

**Item 1. Cover Page**

**GI Manager L.P.**

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Part 2A of Form ADV: Firm Brochure November 8, 2021

**This brochure provides information about the qualifications and business practices of GI Manager L.P. If you have any questions about the contents of this brochure, please contact us at (623) 887-4320. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about GI Manager L.P. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.**

**Item 2. Material Changes**

This brochure contains no material changes from the last firm brochure dated as of March 31, 2021.

### **Item 3. Table of Contents**

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Cover Page	1
2	Material Changes	2
3	Table of Contents	3
4	Advisory Business	4
5	Fees and Compensation	5
6	Performance-Based Fees and Side-By-Side Management	13
7	Types of Clients	14
8	Methods of Analysis, Investment Strategies, and Risk of Loss	14
9	Disciplinary Information	34
10	Other Financial Industry Activities and Affiliations	34
11	Code of Ethics, Participation or Interest in Client Transactions, Conflicts of Interest, and Personal Trading	35
12	Brokerage Practices	69
13	Review of Accounts	70
14	Client Referrals and Other Compensation	71
15	Custody	71
16	Investment Discretion	71
17	Voting Client Securities	72
18	Financial Information	72
19	Requirements for State-Registered Advisers	72

#### **Item 4. Advisory Business**

For purposes of this brochure, the “Adviser” means GI Manager L.P., a Delaware limited partnership, together (where the context permits) with its relying advisers and other affiliates that provide advisory services to and/or receive advisory fees from the Clients (as defined below). Such affiliates are generally under common control with GI Manager L.P., and possess a substantial identity of personnel and/or equity owners with GI Manager L.P. These affiliates are typically formed for tax, regulatory, or other purposes in connection with the organization of the Clients, or to serve as general partners or managers, as applicable, of the Clients (each, a “General Partner,” and collectively, the “General Partners”). The Adviser independently provides investment advice to certain other Funds pursuant to Advisory Agreements (as defined below). Each General Partner is subject to the Investment Advisers Act of 1940, as amended (the “Advisers Act”) pursuant to the Adviser’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with Adviser.

The Adviser provides investment advisory services to commingled investment vehicles (each, a “Fund,” and collectively with any such investment vehicles formed in the future, the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). The Funds primarily make long-term data infrastructure, real estate, private equity and equity-related investments in private companies, including, but not limited to, leveraged buyout acquisitions and recapitalizations, and investments in debt instruments in middle-market operating companies primarily in North America.

The Adviser also provides investment advisory services to certain other private funds with affiliated investor(s), and in each case a single unaffiliated investor, that collectively make primarily long-term real estate and real-estate related securities investments in North America (the “RE Separate Account Clients”) and to one or more certain other private funds with affiliated investor(s), and in each case a single unaffiliated investor, that collectively make private equity, data infrastructure or real estate co-investments alongside one or more of the Funds, as applicable (the “Fund Separate Account Clients” and, together with the RE Separate Account Clients, the “Separate Account Clients”). The Funds and the Separate Account Clients are referred to together as the “Clients.”

The Adviser’s advisory services consist of investigating, identifying, and evaluating investment opportunities, structuring, negotiating, and making investments on behalf of the Clients, managing and monitoring the performance of such investments, and disposing of such investments. With respect to certain Separate Account Clients, such services are provided on a non-discretionary basis. The Adviser typically serves as the investment adviser, the subadviser, and/or General Partner to the Clients in order to provide such services, or provides employees to an affiliate to provide such services.

The Adviser provides investment advisory services to the Clients in accordance with the limited partnership agreement (or analogous organizational document) of such Client and/or separate investment and advisory, subadvisory, investment management, or management agreements (each, an “Advisory Agreement”).

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable General Partner, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational documents of the applicable Fund, the Advisory Agreements, and/or side letter agreements negotiated with investors in the applicable Fund (such documents collectively, a “Fund’s Organizational Documents”). Certain investors in a Fund have opt-out rights with respect to certain investments. In addition, investors in certain Funds have redemption rights, subject to certain requirements, as set forth in the applicable Fund’s Organizational Documents.

The terms of the advisory services (including discretionary and non-discretionary investment advisory services) provided by the Adviser to a Separate Account Client, including any restrictions on investments in certain types of securities, are the result of negotiations between the Adviser and such Separate Account Client (or its unaffiliated investor) and are set forth in the organizational documents of the applicable Separate Account Client, the Advisory Agreements, and/or side letter agreements negotiated with such Separate Account Client (such documents together with the Funds’ Organizational Documents, the “Organizational Documents”).

The principal owners of GI Manager L.P. are listed in Schedule A of the Adviser’s Form ADV Part 1A. The Adviser has been in business since 2005 and its predecessor companies have been in business since 2001. As of December 31, 2020, the Adviser manages a total of \$25,048,309,155 of client assets, \$22,809,704,116 of which is managed on a discretionary basis and \$2,238,605,039 of which is managed on a non-discretionary basis.

## **Item 5. Fees and Compensation**

The Adviser generally receives Advisory Fees and Carried Interest or an Incentive Allocation (each as defined below) or similar performance-based remuneration from a Client. A Fund, and/or its portfolio investments may, from time to time make other payments to the Adviser for services provided to the portfolio investments which, in certain circumstances, will reduce the Advisory Fees payable to the Adviser to the extent provided by the relevant Organizational Documents. In addition, with respect to GI Partners Fund IV LP (together with parallel investment vehicles, “Fund IV”), fees paid to certain Operations Support Providers (as defined below) who are employees of the Adviser or its affiliates, for services such persons provide to the Fund IV portfolio investments, are not shared with the investors and do not reduce the Advisory Fee payable to the Adviser. More information about fees payable to Operations Support Providers may be found in Item 11 below.

Additionally, consistent with the Organizational Documents of a Client, such Client typically bears certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to the Client and/or the portfolio investments. Further details about certain common fees and expenses are set forth below.

### **Advisory Fees**

As compensation for investment advisory services rendered to certain Funds, the Adviser directly or indirectly receives from each such Fund an advisory fee. As compensation for investment

advisory services rendered to certain Separate Account Clients, the Adviser receives directly or indirectly from each such Separate Account Client an advisory fee (together with the advisory fee received from each Fund, each, an “Advisory Fee”). Advisory Fees are typically calculated based on committed capital, remaining invested capital, or net asset value, with respect to such Client. Advisory Fees paid by a Client are indirectly borne by investors in such Client.

Advisory Fees in respect of the Funds vary by Fund. With respect to certain Funds, Advisory Fees are payable quarterly in advance while in respect of other Funds, Advisory Fees are payable quarterly in arrears. Advisory Fees in respect of a Separate Account Client are payable in accordance with the terms of the Organizational Documents of such Separate Account Client. Upon termination of an Advisory Agreement or other advisory arrangements, Advisory Fees that have been prepaid are generally returned on a prorated basis. Where the Organizational Documents calculate Advisory Fees based on the amount of capital commitments or the amount of investment contributions, the amount of Advisory Fees generally will not be reduced based on reductions in investment value, except where specified by the relevant Organizational Documents. As a general matter, Advisory Fees will be payable during term extensions unless otherwise agreed with investors in the relevant Client.

The precise amount of, and the manner and calculation of, the Advisory Fees for each Client are established by the Adviser in negotiation with investors in the applicable Client and are set forth in such Client’s Organizational Documents and/or other documentation received by each investor prior to investment in such Client. The Advisory Fees described above are generally subject to waiver, modification, or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which generally are not required to be disclosed to other investors in the same Client. In addition, with respect to certain Funds, the Advisory Fee varies based on the amount of an investor’s capital commitment to such Fund. The Advisory Fee structures described above may be modified from time to time. Advisory fees differ from one Client to another, as well as among investors in the same Fund. Such differences can arise from the size of investor commitments to a Fund, different investor classes, provisions of side letter agreements, or other negotiated terms.

The Advisory Fees paid by a Fund are generally reduced by a percentage of (1) the amount of fees paid by such Fund to entities or persons acting as a placement agent in connection with the offer and sale of interests in such Fund to certain potential investors, (2) in certain Funds, by costs incurred by the Adviser in connection with the organization of such Fund that exceed a limit specified in such Fund’s Organizational Documents, and (3) in certain Funds, if applicable, Transaction Fees (as defined and described in more detail below) received by the Adviser. In addition, as per the provisions of the various Advisory Agreements, the Adviser will from time to time waive, defer, or reduce all or a portion of the Advisory Fee payable by a Fund in full or partial satisfaction of any obligation of the Adviser and certain employees and affiliates of the Adviser to invest in and alongside such Fund, which could result in acceleration of investor capital contributions. Waived, deferred, or reduced Advisory Fees are not typically subject to the various offsets or reductions described above. Due to waived, deferred, or reduced Advisory Fees and/or the timing of receipt of fees subject to offsets, Fund investors could receive less than the full benefit of reductions or offsets.

## **Transaction Fees**

### *Fees Payable by Portfolio Investments*

The Adviser and its affiliates, from time to time, perform management, advisory, transaction related, financial advisory, board director, and other services for certain portfolio investments, including in connection with mergers, acquisitions, add-on acquisitions, refinancings, restructurings, organizations and financings, public offerings, sales, terminations, divestments and similar transactions, and unconsummated transactions (the “Related Services”). While the Adviser or its affiliates charge fees for the Related Services (such fees, “Transaction Fees”) only in certain situations, in the event the Adviser or its affiliate decides to charge Transaction Fees, these Transaction Fees may be substantial and are typically paid in cash, in securities of the portfolio investments, prospective portfolio investments or investment vehicles (or rights thereto), or otherwise. In the event the Adviser receives Transaction Fees, the Adviser will reduce the amount of the Advisory Fees payable to the Adviser by the applicable Client in connection with the receipt of such fees. The amount and manner of such reduction is set forth in the Organizational Documents of the applicable Fund. Any such reduction of a Fund’s Advisory Fees is typically limited to the extent of such Fund’s proportionate interest in any such portfolio investment on a fully diluted basis and not the portion of any Transaction Fee that relates to any co-investors or potential co-investors (which could include co-investment vehicles managed by the Adviser, third parties, portfolio company management or employees and/or others), which have the potential to be significant, and only to the extent an Advisory Fee is payable by a Fund currently or in the future and the portion of a Transaction Fee allocable to a Client that does not pay an Advisory Fee will be retained by the Adviser or one or more of its affiliates.

The Adviser generally has discretion over whether to charge a Transaction Fee and, if so, the fee rate or amount. Subject to the terms of the relevant Organizational Documents, a portion of all Transaction Fees received may be retained by the Adviser or one or more of its affiliates, and, other than reductions to Advisory Fees, may not be shared with any investor of any Fund. The amount and timing of Transaction Fees received by the Adviser or its affiliates are generally specified in the agreement or other documentation governing the applicable transaction. Unless otherwise agreed with investors, Transaction Fees generally will be payable during term extensions, even if Advisory Fees are reduced or eliminated during the extended term.

The Adviser’s receipt of Transaction Fees gives rise to potential conflicts of interest between the Funds on the one hand, and the Adviser and its affiliates, on the other hand. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below.

The Adviser also engages and retains operating advisers, senior advisors, advisers, senior executive advisers, consultants, and other similar professionals who are not employees or affiliates of the Adviser and who, from time to time, receive payments or other compensation (including participation in securities of a portfolio investment) from portfolio investments and/or other entities. Such amounts will not be deemed paid to or received by the Adviser and such amounts will not be subject to the sharing arrangements described above. In addition, Fund IV or one or more of its portfolio investments are permitted to pay the Adviser (and reimburse expenses) for the provision of consulting, legal, and human resources services to Fund IV or

its portfolio investments. Such amounts paid to (or reimbursed to) the Adviser also will not be subject to the sharing arrangements described above. For a discussion of material conflicts of interest created by such engagements, please see “*Operations Support Providers*” in Item 11 below.

In addition, in the event the Adviser agrees to pay a portion of a Transaction Fee received from a portfolio investment or prospective portfolio investment to a third-party, such as a consultant, adviser, Operations Support Partners (as defined in Item 11 below), finder, broker, co-investor, and/or investment bank, the Adviser is not required to share such portion of the Transaction Fee with the Clients (or the Fund investors). Therefore, the portion of a Transaction Fee paid to such a third-party will not reduce the Clients’ Advisory Fees.

### *Expense Reimbursement*

A portfolio investment will typically reimburse the Adviser for expenses (including, without limitation, conference attendance expenses, database subscriptions, and other expenses, including compensation or reimbursements of Operations Support Providers (as defined in Item 11 below) deemed by the Adviser to benefit such portfolio investment, meals and entertainment (including, as applicable, closing dinners and mementos, cars, meals, and social and entertainment events with portfolio investment management, customers, clients, borrowers, brokers, and service providers), and travel expenses, which have included, and may in the future include, expenses for “black car” or other private ground transportation, or chartered or first class air travel, lodging, and accommodations), expenses relating to training programs, meetings, or other events (to the extent such programs, meetings, or events are attended by portfolio investment personnel), expenses relating to hiring portfolio company personnel (including background checks, recruiting, and relocation expenses), as well as consulting and other cash and non-cash compensation and expenses incurred by the Adviser in connection with its performance of services for such portfolio investment. Such reimbursed expenses are generally not included in the definition of Transaction Fees under the terms of the applicable Organizational Documents, and such reimbursements are not subject to the sharing arrangements described above.

### **Property-Related Services and Support Services Fees and Expenses**

Subject to the Client’s Organizational Documents, affiliates of the Adviser (including employees and former employees of the Adviser) provide ongoing services to a Client or an investment, with respect to an investment that would otherwise be performed for the Client by third parties (including property management, leasing, construction, development, and other similar services, collectively “Property-Related Services”) and may provide certain support services (including accounting, fund administration, legal, internal audit and other functions, collectively, “Support Services”). The provision of any Property-Related Services or Support Services by an affiliated service provider are on terms that the Adviser or its affiliates believe to be fair and reasonable to the Client or such investment under the circumstances.

Additionally, the Adviser and its affiliates (including affiliated service providers) receive fees for providing Property-Related Services, provided, that such fees will not exceed the rate that would be payable by the Client or such investment if such services were provided by unaffiliated third parties in the business of providing comparable services, unless otherwise consented to by the advisory board of the applicable Client. The Adviser and its affiliates will generally not receive a



fee with respect to the provision of Support Services. In addition, the Adviser and its affiliates will be reimbursed for certain expenses and costs incurred in connection with the provision of Property-Related Services and Support Services, including any overhead expense (including rent, utilities, office maintenance, office supplies and hardware, storage, human resources and benefits administration, technology and software costs) and employee compensation costs (including salary, benefits, bonus, deferred compensation, salary overhead, payroll administration and charges and other personnel costs) that the Adviser determines are applicable, unless otherwise consented to by the advisory board of the relevant Client. Each Client also generally will bear the costs of implementing, monitoring, and complying with investment guidelines and directives relating to the Client's strategy, including in side letters relating thereto, and (where applicable) environmental, social, governance and other standards to which the relevant General Partner has committed in making investments on behalf of the Client. Additionally, subject to the Organizational Documents, a Client typically will bear certain unreimbursed expenses of portfolio investments and intermediate holding vehicles through which the Client invests. Any fees and reimbursements paid by a Client or a portfolio investment to the Adviser or its affiliates (including an affiliated service provider) are in addition to the Advisory Fee, Carried Interest, and/or Incentive Allocation received by, or allocated to, the Adviser or its affiliates, and such fees and reimbursements will not be shared with such Client, will be in addition to, and will not offset the Advisory Fee. In certain circumstances where the Adviser commits or has committed to seek "market" or "arms-length" rates or terms, the Adviser will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Consequently, the Adviser undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relates specifically to the assets or services to which such rates or terms relate. Where such rates or terms include hourly components, the Adviser reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest.

For additional information regarding payments made to affiliated service providers and the conflicts arising from such arrangements, please see Item 11 below.

## **Expenses**

### *Adviser Expenses*

To the extent provided for in the Organizational Documents of the Clients and except as described below as a "Client Expenses", the Adviser will pay out of Advisory Fee income certain operating, administrative, and overhead expenses, including the costs and expenses of rent, facilities, utilities, office supplies, office equipment, entertainment, and all other ordinary operating expenses of the Adviser, including compensation of its partners and employees (other than Carried Interest and Incentive Allocation described in Item 6 below), and other routine administrative expenses relating to the investment advisory services and facilities provided by the Adviser to the Clients.

