expenses (including judgments, fines, penalties, amounts paid in settlement, attorneys' fees, and costs of investigation) incurred by or on behalf of the Funds in connection with the conduct of the activities of the Funds or the defense or disposition of any claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, arising in connection with the conduct of the activities of the Funds.

In addition, when agreed to with Mill Road, the portfolio companies of the Funds bear certain costs and expenses related to the activities associated with a Fund's investment or potential investment in that particular company, including travel and lodging, meals while traveling, accounting, tax, consulting, due diligence, legal and research.

Mill Road is responsible for its own day-to-day operating expenses including office, employee and other overhead costs and expenses, the cost of general data service providers (such as Capital IQ), a portion of the cost of liability insurance and fees and expenses associated with its registration as an investment adviser.

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

Mill Road does not receive performance based fees. However, the general partner of each Fund (each of which is an affiliate of Mill Road) is entitled to receive an incentive allocation, which is tied to the performance of such Fund. Incentive allocations will be made in compliance with Rule

205-3 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The receipt by an affiliate of Mill Road of an incentive-based allocation raises certain conflicts of interest, which are described below.

The incentive allocation to the general partner of each Fund is equal to 20% of profits in excess of capital contributions to such Fund, provided that an 8% preferred return is achieved. Fund I GP, Fund II GP and Fund III GP may waive or reduce/increase this incentive allocation with respect to any limited partner at its discretion.

Investors should be aware that an incentive-based allocation arrangement may create an incentive for Mill Road or the general partner of the applicable Fund to make riskier or more speculative investments than would be the case in the absence of such arrangement. However, the Firm is committed to fulfilling its fiduciary duty to its advisory clients to act at all times in their best interest.

Item 7 Types of Clients

Mill Road provides advisory services to pooled investment vehicles which are exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Mill Road currently has three clients: Fund I, Fund II and Fund III. The minimum single investment commitment by an investor in each Fund is \$250,000, subject to reduction at the discretion of the Fund’s general partner. Investors in the Funds must meet certain prescribed criteria, including, as applicable, being an “accredited investor,” as defined in Rule 501(a) of Regulation D, promulgated pursuant to Section 4(a)(2) of the Securities Act and a “qualified purchaser,” as defined in Section 2(a)(51)(A) of the Investment Company Act. Such minimum investment amounts and investor criteria are set forth in the Governing Documents of each Fund. In general, Mill Road requires that each investor in a Fund be an “accredited investor”, in most cases, a “qualified purchaser” or “knowledgeable employee”, as defined by the Investment Company Act and the rules thereunder.

Mill Road may give certain persons, including existing investors in the Funds and third parties, an opportunity to co-invest alongside a Fund. The terms of any co-investment would be set by Mill Road at the time of such investment, and in accordance with Governing Documents.

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

Target Segment

Mill Road focuses on North American publicly-traded micro-cap companies. Within the micro-cap sector, the Firm primarily targets market leaders in niche segments with strong cash flow.

Methods of Analysis and Investment Strategy

Mill Road has developed and executes a distinctive “Progressive Private Equity” investment process, which is structured to mitigate risk and enhance return. As a first step, Mill Road screens micro-cap companies to identify strong candidates for initial investment. The principal criteria are companies that Mill Road views as trading at an attractive valuation and having a strong competitive position within their markets.

Mill Road typically builds initial, small toehold positions in companies meeting the criteria set forth above. After completing diligence on these companies, Mill Road identifies the most compelling toeholds and deploys further capital in the corresponding companies, increasing its stake to a strategic block position.

Mill Road can then deploy further capital by purchasing shares in the open market, buying large block positions from existing shareholders, providing capital for growth or acquisition opportunities, investing in debt or subordinated securities, or sponsoring going private transactions.

This investment process is designed to mitigate risk as the amount of capital invested is generally based on the certainty of the investment premise and the market value of the security: the greater the knowledge, the more capital Mill Road may invest. If any of the public positions materially appreciate, Mill Road can divest the security and realize a significant capital gain.

If the target company performs well operationally and its valuation does not appreciate, Mill Road will then seek to work with management to create a plan with the goals of share price appreciation and/or executing a private equity transaction.