### *Client Expenses*

Consistent with the Funds' Organizational Documents, each Fund will bear all other reasonable

out-of-pocket expenses relating to the Fund's (and its subsidiaries' and intermediate entities') activities, investments and business to the extent not borne by its portfolio investments, including legal, accounting, audit, investment banking, consulting (including, but not limited to, consulting, retainer, and other fees and other compensation incurred by the applicable Fund for the benefit of its portfolio investments and fees of affiliated consultants, including consultants performing investment initiatives or providing services related to cybersecurity, environmental, social, and governance investment considerations and policies, and other similar consultants), communications, marketing, publicity, indemnification, brokerage, sale, depositary (including depositaries appointed pursuant to the Alternative Investment Fund Managers Directive and any Swiss representative and/or paying agent appointed pursuant to the Swiss Collective Investment Schemes Act (as amended) including any law, rule, or regulation related to the implementation thereof), trustee, record keeping, account, registered office, and similar services, expenses incurred in connection with the meetings of or with any limited partner(s) or the advisory board, fees paid to third-party valuation agents for valuations, appraisals, or pricing services, administration (including fees and expenses associated with any third-party administrator and administration, tracking, performance, or reporting software), research and other information (including any research or other service that may be deemed to be bundled for the benefit of such Client) as well as the information technology systems used to obtain such research and other information, reports, third party diligence software and service providers, third-party experts, finders, underwriting (including both commissions and discounts), loan administrations, private placement fees, custody, filing, title, transfer, registration, advisory board, information technology system expenses (including the costs of acquiring developing, licensing, implementing, upgrading, and maintaining any web portal, extranet tools, computer software, and other technological systems (including custom and specialty systems) for the benefit of a Fund, its investors, or a portfolio investment or potential investment), bridge financing expenses (which may be payable to another Fund co-investing in the bridge transaction or to the Adviser or an affiliate, in each case the entity providing the bridge financing to the applicable Fund), financing, commitment, origination, and similar fees and expenses, expenses of loan servicers and similar service providers, indebtedness of, or guarantees made by, a Fund, the Adviser or any affiliate on behalf of a Fund (including any credit facility, letter of credit or similar credit support), including repayment of principal and interest with respect thereto, directors and officers liability, errors and omissions liability, crime coverage, and general partnership liability premiums and other insurance and regulatory expenses, including any costs and expenses related to any retention or deductibles, and including insurance of which the Adviser and its affiliates are beneficiaries, extraordinary administrative or operating expenses, including, without limitation, all litigation, arbitration and indemnification expenses), interest, taxes, fees and other governmental charges levied against a Client or payable by a Client and all expenses incurred in connection with any tax audit, investigation, settlement or review of a Client, expenses incurred in connection with tax preparation and filings, expenses relating to the preparing, printing and distributing investor reports physically or electronically (including software use to electronically distribute such reports), expenses related to attending trade association meetings, conferences, or similar meetings in connection with the evaluation of investment opportunities or business sector opportunities (including the evaluation of potential investments, regardless of whether such investment is ultimately consummated), expenses in connection with protecting the confidential or non-public nature of any information or data, certain advisory board meeting expenses (including set-up costs, speaker fees, honorarium, dining, entertainment, and travel expenses) as well as other advisory board expenses (such as legal counsel, accountants, auditors, financial advisors or any

other advisors or experts retained to assist the advisory board), reverse breakup, termination, wind up, or dissolution fees, risk management assessment expenses, expenses associated with a Fund's compliance with applicable laws and regulations, expenses incurred in connection with complying with provisions in investor side letter agreements, such Fund's allocable share of expenses and fees incurred in the course of structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to relevant periodicals or other databases), acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving, or otherwise disposing of actual and potential investments and real estate assets (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction, or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, third party diligence software and service providers, consultants, and similar professionals in connection therewith, and any fees and expenses related to transactions that have been offered to co-investors), whether or not any contemplated transaction or project is consummated (including expenses that would have been borne by co-investment vehicles or other co-investors) and whether or not such activities were successful, any travel, lodging, meals, or entertainment expenses relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities, costs of complying with any law, regulation, or policy related to the activities of a Fund (including any legal fees and expenses related thereto, any regulatory expenses of a Fund's general partner or the Adviser incurred in connection with the operation of a Fund, any costs and expenses related to cybersecurity, and any costs and expenses related to compliance with any environmental, social, and governance investor considerations and policies of the General Partner or the Fund, costs in connection with any litigation or governmental inquiry, investigation, or proceeding involving a Fund, including any costs and expenses of discovery related thereto, and the amount of any judgments, settlements, or fines paid in connection therewith, the costs incurred in connection with developing, structuring, maintaining, operating and winding up administrative structures in Luxembourg, other European countries and other non-U.S. jurisdictions that are put in place to operate the investment activities of a Fund (including the salary and benefits of any personnel reasonably necessary for the maintenance of such structures, other overhead, rent and similar costs in connection therewith and the Fund's share of any such costs of any such structure involving other persons managed by, or affiliated with, the Adviser or its affiliates, the validation or other confirmation of any payments made to a Fund or its general partner (including as a result of anti-money laundering rules, laws, or regulations, expenses associated with amendments to, and waivers, consents or approvals pursuant to, a Fund's Organizational Documents, organizational expenses associated with a Fund, expenses associated with organizing, maintaining, administering, operating, and negotiating joint venture arrangements and platform investments, other similar fees and expenses, as well as any Transaction Fees, or expenses incurred by the Adviser or such Fund in connection with such Fund's operations that are not specifically set forth above as being paid by the Adviser, and any other fees, costs, expenses, liabilities or obligations approved by the advisory board of the relevant client.

From time to time, with respect to certain Clients, the Adviser will create certain special purpose vehicles or similar structuring vehicles for purposes of accommodating certain tax, legal, and regulatory considerations of investors ("SPVs"). In the event the Adviser creates an SPV, consistent with the Client's Organizational Documents, the SPV, and indirectly, the investors thereof, will typically bear all expenses related to its organization and formation and other

expenses incurred solely for the benefit of the SPV. Expenses of the types borne by a Client but associated with any feeder fund or similar vehicle organized to facilitate the participation of certain investors in the Client (including, without limitation, expenses of accounting and tax services) will be borne by the Client and, indirectly, the investors thereof (even if such investors do not participate in any such feeder fund or similar vehicle).

In certain cases, one or more co-investment vehicles or other similar vehicle established to facilitate investments alongside a Fund will be formed in connection with the consummation of a transaction. Consistent with the Organizational Documents of a Fund, in the event a co-investment vehicle is created, the investors in such co-investment vehicle will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the co-investment vehicle. The co-investment vehicle will generally bear its pro rata portion of expenses incurred in making an investment. While such co-investment vehicles generally do not pay Advisory Fees or Carried Interest, the Adviser and its affiliates have discretion to (i) receive performance-based compensation, Advisory Fees, or similar fees from co-investors and (ii) collect customary fees in connection with actual or contemplated investments that are the subject to co-investment arrangements.

If a proposed transaction is not consummated, no such co-investment vehicle generally will have been formed, and the full amount of any expenses relating to such proposed but not consummated transaction (“Dead Deal Costs”) therefore would generally be borne by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction (including reverse termination fees, extraordinary expenses such as litigation costs and judgments, and other expenses). In addition, if a proposed transaction is not consummated and a co-investment vehicle has been formed for the purpose of making an investment in such proposed transaction (or co-investors have otherwise committed to invest in the proposed transactions), some or all of the Dead Deal Costs may be borne solely by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction, but not to the co-investment vehicle or other co-investor to which the co-investment opportunity was offered. Similarly, co-investment vehicles are not typically allocated any share of break-up fees paid in connection with such an unconsummated transaction. Furthermore, to the extent a co-investment vehicle is formed in connection with a proposed transaction, expenses relating to such co-investment vehicle may, in certain situations, be borne by another Fund or Funds, regardless of whether such proposed transaction is consummated. As a general matter, Dead Deal Costs are allocated among Fund investors regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. Dead Deal Costs may include, among other things, legal, accounting advisory, consulting, or other third-party expenses (including amounts payable to Operations Support Partners (as defined in Item 11 below) and other third parties), any travel and travel-related and accommodation expenses, all fees, costs, and expenses of lenders, investment banks, and other financing sources in connection with arranging financing for a proposed investments, any break-up fees, reverse termination fees, topping, termination, or other similar fees, extraordinary expenses such as litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not consummated.

Separate Account Clients generally bear similar expenses, depending on the terms of the

Organizational Documents negotiated with each applicable Separate Account Client, and such terms will differ from the Funds. Furthermore, Fund Separate Account Clients co-invest alongside the Funds. To the extent provided in the Organizational Documents negotiated with each such Fund Separate Account Client, the investors in the Fund Separate Account Client will typically bear their pro rata portion of the expenses incurred in making an investment (which may include, for the Fund Separate Account Clients, in some but not all circumstances, Dead Deal Costs and break-up fees, generally in the event they are contractually committed to invest in the prospective investment).

The Adviser, from time to time, enters into arrangements with third-party advisers and consultants who provide services relating to deal-sourcing and investment opportunities, for which such advisers and consultants are paid compensation or other fees. Any fees and expenses associated with such investment opportunities will be allocated to the applicable Fund(s) and/or portfolio investments, consistent with the allocation process described above.

### **Carried Interest and Incentive Allocation Payments**

Please see Item 6 below regarding Carried Interest and Incentive Allocation paid by Clients.

### **Brokerage Fees**

In the event that the Adviser chooses to use a broker-dealer for limited purposes relating to a particular Client, such Client will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

With respect to certain Clients, a portion of the profits of each such Client, as per the provisions of the respective Organizational Documents, is earned and distributed to its General Partner or an affiliate as carried interest (the “Carried Interest”) upon meeting certain performance goals. With respect to certain other Clients, the General Partners of such Clients are entitled to receive from such Clients a performance-based profit allocation on a periodic basis (the “Incentive Allocation”) generally calculated based on net performance of the Clients. A General Partners’ entitlement to the Incentive Allocation is subject to a given capital account’s loss recovery amount. Each General Partner of a Client is a related person of the Adviser. Carried Interest paid by, or Incentive Allocation allocated with respect to, Client is indirectly borne by investors in such Client. The rate of Carried Interest, Incentive Allocation and related performance goals will differ among various Funds and Separate Account Clients. Certain investors in the Clients also incur lower or no Carried Interest or Incentive Allocation.

The payment or allocation by some, but not all, Clients of Carried Interest or Incentive Allocation, or the payment of Carried Interest or allocation of Incentive Allocation at varying rates (including varying effective rates based on the past performance of a Client) creates a conflict of interest for the Adviser to disproportionately allocate time, services, or functions to Clients paying Carried Interest or allocating Incentive Allocation, or to Clients paying Carried Interest or allocating Incentive Allocation at a higher rate, or to allocate investment opportunities to such Clients. Generally, and except as otherwise set forth in the Organizational Documents of the Clients, this conflict is mitigated, by (i) certain limitations on the timing or the ability of the Adviser to establish

new Funds and/or (ii) contractual provisions and procedures setting forth investment allocation requirements. Please also see Item 11 below for additional information relating to how conflicts of interests regarding allocations are generally addressed by the Adviser.

## **Item 7. Types of Clients**

The Adviser currently provides investment advisory services solely to the Clients, and references throughout this Brochure to “Clients” and to the Adviser’s related duties to and practices on behalf of its Clients and/or investors should be construed accordingly. Investment advice is provided directly to the Clients (subject to the direction and control of the General Partner of each such Client or, in the case of certain Separate Account Clients, the unaffiliated investor in such Separate Account Client, if applicable) and not individually to investors in such Client.

Interests in the Clients are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act.

The Adviser does not have a minimum size for a Client but minimum investment commitments are typically established for investors in the Clients. The General Partner of each Client may in its sole discretion permit investments below the minimum amounts set forth in the Organizational Documents of such Client.

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

### **Methods of Analysis and Investment Strategies**

#### *Fund Investment Strategy*

The Adviser’s private equity and data infrastructure investment strategies are focused on investments in middle-market operating businesses that provide both solid downside protection and growth opportunities, which can be achieved through significant value creation primarily through operational improvement, primarily in North America. The Adviser’s real estate strategy is focused on data center, life sciences, and other commercial real estate opportunities which serve the technology and life sciences industries.

The Adviser’s investment activities are focused on sectors in which it has developed extensive expertise, and which are differentiated by their sector growth and cyclical characteristics. For private equity, these sectors include, but are not limited to, IT infrastructure, healthcare, software, and services. For data infrastructure, these sectors include data centers, data transport, wireless access, and tech-enabled infrastructure, primarily in North America. For real estate, these sectors include data center properties, life science facilities, and a specific subset of mixed use industrial and/or office properties that (a) serve technology and life science tenant use and (b) have “essential” attributes, such as high IP-networked connectivity, proximity to and/or utilization of, communication and innovation ecosystems, and mission critical enhancements to the real estate that support “24/7 usage.” Within these sectors, the Adviser believes it has the experience to recognize underappreciated value, structure transactions that capture this value, and implement various initiatives to create long-term growth and increase operational value.

### *Investment Strategy of Fund Separate Account Client(s)*

The investment strategy of the Adviser's Fund Separate Account Clients consists of making co-investments alongside certain Funds in the discretion of the General Partner of such Fund Separate Account Client. The Fund Separate Account Clients will, subject to any applicable tax, legal, and regulatory constraints, generally make investments at the same time and on the same terms and conditions as the Fund alongside which it co-invests.

### *RE Separate Account Investment Strategy*

The Adviser has a distinct real estate focused investment strategy for each of its RE Separate Account Clients. These mandates span a number of property types and investment strategies, including an industrial and logistics platform, and a residential and mixed-use development platform.

The Adviser deploys a rigorous set of criteria in its investment and asset management approach across all of these investment platforms with a particular focus on risk management.

### **Risks**

Investing in securities involves a substantial degree of risk. A Client may lose all or a substantial portion of its investments, and investors in the Clients must be prepared to bear the risk of a complete loss of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Clients, include the following:

**Recent Financial Market Fluctuations.** In recent years, U.S. and global financial markets and the broader current financial environment have been, and continue to be, characterized by uncertainty, volatility, and instability. These financial market fluctuations have the tendency to reduce the availability of attractive investment opportunities for the Clients and may affect the Clients' ability to make investments and the value of the investments held by the Clients. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Clients' investments. The public securities markets have seen increased volatility and the ability of companies to obtain financing for ongoing operations or expansions may be severely hampered by the tightening of the credit markets and the ongoing financial turmoil. It is unclear what the repercussions of this market turmoil may be. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more liquid than it is at present, and it may well continue to be volatile for the foreseeable future. The ability to realize investments depends not only on portfolio investments and their historical results and prospects, but also on political, market, and economic conditions at the time of such realizations. In the past, many private investment funds have looked to the public securities markets as a potential exit strategy, and there can be no assurance, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Clients will be able to exit from their investments in portfolio investments

by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio investment may not be sufficiently liquid to enable a Client to sell these securities when the Adviser believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of the Clients to buy, sell, and partially dispose of their portfolio investment investments. The Clients may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and a Client may find itself unable to dispose of investments at prices that the Adviser believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be accurately predicted, and there can be no assurances that conditions in the financial markets will not worsen or adversely affect one or more Fund's portfolio investments. The ability of portfolio investments to refinance debt securities depends on their ability to sell new securities in the public high yield debt market or otherwise.

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

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

Currently, there is an ongoing outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization formally declared in March 2020 to constitute a global "pandemic." This outbreak has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at-home" and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. In many jurisdictions, restrictive measures have been re-imposed to address subsequent



waves of infection. As a result, COVID-19 has significantly diminished global economic production and activity of all kinds and has contributed to both volatility and a severe decline in all financial markets. Among other things, these unprecedented developments have resulted in material reductions in demand across most categories of consumers and businesses, dislocation (or in some cases a complete halt) in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, steep increases in unemployment levels in the United States and several other countries, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports, and entertainment.

The ultimate impact of COVID-19 — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. The extent of COVID-19's impact will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative, financial, and monetary policy interventions (including the effectiveness of vaccines and the implementation of vaccination programs) designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. Even if and as the spread of the COVID-19 virus itself is substantially contained and economies are able to “re-open,” it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

The ongoing COVID-19 crisis and any other public health emergency could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds' and their portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality, and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance, and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio companies, the General Partners and the Adviser may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements, and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering

the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

**Valuation of Assets.** There is no actively traded market for most of the securities owned by the Clients. When estimating fair value, the Adviser will apply a methodology based on its reasonable judgment that is appropriate in light of the nature, facts, and circumstances of the investments. Valuations are subject to multiple levels of review for approval, and ensuring that portfolio investments are fairly valued is an important focus of the Adviser. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties, and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Third-party pricing information may at times not be available regarding certain of a Client's assets. With respect to the Clients, the exercise of discretion in valuation by the Adviser will give rise to conflicts of interest, because valuations (including a determination of when an investment should be written down or written off) impact the Adviser's track record. In addition, a conflict arises because the calculation of performance allocation for certain Clients is based, in part, on these valuations, and such valuations affect the amount and timing of performance fees and, with respect to RE Separate Account Clients, calculation of Advisory Fees.

**Cybersecurity Risk.** The Adviser, the Clients' service providers, and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Clients and their investors, despite the efforts of the Adviser and the Clients' service providers to adopt technologies, processes, and practices intended to mitigate these risks and protect the security of their computer systems, software, networks, and other technology assets, as well as the confidentiality, integrity, and availability of information belonging to the Client and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Adviser, the Clients' service providers, counterparties, or data within these systems. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks. Third parties, including activist, criminal, nation-state, or terrorist actors, may also attempt to fraudulently induce portfolio companies, employees, customers, third-party service providers, or other users of the Adviser's systems to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. A successful penetration or circumvention of the security of the Adviser's systems by unauthorized third parties could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause the Client, the Adviser, or their service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss. In addition, the Adviser may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor reaction, or litigation.

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

For example, California has passed the California Consumer Privacy Act of 2018, as amended, and the EU has enacted the General Data Protection Regulation (EU 2016/679), each of which broadly impacts businesses that handle various types of personal data, potentially including private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

Other jurisdictions, including other U.S. states, have proposed or are considering similar Privacy Laws, which if enacted could impose similarly significant costs, potential liabilities, and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include the Adviser, the Clients, and/or their portfolio investments.

**Changes to the European Union.** The United Kingdom (“UK”) ceased to be a member of the European Union (“EU”) on January 31, 2020. In late December 2020 the EU and the UK reached agreement on an EU-UK Trade and Cooperation Agreement (“FTA”) to govern the trading relationship between the UK and the EU from and after January 1, 2021. Broadly, the FTA provides for zero tariffs and zero quotas on all goods that comply with the appropriate rules of origin, but is subject to the both parties maintaining a level playing field in areas such as environmental protection, social and labour rights, investment, competition, state aid, and tax transparency. Importantly, the four freedoms which provide the foundation of the EU single market, namely, the free movement of persons, goods, services and capital, no longer extends to the UK. Since January 1, 2021, the UK regulates its own separate and distinct market.

UK regulated firms in the financial sector are adversely affected by these arrangements because the FTA does not provide for continued access by UK firms to the EU single market – although there is the possibility that in time, the UK may obtain a recognition of equivalence from the EU in certain financial sectors which would enable varying degrees of access to the EU market. Similarly, notwithstanding zero tariffs and zero quotas, market access for those firms that trade in goods will fall below what the single market previously allowed. Non-tariff barriers, customs declarations, customs checks, restrictions on movements of employees, withdrawal of recognition of previously recognized professional qualifications, changes in the status of the UK vis-à-vis the EU for tax purposes, and other sources of friction have the potential to impair the profitability of

a business, require it to adapt, or, *e.g.*, in the case of firms providing financial services, even relocate or operate through an establishment in the EU.

It will take some time to observe the many and varied effects on UK businesses of the consequences of leaving the single market and customs union (taking into account the flow of goods and services in both directions). Given the size and global significance of the UK's economy, uncertainty, at least in the near term, about the effect of the FTA on the day-to-day operations of those businesses that either engage in the trade of goods or provision of services within the EU may be a continued source of currency fluctuations or have other adverse effects on international markets, international trade and other cross-border cooperation arrangements.

The present uncertainty could therefore adversely affect the Clients, the performance of its investments and its ability to fulfil its investment objectives (especially if their investments include, or expose it to, businesses that have historically relied on access to the single market or have historically relied on sourcing goods, materials or labour from the single market).

**Tax Reform Risks.** President Trump signed into law a broad-based reform of the Internal Revenue Code of 1986, as amended (the "Code") on December 22, 2017 (the "Tax Act") and legislation known as the "Coronavirus Aid, Relief and, Economic Security Act" (the "CARES Act") that was enacted in March 2020. Despite proposed and in some cases finalized regulations on certain aspects, there are significant uncertainties regarding the interpretation and application of the Tax Act. Various aspects of the CARES Act are also unclear. While additional guidance is expected, the timing, scope, and content of such guidance are not known. Changes to the Code made by the Tax Act and any further changes in tax laws or interpretation of such laws may be adverse to the Funds and their limited partners. This can create a conflict of interest as the tax position of the Adviser may differ from the tax positions of the Clients and/or their investors and, therefore, these rules may have an additional impact on the investment decisions made by the Clients, including with respect to decisions on the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions. For example, the tax law may give the Adviser an incentive to cause a Client to hold an investment for longer than three years in order to obtain lower tax rates on carried interest gains even if there are attractive realization opportunities earlier than three years.

**Possibility of Fraud and Other Misconduct of Employees and Service Providers.** Misconduct by employees of the Adviser, service providers to the Adviser or the Clients, and/or their respective affiliates could cause significant losses to such Clients. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Clients, the improper use or disclosure of confidential or material, non-public information, which could result in litigation, regulatory enforcement, or serious financial harm, including limiting the business prospects or future marketing activities of such Clients, and noncompliance with applicable laws or regulations, and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption, and/or financial losses to such Clients. The Adviser has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that the Adviser will be able to identify or prevent such misconduct.

**Environmental, Social, and Governance (“ESG”) Matters.** While ESG is only one of the many factors the Adviser will consider in making an investment, there is no guarantee that the Adviser will successfully implement and make investments in companies that create positive ESG impacts while enhancing long-term shareholder value and achieving financial returns. To the extent that the Adviser engages with companies on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful engagement efforts on the part of the Adviser will depend on the Adviser’s skill in properly identifying and analyzing material ESG and other factors, and their impact-related value. There can be no assurance that the strategy or techniques employed will be successful. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on the Adviser’s view of certain ESG-related and other factors, and it carries the risk that the Adviser may underperform funds that do not take ESG-related factors into account because the market may ultimately have a different view of a particular company’s performance than that anticipated by the Adviser.

Consideration of ESG factors may affect the Adviser’s exposure to certain companies, sectors, regions, countries, or types of investments, which could negatively impact the Adviser’s performance depending on whether such investments are in or out of favor. Applying impact investing goals to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by the Adviser or any judgment exercised by the Adviser will reflect the beliefs or values of any particular investor. In evaluating a company, the Adviser is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate, or unavailable, which could cause the Adviser to incorrectly assess a company’s ESG practices and/or related risks and opportunities. ESG-related practices differ by region, industry, and issue and are evolving accordingly. A company’s ESG-related practices or the Adviser’s assessment of such practices may change over time.

**Business Risks.** The Clients’ investment portfolio is expected to consist primarily of securities issued by non-public companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

**Investment in Junior Securities.** The securities in which the Clients will invest may be among the most junior in a portfolio investment’s capital structure and, thus, subject to the greatest risk of loss. Generally, there may not be sufficient collateral to cover a Clients’ investment in the event of a portfolio investment default on its credit agreements.

**Concentration of Investments.** The Clients will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, the Clients’ investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital called for investments is less than the targeted amount, the Clients may invest in fewer portfolio investments and thus be less diversified.

**REIT Investment Risks.** Certain investments by the Clients may be in securities that are or become publicly traded (including publicly traded real estate investment trusts (“REITs”)) and are therefore subject to the risks inherent in investing in public securities. Such investments will

involve economic, political, interest rate, and other risks, any of which could result in an adverse change in the market price. In addition, in some cases a Client will be prohibited by contract or other limitations from selling such securities for a period of time so that the Client unable to take advantage of favorable market prices.

**Real Estate Investment Risks.** Investments related to real property are subject to varying degrees of risk. The yields available from equity investments in real estate depend in large part on the amount of income generated and expenses incurred. If the investments do not generate revenues sufficient to meet operating expenses, including debt service, tenant improvements, leasing commissions and other capital expenditures, a Client may be required to borrow additional amounts to cover fixed costs, and the cash flow of the Client and its ability to make distributions to investors will be adversely affected. Although the Clients will be investing in a range of investments, all real estate investments are speculative in nature and the possibility of partial or total loss of capital exists. Real estate values are affected by a number of factors, including, but not limited to: (i) changes in the general economic climate or in national or international economic conditions; (ii) local conditions (such as an oversupply of space or a reduction in demand for space); (iii) the quality and philosophy of management; (iv) competition based on rental rates; (v) attractiveness, type and location of the properties and changes in the relative popularity of commercial properties as an investment; (vi) financial condition of tenants, buyers and sellers of properties, including successor liability for investments in existing entities (*e.g.*, buying out a distressed partner or acquiring an interest in an entity that owns a real property); (vii) quality of maintenance, insurance and management services; (viii) changes in real estate tax rates and other operating costs and expenses; (ix) energy and supply shortages; (x) changes in interest rates and the availability of mortgage funds and other financing which may render the sale or refinancing of properties difficult or impracticable; (xi) uninsured losses or delays from casualties or condemnation; (xii) government regulations (including those governing usage, improvements, zoning and taxes) and fiscal policies; (xiii) potential liability under changing environmental and other laws; (xiv) risks and operating problems arising out of the presence of certain construction materials; (xv) structural or property level latent defects; (xvi) acts of God, terrorist attacks, war (declared or undeclared), work stoppages, shortages of labor, strikes, union relations and contracts, fluctuating prices and supply of labor and/or other labor-related factors; (xvii) increased mortgage defaults; (xviii) negative developments in the economy that depress travel activity; (xix) environmental liabilities and contingent liabilities on disposition of assets; (xx) changes in applicable laws; and (xxi) other factors beyond the control of the Adviser. Investments in existing entities (*e.g.*, buying out a distressed partner or acquiring an interest in an entity that owns real property) could also create risks of successor liability.

A Client's investments will be subject to various risks which may cause fluctuations in occupancy, rental rates, operating income and expenses or which may render the sale or financing of its properties difficult or unattractive. For example, following the termination or expiration of a tenant's lease there may be a period of time before the Client will begin receiving rental payments under a replacement lease. During that period, a Client will continue to bear fixed expenses such as interest, real estate taxes, maintenance and other operating expenses. In addition, declining economic conditions may impair a Client's ability to attract replacement tenants and achieve rental rates equal to or greater than the rents paid under previous leases. Increased competition for tenants may require a Client to make capital improvements to properties which would not have otherwise been planned. Any unbudgeted capital improvements that a Client undertakes may divert cash that

would otherwise be available for distribution to the investors. Ultimately, to the extent that a Client is unable to renew leases or re-let space as leases expire, decreased cash flow from tenants will result, which could adversely impact the Client's operating results.

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

**Development and Construction or Renovation Risks.** A Client's investments may include acquisition of direct or indirect interests in undeveloped land or underdeveloped real property (which may often be non-income producing), real estate developments or redevelopments and/or businesses that engage in real estate development or redevelopment. To the extent that the Fund invests in such assets or activities, it will be subject to the risks normally associated with such assets and development activities, including the possibility of development cost overruns and delays due to various factors (including inclement weather, labor or material shortages, the unavailability of construction and permanent financing and timely receipt of zoning and other regulatory approvals), the availability of both construction and permanent financing on favorable terms and market or site deterioration after acquisition. Any unanticipated delays or expenses could have an adverse effect on the results of operations and financial condition of a Client. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may continue to experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that make such development less attractive than at the time it was commenced.

In addition, investments in new development activities could be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any entity in which a Client invests, the Fund may suffer a partial or total loss of capital invested in that entity. There can be no assurance that any such losses will be offset by gains (if any) realized on a Client's other investments.

**Renovation Risks and Investments in Land, Development and Redevelopment.** The

renovation of commercial properties involves risks associated with the construction and renovation of real property, including the possibility of construction and renovation cost overruns and delays due to various factors (including inclement weather, labor or material shortages and the unavailability of construction and permanent financing) and market or site deterioration after acquisition or renovation. Any unanticipated delays or expenses in connection with the renovation of properties could have an adverse effect on the results of operations and financial condition of a Client. A Client, in addition to implementing a comprehensive renovation strategy, will make additional investments in certain opportunistic assets or developments when the Adviser believes that this strategy is prudent for the specific market conditions and capital requirements. Such additional investments may include the Client acquiring direct or indirect interests in undeveloped land or underdeveloped real property (which may often be non-income producing), real estate developments or redevelopments and/or businesses that engage in real estate development or redevelopment. To the extent that a Client invests in such assets or activities, it will be subject to the risks normally associated with such assets and development activities. Such risks include risks relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of the Client, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the Client. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may continue to experience operating deficits after the date of completion.

In addition, market conditions may change during the course of development that make such development less attractive than at the time it was commenced.

**Risks of Leasing.** In some instances, a Client's properties are expected to be pre-leased, and, in other cases, properties will be developed or renovated on a speculative basis for which there is no significant pre-leasing, if any. To the extent that a Client is unable to lease space in its properties on or before completion of their construction or renovation, the Client will be subject to the risk of an inability to find suitable tenants on leasing terms the Client seeks to obtain. This may require the Client to offer substantial leasing concessions or suffer significant vacancies in its properties.

**Increase in Market Interest Rates:** If interest rates increase, so could a Client's interest costs for new debt, including variable rate debt obligations under any credit facility or other financing. This increased cost could make the financing of any acquisition more costly. Rising interest rates could limit the Client's ability to refinance existing debt when it matures or cause it to pay higher interest rates upon refinancing, which would negatively impact liquidity and profitability. In addition, an increase in interest rates could decrease the access third parties have to credit or the amount they are willing to pay for the Fund's assets.

**"Bad Boy" Guarantees.** Generally, commercial real estate financings (other than construction loans) are structured as non-recourse to the borrower, which limits a lender's recourse to the property pledged as collateral for the loan, and not the other assets of the borrower or to any parent of the borrower, in the event of a loan default. However, lenders customarily will require that a creditworthy parent entity enter into so-called "recourse carveout" guarantees to protect the lender



against certain bad-faith or other intentional acts of the borrower in violation of the loan documents. A “bad boy” guarantee typically provides that the lender can recover losses from the guarantors for certain bad acts, such as fraud or intentional misrepresentation, intentional waste, willful misconduct, criminal acts, misappropriation of funds, voluntary incurrence of prohibited debt and environmental losses sustained by the lender. In addition, “bad boy” guarantees typically provide that the loan will be a full personal recourse obligation of the guarantor, for certain actions, such as prohibited transfers of the collateral or changes of control and voluntary bankruptcy of the borrower. It is expected that the financing arrangements with respect to a Client’s investments generally will require “bad boy” guarantees from the Client and in the event that such a guarantee is called, the Client’s assets could be adversely affected. Moreover, a Client’s “bad boy” guarantees could apply to actions of the joint venture partners associated with the Client’s investments. While the Adviser expects to negotiate indemnities from such joint venture partners to protect against such risks, there remains the possibility that the acts of such joint venture partner could result in liability to the Client under such guarantees. The Client may provide “bad boy” guarantees on behalf of a other investment vehicles, alternative investment vehicle or co-investment vehicle and may in certain circumstances, but shall not be required to, receive a fee or other consideration for providing guarantees for the benefit of such other investment vehicles.

**Environmental Liabilities.** A Client may be exposed to substantial risk of loss arising from investments involving undisclosed or unknown environmental, health or occupational safety matters, or inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified. Under various U.S. 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 laws may impose joint and several liability, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. Such liability may also be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner’s liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, would adversely affect the owner’s ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on a Client’s return from such investment. Environmental claims with respect to a specific investment could exceed the value of such investment, and under certain circumstances, subject the other assets of the Client to such liabilities. In addition, some environmental laws create a lien on contaminated property in favor of governments or government agencies for costs they incur in connection with the contamination.

The ongoing presence of environmental contamination, pollutants or other hazardous materials on a property (whether known at the time of acquisition or not) could also result in personal injury (and associated liability) to persons on the property and persons removing such materials, future or continuing property damage (which would adversely affect property value) or claims by third parties, including as a result of exposure to such materials through the spread of contaminants.

In addition, a Client’s operating costs and performance may be adversely affected by compliance obligations under environmental protection statutes, rules and regulations relating to investments of the Client, including additional compliance obligations arising from any change to such statutes,

rules and regulations. Statutes, rules and regulations may also restrict development of, and use of, property. Certain clean-up actions brought by governmental agencies and private parties could also impose obligations in relation to a Client's investments and result in additional costs to the Client.

Further, even in cases where a Client is indemnified by the seller with respect to an investment against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or the ability of the Client to achieve enforcement of such indemnities.

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

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

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

**Risks Relating to Data Center Properties.** The Clients will be in the business of owning, acquiring, developing and operating data centers, and intends to lease such properties to tenants.

A reduction in the demand for data center space, power or connectivity is likely to have a greater adverse effect on a Client than if it owned a portfolio of investments with a less specialized use. The development activities of such properties also make a Client particularly susceptible to general economic slowdowns as well as adverse developments in the data center, internet and data communications and broader technology industries. Any such slowdown or adverse development could lead to reduced corporate IT spending or reduced demand for data center space. Reduced demand could also result from business relocations. Changes in industry practice or in technology could also reduce demand for physical data center space.

In addition, potential tenants may choose to develop new data centers or expand their own existing data centers or consolidate into other data centers the Fund does not own, which could reduce demand for a Client's data centers or result in the loss of one or more potential tenants, which could result in a loss of business for the Client and/or adversely affect pricing. If a data center property loses a tenant, there can be no assurance of replacing that tenant at a competitive rate or at all. Mergers or consolidations of technology companies could reduce further the number of potential tenants, causing dependence on a more limited number of tenants. A data center's financial condition, results of operations, cash flow, cash available for distribution and ability to satisfy debt service obligations could be materially adversely affected as a result of any or all of these factors, which would in turn have an adverse effect on a Client.

**Regulatory and Legal Risks related to Life Sciences Properties.** The Clients will compete with many other entities for acquisitions of medical office buildings ("MOBs"), life science properties, and healthcare-related facilities, including national, regional and local operators, acquirers and developers of healthcare real estate properties. The competition for healthcare real estate properties may significantly increase the price for MOBs, life science properties, and healthcare-related facilities or other real estate related assets a Client seeks to acquire, and competitors may succeed in acquiring those properties or assets themselves. In addition, potential acquisition targets may find a Client's competitors to be more attractive because they may have greater resources, may be willing to pay more for the properties or may have a more compatible operating philosophy. In particular, large healthcare REITs may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. This competition will result in increased demand for these assets and therefore increased prices paid for them. Because of an increased interest in single-property acquisitions among tax-motivated individual purchasers, a Client may pay higher prices if it purchases single properties in comparison with portfolio acquisitions.

MOBs and life science properties are typically highly customized and may not be easily adapted to non-healthcare-related uses. A new or replacement operator or tenant may require different features in a property, depending on that operator's or tenant's particular operations. If a current operator or tenant is unable to pay rent and vacates a property, the Fund may incur substantial expenditures to modify a property before it is able to secure another operator or tenant. Also, if the property needs to be renovated to accommodate multiple operators or tenants, a Client may incur substantial expenditures before it is able to re-lease the space. These expenditures or renovations may have a material adverse effect on a Client's operations and the ability to make distributions to investors.

MOBs and life science properties are used by tenants in science and technology industries, many

of whom rely on intellectual property protection. Tenants' businesses could be adversely affected if the science and technology industries are impacted by an economic, financial, or banking crisis, if there are changes in the intellectual property protection available to tenants, or if the science and technology industries migrate from the U.S. to other countries. Any adverse effect on a tenant's business may, in turn, have a material adverse effect on a Client's operations and the ability to make distributions to investors.

In addition, many life science tenants engage in research and development activities that involve controlled use of hazardous materials, chemicals, and biological and radioactive compounds. Together with our tenants, we must comply with federal, state, and local laws and regulations governing the use, manufacture, storage, handling, and disposal of hazardous materials and waste products. In the event of contamination or injury from the use of these hazardous materials, the property owner could be held liable for damages that result, which, in addition to any failure to comply with these laws and regulations, could adversely affect a Client's operations and the ability to make distributions to investors.

Furthermore, the healthcare industry is heavily regulated by Federal, State and local governmental bodies. A Client's tenants in healthcare assets generally will be subject to laws and regulations covering, among other things, licensure, certification for participation in government programs and relationships with physicians and other referral sources, and the privacy and security of individually identifiable health information. New laws and regulations, changes in existing laws and regulations or changes in the interpretation of such laws or regulations could negatively affect the financial condition of a Client's tenants. These changes, in some cases, could apply retroactively. The enactment, timing or effect of legislative or regulatory changes cannot be predicted. In addition, certain of a Client's MOBs, life science properties, and healthcare-related facilities and their tenants may require licenses or certificates of need to operate. Failure to obtain a license or certificate of need, or loss of a required license would prevent a facility from operating in the manner intended. These events could adversely affect a Client's tenants' ability to make rent payments to the Client, which may have a material adverse effect on the Client's operations and the ability to make distributions to investors.

**Lack of Sufficient Investment Opportunities.** The business of identifying and structuring private equity, data infrastructure and real estate transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Clients will never be fully invested if enough sufficiently attractive investments are not identified. However, regardless of the extent to which the capital commitments of investors are invested (or drawn down to be invested), the investors will be required to bear Advisory Fees through the relevant Client during the investment period based on the entire amount of the investors' capital commitments to such Client and other expenses as set forth in the Organizational Documents.

**Dynamic Investment Strategy.** While each General Partner generally intends to seek attractive returns for a Client through the investment strategy and methods described herein, the relevant General Partner is permitted to pursue additional investment strategies and/or modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the Organizational Documents. A General Partner is permitted to pursue investments outside of the industries and sectors in which the Adviser has previously made investments or has internal operational

experience.

**Illiquidity; Lack of Current Distributions.** An investment in a Client should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no return of proceeds invested. Furthermore, the expenses of operating a Client (including any Advisory Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Client's capital, including unfunded capital commitments.

**Availability of Entry Financing; Availability of Additional Financing.** A Client's ability to investment in companies may depend on the availability and terms of debt financing that is required or desirable with respect to such investments. A decrease in the availability of debt financing (or increase in the interest cost) for leveraged transactions, whether due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders, would impair the Clients' ability to consummate investments and would adversely affect a Client's returns.

After a Client has financed an investment, continued development and marketing of products may be required that additional financing be provided from a Client or a third party. No assurance can be made that such additional financing will be available and no assurance can be made as to the terms upon which such financing may be obtained.

**Leveraged Investments.** The Clients generally make use of leverage by incurring or having a portfolio investment incur debt to finance a portion of its investment in a given portfolio investment. Leverage generally magnifies both a Client's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. Leverage also often imposes restrictive financial and operating covenants on a portfolio investment, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio investments will increase the exposure of a Client's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment, or rising interest rates (which in recent years have been at or near historic lows) and could accelerate and magnify declines in the value of a Client's investments in the leveraged portfolio investments in a down market. In the event any portfolio investment cannot generate adequate cash flow to meet its debt service, a Client may suffer a partial or total loss of capital invested in the portfolio investment, which could adversely affect the returns of a Client. Furthermore, should the credit markets be limited or costly at the time a Client determines that it is desirable to sell all or a part of a portfolio investment, a Client may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a Client invests generally will not be rated by a credit rating agency.