Mill Road may also make investments in private companies which are otherwise similar in nature to the publicly-traded micro-cap companies in which it generally invests.

Within the limitations set forth in each Fund's limited partnership agreement, Mill Road may alter a Fund's investment strategy as it deems appropriate throughout the life of such Fund.

Risk of Loss

An investment in a Fund involves a significant degree of risk, with the possibility of partial or total loss of contributed capital. For example, a Fund may experience a loss if one or more of the securities selected decreases in value. Additionally, because the securities in which a Fund invests are less liquid than certain other equity classes, it may be difficult to liquidate these positions. Listed below is a summary of the material risks associated with an investment in a Fund. This list is not meant to be exhaustive, and a more detailed description of these and other risks is provided in the offering documents for each Fund.

Competitive Market for Investment Opportunities

The activity of identifying, completing, and realizing attractive investments is competitive and involves a high degree of uncertainty. A Fund will be competing for investments with other private and public equity investment vehicles, as well as individuals, institutions, and corporate buyers. There can be no assurance that a Fund or Mill Road will be able to locate and complete portfolio investments that satisfy a Fund's rate of return objectives or that a Fund will be able to fully invest its committed capital.

Long-Term Investments; Lack of Portfolio Liquidity

There will be no readily available market for many of a Fund's portfolio investments. These investments are subject to various risks, particularly the risk that a Fund will be unable to realize its investment objectives by sale or other disposition at attractive prices or otherwise be unable

to complete any exit strategy. An investment in a Fund should be viewed as illiquid. The return of capital and the realization of gains, if any, will occur only upon the partial or complete disposition of a Fund investment and losses on unsuccessful investments may be realized before gains on successful investments are realized. Disposition of a Fund's portfolio investments may require a lengthy time period or may result in distributions in-kind to the investors in a Fund. There may be a number of years when the only income from a Fund is dividend and interest income, if any, from its investments. Such income may not be significant and operating expenses may exceed income during those years.

Use of Leverage

A Fund's investments are expected to include portfolio companies whose capital structures could include leverage. The leveraged capital structure of such portfolio companies will increase their exposure to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the portfolio company or its industry. In the event that such a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of a Fund's equity investment in such portfolio company could be significantly reduced or even eliminated.

A Fund itself may also borrow funds in order to make investments or pay expenses. While the use of leverage can increase returns, it can also increase the loss exposure of a Fund. Interest payments and borrowing expenses incurred in connection with any such borrowing will reduce a Fund's return.

Risk of Limited Number of Investments; Potential Lack of Diversification

A Fund may participate in a limited number of investments, and, as a consequence, the aggregate return of a Fund may be substantially adversely affected by the unfavorable performance of a single or small group of investments.

Non-Control Investments

A Fund will hold non-controlling interests in certain portfolio investments and, therefore, may have limited ability to protect its positions in such portfolio investments.

Growth Equity Transactions

The Funds' strategy includes targeting growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Risks Associated with Publicly-Traded Investments

A Fund may invest a material portion of its total commitments in publicly-traded securities. Such public investments may be sensitive to movements in the stock market and trends in the overall economy. In addition, investments in publicly-traded securities will make a Fund subject to federal and state securities laws which may, among other things, restrict or prohibit a Fund's ability to sell or dispose of a portfolio investment.

Limited Information

In general, a Fund's public investments will be made based on information available to the public at large. By comparison, privately negotiated transactions are usually completed based on information gathered through contact with and access to the counterparty's records, facilities, and personnel. This disparate amount of information may negatively affect a Fund's certainty of achieving a particular outcome in connection with its public investments. In either case, a Fund may invest in portfolio companies without knowing at the time of its investment all information, whether available or not, that a reasonable investor might deem material with regard to such investment, including information that, if known to a Fund or Mill Road at the time of such investment, might have deterred a Fund from having made such investment.

Material Nonpublic Information

By reason of its investment in a portfolio investment or otherwise, a Fund, its general partner, and Mill Road may acquire confidential or material nonpublic information that they may be unable to act upon or that may cause them otherwise to be prevented from purchasing securities that they otherwise might have purchased or from selling a portfolio investment that they otherwise might have sold.