A Client is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio investment's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Client would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Client generally also will result in fees, interest expense and other costs to such Client that may not be covered by distributions made to such Client or appreciation of its investments. While Client-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations regarding the amount of time such leverage may remain outstanding. A Client is permitted to incur leverage on a joint and several basis with one or more other Clients and entities managed by the Adviser or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Client incurs leverage (or provides such guaranties), such amounts are permitted to be secured by capital commitments made by such Client's investors and such investors' contributions may be required to be made directly to the lenders instead of such Client.

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

**Guarantees.** The Clients may guarantee the obligations of a portfolio investment on behalf of itself, affiliates (including co-investment vehicles) and certain third-parties, including, but not limited to, the obligations arising from borrowed money or derivatives transactions. Such guarantees may obligate the Clients to pay the portfolio investment's indebtedness or other obligations if the portfolio investment is unable or unwilling to pay its indebtedness or otherwise meet its obligations. In such situations, the Clients would not be compensated for providing such guarantee or exposure to such liability.

**Restricted Nature of Investment Positions.** Generally, there will be no readily available market for Client investments, and hence, most of the Clients' investments will be difficult to value. Certain investments may be distributed in kind to its investors, consistent with the terms of the relevant Organizational Documents. After a distribution of securities is made to investors, many investors may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such investors may be lower than the value of such securities determined pursuant to the Organizational Documents, including the value used to determine the amount of carried interest available to the Adviser with respect to such investment.

**Projections.** Projected operating results of a company in which the Clients invest normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the Adviser in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be

significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

**Complex Companies.** Clients may invest in the securities of companies that are not growing, or which feature and obvious investment flaw, such as a weak or unsophisticated management team, declining revenues, shrinking margins, product or customer concentration and processes or a litigation or regulatory overhang. Investments in such complex companies often involve a substantial degree of risk that is generally higher than the risk involved in investing in clean, well-run and easily understood businesses with clear growth trajectories.

**Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.** There has recently been significant discussion regarding enhanced governmental scrutiny and increased regulation of the private equity and real estate industry. There can be no assurance that any such scrutiny and regulation will not have an adverse impact on the Clients' activities, including the ability of the Clients to implement operating improvements at portfolio investments or otherwise execute its investment strategy or achieve its investment objectives. In particular, the Clients' may be required to incur additional costs and expenses in implementing structural changes in the conduct of the Clients' business, including to establish greater presence in certain jurisdictions in which the Clients invest or proposes to invest, and the Clients may also become directly or indirectly subject to additional tax liabilities (for example, through restrictions on or denial of the deductibility of interest expenses against taxable profits). The foregoing may make it less attractive or impractical to continue to invest in one or more jurisdictions. Additionally, such additional scrutiny may divert the Adviser's time, attention and resources from portfolio management activities.

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

**Need for Follow-on Investments.** Following its initial investment in a given portfolio investment, a Client may decide to provide additional funds to such portfolio investment or may have the opportunity to increase its investment in a successful portfolio investment, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons. There can be no assurance that the Clients will make follow-on investments or that the Clients will have sufficient funds to make all or any of such investments. Any decision by a Client not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio investment in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for a Client to increase its participation in a successful portfolio investment or the dilution of a Client's ownership in a portfolio investment if a third party invests in such portfolio investment.

**Non-U.S. Investments.** Investments in portfolio companies, investments, or real estate and real estate-related assets that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions, may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Clients), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Clients and/or the investors in the Clients with respect to the Clients' income, and possible non-U.S. tax return filing requirements for the Clients and/or its investors.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing, and financial reporting standards, practices, and requirements comparable to those that apply to U.S. companies.

**Investments in the Technology Sector.** The Clients invest in the technology sector. Businesses operating in this sector are challenged by various factors, including rapidly changing market conditions and/or participants, new competing products, changing consumer preferences, short product life cycles, services and/or improvements in existing products, exposure to a high degree of governmental regulation and the possibility of lawsuits related to intellectual property. There can be no assurance that products or services sold by such businesses will not be rendered obsolete or adversely affected by competing products and services or that such companies will not be adversely affected by other challenges. Moreover, competition can result in significant downward pressure on valuations. Instability, fluctuation or an overall decline within the technology industry will likely not be balanced by investments in other industries not so affected.

**Investments in the Software Sector.** The software industry is, however, challenged by various factors, including rapidly changing market conditions and/or participants, new competing products, changing consumer preferences, short product life cycles, services and/or improvements in existing products, exposure to a high degree of governmental regulation and the possibility of lawsuits related to intellectual property. The software sector as a whole is highly cyclical. The Clients' portfolio investments will compete in this potentially volatile environment. There can be no assurance that products or services sold by the portfolio investments will not be rendered obsolete or adversely affected by competing products and services or that the portfolio investments will not be adversely affected by other challenges. Moreover, competition can result in significant downward pressure on pricing. Instability, fluctuation or an overall decline within the software industry will likely not be balanced by investments in other industries not so affected.

**Competition in the Technology Sector.** Competitors of the Clients and their portfolio investments may range in size from diversified global companies with significant research and development resources to small, specialized firms whose narrower product lines may let them be more effective in deploying technical, marketing and/or financial resources. Barriers to entry in the software and technology industries are low and software products can be distributed broadly and quickly at relatively low cost. Many of the areas in which the Clients and their portfolio



investments participate evolve rapidly with changing and disruptive technologies, shifting user needs, and frequent introductions of new products and services.

**PIPE Investments.** The Clients selectively and opportunistically pursue private investments in public equities (“PIPE”) investments or private financing of public companies. PIPE investments may be purchased directly from a publicly traded company in a private placement transaction, typically at a discount to the market price of the company’s common stock. In a PIPE transaction, a Client may bear the price risk from the time of pricing until the time of closing. A Client will generally not be able to sell or distribute PIPE investments unless the securities are registered under applicable securities laws or an exemption from such registration is available. In addition, even after the securities are saleable, it may take a significant period of time for the Client to sell or distribute PIPE securities in an orderly manner during which time profit could have otherwise been realized or loss avoided, and in some cases the Client may be prohibited by contract or law from selling such public company securities for a period of time. In addition, a Client’s sales of thinly traded securities could depress the market value of such securities. These circumstances or events could reduce the Client’s profitability.

**Public Company Holdings.** The Clients’ investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject the Clients to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Clients to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies’ executives and board members, including the principals, and increased costs associated with each of the aforementioned risks.

**Non-Controlling Investments.** The Clients may hold meaningful minority stakes in privately held companies. In addition, during the process of exiting investments, the Clients at times may hold minority equity stakes of any size such as might occur if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that the Clients may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Consequently, such non-controlling positions may have fewer potential buyers and the sale process will likely take longer than for the sale of a controlling majority position.

**Director Liability.** The Clients will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio investment exposes a Client’s representatives, and ultimately such Client, to potential liability. Not all portfolio investments may obtain insurance with respect to such liability, and the insurance that portfolio investments do obtain may be insufficient to adequately protect officers and directors from such liability.

**Material, Non-Public Information.** As a result of the operations of the Adviser and its affiliates, as well as in connection with officerships or directorships of Adviser personnel, the Adviser frequently comes into possession of confidential or material, non-public information, which may be relevant to an investment decision to be made by a Client. Consequently, a

Client may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Adviser's internal policies. Due to these restrictions, a Client may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

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

**Impact of Government Regulation, Reimbursement and Reform.** Certain industry segments in which the Clients may invest are (or may become) (i) highly regulated at both the federal and state levels in the U.S. and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While the Clients intend to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Client invests.

## **Item 9. Disciplinary Information**

Item 9 is not applicable to the Adviser.

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

### **Related General Partners**

Various entities serve as General Partners. The Adviser is under common control with the General Partners. All personnel of the General Partners and any other person acting on their behalf are subject to the supervision and control of the Adviser. Certain of the General Partners are also relying advisers as described below. For a description of material conflicts of interest created by the relationship among the Adviser and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

### **Relying Advisers**

GI International L.P., GIP Manager (CalEast) LLC, and GIP Manager L/CAL, LLC are each a relying adviser of GI Manager L.P. Each relying adviser is under common control with the Adviser.

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

### **Code of Ethics**

The Adviser has adopted a written Code of Ethics that is applicable to all of its partners, officers, and employees, as well as officers and employees of its affiliates and certain independent contractors (collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households will purchase investments for their own accounts, including the same investments as will from time to time be purchased or sold for a Client, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Adviser’s Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. The provisions contained in the Code of Ethics help the Adviser detect and prevent potential conflicts of interest.

Adviser Personnel who violate the Code of Ethics are subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension, or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. Adviser Personnel are required annually to certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any Client or prospective Client upon written request to the Adviser’s Chief Compliance Officer at [compliance@gipartners.com](mailto:compliance@gipartners.com).

### **Participation or Interest in Client Transactions**

The Adviser and certain employees and affiliates of the Adviser invest in and alongside the Clients, either through the General Partners, as direct investors in the Clients, or otherwise. Additionally, a General Partner or an affiliate, as applicable, will generally reduce all or a portion of the Advisory Fee and Carried Interest or Incentive Allocation related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

Due in part to the fact that potential investors in a Client (including purchasers of a limited partner’s interests in a secondary transaction) or a co-investment opportunity (see below) ask different questions and request different information, the Adviser will from time to time provide certain information to one or more prospective investors that it does not necessarily provide to all of the prospective investors or limited partners.

### **Conflicts of Interest**

The Adviser and its related entities engage in a broad range of activities, including, but not limited to, investment activities for their own account and for the account of other investment funds or accounts, and providing transaction-related, investment advisory, management, and other services to funds and operating companies. The Adviser will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Clients in an appropriate

manner, as required by the Organizational Documents, although the Clients and their respective investments will place varying levels of demand on these over time. In the ordinary course of conducting its activities, the interests of a Client will from time to time conflict with the interests of the Adviser, other Clients, or their respective affiliates. Certain of these conflicts of interest, as well as a description of how the Adviser addresses such conflicts of interest, can be found below.

Adviser personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, and to pay or receive compensation relating to these arrangements. Unless restricted by the Organizational Documents, Adviser personnel are permitted to serve on boards or act in other roles unaffiliated with the Adviser, the Clients or their portfolio investments, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles, and no such compensation will offset or otherwise reduce any Advisory Fee.

The Adviser, from time to time, establishes certain investment vehicles through which certain employees of the Adviser or its affiliates, certain business associates, other friends and family of the Adviser or its personnel, including any related entity established by any of the foregoing, such as trusts, charitable programs, endowments or related programs, family investment vehicles, and other estate planning vehicles (collectively, the “Adviser Investors”) and/or individuals and entities that are not investors in any Funds (“Third Parties”) invest alongside one or more Funds in one or more investment opportunities. Such vehicles, referred to herein as co-investment vehicles, may, in certain instances, be contractually required to purchase and sell certain investment opportunities at substantially the same time and substantially the same terms as the applicable Fund that is invested in that investment opportunity. Such co-investment vehicles typically do not pay Advisory Fees, Carried Interest, or an Incentive Allocation.

To the extent holding or intermediate entities include one or more special purpose acquisition companies (“SPACs”), the relevant Client(s) will bear the costs of organizing and offering such SPACs, as well as the amount and dilutive effect of any founders’ equity or similar interests issued thereby that are not held directly or indirectly by the Client, and except where prohibited by the relevant Organizational Documents, such interests are permitted to be issued to the Adviser and its personnel.

Except to the extent prohibited by the Organizational Documents, the Adviser and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles, accounts or SPACs and to receive compensation (including in the form of management fees, performance-based compensation, founders’ equity or similar interests) relating thereto. Subject to any limitations imposed by the Organizational Documents and anti-“assignment” provisions of the Advisers Act, the Adviser and its personnel are also permitted to offer, restructure and monetize interests in the Adviser.

The material conflicts of interest encountered by a Client include those discussed below, although the discussion below does not necessarily describe all of the conflicts that are or may be faced by a Client. Other conflicts are disclosed throughout this brochure, and the brochure should be read in its entirety for other conflicts.

### *Resolution of Conflicts*

In the case of all conflicts of interest, the Adviser's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser's reasonable judgment, and in its sole discretion. In resolving conflicts, the Adviser reserves the right to consider various factors, including the interests of the applicable Clients with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- The Adviser will consider the appropriateness of an investment for a Client;
- Many important conflicts of interest will generally be resolved by set procedures, restrictions, or other provisions contained in the relevant Organizational Documents of the Clients;
- Generally, each Fund has established an advisory board, consisting of representatives of investors not affiliated with the Adviser. The advisory boards meet as required to consult with the Adviser as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion and, to the extent possible, the direction of the relevant advisory board or boards;
- Where the Adviser deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

### *Allocation of Investment Opportunities Among Clients*

In connection with its investment activities, the Adviser will encounter situations in which it must determine how to allocate investment opportunities among various Clients in the same strategy or in different strategies and other persons, which include, but are not limited to, one or more of the following:

- The Clients;
- Any co-investors or co-investment vehicles that have been formed to invest side-by-side with one or more Funds in all or particular transactions entered into by such Fund(s);
- Adviser Investors and/or Third Parties that wish to make direct investments (*i.e.*, not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Fund(s); and
- Adviser Investors and/or Third Parties acting as "co-sponsors" with the Adviser with respect to a particular transaction.

The Adviser makes allocation determinations consistently with the Clients' Organizational Documents and in accordance with its written policies and procedures.

The Clients are generally subject to investment allocation requirements (collectively, "Investment Allocation Requirements"), which will also apply directly or indirectly to certain RE Separate Account Clients, the Fund Separate Account Clients, and other co-investment

vehicles with investments contractually tied to the Funds. Investment Allocation Requirements are generally set forth in a Client's Organizational Documents. To the extent the Investment Allocation Requirements of a Client do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Clients, the Adviser will follow the process set forth below.

The Adviser will assess whether an investment opportunity is appropriate for a particular Client based on the Client's investment objectives, target sectors, strategies, and structure, including by reference to such Client's Organizational Documents. Prior to making any allocation to a Client of an investment opportunity, the Adviser will determine what additional factors restrict or limit the offering of an investment opportunity to the Client. Possible restrictions include, but are not limited to:

- **Obligation to Offer:** the Adviser may be required to offer an investment opportunity to one or more Clients.
- **Related Investments:** the Adviser may offer an investment opportunity related to an investment previously made by a Client to such Client to the exclusion of, or resulting in a limited offering to, other Clients.
- **Legal and Regulatory Exclusions:** the Adviser may determine that certain Clients or investors in certain Funds should be excluded from an allocation due to specific legal, regulatory, or contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

Once the Clients that are eligible to participate in a particular investment have been identified, the Adviser, in its discretion, decides how to allocate such investment opportunity among the identified Clients. In allocating such investment opportunity, the Adviser reserves the right to consider some or all of a wide range of factors, which include, but are not necessarily limited to, one or more of the following:

- Each Client's investment objectives, strategy and investment focus;
- Transaction sourcing (and with respect to an investment opportunity originated by a third-party, the relationship of a particular Client to or with such third-party);
- Each Client's liquidity and reserves (including whether a Client is able to commit to invest all capital required to consummate a particular investment opportunity);
- Each Client's diversification (including the actual, relative, or potential exposure of a Fund to the type of investment opportunity in terms of its existing portfolio);
- Lender covenants and other limitations;
- Amount of capital available for investment by each Client as well as each Client's projected future capacity for investment (including whether a Client is able to invest all capital required to consummate a particular investment opportunity);
- Each Client's targeted rate of return;
- Stage of development of the prospective portfolio investment or other investment and anticipated holding period of the prospective portfolio investment;
- Composition of each Client's investments and each Client's investment concentration parameters (including, without limitation, parameters such as geography, industry, issuer, volatility, leverage or other similar risk metrics);
- The suitability as a follow-on investment or add-on acquisition for a current portfolio

- investment of a Client;
- The availability of other suitable investments for each Client;
- Risk considerations;
- Cash flow considerations;
- Asset class restrictions;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax implications;
- Legal, contractual, or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable Organizational Documents of each Client.

The application of the Investment Allocation Requirements and factors set forth above may result in allocation on a non-pro rata basis and there can be no assurance that a Client will participate in all investment opportunities that fall within its investment objectives. The Adviser makes allocation determinations based solely on the Adviser's expectations at the time such investments are made, however investments and their characteristics may change and there can be no assurance that an investment may prove to have been more suitable for another Fund in hindsight.

Allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process. In certain circumstances, the Adviser may refer certain conflicts of interest relating to the allocation of an investment opportunity to its Allocation Committee, which consists of certain managing directors of the Adviser for review and resolution of such conflicts. In addition, principal executive officers and other personnel of the Adviser invest indirectly in and are permitted to invest directly in Clients and therefore participate indirectly in investments made by the Clients in which they invest. Such interests will vary Client by Client and may create an incentive to allocate particularly attractive investment opportunities to the Client in which such personnel hold a greater interest. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Client. Furthermore, if it is determined that an investment opportunity is not suitable for a Client, such persons may be permitted to invest in the opportunity for their own account.

#### *Allocation of Co-Investment Opportunities*

The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Funds (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants, and advisers to the Adviser and/or the Funds or management teams of the applicable portfolio investment, certain strategic investors, and other investors whose allocation is determined by the Adviser to be in the best interest of the applicable Fund), and any such excess will typically be offered to one or more other Funds, Fund Separate Account Clients, or other co-investors pursuant to the procedures included in such Funds' and the Fund Separate Account Clients' Organizational Documents, or to the extent not addressed in such Clients' Organizational Documents, in accordance with the following paragraphs. There may be circumstances where the Adviser determines, for strategic or other reasons, that an amount that could have otherwise been invested by a particular Client is instead allocated to one or more co-

investors.

Fund Separate Account Clients have been established for the purpose of making co-investments alongside certain Funds (in the sole discretion of the Adviser) generally at the same time, and on the same terms and conditions, as the Fund. The Adviser is not contractually required to allocate co-investment opportunities to such Fund Separate Account Clients, unless such co-investment opportunity is presented to other co-investors.

In certain cases, certain Fund Separate Accounts will have a priority right to make co-investments in some or all of the investments made by a Client. The existence of such a priority right will significantly reduce co-investment opportunities available to the investors.