Risks Upon Disposition of Certain Investments

In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business and may be responsible for the content of disclosure documents under applicable securities laws. It may also be required to indemnify the purchasers of such investment to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which might ultimately need to be funded by the investors in such Fund.

Hedging Policies/Risks

In connection with the financing of certain investments, a Fund may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange. While such transactions may reduce certain risks, they themselves may entail certain other risks that may result in a poorer overall performance for a Fund than if it had not entered into such hedging transactions.

Economic and Market Risk

Companies in which a Fund invests may be sensitive to general downward swings in the overall economy or in a particular industrial or economic sector. A recession or adverse development in the securities markets might have an adverse impact on some or all of a Fund's investments.

Occasionally social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) will occur that have significant impacts on financial markets and could negatively impact a Fund, the financial and operational performance of its portfolio companies, and the value of its portfolio investments. In addition, factors specific to a portfolio company may have an adverse effect on a Fund's investment in such company. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by a Fund or considered for prospective investment. Mill Road or the general partner of a Fund may rely upon its own or a portfolio company's projections concerning the portfolio company's future performance in making investment decisions. Such projections are inherently subject to uncertainty and factors beyond the control of the portfolio company, the general partner, and Mill Road.

Coronavirus and Public Health Emergencies

The global COVID-19 pandemic and the responses thereto have led, and will likely continue to lead, to disruptions in global financial markets, significant increases in unemployment, significant reductions in consumer demand and downturns in the economies of many nations, including the United States, and the global economy in general. While vaccines are being developed and distributed, new variants of COVID-19 have shown to be resistant to vaccines and could exacerbate or prolong the pandemic and its effects. Additionally, the effectiveness of unprecedented financial support and relief measures (such as the Coronavirus Aid, Relief and Economic Security Act) implemented by the United States government and other governments is not yet clear, nor is it known what (if any) new stimulus or relief efforts will be implemented and the effectiveness and impact of these measures cannot be predicted. As a result, the long-term effects of the social, economic and financial disruptions caused by the COVID-19 pandemic remain unknown.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on a Fund and its investments and could adversely affect Mill Road's ability to fulfill a Fund's investment objectives. The extent of the impact of any public health emergency on a Fund's investments and operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, unemployment levels, consumer confidence and spending levels, and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency could materially and adversely impact the value and performance of a Fund's investments, Mill Road's ability to source, manage and divest investments on behalf of a Fund, and the ability to achieve a Fund's investment objectives, all of which could result in significant losses to the investors. In addition, the operations of a Fund, its portfolio companies, and Mill Road could be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on

the health of the personnel of any such entity or the personnel of any such entity's key service providers.

Non-U.S. Investments

The Fund may make investments outside of the United States. Foreign investments involve certain additional risks not typically associated with investing in domestic investments, including risks relating to: (i) currency fluctuations and associated conversion costs; (ii) differences between the U.S. and foreign securities markets, including volatility in and relative illiquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and different government supervision and regulation; (iii) certain economic and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability, and the possibility of expropriation or confiscatory taxation; and (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such investments.

Business Continuity and Disaster Recovery

The Firm's and the Funds' business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster (e.g., tornadoes, floods, hurricanes and earthquakes), epidemics and pandemics, terrorist attacks or other circumstances resulting in property damage, network interruption and / or prolonged power outages. Although Mill Road has implemented various measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. If such business operations are disrupted or suspended for extended periods of time, the Funds may be adversely affected.

Cyber Security Breaches and Identity Theft

The Firm's and the Funds' information technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, other security breaches and/or usage errors by their respective professionals. Although Mill Road has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Firm and/or a Fund may have to make a significant investment to fix or replace them. The failure of these systems for any reason could cause significant interruptions in the Firm's and/or such Fund's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors. Such a failure could harm the Firm's and/or such Fund's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Item 9 Disciplinary Information

There is no disciplinary information to report for Mill Road or for any of persons associated with the Firm, or the Funds.