Subject to any Investment Allocation Requirements or other specific agreements with an investor, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity, and investing in a Fund does not necessarily give an investor any rights, entitlements, or priority to co-investment opportunities, (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of the Adviser or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) co-investment opportunities typically will be offered to some and not other investors in the Funds, in the sole discretion of the Adviser or its related persons, and investors may be offered a smaller amount of co-investment opportunities than originally requested, and an investor may be offered fewer co-investment opportunities than other investors in the same Client with the same, larger, or smaller capital commitments to such Client; (iv) certain persons other than investors in the Funds (*e.g.*, other Clients managed by the Adviser, Adviser Investors, consultants, joint venture partners, persons associated with a portfolio investment, and other Third Parties, including persons who the Adviser believes will provide a benefit to the Adviser, a Client and/or one or more portfolio investments) rather than or in addition to one or more investors in a Fund, will from time to time be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons, and (v) co-investors will generally purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio investment (also known as a post-closing sell down or transfer) or will on occasion purchase their interests in a portfolio investment at the same time as the Funds. Each co-investment opportunity (should any exist) is likely to be different and allocation of each such opportunity will be dependent upon the facts and circumstances specific to that unique situation (*e.g.*, timing, industry, size, geography, asset class, projected holding period, exit strategy, and counterparty). Additionally, unless otherwise agreed to with an investor in a Fund, non-binding acknowledgments of interest in co-investment opportunities are not Investment Allocation Requirements and do not require the Adviser to notify the recipients of such acknowledgments if there is a co-investment opportunity. However, the Adviser from time to time agrees to give particular investors, Clients, or other third parties priority access to co-investment opportunities. The existence of such priority or other contractual co-investment access rights could affect the Adviser's decision to offer certain opportunities for co-investment and could limit the ability of Clients or their investors to be offered certain co-investment opportunities.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment among the Funds, Separate Account Clients, and other potential co-investors, the Adviser reserves the right to consider some or all of a wide range of factors, which include, but



are not limited to, its own interests and/or one or more of the following:

- The Adviser's perception of the appropriate composition of co-investors that would achieve optimal returns with respect to an investment opportunity;
- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise, and other resources or similar synergies) to efficiently and expeditiously participate in the investment opportunity with the relevant Client without harming or otherwise prejudicing such Client, in particular when the investment opportunity is time-sensitive in nature, as is typically the case (including whether the potential co-investment party has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required);
- The Organizational Documents negotiated with Clients;
- Any investment restrictions or limitations of a potential co-investment party;
- Any confidentiality concerns the Adviser has that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- Whether a potential co-investment party has a history of participating in opportunities and the Adviser's perception of its past experiences and relationships with that potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser and the expected amount of negotiations required in connection with a potential co-investment party's commitment; The character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics, and relevant industry);
- Level of demand for participation in such co-investment opportunity;
- The Adviser's perception of whether the investment opportunity will subject the potential co-investment party to legal, regulatory, competitive, confidentiality, reporting, public relations, media, or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- Whether the potential co-investment party would require any governance rights that would complicate the transactions (or, alternatively, whether the potential co-investment party would be willing to defer to the Adviser and assume a passive role in governing a portfolio investment);
- The ability of a potential co-investment party to aid in operating or monitoring a portfolio investment or the possession of certain expertise by a potential co-investment party and the potential co-investment party's relationship with the management team of the potential portfolio investment and whether the potential co-investment party has any existing positions in the portfolio investment or any competitors in the industry;
- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party will have an impact on the viability or terms of the proposed investment opportunity and the ability of a Client to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Client wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based,

may affect the likelihood of a Client being able to capitalize on a potential investment opportunity); and

- Whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen, and/or cultivate relationships that may provide indirectly longer-term benefits (including strategic, source, or similar benefits) to current or future Clients and/or the Adviser and whether the potential co-investment party has demonstrated a long-term and/or continuing commitment to the potential success of the current or future Clients and/or the Adviser.

The factors above are not listed in order of importance or priority, and the Adviser is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances. The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Clients, potential co-investors, Adviser Investors, and Third Parties, and in the manner discussed above often will not result in proportional allocations among such persons, and such allocations will be more or less advantageous to some such persons relative to other such persons. For example, the Adviser may be incentivized to offer a co-investment opportunity to certain persons over others based on its economic arrangement with such persons (including, for example, whether the Adviser and/or the applicable General Partners are entitled, under arrangements made with certain potential co-investment parties, to additional Advisory Fees, Carried Interest, and/or Incentive Allocation based on the availability of co-investment opportunities offered to such parties). While the Adviser determines how to allocate investment opportunities using its reasonable judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Client's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser is subject, discussed herein, did not exist.

In the event the Adviser determines to offer an investment opportunity to co-investors (including Separate Account Clients), there can be no assurance that the Adviser will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the Client, or that expenses incurred by the Client with respect to the syndication of the co-investment will not be substantial and the Clients bear the risk that any or all excess portion of an investment is not sold, or is sold on unattractive terms. Furthermore, the Client may bear the entire portion of any fees, costs and expenses related to such investment including, but not limited to, break-up fees and hold a larger than expected portion of such investment. Further, it is possible that a potential co-investment party may experience financial, legal, or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual, or other business interests or goals that are inconsistent with those of a Client and, as a result, may take a different view from the Adviser as to appropriate strategy for an investment or may be in a position to take a contrary action to a Client's investment objective. In the event that the Adviser is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Client will consequently hold a greater concentration and have exposure in the related investment opportunity than was initially intended, which could make the Client more susceptible to

fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. Moreover, an investment by the Client which is not syndicated to co-investors as originally anticipated could significantly reduce the Client's overall investment returns. Therefore, it is possible that a Fund that overcommits to an investment will bear a disproportionate allocation of the risks associated with the transaction without being compensated for assuming such risks.

#### *Allocation of Secondary Transactions*

To the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Organizational Documents or is asked to identify potential purchasers in a secondary transfer, the Adviser will do so in its sole discretion, generally taking into account the following factors:

- The Adviser's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- The Adviser's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen, and/or cultivate a relationship that may provide indirectly longer-term benefits to current or future Clients and/or the Adviser and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject the Adviser, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media, or other burdens;
- A potential purchaser's investment into another Fund (including any commitment into a future fund);
- Requirements in such Fund's Organizational Documents; and
- Such other facts as it deems appropriate under the circumstances in exercising such discretion.

#### *Allocation of Fees and Expenses*

From time to time the Adviser will be required to decide whether certain fees, costs, and expenses should be borne by, the Adviser, a Client, a portfolio investment, an Adviser Investor, a co-investor and/or a third-party (each, an "Allocable Party" and collectively, the "Allocable Parties") and if so, how such fees, costs, and expenses should be allocated between or among the relevant Allocable Parties. These fees, costs, and expenses include those related to evaluating and making consummated investments, Dead Deal Costs and other fees costs and expenses. Certain fees, costs, and expenses may be the obligation of one particular Allocable Party and may be borne by such Allocable Party or expenses may be allocated among multiple Allocable Parties. In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser is faced with a variety of potential conflicts of interest.

To the extent not addressed in the Organizational Documents of a Client, the Adviser will make allocation determinations among Allocable Parties in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation (which such methodologies may include pro rata allocation based on the respective capital commitments of a Client, pro rata allocation based on the respective investment (or anticipated investment) of an Allocable Party in an investment, relative benefit received by an Allocable Party, or such other equitable method as determined by the Adviser in its sole discretion). The Adviser will make any corrective allocations

and take any mitigating steps if it determines in its sole discretion that such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Client for a particular service may not reflect the relative benefit derived by such Client from that service in any particular instance.

There are occasions when one Client (the “Payor Client”) pays an expense or obligation common to multiple Allocable Parties (*e.g.*, legal expenses for a transaction in which all such Allocable Parties participate). On such occasions, each Allocated Party will reimburse the Payor Client for its share of such expense, without interest, promptly after the payment is made by the Payor Client. To the extent the Payor Client makes use of a credit facility to pay such expense, it generally will not be reimbursed separately by other Clients for use of the facility. Furthermore, while highly unlikely, it is possible that one of the Allocated Parties could default on its obligation to reimburse the Payor Client.

### *Conflicts Related to Purchases and Sales*

Conflicts arise when a Client makes investments in conjunction with an investment being made by other Clients, or in a transaction where another Client has already made an investment. Investment opportunities are from time to time appropriate for Clients at the same, different, or overlapping levels of a portfolio investment’s capital structure. Conflicts arise in determining the terms of investments, particularly where these Clients invest in different types of securities in a single portfolio investment. Questions arise as to whether payment obligations and covenants should be enforced, modified, or waived, whether payments should be accelerated, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, the terms of any work-out or restructuring or other concessions that may be given in such a situation will raise conflicts of interest, particularly in Clients that have invested in different securities within the same portfolio investment. The Adviser may be incentivized to choose a course of action that benefits one Client to the detriment of another Client. In the event that one Client has a controlling or significantly influential position in a portfolio investment, it will have the ability to elect some or all of the board of directors of such a portfolio investment, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt, and entering into extraordinary transactions. In addition, a controlling Client is likely to have the ability to determine or influence the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may at times be in direct conflict with other Clients that have invested in the same portfolio investment that do not have the same level of control or influence over the portfolio investment.

Certain Clients of the Adviser may invest in bank debt and securities of companies in which other Clients hold securities, including equity securities. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals and other interests with respect to a portfolio investment. In the event that such investments are made by a Client, the interests of such Client may at times conflict with the interest of such other Client, particularly in circumstances where the underlying company is facing financial distress. In such instances, it may be in the best interest of the Client holding debt securities to declare a default, accelerate a loan or

take other protective actions, while such actions would harm another Client's equity investment in the portfolio investment. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Clients are prohibited from exercising voting or other rights, and are subject to claims by other creditors with respect to the subordination of their interest.

If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Clients may or may not provide such additional capital and if provided, each Client will supply such additional capital in such amounts, if any, as determined by the Adviser. In addition, a conflict arises in allocating an investment opportunity if the potential investment target could be acquired by either a Client or a portfolio investment of another Client. In the event one Client is unable to fund its share of additional capital (*e.g.*, in the event such Client does not have sufficient available capital), the other Client may be obligated to fund more than its share of such amount. In such event, one Client will gain greater exposure to such investment than may have been intended and the other Client will be diluted in such investment. The returns of each Client may be negatively impacted as a result of the foregoing. Investments by more than one Client of the Adviser in a portfolio investment will also raise the risk of using assets of a Client of the Adviser to support positions taken by other Clients of the Adviser, or that a Client may remain passive in a situation in which it is entitled to vote. In addition, there may be differences in timing of entry into or exit from a portfolio investment for reasons such as differences in strategy, existing portfolio, or liquidity needs. In addition, where more than one Client of the Adviser (or its affiliates) invest in the same portfolio investment, there can be no assurance that such parties will dispose of investments at the same time and on the same terms. For example, because the Adviser may have an incentive to show realized returns in connection with other fundraising activities (including fundraising for a successor fund) and because one Client's term may expire before the end of another Client's term, such Clients may dispose of the investment at different times. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, each Client may realize different returns as compared to the same investment held by another Client. These variations in timing may be detrimental to a Client. At the same time, if the Adviser determines it is advisable for a Client to exit an investment at the same time as another Client of the Adviser or its affiliates, the term of which may expire sooner than the former Client's, such Client may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have earned on such investments. Further, where multiple Clients invest in the same company at different times, the first Client to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Clients; similarly, to the extent a transaction does not proceed, the first Client to invest typically will bear the full amount of Dead Deal Costs relating to the transaction, regardless of whether other Clients could or would have invested in the company in potential future transactions. Further, there can be no assurance that the relevant Client and the other Client(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms.

The applicable Client's Organizational Documents and the Adviser's procedures are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Clients in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed.

Employees and related persons of the Adviser and its affiliates have made, and may in the future make, capital investments in or alongside certain Clients, and therefore may have conflicting interests in connection with these investments. There can be no assurance that the return of a Client participating in a transaction would be equal to and not less than another Client participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

A Client will from time to time invest in opportunities that other Clients have declined, and likewise, a Client will from time to time decline to invest in opportunities in which other Clients have invested.

The Adviser will from time to time, in its discretion, enter into transactions with investors in one or more Clients, co-investors, Adviser Investors or Third-Parties to dispose of, or “sell down,” all or a portion of certain investments held by one or more Clients. In exercising its discretion to select the purchaser(s) of such investments, the Adviser will comply with the requirements set forth in the Organizational Documents of the applicable Client(s), or to the extent not addressed in the Organizational Documents of the applicable Client(s), the Adviser reserves the right to consider some or all of the factors listed above under “*Allocation of Co-Investment Opportunities*” and “*Allocation of Secondary Transactions*.” The sales price for such transactions will be mutually agreed to by the Adviser and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by the Adviser and the Adviser is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price. Furthermore, subject to the Organizational Documents, the Adviser reserves the right to charge (or may decide not to charge) a purchasing party interest and any related borrowing and/or subscription facility costs for the time period between the closing of the applicable Client’s investment in a portfolio investment to the date of the transfer of interests in such portfolio investment to the applicable purchasing party. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Client(s).

The Clients will, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, a Client agrees that upon the closing of a transaction with respect to a potential portfolio investment, it will purchase equity securities in a transaction. Furthermore, in certain instances the Clients will also enter into limited guarantee arrangements whereby, subject to any applicable documentation, a Client agrees that if a transaction with respect to a potential portfolio investment is not consummated, it will pay a percentage of the total value of the transaction as a reverse termination fee to the seller entity. While certain co-investment vehicles with investments contractually tied to the Client (including co-investment vehicles through which employees of the Adviser participate) are generally obligated to pay their proportionate share of the equity purchase price (whether pursuant to the applicable Clients’ Organizational Documents or otherwise), such co-investment vehicles are generally not direct parties to the equity commitment arrangements or limited guarantees and, in any event, are not obligated to pay their proportionate share of any reverse termination fee. Therefore, in the unlikely event that a co-investment vehicle defaults on such arrangement with the Client to pay its proportionate share of the equity purchase price (if any), or such an arrangement does not exist,

the Client would be held responsible for the entire equity purchase price or reverse termination fee, as applicable.

The Clients co-invest with other persons through joint operating agreements (“JOAs”), syndications, joint ventures, partnerships or other entities or arrangements as a JOA party, co-venturer or partner, including the seller (or an affiliate thereof) of a property, a person involved in the selling or acquisition of a property, an investor in a Client or other third parties. Such investments involve risks not present in investments where a third party is not involved, including the possibility that: (i) the Client and such JOA party, co-venturer or partner may reach an impasse on a major decision that requires the approval of both parties; (ii) a JOA party, co-venturer or partner of the Client may at any time have economic or business interests or goals that are inconsistent with those of the Client; (iii) the JOA party, co-venturer or partner may encounter liquidity or insolvency issues or may become bankrupt; (iv) the JOA party, co-venturer or partner may be in a position to take action contrary to the Client’s investment objective; (v) the JOA party, co-venturer or partner may take actions that subject the property to liabilities in excess of, or other than, those contemplated; or (vi) in certain circumstances the Client may be liable for actions of its JOA parties, co-venturers or partners. There can be no assurance that the return of a Client participating in a transaction with a third-party would be equal to, and not less than, another Client participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed. The JOA party, co-venturer or partner may be a joint venture partner or interest holder in another joint venture or other vehicle in which the Adviser or its affiliates has an interest or otherwise controls. The JOA party, co-venturer or partner also may be entitled to receive payments from, or allocations or performance-based compensation (*e.g.*, Carried Interest or Incentive Allocation) in respect of, the Client and/or such investments, and in such circumstances, any such amounts will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by the Adviser or its affiliates, be deemed paid to or received by such persons or reduce the Advisory Fee. Moreover, the Adviser is permitted to receive fees associated with capital invested by a co-venturer or partner relating to investments in which the Client participates. This may be in connection with a joint venture in which the Client participates or other similar arrangements with respect to assets or other interests retained by a seller or other commercial counterparty with respect to which the Adviser performs services. In addition, the Clients may co-invest with non-affiliated co-investors or partners whose ability to influence the affairs of the projects in which the Clients invest may be significant, and even greater than that of a Client and as such, the Clients may be required to rely upon the abilities and management expertise of such JOA party, co-venturer or partner. It also may be more difficult for a Client to sell its interest in any JOA, joint venture, co-investment, partnership or entity with other owners than to sell its interest in other types of investments (and any such investment may be subject to a buy-sell right). The Clients typically grant certain JOA parties, co-venturers or partners approval rights with respect to major decisions concerning the management and disposition of the related investment, which would increase the risk of deadlocks or unanticipated exits from an investment. A deadlock could delay the execution of the business plan for the investment or require the Fund to engage in a buy-sell of the venture with the JOA party, co-venturer or partner or conduct the forced sale of such investment or require alternative dispute resolution in order to resolve such deadlock. As a result of these risks, the Clients may be unable to fully realize its expected return on any such investment. Further, to the extent that the Clients offer any co-investment opportunity to any limited partners or third parties, some or all of the risks described above also may apply to such coinvestments.

Moreover, the Adviser is permitted to receive fees associated with capital invested by a co-venturer or partner relating to investments in which a Client participates. This may be in connection with a joint venture in which a Client participates or other similar arrangements with respect to assets or other interests retained by a seller or other commercial counterparty with respect to which the Adviser performs services.

### *Cross-Transactions*

In certain cases, the Adviser will cause a Client to purchase investments from another Client, or it will cause a Client to sell investments to another Client. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Client may not necessarily receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Client by selling underperforming assets to another Client in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates, and/or their professionals (i) will generally have significant investments, or intentions to invest, in the Client that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates receive management or other fees in connection with their management of the relevant Clients involved in such a transaction, and are generally entitled to share in the investment profits of the relevant Clients. To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements of the relevant Clients. To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's Chief Compliance Officer, in consultation with the respective Client investment committee, will be responsible for confirming that the Adviser (i) considers its respective duties to each Client, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party on commercially reasonable terms, and (iii) obtains any required approvals of the transaction's terms and conditions.

In certain cases, the Adviser may determine that it would be in the best interest of a Client to provide an opportunity for investors to obtain liquidity for all or a portion of their interests prior to the end of the Client's term. In such situations, the Adviser may seek to raise capital from third parties who wish to directly or indirectly acquire interests in one or more portfolio companies from the Client, including through the creation of a new fund or similar continuation vehicle. In such cases, the Adviser may seek to require the purchasers to make commitments to a successor fund and/or its parallel funds advised by the Adviser. Because the Adviser and/or its affiliates will have the opportunity to earn additional management fees and/or receive additional carried interest and other economic benefits in respect of such transactions, and because each purchaser's commitment to acquire interests in a successor fund and/or its parallel funds could be conditioned upon completion of the transaction, the Adviser will have a potential conflict of interest in determining transaction terms and participants.

### *Principal Transactions*

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if



an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a “principal transaction”), the Adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent to the transaction. In connection with the Adviser’s management of the Clients, the Adviser and its affiliates may engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Client(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the Organizational Documents relating to the Clients typically contain additional restrictions on the ability of the Clients or the Adviser to engage in principal transactions.