Item 10 Other Financial Industry Activities and Affiliations

Each of Fund I GP, Fund II GP and Fund III GP is an affiliate of the Firm. As described above, each of Fund I GP, Fund II GP and Fund III GP is entitled to special allocations based on the performance of the Fund for which it serves as general partner. This incentive allocation arrangement between each Fund and its general partner may create an incentive for the Firm, as an affiliate of each general partner, to recommend and/or implement investments that are riskier or more speculative than would be the case in the absence of such incentive allocations.

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

Code of Ethics

The Firm has adopted a Code of Ethics (the “Code”) to ensure that it fulfills its role as a fiduciary to the Funds. The Code requires that employees of the Firm act in the best interests of the Funds to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Funds to the extent reasonably possible, and identify and manage other conflicts of interest to the extent that they arise. Employees of the Firm are required to comply with applicable provisions of federal securities laws and make prompt reports to the Chief Compliance Officer or appropriate party of any actual or suspected violation of such laws by the Firm and its employees or affiliates. In addition, the Code of Ethics sets forth policies and procedures with respect to the personal securities trading activities of Mill Road’s Covered Persons (as defined in the Code), and as described in more detail below. The Code also addresses outside business activities of employees, policies and procedures concerning the prevention of insider trading, restrictions on the receipt and acceptance of gifts and business entertainment, including the pre-clearance and reporting of certain gifts and business entertainment, and the pre-clearance and reporting of political contributions. Employees are required to provide a written certification to the Firm as to their compliance with the Code upon commencement of employment and at least annually thereafter.

Mill Road has also adopted a Compliance Manual, which sets forth policies and procedures with respect to among other things, best execution, marketing activities, valuation, record retention, information security, cybersecurity and compliance with applicable laws, rules and regulations.

Investors can request a copy of the Code by contacting the Chief Compliance Officer at 203-987-3500, or by email at: investorrelations@millroadcapital.com.

Confidential Information

As an investment adviser, the Firm has a fiduciary duty to its clients not to divulge or misuse information obtained in connection with its services as an adviser. Therefore, all information, whether of a personal or business nature, that an employee of the Firm obtains about a client's affairs in the course of employment will be treated as confidential and used only to provide services to or otherwise to the benefit of the client. Such information may sometimes include information about non-clients, and that information will likewise be held in confidence. Even the fact that Mill Road advises a particular client should ordinarily be treated as confidential.

The Code sets forth steps that employees should take to help preserve confidential information.

Material Inside Information

The Firm reminds all of its employees (in any capacity) and consultants that purchasing or selling securities on the basis of, or while in possession of, material nonpublic information for their own, for a client's or for the Firm's account is a crime punishable by imprisonment as well as large fines. In addition, all of the Firm's employees (in any capacity) and consultants are made aware that such rules apply not only to the Firm's employees and consultants, but also apply to anyone (including friends, relatives, business associates and others) who may receive material, nonpublic information from the Firm's employees concerning an issuer of securities (whether such issuer is a client or not).

All personnel receiving material nonpublic information have the same duty not to disclose or use information about persons or issuers who are not clients of the Firm in connection with securities transactions as they have with respect to client securities. Employees may not purchase or sell any securities with respect to which they have material nonpublic information for their own, for the Firm's or for a client's account or cause clients to trade on such information until after such information becomes public. The foregoing prohibition applies whether or not the material nonpublic information is the basis for the trade. Whenever employees come into possession of what they believe may be material nonpublic information about an issuer with which the Firm does not have a confidentiality agreement, they must immediately notify the Chief Compliance Officer and trading supervisor. All information about an issuer with which the Firm has a confidentiality agreement will be treated as material nonpublic information by the Firm.

The Chief Compliance Officer maintains a restricted list which prohibits employees and the Funds from trading in securities of companies in which Mill Road may be in possession of material non-public information.

Fiduciary Duty and Conflicts of Interest

Both the Firm and its employees have a fiduciary duty to the Firm's clients to act for the benefit of the clients and to take action on the clients' behalf before taking action in the interest of any employees or the Firm. Both Mill Road and its employees must act for the clients' benefit and treat the clients fairly. The manner in which any employee discharges its fiduciary duty and addresses a conflict of interest depends on the circumstances. Sometimes general disclosure of common conflicts of interest may suffice. In other circumstances, explicit consent of the client to the particular transaction giving rise to a conflict of interest may be required or an employee may be prohibited from engaging in the transaction regardless of whether the client consents. The duty to disclose and obtain a client's consent to a conflict of interest must always be undertaken in a manner consistent with the employee's duty to deal fairly with the client. Therefore, even when taking action with a client's consent, each employee must always seek to assure that the action taken is fair to the client.