### *Management of the Clients*

The Adviser manages a number of Clients that have investment objectives similar to each other. The Adviser expects that it, or its personnel, will in the future establish one or more additional Clients with investment objectives substantially similar to, or different (and potentially conflicting) from, those of the current Clients. The Adviser may give advice or take actions with respect to the investments of one or more Clients, which may not be given or taken with respect to other Clients with similar investment programs, objectives, or strategies. As a result, Clients with similar strategies may not hold the same securities or achieve the same performance. In addition, a Client may not be able to invest through the same investment vehicles, or have access to similar credit or utilize similar investment strategies as another Client. These differences may result in variations with respect to price, leverage, and associated costs of a particular investment opportunity.

In addition, it is expected that most or all of the officers and employees responsible for managing the Separate Account Clients or the Funds will have responsibilities with respect to the other Clients or accounts managed by the Adviser, including those that may be raised in the future or to proprietary investments made by the Adviser and/or its principals of the type made by a Fund or Separate Account Client. Substantial time will be spent by such officers and employees monitoring the investments of other Clients and accounts managed by the Adviser. Conflicts of interest arise in allocating time, services, or functions of these officers and employees and the Adviser has an incentive to allocate more time, services or functions to such Clients from which the Adviser derives a higher economic benefit and/or to better performing Clients.

The Adviser may consider and reject an investment opportunity on behalf of one Client, and the Adviser may subsequently determine to have another Client make an investment in the same company. A conflict of interest arises because one Client will, in such circumstances, benefit from the initial evaluation, investigation, and due diligence undertaken by the Adviser on behalf of the original Client considering the investment. In such circumstances, the benefitting Client or Clients will not be required to reimburse the original Client for expenses incurred in connection with researching such investment.

In addition, the Adviser receives and generates various kinds of portfolio investment data and other information, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors, and other metrics. This information may, in certain

instances, include material, non-public information received or generated in connection with efforts on behalf of one Client's investment (or prospective investment) in a portfolio investment. As a result, the Adviser is better able to anticipate macroeconomic and other trends, and otherwise develop investment strategies. The Adviser has in the past and is likely in the future in certain instances to use this information in a manner that may provide a material benefit to the Adviser, its affiliates, or to certain other Clients without compensating or otherwise benefitting the Client or Clients from which such information was obtained. In addition, the Adviser may have an incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated. The Adviser has in the past and is likely in the future to utilize such information to benefit the Adviser, its Affiliates, or certain Funds in a manner that may otherwise present a conflict of interest.

The Adviser and its affiliates are also permitted to enter into formal or informal arrangements with portfolio investments to facilitate the sharing of data and/or data analytics. Subject to applicable legal, regulatory, and contractual requirements, these information sharing arrangements are designed to allow the Adviser, the Clients, and the Clients' portfolio investments to better discern economic or other trends and developments. The Adviser believes that all Clients benefit from these arrangements in ways that would be impossible without the ability to aggregate data from across the Adviser's businesses and the Clients' portfolio investments. However, information sharing may involve conflicts of interest between the Clients and/or between the Clients and the Adviser. For example, data analytics based on inputs from one portfolio investment may inform business decisions by other portfolio investments, or investment decisions by the Adviser and its affiliates, without the source of the data being directly compensated. It is difficult, if not impossible, to measure exactly the benefits any particular entity receives from these kinds of arrangements, or to provide specific and direct monetary compensation for such information. Therefore, the Adviser and its affiliates may utilize such data outside of Client activities in a manner that may provide a material benefit to the Adviser, without directly compensating or otherwise benefitting the Clients. As a result, the Adviser may have an incentive to pursue investments (on its own behalf or on behalf of the Clients) based on the data that may be accessible as a result of owning such investments, and/or to utilize such data in a manner that benefits the Adviser and/or investments held by other Clients.

The Clients may in the future enter into borrowing arrangements that require the Clients to be jointly and severally liable for the obligations. If one Client defaults on such arrangement, the other Clients will be held responsible for the defaulted amount.

#### *Follow-on Investments*

Investments to finance follow-on acquisitions present conflicts of interest, including determination of the equity component and other terms of the new financing, as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Client in a portfolio investment in which another Client has previously invested. In addition, a Client will from time to time participate in releveraging and recapitalization transactions involving portfolio investments in which another Client has already invested or will invest. Conflicts of interest arise in situations, including, but not limited to, those situations in which the Adviser must make a determination of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price

for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. The Adviser will resolve all such conflicts using its reasonable judgment, and in its sole discretion.

*Conflicts Relating to the Adviser, the General Partners, and their Affiliates*

The Adviser, its affiliates, and partners, officers, principals, and employees of the Adviser and its affiliates will from time to time buy or sell securities or other instruments that the Adviser has recommended to Clients. Officers, principals, and employees of the Adviser will also from time to time buy securities in transactions offered to but rejected by Clients. A conflict of interest may arise because such investing Adviser personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Adviser on behalf of the Clients.

In addition, Clients from time to time invest in securities of companies in which officers and employees of the Adviser and its affiliates have previously invested for their own accounts. Furthermore, officers and employees of the Adviser and its affiliates from time to time invest for their own accounts in securities of companies in which the Clients have previously invested. If officers, principals, and employees of the Adviser have made large capital investments in or alongside the Clients they will have conflicting interests with respect to these investments. While the significant interests of the officers and employees of the Adviser generally align the interest of such person with the Clients, such persons may have differing interests from the Client with respect to such investments (for example, with respect to the availability and timing of liquidity). The Adviser has also invested in certain data centers directly with its own capital and without third party investments.

In addition, officers and employees of the Adviser may also buy securities in other investment vehicles (including private equity funds, hedge funds, real estate funds, and similar investment vehicles) which may include potential competitors of the Clients and/or may invest in similar industries and sectors as the Clients. Such officers and employees of the Adviser have a conflict of interest with respect to their personal investment holdings. There could be situations in which such investment vehicles invest in the same portfolio investments as the Clients and there may be situations in which such investment vehicle purchases securities from, or sells securities to, a Client. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds.

The transactions described above are subject to the policies and procedures set forth in the Adviser's Code of Ethics, and investors will not benefit from any such investments. The investment policies, fee arrangements, and other circumstances of these investments vary from those of the Clients.

Because certain expenses are paid for by a Client and/or its portfolio investments or, if incurred by the Adviser, are reimbursed by a Client and/or its portfolio investments, the Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Client or its portfolio investments to incur) such expenses.

Officers and employees of the Adviser have family members that are actively involved in industries and sectors in which the Clients invest or have business, personal, financial or other

relationships with companies in such industries and sectors (including service providers described below) or other industries, which gives rise to conflicts of interest. For example, such family members might be officers, directors, personnel or owners of companies which are actual or potential investments of the Clients or other counterparties of the Clients and the portfolio investments. Moreover, in certain instances, the Clients or the portfolio investments may purchase or sell companies or assets from or to, or otherwise transact with companies that are owned by such family members or in respect of which such family members have other involvement. In most such circumstances, the Clients' Organizational Documents will not preclude Clients from undertaking any of these investment activities or transactions.

A minority interest in the Adviser and certain of its affiliates is owned by investment funds managed by Blackstone Strategic Capital Group. (the "Strategic Partner"). The Strategic Partner is not involved in the day-to-day management of the Adviser, the Clients, or the General Partners, and the Strategic Partner has no control over the investment decisions of the Clients. However, the Strategic Partner may provide various consulting services to the Adviser, including business development, talent management, and operational and business best practices consultation. In addition, the Strategic Partner has negotiated certain minority protections and consent rights in connection with its investment in the Adviser, including certain informational rights that are not available to limited partners with respect to their investments in the Clients. Although the Adviser intends to maintain operations, strategy and investment decisions separate from the Strategic Partner, the Strategic Partner, as an indirect beneficiary of the Adviser, may have an incentive to direct the Adviser towards certain investments or other business transactions.

### *Fee Structure*

Because there is a fixed investment period after which capital from investors in the Funds may only be drawn down in limited circumstances and because Advisory Fees are, at certain times during the life of the Funds, based upon capital invested by the Funds, this fee structure creates an incentive to deploy capital when the Adviser would not otherwise have done so. However, the investment made by the Adviser or its affiliates in a Fund, the clawback obligation of the General Partner (as described below), and the fact that the preferred return is calculated on an aggregate basis reduces the incentive to make speculative investments or otherwise time the sale of an investment in a manner motivated by the personal benefit of the Adviser's personnel.

Additionally, for certain Clients, such Advisory Fees are based on the fair market value of the assets held by such Client which creates an incentive to value certain assets higher than if such Advisory Fees were not based on fair market value of such assets. In addition, the Adviser may be motivated to accelerate acquisitions and/or capital calls in order to increase such Client's fair market value of such assets, or similarly delay or curtail dispositions to maintain a higher fair market value of such assets which would, in each case, increase the Advisory Fee payable to the Adviser (or its affiliates).

Additionally, as discussed above in Item 6, the General Partners of many of the Funds are entitled to Carried Interest or to an allocation of Incentive Allocation under the terms of the Organizational Documents of such Funds. The existence of the General Partners' Carried Interest or Incentive Allocation creates an incentive for the General Partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of

performance-based compensation.

With respect to certain Clients, the Adviser or its affiliates may receive an Incentive Allocation in respect to unrealized appreciation of a Client's assets, and the Advisory Fee will take into account the unrealized value of the Client's assets and any cash and cash equivalents. Accordingly, the Adviser or its affiliates may receive an Incentive Allocation or Advisory Fee on assets where the relevant gains have not been realized.

Pursuant to the Organizational Documents of certain Funds, a General Partner of a Fund is required to return excess amounts of Carried Interest as a clawback or giveback. This clawback obligation may create an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the General Partner.

In certain Funds, the General Partner may elect to receive its Carried Interest or Incentive Allocation in the form of an in-kind distribution of securities of a portfolio investment, including for purposes of permitting one or more General Partner personnel to donate such securities to charity (which may include private foundations, fund, or other charities so chosen by such personnel). Any tax efficiencies to such General Partner personnel associated with this form of charitable giving may have the effect of reinforcing or enhancing the General Partner's incentives otherwise resulting from the existence of its Carried Interest or Incentive Allocation and therefore, the General Partner may have a conflict of interest in making decisions on behalf of the Funds (including, for instance, the timing of disposition of investments).

The Organizational Documents of certain Funds permit the General Partner of each such Fund to cause such Fund to distribute such General Partner's share of securities resulting from an investment disposition by such Fund to such General Partner or its affiliates (including managing directors and employees) in kind, while disposing of limited partners' share of such securities and distributing the net cash proceeds of such sale of securities to the limited partners. This ability creates conflicts of interest between the General Partners and the limited partners of the applicable Fund. The General Partners are particularly incentivized to receive distributions in-kind of securities that it expects to increase in value, and in cases where the increase occurs, if the limited partners received cash distributions instead of in-kind distributions, the limited partners will be denied the benefits of that increase had the Fund retained the securities and the General Partner will receive more value from the securities than it would have had its carried interest been paid in cash. Furthermore, the General Partner, or its affiliates, may receive distributions in kind from an investment disposition. In the event the General Partner, or its affiliates, receive such a distribution, the General Partner will generally act in its own interest with respect to its share of securities and may determine to sell the distributed securities (which may include selling its securities prior to the time at which the investor sells its distributed securities), or hold onto the distributed securities for such time as the General Partner shall determine. The ability of the General Partner to act in its own interest with respect to such distributed shares creates a conflict of interest between the General Partner or affiliate, as an adviser to the Fund, and the Fund. These conflicts may be exacerbated due to the enhanced knowledge and information the General Partner has relative to limited partners with respect to such securities.

### *Fund Level Borrowing*

The Funds from time to time borrow funds or enter into other financing arrangements for various reasons, including to pay fund expenses, to pay management fees, to make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from investors), to make payments under hedging transactions, or to cover any shortfall resulting from an investor's default or exclusion. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing generally would be used for all limited partners in such Fund on a pro rata basis, including the General Partner. The Funds will also utilize subscription facilities to benefit co-investment parties and joint venture partners. For example, a Fund will borrow to fund a co-investment party's and joint venture party's pro rata share of an investment or expense related to an investment. While the Adviser expects that all parties (including the General Partner and any co-investment party and/or joint venture partner) will bear its pro rata share of the interest expenses allocable to the extension of credit, the Fund will bear a disproportionate amount of the credit risk in incurring the debt on behalf of the other parties.

In addition, credit facilities for certain Funds are available to provide borrowed funds directly to the portfolio investments of such Funds, in which case such borrowed funds would be guaranteed by such Funds, as they would be for any other borrowing by the Fund for any other purpose. This includes where a Fund serves as a guarantor for a portfolio investment line of credit. In such instances the Funds would bear the sole liability for the borrowed funds in the event of a default, and as a result, such portfolio investment and any of its other investors (including direct investments by the general partner and any co-investor) benefit from the credit risk taken by the Fund's guarantee.

To the extent the Fund uses borrowed funds in advance or in lieu of capital contributions or a portfolio investment borrows funds directly through the Fund facility, the Fund's investors generally make later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. As a result, the Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and may make net IRR calculations higher than they otherwise would be without fund-level borrowing, as these calculations generally depend on the amount and timing of capital contributions. It is expected that the interest will accrue on any such outstanding borrowings at a lower rate than any preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Fund. While the Fund will bear the expense of borrowed funds, such borrowings can also increase the Carried Interest received by the Fund's General Partner by decreasing the amount of distributions from the Fund that are required to be made to Fund investors in satisfaction of any preferred return. The General Partner therefore has a conflict of interest in deciding whether to borrow funds because the General Partner may receive disproportionate benefits from such borrowings.

In addition, the batching of capital calls may amplify the magnitude of potential defaults by investors as a result of there being fewer but larger capital calls. To the extent a subscription facility is due upon demand by a lender (such as upon an event of default or otherwise), such a demand may be issued at an inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of such liquidity constraints and/or investors facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously.

Moreover, the existence of a subscription facility may impair an investor's ability to transfer its interest in a Fund as a result of restrictions imposed on such transfers by the lender.

Borrowing by the Fund will generally be secured by capital commitments made by the limited partners to the Fund and/or by the Fund's assets, and documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the interests of the investors may be subordinated to such Fund-level borrowing, and the lenders may have the ability to call capital directly from the investors. Moreover, the use of borrowings by the Fund may cause the realization of UBTI for tax-exempt investors.

The General Partners are authorized to use Client-level borrowing to pay Management Fees and to reimburse the Adviser for expenses incurred on behalf of the Clients. A Client is also permitted to utilize Client-level borrowing when the General Partner expects to repay the amount outstanding through means other than investor capital, including as a bridge for equity or debt capital with respect to an investment. If the Client ultimately is unable to repay the borrowings through those other means, investors would end up with increased exposure to the underlying investment, which could result in greater losses.

#### *Providers of Operations Support*

The Adviser, the Clients, General Partner of a Client, and the Clients' portfolio investments will from time to time retain other companies and individuals ("Operations Support Providers"), which will include, from time to time, affiliates of the Adviser, employees or former employees of the Adviser, or any of its respective affiliates, the Clients' portfolio investments, portfolio investments of the Adviser's other accounts, third party consultants (including, but not limited to, specialized consultants, external executives, and industry advisory roundtable members), lawyers, operating personnel, operation partners, strategic industry executives, strategic partners, executive partners or senior executive advisors. The Operations Support Providers are engaged to provide due diligence, research, sourcing, operational support, specialized operations, legal services, human resource services, and consulting services and similar or related services to the Clients or to or in connection with one or more of a Client's portfolio investments or prospective portfolio investment in relation to the identification, acquisition, holding, maintenance, improvement, and/or disposition of such existing or potential portfolio investments (including operational aspects) and from time to time also to provide "front office" functions with respect to a Client, such as sourcing or other investment-related functions (such services collectively, "Operations Support Services"). These services may be high level insight or extensive day-to-day roles, and may include support to the Adviser, a Client, or a Client's portfolio investments regarding, among other things, the portfolio investment's management (including serving in management positions or participating in determining corporate strategy), the portfolio investment's supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), legal or regulatory compliance services, travel, and entertainment cost optimization, information technology, corporate communications, customer service, sustainability (including, strategy, policy, and reporting development), real estate matters, and similar operational matters.

The nature of the relationship with each such Operations Support Provider and the time devotion requirements of each such Operations Support Provider may vary significantly. Certain Operations Support Providers may be subject to contractual obligations to exclusively provide certain services to the Clients and/or the portfolio investments. These arrangements may be memorialized in a formal written agreement or may be informal and are negotiated individually, depending upon the anticipated Operations Support Services to be provided. In certain cases, Operations Support Providers have attributes of Adviser employees (for instance, they may have dedicated office space, receive Adviser administrative support services, participate in general meetings or events for Adviser personnel, have Adviser e-mail address or business cards), even though they are not employees, affiliates or personnel of the Adviser. Operations Support Providers may be offered the ability to co-invest alongside Funds or will, from time to time, be offered the opportunity directly by the portfolio investment to invest in the company, including in investments in which such Operations Support Provider is involved or participates in the management thereof.

In connection with the provision of services to the Clients and/or their portfolio investments, Operations Support Providers receive compensation, which may include, without limitation, cash fees, retainers, discretionary bonuses (whether or not based on pre-determined milestones), transaction fees, a profits, participation or equity interests in a portfolio investment or holding company, incentive equity and stock awards, profits or equity interests in one or more Clients or General Partners, remuneration from the Adviser and/or its Clients or affiliates, guaranteed minimums, or other compensation and reimbursements for expenses and any attributable overhead associated with third-party Operations Support Services (collectively, "Operations Expenses"), which are generally paid and/or reimbursed by the Adviser, the Client's portfolio investments, and/or the Clients. Compensation in the form of profits or equity interests in a portfolio investment or intermediate holding company generally has a dilutive impact on the relevant Client's investment, and the relevant Client typically will bear the costs of all Operating Support Provider compensation as well as fees, costs and expenses of structuring Operating Support Provider arrangements. Notwithstanding the foregoing, Operations Expenses with respect to Operations Support Providers that are employees of the Adviser or its affiliates may be paid and/or reimbursed by Fund IV's portfolio investments and/or Fund IV. Operations Expenses (including Operations Expenses incurred in connection with an Operations Support Provider that is affiliated with the General Partner of a Client) are generally determined at the discretion of the Adviser, taking into account the particular Operations Support Services, often include (for those Operations Support Providers that are employees of the Adviser or an affiliate) reimbursement of an allocable portion of an affiliated Operations Support Provider's compensation (including, without limitation, salary, bonus, payroll taxes, and benefits) and overhead (including, without limitation, rent, administrative support, and related operating expenses), other fees, a retainer or other incentive-based compensation to the Operations Support Provider, and are otherwise determined by taking into account any other factors that the Adviser, as applicable, deems appropriate in its sole discretion, including, but not limited to, the value of the time of the Operations Support Provider and amounts charged by other providers for comparable services, a percentage of cash flows from a portfolio investment, a percentage of the value of the portfolio investment, the investment capital exposed to a portfolio investment or a value of the Operations Support Providers time (including an allocation for overhead and other fixed costs). The determination of whether a service is an Operations Support Service will be made by the Adviser in its sole discretion, but will generally be based on whether third parties provide such



services to investment advisers or companies. Operations Expenses will also be incurred in respect of a Client's portfolio investments prior to the closing of the investment. To the extent services may be provided for the benefit of a Client, without reference to a particular portfolio investment, Operations Expenses incurred in connection with such services are borne by such Client. In the event one or more Operations Support Providers (directly or indirectly) are providing services with respect to the Client or portfolio investments in which multiple Clients hold an interest, such Operations Expenses will be allocated as determined by the Adviser consistent with the Organizational Documents of the applicable Client. To the extent any such Operations Expenses are payable to any Operations Support Provider that is affiliated with the Adviser by Fund IV or a Fund IV portfolio investment, such Operations Expenses will be retained by such Operations Support Provider and will not reduce the Advisory Fee or any other fees otherwise payable to the Adviser or its affiliates and will not benefit the Client or its investors, even if the Operations Expenses paid by a Client or a portfolio investment have the effect of reducing any retainers or minimum amounts otherwise payable by the Adviser. Additionally, to the extent that Operation Support Providers are providing services with respect to portfolio investments in which Fund VI and another Client hold an interest, the portfolio investment may pay for such services as allocable based on Fund IV's interest, and this will in turn affect the performance return of the other Client invested in such portfolio investment. The determination of whether an Operations Expense is paid by a portfolio investment, a Client, or the Adviser will be made by the Adviser in its reasonable discretion. The determination of the Adviser as to whether a service is an Operations Support Service, the categorization of any fees and expenses (e.g., as Operations Expenses), and the allocation of such fees and expenses shall be binding on the Clients and their investors. Over time, certain existing and former employees of the Adviser (including senior personnel) may transition from an Operations Support Provider role, which may shift the burden of compensation of such persons from the Adviser to the applicable Client and/or its portfolio investments.

In addition, portfolio investments are permitted to engage and pay Operations Support Providers to perform Operations Support Services that, directly or indirectly, benefit the Adviser, its affiliates, other Clients and/or portfolio investments. Consequently, Adviser, its affiliates and/or other portfolio investments may benefit from Operations Support Services without being charged or at reduced rates. Conversely, portfolio investments of one Client may benefit from Operations Support Services that are paid for by the Adviser, its affiliates and/or portfolio investments of other Clients. Likewise, certain Clients may pay Operations Support Providers to perform services that, directly or indirectly, benefit the Adviser, its affiliates, and/or portfolio investments.

#### *Related Services*

As described in Item 5 above, the Adviser and its affiliates will typically perform Related Services for, and may, in certain instances receive Transaction Fees from, actual or prospective portfolio investments or other investment vehicles of certain Funds. Such fees will be in addition to any Advisory Fees, Carried Interest or Incentive Allocation paid by the Funds to the Adviser. The Adviser's receipt of Transaction Fees would give rise to potential conflicts of interest between the Funds and their investors on one hand, and the Adviser and its affiliates, on the other hand. The Adviser generally has discretion over whether to charge a Transaction Fee and if so, the fee rate or amount, and a Transaction Fee charged by the Adviser will from time to time exceed the amount that would be customary in an arms' length transaction. The amount

and nature of this reduction varies from Fund to Fund and is set forth in a Fund's Organizational Documents. Transaction Fees received by the Adviser are ultimately paid, directly or indirectly, in part by certain Funds, which impacts the fair value of investments and the performance of such Funds. Further, a portion of the Transaction Fees will be retained by the Adviser, and will not be shared with any investor in any Fund. Payment of these fees creates a conflict of interest between the Adviser and the Funds and their investors because (1) the amounts of these fees and reimbursements are often substantial, (2) the Funds and their investors may not have an interest in these fees and reimbursements, and (3) the Adviser has the discretion to determine the amount of fees it receives which is indirectly paid by the Fund. The Adviser or its affiliates charge Transaction Fees only in rare situations.

Entities other than Funds that participate in investments alongside the Funds (such as entities through which the Adviser and certain employees and affiliates of the Adviser invest alongside the Funds) may have a right to share in such fees, and Advisory Fees will generally not be reduced in connection with the receipt of such entities' share of such fees.

In many cases with respect to the implementation of the arrangements described above, there is not an independent third party involved on behalf of the relevant portfolio investment and therefore the fees are not subject to a market check. Therefore, a conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the portfolio investment, by virtue of the Adviser acting on behalf of both parties.

#### *Diverse Membership*

The investors in the Funds generally include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors often have conflicting investment, tax, and other interests with respect to their investments in a Fund. The conflicting interests among the investors typically relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments, and the timing of the disposition of investments. As a consequence, conflicts of interest arise in connection with decisions made by the Adviser or its affiliates, including with respect to the nature or structuring of investments, that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, the Adviser and its affiliates will consider the investment and tax objectives of the applicable Fund, not the investment, tax, or other objectives of any investor individually.

#### *Business with and Among Portfolio Investments, Investors, and Prospective Investors*

Given the collaborative nature of the Adviser's business and the portfolio investments in which the Clients have invested, there are often situations where the Adviser is in the position of recommending the services of a portfolio investment to other portfolio investments of the Clients, which may involve fees, commissions, servicing payments, and/or discounts by the Adviser, an affiliate, or a portfolio investment. The Adviser will generally have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio investments for the Clients, while the products or services recommended are not necessarily the best available to the portfolio investments held by the

Clients. The benefits received by a portfolio investment providing a service may be greater than those received by the Clients and the portfolio investments receiving the service.

The Adviser has an incentive to recommend the products or services of certain investors or prospective investors in the Clients, certain Third Parties, or their related businesses to the Clients or their portfolio investments for use or purchase, even though the products or services recommended may not necessarily be the best available to the Clients or the portfolio investments.

Portfolio investments controlled by a Client may provide services to certain Client investors or prospective investors. The Adviser has an incentive to cause the portfolio investment to favor those investors or prospective investors relative to other portfolio investment clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio investment's profitability to the Client. Additionally, the portfolio investment could recommend to its clients or customers that they invest in a Client.

The Adviser and/or its affiliates will from time to time engage in business opportunities arising from a Client's investment in a portfolio investment (for example, without limitation, entering into a joint venture with a portfolio investment or making a proprietary investment in a portfolio investment). This creates a conflict of interest, as such interests are a benefit arising from the Client's investment and may vary from the applicable Client's interest (*e.g.*, whether to make a follow-on investment and, if so, how much should be allocated to the Client).

With respect to transactions or agreements with portfolio investments (including, for the avoidance of doubt, long-term incentive plans), at times, if unrelated officers of a portfolio investment have not yet been appointed, the Adviser may negotiate and execute agreements between the Adviser and the Clients on the one hand, and the portfolio investment or its affiliates, on the other hand, which could entail a conflict of interest in relation to efforts to enter into terms that are arm's length.

Current and former officers and executives of portfolio investments may also invest in a Client. While the Adviser believes this aligns portfolio investment management teams with the best interests of the Client, the Adviser may, in certain circumstances, be incentivized to take (or refrain from taking) certain actions with respect to a portfolio investment in order to maintain the goodwill with such portfolio investment management team investor.

In certain instances, a portfolio investment owned by one Client may compete with, may be a customer of, or may be a service provider to, a portfolio investment owned by another Client. In addition, in certain circumstances, a portfolio investment owned by one Client may enter into a leasing arrangement, or may be a tenant of, a portfolio investment or property owned by the same Client, another Client, or the Adviser or its affiliates. Payments under such leasing arrangements and similar arrangements will not offset or reduce the Advisory Fee and will not otherwise be shared with the applicable Client, and there can be no assurance that the terms of such arrangements will be the lowest cost or best terms available for such portfolio investment. In providing advice to a portfolio investment or property, the Adviser is not obligated to and need not take into consideration the interests of other relevant portfolio investments, properties, or Clients. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Adviser to a portfolio investment or property may have adverse

consequences to another portfolio investment or property owned by the same Client, another Client, or the Adviser.

A Client's portfolio investments may be counterparties or participants in agreements, transactions, or other arrangements with portfolio investments of other Clients managed by the Adviser that, although the Adviser determines to be consistent with the requirements of such Clients' Organizational Documents, may not have otherwise been entered into but for the affiliation with the Adviser, and which may provide economic or other benefits to affiliates of the Adviser that are not subject to the Advisory Fee offset provisions described herein (such transactions, "Portfolio Investment Transactions"), even though some of the services that may be provided are similar in nature to the services provided by the Adviser or its affiliates. Portfolio Investment Transactions may include, for example, a Client (i) engaging a portfolio investment of another Client to provide services (including, but not limited to, property management, leasing services and oversight, corporate services, statutory services, construction and development management, and loan management and servicing, and within one or more such categories, providing services in respect of asset and/or investment administration, accounting, technology, tax preparation, finance, treasury, operational coordination, risk management, insurance placement, human resources, legal and compliance, valuation and reporting related services), (ii) entering into a transaction related to the purchase or sale of the assets to or from a portfolio company of another Client or (iii) entering into a lease with a portfolio company of another Client for all or a portion of one or more portfolio investments. With respect to Portfolio Investment Transactions, although the Adviser intends to select counterparties that it believes are aligned with its operational strategies for a Client and that will enhance the applicable portfolio investments' performance, the Adviser has an incentive to recommend portfolio companies of other Clients because of its financial, business or other interests (including whether the use of such entities could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the Adviser or other Clients), which may cause the Adviser to favor such retention or continuation even if a better price and/or quality of service could be obtained from another person or entity. Whether or not the Adviser has a relationship with, or receives financial or other benefits from recommending, a particular counterparty, there can be no assurance that no other counterparty is more qualified to provide the applicable services or do so at a lesser cost, or in the event of a purchase, sale or joint venture, willing to enter into such a Portfolio Investment Transaction on more favorable terms.

Portfolio companies owned by other Clients are expected to charge for Portfolio Investment Transactions at rates generally consistent with those available in the market for similar goods and services or, alternatively, pass through expenses on a cost reimbursement, no-profit or break-even basis, in which case such portfolio company allocates to the applicable portfolio investment(s) of the Client the costs and expenses directly associated with work performed for the benefit of the Client or such portfolio investment(s), along with any related tax costs and an allocation of such portfolio company's overhead, including some or all of the following: salaries, wages, benefits and travel expenses; marketing and advertising fees and expenses; legal, accounting and other professional fees and disbursements; office space and equipment; insurance premiums; technology expenditures, including hardware and software costs; costs to engage recruiting firms to hire employees; diligence expenses; one-time costs, including costs related to building-out and winding-down a portfolio investment; taxes; and other operating and capital expenditures. Any of the foregoing costs, although allocated in a particular period, may relate to activities occurring outside the period, and, therefore, a Client could pay more than its pro rata portion of fees for such goods

and services provided to it. A Client and its portfolio investments generally will not be reimbursed for any costs (such as start-up costs) incurred by a portfolio company prior to such engagement.

Further, to the extent debt or equity financing or other services for portfolio investments of the Client are provided by one or more portfolio investments of other Clients with respect to any Portfolio Investment Transaction, the Adviser could have incentives to cause a Client and/or its portfolio investments to accept less favorable financing terms from than it would from a third party.

Furthermore, the Adviser may cause portfolio investments to enter into agreements regarding group procurement (which may depend on the volume of services purchased under these agreements and which may be pooled across multiple portfolio investments and discounted due to scale), benefits management, data management and/or mining, technology development, purchase or title and/or other insurance policy (which may be pooled across multiple portfolio investments and discounted to scale), and other similar operational initiatives that may result in fees, better pricing, rebates, commissions, servicing payments or similar payments, and/or discounts being paid to the Adviser, its affiliates, or a portfolio investment, including related to a portion of the savings achieved by the portfolio investment. While the Adviser may have a conflict of interest because its economic benefit may incentivize the Adviser to maintain such arrangements, the Adviser believes that such agreements benefit the portfolio investments due to increased access to quality products and services at beneficial pricing, and the Adviser's benefits from such arrangements are reduced because the Adviser only benefits at the same rate as the portfolio investments. However, it should not be assumed that a company related to, or otherwise affiliated with the Adviser, will only take actions that are beneficial to, or not opposed to, the interests of a Client and its portfolio investments.

From time to time the Adviser, its affiliates and personnel and persons selected by them expect to receive the benefit of "friends and family" and similar discounts from portfolio investments owned by the Clients under which such portfolio investments make their goods and/or services available at reduced rates.

Certain members of a Fund's advisory board are, or in the future will be, officers or directors of, or otherwise affiliated with, investors in another Fund. The General Partner of a Fund will from time to time utilize the services of investors and their affiliates on an arm's length basis with commercially reasonable terms, as it deems appropriate.

### *Service Providers*

Services required by a Client (including some services historically provided by the Adviser or its affiliates to the Clients) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third-parties or provided by licensed software, in each case in the discretion of the Adviser or its affiliates. The Adviser has an incentive to outsource such services at the expense of the Clients to, among other things, leverage the use of Adviser personnel. Such services may include, without limitation, deal sourcing, asset management, information technology, licensed software, depository, data processing, client relations, human relation services, consulting, administration, custodial, marketing and marketing-reviews, accounting, administration, valuation, legal, human resources,

client services, compliance, corporate secretarial and tax support, director services, and other similar services. Outsourcing may not occur universally for all Clients and accordingly, certain costs may be incurred by a Client for a third-party service provider that is not incurred for comparable services by other Clients. The decision by the Adviser to initially perform a service for a Client in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future, and the Adviser has no obligation to inform such Clients or investors of such a change. The costs and expenses of any such third-party service providers will be borne by the relevant Clients.

The Adviser may engage certain service providers to provide services to the Adviser, the Clients, and/or the portfolio investments, including services during the due diligence and acquisition process. Such service providers are, in certain circumstances, investors in a Client or affiliates of such investors and may include, for example, investment or commercial bankers, outside legal counsel, pension consultants, and/or other investors who provide services (including mezzanine and/or lending arrangements). The engagement of any such service provider may be concurrent with an investor's admission to a Client, or during the term of such investor's investment in the Client. This creates a conflict of interest, as the Adviser may give such investor preferred economics or other terms with respect to its investment in a Client, enhanced information, or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor. In addition, the Adviser will have a conflict of interest in recommending the retention or continuation of a service provider to the Clients or a portfolio investment if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Clients or will provide the Adviser information about markets and industries in which the Adviser operates, will provide other services that are beneficial to the Adviser and/or will provide financial sponsorship of events held by the Adviser (such as transaction closing dinners or outings, or informational summits or training events for the Adviser or portfolio investment personnel). The Adviser generally has an incentive to recommend the products or services of certain investors or prospective investors in the Clients to the Clients or their portfolio investments for use or purchase, even though the products or services recommended may not necessarily be the best available to the Clients or the portfolio investments.

The Adviser generally will from time to time, in its discretion, contract with a related person of the Adviser (including, but not limited to, a portfolio investment of a Client) to perform services for the Adviser in connection with its provision of services to the Clients. When engaging a related person to provide such services, the Adviser has an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Additionally, employees of the Adviser or its affiliates, and/or their family members or relatives may have ownership, employment, other economic, or other interests in such service providers. These relationships that an Adviser may have with a service provider can influence the Adviser in determining whether to select or recommend such service provider to perform services for a Client or a portfolio investment. The Adviser will have a conflict of interest with the Clients in recommending the retention or continuation of a service provider to the Clients or a portfolio investment if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Clients or will provide the Adviser information about markets and industries in which the Adviser operates or is interested or will

provide other services that are beneficial to the Adviser. Although the Adviser selects service providers that it believes will enhance portfolio investment performance (and, in turn, the performance of the relevant Client(s)), there is a possibility that the Adviser, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Certain other service providers to the Adviser, the Clients, and/or the portfolio investments, or affiliates of such service providers, also provide goods or services to or have business, personal, financial, or other relationships with the Adviser, its affiliates, or their respective portfolio investments. Such service providers (or their employees) may also source investment opportunities, be co-investors, or commercial counterparties or entities in which the Adviser and/or the Funds have an investment, and payments by a Client and/or such portfolio investments may indirectly benefit the Adviser and/or such Client.

The Adviser may receive paid sponsorships for portfolio investment events from third party service providers. The value of any such sponsorships will not reduce the Advisory Fee or otherwise be shared with the Clients or investors in a Fund.

The Adviser, its personnel, and service providers may have different fee arrangements for different types of services provided and often service providers charge varying amounts. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required, and the time demands of the service provider. As a result, to the extent the services required by the Adviser or its personnel differ from those required by the Clients and/or their portfolio investments, the Adviser and its personnel will pay different rates and fees than those paid by the Clients and/or their portfolio investments. The use of common service providers creates a conflict of interest between the Adviser and its personnel, on the one hand, and the Clients and/or the portfolio investments, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser or its personnel will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Adviser or its personnel and/or Clients.

The Adviser and the Clients will generally engage common legal counsel and other service providers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Clients may be investors in a Fund, and may also represent one or more portfolio investments or investors in a Fund. In the event of a significant dispute or divergence of interest between Clients and/or the Adviser, the parties may engage separate counsel in the sole discretion of the Adviser, and in litigation and other circumstances separate representation may be required.

#### *Property-Related Services*

As described in Item 5 above, subject to the terms of the Organizational Documents, the Adviser may, on behalf of a Client, from time to time engage affiliates or former affiliates of the Adviser (including employees of the Adviser and former employees of the Adviser) to provide (and may be compensated for providing) certain Property-Related Services to the investments. Additionally, affiliated service providers (including affiliated property managers) will be reimbursed for certain

expenses and costs incurred in connection with the provision of the Property-Related Services, including the salaries and travel expenses of the applicable employees, which may be substantial. Any such fees and reimbursements paid by the Client or the investment to such affiliates are in addition to the Advisory Fee, Carried Interest, and/or Incentive Allocation received by the Adviser, and such fees and reimbursements will not be shared with such Client, will be in addition to, and will not offset the Advisory Fee. Notwithstanding such retention, certain elements of the Property-Related Services and performance thereof may then be subcontracted to third parties in whole or in part. The Organizational Documents of certain Clients set forth parameters and/or restrictions on the use of affiliated service providers. The Adviser has a conflict of interest in determining the costs of such services that will be charged to a Client. In addition, such use or retention of such affiliated service providers creates an incentive for the Adviser to favor its affiliates over more qualified service providers.