The Code sets forth several common examples of conflicts of interest and how such conflicts can be avoided.

Scalping or Front-Running

As a general rule, if any employee knows of a pending "buy" recommendation or is aware of a pending "sell" recommendation, then that employee and his/her Covered Persons may not engage in the practice of purchasing or selling stock before the Firm takes action for its clients.

Unfair Treatment of Certain Clients vis-a-vis Others

An employee who handles one or more client accounts may be faced with situations in which it is possible to give preference to certain clients over others. Employees must be careful not to give preference to one client over another even if the preferential treatment would benefit the Firm or the employee. For example, an employee should not (i) recommend certain purchases (including with respect to securities of a limited supply and higher potential return) with respect to one client account as opposed to another because the account generates larger fees for the Firm or (ii) act for one client account ahead of another.

Personal Trading

All Covered Persons are required to submit an initial, and thereafter, annual securities holdings report as well as quarterly transaction reports or equivalent brokerage statements detailing Reportable Securities (as defined in the Code) held, purchased or sold during the relevant period. Covered Persons are prohibited from trading for any account in which the employee has a "beneficial ownership interest" any security of or interest in companies with equity market capitalizations of less than \$500 million and/or any securities which the Firm is currently researching or which the Funds currently hold. In addition, all Covered Persons must pre-clear Reportable Securities, as well as securities traded in an initial public offering or a private placement.

Dealing with Clients as Agent and Principal

In accordance with Section 206(3) of the Advisers Act, the Code requires that employees involved in situations where the Firm is buying or selling securities from a client or where the Firm acts as a broker-dealer for a non-client in a transaction with an advisory client disclose to the client in writing the capacity in which the Firm acts, its profits (if it acts as principal) and its commissions (if it acts as agent for another) and obtain the client's consent. These types of transactions must not be entered into without prior consultation with the Chief Compliance Officer.

Participation or Interest in Client Transactions and Personal Trading

With respect to the Funds, the Firm has established the following allocation policy.

Fund I or Fund II shall not make an initial investment in any Fund III portfolio company. Except as otherwise authorized by the exempted limited partnership agreement ("LPA") of Fund III, Fund III shall not make an initial investment in any portfolio company of Fund I or Fund II, or in any company in which Fund I or Fund II is contemporaneously making an initial investment, without the approval of the limited partner advisory committee ("LPAC"), provided that Fund III may, without such approval but subject to the other limitations on investments set forth within the Fund III LPA, make an initial private equity investment in a portfolio company of Fund I or Fund II, or in company in which Fund I or Fund II is contemporaneously making an initial investment, if

Fund I or Fund II does not, as reasonably determined by the Fund III GP, have sufficient access to capital in order to consummate such investment by itself; and thereafter, Fund III may, without approval of the LPAC but subject to the other limitations on investments set forth within the Fund III LPA, make follow-on investments in such portfolio company. The Firm shall promptly notify the LPAC upon the first closing of the sale of interests of any other Mill Road fund.

Other than follow-on investments by Fund I or Fund II in their portfolio companies as of Fund III's effective date or co-investments contemplated within Fund III's LPA, from Fund III's effective date until the earlier of (i) the last of the Fund III's investment period and the date on which at least 75% of Fund III's total commitments have been invested, committed in writing to be invested, reserved for making future investments in existing portfolio companies or expended or reserved for reasonably anticipated expenses, liabilities or obligations of the members of Fund III, the investment principals and entities controlled by the Firm shall not act as managers of or the primary source of transactions for, or close on the sale of interests in, any successor fund, Fund I's GP or Fund II's GP and the Firm shall use their best efforts to present to Fund III any investment opportunity that is not prohibited by the other terms hereof, unless the Firm reasonably believes that such investment opportunity is not suitable for Fund III.