Clients or the investments will bear costs and expenses based on allocable overhead associated with employees working for the affiliated service provider on the relevant matters (including salaries, benefits, and other similar expenses) and will reimburse the service provider for certain reasonable related expenses.

In those instances in which such services benefit multiple portfolio investments, properties, other investments, or multiple investment vehicles, such fees may be prorated or allocated in a reasonable manner among such entities or vehicles as determined by the Adviser.

While the Adviser believes using such affiliated service providers benefits the investments and the Clients, a conflict of interest exists as the Adviser has the discretion to select or recommend to a Client such affiliated service providers. While a portion of the expenses incurred in connection with Property-Related Services may be directly reimbursed by tenants of the applicable investments, subject to the terms of the agreements with such tenants, some or all of such expenses are otherwise reimbursed by the applicable Client. A conflict of interest arises when engaging an affiliate of the Adviser to perform Property-Related Services, because the Adviser has an incentive to recommend an affiliate even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost. In addition, payment of these fees for Property-Related Services may create an incentive for the Adviser to hold investments longer than it may otherwise hold which may result in lower returns for the Clients.

#### *Positions with Portfolio Investments*

Certain employees of the Adviser serve as directors of, or observers on boards with respect to, certain portfolio investments. While conflicts of interest may arise in the event that such employee's fiduciary duties as a director conflict with those of the Fund, it is expected that the interests will be aligned. Employees of the Adviser serving as a director to a portfolio investment owes a fiduciary duty to the portfolio investment, on the one hand, and the relevant Fund, on the other hand, and such employees may be in a position where they must make a decision that is either not in the best interest of the Fund, or is not in the best interest of the portfolio investment. Employees of the Adviser serving as directors may make decisions for a portfolio investment that negatively impact returns received by a Fund investing in the portfolio investment.



To the extent that an employee serves as a director on the board of more than one portfolio investment, such employee's fiduciary duties between the two portfolio investments may create a conflict of interest. Additionally, such employees will be required to remit to the applicable General Partner all of any remuneration they receive as directors, and such remuneration will be subject to Advisory Fee reductions as discussed previously. In addition, certain employees of the Adviser will from time to time leave the employment of the Adviser or its affiliates and become an officer, director, or employee of a portfolio investment or become otherwise engaged by a portfolio investment.

Decisions made by a director may subject the Adviser or a Client to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims, and other director-related claims. In general, the Clients will indemnify the Adviser and their partners, principals, and employees from such claims. In addition, the employees of the Adviser serving as directors may make decisions for a portfolio investment that negatively impact returns received by a Fund investing in the portfolio investment.

From time to time, employees of the Adviser may also be asked to serve (or continue to serve) as directors of, or observers with respect to, certain entities in which a Client has fully exited its ownership interest and/or following the termination of such employee's employment with the Adviser. In such circumstances, any compensation or fees received with respect to such exited investment and/or by such former Adviser employee (including any directors' fees) is not subject to the Advisory Fee offset described above, or otherwise shared with the Clients and/or investors.

In addition, certain current personnel of the Adviser or its affiliates may also be temporarily seconded to or otherwise engaged by certain portfolio investments on either a full-time or a part-time basis to provide services to such portfolio investments. In such instances, the portfolio investments will pay such person's directors' fees, salaries, consultant fees, other cash compensation, stock options, other equity grants, or other compensation and incentives and may reimburse the Adviser or such persons for any travel costs or other out-of-pocket expenses incurred in connection with the provision of their services. Such person's compensation while seconded will be determined by the Adviser in its sole discretion. The Adviser may also advance compensation to seconded employees and be subsequently reimbursed by the applicable portfolio investments. Any compensation customarily paid directly by the Adviser or its affiliates to such persons will typically be reduced to reflect amounts paid directly or indirectly by the portfolio investment even though the Advisory Fee paid or Carried Interest or Incentive Allocation distributed by the Fund to the Adviser will not be reduced. Any amounts paid to such persons by a portfolio investment (or paid by the Adviser and reimbursed by the portfolio investment) will not be treated as expenses to be borne by the Fund and will not reduce Advisory Fee otherwise payable to the Adviser or any Carried Interest or Incentive Allocation otherwise payable to the Adviser or its affiliates. All or a portion of any such compensation and incentives will be borne by the Fund, directly or indirectly, via its ownership interest in such portfolio investment. In certain instances, whether an individual who provides services to a portfolio investment should be characterized as an industry specialist, an Operations Support Provider, an employee, or former employee of the Adviser, or a seconded employee may be unclear. In such cases, the Adviser will make a determination in good faith based on its evaluation of the relevant facts and circumstances.

*Side Letter Agreements; Advisory Board Rights*

Pursuant to the Funds' Organizational Documents, the Adviser routinely enters into certain side letter or similar arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures and other preferential economic rights, information and reporting rights, excuse, exclusion or withdrawal rights, waiver of certain confidentiality obligations, co-investment rights, certain rights or terms necessary in light of particular legal, regulatory, or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, veto rights, liquidity, alteration of the distribution preferences, formula, and percentages set forth in the Fund's Organizational Documents, including wholly or partially waiving the carried interest and management fees with respect to such investor, or transfer rights. In addition, certain co-investors in a Fund may receive enhanced or more frequent reporting. Except as otherwise agreed with an investor or in the Organizational Documents of a Fund, the Adviser (or applicable General Partner) is not required to disclose the terms of side letter arrangements with other investors in the same Fund.

In addition, side letter arrangements with certain investors of the Funds impose additional restrictions on investing in certain types of assets, geographies or industries in order to meet certain legal, tax, regulatory, internal policy or other requirements of such investors. While these restrictions are intended to apply solely to such investors, they may ultimately restrict the investments made by an applicable Fund.

Generally each Fund establishes an advisory board consisting of representatives of investors. A conflict of interest may exist when some, but not all, limited partners are permitted to designate a member to the advisory board because those designating limited partners will, for instance, have greater information rights. The advisory boards meet as required to consult with the Adviser as to certain potential conflicts of interest, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory board. Representatives of the advisory board may have various business and other relationships with the Adviser and its partners, employees, and affiliates. These relationships may influence the decisions made by such members of the advisory board. In addition, members of one Fund's advisory board may also be a member of another Fund's advisory board. In such instances, a conflict of interest exists because the Funds on which such overlapping advisory board members may have conflicting interests and such advisory board members may be requested to provide their consent with respect to such conflicts of interest and may not recuse themselves from any such vote.

#### *Advisory Affiliates*

As described in Item 10 above, certain of the Adviser's investment adviser affiliates have their own Clients. Clients of the Adviser and these affiliates will from time to time invest in the same portfolio investments, including in the same security or in different securities of such a portfolio investment. Interests of the Adviser's clients therefore conflict with the interests of the clients of these affiliates. For instance, see "*Allocation of Investment Opportunities among Clients*" and "*Conflicts Related to Purchases and Sales*" above for more information.

#### *Other Potential Conflicts*

The Organizational Documents of a Client establish complex arrangements among the Clients, the Adviser, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Organizational Documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Adviser will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Client or its investors.

The Adviser and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Client, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Client expenses may result in "miles" or "points" or credit in loyalty/status programs to the Adviser and/or its personnel, and such rewards and/or amounts (whether or not *de minimis* or difficult to value) will exclusively benefit the Adviser and/or such personnel even though the cost of the underlying service is being borne by the Clients, its investors, and/or the portfolio investments. Any such benefits, rewards, and/or amounts will not be subject to the offset arrangements described above or otherwise shared with such Client, its investors, and/or the portfolio investments.

The Adviser has in the past and, in its discretion, may, in the future, cause the Clients and/or their portfolio investments to have, ongoing business dealings, arrangements, or agreements with persons who are former employees or executives of the Adviser. The Clients and/or their portfolio investments typically bear, directly or indirectly, the costs of such dealings, arrangements, or agreements. In such circumstances, there is a conflict of interest between the Adviser and the Clients (or their portfolio investments) in determining whether to engage in or to continue such dealings, arrangements, or agreements, including the possibility that the Adviser will favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

Investors may be introduced to the Adviser, or may be brought into a Client, by a third-party consultant from which the Adviser or a related person purchases products and to which the Adviser or a related person may make payments, including in connection with conferences sponsored or hosted by the third-party consultant.

The Adviser from time to time causes one or more Clients to purchase, and/or bear premiums, fees, costs, and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Clients, the applicable general partner, the Adviser and/or their respective directors, officers, employees, agents, representatives, members of the advisory board, and other indemnified parties, against liability in connection with the activities of the Clients. This may include a portion of any premiums, fees, costs, and expenses for one or more umbrella or other insurance policies maintained by the Adviser that cover one or more Clients and/or the Adviser (including their respective directors, officers, employees, agents, representatives, members of the advisory board, and other indemnified parties). The Adviser will make judgments about the

allocation of premiums, fees, costs, and expenses for such umbrella or other insurance policies among one or more Clients, and/or the Adviser on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Client bearing less (or more) premiums, fees, costs, and expenses for insurance policies.

The Clients may create a platform for acquiring companies in a particular industry for the purpose of creating synergies across, and adding value to, such companies (*e.g.*, merging companies together to create economies of scale or running certain companies in a coordinated manner). In such instances, a holding company (“Holding Company”) would be created that would acquire and manage the companies in the platform. The Holding Company would be staffed with personnel responsible for sourcing, acquiring, and managing companies for the Holding Company. In certain circumstances, the Holding Company’s employees may include former employees of the Adviser, or current or former senior advisor or consultants to the Adviser and its affiliates. The Holding Company’s costs and expenses (including compensation for its personnel, which compensation may include, among other things, the granting of profit participation in certain investments of Holding Company and/or a capital interest in such investments or the underlying assets) would be borne by the Holding Company (and, therefore, indirectly borne by the Client). Such costs and expenses will not offset the Advisory Fee and are in addition to Advisory Fees and other compensation (*e.g.*, Carried Interest or Incentive Allocation) received by the Adviser. In addition, as the Adviser earns Advisory Fees and Carried Interest or Incentive Allocation from the Client, the Adviser will benefit from the assets, income, and gains of Holding Company.

If a Client purchases in the secondary market at a discount debt securities of a company in which a Client has, for example, a substantial equity interest, (a) a court might require a Client to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) a Client might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

The Organizational Documents of certain Clients permit each such Client’s General Partner, or its affiliates, to lend money to the applicable Client. Such lending arrangements create conflicts of interest between the applicable General Partner or affiliate and the Client acting as borrower.

The Organizational Documents of certain Clients generally permit each such Client’s General Partner to withhold information from certain limited partners or investors in such Client in certain circumstances. For instance, information may be withheld from limited partners of certain Clients that are subject to Freedom of Information Act or similar requirements. In addition, the General Partner will generally elect to withhold certain information from such limited partners for reasons specified in the Organizational Documents of the applicable Client, which include, if the General Partner believes such disclosure would have an adverse effect on such Client or any portfolio investment of such Client, is not in the best interest of such Client, or could damage such Client or its business, despite the potential benefits to such limited partners of receiving such information.

As part of the Adviser’s business, the Adviser, its affiliates and its employees have developed

many relationships with third parties which have the potential to raise conflicts of interest. Such third parties include investment bankers, lenders, consultants, professional advisors (such as attorneys and accountants), co-investors, current and former directors, officers and employees of current and former portfolio investments, and former employees and members of the Adviser and its affiliates. Certain of these third parties may: (i) introduce investment opportunities to the Adviser; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio investments; (iii) introduce portfolio investments to potential acquisition or merger candidates; (iv) facilitate the disposition of portfolio investments; or (v) provide investment banking, consulting, legal, or advisory services to the Adviser, the Clients, or the portfolio investments. Such third parties may also provide goods or services to or have business, personal, political, financial, or other relationships with the Adviser's personnel. In addition, such third parties may invest in one or more Clients; co-invest in one or more portfolio investments; or provide other significant business or investment services to the Adviser, the Clients and/or the portfolio investments. The relationships described in this paragraph may influence the Adviser in deciding whether to select or recommend any such third-party to perform services for a Client or a portfolio investment and may result in the Adviser not selecting a service provider based on the lowest cost/price. The cost of any services provided by such third parties will generally be borne directly or indirectly by a Client or its portfolio investments, as applicable. In addition, such third parties may provide the Adviser and its investment professionals and employees with reduced rates for services, and such reduced rate and savings may not be shared with the Clients or the investors in a Client.

In addition, the Adviser has established in the past, and may establish in the future, other separate accounts with portfolios significantly similar to those of one or more Clients. Consequently, investors in the relevant separate account may have access to information about such portfolio holdings before investors in such Client.

Please see the discussion above under the sub-heading "Resolution of Conflicts" for a description of the means by which the Adviser and its related persons generally seek to alleviate conflicts of interest among the Clients or other persons.

## **Item 12. Brokerage Practices**

As the Clients invest primarily in private equity and real estate ventures, the Adviser anticipates that investments in publicly traded securities will be infrequent occurrences (*e.g.*, money market instruments pending investment in a portfolio investment, and securities held as a result of initial public offerings of portfolio investments or going-private transactions). However, to meet its fiduciary duties to the Clients, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

### **Selection of Brokers and Dealers**

For the Funds and certain Separate Account Clients, the Adviser has, subject to the direction of such Client's General Partner, sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction in public securities for a Client involving a broker-dealer, the Adviser will seek best execution of the transaction. Best execution means obtaining for a Client account the lowest total cost (in purchasing a security) or highest total proceeds (in

selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer. Best execution is not limited solely to the consideration of the best available commission rate.

In determining whether a particular broker or dealer is likely to provide best execution in a particular public securities transaction, the Adviser takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience, and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. In addition, the Adviser may consider the use of Electronic Communications Networks ("ECNs") when placing public securities trades on behalf of the Funds. When purchasing or selling over-the-counter public securities with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold. In order to monitor best execution, the Adviser's Chief Compliance Officer will periodically assess the quality of execution of public securities brokerage transactions effected on behalf of the Adviser and each applicable Client.

The Adviser does not receive soft dollars in connection with its use of broker-dealers.

### **Aggregation of Trades**

The Adviser and its affiliates may aggregate the orders of more than one Client for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions enable them to obtain better overall prices, including lower commission costs, mark-ups, or mark-downs. The Adviser and its affiliates may combine orders on behalf of Clients with orders for other Clients for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, the Adviser and its affiliates generally aggregate trade orders for publicly traded securities so that each participating Client will receive the average price for each execution of a transaction.

If an order for more than one Client for a publicly traded security cannot be fully executed, allocation shall be made based upon the Adviser's procedures for allocation of investment opportunities, as described in Item 11 above.

## **Item 13. Review of Accounts**

### **Oversight and Monitoring**

The investment portfolios of the Clients are generally private, illiquid, and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio investments of the Clients and generally maintains an ongoing oversight position in such portfolio investments through the investment committee of the respective Client. Individual portfolio investments and other investments are reviewed by a team of investment professionals on an ongoing basis. The team generally includes at least one Managing Director and other investment professionals of the Adviser.

## **Reporting**

Investors in the Clients typically receive, among other things, a copy of audited financial statements of the relevant Client within 90 days after the fiscal year end of such Client, as well as quarterly performance reports within 45 days after each fiscal quarter end. The Adviser and the applicable General Partner, if any, will from time to time, in their sole discretion, provide additional information relating to such Client to one or more investors in such Client as they deem appropriate.

Investors in Separate Account Clients will typically negotiate reporting requirements specific to their account. In the event of individually negotiated terms for Separate Account Clients, the Adviser will provide the reporting mutually agreed to by the parties as described in their Organizational Documents of such Separate Account Client.

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

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, the Adviser and its related persons will, in certain instances, receive discounts on products and services provided by portfolio investments of Clients and/or the customers or suppliers of such portfolio investments.

While not a client solicitation arrangement, the Adviser will from time to time engage one or more persons to act as a placement agent for a Client in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Client that are subsequently accepted, and reimbursement for agreed upon expenses. Such Client may, subject to any limitations set forth in its Organizational Documents, reimburse such fees. Advisory Fees received by the Adviser or its affiliates are generally reduced by the amount of such fees. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds.

## **Item 15. Custody**

As the Adviser relies on the audit exemption under the Advisers Act custody rule (*i.e.*, Rule 206(4)-2(b)(4)), investors in the Clients will not receive account statements from the Clients' custodians.

## **Item 16. Investment Discretion**

Investment advisory services are provided to the Clients in accordance with the Organizational Documents of the applicable Client. Investment restrictions for the Clients, if any, are generally established in the Organizational Documents of the applicable Client. With respect to certain Separate Account Clients, such services are provided on a non-discretionary basis. Investment advice is provided directly to the Clients (subject to the direction and control of the General Partner of each such Client or, in the case of certain Separate Account Clients, the unaffiliated investor in such Separate Account Client, if applicable) and not individually to investors in such

Client.

### **Item 17. Voting Client Securities**

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Clients (“Votes”). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Client by maximizing the economic value of the relevant Client’s holdings.

Consideration will be given to both the short- and long-term implications of the proposal to be voted on when considering the optimal Vote. While the recommendation of management on any issue is a factor which the Adviser considers in determining how Votes should be made, the Adviser does not consider recommendations from management to be determinative of the Adviser’s ultimate decision. As a matter of practice, the Votes with respect to most issues are cast in accordance with the position of the portfolio investment’s management. Each issue, however, is considered on its own merits, and the Adviser will not support the position of a portfolio investment’s management in any situation where it determines that the ratification of management’s position would adversely affect the investment merits of owning that company’s securities.

Additionally, in some circumstances, a Client will from time to time be party to stockholder or voting agreements requiring it to vote in a manner described in such agreements, in which case the Client is bound to comply with these voting objectives. The investment team for an investment is responsible for monitoring compliance with any such voting agreement.

The fiduciary duty that the Adviser owes the Clients prohibits the adoption of a policy to enter default proxy votes in favor of management. Thus, the Adviser and the relevant investment team will review all proxies in accordance with the general principles outlined in its policy.

The Adviser is not required to vote every proxy and will refrain from voting when refraining from voting is in a Client’s best interest, as determined by the Adviser in its sole discretion.

The Adviser’s Chief Compliance Officer has the responsibility to monitor Votes for any conflicts of interest, whether actual or perceived. The Adviser’s Chief Compliance Officer will use his or her reasonable judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Clients.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Client, and copies of proxy voting policies are available to any client or prospective client at no charge upon written request to the Adviser’s Chief Compliance Officer at [compliance@gipartners.com](mailto:compliance@gipartners.com).

### **Item 18. Financial Information**

Item 18 is not applicable to the Adviser.

### **Item 19. Requirements for State-Registered Advisers**

Item 19 is not applicable to the Adviser.