Fund II was obligated by its limited partnership agreement and did purchase certain securities from Fund I upon the terms set forth in Fund II's limited partnership agreement and as approved by the limited partner advisory committee of Fund I and the investors in Fund II. Fund II is not obligated to purchase any further securities from Fund I and no additional sales from Fund I to Fund II are expected to occur.

Fund III was obligated by its exempted limited partnership agreement and did purchase certain securities from Fund II upon the terms set forth in Fund III's limited partnership agreement and was approved by the limited partner advisory committee of Fund II and the investors in Fund III. Fund III will not be obligated to purchase any further securities from Fund II and no additional sales from Fund II to Fund III are expected to occur.

In addition to the specific guidelines set forth above, as a general rule, allocations among accounts with the same or similar investment objective are made pro-rata based on the total assets under management in the accounts. Allocation decisions are made and documented before an order is placed.

Furthermore, except as authorized by the Chief Compliance Officer or specifically noted on the restricted list, Mill Road and its employees may not, for any account, buy or sell or recommend the purchase or sale of a security or related instrument of an issuer that is on the Firm's restricted list.

Item 12 Brokerage Practices

Selection of Broker-Dealers

Mill Road will seek best execution when placing trades for clients. While a primary criterion for all transactions in portfolio securities is the execution of orders at the most favorable net price, numerous additional factors may be considered when arranging for the purchase and sale of clients' portfolio securities. These include restrictions imposed by the federal securities laws and the allocation of brokerage in return for certain services and materials described below. In

determining the abilities of the broker-dealer to obtain best execution of a particular transaction, the Firm will consider all relevant factors including the execution capabilities required by the transaction(s), the ability and willingness of the broker-dealer to facilitate the account's portfolio transactions promptly and at reasonable expense, the importance to the account of speed, efficiency or confidentiality, the broker-dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold, the broker-dealer's ability to supplement the Firm's management capabilities with research, quotation and consulting services and computer hardware and software materials, as well as any other matter the Firm deems relevant to the selection of a broker-dealer for a particular portfolio transaction of the account.

The Firm has a broker approval process that includes, but is not limited to, a review of certain documentation demonstrating the financial and regulatory status of each new executing broker. The Firm also maintains an approved brokers list which is reviewed by Mill Road's Best Execution Committee on a regular basis.

Research and Other Soft Dollar Benefits

The Firm does not benefit from any soft dollar arrangements and has no current plans to implement any such arrangements. However, should the needs of the business change, the Firm could use broker-provided research and brokerage services and products which assist it in carrying out its investment decision making responsibilities. The Firm intends to comply with Section 28(e) of the Securities Exchange Act of 1934 in connection with its use of soft dollars "research" and "brokerage" services as permitted under safe harbor. In some cases the Firm could acquire a research product or service with soft dollars which also has non-research uses. In such cases the Firm would make a reasonable allocation of the cost of the product or service according to its use. That portion of the product or service which provides administrative or other non-research services would be paid for by the Firm in hard dollars.

All research and brokerage products and services received from broker-dealers to whom commissions are paid would be used collectively. There would be no direct relationship between commissions received by a broker-dealer from a particular client's transactions and the use of any or all of that broker-dealer's products and services in relation to that client's account. The Firm could pay a broker-dealer a brokerage commission in excess of that which another broker-dealer might have charged for the same transaction in recognition of research and brokerage related services provided by the broker-dealer. Research obtained with soft dollars could be used to service accounts other than the Fund paying such commissions.

Brokerage for Client Referrals

Mill Road does not consider whether it receives client referrals from a broker in selecting or recommending broker-dealers.

Directed Brokerage

Mill Road does not recommend, request or require that a client direct Mill Road to execute transactions through a specified broker-dealer.

Aggregation of Client Accounts

The Firm currently manages three client accounts: Fund I, Fund II and Fund III. The Firm is not permitted to aggregate orders for the purchase or sale of securities on behalf of all three Funds.

Trading Errors

Any trading error including details surrounding the error must be reported immediately to the Chief Compliance Officer and the trading supervisor. The Chief Compliance Officer, in consultation with the trading supervisor and the finance team, will determine whether it is possible and appropriate for the trade to be unwound. If the trade cannot be unwound, the Chief Compliance Officer will review and consult with the Chairman of the Management Committee or the trading supervisor regarding the trade error, and together they will determine the Firm's response, consistent with the best interests of the clients. A log of all trade errors is maintained by the Chief Compliance Officer or a designee. The Chief Compliance Officer, the finance team and the trading supervisor will review any trading error to determine if new policies and procedures should be adopted to prevent a similar error from occurring in the future.

Item 13 Review of Accounts

Mill Road's investment committee supervises and monitors the investment activities of the Funds. Mill Road performs various daily, quarterly and other periodic reviews of the clients' portfolios to determine whether investments are made in accordance with approved procedures and the investment objectives of the Funds. Such reviews are overseen by the Chief Compliance Officer, trading supervisor and/or the finance personnel of the Firm. Mill Road's investment professionals monitor and review the Funds' private positions by participating in board meetings, reviewing financial reporting packages and making on-site visits.

Mill Road provides a written report to each Fund's investors on a semi-annual basis describing the performance of the Funds and of the private investments. Mill Road also holds an annual investor meeting to report on the Funds' performance and investments.

Item 14 Client Referrals and Other Compensation

Mill Road will generally, from time to time, make payments to third parties in connection with referrals of potential investors for funds managed by the Firm. To the extent any such arrangements relate to client referrals, such arrangements will comply with Rule 206(4)-3 of the Advisers Act.

Item 15 Custody

The custodians for the Funds are Goldman Sachs, Interactive Brokers, U.S. Bank, N.A., PacWest Bank, and ING Luxembourg S.A.

Financial statements are prepared and sent to each investor in client managed accounts on at least a semi-annual basis. In addition, audited financial statements are sent to each investor within 120 days after the end of each fiscal year and following liquidation of such account. Investors who fail to receive financial statements timely, or who have questions about them, should contact the Chief Compliance Officer at 203-987-3500, or by email at: investorrelations@millroadcapital.com.

Item 16 Investment Discretion

The Firm has entered into a separate investment management agreement with respect to each Fund. Pursuant to such investment management agreements, Mill Road assists the general partner of each Fund with the management of the Fund's investments. Mill Road is responsible for, among other things, developing, investigating and securing information with respect to prospective investments by the Fund and monitoring the Fund's investments.

Each of Fund I GP, Fund II GP and Fund III GP is a special purpose vehicle of Mill Road, as defined in the SEC's Division of Investment Management American Bar Association no action letter dated as of January 18, 2012.

Item 17 Voting Client Securities

In accordance with SEC requirements, Mill Road has adopted Proxy Voting Policies and Procedures (the "Policy") to address how the Firm votes proxies, as applicable, for the securities held by the Funds. The Policy is designed with the goal that the Firm votes proxies (or similar instruments) in the best interest of the Funds, including when there may be material conflicts of interest in voting proxies.

The Policy will generally support proposals and director nominees of the management of the company. For proposals where the Firm does not agree with the management of the company, such votes have to be approved by the Chairman of the Management Committee.

Proxy materials that are received are logged in the proxy material spreadsheet with, among other things, the date received, company name and deal lead. The deal lead then reviews the proxy materials with the investment team member(s) and, if no further action is required, the proxy is then submitted. Once proxies have been voted, the date is recorded and information is updated in the Firm's proxy database, and the relevant proxy materials are retained. Investors may contact the Chief Compliance Officer to obtain information regarding how the Firm voted proxies. Investors will receive a copy of Mill Road's proxy voting policies and procedures upon request.

A Fund may also enter into a separate voting agreement with an issuer or other security holders of the issuer which provides for how the account will vote its securities with respect to certain matters, including with respect to the appointment of directors of such issuer. To the extent any Fund account has entered into such an agreement relating to the voting of securities, the Firm will vote such securities in accordance with the terms of such agreement.

Item 18 Financial Information

The Firm is not required to provide a balance sheet pursuant to Item 18A. Mill Road does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients.

Item 19 Requirements for State-Registered Advisers

This item is not required as Mill Road is a federally registered investment adviser.